
# Challenges of Implementing Digital Banking Enhancement Projects in Dashen Bank S.C.

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**A Research Project Submitted to the Department of Project Management**
**To fulfill the Partial Requirements of the Masters of Arts degree**
**In Project Management**

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**Addis Ababa University School of Commerce**

**June 2023**

**Addis Ababa**

# Challenges of Implementing Digital Banking Enhancement Projects In Dashen Bank

**A Research Project for the Degree of Master of Arts in Project Management**

**By**

**Brutawit Negash**

**APPROVAL BOARD COMMITTEE**

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# DECLARATION

I verify that my research project, titled "Challenges of Implementing Digital Banking Enhancement Projects in Dashen Bank," is an original work that has not been previously presented at Addis Ababa University or any other academic institution. Additionally, all sources and materials used in this study have been properly cited and credited.

Brutawit Negash
(Student Researcher)

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Dr. Abraraw Chane
(Advisor)

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# STATEMENT OF CERTIFICATION

I hereby confirm that Brutawit Negash completed a research project on the topic "Challenges of Implementing Digital Banking Enhancement Projects in Dashen Bank" under my guidance in partial fulfilment of the requirements for a Master of Arts Degree in Project Management at Addis Ababa University School of Commerce. This work is unique and appropriate for consideration in obtaining a Master's degree in Project Management.

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Dr. Abraraw Chane

(Advisor)

## ABSTRACT

*This research project intends to identify the challenges of implementing digital banking enhancement projects in Dashen Bank. The study employed a descriptive research design. The population of the study consists of clerical employees of Digital Business, Digital Agency Business, Digital Channels and Platform and Enterprise Programme Management Departments. Due to the small size of the population, the entire population was under consideration, and no sampling was employed. Primary data was collected through the administration of questionnaire. The questionnaires included both open-ended and closed-ended questions. To address the research questions, a mixed research approach was employed. Quantitative data was analyzed using software called SPSS version 25, and qualitative data was categorized and summarized in a table and presented in a figure. Statistical measures like frequency, percentage, and mean were applied. The results of the analysis identified a lack of material and financial resources, frequently change in business requirement, vendor dependency, poor communication, lack of time management, and lack of integrated team as challenges of implementing digital banking enhancement projects. On the basis of the results obtained; the study recommends the bank to prepare clear, complete, and refined business requirements in collaboration with other stakeholders who have concerns about the project output, prepare and provide training to the project team, establish a project team consisting of members from various departments, and handle projects in a shared area or department in order to close the communication gap, schedule project activities properly and track them to avoid project implementation delays.*



*Keywords: Digital Banking, Enhancement, Implementation*

## ACKNOWLEDGEMENT

First and foremost, I am grateful to the almighty God, who gave me the strength to complete my study. Additionally, I would like to express my gratitude to Dr. Abraraw Chane for his valuable comments and advice as my advisor and to the Head Office staff at Dashen Bank for their support in responding to my questionnaires. I am also deeply appreciative of my daughter, Eliana Yonathan, who showed incredible patience while I devoted significant time to my research work. Lastly, I want to thank my husband Yonathan Yimer and sisters Bethlehem Negash, Serawit Negash, and Tsegereda Negash, who provided unwavering support and encouragement throughout my study's completion.

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| | |
|---|---|
| AI | Artificial Intelligence |
| AMEX | American Express |
| API | Application Programming Interface |
| ATM | Automated Teller Machine |
| CBE | Commercial Bank of Ethiopia |
| DB | Dashen Bank |
| ECX | Ethiopian Commodity Exchange |
| E-Banking | Electronic Banking |
| ETB | Ethiopian Birr |
| ICT | Information and Communication Technology |
| IoT | Internet of Things |
| IT | Information Technology |
| IVR | Interactive Voice Response |
| KYC | Know Your Customer |
| MPOS | Mobile Point of Sale |
| NBE | National Bank of Ethiopia |
| NBFC | NonBank Financial Companies |
| OECD | The Organisation for Economic Co-operation and Development |
| PC | Personal Computer |
| PIN | Personal Identification Number |
| PMI | Project Management Institute |
| POS | Point of Sale |
| RBI | Reserve Bank of India |
| RCM | Revenue Cycle Management |
| RPA | Robotic Process Automation |
| S.C. | Share Company |
| SMS | Short Message Service |
| SPSS | Statistical Package for Social Sciences |

| | |
|---|---|
| UK | United Kingdom |
| UNCTAD | United Nations Conference on Trade and Development |
| USSD | Unstructured Supplementary Service Data |
| VISA | Visa International Service Association |
| 24/7 | Twenty Four Hours a Day and Seven Days in a Week |

# CHAPTER ONE
# INTRODUCTION

## 1.1. Background of the Study

According to Bekele (2017), Information technology plays a major and important role in the banking industry by supporting how banks can be improved and prospectively grow. Information sharing, which is the gathering, processing, and disseminating of data to all the appropriate users in the banking industry, heavily relies on information and communication technology. ICT is therefore very necessary not only for analyzing information but also for becoming competent, unique, and a leader among the competitors in the banking industry.

Accordingly, the banking environment is required to continuously develop and update its service dimension in order to both efficiently and profitably meet the needs and requirements of each individual customer. The advancement of information technology makes the banking sector competent in an international environment, which is the vital (Sohail and Shanmugham, 2003).

As Sohail and Shanmugham (2003) stated, the implementation of digital banking supports financial institutions in reducing the costs they are incurring, increasing their revenue, segregating their products, and increasing the satisfaction of customers. In addition, it supports building the brand image and competitive level of the financial institution. Digital banking services create important competitive benefits related to time, location, and costs for the banks, and currently, the advanced technologies that are the sources of the digital banking system are the area of focus.

Digital banking technology is an advanced technology that plays an important role in changing the way banks provide their products and services to customers. Digital banking avoids the traditional ways of customer service, where customers were required to wait in the long queue in the branches of banks to withdraw cash for their utility bill, school fees, or any other payments. They can now make such payments at their convenience using their payment cards or through the web, wherever they might be. Moreover, many banks are able to provide their banking services through mobile

application channels using smart phones due to the remarkable growth of the mobile phone industry. They also cooperate with mobile phone network service providers to provide unreserved service to their customers (Okiro, & Ndungu, 2013).

In today's digital age, financial institutions such as banks must utilize advanced digital banking technologies to attract, retain, and satisfy customers. By staying ahead of their competitors in this regard, banks can better serve their customers' needs and secure long-term success (Tewodros, 2011). In doing so, they run different new and enhancement projects that can add more features and functionalities to the existing digital systems. It is not worth doing unless the digital banking enhancement projects are successfully implemented and launched on time before the competitor banks launch the same products or services.

Based on the study of Worku (2010) about the challenges, opportunities, and practices of electronic banking, he identified several major challenges that are hindering the development of digital banking in Ethiopia, such as low internet penetration and an underdeveloped telecommunication infrastructure, inadequate legal and regulatory charter for digital payments, high levels of illiteracy, exorbitant costs of internet services, the unavailability of financial networks linking different banks, unreliable power supply, and cyber security threats.

Even though all banks are running similar projects to stay competitive in the industry, Dashen Bank is the focus of this research since it is the leading bank in introducing new technologies in Ethiopia and is currently late when enhancing new functionalities and features in its digital banking system. Dashen Bank had invested a large amount of resources when it started running digital banking projects at the beginning of 2012 (Worku, 2010). The main focus of this study is to identify the challenges the bank faced while running digital banking enhancement projects.

## 1.2. Background of the Organization

According to Dashen Bank's official website https://www.dashenbanksc.com, the bank was established in September 1995 with a capital of ETB 14.9 million by a group of eleven expert bankers and shareholders. Dashen Bank has started to provide services by receiving a license from the central and governing Bank (NBE) in 1996 with 11 complete and independent branches. The name Dashen Bank comes from the biggest mountain in Ethiopia called Ras Dashen has aimed to become "Best class Bank in Africa" It has aimed to become the leading Bank among Banks in Africa (https://www.dashenbanksc.com).

As per the website https://www.dashenbanksc.com, Dashen Bank is the famous Bank among other Ethiopian private Banks and having Headquarter which is located in Addis Ababa. In domestic banking market, it is the most prominent Bank which operates more than 800 networked Branches, 9 Forex Offices, more than 400 ATMs and 1,300 Point-of-Sale (POS) terminals distributed all over the country. The Bank has created partnership with different electronic payment interchanges like AMEX, VISA, MasterCard, and UnionPay and became the first bank in Ethiopia in payment card services. It is also the only bank having exclusive partnership with American Express and signed agreement to issue AMEX branded Green and Gold debit cards and acquire local and international AMEX cards. In addition, the Bank issues and provides Sharik and An-Nissa Cards to all Sharik and An-nissa (for only woman) accounts holders to operate 24/7 either on ATM or POS terminals (https://www.dashenbanksc.com).

The website https://www.dashenbanksc.com also dictated that, the Bank is providing digital banking services such as airtime purchase, bill payments, purchase of airlines tickets, accessing any third party service providers through its Omini Channel Digital System called Amole. The digital services are available through web, smart mobiles and ordinary mobiles using USSD. *996# is Dashen Bank's USSD gateway to access the digital banking services without requiring internet connection. Amole digital banking system enables the Bank's customers to transact simply,

securely, and with low cost wherever they might be either at home, in the office or abroad without requiring their physical presence at the Bank's Branches (https://www.dashenbanksc.com).

### 1.3. Statement of the problem

In this era of digital transformation, customers are not willing to wait in a long queue to get banking services; rather, they choose to use digital channels, which work 24/7 and do not require their physical presence. Digital banking implementation is not a one-time process; rather, it requires enhancement and incorporating new features and functionalities. In this regard, the banking industry has become more competitive, and banks are competing to be the first to launch new digital banking services in the market. However, in such a journey, there are different challenges banks face that prevent them from introducing new features and services to their customers by implementing digital banking enhancement projects on timely basis.

According to Lin et al. (2016), in order to achieve the objectives of a project successfully, it is crucial to have adequate funding and effective leadership support, as seen through the allocation of sufficient budgets for the project's needs. Additionally, team expertise is vital during project implementation, as this skillset must align with the project's requirements, which are subject to change during the execution phase. It is also important for the project team to work effectively within their planned budget to achieve their objectives.

The researcher Revathi (2019) has identified some challenges of digital banking implementation, like the traditional banking habits of the customers, security issues for online banking marketers, transaction difficulty while using PayPal for cash deposits, which takes much time, and technical issues while withdrawing cash from ATM or during online transactions. According to Fekadu (2009), infrastructure issues, political instability, illiteracy, a lack of suitable legal and regulatory framework for e-payments, the cost of the internet and lack of transaction switching companies are mentioned as challenges for digital banking implementation.

Even though different researchers had explored the challenges of digital banking implementation, their studies were more focused on the external challenges which were beyond the control of the

companies. The researcher was interested to study the challenges of implementing digital banking enhancement projects in Dashen Bank S.C. since the bank run different digital banking enhancement projects but could not launch them to the market on the proper time as expected. Therefore, the intention of this study was to investigate and gain a deeper understanding of the obstacles and difficulties faced while implementing initiatives aimed at improving digital banking services. By conducting this research, Dashen Bank can gain valuable insights that can inform decision-making processes, improve project planning and execution, and ultimately enhance its digital banking services for customers.

This research project is different from the prior researches in that it only focused on the internal digital projects implementation challenges.

