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**ASSESSING IMPLEMENTATION CHALLENGE OF AGENT BANKING PRODUCT:  
THE CASE OF WEGAGEN BANK S.C**

**A FINAL PROJECT SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES IN  
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF  
MASTERS OF ARTS IN PROJECT MANAGEMENT**

**BY**

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**March 2021**

**Addis Ababa, Ethiopia**

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

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## **Certification**

This is to certify that Eskedar Menberu has carried out his research work on the topic entitled “Assessing Implementation Challenge of Agent Banking Product: The Case of Wegagen Bank S.C”.

The work is original in nature and is suitable for the submission for the reward of Masters of Arts in Project Management

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Place and date of submission: Addis Ababa University, MAR, 2021

ADDIS ABABA UNIVERSITY

POST GRADUATE STUDIES

SCHOOL OF COMMERCE

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## Abstract

*This research aims at assessing factors affecting implementation of agent banking service in the case of Wegagen Bank specifically the research assess factors from organization, resource based and technological perspective and also what challenges faced by Agents when using Hello Cash. ... The researcher used questionnaires both to agent and mobile banking department staffs and also selected agents throughout Addis Ababa. The researcher used a total population of 18 respondents for answering the first three basic questions and 24 sample respondents for the last one sample of respondent were selected by using non probability sampling which is purposive sampling. The researcher used descriptive research design in order to analyze the collected data. The research finding shows that Project team member knowledge on implementation of agent banking, compatibility of Agent banking service with the existing bank service, Customers fear risk of new technology innovation, Participation of intended users or employees during implementation, response from the concerning government authority, experience share of organization with other banks agent banking products, customers awareness and network disturbance especially on the late hours, weekends and holiday are the main factors for implementation of agent banking service. These findings expected to help agent and mobile banking department in filling the gap towards implementation of agent banking services. From the findings the following recommendation was drawn. From government side government should give equal chance and priority to all private banks on different bill payments and should have to interfere with telecom service to expand availability of network. From bank side bank should share experience with other banks, should have to use different promotional materials for illiterate persons and should train staffs team members, agents as well as customers for any project to be successful.*

Key words: - Agent banking, implementation factors technology, resource based and organization based factors

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## **Acronym**

ATM	Automated Teller Machine
AML	Anti money laundry
CBE	Commercial Bank of Ethiopian
CFT	Combating the Financing of Terrorism
ERCA	Ethiopian revenue and customs authority
FIS	Financial institutions
MFI	Micro finance institutions
NBE	National bank of Ethiopia
PIN	Personal identification number
PMI	Project management institute
POS	Point-Of -Sale
P2P	Person- to-Person
ROI	Return on investment
SPSS	Statistical Package for Social Scientists
USSD	Unstructured supplementary service data

# CHAPTER ONE

## INTRODUCTION

This chapter contains background of the study, background of the project, statement of the problem, basic research question, objective of the study both general and specific objective, significance of the study, scope, limitation of the study, definition of terms and organization of the study.

### 1.1. Background of the study

A banking agent is a retail or postal outlet contracted by a financial institution or a mobile network operator to process client's transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices and many more. (Kumar et al, 2006). In a growing number of countries, banks and other commercial financial service providers are finding new ways to make money delivering financial services to unbanked people. Rather than using bank branches and their own field officers, they offer banking and payment services through postal and retail outlets, including grocery stores, pharmacies, and gas stations among others. For poor people retail agents may be far more convenient and efficient than going through a bank. Banking through retail agents uses information and communication technology through cell phones to transmit transaction details from the retail agent or customer to the bank.

Globally banking through retail agents appeals to policy makers and regulators because it has the potential to extend financial services to unbanked and marginalized communities. But it also challenges them to ask: what are the risks of these new approaches, and are they different from those of conventional branch – based banking? How should we respond to these risks, so as to permit branchless banking with retail agents to operate safely and expand access to finance income and rural areas that they could not profitably serve with conventional branch based banking.

In Brazil, private and state owned banks deliver financial services through retail agents including small supermarkets and pharmacies, post offices, and lottery kiosks (Kumar et al.2006). These agents are called banking correspondents. In January 2006, India's central bank issued a circular permitting banks to use post offices and specializes micro finance institutions (MFI), including nonprofit organizations (NGO), cooperatives, and for profit companies as retail agents. The circular calls these agents business correspondents.

(Harper et al. 2006)In South Africa, branchless banking through retail agents is permitted only for licensed financial institutions. In Kenya the most basic version of agent banking is whereby a licensed financial institution typically a bank delivers financial services through a retail agent.

The appearance of E-banking in Ethiopia goes back to the late 2001, when the largest state owned, commercial bank of Ethiopia (CBE) introduced ATM to deliver service to the local users. But, due to lack of appropriate infrastructure it failed to reap the fruit of its membership. Despite being the pioneer in introducing ATM based payment system and acquired visa membership, CBE Lagged behind Dashen bank, which worked aggressively to maintain its lead in E-payment system. As CBE continues to move at a snail's pace in its turnkey solution for Card Based Payment system, Dashen Bank remains so far the sole player in the field of E-Banking since 2006. (Gardachew2010) As per the directive No. FIS /01/2012 stated on its article No.6.4, United bank and Lion international bank S.C. Starts agency banking in 2014/2015 by getting approvals from National Bank of Ethiopia (Ayana G. (2012).

Belcash international is a Netherland based company which provides its digital business technology platforms to businesses. Its core business is in the designing of automated solutions to mobile and agent banking service providers and it is mainly offered to financial institutes. Hellocash is a digital business platform offered to financial institutions in partnership with belcash technology solution as a technology provider. With hellocash, financial institutions will allow their customers to send/transfer money, receive money, international remittance using mobile phone and hellocash agent network.

Despite agent banking significant growth and benefit, there are a number of challenges that companies may encounter when implementing agent banking. According to Elfagid (2015)

identified major challenges facing up the successful implementation of mobile and agent banking in Ethiopia were the infrastructural problem associated with ICT and road network and low level of financial literacy in the Country.

**CBE Birr** is a mobile based banking whereby the bank selects, trains and authorizes agents to provide banking services on behalf of the bank through a mobile phone. CBE birr give services for fund transfer cash deposit and cash withdrawal at agents outlet, payment which are bill payment at agents/merchants, pay bill service, payment for goods and services at merchants, airtime recharge, bulk transfer including salary payment, customer account opening, agent account opening and lastly it is used for request for voucher which include request cash in and cash out voucher.

**Amole's** digital payment platform that introduced by Dashen bank S.co enables merchants and the bank's agents with mobile point-of-sale (MPOS) to provide aggregated digital products and services (Digital Content) where our customers do their day-to-day shopping. This enables consumers to conveniently pay for their purchases, utility bill payments, person-to-person (P2P) transfers, electronic mobile top-up, Cash-in and Cash-out, among many other services using Amole or cash like payment for DSTV, airline ticket purchase, school fee payment and more importantly Digital contents (Concert tickets, Great Run tickets and many more), pay employee salary ,can download statement and lastly using amole one can easily collect payment from whole sellers and retailers.

Wegagen bank hello cash is aimed to implement banking services electronically such as fund transfer, top up payment, pay bills of ERCA (Ethiopian revenue and customs authority), bit coin and receiving world remittance such as western union, money gram, kahh, dahabshil, tewekel, transfast, and fast pay but when we come to implementation phase bill payment of ERCA and receiving of world remittance except tewekel are not implemented yet.

“Project management is the application of knowledge, skills, tools and techniques to a broad range of activities in order to meet the requirements of the particular project. A project is a temporary endeavor undertaken to achieve a particular aim. Project management knowledge and practices are best described in terms of their component processes. These processes can be

placed into five Process Groups: Initiating, Planning, Executing, Controlling and Closing.”  
([src.ncsu.edu/public/DEFINITIONS/P%20-%20R.html](http://src.ncsu.edu/public/DEFINITIONS/P%20-%20R.html))

The implementation stage of a project involves putting the project plan in to action. It’s here that the project manager will coordinate and direct project resources to meet the objectives of the project plan. The project implementation phase uses the most project time and resource and as a result costs are usually the highest during this phase (Merrie Barron and Andrew Barron)

## **1.2. Background of the project**

Project management is the discipline of planning, organizing, securing and managing resources to bring about the successful completion of specific project goals and objectives.

The Project Life Cycle refers to a logical sequence of activities to accomplish the project’s goals or objectives. Regardless of scope or complexity, any project goes through a series of stages during its life. There is first an Initiation or Birth phase, in which the outputs and critical success factors are defined, followed by a Planning phase, characterized by breaking down the project into smaller parts/tasks, an Execution phase, in which the project plan is executed, and lastly a Closure or Exit phase, that marks the completion of the project ( Biyani's Think Tank,2011).

