



**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE  
GRADUATE STUDIES PROGRAM**

**ASSESSING THE IMPLEMENTATION CHALLENGES OF AGENT  
BANKING PROJECT: RETROSPECTIVE CASE STUDY OF  
COMMERCIAL BANK OF ETHIOPIA**

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**Project submitted to the School of Graduate Studies of Addis Ababa University in  
Partial Fulfillment for Master of Arts in Project Management**

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## Declaration

I, Yewubnesh Negesse, hereby declare that this thesis entitled “*Assessing the implementation challenges of agent banking project retrospective case study of commercial bank of Ethiopia*” submitted by me for the award of the degree of master of project management (MAPM), Addis Ababa University, at Addis Ababa, Ethiopia, is my original work and it has never been presented in any university. All sources and materials used for this thesis have been duly acknowledged.

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## Advisor's approval

This thesis has been submitted for examination with my approval as a university advisor

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**Certification**  
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This is to certify that the thesis entitled, “*Assessing the implementation challenges of agent banking project retrospective case study of commercial bank of Ethiopia*” was carried out by Yewubnesh Negesse T/tSION under the supervision of Worku Mekonnen (PhD), submitted in partial fulfillment of the requirements for the Degree of Master of Project Management complies with the regulations of the university and meets the accepted standards with respect to originality and quality.

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Chair of Department or Graduate Program Coordinator

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## **Abstract**

*The main objective of this study was to describe the implementation challenges of agent banking project in commercial bank of Ethiopia. In order to achieve this objective, the researcher used descriptive research design and mixed approaches. Accordingly, questionnaire, interview and document analysis were used as data collection instrument. The data obtained through questionnaire has been analyzed quantitatively by using descriptive statistics: frequency, percentage, mean and standard deviation. Moreover, the data obtained by using interviews has been analyzed qualitatively. The population of the study was all employees of agent banking project of Commercial Bank of Ethiopia a total of 32. The target population used to collect data was project manager, team leaders and team members of the project. The findings of the study revealed that the major challenges in the implementation of agent banking were lack of infrastructural facilities, literacy, efficient time management, adequate government support, timely delivery of required physical equipment's, willingness to use the system, skill in technical and managerial knowledge, well develop and quality ICT infrastructures, adequate and frequent training, and efficient connection of internet and mobile networks. The implementing of agent banking system is affected by organizational, individual and environmental challenges. Hence, the researcher has recommended that the company should consider organizational, individual and environmental factors that influence the implementation of agent banking, The bank should train project team members, staffs, agents and customers in preparation for implementation of project to be successful, and government should support banking sector by facilitating development of sufficient ICT and infrastructural facilities like road, quality of network. 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.*

**Keyword:** Challenges of Agent banking, Project implementation, Organizational, Individual and Environmental factors

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## **Acronyms and Abbreviation**

ATMS	Automatic Teller Machines
CBE BIRR	Commercial Bank of Ethiopia Mobil money
CBE	Commercial Bank of Ethiopia
E.C	Ethiopian Calendar
FIS	Financial Inclusions
ICT	Information Commutation Technology
IT	Information Technology
KYC	Known Your Customer
M-PESA	Mobile Money in Swahili
NBE	National Bank of Ethiopia
PMBOK	Project Management Body of Knowledge
PMI	Project Management Institutes
POS	Point -of -Sales
SPSS	Statistical Package for Social Scientists
SWIFT	Society Worldwide Inter finance Telecommunication
UN	United Nation
USSD	Unstructured Supplementary Service Data
WB	World Bank

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background of the study

More than ever before there is a global concern to establish financial deepening access to previously overlooked areas due to some areas considered economically unviable where majority of the customers operate their businesses. There is an increasing need to promote technological and institutional innovation as a means to expand financial system access and usage. That includes addressing infrastructure weaknesses and empower in business enterprises by developing financial literacy and financial capability programs to bring all people on board and all to participate in economic development of a country. Perhaps, agent banking will offer a solution to slow pace of individual's enterprise development especially from the rural areas (Atandi, 2013).

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 and rural 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 (Kumar et al., 2006).

Banks and other commercial financial service providers implement agent banking system to overcome the primary challenges in providing financial services to the poor through branches and other bank-based delivery channels is the high costs inherent in these traditional banking methods. The amount of money expended by financial service providers to serve a poor customer with a small balance and conducting small transactions is simply too great to make such accounts viable. In addition, when financial service providers do not have branches that are close to the customer, the customer is less likely to use and transact with their service (Henos, 2018).

The agent banking is one in which banks provide financial services through nonbank agents, such as grocery stores, gas stations, super markets, retail outlets, post offices, pharmacies or lottery outlets. This system allows banks to expand services into areas where they do not have sufficient

incentive or capacity to establish a formal branch, which is particularly true in rural and poor areas where as a result a high percentage of peoples are, unbanked (Henose, 2018). It is a retail or postal outlet contracted by a financial institution or a mobile network operator to process client's transaction instead of 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, or receive government benefits or a direct deposit from their employer, banking agents can be pharmacies, supermarkets, grocery, convenience stores, lottery outlets, gas station and post offices among others (Tilhun, 2017).

Agent banking have many advantages and interesting diversities including more number of customers, services in higher quality and lower price, preservation and enhancement of share in market, unlimited space for market, concentration in new distribution, making competition between commercial brands, concentration on expenses and improvement of revenue, providing extensive services, improvement in management system, decreasing the expenses of contractions, close intra banking connection and controlling ecological pollution (Farshad et al., 2013).

The Ethiopia government and National Bank of Ethiopia issued policy and directives to improve financial accessibility and financial inclusion of the country. Ethiopian government takes financial inclusion as a policy objective and has been trying to build inclusive financial systems not only to address the previously excluded ones but also to mainstream financial institutions to reach out to the unbanked populations and financial services to the unbanked have become a major area of interest for policy actors.

NBE Directive (2012), The National Bank of Ethiopia (NBE) issued a directive on “Regulation of Mobile and Agent Banking Services”, which allows financial institutions to conduct the mobile and agent Banking Services (Elfagid, 2015). Agent banking allows customers to access their account using mobile phone at any time which promotes flexibility. After full implementation, customers can pay their bills without physically appearing in offices. Users of Agent banking can make payments using their cell phone while reducing the risk of carrying cash (Asfaw, 2015).

In spite of agent banking significant growth and benefit, there are a number of challenges that companies may encounter when implementing agent banking. According to Tilhun (2017) identified 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 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. According to Mcdouall cited by Mulu (2018) the execution or implementation phase is the longest phase of the project in which the deliverables are physically built and presented to the customer for acceptance.

The implementation or execution stage of a project is the transformation of a theoretical and planned concept into physical and material structures. During this stage, we see the actual site preparation; buildings, equipment, and machinery constructed (systems) and begin functioning to deliver the project objectives. The organizational framework and structure (people) are developed, personnel are hired and trained to operate the project, and adequate systems for managing and operating the project are developed. Also, processes such as procurement (supply chain management), maintenance management, accounting, and marketing are developed to meet the operational needs of the project (Lutchman, 2011).

## **1.1. Background of the Project**

Agent banking system is introduced by Commercial Bank of Ethiopia in accordance with NBE directive number FIS/01/2012. It was in development phase for long period of time and became live in 2017. The bank officially launched its agent banking mobile money service which is called CBE Birr on December 11, 2017 after successfully testing its functionality for six months. Agent banking system 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. It is deployed as a means of extending financial services to the unbanked segment customers may no longer need to travel long distances to visit CBE branch as they can get the service from the nearest commercial bank of Ethiopia agents through CBE Birr. Agent banking system allow to customer can deposit ,withdraw ,transfer money ,make payment ,buy mobile airtime and pay bill using a mobile phone in a very simple and in order to get access to CBE birr services, a customer needs to go to nearby authorized agent with her/his mobile number and valid ID. CBE Birr is believed to contribute a lot to build up saving culture of the public and streamline financial transaction and payment system of the country. To date, the bank has succeeded in recruiting over 2,260 agents, over 1,350 merchants who receive payments through commercial bank of Ethiopia Birr and over 225,980 commercial bank of Ethiopia birr customers.

## **1.2. Statement of the Problem**

The World Bank (WB) estimates that in many countries, over half of the population, “the unbanked”, has never had a bank account. The poor tend to be terrified of banks, since they are often humiliated or ignored when they try to enter them. That means they cannot leave their savings anywhere safe, pay a bill without walking with the cash to the office or prove that they are credit worthy Martin, cited by Titus (2014).

The major problem in Ethiopian financial sector is the unfair distribution of financial institutions across the country. As mentioned earlier, from the entire bank branches, most of them are located in Addis Ababa and other cities (NBE, 2017). And also Ethiopian population is highly distributed across the country and 80.5% of them live in rural areas with poor level of infrastructure (UN, 2016). Agent banking is suitable solution for geographically dispersed population and inaccessible areas, these characteristics make it successful in Africa and South America. It also provides significant opportunity to reduce transaction cost such as travelling by clients to seek services in established branches (Henos, 2018).

