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CUSTOMER PERCEPTION ON SERVICE QUALITY FOR ELECTRONIC BANKING: THE CASE OF AWASH BANK S.C

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This is to certify that the thesis prepared by MeskeremGirmaWondimu is entitled **"Customer Perception on Service Quality for Electronic Banking: The Case of Awash Bank",** which is submitted in partial fulfillment of the requirements for the MSc. Degree in Management complies with the regulations of the University.

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Declaration

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

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Lists of Acronyms

ANOVA:	Analysis of Variance
ATM:	Automated Teller Machine
E-Banking:	Electronic Banking
I.T:	Information Technology
ICT:	Information Communication Technology
AB:	Awash Bank
POS:	Point of Sale
SPSS:	Statistical Package for the Social Sciences
PEOU:	Perceived Ease of Use
PU:	Perceived Usefulness

ABSTRACT

The study aimed to examine the customer perception to ward of Electronic banking services quality on the customers' Awash Bank. Electronic banking services are represented by (ease of use, usefulness, reliability, responsiveness, age, education, and Security). The population of the study consisted of customers of the Awash Bank North Addis Ababa Region. The research employed a cross-sectional descriptive research design targeting customers of Awash Bank North Addis Ababa Branch where a sample of 380 respondents was obtained. The respondents were identified using a systematic random sampling technique. The collection of data was done through the use of questionnaires and analyzed through descriptive statistics and inferential statistics. The descriptive statistics consisted of frequencies, mean, and standard deviation. Correlation analysis and multiple regression analysis were used to explore how the dimensions of perceived service quality relate to the expected service quality. For this purpose, Pearson correlation coefficients were calculated. Also, multiple regression analysis was adopted to examine the relationship between the combination of perceived service quality dimensions and expected service quality.

To this respect, responsiveness, security, and age are positively and significantly influence the perceived customer service quality among the sampled bank customers. Whereas reliability and education are negatively and significantly influence the perceived customer service quality. The study recommends the need for Awash Bank to always ensure that their electronic banking services remain reliable to its customers if indeed they need to remain competitive in the market. The study further recommends the need for banks to innovate ways of enhancing the way they respond to customer needs and improving the existing ones to avoid service breakdowns. Banks need to consider security as one of the strong considerations in enhancing electronic banking service quality. This can well be achieved through the creation of real-time security monitoring departments.

Keywords: Awashbank, customer perception, service quality, e-banking

CHAPTER ONE

1. INTRODUCTION

This chapter takes into consideration the background of the study, research quotations, and objectives of the study, statement of the problem, and limitation of the study.

1.1Background of the study

The revolution of information technology (IT) has changed every aspect of human being's life including banking. IT works as a catalyst for growth in the banking sector; particularly it supports banking services, productivity growth, and risk management. From the last decade, financial institutions invested heavily in building their IT infrastructure which enabled them successfully transform towards digital banking. The firm's investment in IT is under the presumption that such investment would enhance operating efficiency and thus improve financial performance. The main advantage regarding E-banking is that its availability 24 hours a day and 7 days a week. Customer perception and lifestyle play an important role in the growth of the internet banking system.

The IT investments theoretically can be divided into two parts-e internal and external purposes. By the internal purpose, we mean the investment for risk management, regulatory, productivity, and business model. The latter part is more important from the perspective of a customer who is the user of such services. Thus, the issue of service marketing in general and particularly digital banking services witnessed substantial growth during the last decade in almost all of the countries around. Bank customers' account and transaction information is stored in a database, specialized software that can store and process large amounts of data at high speed. The function of the webserver is to interact with online customers and deliver information to users through the Internet.

E-Banking enables the customers to perform the basic banking transaction by sitting at their offices or home through the internet. The customers can access the bank website for viewing their account details and perform the transactions on account as per their requirements.

Customers are being provided with additional delivery channels like ATM Smart cards, home banking, and mobile banking, which are more convenient to customers and are cost-effective to the banks.

Customer satisfaction has been considered the essence of success in today's highly competitive banking industry. Prabhakaran and Satya (2003) mentioned that the customer is the king. Customer satisfaction is an overall customer evaluation of a product or service based on purchase and consumption experience over some time. The satisfaction of customers is the most important factor in judging the quality of the services of the banking sector. Thus an increase in satisfaction levels leads to a decrease in operating and service costs and provides an opportunity for banks to expand their product portfolio and services for future development.

Banking is a service and service quality is an important criterion in achieving customer satisfaction. However, measuring service quality has always been a challenge for service providers because of the intangible, inseparable, and heterogeneous nature of services. As such services are more akin to performances rather than objects. These distinctions enabled Parasuraman, Zeithmal& Berry (1988) to develop an instrument for measuring service quality named SERVQUAL (an acronym derived from the term "Service Quality").

The concept of perception is broad. It is very important to understand the customer's perception of digital banking. Perception is regarded as a process by which people choose, arrange, and interpret stimuli into a meaningful and logical picture (Lamb et al., 2012). Perception is the initial impression that a person sketches and based on it choose and interpret information to form a meaningful picture of the world (Munnukka, 2008). It is necessary to understand customer perceptions towards digital banking because it will help researchers and practitioners to identify the trend and patterns of the adoption of digital banking.

Traditional service quality standards like proficiency, courteousness, sanitation and hygiene, luxury, are irrelevant to virtual retailing; however, aspects of dependability, responsiveness, reassurance, and access, are equally significant to traditional service quality and e-service quality (Yang & Fang, 2004)). Jun *et al.,* (2004) also compared traditional service quality standards to that of online service quality, they establish that four of five traditional service quality standards specified by Parasuraman*et al.,* (1988) were similarly considered significant in online services.

They include dependability, responsiveness, reassurance, and understanding. Additionally, Yang *et al.,* (2000) recognized six main dimensions; dependability, responsiveness, proficiency, user friendly, safety, and product portfolio.

Madu, (2002) recommended fifteen dimensions of online service quality: performance, features, structure, aesthetics, reliability, storage capacity, serviceability, security and system integrity, trust, responsiveness, service, differentiation and customization, Web store policies, reputation, assurance, and empathy. Five dimensions that are frequently used include: user-friendliness, web site design, customization, responsiveness, and assurance.

(Dina *et al.,* 2004). To explain the detailed determinants of e-service quality, Lee & Lin, (2005) proposed website design, reliability, responsiveness, trust, and personalization as e-service quality dimensions. Akinyele&Olorunleke, (2010) researched on technology and quality of service in the Nigerian banking industry, they found out that secured services are the most important dimension of electronic banking. Similarly, another study recognized that security is one of the paramount issues questioned by electronic banking users. They found that security issue depends upon some factors: viz, availability of internet service, social factors, and psychological factors (Mattila&Mattila, 2005). In another study assessing the impact of electronic banking functionality factors over satisfaction, it was found that among all the variables under study; security, privacy, and content seemed to carry the highest influence on satisfaction (Ahmad &AlZubi, 2011). However, Taiwo *et al.,* (2012) observed that companies may as well measure service quality dimensions dependent on the type of their trade. For this research, the very important determinant to the general service quality and customer satisfaction will be dependability, responsiveness, and security.

use.

SERVQUAL measures perceptions of service quality across ten dimensions: tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communications, and understanding the customer.

The Awash Bank was established by 486 founding shareholders with a paid-up capital of Birr 24.2 million and started banking operations on Feb. 13, 1995. As of the end of June 2018, the number of shareholders and its paid-up capital increased to over 3,700 and Birr 2.9 billion,

respectively. Likewise, as of the end of June 2018, total assets reached Birr 55.3 billion with over393 branches found across the country. https://www.awashbank.com/company-profile.

1.2 Problem Statement

Dhurup et, al. (2014) stated that the financial services industry is changing rapidly. Technology, government regulation, and deregulation, and increasing customer sophistication are forcing financial service institutions to re-evaluate their current business practices in light of the changing and competitive business environment. Banks are forced to develop and use alternative service channels to build a bigger market share, improve customers' perceptions of service quality, and achieving customer loyalty. The absence of interpersonal contact and the replacement of human-to-human interaction with human-to-machine interaction have serious implications for dimensions to be used when evaluating e-service quality for purposes of customer satisfaction and loyalty. Thus, an understanding of the dimensionality and relative importance of the service attributes of online banking service quality is of crucial importance to banks.

The expectations of customers are the foundation of customer satisfaction and are also an indicator of purchase intentions and brand loyalty of customers (Sabir et. al., 2014). Brand loyalty and product repurchase are things that are generated primarily by customer satisfaction. Also, service quality is the quality of service attributes and also takes into consideration how the customer behaves towards the service. Service quality has been viewed as a critical factor when it comes to the success of a business and especially in the banking sector. (Sabir et al., 2014).

BezaMuche (2010) in his work chances of risk, lack of suitable legal and regulatory framework, absence of financial networks that links different banks, low level of internet penetration and poorly developed telecommunication infrastructure, high cost for internet, security concerns are among the major challenges for the adoption of e-banking service in Ethiopia.

According to Samsunisa (2015), he identified that different age groups of customers have different perceptions toward the e-banking services, and the usage level of these banks‟ the customer is different so the bank should concentrate on all the age group of customers for betterment of e-banking banks. It has also been seen that different occupation groups of customers have different perceptions toward e-banking services. There is a good number of

customers in every group like a student, service class, business class, and professionals, it shows that they all are keenly interested in using e-banking services.

E-banking services are at an infant stage in Ethiopia; even though the expansion of e-banking throughout the developed and the developing world is rapid, Ethiopia's financial sector remains behind in expanding the use of the service. Certainly, the banking industry is not well developed with a growing number of international trades; increases the demand of the customer and international relations. Today's banking system has problems of offering efficient and dependable services (Garedachew, 2010).

Certainly, the banking industry in Ethiopia is underdeveloped, and therefore there is an immediate need to embark on capacity building arrangements and modernize the banking system by employing the state of the art technology being used anywhere in the world. With a growing number of import-export businesses, and increased international trades and international relations, the current banking system is short of providing efficient and dependable services and therefore all banks operating in Ethiopia should recognize the need for introducing an electronic banking system to satisfy their customers and meet the requirements of rapidly expanding domestic and international trades, and increasing international banking services. (Garedachew, 2010).

Adoption of e-banking for the Awash Bank customers has posed it is share of challenges such as operational challenges which are being attributed to the complexities of the online banking application which has been embraced by a large number of customers. Other challenges being experienced include: processing errors resulting to miss-routing of funds thus leading to inconveniences; system disruptions due to low or lack of connectivity to the server, control weaknesses, security shortcomings; unanticipated events resulting in the banks inability to deliver e-services such as system fail-overs; fraudulent actions due to system failures, among others. There is also a legal risk which may arise as a result of misuse or third party access of customer data during the use of e-banking services,

All these challenges have triggered the urge to study the service quality perceptions of electronic banking services. While some studies cited above have been done in Ethiopian Commercial Banks, there is no study on service quality perceptions of electronic service provided by Awash

Bank North Addis Ababa Region. Therefore, this study is aimed at sought to establish the service quality perceptions of Awash Bank.

1.3 Research questions

The following are the main research questions of the study.

A. Does the reliability of electronic banking services influence the customer's perceptions in service quality of Awash Bank North Addis Ababa Region Branches?
B. Does customers' perception of the responsiveness of electronic banking influence the customer's perceptions in services quality provided by Awash Bank North Addis Ababa Region Branches?
C. Does customers' perceptions of the security of electronic banking influence the customers' perceptions in service quality provided by Awash Bank North Addis Ababa Region Branches?

1.4 Research Objective

The main objective of this study is to examine factors influencing the customer perceptions for digital banking services quality at selected Awash Bank North Addis Ababa Region.

1.5Significance of the Study

From a practical standpoint, the study provides banks with a knowledge of customer perceptions of electronic banking services quality enables review and addressing aspects of electronic banking that may enhance their efficiency and effectiveness in meeting customer needs. The findings of this research provide better insight into the customer perceptions of electronic banking services quality offered by the bank. This may assist the management of Awash Bank, develop a framework to control the prevailing, or draw appropriate strategies to improve the quality of service of e-banking.

Additionally, the management can strategize, create a schedule, and implement e-banking service quality based aspects. From the finding of this study, researchers will gain knowledge that can assist them in carrying more research in the field of electronic banking. This research study will also add to the current body of knowledge of electronic banking in general and its role in meeting customer service quality expectations of customers across the banking industry.

1.6. Limitation of the Study

The sample for this study was based on the respondents of branches of Awash Bank. The essential limitation of this study is that research has been conducted only in North Addis Ababa Regions is the third-largest region among the five Addis Ababa cities Regions of Awash Bank. Researches facilities have allowed being surveyed in one city region because there are cost and time constraints. In the future, similar studies can be performed in more than one city or different province of Awash Bank and results may differ over time. Especially, studies can be obtained very different results in rural areas or outside the city center.

1.7 Definition of Terms

1.7.1 Electronic Banking

E-banking is an innovation when new information technologies merge into traditional banking services. Operating cost minimization and revenue maximization are the major drivers that boost e-banking services (Sannes, 2001; Reibstein, 2002). E-banking service is a self-service by customers, so for banks, it requires fewer resources and lower transaction and production costs (Southard and Siau, 2004; Witman and Poust, 2008)

1.7.2 Quality

"Quality" means those features of products that meet customer needs and thereby provide customer satisfaction. In this sense, the meaning of quality is oriented to income. The purpose of such higher quality is to provide greater customer satisfaction and, one hopes, to increase income. However, providing more and/or better quality features usually requires an investment and hence usually involves increases in costs. Higher quality in this sense usually "costs more." (Dr. Joseph M. Juran JURAN'S QUALITY HANDBOOK McGraw-Hill, 2004).

1.7.3 Service Quality

According to Parasuraman*et al.,* (1985) service quality can be defined as the consumer's comparison between service expectation and service performance. The proposed service quality to be a function of pre-purchase customer expectations, perceived process quality, and perceived

output quality. For purposes of this study service quality was defined as the discrepancy between consumers' perceptions of services offered and their expectations about such services.