## 1.4. Research Questions

It is anticipated that this research investigation will provide answers to the subsequent research questions.

- Does the lack of material and financial resources pose a challenge for implementing digital banking enhancement projects?
- Does the frequently changing business requirements pose a challenge for implementing digital banking enhancement projects?
- Does the lack of project implementation experience among project teams a challenge for implementing digital banking enhancement projects?

## 1.5. Objective of the study

### 1.5.1. General Objective

The general objective of this study is to find out the challenges of implementing digital banking enhancement projects in Dashen Bank S.C.

### 1.5.2. Specific Objectives

The specific objectives of the study are:

- To determine lack of material and financial resources posed a challenge in implementing digital banking enhancement projects.
- To explore the frequently changing business requirements posed a challenge in implementing digital banking enhancement projects.
- To examine the lack of project implementation experience among project teams posed a challenge in implementing digital banking enhancement projects.

## 1.6. Significance of the study

In Ethiopia, utilizing digital banking platforms has become routine for bank clients, whether during regular banking hours or outside of them when the banks are closed. Timely implementation of the digital banking enhancement projects, which add features and functionalities to the existing services, could add benefits for the bank and customers. By being the first to provide new services in the banking business, Dashen Bank can keep its customers and attract new ones.

The result of this study, therefore, gave information to Dashen Bank management to clearly understand the challenges the bank is facing with regard to the implementation of digital banking enhancement projects, which in turn enabled them to check and evaluate the project management methodologies and take appropriate action. Furthermore, conducting this research is crucial to bridging the literature gap that currently exists in this specific field of study, particularly in Ethiopia.

## 1.7. Scope of the study

Even though there are internal and external digital enhancement projects implementation challenges in all banks in Ethiopia, this research project is limited to the internal digital banking enhancement project implementation challenges in Dashen Bank. In addition, Dashen Bank is running different IT related or business projects, but the focus of this study is limited to digital banking enhancement projects.

## 1.8. Limitation of the Study

The limitation of this study was identified as the insufficient cooperation from certain participants in fulfilling and returning the questionnaires on time. There was also a limitation of available literature in the area, especially for Ethiopian banks. Most of the literature focuses on the external challenges of implementing e-banking services and does not give much attention to the internal challenges of project implementation.

## 1.9. Organization of the Study

This study is composed of five chapters, with the initial chapter introducing the study and providing background information about the organization. The second chapter is dedicated to the literature review, while the third chapter elaborates on the methodology utilized by the researcher. It is followed by the fourth chapter, which is about data analysis, presentation, and interpretation. Finally, the last chapter of the study gives the summary, conclusion, and recommendations.

# CHAPTER TWO
# LITERATURE REVIEW

## 2.1. Theoretical Review

### 2.1.1. Definition of Digital Banking

Digital banking is an innovative way of performing banking activities through the use of electronic devices and internet. Majority of the financial services in the bank is easily and effectively provided to customers by using digital channels. People can do their day to day account transfers, bill payments, balance enquiry, statement download through the digital banking channels.

According to Cuesta et al. (2015), digital banking means using advanced technology to offer financial products and services through various digital channels such as mobile apps, websites, and automated services. It enables banks to better understand their customers' needs and offer tailored solutions quickly and efficiently. Additionally, digital banking encompasses an omni-channel approach where customers can access and interact with their bank through both digital and traditional channels.

As per Son (2016), the utilization of digital banking technology has had a noteworthy impact on the banking sector, overhauling conventional banking systems by replacing branch-based offline services with online-oriented services. The changes made have led to improvements in banks' efficiency and cost-effectiveness, as technology is utilized to simplify procedures and prioritize digital platforms. Consequently, banks are presently giving preference to enhancing the efficiency of their digital channels as a means to decrease operational expenses while simultaneously maintaining the caliber of their services.

As Kithinji (2017) explains, the strategy of digital banking is a contemporary approach that entails the introduction of inventive financial services or practices, as well as embracing novel methods for managing usual transactions and fund channels. Its implementation means incorporating these advancements into existing financial institutions while opening up avenues for new market growth.

By adopting digital banking, banks can gain a competitive edge, reduce risk exposure, and improve risk management while meeting customer needs and adapting to market shifts. This approach offers a dependable means of maintaining an edge over rivals by providing patrons with effective and adaptable banking alternatives

### 2.1.2. Historical Background of Digital Banking

The banking business had been greatly impacted by technology's evolution over the past few decades, particularly in the way services are delivered to retail banking customers. During the early 1980s, banking services were majorly restricted to branch-based operations. However, the use of various technologies, such as remote access delivery channels and payment systems, including automated teller machines (ATMs) that replaced physical tellers, call centers that took over from in-person interactions within bank branches, and the internet replacing mail, has changed the landscape. Traditional cash transactions have been replaced by credit cards and electronic cash, and it is predicted that interactive television will soon take over face-to-face transactions. This technological evolution has transformed banking services beyond the traditional branch model (Sherif & Ahmed, 2003).

According to OECD (2001) E-banking has gained immense popularity with a lot of users all over the world, but its evolution has been shaped by various generations of electronic transactions. Among these generations are ATMs, mobile banking, and PC. ATMs were the pioneers in providing electronic access to customers, while phone banking allowed users to interact with their bank through a computer connected to the phone network via a dial-up modem connection. The current web-based internet or e-banking system is the latest addition to this lineage of electronic transactions.

In 1996, following the earlier generations of electronic transaction systems, internet banking project was introduced by Deutsche Bank in Latin America. Citibank has also implemented a specialized "e-toolkit" throughout its branches globally (UNCTAD, 2002). Digital banking utilizes a browser and depends on the internet for file transfer and software downloads. This approach has potential to reduce maintenance expenses. Digital banking also offers users up-to-date information and access to banking services 24/7. E-banks initially offered basic services like cash transfer

within one's own accounts, bill payments, and balance inquiry. However, they have expanded to include a kind of financial services such as loans, brokering, share trading, bundled services, and other offerings (Dewan & Seidmann, 2001).

The research study by Shahabas & Sreeju (2020) reveals that the banking sector has undergone three distinct phases of digital transformation in the last few decades. The first phase involved a shift towards electronic operations, which led to an efficiency and automation model that made banking more transactional and technology-oriented. Banks began to focus on improving customer accessibility through the use of ATMs, call centers, and telephone banking. According to these researchers, the second wave of the digital transformation in the banking sector was propelled by various technologies such as social, mobile, analytics, and cloud. These technologies continue to have a significant impact on financial services and products offered today. They enabled financial institutions to move beyond simple efficiency and become more personalized providers of banking services. Nowadays, newer technologies such as Artificial Intelligence (AI), Robotic Process Automation (RPA), Blockchain, API Banking, and the Internet of Things (IoT) are driving the current wave of digital transformation. They have revolutionary potential to transform the banking industry.

### 2.1.3. Practice of E-Banking in Ethiopia

As Worku (2010) noted, the banking industry in Ethiopia is experiencing a weakness that necessitates the introduction and implementation of new technologies to bolster its financial system. To keep up with the evolving demands of domestic and international trades, as well as the increasing number of business and international relationships, all banks operating in Ethiopia must recognize the need for electronic banking system in order to satisfy their customers and meet industry requirements.

According to Worku (2010), in 2001, CBE which is the biggest government owned bank in Ethiopia, launched ATM services for local users through eight ATMs situated in Addis Ababa. Moreover, CBE became a member of Visa network on November 14, 2005. However, limited infrastructure impeded CBE from fully capitalizing on its Visa membership. Although CBE

pioneered in introducing ATM based payment systems and obtaining Visa membership, it fell short of Dashen Bank, which aggressively retained its edge in electronic payment systems.

As the first institution to introduce e-banking in Ethiopia, Dashen Bank has strategically placed ATMs at easily accessible locations for its own cardholders. Dashen Bank ATMs operate around-the-clock, every day of the year, catering to both Dashen Debit Cardholders and international Visa Cardholders. By the end of June 2009, Dashen Bank had installed more than 40 ATMs in its area branches, university compounds, shopping malls, restaurants, and hotels. The available services on these machines include cash withdrawals, balance inquiries, mini statements, fund transfers between accounts attached to a single card, and PIN (Personal Identification Number) changes (Worku, 2010).

Building on its leadership position, Dashen Bank moved further by accepting MasterCard in addition to the Visa credit cards it had begun serving over two years prior. The bank obtained a membership license from MasterCard in 2008. To enhance its technology-driven leadership standing, Dashen Bank signed an agreement with iVery, a South African electronic payment technology company, on April 21, 2009, for the introduction of mobile commerce. Under the terms of the agreement, iVeri Payment Technologies has licensed its Gateway and MiCard e-payment processing solution to Dashen Bank. This positioned Dashen Bank as Ethiopia's first financial institution to acquire e-commerce and mobile merchant transactions capabilities (Worku, 2010)

### 2.1.4. Services offered through Digital Banking technology

E-banking provides an extensive range of services that includes account information updates and notifications through mobile phones, utility bill payments, deposits, withdrawals, transfers, purchasing airtime, and requesting bank statements (Bangens & Soderberg, 2008).

In addition to providing loan services for customers, banks have developed platforms for loan repayments. E-banking provides an opportunity for customers to perform various banking activities on their mobile phones, such as viewing account balances, obtaining mini statements of recent transactions, transferring funds to different accounts and pre-nominated accounts, paying

utility bills such as those issued by Kenya Power Ltd and Nairobi Water and Sewerage Services, requesting loans, repaying loans, requesting a cheque book, receiving withdrawal alerts from their account and making withdrawals (Ouma, 2020, p. 11).

### 2.1.5. Benefits of Digital Banking for the Bank and customers

According to Sardana & Singhania (2018), banks have a vested interest in utilizing digital means to offer their services as it enhances their efficiency and reduces operational costs by streamlining back-end procedures while minimizing errors and manpower. The incorporation of digital technology enables banks to expand their services through innovative and alluring methods, in turn enhancing their service quality, delivery, and efficiency which can provide them with a competitive edge over other banks.

The elimination of location constraints enables small banks to expand their operations and increase their scale. Moreover, banks can speed up their data collection, management, and financial engineering as digital technologies allow easier assessment of potential borrower's creditworthiness. Several studies indicate that the performance of the banking industry improves with the integration of technology (Sardana & Singhania, 2018, pp. 29-30).

The main advantage of technology-driven banking lies in the "anytime, anywhere" availability of banking services, resulting in greater convenience for customers and significant reductions in time and effort required. This approach also leads to lower costs of availing services, as well as providing continuous access to information. With the automation of banking services, record-keeping of transactions becomes simpler, leaving behind an easily traceable financial trail.

Digital banking is particularly beneficial for corporations and businesses as it facilitates improved fund management and provides access to various services on the go, ultimately increasing efficiency. Furthermore, digital banking creates new services such as warnings, notifications, and budgeting, which add to the overall benefits. By eliminating time limitations, geographical constraints, and costs, digital banking institutions have a competitive advantage over branch-based banks (Sardana & Singhania, 2018).

### 2.1.6. Project implementation

The primary goal of any project planning and analysis is to generate a plan that can be executed for the betterment of society. Hence, the implementation phase is deemed as the most critical aspect of the project life cycle (Tefera, 2017, pp. 14-15).

