ASSESSMENT OF PROSPECT AND CHALLENGES OF ELECTRONIC BANKING SYSTEM IN CASE OF COMMERCIAL BANKS IN WOLKITE



COLLEGE OF BUSINESS AND ECONOMICS

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DECLARATION

By my signature below I declare and affirms that this paper is my original work and prepared under the guidance of Mr. Birhanu Dereja. (MSc)**.** This paper is submitted in partial fulfillment of the requirement for BA degree at Wolkite University in Accounting and Finance Department of and compliance with the regulation of university and meet accepted standard with respect to originality and quality.

Declaration by

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This Research paper has been submitted for the partial Fulfillment of Bachelor of arts Degree in Accounting and Finance with my approval as a university main advisor.

_____ _____ _____

_____ _____ _____

Examiners **Signature** **Date**

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I would like to thank my family who have never forgotten me in their prayers and who have done a lot my personality today, morally and financially. Last but most I would like to thank to the commercial bank manager, employees and customer who have provided me information and valuable material for the study and more over I am indebted to all my family who have never forgotten me in their prayers and support .

ABSTRACT

This study was assign to assess the challenges and opportunities of electronic banking system in commercial bank wolkite branch. In preparing these research both primary and secondary data were used. The primary data were collected through questionnaires both open ended and close ended techniques and interviews to the bank managers, Secondary data has been obtained from the bank journal. The researcher used judgmental sampling techniques for the selection of the sample. And the data collection through the questionnaires and interview would be organized and analyze, then tabulation in the form of tables and interpretation were made. On the bases of analysis and interpretation were make the conclusion and Recommendation for challenge and prospects of electronic banking system.

ACRONYMS

ATM- Automatic Teller Machine

E-Banking- Electronic Banking

E-Commerce- Electronic Commerce

E-Payment- Electronic Payment

EFT- Electronic Fund Transfer

ICT- Information and Communication Technology

IT- Information Technology

MB- Mobile Banking

NBE- National Bank of Ethiopia

PC- Personal Computer

POS- Point of Sale

PIN- Personal Identification Number

SME- Small and Medium Scale Enterprises.

VISA - Visa International Service Association

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CHAPTER ONE

1. INTRODUCTION

1.1 Background of the study

The increasingly competitive environment in the financial service market has resulted in pressure to develop and utilize alternative delivery channels. The most recently delivery. Channel introduced is online or electronic banking also known as e-banking (Daniel &Storey, 2001). Online or electronic banking systems give everybody the opportunity for easy access to their banking activities. These banking activities may include but not limited to: retrieving an account balance, money transfers between a user's accounts, from a user's account to someone else account, retrieving an account history (Liaoa and Cheung, 2002)

The definition of Electronic banking (E-banking) varies amongst researchers partially because Electronic banking refers to several types of services through which bank customers can request information and carry out most retail banking services via computer, television or mobile phone (Daniel,2001).

Different authors have defined it in different ways based on their understanding of the application of electronic banking. According to (Daniel, 2001).Electronic banking is electronic connection between the bank and customer in order to prepare, manage and control financial transactions on a secure website operated by their retail or virtual bank, credit union or building society. This implies that E-banking is a service that allows an account holder to obtain account information and manage certain banking transactions through a personal computer via the financial institution web site on the internet.

For many consumers, electronic banking means 24-hour access to cash through an Automated Teller Machine (ATM) or Direct Deposit of pay checks into checking or savings accounts (Ekin, 2001).

Electronic banking system provides opportunities like reduce the transaction costs between customers, improve business efficiency. Service and attract new customers. Electronic banking also increases the power of the customer to make price comparison across suppliers quickly and easily and as a consequence of this pushes price and margin down ward (Kerem, 2003).the commercial benefit of electronic banking lie in firstly, firms are able to expand their geographical

reach. Secondly, important cost benefit lie in improved efficiency in production and logistics processes, thirdly, there is enormous scope for gaining through improved customer communication and management (Harrison, 2008).

According to (Harrison ,2008) many of the factor affecting successful adoption of e-banking are include lack of infrastructure development, poor internet connection , lack of public acceptance ,the absence of a proper legal and regulatory frame work are more challenge the function of e-banking . So the paper is concerned the challenge and prospects of electronic banking system.

1.1.1 Background of the Organization

The commercial bank of Ethiopia (s.c) was incorporated as Share Company on proclamation no, 207 /95 October 2003 to take over the commercial banking activities of the former state bank of Ethiopia under this name; it began operation on January 1, 2003 with a capital of Eth, 20,000,000 and served for about 6 years. According to this proclamation, the main objectives of the commercial bank of Ethiopia are as follow:-

1. To extend commercial bank services throughout the country

2. To encourage the mobilization of saving by making the people aware of the use of banking

3. To extend loans, credit and all other banking facilities to any person for specific purpose and periods.

4. To spread widely banking habits among the people.

VISION . The bank inspires to become a world-class commercial bank by the year 2025.

Mission

The bank is committed to maximizing shareholders value through enhanced financial intermediation and customers' satisfaction.

The bank deploy highly motivated, skilled and disciplined employees as well as state of the all technology, we strong believed that wining the people's confidence is the basis of our success.