1.7.4 Perceived Quality

Perceived quality has been defined as a form of attitude, related but not equal to satisfaction, and the fallout from consumption of expectations with perceptions of performance. Consequently, having an improved understanding of consumers' attitudes will facilitate knowing how they perceive service quality in banking operations (Parasuraman*et al.,* 1988).

1.7.5 Customer Perception

Zenithal and Bitner (1996:103) describe customer perceptions as the subjective assessments of actual service received or experienced and whether they are satisfied with the quality of the service. When customers evaluated whether the quality of service meets their expectations, they always consider their service perceptions relative to expectations.

1.7.6 Reliability

Reliability depends on handling customers' services problems; performing services right Furthermore, they stated reliability as the most important factor in conventional service (Parasuraman*et al.,* 1988). For this study reliability consists of accurate order fulfillment; accurate record; accurate quote; accurate in billing; accurate calculation of commissions; keeping services as a promise.

1.7.7 Responsiveness

Responsiveness is defined as the willingness or readiness of employees to provide service. Parasuraman*et al.,* (1985) noted that it is concerned with the promptness of services. For purposes of this study, it involved understanding the needs and wants of the customers, convenient operating hours, and individual attention given by the staff, attention to problems, and customers safe in their transaction (Kumar *et al.,* 2009).

1.7.8. Security

Parasuraman*et al.,* (1985) define security as freedom from danger, risk, or doubt. It involves physical safety; financial security; and confidentiality. For purposes of this study, security was used to mean physical safety, financial security, transactional safety, and confidentiality.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Theoretical Literature Review

2.1.1 Evolution and Digital Transformation of the Banking Sector

According to Santh et al., (2000), the electronic revolutions in the banking sector, fundamentally, centers on changes in allocation channels of financial institutions. The basis for the materialization of modern electronic distribution channel is the result of the evolution of the concept of money in the days of barter trade. The ability to pay for goods and services was reflected in the physical existence of goods that could be used for exchange).

Electronic technology has proved to be a solution for banks to cope with a variety of challenges before them. All over in the world, it has penetrated a full move to and fro to the financial sector as a whole. This is because of the changes in the advanced technology which has touched each sphere of life. E-banking made its introduction in the UK and the USA in 1920. E-banking became more popular during the 1960s through electronic funds transfers and credit cards. The concept of web-based banking came into existence in Europe and use at the beginning of the 1980s. It has been expected that around 40 percent of banking transactions would be done through the net (Gurusamy, 2001). After 1960, e-banking and its use recorded a quantum jump. In the year 1991, this form of banking took a great leap in which home, office, and telephone banking was made more effective as a means of selling and delivering products. At the same time, the fast-rising cost of operating a physical branch network, mainly in terms of staff and premises and making the traditional channel less attractive. E-banking has not yet found clear definitions since it has not attained popularity in the legal sphere.

Hence many researchers have defined it differently. Jones, (2004), defined e-banking to be the use of electronic methods to deliver traditional banking services using any kind of payment media. By traditional banking services here it means taking deposits, making loans, and clearing payments.

E-banking is in general, an extension of traditional banking, using the internet as an electronic delivery channel for the bank's products and services (Basel, 2003). Due to the rivalry arising among financial institutions and the strong demand of customers to deal with the changing

economy and lifestyle, traditional banking practices have been discarded and people are turning to “clicks” and abandoning “mortar and bricks”. Now-days, there is no need for buildings but there is a need for banking services as the American bilinear Bill Gates once said.

Electronic banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick and mortar institution. (Kaptan and Choubey2003) have defined e-banking as “delivery of bank services to a customer at his/her office or home by using electronic technology”. The quality, range, and price of this electronic service decide a bank's competitive position in the industry. The effect of e-banking is to the argument or facilitate existing banking and payment mechanisms, primarily by making many transactions cheaper, faster, more service, and more convenient. The definitions above imply that e-banking has been taking place in various forms for decades.

Telephone banking, for example, which enables account holders to conduct several kinds of transactions has been in use since the advent of touchtone dialing. Similarly, Automatic Teller Machines (ATMs) are a form of retail e-banking in use since the mid-1970s and nearly on universal use since the late 1980s.

2.1.2 Theoretical Frame Work

Two theories have been used for the study in trying to explain the influence of digital banking on Customer satisfaction. These are Diffusion Innovation Theory developed by E.M Rogers in1962 and Assimilation theory.

Diffusion Innovation Theory

Diffusion of innovation theory attempts to make clear and describe the mechanisms of how new inventions in this case internet banking, ATMs, POS terminals, mobile banking, and digital wallets, are adopted and becomes successful (Clarke, 1995). Sevcik (2004) stated that not all innovations are adopted even if they are good it may take a long time for an innovation to be adopted. He further stated that resistance to change may be a hindrance to diffusion of innovation although it might not stop the innovation it will slow it down. Rogers (1995) identified five critical attributes that greatly influence the rate of adoption. These include relative advantage, compatibility, complexity, trainability, and observability. According to Rogers, the rate of

adoption of innovations will depend on how an organization perceives its relative advantage, compatibility, traceability, observability, and complexity.

Assimilation Theory

Dissonance theory asserts that customers make some kind of cognitive comparison between expectations about the product and the perceived product performance**.** Assimilation theory is based on Festinger's (1962) dissonance theory. This view of the customer post-usage assessment was introduced into the satisfaction literature in the form of assimilation theory. According to Anderson (1973) customers seek to avoid dissonance by adjusting perceptions about a given product to bring it more in line with expectations. Customers can also reduce the tension resulting from a discrepancy between expectations and product performance either by distorting expectations so that they coincide with perceived product performance or by raising the level of satisfaction by minimizing the relative importance of the disconfirmation experienced.

Payton et al (2003) argue that the Assimilation theory has several shortcomings. First, the approach assumes that there is a relationship between expectation and satisfaction but does not specify how disconfirmation of an expectation leads to either satisfaction or dissatisfaction. Secondly, the theory also assumes that customers are motivated enough to adjust either their expectations or their perceptions about the performance of the product. Some researchers have found that controlling for actual product performance can lead to a positive relationship between expectation and satisfaction. Therefore, it would appear that dissatisfaction could never occur unless the evaluative processes were, to begin with, negative customer expectations.

2.1.3 Role of e-channels in banking Services

E-banking is the most recent delivery system of banking services. The meaning varies between researchers to some extent because electronic banking refers to several types of channels through which a bank carries out most retail banking services via computer, television, or mobile phone (Lustsik, 2004). Some researchers have described e-banking as an electronic connection between the bank and customer to prepare, manage, and control finances and transactions. Electronic banking has changed the way the banking industry considers non-traditional channels of delivering services to customers (Ahmad, 2006). No doubt in the future banking environment will be more paperless and will overcome the traditional barriers of distance and geographic

boundaries. e' channels promise to be more efficient by providing low-cost operations and access, to financial services remotely.

E-banking can be defined as the operation of banking services and products over electronic and communication networks directly to customers (Singh and Malhotra, 2004). These electronic and communication network includes Automated Teller Machines (ATMs), direct dial-up connects, private and public networks, the internet, televisions mobile devices, and telephones. *Boateng* and Molla (*2006*). Among these technologies, the increasing penetration of personal computers, relatively easier access to the internet, and particularly the wider diffusion of mobile phones has drawn the attention of most banks to e-banking. However, the continuing convergence of information, communications, and media technologies is also opening up new electronic channels of delivering banking services.

In recent years it has been observed that electronic channels are playing a greater role in attracting and retaining customers. Floh and Treiblmaier, (2006) in their study have tried to explore the significance of background of online loyalty such as trust and quality of the web site. The Result confirms that the loyalty of electronic banking is directly affected by satisfaction and trust in an online bank, which in turn are resolute by website quality and service quality. The study by Karjaluoto et al. (2002) showed that, former experiences with computers and technology as well as people‟s attitudes towards computers influence both their attitudes towards online banking and their actual behavior. Ahamad (2006),in his study it is pointed out that e-banking and e-transactions channels are the backbones of e-economies which have proved to be an influential instrument to increase productivity create economic growth and which as a result advances the people's quality of living.

To maintain pace with the advancement in technology and to reduce the digital break up, developing countries need to put ICT on their priorities list, go behind policies of creating a helpful environment for technological innovation and its effective use in all sectors including the financial sector. Electronic banking can significantly increase the efficiency of transaction processing (Cracknell, 2004). It is also apparent that banks have so far given away a clear preference for a "multi-channel" Strategy. In this strategy, banks offer customers the possibility to acquire banking products and services through an abroad set of distribution channels. A

customer may have a preference to use a different channel depending on the kind of service or time of the day, and the bank is expected to accommodate these preferences. The physical branch has so far sustained to be the most important customer contact point and the most commonly used channel to purchase banking products. A multi-channel strategy may be an effective way to retain the customer on the other hand; it is an expensive option in the long term, as it is necessary for all distribution channels and to keep up with all relevant technological developments. It may not, therefore, be a strategy suited to every bank, and especially for smaller institutions, the cost can be prohibitively high. Moreover, such a strategy makes the banks vulnerable to inroads by more focused and lower-cost providers. In the future, these competitors could increasingly come also from outside the traditional banking sector e.g. from the technology sector (Quiros, 2002).

2.1.4 Electronic Banking Channels

According to Lustsik (2004), the definition of E-Banking is a variety of e-channels services for doing banking transactions through the Internet, telephone, TV, mobile, and computer. Banking customers' desires and expectations concerning service are expanding, as technology advances and improves. These days, the customer wants to operate and do his or her banking transactions at any location without going to the bank, at any time without being limited to the bank's working hours, and to do all his or her payments (purchasing, bills, stocks) in a fast and cost-effective way. Consequently, financial services quality ought to be characterized by independence, elasticity, freedom, and flexibility, to accommodate these desires (Khalfan&Alshawaf, 2004).

In Ethiopia, E-Banking is still mostly limited to the Internet and mobile telephones. This is due in part to the slow development of IT infrastructure in the country. With that in mind, we are defining the concept as the ability to conduct banking and financial transactions electronically via the Internet or mobile telephone applications.

DeLaCastro, Krishnan, Kulkarni, and Pande (2014) emphasize the fact that customers expect to experience banking without boundaries, just as they do in retail and other industries. What matters most to them is how they experience the bank's brand. There are various channels as far as digital banking is concerned. The channels to be discussed are Internet Banking, ATMs, Tele-Banking, Digital wallets, Mobile banking, and POS terminals.

Internet Banking

Internet Banking lets you handle many banking transactions via your personal computer. For instance, you may use your computer to view your account balance, request transfers between accounts, and pay bills electronically. The Internet banking system and method in which a personal computer is connected by a network service provider directly to a host computer system of a bank such that customer service requests can be processed automatically without the need for intervention by customer service representatives**.** Price- In the long run a bank can save on money by not paying for tellers or managing branches. Plus, it's cheaper to make transactions over the Internet. Customer Base- the Internet allows banks to reach a whole new market- and a well of one too, because there are no geographic boundaries with the Internet. The Internet also provides a level playing field for small banks who want to add to their customer base.

Efficiency- Banks can become more efficient than they already are by providing Internet access for their customers. The Internet provides the bank with an almost paperless system. CustomerService and Satisfaction- Banking on the Internet not only allows the customer to have a full range of services available to them but it also allows them some services not offered at any of the branches. The person does not have to go to a branch where that service may or may not be offered.

A person can print information, forms, and applications via the Internet and be able to search for information efficiently instead of waiting in line and asking a teller. With better and faster options a bank will surely be able to create better customer relations and satisfaction.

Image- A bank seems more state of the art to a customer if they offer Internet access. A person may not want to use Internet banking but having the service available gives a person the feeling that their bank is on the cutting image.

Automated teller machine (ATMs)

An automated teller machine or automatic teller machine (ATM) is an electronic banking outlet that allows a financial institution's customers to directly use a secure method of communication to access their bank accounts, order or make cash withdrawals (or cash advances using a credit card) and check their account balances without the need for a human bank teller (or cashier in the

UK). Many ATMs also allow people to deposit cash or cheques, transfer money between their bank accounts, top-up their mobile phones' pre-paid accounts, or even buy postage stamps.

Tele-Banking

A facility enables customers to perform over the telephone a range of financial transactions that do not involve cash or financial instruments. Undertaking a host of banking-related services including financial transactions from the convenience of customers chosen place anywhere across the GLOBE and any time of date and night has now been made possible by introducing on-line Tele-banking services. By dialing the given Tele-banking number through a landline or a mobile from anywhere, the customer can access his account and by following the user-friendly menu, entire banking can be done through an Interactive Voice Response (IVR) system.

Digital Wallets

These are electronic devices that allow for making financial transactions. An individual's account can be linked to the digital wallet. Digital wallet systems enable the widespread use of digital wallet transactions among various retail vendors in the form of mobile payment systems and digital wallet applications. MPESA mobile payment system is a good example in Kenya and the MasterCard Pay pass in the US and worldwide.

Mobile Banking

Mobile banking is an application of mobile commerce that enables customers to access bank accounts through mobile devices to conduct and complete bank-related transactions such as balancing cheques, checking account statuses, transferring money, and selling stocks (Kim et al. 2009; Tiwari& Stephan 2007). Luo, Li, Zhang, and Shim (2010), defined mobile banking as an innovative method for accessing banking services via a channel whereby the customer interacts with a bank using a mobile phone. Mobile banking also means performing banking activities which primarily consist of opening and maintaining mobile/regular accounts and accepting deposits; furthermore, it includes performing fund transfer or cash-in and cash-out services using mobile devices (NBE Directive, FIS-01-2012).

Point of Sale (POS) Terminals

The point of sale or point of purchase is the time and place where a retail transaction is completed. Rouse (2011) defines the POS terminal as a computerized replacement for a cash register but with the ability to record and track customer orders, process credit and debit cards,

connect to other systems in a network and manage inventory. The POS terminal allows real-time online access to funds and information by a debit or credit cardholder. It has many features given that it is fast, reliable, and secure. It is a cheaper means of transacting and encourages spontaneous buying or spending. Many banks in Kenya have established POS terminals in various retail outlets to create accessibility of the banking system to their customers. The POS terminals are also placed at various outlets to improve the accessibility and usage of debit and credit cards. POS terminals are part of the wider enterprise resource planning modules for banks and they are mainly aimed at increase the bank cash.