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.

According to national bank of Ethiopia utilization of mobile and agent banking will develop competitive advantage in deposit mobilization (FIS-01-2012). Despite to these, 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) 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 Elfagid (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), Elfagid (2015), Kassahun (2016) ,Tilhun (2017) 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 .Since, The concept is new for Ethiopian banking industry and its challenges on implementing agent banking system is not sufficiently studied. Thus, the researcher is motivated to examine challenges of implementing agent banking project to bridge the gap through addressing the following research question.

### **1.3. Basic Research Questions**

The major research questions to be addressed within the domain of the study are:

- i) What are the organizational related factors that affect the implementation of agent banking in CBE?
- ii) What are the individual related factors that affect the implementation of agent banking in CBE?
- iii) What are environmental related factors that affect the implementation of agent banking project in CBE?

### **1.4. Objectives of the Study**

#### **1.4.1. General Objective**

The general objective of the study was to assess the challenges facing the implementation of agent banking project in commercial bank of Ethiopia.

#### **1.4.2. Specific Objectives**

The specific objectives of the study are:

- To describe organizational related factors that affects the implementation of agent banking system in CBE.

- To assess individual related factors that affects the implementation of agent banking in CBE.
- To describe environmental related factors that affects the implementation of agent banking in commercial bank of Ethiopia.

### **1.5. Significance of the Study**

The study has variety of importance for different bodies concerned. It is significant for banks to look the main areas of problems and document as a lessons learned for similar projects or for aspects similar to this project. And also it provides basic information on the key challenges or gaps in the implementing of agent banking as well as provides the possible solutions for alleviating the major challenge. The study also important to the government in that it will point out areas to be improved in an effort to provide banking services to the unbanked, low income and rural population. The study also used as a reference for further researches those who want further investigation in the area and explore major issues related with implementation challenges as a base and make it available for academic reference.

### **1.6. Scope of the Study**

The study was focused on the challenges of agent banking project implementing stage exclude service delivery of agent banking system. The scope of the study has been limited to agent banking project in commercial bank of Ethiopia particularly agent banking project department. The agent banking project departments are direct participant of the project implementation.

### **1.7. Limitations of the Study**

The 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.

## **1.8. Organization of the Paper**

This research paper is organized in to five chapters. The first chapter contains introduction of the study which consists of background of the study, statement of the problem, research questions, and objective of the study, scope of the study and organization of the paper. The next chapter which is chapter two contains assessment of different literatures both on the area which discusses various theories and concepts on agent banking system and related empirical reviews in relation to the company's actual situation. And in chapter three the research methodology and design will be detailed. Then, chapter four presents all the collected data in a clear manner and the analysis accordingly. And finally, the last chapter is about is the conclusion and recommendation, which will have the summary, conclusion, and recommendation.

# **CHAPTER TWO**

## **LETARATURE REVIEW**

### **2.1. Introduction**

The purpose of this chapter is to discuss related literatures and issues relevant to project implementation challenges of agent banking. And also reviewed a number of studies have theoretically and empirically in the project implementation challenges of agent banking. The review has three sections. The first section presents theoretical review. The second section will present a review of empirical studies that have been conducted so far on implementation challenges of agent banking project.

### **2.2. Theoretical Review**

#### **2.2.1 Agent Banking**

Agent banking 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, or receive government benefits or a direct deposit from their employer. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices and many more (Chiteli, 2013).

Agent banking allows customers to access their account using mobile phone at any time which promotes flexibility. After full implementation, customers can pay their bills without physically appearing in offices. Users of Agent banking can make payments using their cell phone while reducing the risk of carrying cash (Asfaw, 2015).

Agent banking has also many advantages for financial institutions. Through agent banking, banks can reduce cost involving with operating traditional bank branches and it also gives them competitive advantage because of its accessibility to the society. Additionally, after creating awareness of using financial services with agent banking, it will also have positive impact to banks' customer base (Asfaw, 2015).

Agent banking is suitable for geographically dispersed population and inaccessible areas, these characteristics make it successful in Africa and South America. In addition to their cost minimization benefits ICT and mobile banking technologies increase the market share of

microfinance institutions and contribute to their growth through providing technologies that are reliable, accessible and safe (Henose, 2018).

## **2.2.2. Theories of Agent Banking**

### **2.2.2.1. Financial inclusion theory**

Financial inclusion is the core of the National Bank of Ethiopia reform agenda to support Ethiopian's development vision. Financial inclusion is defined as the process of ensuring access to financial services and timely and adequate credit where needed by susceptible groups such as weaker sections and low income groups at affordable costs (Elfagid, 2015). Financial inclusion is the delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy (Leeladhar, 2005).

Agent addresses the relationship where in a contract 'one or more persons (the principal(s)) engage another person, the agent, to perform some service on their behalf by delegating authority to make some decisions to the agent. According to the national bank of Ethiopia directive (FIS-01-2012) issued to regulate the mobile and agent banking services "agent" means a person engaged in a commercial or business activity and has been contracted by a financial institution to provide the services of the financial institution on its behalf in a manner specified in these directives; and "agent banking" means the conduct of banking business on behalf of a financial institution through an agent using various service delivery channels as permitted under these directives (NBE directive, FIS-01-2012).

Agent banking is defined as "the policy goal of reaching all financially excluded households with a full range of responsibly delivered, affordably priced and reasonably convenient formal financial services." Chriten (2011), evidence shows that financial inclusion is major to reducing the economic vulnerability of households, promoting economic growth, alleviating poverty and improving the quality of peoples' lives. Financial inclusion is a process that ensures ease of access and ability to use formal financial system by all members of an economy. Due to the high connectedness between financial and social exclusion, an inclusive financial system have been identified to exceed individual gains to enhance societal benefits. Its contributions to enhancing appropriate financial decision-making and capability of financial users are expected to

complement the investment redistribution role of financial service providers. Thus, an all-inclusive financial system enhances efficiency and welfare by establishing functional equilibrium between the financial and real sectors of an economy. In general, financial inclusion contributes to economic growth through value creation of small entrepreneurship and businesses, improvements in human development indicators such as health, nutrition, and education, reduction in inequality and poverty (Chriten, 2011).

### **2.2.3. Agent banking practice in Kenya**

Different literatures have different information about the emergence of agent banking. According to Tobbin (2012) it was first introduced in Philippines in 2003 but according to Demirgüç-Kunt et al. (2015) South Africa is the first country to have agent banking in 2004 and other scholars like Ngugi et al., (2010) argued that Kenya is the first. Regardless of its emergence Kenya's M-PESSA is the most successful agent banking service provider. M-PESA is introduced by safari com, the biggest mobile service provider in Kenya. M stands for mobile and PESSA is money in Swahili. Currently it is providing financial services i.e. cash transfer, payment for goods and services, salary payment and other services (Ngugi et al., 2010).

After two years of implementation M-PESSA had 8.6 million customers and \$328 million transactions per month. Vodacom, telecom service provider in Tanzania also copied M-PESSA model to Tanzania but it couldn't be as successful as it was in Kenya. In Kenya there were 2.7 million customers after one year of operation. However, Tanzanian Telecom Company could only have 280,000 customers at the same time (Ngugi et al., 2010).

### **2.2.4. Agent banking practice in Ethiopia**

In Ethiopia eleven commercial banks and six microfinance institutions have got permission to provide agent banking service. Among these institutions five micro finance institutions from different Ethiopian regions have started agent banking service, M-BIRR. M-BIRR provides simple financial related services, i.e. cash transfer and deposit, cash withdrawal and bill payment. However agent banking service in Ethiopia has lower rate of penetration. It has limited number of customers with partially available services (NBE, 2017).

Like all other social entities financial institutions in Ethiopia are being constantly expanding with technological innovations. For instance, till recently, bank customers were used to stand in line to get financial services, but now because of the multi-channel service outlets they can perform it

from anywhere at any time. Funds are transferred electronically between financial institutions and individual accounts, and between individual accounts using agent banking service (Afework, 2015).

In recent years there are many more agent banking platform vendors have been emerged due to the opportunities of the service since it is found a new and profitable business worldwide. According to Celloscope (2017) their Platform is designed to cater to different financial institutions with common as well as unique need. The platform is flexible enough to be used by for-profit and not-for-profit organizations alike. The Platform helps banks increase service penetration, enhance customer loyalty and stickiness, reduce cost of operations and increase revenue.

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.