1.2 Statement of the problem

E-banking has been widely used in developed countries and rapidly expanding in developing countries. Most transaction in today are not made manually, banking transaction are processed in computerized way. Since e-banking transactions are made electronically it increases efficiency, reduce transaction cost and increase convenience of making banking transaction. However; there is challenge faced while using electronic banking system in commercial bank of Ethiopia wolkite branch. Like lack of customer trust, very poor internet connection and in security in the bank in order to utilize and adopt e-banking facilities are the indicators for the existence of the problem in commercial bank wolkite branch.

Lots of researches on E-banking system have been done in different countries in the world. Different factors in the adoption of E-banking have been taken as the main factors of the adoption of new technology by different researchers such as environmental factors (like lack of suitable legal and regulatory framework for e-commerce, poor ICT infrastructure, lack of competitive pressure in the industry), organizational factors (Lack of skilled man power, resistance to changes in technology among staff) and technological factors (security risk and functionality). However, despite the importance of these adoptions and development of E-banking, very limited number of research has been done on the challenges and opportunities of E-banking in developing countries like Ethiopia. Therefore, more studies are still required to assess challenges and prospects of E-banking in the country (Zhao, 2008)

Therefore, the purpose of this study was to identify the challenges and opportunities of E-banking technology in commercial bank of Ethiopia wolkite branch.

1.3 Research questions

Assess the challenge and prospects of electronic banking. Based on the above problem the researcher would be rise the following questions that would be answered after the accomplishment of the research work.

1) What are the major challenges of electronic banking?
2) What are the prospects of electronic banking?
3) What are the efforts that under way to promote E-banking in commercial bank wolkite branch?

1.4 Objectives of the study

1.4.1 General objective

The General objective of this study is to assess the challenges and prospects of electronic banking in commercial bank of Ethiopia in wolkite branch.

1.4.2 Specific objectives

The specific objectives of the study are

1. To identify the major challenge of electronic banking system
2. To identify the prospects of electronic banking system.
3. To examine the efforts that under way to promote E-banking in commercial bank wolkite branch**.**

1.5 Significance of the study

The purpose of the study is to assess the challenges and prospects of E-banking in commercial bank wolkite branch. In general the study will have the following significance.

- **the commercial bank**

Since E-banking technology is in an infant stage in Ethiopia, identification of opportunities and challenges for the adoption of E-banking can impact positively on the performance of banks that wish to adopt and/or have adopted E-banking applications Provide an opportunity for decision-makers and managers of the Bank's to consider and evaluate the opportunities and problems observed in the existing practices, in order to take appropriate corrective measures in the area or to accelerate the positive factors (if any) for the promotion of E-banking practices. The finding will provide a framework for the Banks for the design of their future directions and to adjust their goals and objectives as per real opportunities and challenges.

Researcher

This is important to the researcher as it equips him with the knowledge of e-banking. It will also enable the researcher to obtain Bachelor of art degree in accounting and finance.

Wolkite University College of business and economics

The research report will be available in the library and will be used by other future researchers who will be interested in this area of the research.

1.6 Scope of the study

The study were conducted in commercial bank of Ethiopia wolkite branch. This branch were selected because of the extensive use of e-banking facilities, and better application of online or e-banking than other bank. In addition to this, the study focuses on 2010-2013E.C due to the nature of the branch.

1.7 Limitation of the Study

The research study is not free from limitation. There are some issues which has hindered the attainment of the study objectives. Some limitation that the researchers are faced.

- Difficult to inspect all aspects of the company
- Lack of transparency in the employees by misunderstanding of the objective
- The major problem of the study is some head of the department were not willing to give full in formation
- Time and financial constraint to go every day and collected the data in detail.

1.8 Organization of the study

The paper is organized into five chapters, The first chapter would include introduction, statements of the problem, significance of the study, limitation of the study, scope of the study and organization of the paper .In chapter two, review of literature would be presented .In chapter three research methodology would be presented. Chapter four would be analysis of data and decision based on data collection. Finally chapter five would be describe the summary, conclusion and recommendation.

CHAPTER TWO

2.REVIEW OF RELATED LITERATURE

2.1 Empirical Studies

A lot of related studies were conducted by different researchers in different countries. Nevertheless, there are limited numbers of studies were conducted in Ethiopia on the adoption and development of the technological innovation particularly on E-banking services. Specifically, Gardachew (2006), conducted research on the opportunities and challenges of E-banking in Ethiopia. The aim of his study was focused on analyzing the status of E-banking in Ethiopia and investigates the main challenges and opportunities of implementing E-banking system. The author conducted a survey on the existing operating style of banks and identifies some challenges of using E-banking system, such as, lack of suitable legal and regulatory frame works for E-commerce and E- payments, political instability in neighboring countries, high rates of illiteracy and absence of financial networks that links different banks. According to Gardachew (2008), Opportunities offered by ICT through e-learning programs and Commitment of the governments on development of ICT Infrastructures are considered as drivers of using E-commerce and E-payment systems.

Ayana (2008), also conducted research on factors affecting adoption of E-banking System in Ethiopian Banking industry. The study was conducted based on the data gathered from four banks in Ethiopia. The result of the study indicated that, the major barriers Ethiopian banking industry faces in the adoption of Electronic banking are: security risk, lack of trust, lack of legal and regulatory framework, Lack of ICT infrastructure and absence of competition between local and foreign banks. The study also identified perceived ease of use and perceived usefulness as a driver of adopting E-banking system.