2.1.5 Electronic Banking Service Quality

Quality of services has been the focus of research during the last many decades. With time various models have been developed to explain the quality of services. Two main conceptualizations of service quality mainly exist in the literature, of which one is based on the disconfirmation approach (Scale to measure the difference between Perception and Expectations), and the other is based on performance only approach (Scale to measure the only Perception). Both these scales have been used extensively for measuring service quality. The dimensions and measurement scale of the service quality help the service organizations to improve service quality and customer satisfaction. Every automated service delivery channel has its attributes (Dabholkar, 1996) and hence it is required to separate the individual attributes of every delivery channel or other compounding factors that affect the perception of quality. The increased importance of information and communication technology for the delivery of financial services has led to the growing interest of researchers and managers in e-banking quality issues (Jayawardhena, 2004).

Online banking acceptance among people is growing day by day and this growth has been accompanied by an increased business interest in measuring and managing online banking service quality. This interest is also reflected in a large number of academic studies of measuring online banking service quality. With time various scales and dimensions of online banking service quality have been proposed by various researchers.

2.1.6 Challenges and Issues in Electronic Banking

E-Banking creates unprecedented opportunities for the banks in the ways they organize financial product development, delivery, and marketing via the internet and other electronic devices. While it offers new opportunities for banks, it also poses many challenges such as the innovation of IT applications, the blurring of market boundaries, the breaching of industrial barriers, the competition, and the emergence of new business models (WU 2006). The speed and scale of the challenges are rapidly increasing with the pervasiveness of the internet and the extension of the information economy. However, to successfully cope with the challenge of the e-banking innovations, the incumbent banks must understand the nature of the change and capability barriers that it presents. Without this understanding, attempts to migrate to e-banking may be doomed to failure. Banks that are equipped with a good grasp of the e-banking phenomenon will be more able to make informed decisions on how to transform them into e-banks and to exploit the e-banking to survive in the new economy.

Nsouli and Schaechter, (2002) argue that electronic banking is the wave of the future, not only provides, enormous benefits to customers in terms of the ease and cost of the transaction but poses new challenges for country authorities in regulating and supervising the financial system and in designing and implementing macro-economic policies.This has been supported by Sathye, (1998) that Regulating barriers in many countries are on the way, as the Internet gains momentum. Governments are under pressure to reduce the barriers to competitive activity in the financial sector further to allow existing banks to remain competitive with their newer rivals. MattewosKinfe (2016) in his study of Challenges and Prospect of E-Banking in Ethiopia, Chances of risk, Lack of suitable legal and regulatory framework, absence of financial networks that link different banks, Low level of internet penetration and poorly developed telecommunication infrastructure, high cost of internet, security concerns are among the major challenges of e-banking service in the country.Semantic Scholar (2012) there are several major challenges and issues in the e-banking industry. The study identified from the literature review some major challenges facing e-banking adoption and development which include security corporate, infrastructural, socio-economic, legal, employees' and Risk management challenges.

2.1.6.1 Security and Privacy Challenges

Security is the first and foremost requirement of e-banking as the internet is inherently unsecured. Securing process in e-banking involves authenticating both customer and bank-level protecting the information to be transmitted from interception. Also, a means must be provided that prevent repudiation both by the banks and clients once the e-banking process has taken place. E-banking systems have to take into account the need for multilateral security i.e. security needs of all participating parties in the e-banking system must be given due attention. An e-banking system that is not secured may not get trust from its users. Trust is one of the crucial factors for the acceptance of the e-banking system (Taddesse et al., 2005).

2.1.6.2 Infrastructural Challenges

The other challenge of e-banking is improper set up of infrastructure (Taddesse, 2005). For the effective deployment of e-payments, it is necessary to have available and cost-effective infrastructure that can be accessible to the majority of the population. The most common communication infrastructure for e-banking is computer networks such as the internet. Most e-banking systems use the internet to communicate with their customers. The other communication infrastructure available for e-payments users is the mobile network used for mobile phones. Automating the banking archives is another prerequisite for the e-banking system, a closed financial network that links banks and other financial institutions for clearing banks and payment confirmation. Both the mobile network and the internet are readily available in developed countries. Users in these countries do not have a problem associated with communication infrastructure. In developing countries, Internet networks are not easily accessible. According to Yang (2007), limited online payment options have resulted in many customers' processes due to dissatisfaction and inconvenience that is due to poorly developed infrastructural networks. But properly developed to customers and hence reduce a challenge from competitions with properly developed networks.

2.1.6.3 Socio-Cultural Challenges

Cultural and historical differences in attitudes and the use of different forms of money, for example, the use of credit cards in North America and use debit cards in Europe, complicate the task of developing an electronic payment system that is applicable at the international level.

Differences in the degree of the required security and efficiency among peoples of different aggravate the problem. Consumer's confidence and trust in traditional banking systems have made customers less likely to adopt new technologies. New technologies will not dominate the market until customers one confident that their privacy will be protected and adequate assurance of security to guarantee. New technology also requires the test of time to earn the confidence of the people, even if it is easier to use and cheaper than older methods (Teddesse, 2005) Though Brick and mortar branch would soon be the phenomenon of the past, with virtual branches taking over, Gurusamy (2001) was argued that the fear of technology puts the average customer away from the electronic delivery channel.

2.1.6.4 Legal and Regulatory Challenges

Gardachew (2010) researched the opportunities and challenges of E-banking in Ethiopia and found that lack of suitable legal and regulatory frameworks for E-commerce and E payments, political instability in neighboring countries, frequent power interruption, lack of trained personnel's in key organizations, high rates of illiteracy and absence of financial networks that link different banks are the major challenges. The research output showed Opportunities offered by ICT through e-learning programs and Commitment of the governments on the development of ICT infrastructures is considered as drivers of using Ecommerce and E-payment systems.

National, regional, international set of laws, rules, and other regulatory issues are important prerequisites for the successful implementation of e-banking schemes. Some of the elements include money laundering, supervision of commercial banks and e-money institutions by supervisory authorities, payment system oversight by central banks, consumer and data protection, cooperation, and competition issues (Taddesse, 2005). The virtual and global nature of e-banking also raises legal questions such as competent and about applicable laws in disputed cases, the validity of the electronic signature. Moreover, a legal and regulatory framework that builds trust and confidence supporting technical efforts to meet the same is another vital issue to be addressed. The above and a host of other related issues like taxation, foreign exchange management of e-cash, control over the supply of e-cash permissible e-banking activities, etc, will have to be dealt with by the regulators to facilitate the assimilation and widespread use of electronic banking in the country (Verma, 2006). In many developed countries, necessary government regulators have been put in place to help the markets work efficiently, ensure safety

and soundness, protect consumers, and stem the risk of systemic threats to the payment system. Regulators will need to borrow from the experiences of their counterparts in developed countries to decide what to regulate, when, how much and how soon as they attempt to answer the maize of questions raised by electronic banking.

Taddesse emphasized that national regulating and legal framework that is in line with required and international agreements is crucial in creating a certain and reliable environment. Adopting model laws at a global level such as UNCITRAL model law on e-commerce (2001) and regional levels such as the SADC law on electronic transactions and data protections can help the purpose. In conclusion, it may be stated that it would be very hazardous to predict how soon electronic banking will take roots in the consumers will adopt and how regulators will move in guide its growth. India has gone a step ahead by enacting the IT Act 2000, which part of it can be refined in case of e-banking. But there is a need to exact separate laws giving guidelines for e-banking. This has proved confusing because e-banking includes business which is conducted cross-country where different laws apply.

2.2 Empirical Review

2.2.1 Concept of Reliability and Perception toward the Reliability of E-Banking

Safwan*et al*., 2010 stated that Reliability shows the service provider's ability to perform services dependably and accurately also involves doing it right the first time as it is a crucial service component for customers (Messay, 2012). It is noted that being reliable is an exceptionally important quality to have, especially in the banking industry (Ghost &Gnanadhas, 2011). Reliability improvement is necessary for service quality enhancement efforts. This is because when a firm is unreliable, it communicates less concern to what customers care about. Customers may form a negative perception of the firm and will switch to a competitor without second thoughts (Sakhaei*et al*., 2014).

Zeithaml, (2000) states reliability that concerns with the technical functioning of the site, and the information that is provided is accurate from an online perspective. According to Yang *et al*., (2004) reliability consists of accurate order fulfillment; accurate record; accurate quote; accurate billing; accurate calculation of commissions, and keeping service promise.

According to Jun &Cai, (2001) the reliability consists of correct service, keeping service promise as advertised in the banking area, and accurate record keeping. Parasuraman*et al.,* (1985) defined reliability as involving accuracy in billing; keeping records correctly; performing the service at the designated time; offering services as stated; dependability in handling customers' service problems, and performing services right the first time. Furthermore, they identified reliability as the most important factor in conventional services (Parasuraman*et. al*., 1988). It is not easy for many types of service businesses to maintain a higher level of reliability day in day out. Customers view, experience, and judge mishaps in the service sector immediately they interact with the firm (Mudassar*et al*., 2013). In such a sector, variability occurs largely when services are being offered. It is difficult for service providers to control such variations since each employee is somewhat different from the others in personality, skills, and attitudes (Mohammad &Alhamadani, 2011).

A reliable service may not drastically affect customer satisfaction in a good manner. However, a company that is seen to offer unreliable products or services will highly be viewed incompetent hence a negative effect on customer satisfaction. Reliability is viewed as one of the prerequisites for customer satisfaction (Chau&Kau, 2009). The key aspects under reliability include offering services as stated; reliability in taking care of client service problems; performing services right at the first time and maintaining error-free records (Armstrong, 2012).

2.2.2.1 Providing Service as Promised

According to Ramzi, (2010) providing services as promised is one of the important factors of customer satisfaction. A good way of impressing customers is by doing what you promised and doing it right for the first time experience, this will enhance repeat business. Messay, (2012) also observed that the delivery of service stands to be the most important aspect for clients and a major cause of customers relinquishing their account if it's not realized. Offering services as stated is thus necessary across the business. This will grow a companies' character and with good character, there are higher likelihoods of repeat business. Besides, a new business will be generated by word of mouth and it will set a firm apart from its competitors as well. This is due to the similarities of their product but their business could lack in delivering as stated (Armstrong, 2012).

Lau *et al*., (2013) pointed out that providing service as promised is important to the bank because if a customer is expecting the bank to do something for them, they should be able to rely on them to do it as promised. Consequently, if the bank does not, then the reputation of the bank may be affected and that customers will not believe that they are reliable thus, loss of trust (Atlik, 2009).

2.2.2.2 Steadiness in Handling Customer Service Problems

Lau *et al.,* (2013) argued that complaints offer banks the chance to solve immediate problems. Further, they frequently offer valuable ideas to refining products and services, redesigning sales practices, or modify material and information service. When customers come with complaints, they should not be ignored. This would offer an opportunity to the business of attending to the random problems, and experience of pulling through mistakes. Attending to problems professionally may change a frustrated client to a loyal one. This is needed for a good reputation (Toosi & Kohonali, 2011).Banks are striving hard to maintain current accounts and to sign others to show that they can be relied on (Karim & Chowdhury, 2014). In today's economy, we no longer have an industry in which good advertisements and corporate social responsibility will earn customers. The incredible development has exposed clients to a variety of choices, and the majority of the businesses desire to get all these clients to their side, (Hossan, 2012) an organization has to show why clients have to stick with them and not shift to a competitor.

Customers' perceptions may vary from one service to the other. The concept of customer perception is built up by customer experiences, how they perceive the service they are offered, and ultimately by whether they are satisfied with their experiences or not. One way of competing more successfully for businesses today is by offering true customer service and service quality (Wilson, Zeithaml, Bitner & Gremler, 2008). Eventually, the success of the business is settled by how strongly the image of the products and services the business is offering meets the customers' expectations (Porter &Claycomb, 1997).

Bank customers frequently look to any signs that may be used as pointers of dependability. These enable them to judge the services of the banks and the bank's employees (Mohammad &Alhamadani, 2011). Customer satisfaction should be a major goal for any business. A management aspect that demonstrates this, is how companies are adjusting their rules and regulations to meet customer expectations instead of deafening their ears. Enable front line employees to use their discretion while handling customers' problems as they occur

(Dharmalingam & Kannan, 2011). Responding effectively and efficiently to customers' dissatisfaction is beneficial in banks. Firms that practice and teach their employee's complaint management have an advantage over their competitors and look dependable (Angelova&Zekir, 2011).

2.2.2.3 Carrying out Services Right at the First Time

In a service firm, the most efficient method for minimizing mistakes in ensuring activities are done right the first time. This involves ensuring that all tasks are done in the required manner in the first instance and every other time in a firm (Toosi&Kohonali, 2011). The first step to completing service processes right the first time is to measure the current level of performance. Employees can start by measuring the number of transactions that meet this goal and comparing this to the total number of transactions. Any process that receives input from another internal process should be measured. Employees can then logically approach the problem and find the reasons behind poor performance in service (Onditi et al., 2012). Ghost &Gnanadhas, (2011) go further to add that measuring the first time right performance of service personnel might be a change for many firms. Bank managers may be used to judging their staff by the time it takes them to resolve a customer query. However, staff may not always provide complete information to customers, which can result in repeat complaints. Thus it is essential to link an employee's performance with the tasks that are completed correctly the first time (Abdullah &Ariokiasamy, 2013).

Abdullah &Arikiasamy, (2013) also asserted that delivering high service quality right at the first time demands the use of modern equipment that can perform the required service. There should be a standard of excellence and a direction to attain customer satisfaction by providing necessary equipment, tools, and proper freedom to achieve the tasks. Firms should believe in investing in people by listening to their concerns and provide training. Moreover teaching them how to use modern equipment will improve the firm's productivity and quality standards. Current and potential customers expect collaboration and flexibility brought about by technology (Angelova & Zekir, 2011).