During the project implementation stage, the funding is disbursed to initiate and maintain the project's operations. Ensuring adherence to the pre-defined plan and completion of the project within the set time frame is one of the key focal points during this phase. However, issues often arise when the financial and economic situation at the time of implementation differs from what was anticipated in the initial appraisal. In such situations, it may be challenging to modify original proposals as it requires an agreement between all involved parties. It is during the implementation stage that actual problems of the projects become evident, which can lead to feedback on identifying new projects or identifying deficiencies in project capabilities (Tefera, 2017, pp. 14-15).

Therefore, it is crucial to conduct activities such as recording, monitoring, and progress reporting during the implementation phase to enable all stakeholders to understand and prepare for potential challenges that may arise.

According to Parvaneh et.al (2016), after thorough project planning, the implementation phase follows, which is typically the lengthiest part of the project. During this stage, the project's tangible outcomes are created and delivered to the client for their approval. As per Westland (2006), to guarantee that the client's expectations are fulfilled, the project manager oversees and regulates the building of each deliverable, ensuring that they are created and accepted by the customer. A review phase is then carried out to assess whether the project has been completed and is ready for closure. In order to achieve timely delivery of the project, within budget and as per specifications, a set of activities must be implemented (Westland, 2006).

### 2.1.7. Effective Requirements Management

As per the research study of Kumar (2006), requirements refer to the necessary features that a product must have to address a user's problem or need satisfactorily. These needs may arise from

diverse sources such as legal compliance, market demand, business needs, or competition. Poor management of requirements is a key factor contributing to project failures. Uncontrolled scope changes are another reason for exceeding project costs and schedule delays.

To avoid costly and complex design problems during project execution or the implementation phase, requirement-related issues must be dealt with at the outset of the project lifecycle. Delayed resolution of requirements leads to more complicated design faults, resulting in increased expenses and challenges for the project team (Kumar, 2006).

According to Ahmad (2020), requirement change management involves the ongoing process of managing, analyzing, and implementing changes to a project's requirements. Meeting the needs of clients is paramount in achieving customer satisfaction. In today's competitive and complex market, requirement change management has become increasingly challenging. Understanding client needs and determining the requirements necessary to meet those needs can be a difficult task for developers. The RCM process has faced numerous obstacles, resulting in slow and cumbersome procedures. Good requirements possess attributes such as feasibility, clarity, traceability, and consistency. Properly defining a project's requirements is essential as they serve as its foundation, and involving the client in this process is crucial.

Managing Changes: Unanticipated modifications are a typical aspect of all projects, especially in those that are vast and intricate. Project stakeholders may request changes verbally, but these changes must also be documented in writing and included in the change management system to ensure proper tracking and analysis (PMI, 2013). To efficiently deal with these alterations, project managers must evaluate their impact on the project's timeline and financial plan (PMI, 2013). In order to ensure efficient management of changes, it is imperative to have a well-defined change management strategy outlining the process of tracking and handling changes. The extent to which a change can impact a project's timeline and budget depends on different factors like the nature of the change, number of stakeholders impacted, and the phase of the change within the project life cycle.

The below listed reasons for project failures had been identified by research studies (Standish Group, 1995 as cited in Kumar, 2006).

- ✓ Inadequate requirements
- ✓ Lack of user engagement
- ✓ Resource or schedule limitations
- ✓ Unreasonable expectations
- ✓ Lack of support from management
- ✓ Altered requirements
- ✓ Ineffective planning
- ✓ Unnecessary requirement

Requirements management involves a series of processes, namely: planning of requirements, development of requirements, verification of requirements, and requirements change management. It encompasses various procedures such as planning, collecting, defining, revising, organizing, documenting, and testing requirements. Additionally, the process entails verifying whether requirements are being met and monitoring and controlling changes made to requirements (Kumar, 2006).

### 2.1.8. Resource Budgeting

As per a research conducted by Eyibo & Daniel (2020) on the correlation between project management and resource budgeting, resources can be classified as valuable assets like wealth, knowledge, goods or services that aid individuals, companies, states or countries towards achieving self-sustainability. A resource is also defined as an economic or productive factor that is necessary to accomplish particular tasks or attain desired outcomes as per a business dictionary's interpretation (Eyibo & Daniel, 2020). A resource budget is a plan for utilizing resources within a specified timeframe, encompassing the planned volume and quantity of resources (Johansen, 2006 as cited in Eyibo & Daniel, 2020). Anticipating and allocating resources for a specific future period, usually itemized, is referred to as resource budgeting, as explained by Antoson (2004), as cited in the research conducted by (Eyibo & Daniel, 2020).

As Eyibo & Daniel (2020) research study reveals, the advantages of proficient resource budgeting were emphasized, emphasizing that such a practice can impact the success rate of a project,

demonstrating a strong correlation between efficient budgeting of resources and project management. As per Kaming et al (2005) as cited in Assaf, Hassanain & Mughal (2014), a major factor contributing to project delays is a shortage of resources. In construction firms, the amount of resources at a contractor's disposal is often a key metric for evaluating their performance, and could lead to project delays if insufficient (Ubaid, 1991, as cited in Assaf, Hassanain & Mughal, 2014). As per Abdul-Rahman et.al. (2006) as cited in Assaf, Hassanain & Mughal (2014), Insufficient financial resources can impede a project's cash flow and ultimately lead to project delays. Insufficient financial resources can be attributed to two primary factors, namely challenges in obtaining loans from financiers and inadequate allocation of funds in government budgets.

### 2.1.9. Team Experience on Project Implementation

A team is characterized by a limited quantity of individuals possessing diverse and compatible capabilities who share a committed objective, performance aspirations, and a congruent strategy which they mutually comprehend and hold themselves responsible for (Katzenbach & smith, 1994, as cited in, Prabhakar, 2008). According to Prabhakar (2008), in order to be eligible as a team member for a project, it is essential to have technical proficiency, as well as problem-solving, interpersonal and organizational skills, along with other effectiveness characteristics that contribute to successful teamwork.

Locating individuals with compatible skills to execute projects, and experts capable of imparting shared experience or knowledge is a difficult undertaking most of the time. Nevertheless, it is the duty of project managers or team leaders to identify competent specialists possessing the requisite knowledge in order to successfully implement cutting-edge projects. According to the research findings of Belonogov et al. (2021), post the completion of innovative projects, acquiring and transferring project experience or knowledge proved to be a challenging feat. Researchers identified the importance of preserving exceptional specialists possessing unique project experience as a crucial task for implementing successful projects.

A number of organizations adopt teamwork to enhance their overall productivity, and research shows that there is a relationship between the efficiency of teams and the successful outcome of projects (Assaf, Hassanain & Mughal, 2014). These researchers have identified diverse factors that

impact teamwork and project success. Effectively assigned roles within the project team, as well as competent leadership skills demonstrated by team leaders, are crucial in ensuring successful project outcomes. Consequently, contemporary complex projects incorporate teams as an integral aspect of project management.

Based on the survey on engineering projects of Bhika (2019), inadequate skills and knowledge are the root causes of insufficient resources. The availability of suitable and appropriate resources is crucial for the success of any project. Unrealistic deadlines and poor planning of resources can bring the failure of entire projects or individual project tasks. A challenge that arises from a shortage of skilled resources occurs when people without the necessary expertise are assigned to the project, consequently resulting in missed deadlines and unfulfilled client requirements. According to Prabhakar (2008) efficient management of the project team is exceedingly critical for the successful implementation of a project. The importance of fostering a positive team environment cannot be overstated, as this can lead to increased motivation among team members and subsequently enhance overall team performance.

### 2.1.10. Digital Banking Implementation challenges

According to Sardana & Singhania (2018**),** India experiences particular challenges that hinder the development of digital banking in the country.

The major ones are:

- For a country to successfully adopt digital technology and support its growth and utilization, it must have sufficient infrastructure in place. However, the infrastructure in India is still in its early stages, which poses a challenge for the development of digital banking services. Access to reliable and widespread internet connectivity, for instance, remains limited across the country.
- The openness of the internet makes data transfer over digital networks vulnerable to various forms of cyber-attacks such as theft, unauthorized access, and exploitation, which in turn may impact privacy and security. In India, instances of cybercrimes and hacking are becoming increasingly common, with even reputed banks being targeted. Consequently, customers have lost confidence in the safety and security of digital banking transactions.

- India's banking sector is subject to stringent regulations governing aspects such as capital adequacy requirements, provisioning and asset recognition norms, investments, and bankruptcy norms. However, it can be challenging to extend these guidelines to digital banks due to the unique and rapidly evolving nature of the digital banking landscape.

  Regulatory frameworks are being developed by the RBI for specific activities, including providing NBFC status to peer-to-peer lending platforms, but standard regulatory norms are yet to be defined clearly and executed promptly. Another issue is that certain regulations, such as KYC requirements, may mandate in-person interactions between bankers and customers, which may not always be feasible for purely digital banks.
- The rapid advancement of technology in the banking industry has paved the way for unconventional products and services, as well as innovative delivery methods. Such advancements, however, necessitate new and specific legal interpretations pertaining to crucial matters such as electronic signatures and permissions. As such, existing legal definitions and permissions must also be reconsidered in keeping up with technology's evolution.

As the study by Rondinelli (1976), challenges in politics, economy, operations, society, and physical factors can significantly impede or derail projects. The researcher identified various strategic issues that have a profound effect on the project's advancement throughout every stage of its lifecycle and are frequently encountered.

- ✓ Insufficient preparation and planning for the project
- ✓ Flawed evaluation and selection methods
- ✓ Imperfect project design
- ✓ Challenges during project initiation and activation
- ✓ Insufficient supervision, execution, and operation of the project
- ✓ Ineffective coordination of project activities with external parties
- ✓ Insufficiencies in diffusion, evaluation, and follow-up actions for project outcomes

According to Shahrokhi (2008), the stimulator of electronic payment services are technology, globalization, entrepreneurship, regulations, capital, and competition. Due to tremendous entry

obstacles such as the need for a strong financial base, technical expertise, and trustworthiness, the financial industry has historically been limited to a few recognized actors. Security is key in the digital banking realm, as the industry is prone to various cyber threats that could pose risks to their customers.

Banks must ensure they are ready to combat these risks by implementing security measures like virus controls, password protections, intrusion detection, and constant system upgrades. To provide digital services effectively and safely, banks may need to consider more extensive technical solutions that guarantee the safety, security, and overall functionality of their offerings (Shahrokhi, 2008).

As per Mukherjee & Nath (2003), in the digital age of banking, building trust and ensuring customer commitment is a major challenge for financial institutions. Trust has a major role on customers' willingness in adopting digital services, and banks must prioritize establishing a secure environment to gain customers' confidence in their ability to protect personal and financial data from cyber threats.

As per the findings of Olanrewaju (2013), the banking industry has been slow in adopting digitalization primarily because banks tend to view it too narrowly and as a separate entity from their routine activities. Having a limited perspective can impede the potential advantages of digital transformation, as banks may not be able to recognize how it can enhance their overall efficiency and effectiveness. To fully leverage the potential of digitalization, banks must view it as an integral part of their operations and integrate digital solutions into their daily workflows.

### 2.1.11. E-Banking Challenges in Ethiopia

A key industry for building e-commerce is banking and finance. Online corporate banking, electronic cash transfers, ATMs, debit cards, and credit cards are just a few of the roles that the banking sector plays in e-commerce. The only organisation that is permitted to store and handle money is a bank. The banking business has undergone technological advancements that have made trading cheaper and easier for customers. In terms of money, work, time, and any other resources required for transactions, it offers convenience (Uppal, 2008).