Project implementation is among the essential activities undertaken in a project alongside other project activities such as project planning, project design, and project monitoring and evaluation. Implementation of a project can be undertaken by the organization that owns the project or it can be outsourced to another organization.

According to Erenesto A. franco 2010 Project implementation is process whereby project inputs are converted into project outputs. The Implementation Phase has one key activity: deploying the new system in its target environment. Supporting actions include training end-users and preparing to turn the system over to maintenance personnel. After this phase, the system enters the Operations and Maintenance Phase for the remainder of the system’s operational life.

As cited in Siedek, Hannah. 2008, banking agents are retail vendors, lottery outlets, and post offices-trusted local establishments that can double as a kind of bank branch for their customers,

processing everything from bill and pension payments to deposits, withdrawals, and money transfers. Banking agents' lower set-up and running costs promise to help banks and microfinance institutions reach more and poorer people living far from the nearest branch, with more financial products, at lower cost, than traditional microfinance or banking channels. Banking agents process transactions with point-of-sale (POS) card readers, barcode scanners, and sometimes personal computers that connect with the bank's server using a dial-up or other data connection. The clerk at the retail or postal outlet collects and disburses cash and, in some cases, opens bank accounts for new clients and fills in credit applications. The retail outlets earn a portion of the transaction fee. Some generate so much business from handling these transactions that they dedicate an employee to operating the POS device. Some banks use management companies to identify, equip, train, and support banking agents and to assume all liabilities for the cash they handle. These intermediaries are compensated with a portion of the transaction fees.

The Wegagen-Hello Cash system has been designed, configured and tested to comply with all mandatory, restricting and prohibitive conditions as mentioned in the NBE of Mobile and Agent Banking Service Directives No. FIS /01/2012, and is prepared to be reconfigured in case the NBE should review, withdraw or extend any of these mandatory, restricting or prohibitive conditions.

HelloCash Mobile and Agent Banking services provided by Wegagen is one of the modern basic banking services. The Bank aims to address the problem of low financial inclusion and facilitate local money transfer, payment, cash deposit and cash withdrawal; and provide access to financial services through an extensive branch and agent network at any time anywhere to anyone who resides in Ethiopia through a mobile phone without the need to go to bank branches. The strategic purpose of Wegagen's Hello Cash Mobile and Agent Banking service is to reach out banking service to its existing and potential customers who reside in areas where the Bank's branch does not exist. (Mobile and agent banking manual of the bank)

Wegagen Mobile and Agent Banking Services is a solution that allows registered customers to send money from their Mobile and Agent banking account to another natural person by ordering

this transfer using their mobile phone. The beneficiary of such money transfer can be a registered customer or an un-registered natural person.

In this way, Wegagen Mobile and Agent Banking Services provide a fast, secured, affordable and convenient way of sending money to anyone, anywhere in Ethiopia. The term Wegagen Mobile and Agent Banking Account describes the customer mobile transaction account issued and maintained by Wegagen in which debits and credits are affected by the virtue of electronic fund transfer and which is used to conduct mobile banking activities. Nowadays Wegagen bank has around 1.9 million customers from its 385 branches, 1711 numbers of agents and 182,768 E-flot customers up to JAN 15, 2021 throughout the country. (Wegagen bank's 15day's internal report)

### **1.3. Statement of the problem**

According to a report by the World Bank, around 1.7 billion adults in the world remain unbanked as they don't have a bank account. Back in 2014, this number was 2 billion. To fight this grim reality the governments of many countries have started to aggressively focus on financial inclusion.

Agency Banking refers to a type of branchless banking, which comes with the benefits of risk management, product availability, improving financial inclusion and ensuring a wider customer base. It is a method for traditional banks to extend the network of their branches in a cost-effective way, via authorized agents in the rural populations.

One of the major hurdles that banks faced was of providing banking services in rural areas. It's because to open a branch in the rural area, one needs high OPEX/CAPEX; however, there's no certainty that the branch would return enough return on investment (ROI). This is one of the major reasons why banks have been unsuccessful in reaching rural users. Also, rural users are not habituated to using mobile financial solutions.

But now with agency banking, the banks have reached the rural areas and have provided banking services to a large section of the unbanked population throughout the world. Here I'll discuss the impact of agency banking in a few countries.

The National Bank of Ethiopia is forcing, the financial institutions to deliver mobile and agent banking services without compromising the safety and soundness of the financial system of the country (NBE directive no. FIS /01-1-2012). Banks to win the competition needs to use new ideas like mobile banking and agent banking which enables to reach the unbanked population which is the untouched market opportunity. Agent banking system mainly uses modern technology and it allow customers to access banking services electronically through mobile devices and bank agents to deposit and withdraw cash, transfer fund, make bill payments, obtain content trading. However, these are not well known in Ethiopia (Afework, 2015)

According to Mcdouall cited by Mulu (2018) like any other projects the agency banking project implementation is complex and has significant chance of failures and its success is defined by on time and budget, delivery, technology serve to the requirement and satisfaction of end users about the result. According to Tilhun (2017) as cited in yewubnesh (2019) the challenges and risks face when the implementation of agent banking in Ethiopia are low level of managerial skills, financial networks among banks, lack of telecom network and internet access and lack of awareness creation among the society.

According to Elfid (2015) the major challenges facing up the successful implementation of Mobile and Agent banking in Ethiopia were the infrastructural problem associated with ICT and road network and low level of financial literacy in the Country. According to Mcdouall cited by Mulu (2018) Agent banking implementation can reap enormous benefit for successful companies or it can be disastrous for organizations fail to manage the implementation process.

In different parts of the world various research studies have been conducted on agent banking system implementation.

However, in Ethiopian, very few researchers attempted to assess its opportunities contributing to the bank industries and challenges for the adoption of the service. Ayana (2012), Elfid (2015), Kassahun (2016),Tilhun (2017) , Afework (2015) and Yewubnesh (2019) have been conducted a study intended to assess opportunities and challenges of adopting agent banking service. For, the concept is new for Ethiopian banking industry and its challenges on implementing agent

banking system is not sufficiently studied especially as per the findings implementation of the hello cash service that is introduced by wegagen and Anbesa bank is not studied.

Building financially inclusive economy is a key for the development of every country. Regardless of their location all citizens should contribute and get benefit from the financial sector. However in developing countries like Ethiopia this can't be achieved through the conventional way of banking. Agent banking is a new technology for Ethiopia. Currently many financial institutions are interested in this technology and they are entering to the market. Despite to these , the implementation of agent banking system face a numerous challenges and agent banking project since its new technology, as far as the researcher`s knowledge concerned , most of the previous researchers are investigated on the opportunities and challenges of adopting agent banking service and drivers and barriers of adopting electronic banking system in Ethiopia and its challenges on implementing agent banking system is not sufficiently studied Thus, the study will bridge the gap to find out challenges facing in the implementation of agent banking (hello cash) project at wegagen bank sc through addressing the following research question..

#### **1.4. Research questions**

The basic research questions to be addressed to examine challenges of implementing agent banking services at wegagen bank are the following

- ❖ How do technological related factors affect the implementation of agent banking (hello cash) services at wegagen bank?
- ❖ How do resources affect the implementation of agent banking (hello cash) services at wegagen bank?
- ❖ How do organizational related factors affect implementation of agent banking products at wegagen bank?
- ❖ What products are known and frequently used by customers?

## **1.5. Objective of the study**

### **1.5.1. General objective**

The general objective of the study is to determine the factors that affect the implementation of agent banking services at wegagen bank.

### **1.5.2. Specific objective**

The study was guided by the following objectives.

- To assess technological related factors that influences the implementation of agency banking hello cash product at wegagen bank.
- To assess resources related factors that influence implementation of agent banking products at wegagen bank?
- To describe organizational related factors that affect implementation of agent banking services at wegagen bank?
- To find out to what extent agents understand the product they used to sell for customers.

## **1.6. Significance of the study**

Agency banking is new and very recent for the country and for wegagen bank S.C. the result of the study would be of great benefit first for wegagen bank mobile and agent banking department.

The study is expected to help other researchers who are interested to conduct further study regarding the issue under investigated by providing useful information and academician's too. Finally based on the result financial institutions benefited from the study motivates them to engage in the Agency banking services and to use the main factors of agent banking implementation factors as an input when they implement agent banking

## **1.7. Scope of the study**

The study intends to assess implementation challenges of agent banking service at wegagen bank s.c. The study was restricted to wegagen bank agent and mobile banking department and sample Agents only and it's geographically limited to Addis Ababa. The researcher used only

descriptive statistics which is used to summarize and describe information that has been collected from a survey. Since the researcher used total population of agent & mobile banking department smaller data were used so the researcher did not consider correlation, hypothesis testing or regression analysis.