2.2.2.4 Preserving Error Free Records

Capturing and retaining customers is a fundamental factor in a company's ability to instill confidence. This communicates reliability, their representatives and agents are ready to support them when needed, and that customers' records are error-free (Safwan*et al*., 2010). According to Atlik&Arslan, (2009), proper record-keeping enables a firm to run more efficiently. This in return may lead to profitability. Having accurate records allow businesses to have a complete updated list of their income, expenses, assets, and liabilities. With this information, banks can know where their strengths and weakness are in their operations (Siddiqi, 2011). It is a legal requirement for banks to have error-free records. It is therefore important for banks to keep records accurately in a professional manner and adhere to the banking legal standards (Taiwo*et al*., 2011).

A business that fails to keep complete and accurate financial records puts its success and sustainability in jeopardy. Providing accurate records of contact with the customer will help in the continuity of the relationship between the firm and the customers (Ouyung, 2010). Business records can be maintained manually, computerized on a spreadsheet, or kept online. A firm should ensure the system it uses is easy to operate and complements the business for employees to keep records as required (Abdullah &Arikiasamy, 2013).

Keeping business records can be overwhelming at first. The key is to break things down activities and workloads into simplified, manageable tasks. This will later enable an employee to have the records up to date and can access them easily. It is much easier to do this than to let paperwork pile causing difficulty in retrieving while information is required by the customer (Gbadeyan&Gbonda, 2011). It is difficult for a customer to see how business processes have improved if the records of that company are questionable (Timothy, 2012).

2.2.3 Concept of Responsiveness and Customer Perceptions of Responsiveness of E-Banking

Parasuraman*et al.,* (1985) stated that responsiveness concerns the willingness and readiness of employees to provide service. It involves timeliness in the delivery of services; keeping customers informed as to when services will be performed; willingness to help customers and readiness to respond to customers' requests. According to Zeithaml*et al.,* (2000) responsiveness

means the ability of e-tellers to provide appropriate information to customers when a problem occurs, put in place mechanisms for handling returns, and provide online guarantees. Thus, responsiveness is very important especially when online customers have questions or run into problems. Additionally, Yang *et al*., (2004) through investigation of online services, refer responsiveness as prompt response to customer requests, the speed in solving customer problems, and prompt service. While according to Jun &Cai, (2001) responsiveness means prompt service; ability to provide solutions quickly, and in a convenient way.

Providing a service promptly is highly appreciated by customers. Good service providers understand this aspect (Iqbal*et al.,* 2010). Furthermore, firms that value efficiency pays attention to the services that they offer so that they can have an advantage and use this to keep off competitors (Karim&Chowdhury, 2014). Bank customers look for banks that willingly help them in their banking operations. Customer satisfaction may be achieved in the banking sector when the service provider is willing to assist its customers when required.

Akbaba, (2009) also stated that "responsiveness is positively related to customer satisfaction and satisfied customers can refer others." Therefore, word of mouth (WOM) advertisements are important for the banks. Key aspects under responsiveness include keeping customers informed as to when services will be performed; prompt service to customers, willingness to help customers, and Readiness to respond to customer's requests (Armstrong, 2012).

2.2.3.1 Keeping Customers Informed as to when Services will be performed

According to Armstrong, (2012) today clients are more knowledgeable and they got a lot of options to choose from, as to where to use their money and time. Making customers understand the time their requested services will be attended to add to an organizations' chance of keeping their current customers and also attaining new customers Also, being concise and getting to the point quickly is a good way to respect customer's time that shows responsiveness. Regular and honest feedback while informing customers is a must, for this to happen properly, staff must be proactive and specific.

Measures taken to enlighten customers whenever difficulties are encountered can reinforce or damage the customer relationship (Timothy, 2012). Informing customers about the progress of

the services can have a long-term positive impact on the customer relationship. An organization will lose on enhancing customer relationships if it leaves customers to handle their problems (Armstrong, 2012). If the customer gets the understanding that the organization is working hard trying to fix the problem, then the customer will feel well taken care of and feel that he is getting his money worth (Ramzi, 2010).

Besides being trained on how to deal with customers, employees need the freedom to enable them to use discretion in informing customers on the progress of their demand and a platform of asking when they are not sure (Saghier& Nathan, 2013). Staffs need to understand customers' needs and what they think of the firm. Businesses should be able to nature customer relationships by chatting to them concerning their needs, as this will help both the customer and the business. Besides banks may create a system that will allow customers to relay their opinions on the bank products and services to make sure that their requirements are met. Having a clear knowledge of customers' needs and informing them through response from customer communications improves customer satisfaction (Lau *et al*., 2013).

The firm should be able to develop a progress and development plan. Moreover, it should be able to link the employee's performance with the firms' goals so that they can offer services that will satisfy customers (Ojo, 2010). Sakhaei*et al*., (2014) agree that significant information or skills relevant to customers should be spread across all the staff in the organization. This slows down an employee when they need to respond to a customer if they don't have the required information. Banks should have efficient ways of disseminating knowledge among employees in the various departments. This will be widely used and its value and effectiveness are likely to be maximized. Creating a knowledgeable environment in a bank may be beneficial when it comes to informing customers (Munusamy*et al*., 2010).

2.2.3.2 Prompt Service to Customers

Mudassar*et al.,* (2013) argued that no matter how skilled employees are at the workplace; at all times they should offer excellent services as anticipated. These include appropriate responses to inquiries and queries from customers and notifying them punctually; greeting them warmly; involving them to determine what they have come for and responding promptly and accurately to inquiries. These give customers a quick understanding of the firm while neglecting these gestures

can lead the business to losses or reputation damage (Kariru&Aloo, 2014). The most common customer complaint is being kept waiting, being reluctant to return calls or fulfill orders, these may lead to loss of customers to competitors, it could lead to boa mouthing because of disappointments (Armstrong, 2012).

According to Dharmalingam*et al*., (2011) it is the expectation of customers to be handled in unfailing ways and the business to react immediately to their promise. By acting following these wants, a firm provides the customer with a sense of viewing the company as one that gives customers a priority, this builds loyalty. It demonstrates the competence of the service provider in serving the customers. The customer will be dissatisfied if they feel that the services offered were a delay, it brings doubt about the competence of the service provider (Ramzi, 2010). The service that the employees provide and the relationships they build are vital to the success of customer satisfaction. The employees need to understand, believe in, and be proud of the firm they are a part of, this will lead them to be prompt in serving customers (Al-Rousan& Mohamed, 2010). Delayed reaction to requests from clients demonstrates a bad picture of the company's services. Customers need to feel valued, they want to know their presence and input to the business is appreciated, if they feel ignored and unacknowledged, chances are high for them to move on to other firms (Klemz&Boshoff, 2011). Customers will most likely move on to the next firm for their services if they got an immediate requirement for a service that a firm is reluctant in delivering, or they seem not to see work ethic. Repeated delays in responding to customer needs would lead to a decrease in the number of customers and income as well (Armstrong, 2012). The key to creating a loyal customer base is offering effective and efficient service in good time, ensuring that staffs have enough skills to facilitate them in responding fast to customers is essential for this (Mudassar*et al*., 2013).

2.2.3.3 Willingness to Help Customers

First impressions have a great impact. Precisely, the initial way that the organization reacts to and handle customers for the first time highly influence if their return to the organization. If well served they may recommend the firm to others (Messay, 2012). Warm reception, probing customer to understand their needs, and responding fast and correctly to inquiries shows commitment and willingness to assist. For customers to get a tip of satisfaction, willingness must be always maximized (Jayanthy&Umaran, 2012). By voluntarily asking direct questions to the

customers and having information on the customers' records and their progress, the firm will convey a message of wanting to assist the customers, bringing about some sense of satisfaction (Abdullah &Arokiasamy, 2013).

Geetika&Nandan, (2010) further explains that to deliver the quality of service that a firm expects, hiring, and recruiting staff that is willing to assist customers is a prerequisite. In the recruitment environment, a firm has to compete with similar firms to get the best people with this kind of attitude. Demonstrating that you are listening through body language and making eye contact shows a customer that you are willing to assist them. Willingness to help makes the customer feel understood and appreciated. Customers want firms to focus on them (Mohsan*et al*., 2011). Attitude will always have an upper hand compared to aptitude, most firms when hiring will choose the ones with a willingness to go the extra mile or show sacrifice, over some with greater technical skills. It is often easy to increase the technical skills of an employee than change reluctant behavior. Employees who thrive in the service industry have a natural desire to serve and express willingness when dealing with customers. This is because of their free spirit nature to help the customers help them in retaining and attracting new customers (Ouyung, 2010).

Taiwo*et al.*, (2011) state that many customers have problems that needs to be solved. Firms need to have creative problem solvers as their employees. They should always make sure they understand the problem clearly, and offer them possible solutions. Often employees need to think of solutions that fit the needs of a specific customer as they occur (Ramzi, 2010). If an employee cannot find a solution that works for the customer, it is valuable to help them locate additional help. Following up with the customer to make sure the issue has been resolved can change customers' perception. Customers will appreciate it if they see the firm staff has an interest in their problems and their willingness to help in whatever way possible (Timothy, 2012). Dharmalingam*et al.,* (2011) pointed out that the level of a firm's customer service will make or break a business. Proving to customers that you are willing to assist them at their point of need is one of the most vital aspects of customer retention and satisfaction (Atlik&Arslan, 2009).

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2.2.3.4 Readiness to Respond to Customers' Requests

According to Toosi & Kohonali, (2011) customers expect timely responses to requests. Therefore, they should not be disregarded or delayed simply because there are underlying issues. Some companies offer online support that provides customers with immediate resolutions to their inquiries. E-mail requests and phone calls should be examined on a case-by-case basis and responded to accordingly (Sakhaei *et al*., 2014). Customers are relationships and they take effort to earn and keep, by losing customers you lose a business opportunity. Most businesses emphasize earning or gaining customers but are reluctant on following up to retain customers (Al-Rousan & Mohamed, 2010).

As a good service provider, a company and its staff should be ready to respond to customers' queries about products and services offered (Ojo, 2010). Customers expect to interact with business people who are willing to respond promptly about the product or service they are promoting or offering. This gives a bank a competitive advantage compared to others of retaining customers. It reflects the readiness of employees and their ability to serve the customers as soon as required (Hossan, 2012).

Increasing employee engagement is a necessary way to make them ready to respond to customers. Also if the customers are more involved and informed by the employees, they become long term customers, and increasing customer loyalty will significantly lower the costs of recruiting new ones. Customers will more often refer others to your business for proven readiness to serve (Dado *et al*., 2012). Providing exceptional service and support to customers will add value to a product or service and a firms' reputation. Choosing wisely when hiring front-line support employees and providing them with the tools they need to be successful will help them be swift and ready in offering services (Sakhaei *et al.,* 2014).

Banks can instill feelings of readiness in their customers if they handle their customers professionally and competently (Kadir *et al*., 2011). Customers trust the readiness of firms to respond to their requests based on historical reference. If a firm consistently responds readily to customer's queries, customers feel reasonably assured that their next request will be responded to as well. It costs five times more to get a new client than it does to keep an existing one (Messay,

2012). Readily responding to customers makes them feel welcome. This is an important component of positive customer experience (Mudassar*et al*., 2013).

2.2.4 Concept of Security and Perceptions toward Security of Electronic Banking

Johnston, (1997) investigated service quality in retail banking and found security to be an important factor. According to his research, security is defined as the personal and possessions safety of the customer. It includes confidentiality maintained by service providers. Based on the research on online services, security means low risk associated with online transactions, safeguarding personal information, and safety in completing online transactions (Yang *et al.,* 2004).

Parasuraman *et al.,* (1985) defines security as freedom from danger, risk, or doubt. It involves physical safety; financial security; and confidentiality. It consists of employees who instill confidence in customers; making customers feel safe in their transactions; staff who are always courteous; and employees who know to answer a customer question. Moreover, Santos, (2003) defined security as the freedom from danger, risk, or doubt during the services process. Zeithaml*et al*., (2000) states that security is the accurate technical functioning of the site information provided. Jun &Cai, (2001) state that security is concerned with online transaction safety and customer privacy.

2.2.4.1 Information Security

Ahasanul*et al.,* (2009) states the banking industry has declared information privacy and security to be major obstacles in the development of consumer-related electronic commerce. This not only leads to fears and lack of trust for Electronic Banking by customers but also a lack of acceptance. Most of the customers fear that their information might be hacked into by third parties or unauthorized users. Banks and Financial Institutions store and process large amounts of sensitive data often making their need for Information Security higher than other sectors. The information mainly includes personal identifiable Information, Personal Banking Details, Commercial Banking Details, and confidential corporate information. As CQRConsulting.com explains, the biggest threat to this information is any unauthorized disclosure that can occur through such means as; within the organization (maliciously or by accident), if data is sent to a

third party, through contractors or consultants and cyber-attacks. The negative consequence of information insecurity is the loss of customers. This calls for investing in information security mechanisms.

Thomas *et al.,* (2002) highlighted that electronic security adds value to a naked network, they defined Electronic security as any tool, technique, or process used to protect a system's information assets, or is a risk-management or risk-mitigation tool. According to Mueller, (2001) security deals with how a web site ensures hackers and other internet criminals, do not access customer's information or their credit card numbers. For this to be done, both soft and hard infrastructures are integrated to achieve information security. Haque*et al.,* (2009) states that soft infrastructure components consist of policies, processes, protocols, and guideline that protect the system and the data from compromise, while hard infrastructure consists of hardware and software needed to protect the system and data from threats to security from inside or outside the organization. However, electronic security cannot work in isolation without the customers playing a role. Banking institutions also train their customers on how to be security conscious when using the internet. This includes safeguarding their passwords and PINs used for internet Banking.