Study conducted by Khalfan et al., (2006) on 'Factors influencing the adoption of internet banking in Oman. Data, used in their study were collected using semi structured interviews and survey questionnaire as well as reviewing some bank documents. The results of their study provide a Pragmatic picture about the adoption of E-Commerce applications in the core financial sector domain of Oman. One of the main findings is that security and data confidentiality issues have been a major challenge. The banking sector was reluctant to use E-commerce applications as they felt that transactions conducted electronically were open to hackers and viruses, which are beyond

their control. Lack of top management support is the other inhibiting factor in the adoption of electronic commerce applications as per their finding.

2.2 Terms and Concepts

The definition of Electronic banking (E-banking) varies amongst researchers partially because Electronic banking refers to several types of services through which bank customers can request information and carry out most retail banking services via computer, television or mobile phone (Daniel,2001) Different authors have defined it in different ways based on their understanding of the application of electronic banking. According to Daniel (2001), electronic banking is electronic connection between the bank and customer in order to prepare, manage and control financial transactions on a secure website operated by their retail or virtual bank, credit union or building society. This implies that E-banking is a service that allows an account holder to obtain account information and manage certain banking transactions through a personal computer via the financial institution web site on the internet.

For many consumers, electronic banking means 24-hour access to cash through an Automated Teller Machine (ATM) or Direct Deposit of pay checks into checking or savings accounts (FTC, 2006).

Electronic banking, also known as Electronic Funds Transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another without the physical involvement of the bank personnel, rather than by cheque or cash.

By using Electronic fund transfer an account holder can use:-

- Salary deposited directly into bank or credit union account
- Withdraw money from account through an ATM machine with a personal identification number (PIN), at any convenience,
- Settle utility bills and other regular payments
- Transfer money between accounts
- Order payment to government offices like tax and pension
- Conduct transactions at the point-of-sale, using acredit/debit card rather than cash, credit or a personal check

2.3 importance of E-banking

Electronic banking systems provided easy access to banking services. The interaction between user and bank has been substantially improved by deploying ATMs, Internet banking, and more recently, mobile banking. Electronic banking (E-banking) reduces the transaction costs of banking for both Small and Medium Enterprises (SMEs) and banks. SMEs need not visit banks for banking transactions, providing round the clock services (Cheng, 2006). Customers prefers E- banking for conveniences, speed, round the clock services and access to the account from any parts of the world. E-banking offers benefits to banks as well. Banks can benefit from lower transaction costs as E-banking requires less paper work, less staffs and physical branches (Cheng, 2006).

E-banking reduces loan processing time as borrow application can be viewed by loan processing and loan approval authority simultaneously (Smith, 2003).

The benefits of E-banking identified from the current literature are classified in two main categories - tangible and intangible.

Tangible benefit

- Increase automation process

- Transformation of traditional market chain

- Retained and expand customer base

- Reduced operational costs

- Acquisition of each market

- Increase business efficiency

Intangibles benefit

-- Competitive advantage

2.4. Types of electronic banking

Electronic banking consists of the following, mobile banking, internet banking, telephone banking electronic card etc.

2.4.1 Mobile banking

Mobile banking involves the use of mobile phone for settlement of financial transactions. It supports person to person transfers with immediate availability of funds for the beneficiary. Mobile payments use the card infrastructure for movement of payment instructions as well as secure Short Message Service (SMS) messaging for confirmation of receipt to the beneficiary. Mobile banking is meant for low value transactions where speed of completing the transaction is a key. The services covered under this product include account enquiry, funds transfer, recharge phones, changing of passwords and bill payment which are offered by few institution (Sathye, 2004).

2.4.2 Internet banking

Internet banking involves conducting banking transactions such as account enquiry printing of statement of account; funds transfer payments for goods and services, etc on the internet (World Wide Web) using electronic tools such as the computer without visiting the banking hall. E-Commerce is greatly facilitated by internet banking and is mostly used to effect payment. Internet banking also uses the electronic card infrastructure for executing payment instructions and for final settlement of goods and service over the internet between the merchant and the customer, currently the most common internet payments are for consumer bills and purchase of air ticket through the websites of the merchants (Littler, 2006).

2.4.3 Telephone banking

These are banking services which a customer of a financial institution can assess using a telephone line as a link to the financial institution's computer center. Services rendered through telephone banking include account balance funds transfer, change of pin, and recharge phones and bills payment (James, 2008).

2.4.4 Electronic card

An electronic card is a physical plastic card that uniquely identifies the holder and can be used for financial transactions on the internet. For instance, Automated Teller Machine (ATM) and Point-of Sales (PoS) terminal are used to authorize payment to the merchant or seller (James, 2008).

The various types of electronic cards include debt, credit cards; releasable cards require visiting banks for replenishment. Debit cards are linked to local bank accounts and offer immediate confirmation of payment. Credit cards can be used to link a customer to a credit line and can also

be used for accessing local and international networks and are widely accepted in most countries. The underlying infrastructure and operational rules are often provided by global trusted schemes (such as visa and master card) in addition to local lines (James, 2008).

2.5. Delivery channels of E-banking

E- Banking services are delivered through various electronic means collectively called electronic delivery channels. Electronic Banking is really not one technology, but an attempt to merge several different technologies. Each of these evolved in different ways, but in recent years different groups and industries have recognized the importance of working together (Abor, 2004). The various delivering channels for E- banking are discussed as follows.