### **1.8. Limitation of the study**

The main limitation the researcher face was to get the response from agents the researcher plan to take 50 sample questioners among different agents throughout Addis but most of them were not willing to fill the questioner and researcher took only half.

The main challenge researcher encountered in this project was lack of proper resources and the sample taken was also limited due to time constraint. Geographical coverage of the study was limited to Addis Ababa and the researcher faced problems about unwillingness and negligence of some respondents and time constraint of some interviewees and survey respondents due to office work load.

### **1.9. Definition of terms**

According to national bank of Ethiopia directive for uses of agent Directive no. FIS/02/2020

**Agent:** - means a person engaged in a commercial/business activity and has been contracted by a financial institution to provide the services of the financial institution

**Agent banking:** -means the conduct of banking business on behalf of a financial institution through an agent using various service delivery channels

**Bank:** - means a company licensed by the National Bank to undertake banking business in Ethiopia or a bank owned by the Government;

**cash in and cash out services :-** refers to the deposit and withdrawal of funds including payments by customers to/from their mobile account using a variety of options including bank-branch counters, automatic teller machines and authorized agent locations;

**Customer:** - means an individual or entity that uses mobile and agent banking services of financial institutions offered through mobile devices

**Financial institution:** - means a bank or a microfinance institution;

**Fund transfer:** - refers to the transfer of funds from a customer's or agent's mobile or regular account to any other account or vice versa;

**Mobile banking:** -means performing banking activities which primarily consists of opening and maintaining mobile/regular accounts and accepting deposits; furthermore, it includes performing fund transfer or cash in and cash out services using mobile devices

### **1.10. Organization of the study**

This research paper is organized in to five chapters. The first chapter contains introduction of the study which consists of background of the study, background of the project, statement of the problem, research questions, and objective of the study, significance of the study, scope and limitation of the study and organization of the paper. Chapter two contains assessment of different literatures both on the area which discusses various theories and concepts on agent banking, mobile banking and related empirical reviews. In chapter three the research methodology, design, approaches and sampling techniques and target population was detailed. Then, chapter four presented all the collected data in a clear manner and the analysis accordingly. And finally, the last chapter was about conclusion and recommendation.

## CHAPTER TWO

### 2. REVIEW OF RELATED LITERATURE

This chapter focused on review of related literatures both theoretical review and empirical review on theoretical review the researcher focused on theoretical aspects of mobile and agent banking in general and implementation specifically on factors affecting implementation challenges of mobile and agent banking. On empirical literature different researchers study in different countries were considered

#### 2.1.Theoretical review

Project management is the discipline of organizing and managing resources in such a way that these resources deliver all the work required to complete a project within defined scope, time, and cost constraints. A project is a temporary and one time endeavor undertaken to create a unique product or service. This property of being a temporary and one time undertaking contrasts with processes, or operations, which are permanent or semi-permanent ongoing functional work to create the same product or service over-and-over again. (Project management DMGT521 NEHA TIKOO)

At that time, two mathematical project scheduling models were developed:

1. The “Program Evaluation and Review Technique” or PERT, developed as part of the United States Navy’s Polaris missile submarine program; and
2. The “Critical Path Method” (CPM) developed in a joint venture by both DuPont Corporation and Remington Rand Corporation for managing plant maintenance projects.

“Project management is the discipline of defining and achieving targets while optimizing the use of resources (time, money, people, space, etc). Thus, it could be classified into several models: time, cost, scope, and intangibles.”

[en.wikipedia.org/wiki/Project management](http://en.wikipedia.org/wiki/Project_management)

Customers interact with their banks today through multiple channels. Branches, ATM, telephone banking, internet banking, and m-banking are all efficient ways of selling products and services

to banking customers (Hoehle and Huff, 2012). The evolution from a focus on local-centric (branches and ATM) to place-centric (internet banking) and then to equipment-centric (accessible anywhere, 24 hours per day and 7 days a week) has yielded benefits in the form of time savings and shorter customer queues. Equipment-centric vision brings the customer closer to the bank since (s) he needs only a mobile device to carry out a financial-service activity. In local-centric banking customers need to go to a physical place (a branch or an ATM), which may not be close to them. In place-centric banking, customers can conveniently carry out the vast majority of banking transactions remotely, provided that they have a computer with internet access. Consumers favor specific banking channels for specific product categories. Hoehle and Huff (2012) noted that branches are used for complex products categories (e.g. mortgages and loans) while simpler operations such as bill payments or other domestic transactions can be done through self-service technology.

### **2.1.1. Mobile and agent banking**

**Mobile banking:** - means performing banking activities which primarily consist of opening and maintaining mobile/regular accounts and accepting deposits; furthermore, it includes performing fund transfer or cash-in and cash-out services using mobile devices (NBE Directive, FIS-012012).

Mobile banking has emerged as a wireless communication channel for creating value by customers in banking transactions. Today, the main focus has been the field of modern methods of banking services. Supply of banking and financial services using mobile phones, it is a few years the use of mobile phones for banking and financial affairs, but in the short term, significant progress has been made in this field. It could be a lot of promise in this new way of banking future. Another definition is a service that will enable customers Information, such as your bank account balance and be informed of through your cell phone. This is done with high security. As usual banking services, mobile banking services that are offered through the mobile network. Factor that the bank has focused heavily on the issue; could unique mobile services at reduce cost banking services.

## **Agent banking**

Agent banking is a kind of branchless banking which is significantly cheaper alternative to conventional branch-based banking that allows financial institutions and other commercial players to offer financial services outside traditional bank premises (Hassan, et al, 2011). Agent banking means the conduct of banking business on behalf of a financial institution through an agent using various service delivery channels (NBE directives Number FIS /01/2012).

One of the emergent alternative delivery channels, agent banking, is fast gaining momentum in many countries in Latin America (Brazil, Columbia and Peru), Asia (India) and South Africa. Agent banking, which leverages heavily on ICT, is a component of branchless banking that allows financial institutions to offer financial services outside the traditional brick and mortar bank premises (Mas, 2008; Mas and Siedek, 2008). It allows customers conduct a limited range of financial transactions at third party retail outlets including post offices, supermarkets, general and grocery stores, pharmacies, and gas stations, among others, located in remote areas. These retail agents are mandated to manage transactions (deposits, payments and cash withdrawals) on behalf of the financial institution and are remunerated on a fee-for-service basis They are linked to the institution's servers using a telephone line, cable or satellite link and use equipment as Point of Sale (POS) device and barcode readers. Agent banking improves the bank's geographical coverage and competitiveness so that existing and potential customers can benefit from a greater level of convenience in accessing banking services. This convenience is offered through agents of the bank and when combined with new services can expand the bank's target beyond the traditional markets. The introduction of agency banking is meant to expand access to financial services, especially in rural areas where it has been expensive for banks to maintain a presence, owing to the smaller volumes. Thus technological innovations play a crucial role in the banking industry in creating value for banks and customers to enable customers perform banking transactions without visiting a conventional brick and mortar banking system in different countries. Mobile and Agent banking service has enabled banking institutions to compete more effectively in different countries by extending their products and services beyond restriction of space and time through established third party with the application of technology.

### **2.1.2. Participants of agent banking**

According to Digipay guru (2020) agent banking participants are the following

**Agent banking service providers:** - these are responsible for managing various banking agents. They are also responsible for operating service, marketing, cash handling, branding

**Banks/ financial institutions:** - banks and financial institutions are the hosts that compromise both consumers and agent accounts. These are entities through which the actual cash flow takes place.

**Banking agents:**-these are retailers that are authorized to perform various banking services on behalf of the banks and financial institutions.

**Mobile operators:** - offer their network to facilitate mobile transactions, USSD, connectivity, SMS, bill payments and money other process that takes place over the mobile phone.

**Consumers:** - are the ones who are the end –users of agency banking. These are generally those people who don't have a bank access to mobile phones.

### **2.1.3. Major benefits of agent banking**

According to Crowd Force (2018) the 4 major benefits of Agent banking are as follows

#### **Agent-based operations**

Agency Banking operates with the help of agents who conduct transactions on behalf of the unbanked. Banking agents can have a digital wallet or stored value account on an online platform, and this platform can apply the set business rules to the transactions started by the agents. Bank customers can have their accounts on a digital wallet or the core banking system. Agents can carry out transactions on such accounts on customer's behalf. The business rules will be applied by the host system to the accounts of customers.