2.2.4.2 Information Legitimacy

Ahmed *et al.,* (2005) explains that internet banking customers only need access to the Internet to use Internet banking services to access their banking accounts from anywhere in the world. Usually, each customer is given a login ID and a password to access the service. This convenience attracts a lot of customers. Raigaga, (2000) pointed out that security concerns have been the most important issue facing bankers which have delayed the expansion of this technology among banks. Ratnasingam, (2002) stated that the impact of technology trust in web services implies the use of security services such as digital signatures, encryption mechanisms, and authorization mechanisms. Internet Banking, therefore, has less paperwork and physical contact with the staff of the banking institution, this leads to uncertainties of the person that the customer is dealing with. There are cases of fake e-mail addresses and websites which entice customers to give the information to fraudsters. To curb this, information legitimacy measures are put in place.

According to Haque *et al.,* (2009) consumer perceptions of security are developed through visible sufficient mechanisms that are carried out through the processes of encryption, protection, verification, and authentication. Encryption is the use of encryption and decryption methodology in ensuring that the data transferred is only understood by the sender and receiver (Michel, 2003). The other method is authentication which is classified into three: according to Ahmed *et al.,* (2005) the first authentication entails the use of passwords; the second authentication factor can be the use of tokens such as a smartcard while the third authentication entails the use of biometric such as iris or thumbprint recognition. With technological advancement, more tools are being identified to enhance security.

2.2.4.3 Confidentiality

According to Raigaga, (2000), banks need to protect their data from all kinds of security threats. Haque*et al.,* (2009) stated that banks are bound to maintain the confidentiality of customer's accounts which otherwise could cause damage to the bank and its image. The survey of electronic financial transactions systems (E-FITS) working group noted that the importance of consumer confidence to promote e-bank or e-finance is to establish the mechanisms for electronic financial transactions. Mehm*et al.,* (2003) believe that trust and commitment are key "relational mediators" in the development of customers within the banking Industry.

Gefen et al., (2003) stated that trust is an important catalyst in many transactional relationships and it determines the nature of many businesses and the social order. In instances where risk is involved, the bank needs to ensure the confidentiality of both parties. As Haque*et al.,* (2009) explained, trust is a crucial factor for the use of e-banking since the bank and customers are physically separated from each other and there is a great deal of skepticism about the security of electronic transactions over the internet. Because the customers disclose a lot of information to the bank, it is important to ensure that their sensitive data is only known to the bank and not any other person interested in the information. It is important to note that the higher the level of confidence, the higher the customers' satisfaction hence bank development.

2.2.4.4 Privacy and Security Issues

Privacy can be understood as a legal concept and as the right to be let alone (Warren et al. 1890). Privacy can also mean; "the claim of individuals, groups, or institutions to determine for

themselves when, how, and to what extent of information about them is communicated to others" (Furman, 1967). From a privacy standpoint, trust can be viewed as the customer's expectation that an online business will treat the customer's information fairly (Shankar *et al.*, 2002).

There are four basic categories of privacy: information privacy, bodily privacy, communications privacy, and territorial privacy (Davies, 1996). Internet privacy is mostly information privacy which is the ability of the individual to control information about one's self. Invasions of privacy occur when individuals cannot maintain a substantial degree of control over their personal information and its use. People react differently to privacy problems. One reason for these differences might be a cultural viewpoint. For example, researchers have pointed out that consumers in Germany react differently to marketing practices than people in the USA might consider the norm (Singh et al., 2003).

It is also important to understand peoples' views regarding privacy in general, their expertise in Internet technologies, and how they view the role of the government and the role of companies in protecting consumer privacy. An individual's perceptions of such external conditions will also vary with personal characteristics and past experiences (Malhotra *et al.,* 2004). Therefore, consumers often have different opinions about what is fair and what is not fair in collecting and using personal information. According to Cheung *et al.,* (2006) different threats in electronic banking, like data transaction attacks and misuse of financial and personal information, generate security threats. Thus, security in protection against such threats is needed to foster customer confidence (Belanger *et al.,* 2002).

2.2.4.5 Information Theft

There is a multitude of possible scenarios where sensitive data can be stolen or misplaced when processing an online transaction. The methods used to steal and compromise sensitive data are dynamic and ever-changing. Their purpose is to target applications and architectures that are widely used, such as instant messaging, email, standardized shopping carts, redundant coding schemes, database programs, and security techniques and encryption. Security concerns should be discussed during the design stages of systems development to ensure it is addressed properly (Chorafas, 2004). One reason for the multitude of security concerns faced by users is that the internet was not developed with security in mind, thus many of the techniques security professionals are putting into place are reactionary and hackers are using these same methods.

Traditional E-commerce security can be broken down into a three-tier model where the client, server, and database are described separately (Shwan, 2006).

2.3. Adoption of Electronic Banking

Explaining and predicting customer intentions and the adoption of internet banking have recently been the focus of many scholars worldwide and this issue has seen dramatic growth in the relevant literature related to online banking channels (Lin, 2011; Purwanegara et al., 2014; Zhou, 2012). Over the last several years, numerous theories offering new insights have emerged (Oruç and Tatar, 2017), aiming to explain and predict the relationship between user beliefs, attitudes, and behavioral intentions to use the technology. The technology acceptance model (TAM), the theory of planned behavior (TPB), innovation diffusion theory, and theory of reasoned action are examples of these theories.

The TAM has been proven to be a valid theory that predicts adoption behavior and behavioral intention, with an emphasis on perceived usefulness and perceived ease of use as the most salient drivers of the acceptance of new technology. Thus, this model has become one of the most widely used models due to its simplicity, parsimony, and robustness (Alalwan et al., 2016; Chaouali et al., 2016; Koo et al., 2015; Mital et al., 2018; Rawashdeh, 2015. It has also been shown to be superior to other prevalent competing models. Although the extensive replication, application, and integration of the TAM have enabled many researchers to understand the adoption of technology, the TAM has its limitations (Benbasat and Barki, 2007; Venkatesh et al., 2007) and there is still a need for systematic investigation and theorizing of the salient factors that apply to context-based consumer technology use. Moreover, researchers have found that studies based on this model provide insufficient guidance to e-banking providers in terms of the roles of network influence and securities. Therefore, there is a need to extend the TAM when studying the adoption of e-banking.

2.3.1 Technology acceptance model (TAM)

The technology acceptance model (TAM) that was introduced by Davis, Bagozzi, and Warshaw (1989)is one of the most cited models that researchers used to study underlying factors that motivate users to accept and adopt a new information system (Al Shibly, 2011). The primary goal of TAM is to explain factors affecting computer applications' acceptance in general.

Besides, this model helps researchers and practitioners to identify why a particular system is unacceptable (Davis, 1989). Davis suggested that using an information system is directly determined by the behavioral intention to use it, which is in turn influenced by the users' attitudes toward using the system and the perceived usefulness of the system. Attitude and perceived usefulness are also affected by the perceived ease of use. According to TAM, greater perceived usefulness and the perceived ease of use of an information system will positively influence the attitude toward this system. The attitude, in turn, leads to a greater intention to use the system, which positively affects one's actual use of the system. TAM supposes that other things being equal, perceived usefulness is influenced by the perceived ease of use because the easier a technology to use, the more useful it can be.

Perceived usefulness (PU) is defined as the degree to which a person believes that using a particular system would enhance his or her job performance. Perceived ease of use (PEU) refers to the degree to which a person believes that using the system will be free of effort. Attitude (ATT) explains a person's favorable or unfavorable assessment regarding the behavior in question. Intention (INT) is a measure of the strength of a person's willingness to use effort while performing a certain behavior. The external variables in the model refer to a set of variables that can influence information system adoption

Indirectly through perceived ease of use and perceived usefulness (Davis et al., 1989). According to Taylor and Todd (1995), the constructs of TAM are almost measured in the same way in every context. Furthermore, TAM is a reliable instrument and empirically sounds. Several meta-analysis studies have provided sufficient data about TAM to be highly credible and rationally explain up to 40 percent of the behavioral intention to use (King and him, 2006; Yousafzai, Foxall, and Pallister, 2007). Also, several studies have applied TAM to evaluate users' adoption in different settings such as electronic commerce (Gefen, Karahanna, and Straub, 2003); electronic learning (Arbaugh, 2000); internet banking (Al Sukkar and Hasan, 2005), and e-government (Alhujran, 2009)

2.3.2 Theory of planned behavior (TPB)

The theory of planned behavior (TPB) suggested that human behavior is determined by an intention to perform the behavior, which is affected jointly by attitude toward behavior, subjective norm, and perceived behavioral control (Ajzen, 1991, 2002). Attitude (ATT) is the

general feeling of people about the desirability or undesirability of a specific behavior. Subjective norm (SN) expresses the perceived organizational or social pressure of a person who intends to perform a particular behavior. Perceived behavioral control (PBC) reflects a person's perception of the ease or difficulty of implementing a particular behavior. According to Safeena, R., et. al., (2013). Is a theory that predicts deliberate behavior, because behavior can be deliberative and planned? Attitude toward a behavior is the degree to which the performance of the behavior is positively or negatively valued. It is determined by the total set of accessible behavioral beliefs linking the behavior to various outcomes and other attributes. Subjective norm is the perceived social pressure to engage or not to engage in a behavior. Subjective norm is determined by the total set of accessible normative beliefs concerning the expectations of important referents. Perceived behavioral control refers to people's perceptions of their ability to perform a given behavior. Perceived behavioral control is determined by the total set of accessible control beliefs, i.e., beliefs about the presence of factors that may facilitate or impede the performance of the behavior. To the extent that it is an accurate reflection of actual behavioral control, perceived behavioral control can, together with intention, is used to predict behavior. The intention is an indication of a person's readiness to perform a given behavior, and it is considered to be the immediate antecedent of behavior. The intention is based on attitude toward the behavior, subjective norm, and perceived behavioral control, with each predictor weighted for its importance concerning the behavior and population of interest.

2.4. Conceptual Framework of the Study

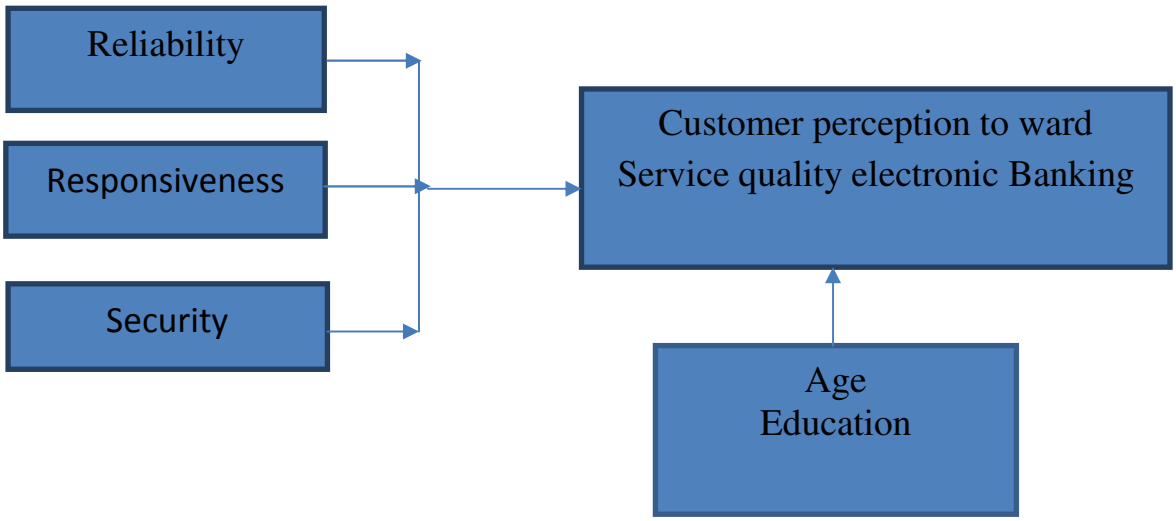


Figure 1The conceptual framework of the study (Source: Literature)

CHAPTER THREE

3. Methodology

3.0 Research Design

A quantitative approach is used in addressing the research objective. Du Plessis and Rousseau (2007) view a quantitative approach as systematic and structured, aimed at obtaining information from respondents in a direct, open manner. Results obtained from such an approach are easily quantifiable and has a potentially high degree of accuracy.

3.1 Population and Sampling Design

3.1.1. The population of the Study

The target population is defined as the entire group a researcher is interested in. According to Zikmund(2003), the definition of the population was an identifiable total set of elements of interest being investigated by a researcher. Based on the Awash Bank, Digital channel status report, Dec.31, 2019, the total number of customers in the region with 51 branches including e-banking users are present as follows.

Awash Bank

North Addis Ababa Regional Office

No		
1	Total No of Customers	425,767
2	Total No of ATM Card Users	133,152
3	Total No of Internet Banking Users	23,826
4	Total No of M-Wallet Users	86,690
5	Total No of POS Users	50
	Total E-banking Users	243,718.00

Source:

Awash Bank Digital Channel Report Dated Dec 31, 2019

3.1.2 Sampling

Customers from the selected branches of the Awash Bank North Addis Ababa region who made use of electronic banking facilities constituted the population for the study. Since it will be difficult to obtain a sample frame for the study, snowball sampling is used to generate an initial sample of online bank customers (Maree, 2011). The initial customers were asked if they knew potential respondents who were electronic bank customers and these were then contacted by telephone to participate in the study. The sample size is determined using the following formula as stated by Yamane (1967) cited in Israel (1992). Sample size obtained as;

$$\mathbf{n = \frac{N}{1+N(e)^2} = \frac{243{,}718}{1+243{,}718(0.05)^2} = 399.5}$$ e banking customers

Where, n – designates the sample size the research uses.

N - Designates the total number of e-banking users in the target population.

e – Designates maximum variability or margin of error 5% (0.05).

1 – Designates the probability of the event occurring.

3.2 Measuring instrument and data collection

Several widely used instruments have been developed to measure online service quality. These include E-SQ, ERecS- Qual, Web Qual (Parasuraman*et al.*, 2005; Santos, 2003; Barnes &Vidgen, 2003) and e-banking portal quality (Bauer, Hammerschmidt& Falk, 2005). Based on the information collected through the literature study and the instruments, a questionnaire is developed to suit the Ethiopian context. The questionnaire is designed to cover all the research questions to ensure capturing all the relevant information required to achieve the purpose of this study. The questionnaire is structured in four broad areas that included; general information, reliability, responsiveness, and security. The variables on the questionnaire on study objectives were measured on an interval scales of a five-point Likert scale (1-representing strongly disagree to 5 - strongly agree) to indicate the level of agreement of the respondents with the variable under examination. The questionnaire had both open-ended and closed-ended questions, with closed-ended questions being the majority.