According to Worku (2010), Banking in Ethiopia encounters several key challenges when it comes to implementing and utilizing e-banking applications. The major obstacles include:

- Insufficient telecommunication infrastructure and low levels of internet penetration are major obstacles to the development and expansion of e-commerce in Ethiopia. This is particularly problematic for minor and intermediate types of businesses, which are primarily located in rural areas where there is little access to the internet and online payment systems. As a result, these businesses are unable to participate effectively in e-commerce activities.
- Digital payments are hindered in Ethiopia due to the absence of a convenient legitimate and regulatory structure. The country's current laws do not recognize digital contract and signatures, and there is a lack of specific legislation dealing with important online shopping concerns like the validity and compliance of E-contracts, E-signatures, and copyrights. Additionally, limitation on the use of cryptography technologies further complicate matters.
- In Ethiopia, there is not enough banking system
- The political and economic instability in neighboring countries such as Somalia, Southern Sudan, and Eritrea is a significant barrier for digital banking in Ethiopia. These instabilities create an unfavorable environment for conducting business and free trade, which can negatively impact the smooth operations of e-banking services.
- The high percentage of uneducated people in Ethiopia pose a significant challenge for the implementation of digital services. In order for citizens to access and benefit from e-banking, they require not only the ability to read and write but also basic information and communication technology (ICT) literacy. Unfortunately, the low literacy rate in the country hinders many people from being able to effectively use e-banking services.
- The high cost of internet access in relation to the income of individuals is a significant barrier to entry for the e-commerce market in Ethiopia. This is particularly pronounced when compared to developed countries. The country faces obstacles such as the large amount initial costs, expensive computers and telecommunication equipment, and complex licensing requirements that increase the cost of entry into the e-commerce market.

- The unavailability of networks that can switch transactions between banks is a significant obstacle for e-banking in Ethiopia. At present, the majority of banking transactions are conducted using credit and debit cards from Visa and Mastercard. However, the use of specialized systems is mandatory for conducting digital banking, as payment cards alone are not sufficient. Unfortunately, these kinds of systems are not currently available due to the lack of automated banking services within the country.
- Consistent power supply is critical to the successful operation of e-banking in Ethiopia. Frequent power interruptions significantly impede the seamless and efficient operation of electronic banking services in the country.
- Smooth operation of e-banking in Ethiopia is hindered by frequent power outages and a lack of reliable power supply.
- Customers and staff resist adopting new technologies due to:
    - ✓ unfamiliarity with the benefits,
    - ✓ anxiety about potential risks,
    - ✓ Inadequate personnel training and satisfaction with existing structures.
    - ✓ Additionally, some people may be hesitant to explore new payment mechanisms.
- Ensuring cyber security is crucial for successful e-banking applications globally, and requires a comprehensive, multi-dimensional response with attention given to policy, socio-economic conditions, legal frameworks and technological advancements. Financial institutions and businesses relying on critical ICT systems for e-banking applications face increased vulnerabilities which expose banking customers to potential harm. In order to harness the full potential of ICTs in delivering e-banking services and maintain customer trust, banks must prioritize addressing and mitigating security concerns. This includes cybersecurity measures, which involves applying different technologies to perpetrate deception or other offences against banking transactions (ITU4D, 2006, as cited in Worku, 2010).

The research of Hailu (2018) dictated that a well-structured organizational framework is essential for the successful execution of any project. This framework encompasses all individuals involved in the project and must be adaptable to meet the changing requirements throughout its duration. It is crucial that clear accountabilities and responsibilities are defined for each role. As the project progresses, there will be a phase where the construction, commissioning, and operations

organizations collaborate and operate together. Therefore, having an organizational structure that facilitates this evolution is a key aspect of effective project implementation.

With regard to financial and material related challenges, financial constraints pose a significant hindrance to the success of the project (Hailu, 2018). The project's administrative expenses are minimal, but the delay in budget allocation poses a challenge. Additionally, even with sufficient funding, inadequate logistics impede the project's progress, as it lacks proper equipment and infrastructure support (Productive Safety Net project annual report, 2016/17 as cited in Hailu, 2018).

Hailu (2018) also mentioned, the development of skilled and competent project implementation teams through capacity building is essential for the success of the project. While capacity building is a component of the UPSNP program, its performance has not met expectations, resulting in implementation challenges. Furthermore, due to employee turnover, trained personnel leave, leading to a continuous influx of new implementers in the project. Therefore, continuous training becomes necessary, requiring budget allocation, time investment, and dedicated human resources. This presents a significant challenge for the project.

According to Gebeyehu (2019), midway through the project, many IT related project implementations encounter obstacles. These challenges often stem from a lack of coordination and communication between the vendors and the bank's project management team. In accordance with Kudav et al. (2013) as cited in Gebeyehu (2019), insufficient information gathering during the requirement phase, the banks' inability to identify crucial requirements, and scope changes further compound the challenges faced during the implementation of IT projects.

In a research that identified the factors that influence the adoption of internet banking in Ethiopia, Kifle (2021) examined several independent variables, including perceived ease of use, perceived usefulness, perceived risk, human resource factors, ICT infrastructure, and competitive pressure. Based on the results obtained, the researcher concluded that the perception determinant significantly influences customers' adoption of internet banking.

The influence of perceived ease of use on internet banking adoption was found to be statistically insignificant. On the other hand, perceived usefulness was found to have a statistically significant impact on internet banking adoption. This suggests that customers are more likely to adopt internet banking if they believe it will save them time, be cost-effective, and provide convenient banking services anytime and anywhere. Furthermore, perceived risk was found to significantly influence customers' adoption of internet banking. Human resources were also found to have a statistically significant effect on internet banking adoption, indicating that the knowledge and skills of bank employees directly influence customers' willingness to adopt internet banking (Kifle, 2021).

According to Kifle (2021), the study also revealed that ICT infrastructure has a statistically significant influence on internet banking adoption. This implies that power and network interruptions can affect customers' intentions to adopt internet banking. Competitive pressure was also found to have a statistically significant influence on customers' adoption of internet banking.

The resistance of customers to using E-banking services poses a significant risk for banking institutions, impeding the growth of E-banking (Zhao et al., 2008 as cited in Gemechu, 2012). Security concerns related to online transactions, including E-banking, have always been a prominent issue (Chang, 2007 as cited in Gemechu, 2012). As a result, the perception of these risks regarding E-banking is anticipated to impact its adoption and future expansion.

## 2.2. Empirical Literature

Some related studies have been conducted by different researchers on the topic of the challenges and opportunities of e-banking in Ethiopian Banks. However, their numbers are very limited. Based on the study of Worku (2010) about the challenges, opportunities, and practices of electronic banking, he identified several major challenges that are hindering the development of digital banking in Ethiopia, such as low internet penetration and an underdeveloped telecommunication infrastructure, inadequate legal and regulatory charter for digital payments, high levels of illiteracy, exorbitant costs of internet services, the unavailability of financial networks linking different banks, unreliable power supply, and cyber security threats. The bank’s internal challenges, like a lack of resources and other project related challenges, were not in the scope of the study.

According to research conducted by Zeleke (2016) in a related field, significant challenges that impede the implementation of digital banking services in DB include inadequate training for customers, insufficient demonstration of how to use the service effectively, security risks, customer unfamiliarity with the system functionalities, IT and management skills needed for digital banking implementation, ability to fix issues during system failures, lack of promotion and public awareness, ICT infrastructure and unable to get access of internet easily. As per this study, that the organizational factors were identified to be less influential among the challenges. In his research the material, financial and other project related studies was not included.

According to the research findings of (Bekele, 2017), high cost of ICT equipment and network, software and re-organization and lack of customer awareness were found to be the major challenges of CBE in implementing digital technology. In addition, limitation on the management and IT skills, limited support on network facilities and internet services, low level of computer skill and low level of ICT facilities were external challenges. He also mentioned, cybersecurity issues and lack of confidence on the technological advancement were found to be challenges of adopting E-banking technology. However, other project implementation issues like financial and material resources, and requirement changes were not in the scope of his study.

The research study of Shahabas and Sreeju, (2020) in title “The Digital Banking in India-Recent Trends, Opportunities and Challenges” was conducted in order to disclose the opportunities and challenges of Digital Banking in India. According to the research, lack of education, cash dependent economy, privacy and security risks, stiff competition, low internet penetration, managing technology, difficult for first timers, cyber-crime, regulation and legalities, and sustainability were found to be the challenges of digital Banking system. In this research, the project implementation issues were not covered.

Apart from the researchers mentioned earlier, there are some empirical researches which focused on the challenges and opportunities of E-Banking. However, most of them were focused on e-banking implementation challenges outside the control of Banks by excluding many other internal project implementation challenges. The researcher here planned to answer Dashen Bank’s internal digital banking implementation challenges by analyzing the data which was collected from the

concerned bank's departments. This research mainly focused on the identification of digital banking enhancement project implementation challenges to be sure that the lack of material and financial resources, frequent changes in business requirements and the experience of bank's project team are challenges of implementing projects. The researcher believed that previously no research had been done on this specific research project topic to provide empirical evidence of challenges of digital banking enhancement project implementation in Ethiopian banks. Therefore, this study attempted to narrow the empirical literature gaps by conducting a study on the challenges of implementing digital banking enhancement projects in Dashen Bank.

# CHAPTER THREE
# RESEARCH METHODOLOGY

This section provides details of the methodology that was adopted for the study. In this chapter, the basic road map of the research, the target population under consideration, the sampling technique employed, the source and tools used for collecting the data, and the data analysis methods were discussed.

## 3.1. Research Design

A research design refers to a strategic plan or structure that is devised to address research questions or problems. This encompasses a complete scheme that outlines the investigator's tasks, starting from formulating hypotheses and their operational implications, all the way to the final analysis of data (Kerlinger, 1986, as cited in Kumar, 2011).

There are different types of research designs, like theoretical, applied, exploratory, descriptive, explanatory, correlational, longitudinal, and more, that can be used for different kinds of research projects. Which design is selected will depend on the kind of problems the study aims to raise. For each type of study design, a variety of research procedures are typically used in order to collect and analyse a wide range of data generated by the investigation (Kumar, 2011).

The researcher used descriptive research design due to the following reasons.

- Descriptive research enables the researcher to provide a detailed description of the challenges encountered during digital banking enhancement projects implementation. By collecting data from multiple sources and perspectives, the full range of challenges faced by different stakeholders can be captured.
- It is permissible to systematically gather information about the challenges faced by various stakeholders involved in digital banking projects.

- It allows the researcher to quantify and classify the challenges based on their frequency, severity, or other relevant variables.
- Descriptive research findings can serve as a basis for informed decision-making. By identifying and describing the challenges faced in digital banking enhancement projects, stakeholders can gain insights into potential areas for improvement and make evidence-based decisions.

The main purpose of this study is to identify and describe the challenges of implementing digital banking enhancement projects without considering why the challenges are occurred.

### 3.2. Research Approach

As per Kothari (2004), descriptive research can be either quantitative or qualitative. The quantitative approach involves numerical data subjected to quantitative analysis, whereas the qualitative approach involves data in textual form that is concerned with subjective valuation of attitudes, thoughts, and behavior. According to Glass & Hopkins (1984) as cited in NABAV (2010), descriptive research comprises the gathering of data that describes events and then organizes, tabulates, depicts, and describes the data collection. It often uses graphs and charts to assist the reader in understanding the data distribution.