## **2.2. 5.Agent banking in Commercial Bank of Ethiopia**

CBE-BIRR is an agent banking service introduced by Commercial Bank of Ethiopia in accordance with NBE directive number FIS/01/2012. It was in development phase for long period of time and became live in 2017. Like other agent banking service providers, CBE-BIRR customers can transfer money to subscribed or unsubscribed users, deposit and withdraw cash from agents, buy airtime directly without scratching mobile cards and pay for goods and services.

Commercial Bank of Ethiopia has more than 1,200 branches in Ethiopia and CBE-BIRR is taking advantage of this huge number of networked branches to recruit new agents and customers. In addition to this, there is a number of agent banking services administered by various financial institutions, mostly banks. There is also slight difference regarding the channel used to provide the service. Some banks recruit agents to provide financial services when customers appear physically and others are using modern technologies like mobile phone, which enables customers to maintain their account remotely without visiting agents (Tilhun, 2017).

## **2.2.6. Factors affecting the implementation of agent banking project**

According to Tornatzky and Fleischer cited by Anware (2015), technology adoption within an organization is influenced by factors pertaining to the technological context, the organizational context, and the external environment.

### **2.2.6.1. Organizational factors**

Organizational factor captures firm's business scope, organizational culture, top management support, complexity of organizational structure measured in terms of centralization, vertical differentiation, and formalization, the quality of human resource, and size related issues such as specialization and internal slack resources (Jeyaraj a. Et al, 2006). Jacovou (1995) and Grover (1993) also argued that organizations influenced by a number of factors, like firm size, top management support and financial and human resources in their preference to adopt technological innovations.

Agent banking adoption requires commitment from top level managers. Commitment refers to the visible support by the upper level leaders or powerbrokers in an organization. The key to this condition is how the users perceive the powerbrokers' commitment to the implementation of the innovation. Simple verbal endorsement of the innovation by leaders and powerbrokers does not constitute commitment (Ely, 1990, 1999). Visible forms of commitment include such things as personal communication, development of strategic implementation plans, changes to organizational policies, dedication of resources, and active involvement in the implementation of the innovation. Projects require both human and tangible resources.

The required physical equipments are delivered on time .Each of these resources required by the project will be needed at the point in the project schedule when the materials or skills are required (PMBOOK, 4th Ed).

Managing the structure, as one of the challenges by financial institutions towards the provision of Mobile and Agent Banking, refers to the approach that financial institutions establish relationship with their agents. The relationship can be direct, indirect or hybrid. A direct relationship with banking agents is one in which a financial institution uses its own staff to identify and evaluate potential agents and then contract and manage them. An indirect relationship involves contracting an external management company to manage the entire process. There is also a hybrid approach

in which a financial institution assumes responsibility for parts of the process, for example, selection and contracting, while a management company is contracted to oversee the day to day management of the agent networks (Mas, et al., 2008).

#### **2.2.6.2. Environmental factors**

Chiteli (2013) noted that the organizations must find ways of operating by developing new competencies as the old competencies gained are quickly eroded due to changes in both internal and external environment. Because organizations cannot run away from innovation which sustains them, there is need for them to change with the changes in the environment otherwise they would be irrelevant. To ensure survival and success, organizations need to develop capability and capacity to manage threats and exploit emerging opportunities promptly. This requires formulation of competitive strategy that refers to the positioning of a firm to maximize the value of the capabilities that distinguish it from its competitors. For instance: The Kenyan business environment has experienced many changes among them: international, privatization, increased competition, acceleration implementation of economic reforms, increased customer demands, privatization and commercialization of public sector, price decontrols and liberalization of both domestic and foreign markets.

Technology should be in place to enable banks and their customers to interact remotely in a trusted way through existing local retail outlets. Agent banking requires a generally good infrastructure in terms of road network, communication and information technology. Successful agency banking implementation requires effective technology management. The limited access to financial services is attributed to three main challenges: limited scale (outreach), depth and the high cost of providing financial services (Atandi, 2013).

According to National Bank of Ethiopia directives (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, infrastructure and software application risk, communication media risks, agent and third party service provider risks, business continuity plan and interface feature of the application information technology revolution has essentially changed the face of the world and the economic, financial and social status has taken a giant leap from what it used to be previously. Agent banking is a modern technology of mobile banking to transact. It involves use of mobile phones, barcode scanners, reader cards that connect to the bank server using data connection.

Information communication technology (ICT) has enabled banks to serve their clients faster even as they do much with less input. The use of ICT is indeed providing a means to increasing scale and depth, while reducing costs in the provision of financial services. The service of technology has brought a big transformation in the banking sector from paper to paperless banking services. Transformations and acceleration have been witnessed in the world today as a result of the tremendous development of information technology which has brought up new activities in various fields as well as transactions (Meron, 2017).

According to Cohen as cited by Mulu (2018) the ongoing global expansion of a high-tech telecommunications infrastructure, coupled with the increased availability of advanced information technology services, is having an impact on almost every emerging industry. Emerging industries are newly formed or reformed industries that have been created by technological innovations, shifts in relative cost relationships, emergence of new consumer needs or other economic and sociological changes that evaluate a new product or service to the level of a potentially viable business opportunity.

Availability and quality of infrastructure is one of the challenges which impact the agent banking business. Interruption in services of telecommunications due to technical or nontechnical issue and non-availability of any parallel system or alternative may cause disruption in service availability. Similarly, congestion in network may become a bottle neck in providing quality of service to agent banking user.

The inconsistent availability of power supply in the country particularly in the rural area is one of the challenges for the implementation and continuous availability of mobile and agent banking service. Therefore, utility disruptions or software or hardware failures can cause a lack of service availability and information loss. Financial institution without business continuity and disaster recovery planning may be on risk of non availability of services in case of catastrophic events, power breakdowns, fire etc and natural disasters flooding and earthquake (flaming et al. 2011).

Availability of agent channels is vital in ensuring a wide reach by banks particularly in rural areas as there are fewer delivery channels compared to urban areas. Building agent network is also a challenge which focuses on establishing effective agent with well-trained manpower; trusted by customers; strategically and conveniently located; and properly incentivized to follow procedures, keep sufficient float on hand, and serve customers (Elfagid, 2015).

According to Makin as cited by Anware (2015) the banks and non-banks involved undoubtedly devoted significant effort to researching the relevant laws and regulations before investing in agent-assisted branch- less banking approaches, and in most cases, they also consulted with regulatory authorities to understand better how authorities were likely to apply existing rules to the new model. But because regulators have had little experience with both models and are still adjusting existing rules to address them (or have yet to begin this process), some level of legal and regulatory uncertainty and ambiguity for both the banks and to a lesser extent also for retail agents remains.

### **2.2.6.3. Individual factors**

The challenge on education level/financial literacy of agents and customers towards the provision of mobile and agent banking business in Ethiopia, the adaptability to new technology, in a country like Ethiopia where the adult literacy rate and the rate of technology adoption is low, this factor is a challenge for financial inclusion in Ethiopia (Elfagid, 2015).

The project requires people with the right experience, knowledge, and skills to accomplish the assigned tasks. Construction projects typically require resources such as bricks and cranes. Some projects require specialized subcontractors with skills not found within the project team. Level of awareness and training are perceived risks due to lack of understanding the business benefits to the bank and the economy at large (Titus, 2014). These refers to social issues, such as acceptability of mobile device and cultural fit of wireless application, as primary consideration for the wireless market and perceived usefulness of a wireless application all affecting behavior intention (Mberia 2009). Irura and Munjiru (2013) studied challenges of implementing agency banking in kaka mega county, Kenya and the study found that implementation could be explained by fraud, literacy level, technological issues and liquidity problems.

According (Sein et al., 2006) training outcomes are: the knowledge level and skills about a specific it tool that a trainee can achieve by the end of a training course, training method and delivery mode: how the training material is delivered to the trainees and who delivers it. Training methods range from instructor-led to self-based, and the delivery mode from traditional (fixed timing, fixed place) to on-line training. User: classifying users based on a variety of factors such as job roles and learning style. Learning content: learning objects that combine to form the training materials.

Agents may need to acquire a business license, bring the look and feel of their store up to standards or make security improvements beyond all this they need to keep a prepaid balance/collateral at the bank premises. And also agents require a lot of capital because they need to have enough cash on hand and electronic float for customers to withdraw and deposit on demand. Other costs also require upfront investment, though in much smaller amounts (Flaming et al. 2011).

Banking being a confidential matter requires that clients must entirely trust the bank and those carrying out transactions on their behalf. Banking agents must be trusted so as to be able to attract many clients to transact with them. Simply the principal institution must be trusted. And also to most of the agents admitted that clients trusted the bank, while some of the agents feel some customers do not trust the bank and hence don't trust them either, and therefore don't deposit their cash or even never opened an account with them (Atandi, 2013).

Especially in developing and underdeveloped countries, awareness to use technological advancements by end users is found as one of the major obstacle to adopt and launch services that basically require advanced technologies like agent banking which is mainly dependent on information technology (Warshaw 1989).