2.5.1 Automated Teller Machines (ATMs)

ATM is also called 24-hour tellers are electronic terminals which give consumers the opportunity to bank at almost any time (FTC, 2006). ATM banking is one of the earliest and widely adopted retail E-banking services in Kenya (Nyangosi et al. 2009).

It is described as a combination of a computer terminal, record-keeping system and Cash vault in one unit, permitting customers to enter the bank's book keeping system with a plastic card containing a Personal Identification Number (PIN) or by punching a special code number into the computer terminal linked to the bank's computerized records 24 hours a day (Rose, 2001).

To withdraw cash, make deposits or transfer funds between accounts, a consumer needs an ATM card and a personal identification number. Once the customer login, access to enhance wellbeing and education of customer's transactions are displayed on the screen. It offers several retail banking services to customers. They are mostly located outside of banks, and are also found at airports, malls, and places far away from the home bank of customers. Some ATMs charge a usage fee for this service, with a higher fee for consumers who do not have an account at their institution. If a fee is charged, it must be revealed on the terminal screen or on a sign next to the screen (Rose, 2001).

ATM services have a lot of advantages. They include increase in productivity during banking hours if the service is available in addition to the human tellers. They are cost-effective way of achieving higher productivity per period of time. According to (Rose, 2001).

2.5.2 Personal Computer Banking Services

PC-Banking is a service which allows the bank's customers to access information about their accounts via a proprietary network, usually with the help of proprietary software installed on their personal computer. Once access is gained, the customer can perform a lot of retail banking functions. The increasing awareness of the importance of

Computer literacy has resulted in increasing the use of personal computers. This certainly supports the growth of PC banking which virtually establishes a branch in the customers' home or office, and offers 24-hour service, seven days a week. It also has the benefits of Telephone Banking and ATMs (Abor, 2004).

It offers consumers the convenience of conducting many banking transactions electronically using a personal computer. Consumers can view their account balances, request transfers between accounts and pay bills electronically from home.

2.5.3 Electronic Funds Transfer at Point of Sale (EFTPoS)

An Electronic Funds Transfer at the Point of Sale is an on-line system that allows customers to transfer funds instantaneously from their bank accounts to merchant accounts when making purchases (at purchase points). A POS uses a debit card to activate an Electronic Fund Transfer Process (Chorafas, 1999). Point-of-Sale Transfer Terminals allow consumers to pay for retail purchase with a check card, a new name for debit card. This card looks like a credit card but with a significant difference, the money for the purchase is transferred immediately from your account to the store's account. Increased banking productivity results from the use of EFTPoS to service customers shopping payment requirements instead of clerical duties in handling cheques and Cash withdrawals for shopping. Furthermore, the system continues after banking hours, hence continual productivity for the bank even after banking hours. It also saves customers time and energy in getting to bank branches or ATMs for cash withdrawals which can be harnessed into other productive activities (Abor, 2004). Some banks issued international cards (such as Visa, MasterCard etc.) to their customers.

2.5.4 Credit Cards

A credit card is a small plastic card issued to users as a system of payment. It allows its holder to buy goods and services based on the holder's promise to pay for these goods and services. The

issuer of the card creates a revolving account and grants a line of credit to the consumer (or the user) from which the user can borrow money for payment to a merchant or as a cash advance to the user (Ioannou, 2006). A credit card is different from a debit card in that it does not withdraw money from the users account after every transaction. The issuer lends money to the consumer to be paid to the merchant. Holders of a valid credit card have the authorization to purchase goods and services up to a predetermined amount, called a credit limit. The vendor receives essential credit card information from the cardholder, the bank issuing the card actually reimburses the vendor, and eventually the cardholder repays the bank through regular monthly payments. If the entire balance is not paid in full, the credit card issuer can legally charge interest fees on the unpaid portion.

2.5.5 Debit Cards

A debit card (also known as a bank card or cheque card) is a plastic card that provides an alternative payment method to cash when making purchases. Functionally, it can be called an electronic cheque, as the funds are withdrawn directly from either the bank account or from the remaining balance on the card. In some cases, the cards are designed exclusively for use on the internet, and so there is no physical card (Ioannou, 2006).

In many countries the use of debit cards has become so widespread that their volume of use has overtaken or entirely replaced the cheque and, in some instances, cash transactions. Like credit cards, debit cards are used widely for telephone and Internet purchases and, unlike credit cards, the funds are transferred immediately from the bearer's bank account instead of having the bearer pay back the money at a later date. Debit cards may also allow for instant withdrawal of cash, acting as the ATM card for withdrawing cash and as a check guarantee card.

2.6 Characteristics of E-banking

E-banking includes the systems that enable bank customers to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet. Customers' access E-banking services using an intelligent electronic device, such as a Personal Computer (PC), Personal Digital Assistant (PDA), Automated Teller Machine (ATM), telephone (Ibrahim et al 2006).

2.7 Technologies Used in the Banking Sector

Nowadays, banks can use advanced technologies and internet, networks, payment cards, Automated Teller Machine (ATMs) and soon. This is one is of the prospects that enables banks to increase the efficiency and productivity.

The banking business has continued realizing the advantages of the cutting-edge information and communication technology. It has become essential to effectively implement the appropriate technology to have faster decision support and effective data integration in the financial intermediary process and also to look for other avenues to augment income.