Therefore, quantitative and qualitative research approaches were used in this research study in order to achieve a more comprehensive understanding of the challenges associated with implementing digital banking enhancement projects in Dashen Bank. The qualitative component helps capture rich contextual insights and explore the subjective experiences of stakeholders, while the quantitative component enabled the researcher to quantify and analyze objective data to identify broader trends.

According to Creswell (2018), statistical procedures can be used to analyze the quantitative or numerical data obtained from the measurement of variables, usually through the use of instruments. The purpose of using mixed approaches in this research project was to get a better understanding of the problem under study, to get objective data evidenced by statistical figures and to find out more challenges of digital banking projects implementation.

### 3.3. Types of Data and Source of Data

The study used only primary data which was acquired through the administration of open and closed-ended questionnaires.

### 3.4. Data Collection Methods

Questionnaires were distributed to 38 clerical staff of the Digital Business Department, Digital *Agency Business Department, Digital Channels and Platform Department and the Enterprise Programme Management Department, who have direct involvement in digital banking enhancement projects. The reason for selecting these employees as respondents was because they possessed adequate knowledge regarding the challenges faced during digital banking enhancement projects and would provide significant insights to address the study goals. The researcher administered a questionnaire with both closed and open-ended questions that have two sections: the first section was about the respondents' demographic characteristics, and the second one sought their opinion on the challenges faced in implementing digital banking enhancement projects in Dashen Bank.

The questionnaire had allowed respondents to rate their level of agreement on a five-point Likert scale, with Strongly Agree (SA) = 1, Agree (A) = 2, Neutral (N) = 3, Disagree (D) = 4, and Strongly Disagree (SD) = 5. The following are the reasons why the Likert scale was used in this research project.

- ✓ The 5-point Likert scale provides a straightforward and easy-to-understand measurement system for respondents. It allows them to choose responses from a limited range of options, simplifying the data collection process.
- ✓ The 5-point scale provides a standardized format that allows for consistent comparisons across different items or dimensions in the questionnaire. This consistency helps in organizing and analyzing the data effectively.
- ✓ With five response options, the Likert scale provides enough balance for respondents to express their opinions without overwhelming them with too many choices. It offers a reasonable range from strongly agree to strongly disagree, allowing for neutral responses.

- ✓ The 5-point scale generates data, which can be further analyzed using various statistical techniques. These techniques help interpret the responses, identify patterns, and draw meaningful conclusions.

### 3.5. Target Population

The population of the study was 38 clerical staff who are currently working in four departments of the bank, such as the Digital Business, Digital Channels and Platform, Digital Agency Business, and Enterprise Programme Management departments which are directly related to digital banking projects. The researcher had focused on these departments in order to obtain relevant information for the problem under investigation. Based on the small number of employees working under the four departments, it was not required for the researcher to apply the sampling methods and take samples. Rather, the entire population was used for the study.

### 3.6. Data Analysis

Descriptive statistics, which is the major technique of statistical analysis using Microsoft Excel and Statistical Package for Social Scientists (SPSS), were used in this study. The quantitative and qualitative data collected from respondents who are working in Digital Business, Digital Agency Business, Digital Channels and Platform and Enterprise Programme Management departments was analyzed using averages, percentages, tables, and figures to determine the challenges of implementing digital banking enhancement projects in Dashen Bank.

The data obtained through the aforementioned research tools was prepared in an appropriate way for analysis using statistical software. The study used a descriptive method of data analysis using Statistical Package for Social Sciences (SPSS) version 25 software. The qualitative data had been analyzed based on the responses provided by the respondents for open ended questions by categorizing the data in the way they fit the research questions.

## 3.7. Validity and Reliability of the Study

### 3.7.1. Validity

Validity denotes the level to which the scholar has effectively measured the intended variable or phenomenon (Smith, 1991: 106, as cited in Kumar, 2011). Content validity was achieved by ensuring that the items in the questionnaire adequately cover the construct the researcher was measuring. To assess content validity,

- The researcher designed the questionnaire very carefully, questions were phrased logically and sequentially in simple language.
- The researcher has involved individuals who have knowledge and expertise in the field related to the questionnaire. The researcher had also asked them to review the questionnaire and provide feedback on whether the items assessed all relevant aspects of the construct.
- Expert advice (advisor's opinion) was also sought.

In this regard, some amendments were made to the questionnaire before it was distributed to the population under consideration.

### 3.7.2. Reliability

According to Creswell (2018), reliability refers to the test that is used in testing the internal consistency of the measurement. A Cronbach alpha of 0.70 means that 70% of the variance in observed scores is due to the variance in true scores. The closer the alpha coefficient is to 1.0, the greater the internal consistency of the items on the scale (Creswell, 2018). Therefore, the study accepted the alpha coefficient, which was greater than 0.70, as meeting the objectives of the study.

In computing alpha coefficient, the researcher has used SPSS version 25 and fed the responses of 32 respondents for each six items in the factors. The first factor, lack of material and financial resources which contains six items, and the Cronbach alpha value was computed as 0.739, which was in the acceptable range. The second factor was the frequent change in business requirements which holds six items with a Cronbach alpha value was calculated as 0.761, which was also in the acceptable range. The third factor, the lack of project implementation experience of a project team,

for which there are also six items with a Cronbach alpha value of 0.913, which was very much reliable. Since all the factors have Conbach alpha value greater than 7, there is an internal consistency within the six items.

**Table 3.1. Reliability Test**

| Factors | Cronbach's Alpha | Number of Items |
|---|---|---|
| lack of material and financial resources | 0.739 | 6 |
| the frequent change in business requirements | 0.761 | 6 |
| the lack of project implementation experience | 0.913 | 6 |

Source: own survey, 2023

### 3.8. Ethical Consideration

Ethics are norms or criteria of behavior that direct moral choices about our conduct and our relationships with others. The objective of ethical considerations in research is to guarantee that research activities do not lead to any harm or suffering for the individuals involved. The researcher designed the research project to not invade the rights and safety of the respondents by avoiding names and any identifying words when the questionnaire administered. The researcher has maintained the privacy of the data obtained from the participants. The data was analyzed on the basis of the questionnaire rather than using the researcher's belief, opinions, and inputs. The researcher remained honest with the responses of the respondents.

# CHAPTER FOUR
# RESULTS AND DISCUSSION

As stated in earlier sections, the primary objective of this study is to identify the obstacles encountered during the implementation of digital banking enhancement projects. In order to attain this objective, data was collected by means of a questionnaire, both open-ended and closed-ended in nature, from specific departments of Dashen Bank. In this chapter, the findings from the analysis have been extensively discussed. In order to produce a better outcome for the research explored, descriptive statistics have been effectively employed. A clear discussion of the general information and survey results was made using outputs from frequency, percentage, and mean.

At the beginning of this chapter, general information about the respondents was discussed, followed by the analysis and interpretation of the results obtained from analyzing the data gathered through the questionnaire. SPSS version 25 was used while analyzing the quantitative data. The qualitative data was categorized as a way of answering the research questions and presented in a table.

## 4.1. Response Rate

A total of 38 questionnaires were distributed to the Digital Business, Digital Channels and Platform, Agency Banking Business, and Enterprise Programme Management Departments' clerical staff members, and 32 questionnaires were properly completed and returned to the researcher, for a return rate of 84%. Therefore, the researcher used 32 questionnaires for the analysis of this study.

## 4.2. Demographic Information of Respondents

In this section, demographic variables were analyzed using frequency and percentage and presented in tables.

**Gender:** The below Table 4.1 portrays that among the 32 respondents, 71.9% were males and the rest, 28.1%, were females. This tells us most of the employees who are working on projects are male.

**Table 4.1. Gender**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Male | 23 | 71.9 | 71.9 | 71.9 |
| | Female | 9 | 28.1 | 28.1 | 100 |
| | Total | 32 | 100 | 100 | |

Source: Own Survey, 2023

**Age:** As it is portrayed in Table 4.2, 62.5% of the participants are in the young age group of 20-35 years. 34.4% of the respondents are in the middle age range of 36-45 years, and only one of the respondents that covers 3.1% is in an age group above 45 years. This data showed that most of the team working on projects is young.

**Table 4.2. Age**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 20-35 years | 20 | 62.5 | 62.5 | 62.5 |
| | 36-45 years | 11 | 34.4 | 34.4 | 96.9 |
| | Above 45 years | 1 | 3.1 | 3.1 | 100 |
| | Total | 32 | 100 | 100 | |

Source: own survey, 2023

**Educational Status:** Regarding the educational qualifications of the respondents, all participants held either a first or second degree. The majority (62.5%) were first-degree holders, while the remaining 37.5% (12 respondents) held a second degree. There was no one in the project group who is a Diploma holder. Table 4.3 shows the educational status of the respondents.

.

**Table 4.3. Educational Status**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | First Degree | 20 | 62.5 | 62.5 | 62.5 |
| | Masters or Above | 12 | 37.5 | 37.5 | 100 |
| | Total | 32 | 100 | 100 | |

Source: own survey, 2023

**Year of Experience in the Bank:** As it can be seen from Table 4.4, 40.6%, or 13 respondents, have work experience in the bank for 6-10 years. 28.1%, or 9 respondents, have been working in Dashen Bank for more than 10 years. 7 of the respondents' experiences which comprise 21.9%, are in the range of 1-5 years. There are only three respondents whose experience in the bank is less than a year.

**Table 4.4. Year of Experience in the Bank**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1-5 years | 7 | 21.9 | 21.9 | 21.9 |
| | 6-10 years | 13 | 40.6 | 40.6 | 62.5 |
| | Less than 1 year | 3 | 9.4 | 9.4 | 71.9 |
| | more than 10 years | 9 | 28.1 | 28.1 | 100 |
| | Total | 32 | 100 | 100 | |

Source: own survey, 2023

**Year of Experience on Projects:** It is illustrated in Table 4.5 that most of the respondents, which comprise 65.6%, have project experience in the range of 1-5 years. 18.8% of the respondents have a project experience in the range of 6-10 years. 4 of the respondents, which comprise 12.5%, have had project experience for less than a year. Only one of the respondents has project experience spanning more than 10 years.

**Table 4.5. Year of Experience on Projects**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1-5 years | 21 | 65.6 | 65.6 | 65.6 |
| | 6-10 years | 6 | 18.8 | 18.8 | 84.4 |
| | Less than 1 year | 4 | 12.5 | 12.5 | 96.9 |
| | more than 10 years | 1 | 3.1 | 3.1 | 100 |
| | Total | 32 | 100 | 100 | |

Source: own survey, 2023

**Current Role in Projects:** As table 4.6 depicts, among the total number of respondents, there are two project managers and two technical leads. The majority of the respondents, which accounts for 87.5%, are currently project team members.

**Table 4.6 Role in Projects**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Project Manager | 2 | 6.3 | 6.3 | 6.3 |
| | Project Team Member | 28 | 87.5 | 87.5 | 93.8 |
| | Technical Lead | 2 | 6.3 | 6.3 | 100 |
| | Total | 32 | 100 | 100 | |

Source: own survey, 2023

## 4.3. Survey Questions to identify challenges

### 4.3.1. Quantitative Data Analysis and Results

As it has been explained in the literature review part of this study, there were different challenges identified that hindered the implementation of e-banking projects. Among the challenges mentioned were low internet penetration, high internet costs, power interruptions, political instability, cyber security, power interruptions and others. In the second part of the questionnaire, the researcher provided eighteen questions that help to answer the research questions using a five

point Likert scale ranging from strongly disagree to strongly agree. Therefore, in this section, the outputs of the analysis regarding items in three major areas are presented and discussed thoroughly.