Product Image in the Society and Social Issue is also another concern area for financial institutions when retail agent's underpay-from or are robbed, banks' public image may suffer. Many operational risks mentioned (such as the loss of customer records or the leakage of confidential customer data) also can cause reputational risk, as can liquidity shortfalls in the retail agent's cash drawer. This and other mismanagement of the product image because the bad image on the public towards the new product refrain them to usage of the product (Laurer, 2011).

### **2.3. Review of Related Empirical Studies**

Some related studies were conducted by different researchers in different parts of the world. Specifically, (Atandi, 2013) and (Chiteli, 2013) have conducted researches on the challenges and opportunities of Agent banking adoption. The aims of their study were to analyze competitive advantage of agent banking operation and investigate challenges and opportunities in implementation of same. Accordingly, they have spotted low level of internet penetration, poorly developed telecommunication infrastructure, lack of infrastructure for telecommunications, cash liquidity of agents and credibility and trust of banks among agents and end users as well.

Gichana (2013) in Kenya has made a study on “Challenges of Agent Banking Experiences in Kenya” with the objective of determining the extent to which insecurity affects agent banking, investigating the extent to which capital availability affects agent banking, establishing the effect of liquidity/float related problems and how perceived credibility affects the agency banking. The study has found out the uptake of agent banking in Kenya has not been well appreciated by the target beneficiaries who include among others the micro and small enterprises in the rural areas in Kenya who were expected to benefit from this technologically innovative service. The paper is based on a study conducted to reveal the challenges which are hindering the rural people of Kenya benefiting from agent banking. In as much as it has been witnessed that there is an increase in penetration of agent banking services clients have not fully made use of the available agents at their localities to cut down on transaction costs occasioned by travelling to traditional branches and also time wasted on queuing for services. The researcher also identified some of the factors hindering the well-functioning of agent banking despite mounting financial literacy, lack of mobile network services and float, lack of capital, issues of insecurity and fear of robbery.

As the concept is new for Ethiopian banking industry, very few researchers attempted to assess its opportunities contributing to the bank industries and challenges for the adoption of the service. 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.

Wolela (2014) “Prospects and Challenges on the Implementation of Mobile and Agent Banking in Ethiopia” The objective of the study was to investigate prospect and challenges of mobile and agent banking in Ethiopia based on structural, organizational, infrastructural, economic, social and legal aspects. It was exploratory type of research design and data was collected through conducting interviews with key informants from different stakeholders such as selected Financial Institutions, Technology providers, NBE and Ethio Telecom. Data were discussed with narrative method of qualitative data analysis. The researcher found out that the challenges revolve around on: having competitive price with the traditional banking offerings, improper articulation of organizational structure, infrastructure issues like Telecom, Power and road, failure to realize interoperability

among financial institutions and financial literacy level of the society. Moreover, the research identified that the strangest regulatory framework drafted by NBE has missing and ambiguous articles which casted shadow on the provision of mobile and agent banking in Ethiopia. The research recommended the Mixed Model approach for Agent Banking business in Ethiopia and the requirement of experience sharing with countries following similar model with Ethiopia for the successful implementation of Mobile and Agent Banking.

## **2.4. Summary and Knowledge Gap**

In line with the above theoretical as well as empirical review, it can be concluded that it is of dominant importance of agent banking system towards enhancing financial accessibility of financial institutions and encouraging economic development of the country. 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 project in commercial bank of Ethiopia.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. Introduction**

This chapter presents the research methodology applied for the study specifically, the research design, research approach, target population, source of data, data collection methods, and at the end method of data analysis were presented.

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

According to Sekaran and Bougie (2013), research design is the blue print for data collection, measurement and analysis based on the research questions of the study. The objective of the study was to describe the implementation challenges of agent banking in CBE. The researcher used descriptive type of research design to achieve this objective. Descriptive researches are those studies which are concerned with describing the characteristics of a particular individual or groups and it includes surveys fact findings enquire of different kinds (Sakaran, 2013). Thus, this design is selected to express the current phenomenon of a situation and to describe the basic questions stated in the research.

#### **3.3. Research Approach**

In order to achieve the specific and general objectives of the study, both qualitative and quantitative (mixed) research approach was used. According to Creswell (2009) the use of both approaches is tandem so that the overall strength of the study is greater than either qualitative or quantitative research. According to Creswell (2009) qualitative research is a means for exploring and understanding the meaning of phenomenon from the view of participants. On the other hand, quantitative approach employs were strategies of inquiry such as experiments, surveys and collect data on predetermined instruments that yield numeric data that can be analyzed by using statistical procedures.

#### **3.4. Target Population of the Study**

A target population according to Ngechu (2004) is the specific population about which information is desired. For this study, the target populations were all staffs engaged agent banking project department such as project manager, team leader and team member of agent banking project as

appropriate in the project area. The total population of agent banking “CBE Birr” project engaged in the project are thirty two (32).

### **3.5. Source of Data**

The study used both primary and secondary source of data. The primary data are those which are collected for the first time (Kothari, 2003). In this study, the primary data collected through interview and structured questionnaires prepared by the researcher. Secondary data are those that are available, and refer to data that have already been collected and analyzed by someone else (Kothari, 2003). In order to strength the result and findings of the study, the researcher examines different articles, academic journals, useful academic books, banks reports, broacher and CBE website as secondary data.

### **3.6. Data Collection Techniques**

The main data collection techniques used for this research is questionnaire and interview. The other techniques will be used here are observation and 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 because of two reasons. It allows the researcher to collect information on facts and attitudes from a wide range of sources. Moreover, it is one of the most important tools to guide the respondent since it gives clear choices to check. Close ended types of questionnaires are designed in English language and distribute Likert scales to collect data from the sample respondents. Interview with one project manager also be used as a means of getting additional information.

### **3.7. Reliability and Validity of the Instrument**

According to Creswell (2009) noted that validity of instrument is critical in all forms of reserves and the acceptance level largely depends on logical reasoning experience and professionalism of the researcher who should have a good understanding of the various quality control techniques. It refers to the representativeness of the items in the questionnaire. All constructs and their associated items in this study were designed according to the relevant literature. Moreover, validity of the instrument was checked by advisor, in order to make respondents comfortable in understanding the real meaning of the questionnaire. The advisor checked the questionnaires according to item clarity, wording, and format and determines if the statements were valid or not valid. Based on the feedback from the advisor, valuable improvements were made and irrelevant items were rejected. The instrument for project team member’s questionnaire was pilot tested for reliability to ensure

internal consistency. The alpha coefficient value of this study was 0.822. According to Getachew (2016) cited Hair and others (1992) the reliability of all the constructs exceeds the recommended cut-off value (0.7).

### **3.8. Method of Data Analysis**

Blumberg et al. (2014) define data analysis as a process of gathering, modeling and transforming data with an aim of retrieving useful information, suggesting conclusions and supporting decision making. Once after the raw data was collected, both quantitative and qualitative methods of data analysis were used. 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 by interviews has been analyzed qualitatively.

### **3.9. 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

## DATA PRESENTATION AND ANALYSIS

### 4.1. Introduction

This chapter deals with the data presentation and analysis and it contain four parts. The first part deals with the demographic profile of respondents secondly, organizational factors of agent banking project implementation analysis third, individual factors of agent banking project implementation analysis and finally environmental factors of agent banking system implementation analysis. Then the data was analyzed by using statistical instruments called descriptive statistics with the help of SPSS application version 21.

In order to make the data analysis data was collected using questionnaire and interview designed and prepared in English language. A total of 32 questionnaires were distributed and from 32 questionnaires, 28 were properly filled and usable for further analysis. Accordingly, the researcher tried to interpret the frequency, mean and standard deviation of the data points. The researcher tried to triangulate and complement the result obtained from the interview and open ended questions with the results obtained from the Likert type statements pertaining to similar variables.

### 4.2. Descriptive Statistics

#### 4.2.1 Demographic Profile of Respondents

The respondents of the survey questionnaire have different personal information. The demographic profile of respondents participated in the study are shown in the Table 4.1.

**Table 4.1: Respondents' demographic profile**

Variables	Variable classification	Frequency	Percent	Valid percent
Gender	Male	20	71.4	71.4
	Female	8	28.6	28.6
	Total	28	100.0	100.0
Age	20-30	15	53.6	53.6
	31-40	8	28.6	28.6
	Above 40	5	17.9	17.9
	Total	28	100.0	100.0

Education level	First degree	12	42.9	42.9
	Master's degree and above	16	57.1	57.1
	Total	28	100.0	100.0
Work experience	<=5 years	6	21.4	21.4
	6-10 years	15	53.6	53.6
	>10 years	7	25	25
	Total	28	100	100

**Source:** Researcher Data

As shown in the Table 4.1, the respondent's gender profile indicates that the majority of the respondents are male which accounts 71.4% of the sample respondents whereas female respondents account for 28.6% of the sample respondents. This indicates that the overall staffing composition of the company is highly dominated by male employees. Concerning age status, 53.6% of the employees are between the age 20 and 30, and the other 28.6 % are between 31 and 40. Furthermore, 17.9 % of the employees are at the age of 41 or above. This indicates that the company is staffed with young and energetic employees. In other words, most of the employees are belonging in the productive age group.