3.3. Method of Data Analysis

The data is analyzed using the Statistical Package for Social Sciences (SPSS 20.0). Descriptive statistics is used to establish a demographic profile of the respondents. Correlation analysis and multiple regression analysis is used to explore how the dimensions of perceived service quality related to service quality. Specifically, correlation analysis is performed to assess relationships between each dimension and overall service quality. The regression equation model is specified as follows.

$$Y= a0 +B1X1+B2X2 + B3X3 + B4X4 + B5X5 + e$$

Where

Y Represents perceived customer service quality to word electronic banking

X1 Represents Reliability

X2 Represents Responsiveness

X3Represents Security and Privacy,

X4= is the age of the respondent

The X5= education level of the respondent

E is the error term (stochastic term) of observation.

3.4 Ethical Considerations

By ethical consideration, the researcher refers to moral standing that should be held and practiced during the research process. When conducting the research, the researcher is fully aware that the banking environment is very competitive and therefore some respondents withheld some crucial information. The respondents were assured that strict confidentiality would be maintained in dealing with their identities by not writing their names. The researcher treated all the information given by customers and kept confidentially without disclosing the respondent's identity and would not be used for any personal interest. Furthermore, the questionnaires will be distributed only to voluntary participants.

3.5 Reliability Analysis

The reliability of the factors was estimated by using Cronbach's Alpha. The reliability values are given in table 1. The Cronbach's Alpha for each variable is greater than 0.70, Therefore; the Cronbach's Alpha (α) for the present research study is acceptable.

Table 3.1: reliability coefficient of study variables cronbach's alpha

No	Variable	No of items in the questionnaire	Maintained items	Alpha value
1	**Security and Privacy**	5	4	0.983
2	Responsiveness	4	4	0.953
3	Reliability	7	6	0.978
4	Expected service quality of electronic banking	17	17	0.983

CHAPTER FOUR

4.1 Results and Findings

The first part of the chapter presents the demographic background of the respondents, focusing on sex, age, level of education, and years of Banking with Awash Bank. Following the presentation of demographic information, the findings from the study concerning the research questions will be presented. The study achieved a response rate of 95% with a total response of 380 questionnaires out of the 400 questionnaires.

4.2 Background information of respondents

This section presents the findings on the gender of the respondents, age of the respondents, level of education, years banked with Awash Bank, use of electronic banking platforms, perceived ease of use of electronic banking, and perceived usefulness of electronic banking. The background information was useful in the contextualization of the study thus a better understanding and clarity were made from the information obtained.

4.2.1 Gender of the Respondents

As presented in Table 4.1 the research found out that 46.3% of the respondents' gender was female while 53.7% of the respondent's gender was male.

Table 4.1: Gender of Respondents

Gender		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	202	53.2	53.2	53.2
	Female	178	46.8	46.8	100.0
	Total	380	100.0	100.0	

4.2.2 Age of the Respondents

The study found out that 24 % of study respondents were aged between 20-30 years, 45% were in the age bracket of 31-40 years, and 22% of the respondents' age fall between 41-50 years and the respondent aged over 50 years were 9%. The results are as depicted in Table 4.2.

Table 4.2: Age of the Respondents

Age					
Age		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Between 20-30	93	24.5	24.5	24.5
	Between 31-40	170	44.7	44.7	69.2
	Between 41-50	85	22.4	22.4	91.6
	Above 50	32	8.4	8.4	100.0
	Total	380	100.0	100.0	

4.2.3 Level of Education

On levels of education, the majority of the respondents as presented by 72 % were Degree holders, 14% were Diploma holders while 13% had university Masters Holder. Only 1% had a Certificate. Being educated imply that one can carry transaction in banks, use banking facilities, and further can utilize the digital forms of banking channels provided by the banks.

Table 4.3: Level of Education

Level of Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate	4	1.1	1.1	1.1
	Diploma	50	13.2	13.2	14.2
	First Degree	278	73.2	73.2	87.4
	Masters	48	12.6	12.6	100.0
	Total	380	100.0	100.0	

4.2.4 Years of Banking with Awash Bank

The study sought to establish the number of years customers have been banking with Awash Bank and the findings show that majority of the respondents 30% have banked for 8 years and

above, 22.3% for between 2 years to 4 years, 21% for less than 2 years, 15.7% for between 4 to 6 years and lastly 10.5% between 6 to 8 years. Table 4.4, shows these results.

Table 4.4: Years of Banking with Awash Bank

Years with AB					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 2 year	79	20.8	20.8	20.8
	Between 2-4 years	84	22.1	22.1	42.9
	Between 4-6 years	60	15.8	15.8	58.7
	6-8 years	41	10.8	10.8	69.5
	Above 8 years	116	30.5	30.5	100.0
	Total	380	100.0	100.0	

4.2.5 Use of Electronic Banking Platforms

The study sought to establish the usage of electronic banking platforms and the findings show that the usage of ATMs was at 66%, followed by mobile banking at 54%, point of sale at 1% and no one is using internet banking from the sample customers.

Table 4.5: Use of Electronic Banking Platforms

	Aware of but don't know how to use		Know how to use but not using it		Using it rarely		Using it occasionally		Using it frequently		Total	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
ATM	20	5	24	6	16	4	68	19	248	66	380	100
Mobile Banking	36	9.5	56	14.7	28	7.4	56	14.3	204	54	380	100
Internet Banking	283	74.5	97	25.5	0	-	0	-	0	-	380	100
Point of Sale	138	36.3	164	43	60	16	14	3.6	4	1	380	100

4.3 Perceived Ease of Use of Electronic Banking (PEU)

The study sought to establish the perceived ease of use of electronic banking and various statistical tools are applied for the said purpose like frequency, mean, and standard deviation.

Table 4.6: Perceived Ease of Use of Electronic Banking

Scale Factors	Strongly disagree		Disagree		Don't Know		Agree		Strongly agree		Mean	St. div
	Freq.	%	Freq.	%	Freq.	%	Freq.	%	Freq.	%		
It is easy to learn how to use electronic banking.	18	5	22	6	20	5	250	66	70	18	3.87	0.93
I can do most of my banking transactions with electronic banking.	20	5	32	8	45	12	175	46	108	29	3.83	1.08
It is easy to become skillful using electronic banking.	12	3	26	7	36	9	162	43	144	38	4.05	1.01
Electronic banking is easy to use.	14	3	39	10	24	6	176	46	127	33	3.83	1.06
Electronic banking support my special needs	8	2	38	10	40	11	176	46	118	31	3.94	1.00
It is difficult to understand how to use electronic banking	120	32	165	43	28	7	55	15	12	3	2.14	1.11
I seldom need assistance to use electronic banking	45	12	88	23	28	7	137	36	82	22	3.32	1.35
Electronic banking is with in my intellectual capacity	24	6	24	6	16	4	150	40	166	44	4.07	1.13

The first sample regarding easy to learn how to use E-banking, the responses summarized in table 4.6, show that 70, (18%) of the respondents strongly agree and 250,(66 %) agree, Only 20,(5 %) customers response neutral and 32, (8%) of respondent said that disagree, and the remaining 20,(5%) strongly disagreed The mean score (3.87) it indicated as positive implication and standard deviations of (0.93) on this issues from this finding, it can be said that a large number of customers were easy to learn how to use e-banking service

The other question which was forwarded by respondents was how they able to use e-banking service. Among, a total of 380 respondents 108, (29%) of the respondents strongly agreed, and175, (46%) agreed they can do most of their transaction using of e-banking about 45, (12%) respondents responses neutral the remaining 32, (8%) and 20, (5%) respondents responses disagree and strongly disagree respectively the mean score (3.83) it indicate a positive result.

The next finding of the sample was it is easy to become skillful using E-banking service, from the total number of respondent's response 144, (38%) strongly agree and 162, (43%) responses were agreed to the remaining respondents" response 36, (19%), 26(7%) and 12, (3%) neutral, disagree and strongly disagree responses respectively.

The next item examined the easy to use electronic banking service. The analysis revealed that E-banking services easy to use. The data showed that respondents representing 176, (46%) indicated that e-banking services easy to use agree while 127, (33%) strongly agree, 24(6%) neutral responses however 39,(10%) disagree and the remaining respondent 14(3%) respondents are strongly disagreed the mean score of this item (3.83) and standard deviation (1.06) the fact indicated e-banking service easy to use.

Accordingly to the data from the total number of respondents 118, (31%) strongly agree that e-banking supports their special needs. and 176, (46%) of the respondents agree while 40, (11%) neutral responses 38, (10%) respondents are disagree the rest 8, (2%) strongly disagree the mean score for this data (3.39) and standard deviation (1.00).

The next item which was forwarded among respondents 12, (3%) strongly agree with is not difficult to understand how to use e-banking and also 55, (15%) of the respondents agree however the remaining respondents response, 28(7%) neutral and 165, (43%) disagree and 120, (32%) responses strongly disagree the mean score (2.14).

Regarding data the bank seldom need of assistance to use e-banking 82, (22%) of respondent's response strongly agree while 137, (36%) customers agree and 28, (7%) neutral responses the rest 88,(23%) and 45(12%) respondents disagree and strongly disagree respectively the mean and standard deviation (3.32) and (1.35).

The last question examined on the researcher Perceived ease of Use of e-banking is within the intellectual capacity of the customer, as a result of 166, (44%) of customers strongly agree 150, (40%) are agree 16, (4%) neutral responses even though 24, (6%) disagree and the remaining 24, (6%) strongly disagree the mean score (4.07) it indicated e-banking is under the intellectual capacity of the customer and standard deviation (1.13)

The last question examined on the researcher Perceived ease of Use of e-banking was is e-banking within the intellectual capacity of the customer?, as a result of 166, (44%) of customers strongly agree 150, (40%) are agree 16, (4%) neutral responses even though 24, (6%) disagree and the remaining 24, (6%) strongly disagree the mean score (4.07) it indicated e-banking is under the intellectual capacity of the customer and standard deviation (1.13).

4.4 Customers' Perceptions of Electronic Banking Services

Descriptive statistics (mean and standard deviations) of the respondent scores were computed. Analysis has been done by comparing these mean scores and deviations among respondents. The reason for using descriptive statistics is to compare the different factors that affect the level of customer perceptions by using means and standard deviation values.

Table 4.7 shows the mean value depicting the overall customer's perception. As far as these descriptive statistics are concerned, the customer's perception of e-banking is above a satisfactory level with a mean value of 3.48 on a 5 point Likert scale. This implies that reliability, responsiveness, service security, age, and level of education affect the customer Perceptions of service quality of e-banking.

Table 4.7:Mean and standard deviation

Descriptive Statistics			
	N	**Mean**	**Std. Deviation**
Reliablity	380	3.4803	.59249
Responsiveness	380	3.7678	.75089
Security	380	3.7095	.91381
Age	380	2.1474	.88635
Education	380	2.9737	.54781
Valid N (listwise)	380		

The table suggests that all e-banking service quality dimensions are rated as above satisfactory. As far as the mean values are concerned, out of the e-banking service quality dimensions

reliability (mean of 3.4803), Responsiveness (mean of 3.7678), and Security (mean of 3.7095) have relatively major roles on e-banking service quality and in turn overall e-banking customer Perceptions. From this, we can deduce that all explanatory variables play a fundamental role in the customer perceptions of e-banking services provided by Awash Bank.

4.5 Expected and Perceived electronic banking Service

The study sought to establish the gap between expected and perceived electronic banking services. The means of all the constructs for both expected and perceived reliability, responsiveness, and security were computed.

The study sought to establish the gap between expected and perceived reliability of electronic banking services. The mean differences between expected and perceived reliability of electronic banking constructs were computed.

The results showed that the constructs; “when AB promises to do something it does so” had a mean difference of 0.40, “AB provides the service at the time they promise to do so” had a mean difference of 0.32, “AB has relevant and up to date information” had a mean difference of 0.56, “AB insists on error-free records” had a mean difference of 0.50, “AB has good and understandable employees” had a mean difference of 0.431, “AB employees perform the services right the first time” had a mean difference of 0.95 and
“when you have a problem AB employee’s show sincere interest in solving it” had a mean difference of 0.94. Table 4.8, show these results.

Table 4.8 Mean Difference between Expected and Perceived Reliability of Electronic banking Services

Reliability				
	N	**Perceived Mean**	**Expected Mean**	**Service GAP (Mean Difference)**
When the bank promises to do something by a certain time they should do so	380	3.7921	4.1921	-0.4
When a customer has a problem the customer service should show interest in solving it	380	3.6711	4.0000	-0.3289
Electronic banking should help customers perform the service right the first time	380	3.4184	3.9974	-0.579
The bank should provide services at the time they've promised to do so	380	3.4184	3.9947	-0.5763
Customers should be informed exactly when services will be offered	380	3.8816	4.1921	-0.3105
Critical announcements should be made promptly	380	3.0605	4.0079	-0.9474
Electronic banking should give prompt services	380	3.0579	4.0000	-0.9421

The study sought to establish the gap between expected and perceived responsiveness of electronic banking services. The means of all the constructs for both expected and perceived responsiveness were computed. The findings revealed that the constructs "AB informs customers exactly when services will be performed" had a mean difference of 0.26, "AB recommends appropriate products to customers" had a mean difference of 0.40, "AB gives prompt services to

customers" had a mean difference of 0.57 and "AB is always willing to help customers access its products" had a mean difference of 0.12. These findings are portrayed in Table 4.9.