## **Easy platform**

An Agency Banking platform lets agents put in, and withdraw money from their digital wallets with various business rules. The service can be used by agents for fund transfer between stored value accounts, or to the bank account of customers from their stored value account. Agent banking delivers financial services to the underserved and unbanked populations, employing the use of mobile phones, POS (point-of-sale) terminal, card readers and other technology for processing of real time transactions.

## **Support for various transactions**

It supports various types of transactions, such as voucher-less prepaid top-up, top-up prepaid voucher sale, loan repayments, account balance queries, merchant's services, cash withdrawals, cash deposits, transfers and bill payments of various types, such as fines, taxes, government fees, utility bills and more.

## **Improved security**

Bank customers can be issued a bank pin and a magnetic chip card or stripe, and use this pin, which is readable by the agent's terminal, and card for carrying out transactions. Customers can get more security when compared to cash management. For agents, the primary advantage is to drive more customers through their business or shop.

When structured and executed properly, agency banking helps businesses scale to a larger level, gives people easier access to digital services and digital identities, and provides a source of income for our agents.

### **2.1.4. Disadvantage of agent banking**

Agency banking is not without its fair share of challenges. Mwangi (2014) reports that the levels of liquidity that bank agents maintain influence the use of agency banks. Agents do not always maintain enough cash demanded by customers and this discourages repeat business.

### **2.1.5. Responsibilities of parties**

**As per NBE directive no FIS/02/2020 the following responsibilities are listed**

#### **2.1.6. Responsibility of financial institutions**

- Establishing a dedicated unit at head office level directly responsible for coordinating and facilitating the overall activities of agency business service.
- Ensuring that all user transaction made by agents shall be in real time and show effect on both on electronic account of user and agent as per limits
- Any act or omission of agent related to agency business service; even if such liability is not include in the contract
- Put in place a mechanism to manage, monitor, and coordinate agents and agency business services.
- Marketing of services and branding of agent premises
- Providing various training , like operation, AML/CFT , user handling
- Designating branches to be responsible for agent operating in the locality of respective branches or may designate divisions to be responsible for particular agents(where applicable)
- Terminating its relationship with an agent that fails to comply directive or any other operating conditions specified by National Bank.

#### **2.1.7. Responsibility of Agent**

An agent shall be responsible at least for

- ❖ Maintaining adequate balance in its electronic account to undertake electronic money related financial service involving cash in and cash out transaction
- ❖ Handling user transaction against prefunded electronic account
- ❖ Putting the certificate of agency in a conspicuous place in its premises
- ❖ Proper and fair handling of users

### 2.1.8. Models of Mobile and Agent Banking

There are three widely practiced models to conduct the Mobile and Agent Banking business worldwide. These are: the Bank-Led Model, the Telco-Led (The Mobile Network Operator (MNO)-Led Model) and the Mixed Model.

**Bank lead model** is the one in which a licensed financial institution (typically a bank) delivers financial services through a retail agent. The financial products and services are developed by banks but distributed through retail agents (Lyman, Ivatury and Staschen, 2006). The bank led model composed of three main entities; the bank, the retail agents, and the customer. In this model, the bank must carry out an audit of its agents to ensure that the agents operate within the generally accepted rules and regulations in order to safeguard the interests of the bank, agents and the customers (Sunguti, 2013). The Regulation of Mobile and Agent Banking Services Directive No.FIS/01/2012 issued by National Bank of Ethiopia (NBE) clearly stated that Financial institutions shall ensure their agents fully comply with the requirements of “Prevention and Suppression of Money Laundering and the Financing of Terrorism Proclamation Number 657/2009” and “Customers Due Diligence of Banks Directives No. SBB/46/2010”. The other Model is the **Telco-Led Model** which is implemented by most successful countries in Mobile and Agent Banking business. However, the issue of fund protection is one of the most challenging in the non-bank led model: Non-bank issuers are taking funds from the public, MNOs are not regulated or supervised prudentially and what if the m-banking provider goes bankrupt, to whom claim presented. Unlike the Bank-Led model, the loose established mechanisms to protect users’ funds make the risk of the Telco-Led model higher than the Bank-Led Model (Laurent, 2011).

However, completely detaching the Telco-Led Model from implementation in fear of the risk will delay the pace of penetration/implementation of financial inclusion in one country. In this regard, the third Model, the **Mixed Approach**, may strike the balance between risk and penetration. For example, Nigeria is adopting the Bank-Led model while Kenya is implementing the Telco-led Model and currently Kenya has over 45,000 agents (Oxford Policy Management, 2011). Therefore, the pace of addressing to the remote area through bank led model may not be as fast as the way the Telco-Led approach. However, the Bank-Led Model approach is better in

managing the business and controlling the risk that may occur following availing the service at large scale to avoid complication of managing the risk.

### **2.1.9. Agent banking practices in some countries**

In Nigeria agent banking started in 2013 when central bank of Nigeria relies its guideline on operations and management of agent banking. Since that time, many of the commercial banks have signed on agents to help drive their retail banking services. As at January 9, 2019 FCMB says it has 529 banking agents who are operating in different parts of the country. (Kobotalk.com)

As per special report by helix digital finance on Agency banking in Kenya , agency banking has grown at the fastest rate in terms of agent share. Equity bank has bounced ahead of Airtel money Kenya to become the second biggest in terms of agent share at 11%. Safaricom M-pesa , which is the market leader is facing a drop in its share of agents from 90% in 2013 to 79% in 2014.

The government of India recognized the potential of a branchless banking model way back in 2006 when they started their initiative of business correspondents.

In democratic republic of Congo, paper soft has partnered up with equity bank group and eco bank as the technology partner to boost financial inclusion via local agents.

According to Sanford (2013), one of the biggest challenges in rolling out banking agencies is the establishment and the effectiveness of the agent network. Agents are the touch- points where the subscribers of the service can get money into and out of the system. (Agents are often also referred to as cash-in and cash-out points). In instances where a subscriber arrives at an agent with the need to withdraw a large amount it does happen that the agent do not have enough cash to satisfy the cash-out request. This leads to frustration and is one of the reasons why take-up of these systems are slower than what is expected. This problem is referred to as the agent liquidity problem- how to ensure that the agent has sufficient cash available to satisfy the need of the system (Central Bank of Brazil, 2007).

A “Prudential Guidelines for Agent Banking Operation in Bangladesh” has been issued by Bangladesh Bank in 2017, which is a comprehensive Guideline for the stakeholders. Up to

March 2020, Bangladesh Bank has issued license to 26 banks for operating Agent Banking activities in Bangladesh. Currently 22 banks are in operation, BRPD circular (2017).

Over this recent decade, Malaysia has made significant strides in pursuing the financial inclusion agenda. The articulation of the Bank's primary function to promote a sound, progressive and inclusive financial sector in the Central Bank of Malaysia Act 2009 further reinforced the Bank's strategic focus on driving financial inclusion policies. To date, 92% of the total adult population has formal savings account and all 144 districts in Malaysia are served by at least one financial access point. Malaysia is also highly ranked in several of the international financial inclusion rankings (Doing Business Report, World Bank, 2008-2012).

#### **2.1.10. Agent banking practices in Ethiopia**

In Ethiopia there are different banks who launches mobile and agent banking services and on NBE's pending list for the approval of the service from different technology service vendors including Bole Atlantic Mobile Wallet Technologies for United Bank S.C, Rewire for Addis International Bank, Amole for Dashen Bank, MOSS ICT for M-Birr, Techno Brain for Oromia International Bank, Belcash for Wegagen Bank S.C and S2M ICT for Awash International Bank and Abay International Bank S.C.(TilahunGirma 2017)

As stated by the other well-known technology vendor in Ethiopia: Belcash (2017), with mobile banking, banks can empower its customers (directly or through agents) to securely access their bank accounts using mobile phones to get information of their accounts like available balance, transactions. The Platform will give banks a competitive advantage over other banks offering same kind of services to their clientele. It will allow banks to come to market with new and enhanced banking services in a shorter time frame with a significant cost reduction (Yewubnesh, 2019)

#### **2.1.11. Agent banking practice at Wegagen Bank**

Customers can find wegagen bank's hellocash mobile and agent banking services at chosen branches and agent in the capital city, Addis Ababa, as well as regional cities and towns. Such agent, however are individuals who are running their own and legal business and are recruited by wegagen bank. The bank has a vision of stressing the problem of low financial inclusion and

easy local money transfer, payment, cash deposit, and cash withdrawal. It provides smooth accessibility to financial services through a wide-range branch and agent network for all wegagen customers at anytime, anywhere, to phone, without the need to go to bank branches.