Regarding to educational level of employees of the company, 42.9% of the employees are first degree holders and the other 57.1 % of the employees have specialization at a master's degree level and above. Therefore, majority of the employees have at least a first degree and we can say that human resource profile of the company in terms of educational background is in a very good status. Concerning to work experience of employees 21.4% of the employees had served less than or equal to 5years, 53.6 % of the employees had served between 6 up to 10 years and the rest 25% of the employees had served their respective institutions above 10 years. This portrayed the fact that employees engaged with the agent banking project had enough experience in the banking sector and adequate attention given staff assignment in related to this new venture so as to make the business up and run smoothly.

#### **4.2.2 Organizational factors**

A total of 6 questions on organizational factors of agent banking project 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. Table 4.2 revealed that 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: Descriptive Statistics of Organizational Factors**

Organizational factors	Number of respondents	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Std. deviation
		%	%	%	%	%		
Top level managements are committed to implement of new technology	28	0.0	7.1	10.7	46.4	35.7	4.11	0.875
IT personnel's are skilled in implementing technological innovation of agent banking	28	7.1	7.1	10.7	50.0	25	3.71	1.213
The required physical equipments are delivered timely	28	28.6	39.3	14.3	17.9	0.0	2.21	1.067
The time management of project efficient	28	32.1	35.7	14.3	17.9	0.0	2.18	1.090
The training facility and its coordination effective	28	28.6	46.4	3.6	10.7	10.7	2.29	1.301
The participation of intended users & employees encouraged in the implementation of agency banking	28	42.9	25.0	7.1	14.3	10.7	2.25	1.430

**Source:** Researcher Data

Table 4.2 showed that majority of the respondents 46.4% and 35.7% were agree and strongly agree, respectively, the statement related with top management are committed and supportive in the implementation of agent banking project. On the other side, 7.1% of the respondent's disagreed that top managements are not committed and supportive. The remaining 10.7% of the respondents goes to those who belong to neither agree nor disagree. As indicated in Table 4.2, the mean value 4.11 and the standard deviation are 0.875. This implies that majority of the respondents agree the statement meaning top managements are highly committed and gives adequate support for the implementation of agent banking project and it is not a challenge for implementation of agent banking project.

The question related with IT personnel's are skilled in implementing technological innovation of agent banking majority of the respondents 50 % and 25% were agree and strongly agree respectively. On the other side, 14.3% and 7.1% of the respondents disagree and strongly disagree respectively that IT personnel's are not skilled in the implementing technological innovation of agent banking project. The remaining 3.6% of the respondents goes to those who belong to neither agree nor disagree. As indicated in table 4.2 above the mean value 3.71 and the standard deviation is 1.213. This implies that majority of the respondents agree the statement meaning IT personnel's

are skilled in the implementation of agent banking project and it is not a challenge for implementing the project.

The statement related with the required physical equipment's are delivered timely in the implementation of agent banking project majority of the respondents 39.3% were disagree and 28.6% were strongly disagree. On the other side, 17.9 % of the respondents agree that there is the required physical equipment's are delivered timely. The remaining 14.3% of the respondents goes to those who belong to neither agree nor disagree.

As indicated in table 4.2 above the mean value 2.21 and the standard deviation is 1.067. This indicates majority of the respondents disagree the statement meaning the required physical equipment's are not delivered timely in the implementation of agent banking project and it is a challenge for implementing the project. This implies that delivering of required equipment's for the project can increase the efficiency and effectiveness of agent banking implementation.

With respect to the statement saying "time management of project efficient," majority of respondents i.e. 67.8% of them expressed their level of disagreement and out of which 35.7 % of them disagreed and 32.1% of them strongly disagreed to such specific variable on agent banking. On the other hand, 17.9% of the respondents agree and 14.3% of the respondents neither of the two. Table 4.2 indicates that the mean value is 2.18 and standard deviation is 1.09 which is close to the mean.

This implies that there was a common understanding by the respondents for this specific variable under consideration. Therefore, most of the respondents asserted that time management will contribute more on the implementation of agent banking project efficiently and effectively.

From the interview discussion to implement the agent banking it takes time for selection training and authorizes agents. And also to get agent banking permission should be granted from the national bank of Ethiopia the process it takes time. On the other hand requirements to fulfill by agents, like Police crime clearance certificate is mandatory for agents and in Addis Ababa it takes a minimum of two days to get the said certificate. It requires efficient time managements in order to implement the project efficiently and effectively.

Regarding the statement table 4.2, 46.4 % of the respondents disagreed and 28.6% of the respondents strongly disagree that the company has effective training facility and its coordination. On the other side 10.7% and 10.7% of the respondents agree and strongly agree respectively the

remaining 3.6% of them were neither agree nor disagree. As indicated in Table 4.2 above the standard deviation was 1.2 which implied that the data points tended to be close to the mean i.e. 3.7 and there was general consensus by the respondents for this specific variable under consideration. Therefore, majority of the respondents asserted that quality training facility and coordination is challenge for agent banking system implementation and the company should consider this variable.

The question saying the participation of intended users and team members are encouraged in the implementation of agency banking majority of the respondents which is 42.9% and 25% strongly disagree and disagree respectively the statement saying the participation of intended users and team members are encouraged in the implementation of agency banking. On the other hand, 14.3% and 10.7% of the respondents agree and strongly agree states that the company encouraged the participation of intended users and team members in the implementation of agency banking. The remaining 7.1% of the respondents neither agree nor disagree on this idea. Table 4.2 above shows that the mean value is 2.25 and standard deviation is 1.430 which is close to the mean.

This implies that there was general consensus by the respondents for this specific variable under consideration. Therefore, encouragement of intended users and initiatives and allowance of team members must consider for agent banking system implementation.

From the interview discussion, in order to compensate the cost over-run that resulted because of time slippage, the company does not give consideration encouragements or initiatives to project members. And also commission paid to agents based on the number of transaction they made, like recruit customers, withdrawals and deposit transactions.

Table 4.2 showed the summarized statistical results on the variables under organization factors including the number of frequencies, the mean, and standard deviation of the data points. The mean tried to tell the average where the data points fall for each specific variable while the standard deviation column showed the variability of the data points for each variable under consideration. The major organizational factors highly stated by the respondents are lack of efficient time management of project, lack of timely delivery of required physical equipments, lack of effective training facility and its coordination and lack of encouragements of participation of intended users and team members in the implementation of agency banking with mean value of 2.18, 2.21, 2.29 and 2.25 respectively. On the other hand, Top level management's commitment and support and skills of IT personnel's in implementing technological innovation of agent banking with the mean

value of 4.11 and 3.71 are not stated by the respondents as organizational factors of agent banking project .

### 4.2.3. Individual factors

A total of 7 questions on individual factors of agent banking project implementing 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: Descriptive Statistics of Individual Factors**

Individual factors	Number of resonates	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	St/d
		%	%	%	%	%		
Team members are skilled in technical and managerial knowledge to implement technological innovation of agent banking	28	25	50	7.1	10.7	7.1	2.25	1.175
Agents are adequately prepared for the adoption of new system.	28	21.4	46.4	10.7	14.3	7.1	2.39	1.197
Agents and customers are willing to use system	28	25	42.9	17.9	14.3	0.0	2.21	0.995
Agents and Customers of the bank are fear to use agent banking system due to network instability,	28	7.1	7.1	10.7	53.6	21.4	3.75	1.110
Agents and customers are literate about the financial system	28	28.6	50	10.7	10.7	0.0	2.04	0.922
Agents are secured in physical and logical problems	28	7.1	10.7	14.3	42.9	25.0	3.68	1.117
Agents and team members get adequate and frequent training and support about agent banking	28	28.6	39.3	10.7	17.9	3.6	2.29	1.182

**Source:** Researcher Data

Table 4.3 revealed that majority of the respondents 50% and 25% were disagree and strongly disagree respectively the statement related with team members are skilled in technical and managerial knowledge to implement technological innovation of agent banking. On the other side, 10.7% of the respondents agree that there is team members are skilled in technical and managerial

knowledge to implement technological innovation of agent banking. The remaining 7.1 % of the respondents goes to those who belong to neither agree nor disagree. As indicated in table 4.3 above the mean value 2.25 and the standard deviation is 1.175 which is close to the mean. This implies that majority of the respondents disagree the statement means team members are lack of technical and managerial skills to implement technological innovation of agent banking and it is a challenge for implementation of agent banking project.