Table 4.9 Mean Difference between Expected and Perceived Responsiveness of Electronic banking Services

Responsiveness				
Accurate records should be accessible through electronic banking	380	3.6184	3.8789	-0.2605
The customer care should never be too busy to handle electronic banking enquires	380	3.8868	4.2895	-0.4027
Employees should always be willing to help customers access their products	380	3.6421	4.1526	-0.5105
Employees should instill confidence in customers by recommending appropriate electronic banking products	380	3.9237	4.0526	-0.1289

4.5.1 Expected and Perceived Security of Electronic Banking Services

The study sought to establish the gap between expected and perceived security of electronic banking services. The means of all the constructs for both differences between expected and perceived security of electronic banking constructs were computed. The findings showed that the construct: "I am not worried about the security of electronic banking services" had a mean difference of 0.21, "My money in the bank is secure even when I use electronic banking" had a mean difference of 0.25", "My information is kept confidential" had a mean difference of 0.51, "My transactions are strongly secured" had a mean difference of 1.30, and "I trust in the technology that electronic banking service use" had a mean difference of
0.30.

Table 4.10 Mean Difference between Expected and Perceived Security of Electronic banking Services

Security				
Customers should feel safe when transacting online	380	3.8947	4.1079	-0.2132
Customers should trust the technology that electronic banking services use	379	3.8289	4.0897	-0.2608
Customers information should be treated with confidentiality	380	3.8947	4.3974	-0.5027
Customers information should be handled with the privacy and security they deserve	380	3.0263	4.3605	-1.3342
Customers information should always be secure	280	3.9026	4.2143	-0.3117
Valid N (listwise)	279			

4.5.3 Regression Analysis

In this section regression analysis for dimensions of customer perception on e-banking has been undertaken to understand the gap between customers' expected and perceived service quality e-banking explanatory variables.

4.5.4 Correlation Test between Study Variables

In this section, the correlation between customer Expected service quality of e-banking and explanatory variables; reliability, responsiveness, service security, Age, and level of education has been presented and analyzed. A correlation matrix is used to ensure the correlation between explanatory variables.

Table 4.11: Correlation of the variables

Correlations

		Age	Education	Reliability	Responsiveness	Security	Percd_service quality
Age		1					
Education	Pearson Correlation	.242**	1				
Reliability	Pearson Correlation	.887**	-.163**	1			
Responsiveness	Pearson Correlation	.897**	-.296**	.959**	1		
Security	Pearson Correlation	.909**	-.143**	.958**	.971**	1	
Perceived_service quality	Pearson Correlation	.489**	-.132**	.546**	.591**	.583**	1

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

The correlation between dependent and independent variables along with the casual effect was analyzed using Statistical Package for Social Science (SPSS). The above correlation matrix provides the correlation between variables with the Pearson correlation coefficient to show the strength of the relationship among the variables (independent & dependent). Pearson correlation analysis was used to provide evidence of convergent validity and Pearson correlation coefficients reveal the magnitude and direction of relationships either positive or negative and the intensity of the relationship. Correlation is perhaps the most basic and most useful measure of association between two or more variables (Marczy K, Dematteo, and Festinger, 2005).

The above table shows that the result of the correlation coefficient between the dependent variable (customer perceived service quality) and independent variables (reliability, responsiveness, security, age, and level of education). As can see from the above table, the result of the correlation between customer expected and perceived reliability showed a positive coefficient of the relation of 0.546. This result shows that service reliability has a significant relationship with perceived customer service quality. The correlation coefficient between perceived customer service quality and perceived responsiveness is positive with a value of 0.591. This implies that there is a positive correlation between customers' perceived and

expected responsiveness of e-banking service quality. The correlation coefficient between perceived customer service quality and perceived service security has a positive value of 0.583, implying that, there is a strong correlation between them.

The correlation coefficient between perceived customer service quality and age of the customer has a positive value of 0.489, implying that there is a strong correlation between them. The correlation coefficient between perceived customer service quality and perceived service security has a negative value of -0.132, implying that there is no correlation between them.

4.5.5. Diagnostics in Regression Analysis

Some assumptions need to be met before we can use regression analysis with confidence. The important assumptions that are to be tested in this section are; independent variables shouldn't be too strongly correlated to one another (Multicollinearity), the value of residuals to be independent of one another and the residuals should be normally distributed. The following tests were performed to check whether the data fit the assumptions of linear regression to conclude the analysis results are valid and reliable.

Table 4.12: Multicollinearity

Coefficients[a]			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Reliablity	.423	2.366
	Responsiveness	.595	1.680
	Security	.343	2.916
	Age	.334	2.996
	Education	.835	1.198
a. Dependent Variable: Expected service Quality of E-banking			

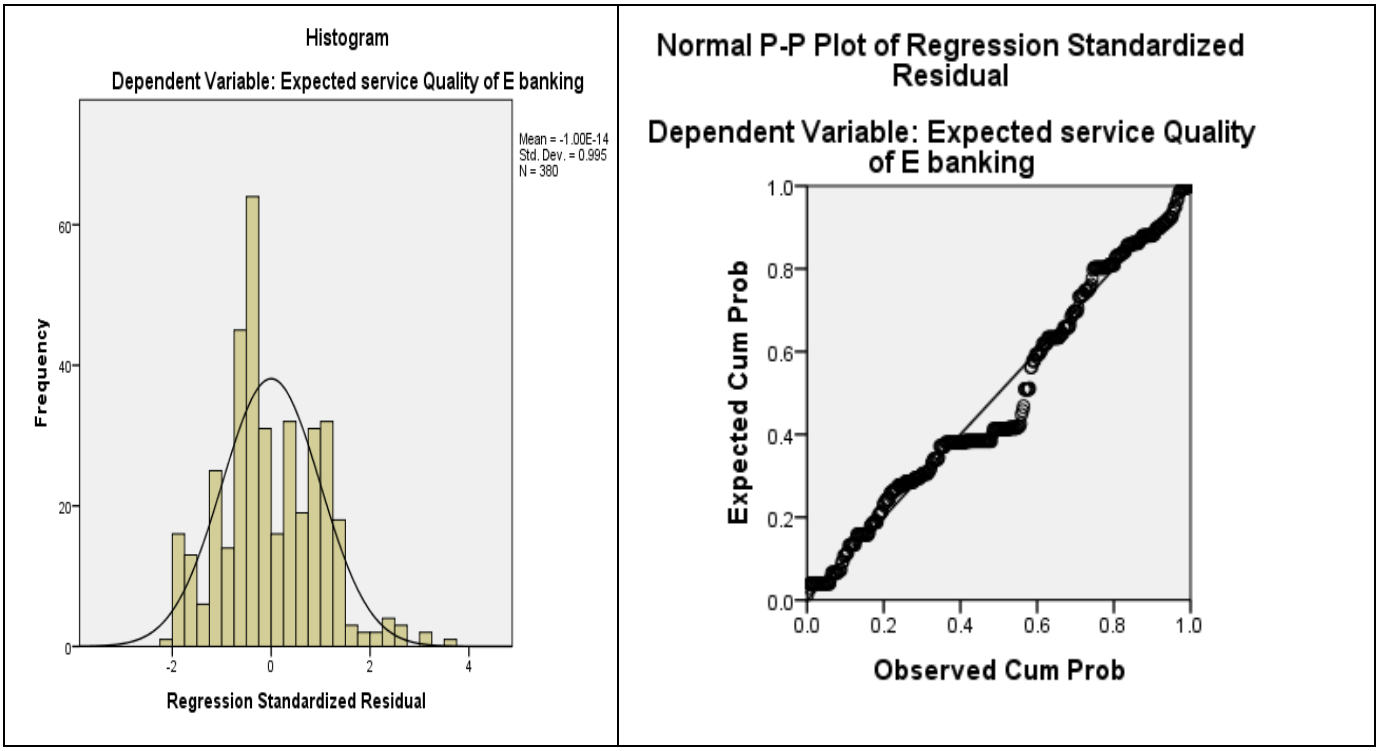
As we see from the above table analysis of collinearity statistics show this assumption has been met, and VIF scores shown below 2.9, and tolerance scores above 0.3.

4.5.5.1 Linearity Test

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between the

dependent variable and the independent variables (reliability), (transaction efficiency), (service security), (ease of use) and performance is linear; plots of the regression residuals through SPSS software had been used.

Figure 2: Histogram and P-P plot



4.5.6 Regression Analysis on Perceived Electronic Banking Services

A regression of the constructs to test the relationship between the dependent variable and the independent variables. The study revealed a positive strong relationship, with an R Square of 0.485 meaning that 48.5% variation in perceived service quality of e-banking is caused by perceived reliability, responsiveness, security, age, and educational level of the customer while the remaining 51.5% variation is caused by other factors that have not been considered in this study.

These results are displayed in Table 4.10.

Table 4.8: Regression model statistics

Model Summary[b]										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.696[a]	.485	.478	.55610	.485	70.443	5	374	.000	.170
a. Predictors: (Constant), Education, Security, Responsiveness, Reliability, Age										
b. Dependent Variable: Expected service Quality of E-banking										

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	108.924	5	21.785	70.443	.000[b]
	Residual	115.660	374	.309		
	Total	224.584	379			
a. Dependent Variable: Expected service Quality of E-banking						
b. Predictors: (Constant), Education, Security, Responsiveness, Reliability, Age						

Similarly, the regression table shows the overall significance/ acceptability of the model from a statistical perspective. As the significance value of F statistics shows a value of (.000), which is less than $p<0.05$. Thus, the model is significant which indicates that the variation explained by the model is not due to chance.

As stated earlier, this study aims to identify the most contributing independent variable in the prediction of the dependent variable. Thus, the strength of each predictor (independent) influencing the criterion dependent variable can be investigated via a standardized Beta coefficient. The regression coefficient explains the average amount of change in the dependent variable that is caused by a unit change in the independent variable. The larger value of the Beta coefficient an independent variable has, bring the more important determinant in predicting the dependent variable.

Table 4.14: Regression model coefficients

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.431	.244		14.054	.000
	Reliability	-.372	.073	-.293	-5.127	.000
	Responsiveness	.048	.043	.053	1.110	.268
	Security	.624	.062	.638	10.066	.000
	Age	.187	.056	.216	3.361	.001
	Education	-.294	.053	-.226	-5.570	.000
a. Dependent Variable: Expected service Quality of E-banking						

From the above table we can develop the following major findings:

The coefficient model revealed that with every increase in one unit of "reliability of e-service" expected reliability decreased by a margin of 0.372 units; with every increase in one unit of "Security and privacy" perceived service quality increases by a margin of 0.624 units. The model also showed that the perceived service quality and age of the respondent are positively and significantly related. This may mean that people of a higher age are more with an increased perceived service quality with the bank. Education is however negatively and significantly related to perceived service quality.

Basically, $ESEB = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 3X4 + \beta 3X5 + \varepsilon$

Where, ESEB = Expected Service in E-Banking

X1 = Reliability

X2 = Responsiveness

X3 = service security and privacy

X4 =Age

X5=Education level

From the above table 4.5 finding, we can develop the following regression model

ESEB=3.4+ -0.37X1 + 0.05X2 + 0.62X3+0.19X4+-0.03 +Std. Err

(0.424) (0.073) (0.043) (0.062) (0.056) (0.053)

Based on the regression model coefficients table above, it can be seen that partially the perceived variable which consists of security and age influences positively and significantly on the variable customer perception of e-banking service users Awash Bank, this can be seen from the significance value of the sub-independent variables smaller than the degree of confidence of 0.05.

Whereas for the sub-variable reliability and education has a negative influence on the perceived customer service quality. The study revealed that the relationship between reliability and perceived customer service quality is negative, every increase in one unit of the mean of reliability the mean of perceived service quality decreased by 0.372 units. This result is supported by Munusamy et al., (2010) reported that reliability has a negative and insignificant effect on customer satisfaction. On the other hand, Kassa, 2012; Al-Hawary et al., 2011; & Malik et al., 2011), and Narteh(2013) reported reliability has a positive and significant effect on customer satisfaction. We can conclude that customer has more expectation than they received. According to Parasuraman et al. (1988), it is usual for expectations to exceed perceptions and that this means that companies should keep improving their performance. From this result, managers should look for lesser customers 'Expectations to ensure they can go above those expectations.

Responsiveness is positive but does not significantly affect the variable customer satisfaction. This result supported by Alhamadani (2011), found that responsiveness has a positive but insignificant effect on customer satisfaction. On the contrary, Kassa (2012) reported that responsiveness has a negative and insignificant effect on customer satisfaction

The findings of this study also indicated that security is the most important factor to have a positive and significant effect on customer perceptions. This result is supported by. Malik et al. (2011), Al-Hawary et al., (2011), and Kassa (2012).

Findings can, therefore, be safely extrapolated to inform decision making in Awash Bank. Chapter five provides a discussion of the findings, key conclusions of the study, and the recommendations for the prospective study.

CHAPTER FIVE

5. Conclusion and Recommendation

This chapter provides the study summary, discussion, conclusions, and recommendations in that order. Under the summary of the study, significant factors concerning the study include the objectives of research, research methodology, and the results of the study. The consecutive section discusses the study's main findings. The conclusions section offers a conclusive discussion of the study findings. Lastly, the recommendation section is about proposals for improvement on the study objectives, it as well offers a proposal for further studies.

5.1 Summary

The purpose of this study was to examine the customer perceptions of electronic banking service quality provided by Awash Bank at North Addis Ababa Region as a case study. This study was carried out basing on research questions as follows; what are the customers' perceptions of the reliability of electronic banking services provided by Awash Bank North Addis Ababa Region?, What are the customers' perceptions of the responsiveness of electronic banking services provided by Awash Bank North Addis Ababa Regions? What are the customers' perceptions of the security of electronic banking services provided by the Awash Bank North Addis Ababa Region? And what are the factors affecting customer adoption of electronic banking?

The research adopted a cross-sectional descriptive research design targeting customers of Various Branches of the North Addis Ababa Region where a sample of 400 respondents was selected. The respondents were identified using a systematic random sampling technique. Questionnaires were used as the data collection tool, to collect data from respondents. A total of 380 questionnaires were returned achieving a response rate of 95%. Data collected was analyzed using descriptive and inferential analysis. For descriptive statistics, percentages, standard deviations, and means were used and correlations, regression, and paired sample tests were used.