**Table 4.7. Lack of Material and Financial Resources**

| Sufficient amount of material resources are not allocated for projects | | | | | |
|---|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly Disagree | 1 | 3.1 | 3.1 | 3.1 |
| | Disagree | 10 | 31.3 | 31.3 | 34.4 |
| | Neutral | 8 | 25 | 25 | 59.4 |
| | Agree | 12 | 37.5 | 37.5 | 96.9 |
| | Strongly Agree | 1 | 3.1 | 3.1 | 100 |
| | Total | 32 | 100 | 100 | |
| **The required financial resources are not properly allocated for projects** | | | | | |
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly Disagree | 2 | 6.3 | 6.3 | 6.3 |
| | Disagree | 14 | 43.8 | 43.8 | 50 |
| | Neutral | 8 | 25 | 25 | 75 |
| | Agree | 7 | 21.9 | 21.9 | 96.9 |
| | Strongly Agree | 1 | 3.1 | 3.1 | 100 |
| | Total | 32 | 100 | 100 | |
| **Material resources are not allocated for projects timely** | | | | | |
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly Disagree | 1 | 3.1 | 3.1 | 3.1 |
| | Disagree | 5 | 15.6 | 15.6 | 18.8 |
| | Neutral | 7 | 21.9 | 21.9 | 40.6 |
| | Agree | 18 | 56.3 | 56.3 | 96.9 |
| | Strongly Agree | 1 | 3.1 | 3.1 | 100 |
| | Total | 32 | 100 | 100 | |
| **There is poor planning of resources.** | | | | | |
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly Disagree | 1 | 3.1 | 3.1 | 3.1 |
| | Disagree | 4 | 12.5 | 12.5 | 15.6 |
| | Neutral | 10 | 31.3 | 31.3 | 46.9 |
| | Agree | 15 | 46.9 | 46.9 | 93.8 |
| | Strongly Agree | 2 | 6.3 | 6.3 | 100 |

| | | | | | |
|---|---|---|---|---|---|
| | Total | 32 | 100 | 100 | |

**Project budget is not approved timely**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 1 | 3.1 | 3.1 | 3.1 |
| | Disagree | 5 | 15.6 | 15.6 | 18.8 |
| | Neutral | 14 | 43.8 | 43.8 | 62.5 |
| | Agree | 11 | 34.4 | 34.4 | 96.9 |
| | Strongly Agree | 1 | 3.1 | 3.1 | 100 |
| | Total | 32 | 100 | 100 | |

**Project related payments are not effected timely**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 1 | 3.1 | 3.1 | 3.1 |
| | Disagree | 6 | 18.8 | 18.8 | 21.9 |
| | Neutral | 12 | 37.5 | 37.5 | 59.4 |
| | Agree | 11 | 34.4 | 34.4 | 93.8 |
| | Strongly Agree | 2 | 6.3 | 6.3 | 100 |
| | Total | 32 | 100 | 100 | |

Source: Own Survey, 2023

As can be seen in table 4.7, the respondents were requested to reflect their opinion on the statement that a sufficient amount of material resources are not allocated for projects, and one of the respondents strongly disagreed with the statement. Ten of the respondents who were covered (31.3 %) disagreed and 25% of the respondents were neutral. However, 37.5% of the respondents agreed with the statement that there is a lack of material resources allocated for projects.

6.3% of the respondents, were firmly negative about the financial resource allocation. Most of the respondents comprised of 43.8%, disagreed with the statement that the financial resources are not allocated properly, which means they believed that the financial resources are properly allocated for projects. 25% of the respondents are indifferent or do not know about the allocation of financial resources. 21.9% of the respondents believed that there was an improper allocation of financial resources, and only one of the respondents, definitely sure that the financial resource allocation was improper.

Regarding the late allocation of material resources, one of the respondents was definitely sure that material resources were allocated very late. 56.3% of the respondents were positive about the late allocation of material resources for projects. 21.9% of the respondents were not sure or did not know when the material resources were allocated for projects. 15.6% of the respondents believed that material resources were timely allocated for projects.

One, which comprises 3.1% of the respondents, is definitely sure about the timely allocation of material resources. From this data, it can be said that material resources are not allocated for projects on time. In relation to the planning of resources, 46.9% of respondents were agree that there is poor planning of resources for projects, 31.3% of the respondents were neutral, 12.5% disagreed, only one respondent strongly disagreed; and the rest, 6.3% strongly agreed about the poor planning of resources. Table 4.7 revels, 53.2% of the respondents believed that there was poor planning of project resources. Therefore, it can be concluded that there is poor planning of project resources.

In relation to project budget approval, 43.8% of the respondents were indifferent about the late approval of the project budget. This can indicate that the respondents do not have information about the time of budget approval for projects. 15.6% and 3.1% of the respondents disagreed and strongly disagreed with the statement since they believed that the project budget was approved on time. Only 34.4% and 3.1% of the respondents agreed and strongly agreed with the late approval of the project budget. As the percentage of respondents who were indifferent about the time of budget approval was high, it cannot be sure if the budget for projects was approved timely or not.

37.5% of the respondents do not have information about when project related payments are made. 18.8% of the respondents disagree on the matter since they believe that project related payments are made timely. Only one of the respondents strongly believe in the timely payment of project related invoices. However, a total of 40.7% of respondents were in favour of the late realization of payments. Therefore, it can be said that the projects-related payments were not made on time or as required.

## Table 4.8. Frequently Change in Business Requirements

**Most of the time business requirements are changed during project implementation**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 1 | 3.1 | 3.1 | 3.1 |
| | Disagree | 3 | 9.4 | 9.4 | 12.5 |
| | Neutral | 1 | 3.1 | 3.1 | 15.6 |
| | Agree | 21 | 65.6 | 65.6 | 81.3 |
| | Strongly Agree | 6 | 18.8 | 18.8 | 100 |
| | Total | 32 | 100 | 100 | |

**Business requirements are incomplete**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 2 | 6.3 | 6.3 | 6.3 |
| | Disagree | 4 | 12.5 | 12.5 | 18.8 |
| | Neutral | 6 | 18.8 | 18.8 | 37.5 |
| | Agree | 17 | 53.1 | 53.1 | 90.6 |
| | Strongly Agree | 3 | 9.4 | 9.4 | 100 |
| | Total | 32 | 100 | 100 | |

**There is ambiguity in business requirements**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 2 | 6.3 | 6.3 | 6.3 |
| | Disagree | 2 | 6.3 | 6.3 | 12.5 |
| | Neutral | 8 | 25 | 25 | 37.5 |
| | Agree | 18 | 56.3 | 56.3 | 93.8 |
| | Strongly Agree | 2 | 6.3 | 6.3 | 100 |
| | Total | 32 | 100 | 100 | |

**Changes in business requirements are not communicated timely**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 1 | 3.1 | 3.1 | 3.1 |
| | Disagree | 6 | 18.8 | 18.8 | 21.9 |
| | Neutral | 7 | 21.9 | 21.9 | 43.8 |
| | Agree | 16 | 50 | 50 | 93.8 |
| | Strongly Agree | 2 | 6.3 | 6.3 | 100 |
| | Total | 32 | 100 | 100 | |

**Changes in business requirements are not managed properly**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 2 | 6.3 | 6.3 | 6.3 |
| | Disagree | 6 | 18.8 | 18.8 | 25 |
| | Neutral | 9 | 28.1 | 28.1 | 53.1 |
| | Agree | 14 | 43.8 | 43.8 | 96.9 |
| | Strongly Agree | 1 | 3.1 | 3.1 | 100 |
| | Total | 32 | 100 | 100 | |

**Frequent change in business requirement affect project budget**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Disagree | 1 | 3.1 | 3.1 | 3.1 |
| | Neutral | 1 | 3.1 | 3.1 | 6.3 |
| | Agree | 17 | 53.1 | 53.1 | 59.4 |
| | Strongly Agree | 13 | 40.6 | 40.6 | 100 |
| | Total | 32 | 100 | 100 | |

Source: own survey, 2023

As the above table depicts, the majority of the respondents, which comprise 65.6% and 18.8%, agreed and strongly agreed that most of the time business requirements are changed during project implementation. Only an insignificant number of respondents disagreed on the matter (9.4% and 3.1%). There is only one respondent who is indifferent about the requirement change. As per the findings, it can be said that the business requirements changed frequently during the implementation of the project.

In relation to the incompleteness of business requirements, 18.8% of the respondents were neutral, which means they do not have enough information about the business requirements. 12.5% and 6.3% of the respondents disagree and strongly disagree about it, whereas 53.1% and 9.4% of the respondents agreed and strongly agreed about the incompleteness of the business requirement. According to the finding, it is possible to say that the business requirements are incomplete.

With regard to the ambiguity in business requirements, 6.3% of the respondents strongly disagreed, and the same percent also disagreed. 25% of the respondents were indifferent about the ambiguity in business requirements which shows they have no or little information about business

requirements even though they are members of the project team. However, 56.3% and 6.3% of the respondents agreed and strongly agreed with the statement, which leads the researcher to conclude that business requirements are not clear or ambiguous.

When we see the responses for changes in business requirements are not communicated timely, 18.8% and 3.1% disagreed and strongly disagreed, whereas 50% and 6.3% agreed and strongly agreed on the statement. However, 21.9% of the respondents were indifferent, which can mean they were not sure about it. Based on this finding, it can be concluded that the change in business requirements was not communicated timely.

According to the results obtained from the questionnaire, 18.8% and 6.3% of respondents disagreed and strongly disagreed about the improper management of changes in business requirements. 28.1% of the respondents were neutral, which might be due to a lack of information about whether changes in business requirements are properly managed or not. However, 43.8 % and 3.1% of the respondents are in favour of the inappropriate management of business requirement changes. From this finding, it can be said that business requirement changes are not properly managed.

The majority of the respondents, comprised of 53.1% and 40.6%, agreed and strongly agreed that the frequent changes in business requirements affect project budgets. This means, a total of 93.7% of respondents agreed requirement changes affect the project budget. Only two of the respondents disagreed and strongly disagreed with the statement. Therefore, it can be concluded that frequent changes in business requirements affect the project budget and pose a challenge for project implementation.