The degree to which respondents agree to the statement saying agents are adequately prepared for the adoption of new system. Majority of the respondents which is 46.4% and 21.4% disagree and strongly disagree respectively the statement saying agents are adequately prepared for the adoption of new system. On the other hand, 14.3% and 7.1 % of the respondents agree and strongly agree respectively states that t agents are adequately prepared for the adoption of new system. The remaining 10.7% of the respondents neither agree nor disagree on this idea. Table 4.3 above shows that the mean value is 2.39 and standard deviation is 1.197 which is close to the mean. This implies that there was general consensus by the respondents agents are not adequately prepared for the adoption of new system and it is challenge for the implementing agent banking project.

According to interview discussions agents are not adequately prepared to use this technology because of capital requirements e.g. CBE-BIRR requires an initial deposit of 10,000 birr in which 2,000 birr is blocked and 8,000 will be used to make transactions. Most business owners prefer to invest this money on their current business instead of agent banking which is new and uncertain investment. In addition to these most agents because of fear risk and awareness do not bring Crime clearance certification from the local police station that can insure the agent has never engaged criminals related with finance, fraud, honesty or integrity and has acceptable reputation.

The majority of the respondents 42.9% and 25% were disagree and strongly disagree respectively the statement related with agents are willing to use system of agent banking. On the other side, 14.3% of the respondents agree that there is agents are willing to use system of agent banking. The remaining 17.9 % of the respondents goes to those who belong to neither agree nor disagree. As indicated in table 4.3 above the mean value 2.21 and the standard deviation of 0.995 which is close to the mean. This implies that majority of the respondents disagree the statement means agents are not willing or lack of willingness to use system of agent banking and it is a challenge for implementation of agent banking project.

*From interview discussion* major challenges they are facing currently is poor level of awareness from both agents and customers' side. Some agents become ignorant and they don't even want to listen about it and others are overambitious and expect exaggerated amount of commission and they easily get disappointed.

The degree to which respondent's state of agreement to the statement agents and customers of the bank is fear to use agent banking system due to network instability, majority of respondents which is 53.6% and 21.4% of the respondents agreed and strongly disagree respectively that agents and customers of the bank is fear to use agent banking system due to network instability. On the other hand 7.1% of respondents disagree and strongly disagree that the agents and customers of the bank is fear to use agent banking system due to network instability. The remaining 10.7% is neither of the two sides. As indicated in table 4.3 above, the mean value is 3.75 and standard deviation is 1.11. This implies that majority of the respondents agree the statement that agents and customers are fear to use agent banking system due to network instability, it is a challenge of CBE agent banking project implementation.

*From interview and open ended discussion* agents are fear to use this technology in addition to network instability risks like liquidity risk, fraud and also agent fear to bring police certificate that can insure the agent has never engaged criminals related with finance, fraud, honesty or integrity and has acceptable reputation.

The majority of the respondents 50% and 28.6% were disagree and strongly disagree, respectively, the statement related with agents and customers are literate about the financial system. On the other side, 10.7% of the respondents agree that there is agents are literate about the financial system. The remaining 10.7% of the respondents goes to those who belong to neither agree nor disagree. As indicated in table 4.3 above the mean value 2.04 and the standard deviation are 0.922 which is very close to the mean. This implies that majority of the respondents disagree the statement means agents are not literate about the financial system and it is a challenge for implementation of agent banking project.

*From interview and open ended question discussion* illiteracy is a challenge that affect agent banking implementation. Illiteracy is one of the factors that affect agents and customers' perception (perceived ease of use) towards agent banking system. Since agent banking service is available only through USSD channel, it requires agents and customers to be literate. At least

reading writing skill is mandatory to use this system. To use mobile money one must know how to read and write one of the language alternatives.

The degree to which respondents agree to the statement saying agents are secured in physical and logical problems e.g. fraud, system breach. Majority of the respondents which is 42.9% and 25 % agree and strongly agree respectively the statement agents are secured in physical and logical problems e.g. fraud, system breach. On the other hand, 10.7% and 7.1 % of the respondents disagree and strongly disagree respectively states that agents are secured in physical and logical problems e.g. fraud, system breach. The remaining 14.3 % of the respondents neither agree nor disagree on this idea. Table 4.3 above shows that the mean value is 3.68 and standard deviation is 1.188 which is close to the mean. This implies that there was general consensus by the respondents agents are secured in physical and logical problems e.g. fraud, system breach and it is not a challenge for the implementing agent banking project.

*From interview discussion* physical security can pose a challenge with regard to security of cash and even the people managing and working with agents with specific security challenges such as robbery, theft and fraud. But there is no fraud attempt reported until the date of interview. As logical security risk is associated with technological risk, banks have already set-up their firewall system to protect any intrusion in to their system. And also the company treats the agent banking system equally with the bank's core-banking system and information security department is responsible to monitor it.

The majority of the respondents 39.3% were disagree and 28.6% were strongly disagree the statement related with agents and team members get adequate and frequent training and support about agent banking. On the other side, 17.9 % of the respondents agree and 3.6% of the respondents strongly agree that agents and team members get adequate and frequent training and support about agent banking. The remaining 10.7% of the respondents goes to those who belong to neither agree nor disagree. As indicated in table 4.3 above the mean value 2.29 and the standard deviation is 1.182. This indicates majority of the respondents disagree the statement meaning agents and team members are not get adequate and frequent training and support about agent banking in the implementation of agent banking project and it is a challenging factor for implementing the project.

Regarding to the variables under individual factors table 4.3 indicated that major individual factors highly stated by the respondents are agents and Customers of the bank are fear to use agent banking system due to network instability, agents are adequately prepared for the adoption of new system, agents and team members get adequate and frequent training and support about agent banking, team members are skilled in technical and managerial knowledge to implement technological innovation of agent banking, agents and customers are willing to use system of agent banking ,agents and customers are literate about the financial system in the implementation of agency banking with mean value of 3.75, 2.39, 2.29,2.25,2.21 and 2.04 respectively On the other hand, agents are secured in physical and logical problems with the mean value of 3.68 are not stated by the respondents as organizational factor of agent banking project .

#### 4.2.4. Environmental factors

A total of 8 questions on environmental factors of agent banking project implementing 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: Descriptive Statistics of Environmental Factors**

Environmental factor	No. of respondent	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	St/d
		%	%	%	%	%		
ICT infrastructure of the bank well developed	28	25	46.4	14.3	7.1	7.1	2.25	1.143
The quality of the ICT infrastructure of the bank well developed	28	21.4	50.0	14.3	10.7	3.6	2.25	1.041
The connection of internet and mobile networks are efficient	28	25.0	50.0	7.1	3.6	14.3	2.32	1.307
Appropriate agent banking channels are available in remote of the country	28	28.6	42.9	10.7	10.7	7.1	2.25	1.206
Continuous technological change affect agent banking implementation	28	28.6	50.0	10.7	10.7	0.0	2.04	0.922
Existing regulatory guidelines and legal frame works on agent banking affect the implementation of agent banking	28	7.1	21.4	10.7	35.7	25.0	3.79	1.22

Government support on agent banking system is adequate	28	28.6	46.4	10.7	7.1	7.1	2.18	1.156
The infrastructural facilities to remote area of the country well developed	28	42.9	39.3	7.1	10.7	0.0	1.86	0.970

**Source:** Researcher data

Table 4.4 showed majority of the respondents 46.4% were disagree and 25% were strongly disagree the statement related with ICT infrastructure of the bank well developed. On the other side, 7.1 % of the respondents agree and 7.1% of the respondents strongly agree that ICT infrastructure of the bank well developed. The remaining 14.3% of the respondents goes to those who belong to neither agree nor disagree. As indicated in table 4.4 above the mean value 2.25 and the standard deviation is 1.143. This indicates majority of the respondents disagree the statement meaning ICT infrastructure of the bank well not developed in the implementation of agent banking project and it is a challenge for implementation of the project.

Statement related with the quality of the ICT infrastructure majority of the respondents 50% were disagree and 21.4% were strongly disagree the. On the other side, 10.7% of the respondents agree and 3.6 % of the respondents strongly agree that the quality of the ICT infrastructure. The remaining 14.3% of the respondents goes to those who belong to neither agree nor disagree. As indicated in table 4.4 above the mean value 2.25 and the standard deviation is 1.041. This indicates majority of the respondents disagree the statement meaning lack of quality ICT infrastructure in the implementation of agent banking project and it is a challenge for implementing the project.

The other question related with the connection of internet and mobile networks are efficient majority of the respondents 50% were disagree and 25% were strongly disagree. On the other side, 3.6% of the respondents agree and 14.3% of the respondents strongly agree that the connection of internet and mobile networks are efficient. The remaining 3.6% of the respondents goes to those who belong to neither agree nor disagree. As indicated in table 4.4 above the mean value 2.32 and the standard deviation is 1.307. This indicates majority of the respondents disagree the statement meaning the connection of internet and mobile networks are not efficient in the implementation of agent banking project and it is a challenge for implementing the agent banking project.