5.2 Summery of Finding

Customer Perception that meets their expectation is the major factor contributing to the success of the service sector. E-banking has become a major facility sought after by the existing and potential customers. All the service sectors depend on the customer and their satisfaction and the banks are no exception. One of the ways for achieving high customer satisfaction and gaining the loyalty of customers is for banks to offer high-quality services. Descriptive analysis revealed that the majority of current e-banking users are between the age of 31-40, Educationally, the respondents were predominantly degree holders.

The study revealed that the majority of the bank e-banking customers were males. This is unfair, especially in a country where feminist groups are fighting for women's empowerment. It is, therefore, recommended that the banks take notice of this phenomenon and revert it to at least create some gender balance in their future employment.

Banks should work much in increasing the number of users from all aspects that are from age, educational status, and banking with AB should do a great job in making to be the users of e-banking.

The study established that ATM users were high among customers. This was positive and encouraging. The researcher, therefore, recommends that more user-friendly automated teller machines be put not only at the bank premises but also around vantage points within the metropolis to boost business transactions. Again, frantic efforts should be made to acquiring cash deposits ATMs as done in some parts of the world. And the bank also should aware and advise customers the customer to use other e-banking platforms Mobile Banking, Point of Sale, and Internet banking.

Customer expectation on e-banking is above perceived level with a mean value of 3.48 on a 5 Likert scale out of the e-banking service quality dimensions reliability (mean of 3.48), responsiveness (mean of 3.76), security privacy (mean of 3.71), age(mean 2.14), and educational level(mean 2.19). As was described in the report findings adjusted R-square values for the regression model were 0.48. This indicates the explanatory variables; reliability, responsiveness, security and privacy, age, and education this study explains approximately about 48 percent of the variation in the level of customer expected and perceived service of e-banking. The

remaining 52 percent of the variation in the level of customer satisfaction of Awash Bank is explained by other variables that are not included in the model. Responsiveness, security, and age have a positive relationship with customer perceptions in agreement with the hypothesis.

Any increase in responsiveness, and service security, leads to an increase in customer perception by 48%, and 62% respectively. These results are significant at a 1% level of precision. The study revealed that the relationship between perceived reliability of service and expectation is negative, every increase in one unit of the mean of expected reliability the mean of perceived reliability decreased by 0.372 units. According to Parasuramanm*et al.,* (1985) reliability involves providing services as promised and dependability in handling customers' service problems. Therefore, the bank should look at modalities of continuously improving both the constructs to meet customer expectations.

5.3 Main Recommendations

The analysis of this work includes implications for Awash Bank as far as the satisfaction level of its customers with different aspects of the e-banking services is concerned. Therefore, based on the study results the following recommendations are forwarded to the concerned bodies.

Reliability of Electronic Banking Service Quality

Taken as whole reliability is based on several factors that have to be met. Such as performing services right for the first time, offering services within the promised time, and most of all showing sincere interest in solving a problem. The finding on the reliability of electronic banking service indicated a gap between the variable of expected and perceived reliability of electronic banking.

Further, the study revealed that there was a significant relationship between different variables influencing the reliability of electronic banking. Further, the study revealed that there was a significant weak positive relationship between perceived and expected reliability of electronic banking services. The study further revealed that there was a significant difference between the mean of expected and perceived reliability of electronic banking services.

Awash Bank should ensure that the staff working on their electronic banking services keep their promises, services are performed right the first time and that services are performed at the time they are promised to enhance the perceived reliability of their services. Enduring service is

offered as promised is thus essential across all businesses. Consequently, banks should ensure they keep their promises regarding the E-banking services they provide to all customer groups, and especially the most recent customers.

Responsiveness of Electronic Banking Service Quality

Overall there was a gap between the combined variable of expected and perceived responsiveness of electronic banking services. The correlation analysis revealed that there is a significant relationship between the various variables influencing the responsiveness of electronic banking. The regression analysis conducted revealed that there an average relationship between perceived and expected responsiveness of electronic banking services. A paired sample t-test conducted revealed that there is a statistically significant difference between the mean of expected and perceived responsiveness of electronic banking services.

Awash Bank must equip its employees to be able to offer services willingly to it are customers as of when the needs arise. Customers expect to interact with business people who are willing to respond promptly about the product or service they are promoting or offering. This will give the bank a competitive advantage compared to others. Further, they should be able to advocate appropriate products. Keeping customers on the round of what is taking place can have a positive impact on customer relationships. Allowing clients to work out their difficulties and being passive, businesses lose the chance of reinforcing clients' relationships. If the customer gets the understanding that the organization is working hard trying to fix the problem, then the customer will feel well taken care of and feel that he is getting his money worth.

Security of Electronic Banking Service Quality

The findings on the security of electronic banking services gaps were observed between expected and perceived security of electronic banking services. The highest gaps were observed in am not worried about the security of electronic banking services while the least gap was experienced in I trust the technology that electronic banking services use. Overall, there is a gap in the combined variables of expected and perceived security of electronic banking services. A correlation analysis conducted revealed that there is a significant relationship between different variables influencing the security of electronic banking services. A regression analysis conducted between perceived and expected security of electronic banking services showed a significant weak and

positive relationship between perceived and expected security of electronic banking services. Further, a paired sample test conducted revealed that there are significant differences in means of perceived and expected security of electronic banking services with the mean of perceived security of electronic banking being less than the mean for the expected security of electronic banking services.

It is very dominant that customers feel safe when transacting using electronic platforms because if they feel contrary electronic banking may never live to the full potential in terms of seamless service delivery and improvement of service quality from element and mortar to anywhere anytime.

Because the customers disclose a lot of information to the bank, it is important to ensure that their sensitive data is only known by the bank and not any other person interested in the information. The higher the level of confidence, the higher the customers' satisfaction.

Therefore banks should ensure their E-banking services guarantee customers confidentiality of their information, guarantee the security of transactions, and that technologies used in E-banking elicit confidence and freedom of worry for customers. This will enhance the perceived security of their E-banking services.

5.4 Recommendations for Further Research

The study focused on Awash Bank North Addis Ababa Region. The researcher recommends further studies to be carried out in other branches within Awash Bank and other different banks in Ethiopia to establish their perceptions of electronic banking service quality. This will be in a bid to determine the difference in customers' perceptions and expectations thereby enhancing generalization and informed decision making in the banking industry.

5.4 Recommendations for Further Research

The study focused on Awash Bank North Addis Ababa Region. The researcher recommends further studies to be carried out in other branches within Awash Bank and other different banks in Ethiopia to establish their perceptions of electronic banking service quality. This will be in a bid to determine the difference in customers' perceptions and expectations thereby enhancing generalization and informed decision making in the banking industry.

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Descriptive Statistics

	N	Mean	Std. Deviation
Reliablity	380	3.4803	.59249
Responsiveness	380	3.7678	.75089
Security	380	3.7095	.91381
Age	380	2.1474	.88635
Education	380	2.9737	.54781
Valid N (listwise)	380		

Correlations

		Age	Education	Reliablity	Responsivenes s	Security	Expected_service
Age	Pearson Correlation	1	-.242**	.887**	.897**	.909**	.489**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	380	380	380	380	380	379
Education	Pearson Correlation	-.242**	1	-.163**	-.296**	-.143**	-.132**
	Sig. (2-tailed)	.000		.001	.000	.005	.010
	N	380	380	380	380	380	379
Reliablity	Pearson Correlation	.887**	-.163**	1	.959**	.958**	.546**
	Sig. (2-tailed)	.000	.001		.000	.000	.000
	N	380	380	380	380	380	379
Responsiveness	Pearson Correlation	.897**	-.296**	.959**	1	.971**	.591**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	380	380	380	380	380	379
Security	Pearson Correlation	.909**	-.143**	.958**	.971**	1	.583**
	Sig. (2-tailed)	.000	.005	.000	.000		.000
	N	380	380	380	380	380	379
Expected_service	Pearson Correlation	.489**	-.132**	.546**	.591**	.583**	1
	Sig. (2-tailed)	.000	.010	.000	.000	.000	
	N	379	379	379	379	379	379

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

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Education, Security, Age, Reliablity, Responsivenes s[b]	.	Enter

a. Dependent Variable: Expected_service

b. All requested variables entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.696[a]	.485	.478	.55610

a. Predictors: (Constant), Education, Security, Responsiveness, Reliablity, Age

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	108.924	5	21.785	70.443	.000[b]
	Residual	115.660	374	.309		
	Total	224.584	379			

a. Dependent Variable: Expected service Quality of E banking

b. Predictors: (Constant), Education, Security, Responsiveness, Reliablity, Age

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.431	.244		14.054	.000
	Reliablity	-.372	.073	-.293	-5.127	.000
	Responsiveness	.048	.043	.053	1.110	.268
	Security	.624	.062	.638	10.066	.000
	Age	.187	.056	.216	3.361	.001
	Education	-.294	.053	-.226	-5.570	.000

a. Dependent Variable: Expected service Quality of E banking

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.431	.244		14.054	.000		
	Reliablity	-.372	.073	-.293	-5.127	.000	.423	2.366
	Responsiveness	.048	.043	.053	1.110	.268	.595	1.680
	Security	.624	.062	.638	10.066	.000	.343	2.916
	Age	.187	.056	.216	3.361	.001	.334	2.996
	Education	-.294	.053	-.226	-5.570	.000	.835	1.198

a. Dependent Variable: Expected service Quality of E banking

QUESTIONNAIRE

Introduction

The researcher is a postgraduate student at Addis Ababa University pursuing a degree in Masters of Science in Management. Carrying out a study on service quality in the use of electronic banking. The study focuses on Awash Bank customers banking at North Addis Ababa Region Branches. The research is purely for academic research as it is a prerequisite for course work. The information collected will be treated as confidential.

Section A: Background Information

(Please tick where appropriate)

1. Gender a) Male ( ) b) Female ( )
2. Age (years)
   a) Between 20-30 ( )
   b) Between 31-40 ( )
   c) Between 41-50 ( )
   d) 50 and Above ( )
3. Level of education
   a) Secondary ( )
   b) College certificate ( )
   c) Diploma ( )
   d) Degree/Masters ( )
   e) Postgraduate ( )
4. How many years have you banked with Awash Bank?
   a) Less than 2 years
   b) Between 2 years to 4 years

c) Between 4 years to 6 years

d) Between 6 years to 8 years

e) Above 8 years

Part B: General Information on Electronic Banking Services

5. Use of electronic banking platforms **(Tick where appropriate)**

Use of E-Banking	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
Automated Teller Machine	1	2	3	4	5
Mobile Banking	1	2	3	4	5
Internet Banking	1	2	3	4	5
Point of Service Machine (POS)	1	2	3	4	5

6- Perceptions about Electronic Banking

9. Perceived service quality of electronic banking services**(Tick where appropriate)**

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
An ideal bank should have electronic banking services	1	2	3	4	5

When the bank promises to do something by certain time they should do so	1	2	3	4	5
When a customer has a problem the customer service should show interest in solving it	1	2	3	4	5
Electronic banking should help customers perform the service right the first time	1	2	3	4	5
The bank should provide services at the time they've promised to do so	1	2	3	4	5
Customers should be informed exactly when services will be offered	1	2	3	4	5
Critical announcements should be made promptly	1	2	3	4	5
Electronic banking should give prompt services	1	2	3	4	5
Accurate records should be accessible through electronic banking	1	2	3	4	5

The customer care should never be too busy to handle electronic banking enquires	1	2	3	4	5
Employees should always be willing to help customers access their products	1	2	3	4	5
Employees should instill confidence in customers by recommending appropriate electronic banking products	1	2	3	4	5
Customers should feel safe when transacting online	1	2	3	4	5
Customers should trust the technology that electronic banking services use	1	2	3	4	5
Customers information should be treated with confidentiality	1	2	3	4	5
Customers information should be handled with the privacy and security they deserve	1	2	3	4	5
Customers information should always be secure	1	2	3	4	5

No	Variable	No of items in the questionnaire	Maintained items	Alpha value
1	**Security and Privacy**	5	4	0.983
2	Responsiveness	4	4	0.953
3	Reliability	7	6	0.978
4	Expected service quality of electronic banking	17	17	0.983

Part C: Perceived Reliability (Tick where appropriate)

10.Perceived reliability of electronic banking services

	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
When Awash Bank promises to do something it does so	1	2	3	4	5
When you have a problem Awash Bank show sincere interest in solving it	1	2	3	4	5
Awash Bank performs the services right the first time	1	2	3	4	5
Awash Bank provides the service at the time they promise to do so	1	2	3	4	5
Awash Bank has good and understandable employees	1	2	3	4	5

Awash Bank has relevant and up to-date information	1	2	3	4	5
Awash Bank insists on error free records	1	2	3	4	5
Any other comment					

Part D: Perceived Responsiveness (Tick where appropriate)

11.Perceived responsiveness of electronic banking services

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
Awash Bank will inform customers exactly when services will be performed	1	2	3	4	5
Awash Bank will give prompt services to customers	1	2	3	4	5
Awash Bank is always willing to help customers access its products	1	2	3	4	5
Awash Bank recommends appropriate products to customers	1	2	3	4	5
Any other comment					

Part E: Perceived Security and Privacy (Tick where appropriate)12.Perceived security and privacy of electronic banking services

	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
My information is kept confidential	1	2	3	4	5
My transactions are strongly secured	1	2	3	4	5
I trust in the technology that electronic banking services use	1	2	3	4	5
I am not worried about the security of electronic banking services	1	2	3	4	5
My money in the bank is secure even when I use electronic banking	1	2	3	4	5
Any other comment					

Part G: Influence of Decision to adopt electronic Banking (Tick where appropriate)

Decision Influencer		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
SN1	Friends	1	2	3	4	5

SN2	Media	1	2	3	4	5
SN3	Family	1	2	3	4	5
Any other comment						

Thank you for your support

Acronyms

ATT	Attitude
INT	Intention
PBC	Perceived Behavioral Control
PEU	Perceived Ease of Use
PU	Perceived Usefulness
SN	Subjective Norms
T	Trust