## **2.2. Factors for implementation of agent banking**

### **2.2.1. Technological related factors**

#### **As per the NBE Directives No. FIS /01/2012**

The technology used for delivery of mobile and agent banking services must be secure and should at least ensure the following, which shall be part of the technology risk management program of a financial institution:

- **User Risk:** User awareness on their information security including how to secure Personal Identification Number (PIN) and other security features.
- **Infrastructure and Software Application Risk:** Information security standard, application error, message type and message handling, PIN and user authentication, Financial and non financial data storage, availability of services and backup, confidentiality of user information, data and transaction integrity, maintenance of audit trails , segregation of duties, and authorization controls.
- **Communication Media Risks:** Communication protocol risks, data storage risks, and availability and quality of service.
- **Agent and Third Party Service Provider Risks:** data Encryption and message integrity, data storage and backup, physical and logical access to system, and authenticity and non-reputability of communication.
- **Business Continuity Plan:** availability of services, disaster recovery site, standardize way of the data center, redundancy of network communication, and antivirus protection.
- **Interface Feature of the Application:** The system should be open (need to have a feature of interoperability with other system in any file format).

Notwithstanding the provision stated above, the information security policy of a financial institution shall be suitably and regularly updated and enforced to take care of the security controls required from time to time.

### **2.2.2. Resource based related factors**

Resource based view theory was developed by Birge Wenefeldt in 1984. It is a method of analyzing and identifying a firm's strategic advantages based on examining its distinct combination of assets, skills, capabilities and intangibles as an organization. The RBV's underlying premise is that a firm differs in fundamental ways because each firm possesses a unique bundle of resources-tangible and intangible assets and organizational capabilities to make use of those assets. Each firm develops competencies from these resources, and when developed especially well, these become the source of the firm's competitive advantage (Pearce & Robinson, 2007).

Barney (1991) suggests that firms succeed through developing resources that provide unique sources of competitive advantage. These may include physical, financial, human, and organizational resources; and confer competitive advantages based on their value, rareness, uniqueness (inimitability), and embeddedness in the organization fabric.

Learned et al. (1969) noted that the capability of an organization is its demonstrated and potential ability to accomplish against the opposition of circumstance or competition, whatever it sets out to do.

Every organization has actual and potential strengths and weaknesses; it is important to try to determine what they are and to distinguish one from the other. Thus what a firm can do is not just a function of the opportunities it confronts; it also depends on what resources the organization can master. Learned et al. proposed that the real key to a company's success or even to its future development lies in its ability to find or create 'a competence that is truly distinctive. According to Su et al., (2009) capabilities can't be bought; rather, they must be built; with internal capabilities and combined with external partnerships.

The resource-based view theory is critical in this study as it helps us understand how a firm adopts agency banking based on resources that are permanently tied to a firm. The combination of resources (both tangible and intangible) over time allows for the evolution of specific capabilities, which enhances successful implementation of the agency banking program.

### **2.2.3. Organizational related factors**

Organizational influences are reflected in numerous factors, such as shared values, norms and beliefs, structure, competence, policies and procedures. PMI (project management institute) annual report (2013) classified organizational influences into five groups: (1) organizational cultures and styles, (2) organizational communication, (3) organizational structures, (4) organizational process assets, (5) and enterprise environmental factors. Other authors have classified organizational influences differently; e.g. Scott and Vessey (2002) based on system implementation projects type; they classified them based on four groups which are (1) external business environment, (2) organizational context-culture, structure, strategy, business process, (3) system context-data, technology, project governance, (4) project focus and scope, project management and change management. McLeod and MacDonell (2011) classified organizational influences into three groups, (1) people and action, (2) development process and, (3) project content. Hussein and Hafseid (2014) from their side put them into three groups as well which are (1) end user related factors, (2) the performing project organization and (3) project owners related.

## **2.3. Empirical literature**

Mwangi (2010) Agent banking as a diversification strategy by commercial banks in Kenya. Agent banking is highly useful as a diversifying strategy among banks, expand geographical coverage and promote their products and services because they save time and they are efficient. The study evaluated use of agent banking as a diversification strategy among the Kenyan banks in Kenya. It recommended that agent banking be implemented in all the commercial banks in Kenya. The current study advances from these recommendations by determining the factors influencing implementation of agency banking programme in Kenya.

Rachel karikuki (2015) the study was on factors influencing implementation of agency banking in Kenya the purpose of the study was to investigate the factors influencing implementation of agency banking programme in Kenya. And the researcher found that security, availability of resources, infrastructural support and regulatory framework affected implementation of agency banking programme to a great extent. The study concludes that there is a positive and significant relationship between implementation of agency banking and the factors: availability of resources, infrastructural support and regulatory framework.

Daisy Kanini (2011) factors influencing the adoption of agent banking innovation among commercial banks in Kenya. The study was sought to determine the factors that influence agent banking adoption among commercial banks in Kenya. The findings of the study revealed that the main factors influencing the adoption of agent banking among commercial banks in Kenya are, (i) Cost reduction (ii) Enhancement of customer service (iii) Expanded presence by banks particularly in remote areas. The most important factor was cost reduction in the provision of banking services.

Very few researchers attempted to assess its opportunities contributing to the bank industries and challenges for the adoption of the service in Ethiopia. Ayana (2012), Elfagid (2015), Kassahun (2016) and Afework (2015) have been conducted a study intended to assess opportunities and challenges of adopting agent banking service and Drivers and Barriers of adopting electronic banking system in Ethiopia and point out technological factors, the services perceived benefit and risk, organizational factors in the way of financial and human resource factors, lack of suitable legal framework, competitive advantages and government support under environmental factors, inadequate banking system and high rates of illiteracy in the way of technology acceptance among challenges.

Yewubnesh (2019)Assessing the implementation challenges of agent banking project retrospective case study of commercial bank of Ethiopia” The main objective of this study was to describe the implementation challenges of agent banking project in commercial bank of Ethiopia. The main finding here was the main factors for affecting implementation of agent banking was organizational, individual and environmental challenges.

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

#### **3.1. Introduction**

This chapter includes research design, research approach, target population and sampling techniques and the type of source of data used.

#### **3.2. Research Design**

Research design is the framework of research methods and techniques chosen by a researcher. According to jahoda, deutch& cook as sighted in inaamakhtar (2016), research design is the arrangement of conditions for the collection and analysis of data in a manner that aims to combine for relevance to the research purpose with economy and procedure. The objective of the study is to describe factors affecting implementation of agent banking services at wegagen bank. A survey was employed by use of questionnaires and was sent to the respondents a survey is simply a data collection tool for carrying out survey research. Pinsonneault and kraemer (1993) defined a survey as a “means for gathering information about the characteristics, actions or opinions of a large group of people”. The researcher used descriptive type of research design to achieve its objective. Descriptive research design is a design method which is created by gathering, analyzing and presenting collected data.

#### **3.3. Research approach**

In order to achieve the objectives of the study the researcher will use both qualitative and quantitative approach. Quantitative research is a research strategy that focuses on quantifying data collection and analysis of data. The data will be collected through questionnaires that are self-administered. Quantitative research approach also allows the researcher in order to use objective measurement, to quantifying the relationships between variables. According to prithabhandari (June 2020) Qualitative research involves collecting and analyzing non-numerical data to understand concepts, opinions, or experience.

### **3.4. Description of study variables**

The dependent variables in this research were technology, resource and organization and the independent variables were gender and educational qualification.

### **3.5. Target population and sample of the study**

Target population according to MCleod, S.A (2009) is total group of individual from which sample might be drawn and a sample is a group of people who take part in the investigation. For this research target populations are staffs engaged on agent banking project department. Total population of agent banking “hello cash” project engaged in project are 18. The researcher also used 24 sample agents from 1711 agents.

### **3.6. Sampling and sampling techniques**

Sampling is related with the selection of a subset of individuals from within a population to estimate the characteristics of whole population. The two main advantages of sampling are the faster data collection and lower cost. (Kish 1965, Robert 2004) Each observation measures one or more properties of observable subjects distinguished as independent individuals. Purposive sampling were used here purposive sampling represents a group of different non-probability sampling techniques and relies on researcher judgment when selecting unit the researcher used only 24 sample of agents and considered that the respondents was enough to answer the question.

### **3.7. Source of Data**

The researcher used both primary and secondary source of data. According to Raimostreefkerk (2019), primary source is anything that gives direct evidence about people, events or phenomena that we r searching. Primary source of data provide raw information and first-hand evidence and a secondary source is anything that describes, interprets, evaluates or analyze information from primary sources. Secondary sources provide second-hand information and commentary from other research. Primary data was collected from structured questioner which were 18 respondents of mobile and agent banking department staff’s and 24 respondents from selected agents and secondary data was collected from books about project management, project management

implementation, agent banking and so on , brochures prepared by belcash service providers, Wegagen bank internal modules, national bank of Ethiopian directives, web blogs and previously done projects.