According to open ended question discussion and interview, agent banking system is highly dependent on the telecom infrastructure. Agent banking system is use USSD channel and they also use SMS as a confirmation for each transaction. In Addis Ababa the network quality is enough to

run USSD requests but in rural areas of the country lack of quality of telecom network. Thus unavailability of quality network is one of the major challenges for implementation of agent banking.

The question related with the availability of appropriate agent banking channels in the implementation of agent banking majority of the respondents 42.9% were disagree and 28.6% were strongly disagree . On the other side, 10.7% of the respondents agree and 7.1 % of the respondents strongly agree that the availability of appropriate agent banking channels in the implementation of agent banking. The remaining 10.7% of the respondents goes to those who belong to neither agree nor disagree. As indicated in table 4.4 above the mean value 2.25 and the standard deviation is 1.206. This indicates majority of the respondents disagree the statement meaning appropriate agent banking channels are not available in remote of the country .Therefore agents in remote area of the country are not get other opportunity channels like wallet cared ,POS etc and in the implementation of agent banking project it is a not challenge .

Majority of the respondents 50% were disagree and 28.6% were strongly disagree the statement related with continuous technological change affect agent banking implementation. On the other side, 10.7% of the respondents agree continuous technological change affect agent banking implementation. The remaining 10.7% of the respondents goes to those who belong to neither agree nor disagree. As indicated in table 4.4 above the mean value 2.04 and the standard deviation is 0.922. This indicates majority of the respondents disagree the statement meaning continuous technological change affect agent banking implementation project and it is not a challenge for implementing of the project.

The degree to which respondents agree to the statement saying existing regulatory guidelines and legal frame works on agent banking affect the implementation of agent banking. Majority of the respondents which is 39.3% and 32.1% agree and strongly agree respectively the statement saying existing regulatory guidelines and legal frame works on agent banking affect the implementation of agent banking. On the other hand, 10.7% and 7.1% of the respondents disagree and strongly disagree respectively states that existing regulatory guidelines and legal frame works on agent banking affect the implementation of agent banking. The remaining 10.7% of the respondents neither agree nor disagree on this idea. Table 4.4 above shows that the mean value is 3.79 and standard deviation is 1.22 which is close to the mean. This implies that there was general consensus by the respondents existing regulatory guidelines and legal frame works on agent banking affect

the implementation of agent banking and it is a challenge for the implementing agent banking project.

The result obtained from the open ended questions and interview sessions the guidelines needs to be amended in the areas of agent networking, agent due diligence and user daily transaction limit when the business starts to grow in the future.

The directive lacks to consider business related transactions since the existing daily transaction and deposit limits are ETB 6,000.00 and ETB 25,000.00 respectively which is inadequate limit for business transactions and no interest is calculated for the deposited amount. It is more appropriate for transactions and deposits to be made for non-business transactions at individual level. There are also stringent due diligence procedures which need to be less regulated. For instance, Agents are required to submit audited financial statements of their business and needs to have registered business. Banks are also obliged to bear the liability for any illegal activity induced by the agent.

Majority of the respondents 46.4% were disagree and 28.6% were strongly disagree the statement related with adequate government support on agent banking system. On the other side, 7.1% of the respondents agree and 7.1 %of the respondents strongly agree that adequate government support on agent banking system. The remaining 10.7% of the respondents goes to those who belong to neither agree nor disagree. As indicated in table 4.4 above the mean value 2.18 and the standard deviation is 1.156 which is close to mean .This indicates majority of the respondents disagree the statement meaning lack adequate government support on agent banking system in the implementation of agent banking project and it is a challenging factor for implementing the project.

The statement related with the infrastructural facilities to remote area of the country well developed majority of the respondents 42.9% were strongly disagree and 39.3% were disagreeing. On the other side, 10.7% of the respondents agree that the infrastructural facilities to remote area of the country well developed. The remaining 7.1% of the respondents goes to those who belong to neither agree nor disagree. As indicated in table 4.4 above the mean value 1.86 and the standard deviation is 0.97. This indicates majority of the respondents disagree the statement meaning the infrastructural facilities to remote area of the country well not developed in the implementation of agent banking project and it is a major challenge for implementing of the project.

Some respondents shared the above idea with open ended discussion by referring to the existing road infrastructural problem which impedes agents' accessibility to financial institution. Agent banking requires a generally good infrastructure in terms of road network, communication and information technology. Considerations should be made for areas that are hard to reach due to a poor fixed infrastructure and poor transport system.

Finally, Table 4.4 showed the major environmental factors highly stated by the respondents are the connection of internet and mobile networks are efficient, ICT infrastructure of the bank well developed the quality of the ICT infrastructure of the bank well developed, Government support on agent banking system is adequate, Existing regulatory guidelines and legal frame works on agent banking affect the implementation of agent banking, the infrastructural facilities (road, electric power, telecommunication and etc) to remote area of the country well developed in the implementation of agency banking with mean value of 2.32,2.25,2.25,2.18,3.79and 1.86 respectively. On the other hand, Appropriate agent banking channels are available in remote of the country and Continuous technological change affect agent banking implementation with the mean value of 2.25 and 2.04 are not stated by the respondents as environmental factors of agent banking project .

**Table 4.5: Summary of the Challenges Ranked by Mean**

Statements	Mean	Rank by mean	Std. D
The infrastructural facilities to remote area of the country well developed	1.86	1	.970
Agents and customers are literate about the financial system	2.04	2	.922
The time management of project efficient	2.18	3	1.090
Government support on agent banking system is adequate	2.18	3	1.156
The required physical equipment's are delivered timely	2.21	4	1.067
Agents and customers are willing to use system of agent banking	2.21	4	.995
The participation of intended users or employees encouraged in the implementation of agency banking	2.25	5	1.430
Team members are skilled in technical and managerial knowledge to implement technological innovation of agent banking	2.25	5	1.175
The quality of the ICT infrastructure of the bank well developed	2.25	5	1.041
ICT infrastructure of the bank well developed	2.25	5	1.143
Agents and team members get adequate and frequent training and support about agent banking	2.29	6	1.182
The training facility and its coordination effective	2.29	6	1.301

The connection of internet and mobile networks are efficient	2.32	7	1.307
Agents are adequately prepared for the adoption of new system.	2.39	8	1.197
Existing regulatory guidelines and legal frame works on agent banking affect the implementation of agent banking	3.50	9	1.291
Agents and Customers of the bank are fear to use agent banking system due to network instability.	3.75	10	1.110

**Source:** Researchers data

Table 4.5 showed that the summary of the factors based on their mean rank. The data was sorted by the mean in ascending order showing rank of factors. Among all the variables, the variable with the lowest mean score was “The infrastructural facilities to remote area of the country well developed” having mean value of 1.86, agents and customers are literate about the financial system having mean of 2.04, For most respondents, lack of well develop infrastructural facilities and illiteracy of agents and customers to agent bank project implementation were the critical factors.

The second most ranked challenges that the statement saying “Agents and customers are literate about the financial system” having mean value of 2.04. The harmonization of the service with the existing bank service offerings and the rendering of financial services to the unbanked in a profitable and sustainable way as an alternative channel of the conventional banking service can serve as a momentum for the provision of Agent Banking service in Ethiopia. The 3rd most ranked challenges of agent banking implementation was lack of efficient time management of project having mean of 2.18 and inadequate government support on agent banking system having mean of 2.18.

The 4th, 5th and 6th ranked challenges “The required physical equipment’s are delivered timely agents and customers are willing to use system of agent banking ,the participation of intended users or employees encouraged in the implementation of agency banking, team members are skilled in technical and managerial knowledge to implement technological innovation of agent banking ,the quality and development of ICT infrastructures, agents and team members get adequate and frequent training and support about agent banking and effective training facility and its coordination ” respectively. Continuous training and awareness creation of the agent also will increase the effectiveness and efficiency of the project and can be used as a means of profit maximization.

Ranked 7th, 8th, 9<sup>th</sup> and 10th, were the challenges stated as " The connection of internet and mobile networks are efficient, agents are adequately prepared for the adoption of new system,

Existing regulatory guidelines and legal frame works on agent banking affect the implementation of agent banking and agents and customers of the bank are fear to use agent banking system due to network instability ", having a mean value 2.32, 2.39, 3.50, and 3.75, respectively are the factors based on their mean rank. But the statement saying existing regulatory guidelines and legal frame works on agent banking affect the implementation of agent banking and agents and customers of the bank are fear to use agent banking system due to network have the mean value highest due to the statement is positive .Those factors are challenge in the implementation of agent banking .

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary of Major Findings

The study has conducted detail interview, 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 organizational, individual and environmental factors.