**Table 4.9. Lack of project implementation experience**

| The Project team do not have the required experience to run projects | | | | | |
|---|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly Disagree | 1 | 3.1 | 3.1 | 3.1 |
| | Disagree | 15 | 46.9 | 46.9 | 50 |
| | Neutral | 3 | 9.4 | 9.4 | 59.4 |

| | | | | | |
|---|---|---|---|---|---|
| | Agree | 12 | 37.5 | 37.5 | 96.9 |
| | Strongly Agree | 1 | 3.1 | 3.1 | 100 |
| | Total | 32 | 100 | 100 | |

**The Project team do not have the required skill for projects implementation**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 2 | 6.3 | 6.3 | 6.3 |
| | Disagree | 14 | 43.8 | 43.8 | 50 |
| | Neutral | 4 | 12.5 | 12.5 | 62.5 |
| | Agree | 10 | 31.3 | 31.3 | 93.8 |
| | Strongly Agree | 2 | 6.3 | 6.3 | 100 |
| | Total | 32 | 100 | 100 | |

**The project team are not well trained**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 1 | 3.1 | 3.1 | 3.1 |
| | Disagree | 8 | 25 | 25 | 28.1 |
| | Neutral | 7 | 21.9 | 21.9 | 50 |
| | Agree | 11 | 34.4 | 34.4 | 84.4 |
| | Strongly Agree | 5 | 15.6 | 15.6 | 100 |
| | Total | 32 | 100 | 100 | |

**The project team do not identify and address project issues easily**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 2 | 6.3 | 6.3 | 6.3 |
| | Disagree | 11 | 34.4 | 34.4 | 40.6 |
| | Neutral | 11 | 34.4 | 34.4 | 75 |
| | Agree | 8 | 25 | 25 | 100 |
| | Total | 32 | 100 | 100 | |

**The project team do not complete assigned tasks timely**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | Strongly Disagree | 2 | 6.3 | 6.3 | 6.3 |
| | Disagree | 9 | 28.1 | 28.1 | 34.4 |
| | Neutral | 10 | 31.3 | 31.3 | 65.6 |
| | Agree | 10 | 31.3 | 31.3 | 96.9 |
| | Strongly Agree | 1 | 3.1 | 3.1 | 100 |
| | Total | 32 | 100 | 100 | |

| The project team are unable to prioritize project activities | | | | | |
|---|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly Disagree | 5 | 15.6 | 15.6 | 15.6 |
| | Disagree | 14 | 43.8 | 43.8 | 59.4 |
| | Neutral | 6 | 18.8 | 18.8 | 78.1 |
| | Agree | 5 | 15.6 | 15.6 | 93.8 |
| | Strongly Agree | 2 | 6.3 | 6.3 | 100 |
| | Total | 32 | 100 | 100 | |

Source: own survey, 2023

In this study, the researcher was trying to identify if the lack of the project team experience is a challenge for digital banking enhancement implementation or not. As the above table stated, different questions which were related to the project team experience was included and the responses were analyzed. The findings depicted in the above table showed that, majority of the respondents which comprises 50% were disagree about the lack of project team experience in the Bank where as 37.5% of them were agree about it. There were respondents that covers 9.4% of the total share were indifferent about the statement since they have no or little information about the team. Based on the analysis result, we can say that the team have experience to run projects.

In relation to the skill of the project team, the majority of the respondents, comprised of 43.8% and 6.3%, disagreed and strongly disagreed about the lack of required skill of the project team, whereas 31.3% and 6.3% agreed and strongly agreed about the lack of skill in the project team for project implementation, 12.5% of the respondents were indifferent about the skill since they might not know what kind of skill is required for the project team. Since a total of 50% of the respondents disagree about the lack of required skills, it can be concluded that the project team has the required skills or there is no shortage of required skills.

Regarding the lack of training, most of the respondents (34.4% and 15.6%) agreed and strongly agreed whereas 25% disagreed which means they believe that the project team is well trained. 21.9% of the respondents were indifferent about it. According to the findings, a total of 50% of respondents agreed about the lack of training, and it can be said that, the project team is not well trained.

The respondents were requested to answer whether the project team does not identify and address project issues easily or not. According to their response, 34.4% of respondents disagreed which means the project team can easily identify and address project issues, and respondents with the same percent were neutral about the question, which seems they did not want to tell about themselves. Only 25% of the respondents agreed that the project team does not identify and solve project issues easily. Therefore, as per the findings, it can be concluded that the project team can identify and solve project issues.

Regarding the statement that the project team does not complete assigned tasks timely, 28.1 % and 6.3% of the respondents disagreed, while 31.1 % agreed and only one respondent strongly agreed. Respondents with the same percent as agreed were indifferent about the statement. The findings revealed that a total of 34.4% of the respondents disagreed and it can be said that the project team can complete assigned tasks timely.

With regard to the prioritization of project activities, 43.8% and 15.6% of the respondents disagreed and strongly disagreed with the project team's inability to prioritize project tasks. 18.8% of the respondents were indifferent about it, probably because the project team sometimes prioritize tasks and sometimes does not. Only 15.6 % and 6.3% of respondents agreed and strongly agreed on the matter. Therefore, from the response, it can be concluded that the project team has no issue in prioritizing project activities.

All items in the questionnaire were analyzed and thoroughly explained. There were positive and negative responses to each major question, and it was difficult to answer the research question without further analysis. Therefore, the researcher further analyzed the responses using descriptive statistics, and mean was computed for each item. As per the research questions, the researcher was required to identify if a lack of material and financial resources, frequent changes in business requirements, and lack of project team experience are challenges for implementing digital banking enhancement projects or not.

In table 4.10, the mean of each question under lack of material and financial resources was added, and a combined mean was computed in order to identify and conclude if lack of material and

financial resources is a challenge in implementing digital banking enhancement projects or not. Since the combined mean is 3.17, which is above 3.0, it can be concluded that lack of material and financial resources is one of the challenges of implementing digital banking enhancement projects.

**Table 4.10. Cumulative Average of Lack of Material and Financial Resources**

| | | Sufficient amount of material resources are not allocated for projects | The required financial resources are not properly allocated for projects | Material resources are not allocated for projects timely | There is poor planning of resources. | Project budget is not approved timely | Project related payments are not effected timely | Combined Mean |
|---|---|---|---|---|---|---|---|---|
| N | Valid | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| | Missing | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mean | | 3.06 | 2.72 | 3.41 | 3.41 | 3.19 | 3.22 | 3.17 |

Source: own survey, 2023

The descriptive statistics result in table 4.11 was used in answering the second research question, which says frequently changing business requirements is a challenge for implementing digital banking enhancement projects or not, and the same step was followed as above for the identification. The mean of each sub-question was computed and added in order to get the combined mean of the item under investigation. The result of the combined mean was found to be 3.62. Based on the value of this figure, it can be concluded that frequent changes in business requirements during project implementation are a major challenge for digital banking enhancement project implementation in Dashen Bank.

**Table 4.11. Cumulative Average of Frequently Change in Business Requirements**

| | | Most of the time business requirements are changed during project implementation | Business requirements are incomplete | There is ambiguity in business requirements | Changes in business requirements are not communicated timely | Changes in business requirements are not managed properly | Frequent change in business requirement affect project budget | Combined Mean |
|---|---|---|---|---|---|---|---|---|
| N | Valid | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| | Missing | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mean | | 3.88 | 3.47 | 3.5 | 3.38 | 3.19 | 4.31 | 3.62 |

Source: own survey, 2023

In order to identify if the lack of project implementation experience of the project team is a challenge for implementing digital banking enhancement projects, a descriptive research approach was used, and the mean of each sub-question under this research question was computed and added. The combined mean was found to be 2.9, which was below 3.0. This indicated that the lack of project implementation experience of the project team is not a challenge for the implementation of digital banking enhancement projects.

**Table 4.12. Cumulative Average of Lack of Project Implementation Experience**

| | | The Project team do not have the required experience to run projects | The Project team do not have the required skill for projects implementation | The project team are not well trained | The project team do not identify and address project issues easily | The project team do not complete assigned tasks timely | The project team are unable to prioritize project activities | Weighted Mean |
|---|---|---|---|---|---|---|---|---|
| N | Valid | 32 | 32 | 32 | 32 | 32 | 32 | 32 |
| | Missing | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Mean | | 2.91 | 2.88 | 3.34 | 2.78 | 2.97 | 2.53 | 2.9 |

Source: Own Survey, 2023

### 4.3.2. Qualitative Data Analysis and Results

In addition to the data collected through closed- ended questions, the researcher also collected qualitative data from the responses acquired through open-ended question. Out of 32 respondents, 24 were provided with a list of items that they considered challenges for the implementation of digital banking enhancement projects. The researcher has employed the following research framework to analyze the data.

- The data collected from completed surveys was prepared before further processing. This had included editing, coding, cleaning, and entering the data.
- Manual themes were constructed based on the identified recurring elements. This helped the researcher to establish a foundation for the analytic codes.

- Code categories were developed based on the research questions mentioned in the research project as shown in table 4.13.
- Developed pattern codes helped the researcher to group the summarized data into a smaller number of sets, themes, or constructs.
- The researcher utilized the SPSS program to analyze frequencies of emerging themes. This had involved assessing the appearance frequency of specific themes.
- The code categories were then entered into a software, specifically SPSS version 25 in order to present it in a chart as shown in figure 4.1.

**Table 4.13 Categories of Additional Challenges Identified**

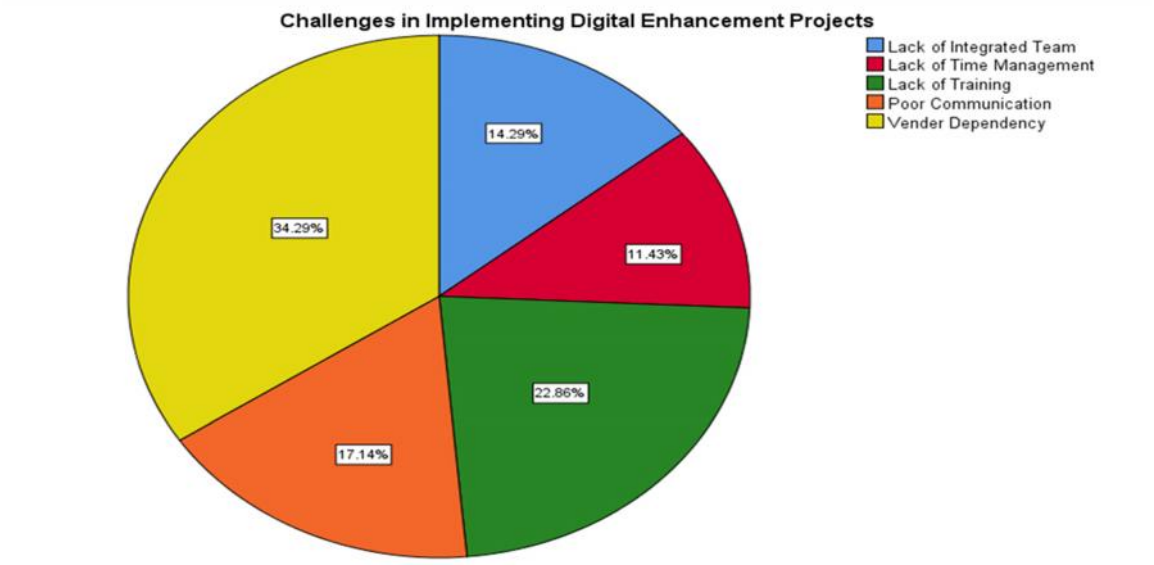
| Categories | Description | No. of Respondents |
|---|---|---|
| Poor Communication | There is poor communication between the project teams. In addition, required stakeholders are not communicated about the project timely. | 6 |
| Vender Dependency | The bank depends on outside vendors for any third-party integration projects implementation. Due to this reason, projects are delayed. | 12 |
| Lack of Training | The bank does not provide training for the project team, and due to this, there is a project implementation gap. | 8 |
| Lack of Integrated team | Project team does routine tasks in addition to project tasks. Therefore, they are losing focus. | 5 |
| Lack of Time management | Project tasks are delayed due to poor time management. Vendors do not deliver tasks on time. | 4 |

Source: own survey, 2023

Figure 4.1 clearly depicts that vendor dependency covered the largest portion and was found to be the major challenge of digital banking enhancement project implementation, followed by a lack of training for the project team. As stated by the respondents, the team was not trained and could not implement projects independently. Poor communication within the project team and with other stakeholders was also identified as another implementation challenge. Lack of an integrated team

was another challenge since project teams are expected to complete routine tasks in addition to project activities, which in turn makes them lose focus and be unable to track project activities. Lack of time management was also mentioned by the respondents as a project implementation challenge since projects were delayed because of mismanagement of time or improper project scheduling.