Concerning the sect oral outlook, there are emerging initiatives to invest in electronic multi-service channels and also a tendency to optimally utilize the available resources in a consortium, which partly supports the effective implementation of the envisaged national payment system. Additionally, the ongoing efforts of emplacing the electronic laws focusing on the retail banking business are expected to have a positive effect on the growth of the payment card business. These are other opportunities for banks to expand their activities and ultimately realize a second-generation reform in the Ethiopian financial sector.

In this regard, commercial Banks are still at the early stage to implementing modern banking technology and value-added service provision. Withstanding the prevailing long attachment of branch-based service channel, which is perceived to lead the society to Ethiopian banking system is one of the most underdeveloped compared to the rest of the world. In Ethiopia cash is still the most dominant medium of exchange and electronic- banking is not well known, let alone used for transacting banking business. All banks in Ethiopia are too late to move with technological advancement and they should clearly chart out the time schedule for their integration and technological advancement. But unlike other E banking delivery channels all most all banks has installed ATMs at convenient locations for their cardholders. Currently, debit service only gives for Visa and master cards and clients of respective banks can withdraw cash and can buy goods and services by using the debit card. (Worku, 2010).

2.8. Challenges of E-banking

Banking organizations have been delivering electronic services to consumers and businesses remotely for years. Electronic funds transfer, including small payments and corporate cash

management systems, as well as publicly accessible automated machines for currency withdrawal and retail account management, are global fixtures. However, the increased world-wide acceptance of the Internet as a delivery channel for banking products and services provides new business opportunities for banks as well as service benefits for their customers (BCBS, 2001)

The development of an efficient monetary transfer system is associated with so many factors. These problems are infrastructural deficiency such as erratic power supply and communication link especially in developing countries. In this case it requires government or organizations to provide stable and efficient power supply and telecommunication system (Oleka, 2009).

Inadequate skilled managers and requisite tools on end users and client systems, here efforts should be done in provision of infrastructure and skilled man power,) so the banking legislation should set out standard charges for e-payment services (Littler, 2006).

- **Power Failure and Communication Link**

Constant electric failure leads to deficiencies in infrastructures such as ATMs, computers which slow down the rate of electronic transactions and also failure links from which are often as a result of spikes and surges caused consistent electronic power supply (Aladwani, 2001).

- **Lack of computer bank up**

As a result of lack of computer backup when the bank system is corrupt there will be a loss of information about a customer, and this may lead to misappropriation of customers account, therefore the bank should have a manual backup (ledger) containing all data about the customers (Akinuli, 2001).

- **Lack of adequate investment capital**

Funds that can be used to buy new information technologies and for modernizing existing systems is generally in short supply. While there are a number of modern banking applications in use, there is also integrated banking system, which continued to experience innovations in terms of product development specifically, and there has been tremendous improvement in the speed in which funds are transferred within and outside the domestic economy (international money transfer) (James, 2008).

- **Reduces employment in the country**

Electronic banking in the country today has reduced the rate of employments in the country whereby most works that should be done by human are done by machines thereby lead to minimum rate of employment and high rate of unemployment in the country (Oleka, 2008

- **Low public acceptance**

Customers and public do not have trust in the machine in the sense that fraudulent personals uses the system in carryout fraudulent activities, even today banks uses the machine in looting customers money from their accounts. Some customer complains that sometimes when they go for withdraw with their ATM the machine will seize the card while their account will still be debited with un withdraw sum in course of ratification of this problem, the customer might be discouraged because it will take a longer time or end up unsolved (James, 2008).

- **Insecurities in banks**

Most electronic machines today are not secure thereby making it easier for fraudulent personnel to carry out their fraudulent activities without been caught. Due to insecurity, banks cannot prevent stop or dictate any fraudulent activity. Computer hackers also use the system in stealing data or information by breaking of codes (Hodagho, 2001).

2.9. E-Banking Fraud

Convenience is the key reason of why millions of people are opting out of traditional banking for online banking. Banks also enjoy providing the option of online banking because they can save on operating costs. Most internet banking fraud occurs in a two-step process. Firstly, the offender must get their hands on the customer's account information, like their username and password. Secondly, the offender will use that information to move his victim's money to another account or withdraw it to make fraudulent purchases. For the first step, offenders often employ one of the many popular fraud schemes to obtain personal information. These fraud schemes include, but are not limited to:

2.10 Security Measures to Avoid E-banking Fraud

Kaleem and Ahmad (2008) argued that in undertaken E-banking transactions, customers are always concerned about hackers and anti-social elements. Hacking enables the unethical hackers to penetrate the accounts of online bankers, and spend their money. Availability of confidential

information which is just secured by a user name and password makes it vulnerable to such threats. Most of the banks try to make their sites secured by implementing latest network security software. Learn to keep your cards, documents and passwords safe, and monitor your accounts to safeguard yourself from bank fraud committed through identity theft. Most importantly, find out how to protect your personal information to avoid identity theft from happening to you (BSP, 2006).

E-bankers should install virus scanners and keep them and their systems up-to- date especially PC banking. They should avoid practices that easily lead to security hazards in particular they should not start up arbitrary executable attachments received via electronic e-mail. Users should check fingerprints of certificates against the fingerprints that are (should be) given by the bank on official paper documents (Claessensl., 2002; BSP, 2006).