### **3.8. Data collection method**

The main data collection techniques used for this research is questionnaire. The other techniques used here are document review to supplement the results of questionnaire. For primary data collection, open and close ended questionnaire has taken as a preferable data-gathering tool for this research. Close ended types of questionnaires are designed in English language and distribute Likert scales to collect data from the sample respondents.

### **3.9. Data analysis**

Both quantitative and qualitative methods of data analysis were used after raw data collected from respondent. Particularly with the quantitative data collected via the questionnaire, a descriptive statistical analysis method is used. The collected close ended questions were entered in to SPSS version 21 software in order to make a descriptive analysis of the data, which enabled to present quantitatively by using frequency, percentage, mean and standard deviations in tables. The data obtained from open ended questioner has been analyzed qualitatively.

### **3.10. Validity and reliability**

Principle component factor analysis is conducted on all of the items that are consistent with the information derived from literature review. In this context, the word “factor” refers to questions included in the questioner.

There are many types of reliability: internal consistency reliability, test retest reliability, internal reliability (Cronbach’s alpha), parallel form reliability and inter rater reliability. For this study the researcher used internal reliability (Cronbach’s alpha) to justify reliability and internal consistency of the questionnaire and a Cronbach’s alpha of 0.789 on the 14 items listed According to George &Mallery (2003), the value of alpha should be greater than 0.7 so as to

accept the instrument. Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure (Kothari, 2004)

### **Reliability statistics**

<b>Cronbach's Alpha</b>	<b>No of items</b>	<b>variable</b>
0.81	5	technological
0.707	5	organization
0.85	4	resource

### **3.11. Ethical Issues**

The study in line with the organizations policy in relation to any intellectual property rights of the organization. Regarding privacy of the respondents, their responses are strictly confidential and only used for academic purposes. It cannot be ethical to access some confidential documents of the organization. So the organization's code of ethics taken in to account without significantly compromises the findings of the study. Concerning references, all the materials and sources are properly acknowledged.

## **CHAPTER FOUR**

### **4. DATA ANALAYSIS AND INTERPRITATION**

This chapter contains data analysis and interpretation the data collected from questioners both close and open ended were analyzed and interpreted here in order to give possible recommendation in the next chapter.

#### **4.1. Introduction**

The objectives of the study was To assess technological related factors, resources related factors and organizational related factors that influences the implementation of agency banking hello cash product at wegagen bank and also To find out to what extent agents understand the product they used to sell for customers. The researcher tries to address this objective by distributing questioners to wegagen bank sc mobile and agent department and some selected agents in Addis Ababa.

The major findings of the study are presented in this chapter, in relation to the objectives of the study. The presentation follows the order by which the specific objectives of the study are stated. After the questionnaires were collected from the mobile and agent banking division, Statistical Packages for Social Sciences SPSS version 20.0 were used to analyze using mean and standard deviation and the reliability of the questionnaire data was carried out by using Cronbach's Alpha value. The data was analyzed, summarized and presented in form of tables to reflect statistics that accompany explanations for better understanding. The response received from agents was analyzed in the form of Likert type statements pertaining to similar variables since the questions are open ended questions.

## 4.2. Descriptive statistics

### 4.2.1. Demographic statistics

Table 4.1 Respondents' demographic profile

<b>Variables</b>	<b>Variable classification</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Gender</b>	Male	14	77.8
	Female	4	22.2
	Total	18	100
<b>Educational qualification</b>	College diploma	0	0
	BA/BSC degree	12	66.7
	Master's degree and above	6	33.3
	Total	18	100

Source: research own survey

The above result shows that 77.8 % of respondents are male and only 22.2% are female employees of the bank at mobile and agent banking department. This indicates the overall staffing composition is dominated by male. In the case of educational qualification no respondent had diploma 66.7% of the respondent are BA degree holders and 33.3% of respondents have master's degree and above this implies majority of respondents have at least first degree and are qualified for the job.

### **Factors affecting implementation of agent banking service the case of wegagen bank s.c**

Here the researcher found factors affecting implementation of agent banking as technology, organization and resource based. The questioner was designed and given a scale 5= strongly agree, 4= agree 3=neutral 2=disagree and 1=strongly disagree to show to what extent the

respondent agree to the factors. The researcher used to calculate mean and standard deviation to interpret the results.

#### 4.2.2. Response for technological based factors

A total of 5 questions on technological based factors of agent banking project on implementation were asked to indicate the extent to which each respondent agrees to corresponding closed ended statements rated on a five-point Likert type scales ranging from “1” “Strongly Disagree” to “5” “Strongly Agree”. Where: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree. The table below shows summary of the statistical results for all the variables, including the number of frequencies, the mean, and standard deviation of the data points.

**Table 4.2 response for technological based factors**

Statement	frequency	Strongly disagree	Disagree	neutral	agree	Strongly agree	Mean	Standard deviation
		In %	%	%	%	%		
Agent banking products are implemented to easily understand and used by customers.	18	0	11.1	22.2	33.3	33.3	3.89	1.02
Bank provides simple instruction how to use agent banking service.	18	5.5	16.7	33.3	33.3	11.1	3.28	1.07
Project team member have enough technical knowledge on implementation of agent banking.	18	0	33.3	50	16.7	0	2.83	0.71
Agent banking service are compatible with the existing bank service.	18	22.2	55.5	11.1	0	11.1	2.22	1.17
Customers fear risk of new technology innovation affect implementation of agent banking services.	18	16.7	0	0	44.4	38.8	3.88	1.41

**Resource:- from questioner**

Table 4.2 showed that majority of the respondents 33.3% and 33.3% were agree and strongly agree, respectively, the statement related with agent banking products are implemented to easily

understand and used by customers. On the other side, 11.1% of the respondent's disagreed that agent banking products are implemented to easily understand and used by customers. The remaining 22.2% of the respondents goes to those who belong to neither agree nor disagree. As indicated in Table 4.2, the mean value 3.89 and the standard deviation was 1.02. This implies that majority of the respondents agree with the statement meaning agent banking products are implemented to easily understand and used by customers and it is not a challenge for implementation of agent banking project.

The question related with bank provides simple instruction how to use agent banking services , majority of the respondents 33.3% were agree and 33.3% were neutral neither agree nor disagree. On the other side, 11.1%, 16.7% and 5.5% of the respondents strongly agree, disagree and strongly disagree respectively that bank provide simple instruction how to use agent banking services. As indicated in table 4.2 above the mean value is 3.28 and the standard deviation is 1.07. This implies that majority of the respondents agree the statement bank provide simple instruction how to use agent banking services and it is not a challenge for implementing the project.

The statement related with project team members have enough technical knowledge on implementation of agent banking majority of the respondents 50% were neutral they belong to neither agree nor disagree and 33.3% were disagree. On the other side, 16.7 % of the respondents agree that project team members have enough technical knowledge on implementation of agent banking. As indicated in table 4.2 above the mean value 2.83 and the standard deviation is 0.71. This indicates majority of the respondents neither agree nor disagree with project team members have enough technical knowledge on implementation of agent banking and it can be considered as challenge for implementing the project. This implies project team has to be supported with trainings and developed software.

With respect to the statement agent banking services are compatible with the existing bank service majority of respondents i.e. 77.7% of them expressed their level of disagreement and out of which 55.5 % of them disagreed and 22.2% of them strongly disagreed to such specific variable on agent banking. On the other hand, 11.1% of the respondents agree and the rest 11.1% of the respondents neither of the two. Table 4.2 indicates that the mean value is 2.22 and

standard deviation is 1.17 which is close to the mean. This implies that there was a common understanding by the respondents for this specific variable under consideration. Therefore, agent banking lack compatibility with

The last question is Customers fear risk of new technology innovation affect implementation of agent banking service here 83.2% of them express their level of agreement of which 44.4 agree and 38.8% strongly agree to such specific variable. None of the respondent disagrees and they are neutral meaning neither agree nor disagree the rest 16.7% strongly disagree the mean here is and the standard deviation is this shows majority of respondent agree that Customers fear risk of new technology innovation affect implementation of agent banking services this is considered as a factor for implementation

#### 4.2.3. Response for organization based factors

A total of 5 questions on organization based factors of agent banking project on implementation were asked to indicate the extent to which each respondent agrees to corresponding closed ended statements rated on a five-point Likert type scales ranging from “1” “Strongly Disagree” to “5” “Strongly Agree”. Where: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree. The table below shows summary of the statistical results for all the variables, including the number of frequencies, the mean, and standard deviation of the data points.