**Figure 4.1 Additional Challenges in Implementing Digital Banking Enhancement Projects**




Source: own survey, 2023

# CHAPTER FIVE

# SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

## 5.1. Summary of Findings

The primary focus of this research project was to identify the challenges faced in implementing digital banking enhancement projects in Dashen Bank. To achieve this, a suitable approach, the mixed research method, was applied, as it aligns with the descriptive research design requirements. Literature was reviewed in previous chapters to acquire a comprehensive understanding of the research topic. A questionnaire was a method used to collect primary data, and the collected data was analyzed through descriptive statistics by using SPSS version 25.

The descriptive statistics produce magnificent results using frequencies, means, and percentages of both demographic variables and survey questions. Based on the results of the study discussed in Chapter 4, the male participants constituted the majority of the respondents (71.9%) and the rest were females. A large number of the project team members were in the young age group, and the rest were in the middle age group. Regarding educational status, the greater part of the study respondents were first degree holders, whereas the rest were in the second degree and above group. There was no diploma holder among the respondents. Large number of respondents were in the range of 1-5 years of project experience, whereas small number fell in the range of 6-10 years. Most of the respondents had the role of project members except for the four; two of them were project managers, and the other two were technical leads.

In identifying the challenges of implementing digital banking enhancement projects, the researcher prepared around eighteen questions on a five point Likert scale. The mean value of each item was analyzed using descriptive statistics, and the result was found to range from 2.72 to 4.31.

In identifying the challenge, the researcher computed the combined means for the three items, such as lack of material and financial resources, frequent change of business requirements, and lack of project implementation experience, and the combined means were found to be 3.17, 3.62, and 2.90. Therefore, lack of material and financial resources and frequent change in business requirements

were found to be the challenges of implementing digital banking enhancement projects. In addition to these, the researcher identified challenges such as, poor communication, vendor dependency, lack of training, a lack of an integrated team, and a lack of time management through qualitative data analysis.

## 5.2. Conclusion

It is well understood that Ethiopian banks are striving to offer high-quality and innovative services to customers as a means of retaining existing customers and winning over new ones. The digital channel services are the major ones among the services provided by banks. Dashen Bank, as one of the competing banks in Ethiopia that introduced new technologies to the country for the first time, is currently late in implementing the digital enhancement projects. The primary focus of this research project was to distinguish the implementation challenges of digital banking enhancement projects in Dashen Bank. In order to achieve the goal, fundamental research questions were formulated and the opinions of respondents were collected from the Digital Business, Digital Agency Business, Digital Channels and Platform, and Enterprise Programme Management departments of the bank, which were believed to provide the required information.

Based on the research's objective and the problem statement, the below listed challenges were identified.

- The frequent change in business requirements was the major challenge for the bank while trying to implement digital banking enhancement projects,
- A shortage of material and financial resources, which are not provided timely for the enhancement projects, is also another challenge,
- The bank's dependency on vendors for project implementation was found to be another challenge,
- poor communication among team members and other stakeholders,
- Lack of training since the bank is not preparing and arranging the required training for the project team,
- Using the same team for functional tasks and project activities and,
- Time management issue.

Even though lack of project implementation experience was one of the research questions that the researcher tried to identify if it was a challenge or not, based on the collected and analyzed data results, it was found to not be a challenge for the digital banking enhancement project implementation in Dashen Bank.

## 5.3. Recommendations

Based on the results acquired from the collected and analyzed data, the researcher has forwarded the following recommendations, which are supposed to be helpful for Dashen Bank's top management if implemented.

- In projects, changes are natural and sometimes unavoidable. However, the frequent change in business requirements costs the bank and delays projects. Which in turn creates customer dissatisfaction or migration to other competing banks.

  In order to overcome the frequent changes in business requirements, the bank is required to do the following.

  - Conduct thorough customer research: collect extensive customer feedback and understanding their needs which can be done through surveys or interviews.
  - Engage all stakeholders: It is crucial to involve all stakeholders who have a concern for the output of the project. This includes not only customers but also employees, managers, and any other relevant parties.
  - Prepare clear and complete requirements: Once the bank has gathered sufficient information from customers and stakeholders, it should carefully document clear and complete requirements. These requirements should be detailed and leave no room for ambiguity.
  - Discuss requirements with implementers: Before starting the implementation process, it is essential to have thorough discussions with the implementers. This ensures that they have a clear understanding of the requirements and any potential challenges or concerns are addressed in advance.

- Communicate requirement changes promptly: In case there are any changes to the initial requirements, it is crucial to communicate them promptly to all relevant parties. This includes stakeholders and implementers. Effective communication helps manage expectations and minimizes confusion.

- It is difficult to implement projects without enough material and financial resources. Therefore, the bank needs to conduct a resource assessment, develop a resource budget, seek internal funding or external partnerships, procure materials efficiently by establishing a systematic procurement process, and monitor and manage the allocated resources.

- Providing the required training for the project team can tackle vendor dependency and lack of training challenges together. The bank can identify training needs by assessing the skills and knowledge gaps within the project team, create a comprehensive training program that addresses the identified needs, allocate training budget, engage internal subject matter experts to deliver training sessions, schedule training sessions that ensures minimal disruption to ongoing project activities, regularly monitor the progress made by each team member during and after training, evaluate training effectiveness.
- The bank can reduce vendor dependency by using the internal project team for project implementation, which in turn avoids the delay of project implementation. Having a well-trained and independent project team will save the bank from incurring unnecessary costs.
- The bank also needs to separate the functional and project teams in order to let the team focus on projects, implement projects on a timely basis, and get the desired output. In order to do so, the bank needs to assess the current organizational structure to identify opportunities for separating the functional and project teams, clearly define the roles and responsibilities of each team to avoid overlapping or conflicting tasks, assign dedicated resources to the project team to ensure they have the necessary skill sets and expertise required for successful project execution, set up effective communication channels between the functional and project teams to facilitate information flow and collaboration, and conduct periodic evaluations of the team structure to assess its effectiveness
- Regarding time management, the bank is required to schedule project activities and track each activity in order to close the project before or on deadline. The bank needs to identify all the tasks and activities required to complete the project, determine the order in which

the activities need to be performed, estimate the time required to complete each activity by considering factors such as complexity, resource availability, and any potential risks or constraints.

In addition, create a project schedule that outlines when each activity will start and finish, assign appropriate resources to each activity, regularly monitor and track the progress of each activity against the project schedule, and continuously review the project schedule and make adjustments as necessary.

- To address the communication gap among project team members and stakeholders, the bank needs to run any projects in one department or within a shared work place by building a project team from each concerned department, which in turn increases team collaboration.

  The bank required to assess the current organizational structure and identify any barriers to effective communication and collaboration between departments, clearly define the roles and responsibilities of each department or team involved in the project, establish communication channels, foster collaboration by creating opportunities for cross-departmental meetings, evaluate effectiveness of project team structure, and make the necessary adjustment to improve team communication.

## 5.4. Suggestion for Further Area of Study

This project work is mainly focused on the identification of challenges in implementing digital banking enhancement projects in Dashen Bank. It can help the bank in understanding the barriers and limitations that may arise during the project, utilize the project findings to enhance the overall project planning and management processes, improving customer experience by addressing the challenges identified in the research and can be serve as a basis for policy formulation. However, the study did not consider other commercial banks, and the external challenges outside Dashen Bank, and other non-digital banking projects. Therefore, in order to make generalizations, the researcher suggests further studies on both internal and external challenges of Digital banking enhancement projects in other commercial Banks. In addition, it will be better to identify the challenges of all running projects in the bank.

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## APPENDICES

ANNEX I

**Addis Ababa University**
**School of Commerce**
**Department of Project Management**

**Dear Respondents,**

This questionnaire is designed to collect data for the study on "**Challenges of Implementing Digital Banking Enhancement Projects in Dashen Bank S.C**." to be used for partial fulfilment of the requirement of MA in Project Management. Believing that, your genuine responses will contribute vastly to the quality of this research project. Please note that, this research is for academic purposes only and any information provided will be treated as confidential. The researcher kindly requests you to answer each and every questions carefully since your responses are valuable input for the findings to meet the goal of the research being undertaken. Your support will be highly appreciated.

Please contact me using mobile number 0911867099 or email address nbrutawit@gmail.com if you have any query regarding this questionnaire.

**Instruction:**

- You are not required to write your name
- Please tick the appropriate boxes which best suit your view.

**Section I: Demographic Information**

1. **Gender**
   Male ☐ Female ☐
2. **Age**
   20- 35 ☐ 36 - 45 ☐
   Above 45 ☐
3. **Educational Status**
   Diploma ☐ Masters or above ☐
   First Degree ☐
4. **Year of Service in Dashen Bank**
   Less than 1 year ☐ 6 – 10 years ☐

1 – 5 years ☐ more than 10 years ☐

**5. Year of experience on Projects**

Less than 1 year ☐ 6 – 10 years ☐

1 – 5 years ☐ more than 10 years ☐

**6. What is your current role in Projects?**

Project Manager ☐ Project Technical Lead ☐

Project Team Member ☐

If other please specify _____

**Section II: Question related to Challenges in Implementing Projects**

The below questions are related to implementing Digital banking enhancement projects. Please indicate your answer by putting tick mark (✓) on the space that specify your choice from the options that range from 'strongly agree' to 'strongly disagree'.

**Key**

SA = strongly agree A = Agree N= Neutral D= Disagree SD = Strongly Disagree

| **Lack of Material and Financial Resources** | | | | | | |
|---|---|---|---|---|---|---|
| **S. No.** | **Description** | **SA (5)** | **A (4)** | **N (3)** | **D (2)** | **SD (1)** |
| 1. | Sufficient amount of material resources are not allocated for projects. | | | | | |
| 2. | The required financial resources are not properly allocated for projects. | | | | | |
| 3. | Material resources are not allocated for projects timely. | | | | | |
| 4 | There is poor planning of resources. | | | | | |
| 5. | Project budget is not approved timely. | | | | | |
| 6. | Project related payments are not effected timely. | | | | | |
| **Frequently Change in Business Requirement** | | | | | | |
| **S. No.** | **Description** | **SA (5)** | **A (4)** | **N (3)** | **D (2)** | **SD (1)** |
| 1 | Most of the time business requirements are changed during project implementation | | | | | |
| 2 | Business requirements are incomplete. | | | | | |
| 3 | There is ambiguity in business requirements. | | | | | |
| 4 | Changes in business requirements are not communicated timely. | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| 5 | Changes in business requirements are not managed properly | | | | | |
| 6 | Frequent change in business requirement affect project budget | | | | | |
| **Lack of project implementation experience** | | | | | | |
| **S. No.** | **Description** | **SA (5)** | **A (4)** | **N (3)** | **D (2)** | **SD (1)** |
| 1 | The Project team do not have the required experience to run projects. | | | | | |
| 2 | The Project team do not have the required skill for projects implementation. | | | | | |
| 3 | The project team are not well trained. | | | | | |
| 4 | The project team do not identify and address project issues easily. | | | | | |
| 5 | The project team do not complete assigned tasks timely. | | | | | |
| 6 | The project team are unable to prioritize project activities. | | | | | |

Please list any other challenges that the Bank encountered while implementing Digital Banking enhancement projects in the space provided below.

1. _____
2. _____
3. _____
4. _____
5. _____

Thank you very much for taking your time to complete this questionnaire!