The study found that out of the organizational factors in the implementing of agent banking system, majority of the respondents believed that lack of efficient time management of project is the most influential challenging factor for agent banking system implementation. The second most pressing organizational factor that the research spotted out on facing agent banking system implementation was lack of timely delivery of required physical equipments. Lack of encouragements of participation of intended users and team members was ranked on the 3rd place. Lack of effective training facility and its coordination were considered as the 4th organizational factors of agent banking system implementation.

On the contrary majority of the respondents believed that top management support and commitment and skill of IT personnel's are not considered as a challenge for agent banking system implementation.

Regarding to individual factors, majority of the respondents believed that agents and customers of the bank are fear to use agent banking system due to network instability is the most influential factor for agent banking system implementation. Lack of literacy about the financial system is the second individual factor of agent banking.

Agents and customers are lack of willingness to use the system of agent banking is the 3rd individual factor of agent banking .Team members are lack of skill in technical and managerial knowledge to implement technological innovation of agent banking, , lack of adequate and frequent training and support about agent banking to agents and team members and inadequate preparation of agent for the adoption of new system are other individual factors that affect agent banking system implementation.

On the contrary majority of the respondents believed that lack of security in physical and logical problems are not considered as a challenge for agent banking system implementing.

Concerning the environmental factor, majority of the respondents believed that lacks of infrastructural facilities are the most influential factor that affects agent bank system implementation. Lack of adequate government support on agent banking system, lack of well develop and quality ICT infrastructure , lack efficient connection of internet and mobile networks and existing regulatory guidelines and legal frame works on agent banking were other environmental factor that affect agent banking system implementation.

On the contrary majority of the respondents believed that lack of availability of appropriate agent banking channels in remote of the country and continuous technological changes are not a challenge for agent banking system implementation.

## **5.2 Conclusions**

The primary objective of this study was to describe challenges facing the implementing of agent banking in the case of commercial bank of Ethiopia. The findings of the study revealed that the major factors that affect the implementing of agent banking system grouped in three variables called organizational, individual and environmental factors.

Under organizational variable the researcher found that major challenges on the implementation of the system are lack of efficient time management of project, timely delivery of required physical equipments, encouragements of participation of intended users and team members and effective training facility and its coordination are addressed in depth.

Concerning the individual variables the researcher found that agents and customers of the bank are fear to use agent banking system due to network instability ,Lack of literacy about the financial system ,agents and customers are lack of willingness to use the system of agent banking ,team members are lack of skill in technical and managerial knowledge to implement technological innovation of agent banking, lack of adequate and frequent training and support about agent banking to agents and team members and inadequate preparation of agent for the adoption of new system the other pressing problems in addition to problems under the organization variable for the well implementation of the system.

Regarding to environmental factors that affect the implementation of agent banking system are lack of infrastructural facilities, lack of adequate government support on agent banking system, lack of well develop and quality ICT infrastructure, lack of efficient connection of internet and mobile networks and existing regulatory guidelines and legal frame works on agent banking are identified from the response of the respondents.

The finding of the study revealed that the major challenges facing agency banking project implementation in commercial bank of Ethiopia under three variables are lack of infrastructural facilities, literacy of agent and customer, efficient time management, adequate government support on agent banking system , timely delivery of required physical equipments, willingness to use the system , encouragements of participation of intended users and team members, effective training facility and its coordination, skill in technical and managerial knowledge , well develop and quality ICT infrastructures , adequate and frequent training and support ,inadequate preparation of agent for the adoption of new system, efficient connection of internet and mobile networks , existing regulatory guidelines and legal frame works on agent banking and fear to use agent banking system factors that have a bearing on agency banking.

In general, the implementing of agent banking system is challenged by organizational, individual and environmental factors. Barriers identified in this study while implementing the agent banking project may help to indicate the best alternative course of actions to enhance its development. .

### **5.3. Recommendations**

As explained earlier, the main objective of the study is to describe challenges facing the implementing of agent banking project at CBE. Depending on the finding, the researcher recommends the following suggestions:

- Training is very critical factor in agent banking implementation since agent banking system is relatively new. The bank should train project team members, staffs, agents and customers in preparation for implementation of any project to be successful.
- Top management of organization should strengthen supporting the project and ensure that all the resources required are delivered and available needed for the implementation of the system.

- Banks are recommended to have continuous awareness creation to overcome the literacy problem associated with agents and users through promotions, symposiums and door to door community awareness.
- The regulatory frame work of agent banking should be revised the daily transaction limit and maximum deposit amount very low this doesn't fulfill the requirement of business enterprises when the business starts to grow in the future and strict due diligence policy to be an agent.
- Government should support banking sector by facilitating development of sufficient ICT and infrastructural facilities like road, quality of network etc. for the successful implementation of agency banking project in order to provide banking service to poor and rural area.
- 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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## **APPENDIX**

**Addis Ababa University  
College Of Business and Economics  
School of Commerce  
Masters of Art in Project Management**

### **Instruction and consent**

Dear Respondent,

This questionnaire is prepared to collect data for the research entitled: **Assessing the implementation challenges of agent banking project the case of commercial bank of Ethiopia** as a partial fulfillment of the requirements for the Degree of Masters of Project Management at Addis Ababa University. You are kindly requested to provide appropriate and genuine data to the best of your knowledge for each question listed below. This research assures you that the information obtained is only used for academic purpose and kept confidential. Therefore, you are kindly requested to complete the questionnaire as genuinely as possible. Your responses to the questions will be kept strictly confidential.

Do not write your name.

**Thank you for your cooperation.**

### **Part I: Demographic Data/ Personal Information**

- 1) Gender: 1) Male      2) Female
- 2) Age in years: 1) 20-30      2) 31-40      3) 41-50      4) >50
- 3) Education level: 1) Diploma holder    2) First Degree    3) Master Degree & above
- 4) Work experience: 1) 0-5 years      2) 6-10 years      3) > 10 years

### **Part II: Organizational Factor**

**Instruction:** The following list of statements in the table presents items related to organization factors in the implementation of agent banking project in CBE. Please give your genuine responses to the items where you agree or disagree by putting a tick mark (✓) using the scale below.

5= strongly agree  
2= Disagree

4 = Agree  
1= strongly disagree

3= Neutral

No	Statement	5	4	3	2	1
1	Top level managements are committed to implement of new technology					
2	IT personnel's are skilled in implementing technological innovation of agent banking					
3	The required physical equipments are delivered timely					
4	The time management of project efficient					
5	The training facility and its coordination effective					
6	The participation of intended users or employees encouraged in the implementation of agency banking					

### Part III: Individual factor

**Instruction:** The following list of statements in the table presents items related to individual factors in the implementation of agent banking project in CBE. Please give your genuine responses to the items where you agree or disagree by putting a tick mark (✓) using the scale below.

5= strongly agree  
2= Disagree

4 = Agree  
1= strongly disagree

3= Neutral

No	Statement	5	4	3	2	1
1	Team members are skilled in technical and managerial knowledge to implement technological innovation of agent banking					
2	Agents are adequately prepared for the adoption of new system.					
3	Agents and customers are willing to use system of agent banking					
4	Agents and Customers of the bank are fear to use agent banking system due to network instability.					
5	Agents and customers are literate about the financial system					
6	Agents are secured in physical and logical problems e.g. fraud , system breach, cracking, etc)					
7	Agents and team members get adequate and frequent training and support about agent banking					

**Part II: Environmental factor**

**Instruction:** The following list of statements in the table presents items related to environmental factors in the implementation of agent banking project in CBE. Please give your genuine responses to the items where you agree or disagree by putting a tick mark (√) using the scale below.

5= strongly agree  
2= Disagree

4 = Agree  
1= strongly disagree

3= Neutral

No	Statement	5	4	3	2	1
1	ICT infrastructure of the bank well developed					
2	The quality of the ICT infrastructure of the bank well developed					
3	The connection of internet and mobile networks are efficient					
4	Appropriate agent banking channels are available in remote of the country(like hotels, shops etc)					
5	Continuous technological change affect agent banking implementation					
6	Existing regulatory guidelines and legal frame works on agent banking affect the implementation of agent banking					
7	Government support on agent banking system is adequate					
8	The infrastructural facilities (road, electric power, telecommunication and etc) to remote area of the country well developed					

If there is any other problem that you observed in relation to agent banking implementation, please writes down \_\_\_\_\_

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**Thank you for your time and participation!**

## **Key-Informant Interview with project management**

### **Interview Checklist Questions**

- 1) What are the major challenges facing for the implementation of agent banking project?
- 2) What are the Organizational related factors that affect the implementation of agent banking project?
- 3) What are the environmental related factors that affect the implementation of agent banking project?
- 4) What are the Individual related factors that affect the implementation of agent banking project?
- 5) Any ideas and comments of your experience on this project