**Table 4.3 Response for organization based factors**

Statement	frequency	Strongly disagree	disagree	neutral	agree	Strongly agree	Mean	Standard deviation
		In %	%	%	%	%		
The bank support agents by availing promotional and related materials	18	11.1	11.1	0	27.8	50	3.95	1.43
Participation of intended users or employees are encouraged during implementation of agent banking services.	18	16.7	38.8	11.1	22.2	11.1	2.7	1.3
The bank makes maximum effort to integrate government related service i.e bill payment to its agent banking	18	5.5	11.1	16.7	61.1	5.5	3.5	0.98
The concerning government authority response for the integration is good.	18	55.5	22.2	16.7	5.5	0	1.72	0.96
The organization share experience with other banks agent banking products.	18	27.8	50	11.1	11.1	0	2.05	0.94

## **Resource:-**

From organizational based factor the first question bank provides sufficient resource for the implementation of agent banking as technological innovation requires high investment 50% of respondents strongly agree, 27.8% agree with the statement and equal number of respondent i.e 11.1% of respondents disagree and strongly disagree at the same time the mean is 3.95 and its standard deviation is 1.43 this implies majority of respondents agree that the bank support agents by availing promotional and related materials so it cannot be considered as a factor.

For the second question regarding Participation of intended users or employees are encouraged during implementation of agent banking services majority of respondents disagree i.e. 38.8% disagree 16.7% strongly disagree, 22.2% agree, 11.1% strongly agree and the rest 11.1% neither agree nor disagree the mean for this statement is 2.7 and its standard deviation is 1.3 even though the mean is in between the disagree and neither of them the researcher considered the statement as a factor.

Regarding the third question the bank makes effort to integrate government related service i.e bill payment to its agent banking majority of respondents 61.1% agree, 5.5% strongly agree that bank makes maximum effort to integrate government related service, 5.5% of respondents strongly disagree ,11.1% disagree and 16.7% neither agree nor disagree that bank makes effort to integrate government related service i.e. bill payment to its agent banking the mean is 3.5 and standard deviation is 0.98 this shows that the statement cannot be considered as a factor.

The fourth question on organizational based factor was the concerning government authority response for the integration is good almost 77.7% of which 55.5% strongly disagree and 22.2% agree with the statement 16.7% neither disagree nor agree 5.5% agree that concerning government authority response integration is good none of the respondents strongly disagree the mean here is 1.72 and standard deviation is 0.96 which is closer to the mean so this shows the concerning government authority response for the integration is not good the researcher also prepare open ended question for this statement and analyzed it below.

On the last question which is the organization share experience with other banks agent banking products 50% of respondents disagree and 27.8% strongly disagree 11.1% of them agree and the

rest 11.1% neither agree nor disagree with the statement the mean is 2.05 and the standard deviation 0.94 the mean is closer to disagree so this implies the statement organization share experience with other bank is considered as a factor

#### 4.2.4. Response for resource based factors

A total of 4 questions on resource based factors of agent banking project on implementation were asked to indicate the extent to which each respondent agrees to corresponding closed ended statements rated on a five-point Likert type scales ranging from “1” “Strongly Disagree” to “5” “Strongly Agree”. Where: 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree. The table below shows summary of the statistical results for all the variables, including the number of frequencies, the mean, and standard deviation of the data points.

**Table 4.4 response for resource based factors**

Statement	frequency	Strongly disagree	disagree	neutral	Agree	Strongly agree	Mean	Standard deviation
		In %	%	%	%	%		
Bank provides sufficient resource for the implementation of agent banking as technological innovation requires high investment.	18	0	22.2	33.3	33.3	11.1	3.3	0.97
Top management support by providing sufficiently the required other related resource for the implementation agent banking services.	18	0	11.1	50	38.8	5.5	3.5	0.7
Lack of skilled IT personnel negatively affects implementation of agent banking services.	18	22.2	22.2	22.2	22.2	11.1	2.7	1.35
Network availability is the major hindrance for implementation of agent banking service.	18	0	0	27.8	11.1	61.1	4.3	0.91

Resource: - questioner

Regarding response for resource based factors the first question is Bank provides sufficient resource for the implementation of agent banking as technological innovation requires high investment most of the respondents 33.3% of them agree another 33.3% neither agree nor disagree 22.2% disagree with the statement while 11.1% of them strongly agree the mean here is 3.33 and standard deviation is 0.97 this implies majority of respondents agree with the statement that Bank provides sufficient resource for the implementation of agent banking as technological innovation requires high investment and we cannot considered it as a factor.

On the other hand the second question implies top management support by providing sufficiently the required other related resource for the implementation agent banking service almost half of the respondents are neutral i.e neither agree nor disagree , 38.8% of them agree with the statement 11.1% disagree and the rest 5.5% strongly agree and on the other hand the mean here is 3.55 and standard deviation is 0.7 this shows majority of respondents agree on it and we cannot consider the statement as a factor.

The third question is lack of skilled IT personnel negatively affect implementation of agent banking services equal number of respondents 22.2%,22.2%, 22.2% and 22.2% strongly disagree, disagree, neither agree nor disagree and agree the rest 11.1% strongly agree with the statement the standard deviation is 1.35 and the mean is 2.78 this implies majority of respondents Neither agree nor disagree the researcher believe that there is a gap of knowledge and lack of skilled IT personnel negatively affect implementation of agent banking services.

The last statement for the resource based factor is network availability is the major hindrance for implementation of agent banking service majority of respondents 61.1% strongly agree, 11.1% agree, non of the respondents disagree and 27.8% of respondents neither agree nor disagree this implies network availability is the major hindrance for implementation of agent banking service and the biggest factor for the implementation of agent banking service of hello cash.

Regarding the open ended question the researcher write the response as follows. The challenges they face on the bill payment are monopoly of service by government entities, government unwillingness, the main bill payment products that attract customers are water and electric bill payment which are handled by government and give the chance for only commercial bank of

Ethiopia, NBE has given all the opportunities to government bank to bill like ERCA(Ethiopian revenue and customs authority) in general most of the respondents agree with getting immediate response from concerned body is the challenge on bill payment.

On the other hand on the remittance side the problem they face is remittance services provider challenge which is they are waiting for remittance service provider acceptance even the system is unable to collect remittance some suggests that it is a lengthy process. As the researcher got the information from project manager they prepare the agreement and waiting for service providers to respond.

On the last question regarding bank plan since covid 19 is taken as an opportunity for banks to expand cashless society the researcher went to find out the bank plan here are some response that researcher got. By making effective product design & promotion the bank can integrate with business (corporate) customers.

#### **4.2.5. Response from Agents**

In order to address the last objective 24 questioners were distributed for some selected agents throughout Addis Ababa branches agent From 24 respondents half of them work as an agent of hellocash at wegagen bank for only one year, 7 of them were agent for two years and the rest five respondent works as an agent for more than 2 years. All of the respondents work as an agent only with wegagen bank s.c. the researcher went to find out why and found a written agreement which is found on article 11 and sub article 11.1 agent agrees to Maintain exclusivity with regard to performance of the services covered by this agreement, it being prohibited from acting as agent of another financial institution, including as subagent;

On the question regarding what leads you to become an agent of hello cash at wegagen bank the following are some of the responses the researcher get from agents wegagen bank staffs convince them to be an agent , due to higher commission, taking the opportunity to attract customers to the business , since it is compatible with other works since it mainly operated with mobile phone, since some of them engaged with retail store business it goes with their job, since they are longtime customers with wegagen bank s.c

On the question regarding functions of hello cash most of the respondent list functions of hello cash that they know are Airtime top up payment, send money, deposit and withdrawal to & from their hello cash account those products are most frequently used and some mention the biting are also used nowadays. On the sixth question i.e what product of agent banking customers use most frequently almost the entire respondents respond airtime top up payment and some of them mention biting. The seventh question among the question of agent is what problem do you face in serving agent banking /hello cash? Most respondents mentioned the network problem they face especially during late hours and weekends and time out to register new customer is very short due to this they did not register many customers easily and commission will only be from deposit withdrawal , and Airtime top up. The last question is to what extent the customers understand the product easily? Most of the respondents agree that customers awareness towards the service is poor especially those who are illiterates did not understand it yet and some customers understand and use the technology besides buying airtime in general most customers did not understand and even did not consider hello cash besides buying airtime so the researcher recommend the bank to use promotional materials and advertise the products to be used easily and the promotions has to also consider illiterates'.