2.11 Opportunity of electronic banking

Electronic banking offers substantial advantages to net dwellers in the form of enhance convenience time saving ability to buy and sell many bank places , and in the emergent market space electronic transaction between citizens and government render the opportunities for letter to collect "customer "information that can be used as an important input to operation and policy decision-making . Online identification technologies have, thus been sophisticated allowing access to individual personal details (Havalreta, 2007)

Worldwide presence

This is the biggest advantage of conducting banking online. A firm engaged electronic banking can have a national wide or a worldwide presence. IBM was one of the first companies touse the term e-banking to refer to servicing customers and collaborating with business partners from all over the world.

Cost effective marketing and promotions

Using the web market products guarantee worldwide reach at a normal price. Advertising techniques, payclik advertising ensures that advertiser only pay the advertisement that is actually viewed. Affiliated marketing where customers are direct to a business portal because of the effort of the affiliated who in turn receive a compensation for their efforts meeting with success. Have emerged account of electronic banking. Affiliated marketing has helped both the business and the affiliates. Firms have managed to use cost effective online advertising strategy to their advantage.

Developing a competitive strategy

Firms need to help a competitive strategy in order to ensure a competitive strategy advantage. Without an effective strategy they will find it impossible to maintain the advantage and earn profit.

Overhead costs are reduced

An e-banking essentially is independent of costs that are incurred for hiring personal and retaining them with competitive incentive topped with abundant facilities.

Better customer services

Electronic banking has resulted in improved customers services many times on visiting the web site the customer has readily available customer services may help in encouraging the customers to know more about the product or services, moreover payments can be made online. Products and services can be shipped to the customer without the customer having to leave the house.

CHAPTER THREE

3. RESEARCH METHODOLOGY

This section describes the methodology under taken in relation to justification of the research design, data sources and collection methods, sampling techniques and method of data analysis and presentation.

3.1 Research design

In an attempt to assess challenges and prospects of electronic banking system, the researcher would be used descriptive type of research design. As the name implies descriptive method would be used when the researcher wanted to describe specific behavior occurs in the involvement. It gives the researcher the ability to use look at whatever they are studying in so many various aspects and can provide a bigger over view as opposed to other forms of research.

3.2 Data sources and collection methods

The researcher were used both primary and secondary sources ,the primary data were collected through interview from bank managers and distributed questionnaires both customers and employees .Secondary data were collected from secondary sources like manual of the bank journals.

3.3 Sampling design and techniques

The targeted population of the study includes managers, employees and customers of commercial bank of Ethiopia wolkite branch. The total numbers of employees are 40, among the total numbers of employees the researcher would be selected 20 who have direct related to the electronic banking system and also among the total 150 number of customers the researcher would be selected 25 customers who are related to the use of electronic banking and ATM.

To select the sample the researchers were used non probabilities judgmental sampling techniques to select employees and judgmental convenience sampling techniques to select customers which are based on the researcher judgment to select the sample techniques. The reason is that randomly selecting the respondent from the population may lead unreliable information .so the researcher would be used judgmental sampling techniques in order to obtain appropriate information related to the topic.

3.4 Method of Data analysis and presentation

The data collection through the questionnaires and interview would be organized and analyzed, then tabulation in the form of tables and interpretation were made. The data that would be gained from questionnaires were analyzed quantitatively, whereas the data that would be gained from the interview also analyze qualitatively.

CHAPTER FOUR

4. DATA ANALYSIS AND INTERPRTATION

This chapter deals with data analyses, presentation and discussion which were conducted from sample respondent. Questionnaire were distributed to 20 commercial bank employees and 25 commercial bank employees who were selected using non probability convenience judgmental sampling method out of these 45 questionnaires 40were completed and collected as a result of this the response rate is 88.89%Generally the collected data is analyzed as follows.

4.1 General information of the respondent

Table 4.1.1.background of the respondent

Item	Respondents	
	No	Percentage
1. Sex		
Male	25	62.5%
Female	15	37.5%
Total	40	100
2. Age		
Below 25 years	12	30%
25-35 Years	22	55%
35-45 Years	4	10%
Above 45 Years	2	5%
Total	40	100
3. Educational level		
College diploma	10	25%
BA/BSC degree	23	57.5%
Master degree	7	17.5%
Other	0	0%
Total	40	100

4. Years of services		
1-5Years	20	50%
5-8Years	10	25%
8-11 Years	7	17.5%
Above 11years	3	7.5%
Total	40	100
5. Your position in the bank		
Teller	5	25%
Cashier	4	20%
Auditor	2	10%
Accountant	4	20%
Account Clark	3	15%
loan officer	1	5%
Branch Manager	1	5%
Total	20	100

Sources; questionnaire, (2021)

Table 4.1.1 shows background of the respondent which includes Five (5) classes that are sex, age, educational level, years of services in the organization and position in the bank. As it can be seen the above table the sex range, 25(62.6%) of the respondent are Male and 15(37.5%) of the respondent are Female. This shows Majority of the respondent are Male. 12(30%) of the respondent were below 25 years of age, 22(55%) are 25-35 years old, 4(10%) are 35-45 years old and 2(5%) of the respondent were above 45 years old. This Shows majority of the respondents are 25-35 years old. 10(25%) Of the respondent are had qualification of colleague diploma, 23(57.5%) had qualification B.A Degree, 7(17.5%) of the respondent had qualification Master degree and 0(0%) of the respondent are other. This shows that majority of the respondent had B.A Degree.