# CHAPTER FIVE

## 5. Summary of findings, Conclusion and recommendation

### 5.1. Introduction

This chapter includes conclusion of the study and researcher possible recommendation on the research

### 5.2. Summary of findings

The study has conducted detail questionnaire, and document reviews and finally described a number of factors that challenges the implementing of agent banking project. This part of the research summarizes the major findings of the study from the technological, resource based and organizational related factors.

The study found that out of the Technological based factors in implementing agent banking products majority of respondents believed that customers fear risk of new technology innovation is the most influential challenge for agent banking product implementation. The second most factors on technological factor the researcher found was compatibility of Agent banking service with the existing bank service. Project team member knowledge gap on implementation of agent banking was ranked 3<sup>rd</sup> place.

On the contrary majority of the respondents believed agent banking products are implemented to easily understand and used by customers and these are not considered as a challenge for agent banking system implementation.

Among organizational variable majority of respondents believed that response from the concerning government was the highest factor for implementation of agent banking product. Experience share of organization with other banks agent banking products and Participation of intended users or employees during implementation are found to be factors for implementation of agent banking/ hello cash service at wegagen bank.

On the contrary majority of the respondents believed that effort of the bank to integrate government related service and support of the bank to agents by availing promotional and related materials are not considered as a challenge for agent banking system implementing.

Concerning the resource related factor, majority of the respondents believed that availability of network especially on weekend and holidays was the major factor for implementation of agent banking service. The second most factors were lack of skilled IT personnel. On the contrary majority of the respondents believed that bank provides sufficient resource and support of top management on providing sufficient required resource are not a challenge for agent banking system implementation.

Regarding agent responses most customers did not consider hello cash service besides top up payment , cash deposit ,cash withdrawal and bill payment for betting. And most of agent respondents consider network problem as the biggest challenge when selling agent banking products and the bank materials did not consider illiterate persons.

### **5.3. Conclusions**

The primary objective of this research was to assess factors affecting implementation of agent banking services the case of wegagen bank s.c and to find out agents understanding on the product they used to sell. The researcher found three factors i.e. technology, organization and resource affect implementation of agent banking services to answer the questions the researcher prepared questioner both for mobile banking department of the bank and some selected agents found at Addis Ababa the questions for mobile and agent banking department include both close ended and open ended questioners and distributed to 18 employees of the bank where us for agents the question was open ended 30 questioner were distributed and only 24 response used for analysis.

The result obtained with descriptive statics show the following result. Regarding technological variable the researcher found Project team member knowledge on implementation of agent banking, compatibility of Agent banking service with the existing bank service, and Customers fear risk of new technology innovation to be a factor for implementation of agent banking/ hello cash service at wegagen bank.

Among organizational variable encouragement of Participation of intended users or employees during implementation, response from the concerning government authority, experience share of organization with other banks agent banking products are found to be factors for implementation of agent banking/ hello cash service at wegagen bank.

The last variable was resource; among the four questions asked here the following were found as factors for implementation of agent banking service Lack of skilled IT personnel and Network availability.

From open ended questioner the researcher found that the challenges they face on the bill payment are monopoly of service by government entities, government unwillingness, the main bill payment products that attract customers are water and electric bill payment which are handled by government and give the chance for only commercial bank of Ethiopia, on the remittance side the service provider acceptance challenge was found.

On the agent side questioner the researcher found the general overview of customers as follows most customers use airtime top up payment, cash deposit and withdrawal and on the bill payment side biting is used know regarding the challenge they face most of the respondents agree that customers awareness towards the service is poor especially those who are illiterates did not understand and the main problem is network disturbance especially on the late hours, weekends and holiday. So from the above conclusion the following recommendation are forwarded by the researcher.

#### **5.4. Recommendations**

On the basis of the findings and conclusions of the study obtained above, the researcher has forwarded the following recommendations.

- Continues training for the department as well as the staffs' since training is the key for better understanding of how to implement the service so the bank should train staff's , project team members , agents as well as customers for implementation of any project to be successful.

- It has been told through Medias that government response for non-cashless society is high but on reality it gives priority for government bank so government should give equal chance and priority for all banks on payments especially on payment of ERCA and water and electricity bills.
- The bank should use its maximum effort to start the remittance services by dealing with remittance agents.
- The bank should also share experience with other bank how they implement different services and should have to accept suggestions from staff members and customers what problems are their during the use of hello cash and what most customers need to use.
- Network disturbance is the highest factor when using hello cash so government should have to interfere with telecom services to expand the availability of network.
- The bank should have to use different promotional materials not only for those who are literate but for the illiterate persons in order to compete with today's technology.

### **5.5. Recommendation for further studies**

- ✚ Other Ethiopian organizations specifically financial sectors planning to implement agent banking system can consider all critical factor identified in this study as input for managing their agent banking project.
- ✚ Finally, the researcher also recommended that it is very essential more research case studies of agent banking implementation should be conducted in Ethiopian organization to strengthen the findings of implementation challenges and adaptability of the system advantage.

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# **Appendices-I**

**ADDIS ABABA UNIVERSITY**

**SCHOOL OF COMMERCE**

**DEPARTMENT OF PROJECT MANAGEMT**

## **QUESTIONNER**

### **Part I. Introduction**

Dear Sir/Madam

This research questionnaire is prepared to collect data from the respondents in order to **Assess factors affecting implementation of agent banking services the case of wegagen bank s.c.**The quality of the result of this research will be based on the accuracy of the information you provided. Eventually, I promise you, the information you will provide me is going to be reported and communicated in aggregate and utmost care will be taken for its confidentiality.

### **Contact Address**

If you have any query, please do not hesitate to contact me and I am available as per your convenience at (Mobile: 09-12-04-68-27 or e-mail: eskedme7121@gmail.com).

### **PART II: Demographic Information**

1. Sex: A. Male                      B. Female

2. Educational Qualification:

A. College Diploma

B. BA/ BSC Degree

C. Master's Degree and above

D. Other please specify.....

### Part III

The following questions are directly related to the research questions please specify your answer by writing a thick (√) mark.

5= strongly agree

2= disagree

4= agree

1= strongly disagree

3= neutral

Type of factors	Statement	5	4	3	2	1
<b>Technology based</b>	Agent banking products are implemented to easily understand and used by customers.					
	Bank provide simple instruction how to use agent banking services					
	Project team members have enough technical knowledge on implementation of agent banking.					
	Agent banking services are compatible with existing bank service.					
	Customers fear risk of new technology innovation affect implementation of some services.					

Type of factors	Statement	5	4	3	2	1
<b>Organizational Based</b>	The bank support agents by availing promotional and related materials.					
	Participation of intended users or employees are encouraged during implementation of agent banking services					
	The bank use its maximum effort to integrate government with government related services i.e bill payment to its agent banking					
	The concerning government authority response for the integration is good.					
	The organization share experience with other banks agent banking products.					

Types of factors	Statement	5	4	3	2	1
<b>Resource based</b>	Bank provides sufficient resource for the implementation of agent banking as technological innovations requires high investment.					
	Top management support by providing sufficiently the required other related resource for the implementation Agent banking services.					
	Lack of skilled IT personnel negatively affect implementation of agent banking services					
	Network availability is the major hindrance for implementation of agent banking service					

What other situations did the bank face when trying to implement agent banking products?  
Specifically

- bill payment

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- Remittance

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- What is the bank plan to cope and compete with other bank agent banking service by taking covid 19 as an advantage?

Thank you for your cooperation.

## Appendices-II

ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

DEPARTMENT OF PROJECT MANAGEMENT

### Questioner for agents

Dear Sir/Madam

This research questionnaire is prepared to collect data from the respondents in order to **Assess factors affecting implementation of agent banking services, the case of wegagen bank s.c.** The quality of the result of this research will be based on the accuracy of the information you provided. Eventually, I promise you, the information you will provide me is going to be reported and communicated in aggregate and utmost care will be taken for its confidentiality.

### Contact Address

If you have any query, please do not hesitate to contact me and I am available as per your convenience at (Mobile: 09-12-04-68-27 or e-mail: eskedme7121@gmail.com).

- ❖ For how long are you an agent of hello cash at Wegagen bank?  
A. One year    B. Two years    C. More than two years
- ❖ Are you an agent for another bank? If your answer is yes please specify the bank
- ❖ 

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If your answer is yes for the second question what is the difference between hello cash and other banks agent banking service?  
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- ❖ What leads you to become an agent of hello cash at Wegagen bank?  
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❖ Among the functions of hello cash please list that you know?

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❖ What product of agent banking customers use most frequently?

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❖ What problem do you face in serving agent banking/ hello cash?

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❖ To what extent the customers understand the products easily?

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Thank you for your cooperation.