From the total number of the respondent 20(50%) had below 2years of experience, 10(25%) had 2-4years of experience, 7(17.5%) had 4-6years of experience and also 3(7.5%) of the respondent had above years of experience in the bank sector. This show that Majority of the respondent had below 2 years of experience. This implies that since average of the respondents are experienced

so; they are efficient in using resources and understanding electronic banking system well. Thus lead the bank effective.

Finally this table shows position in the organization 5(25%) of the respondent are Tellers, 4(20%) are Cashiers, 2(10%) are Auditors, 4(20%) Are Accountants, 3(15%) are Account Clarks, 1(5%) are Loan officer and also 1(5%) of the respondent is branch Manager. This shows Majority of the respondent are Teller position in the bank. This implies that there is segregation of duties in the bank this lead the bank to perform the task properly.

4.2 expectations of electronic banking

Table 4.2.1

Response	Frequency	Percentage
Do you have ATM card?		
A. Yes	35	87.5%
B. No	5	12.5 %
Total	40	100

Source; questionnaire, (2021)

According to the above table the researcher get a numerical output in terms of output , thus the respondent were provided for the usage status towards ATM card and from the total sample taken surprisingly 35(87.5%) of the respondents are actual holder and they currently use ATM card. Unfortunately 5(12.5%) respondent are non-user of the automatic teller machine card. This implies there is user of ATM in the bank, this lead to the bank increase productivity during banking hours if the service is available in addition to the human tellers and also cost-effective way of achieving higher productivity.

Table 4.2.2

Response	Frequency	Percentage
Do you think ATM is to use? A. Yes it is B. No it's not	36 4	90% 10%
Total	40	100

Sources; questionnaire, (2021)

In the above table 36(90%) the respondent were respond ATM Machine is easily to use but 4(10%) of the respond ATM Machine is difficult to use, from the above numerical Figure the researcher obtained the simplicity of ATM machine (Functional simplicity for actual customers). ATM Machine easiness to customers increase user of ATM Card. This lead to the bank delivers their eservices easily and effectively.

Table 4.2.3

No	Item	No respondent and percentage		
		Yes	No	Total
1	Does your bank have mobile Banking?	40(100%)	0(0%)	40(100%)
2	Does your bank have its own Website?	40(100%)	0(0%)	40(100%)

Sources; Questionnaire, (2021)

From the above table item number one (1) indicate that the majority 40(100%) of the respondents are responded that the bank have its own mobile banking. Whereas the remaining 0(0%) of respondents are responded that the bank have not its own mobile banking from these the researcher understand that commercial bank of Ethiopia wolkite branch has mobile banking service. Mobile banking involves the use of mobile phone for settlement of financial transactions. It supports person to person transfers with immediate availability of funds for the beneficiary.

In the above table shows that 40(100%) of the respondents are responded that the bank have its own website. While the remaining 0(0%) of respondents are responded that the bank have not its own website. From these the researcher understands that the majority of the respondents responded the bank have its own website .so, website is an important part of e-banking which is used for business organization to increase banking efficiency and effectiveness.

Table 4.2.4

Does your bank use advanced technologies and internet network payment card?

Response	Frequency	Percentage
Yes	35	87.5
No	5	12.5
Total	40	100

Sources; Questionnaire, (2021)

As shown in the above table 35(87.5%) of the respondents are responded that they use advanced technology and internet network payment card. While the remaining respondents 5(12.5%) are responded that they didn't use advanced technology and internet network payment card. Use of advanced technology is indication for the improvement of e-business so using advanced technology is the best way to increase e-banking system.

Table 4.2.5

Item	No of respondent and percentage		
	Yes	No	Total
1. Lack of available ICT infrastructure exists in the bank.	26(65%)	14(35%)	40(100%)
2. Using internet banking is difficult due to low internet access.	30(75%)	10(25%)	40(100%)
3. Mobile banking service may not perform well because of network problem.	23(57.5%)	17(42.5%)	40(100%)

Sources; Questionnaire, (2021)

According to the above table the majority 26(65%) of the respondents express their agreement using internet banking is difficult due to low internet access while the remaining 24(35%)of the respondents are agreed that using internet banking is not difficult due to low internet access . As the table indicate above the researcher can conclude that low internet access is the problem of commercial bank of Ethiopia wolkite branch.

Item number two(2) shows that the majority 30(75%) of the respondents are argued that lack of available ICT infrastructure affect e-business where as the remaining respondents are argued that lack of available ICT infrastructure is not affect e-business . From this the researchers understand that it is known without ICT infrastructure there is no e-business. This implies that ICT infrastructure is basic requirement in order to implement electronic banking systems, by implementing it the banking become beneficial from e-banking services.

As indicated in item (3) 23(57.5%) of the respondents are responded that mobile banking service may not perform well because of network problem. While the remaining 17(42.5%) of the respondents are responded that mobile banking perform well. From this the researcher understands that network connection problem comes from lack of ICT infrastructure and low internet access that cause customers not to use e-banking system. This result the bank faced difficulty in order to deliver e-banking service effectively and efficient.

4.3 Negative factors of doing electronic banking in commercial bank

Table 4.3.1

Item	No of respondent and percentage					
	Agree	Strongly Agree	Neutral	Strongly Disagree	Disagree	Total
Does using online banking increase customer satisfaction	8(20%)	30(75%)	0(%)	0(%)	2(5%)	40(100%)

Sources; Questionnaire, (2021)

In the above table shows that 30(75%) and 8(20%) of the respondents are argue that using online banking increase customer satisfaction. Whereas the remaining respondents argue that online banking do not increase customer satisfaction. From this researcher can understand that using online banking increase customer satisfaction. Customers satisfaction is the primary consideration for both product and services giving organizations this implies that the bank can satisfied customers need by using electronic banking systems this lead the bank attract more customers and this result increase the image of the bank .

Table 4.3.2

Item	No of respondent and percentage					
	Agree	Strongly Agree	Neutral	Strongly Disagree	Disagree	Total
There is lack of E-banking technology and managerial skill to use electronic banking	14(35%)	26(65%)	0(%)	0(%)	0(%)	40(100%)
Lacks of confidence within the security affect the adoption of electronic banking	16(40%)	20(50%)	0(%)	0(%)	4(10%)	40(100%)

Sources; Questionnaire, (2021)

From the above table item 1, 14(35%) and 26(65%) of the respondents are argue that lack of technological and managerial skills effect on the use of e-banking. while the remaining respondents respond lack of technological and managerial skills does not impact on the use of e-banking . From this the researcher concludes that lack of technological and managerial skills. This implies that lack of technical and managerial skills in implementation and development of e-banking technology is considered as factors that has negative influence on the adoption and development of e-banking. Thus lead the bank ineffective for the adoption and development of e-banking.

As shown in the above table item 2, the majority of 20(50%) and 16(40%) of the respondents are responded that are lack of confidence within the security affects the adoption of e-banking while the remaining 4(10%) of the respondents are responded that lack of confidence within the security does not affect the adoption of e-business. From this the researcher can understand that lack of confidence within the security is one of the major challenges of e-banking which discourage customers not to adopt e-banking. This lead the bank ineffective to deliver e-banking services

Table 4.3.3

No	Item	No of respondents and percentage					
		Agree	Strongly agree	Neutral	Disagree	Strongly disagree	Total
1	Using high level of ICT infrastructure is the way to promote e-business	17(42.5%	21(52.5%	0	2(5%)	0	40(100%)
2	To building legal and regulatory frame work is the way to promote e-business	11(27.5%	28(70%)	0	0	1(2.5%)	40(100%)
3	To decrease frequent power interruption and security issue is developed e-business	10(25%)	29(72.5%	0	0	1(2.5%)	40(100%)

Sources; questionnaire, (2021)

As shown in the above table 3.5 item number one (1) indicate that the majority 17(42.5%) and (21(52.5%) of the respondents are answered that using high level of ICT infrastructure is the way to promote e-business while the remaining respondents are responded that using high level of ICT infrastructure is not the to promote e-business from the above table the researcher conclude that high level of available ICT infrastructure is the way to promote e-business which ICT the brain of doing of e-business . since the e-banking technology requires a general good infrastructure in terms of communication and information technology, so implementation of good ICT infrastructure Thus lead the bank effective in providing e- banking services.

Item number two (2) shows that the majority 28(70%) and 11(27.5%) of the respondents are answered that building of legal and regulatory frame works is the way to promote e-business. While remaining respondents are responded that building legal and regulatory frame works is not the way to promote e-business. From this the researcher concludes as building of legal and regulatory frame work is the way to promote e-business.

Item number (3) indicates that the majority 29(72.5%) and 10(25%) of the respondents are answered that decreasing frequent power interruption and security issue is develop e-business where as the remaining respondents are respond that power interruption and security issue is not impact on e-business , so the researcher conclude that increasing supply of sufficient power and securely implementing of e-business increase the working capacity of the bank and increase the confidence of the customer's in order to use e-business .

Table 4.3.4

	Response	
Item	Quantity	Percentage
What are the major challenges of using electronic banking?		
A. there is a network connection problem.	5	12.5%
B. The limitation on the withdrawing amount per day.	8	20%
C. frequent problems on the ATM machine.	3	7.5%
D. all are challenges.	24	60%
Total	40	100

Sources; Questionnaire, (2021)

As stated above, the new electronic banking system comes with a new idea and technology to facilitate the banking system .Even though it makes easy and convenient for performing large and complex business transaction, the system may have same short come including poor internet access, insecurities in the bank, low public awareness and high cost of ICT infrastructure. Because of these reason the researcher try to search the users' attitude towards the limitation of the system. Based on the researcher analyses 5(12.5%) of respondents face a problem with regard to the network connection. And 8(20%) are often worried on the restriction amount to with draw per day. These make them to incapable to withdraw the desired amount with 24 hours. The other respondents those who concerning about the frequent and repetitive problem on the machine covers a total of 3(7.5%) from the total respondents these may be arise from the lack of expert and sophisticated of the machine. The last result from the above analysis indicates the large amount of respondents which totaled 24(60%) are face the above all problem's regarding with ATM machine. Since the above stated problems are exist in the bank thus lead to the bank difficult to deliver their banking services effectively and efficiently.

Table 4.3.5

	Respondents	
Item	Quantity	Percentage (%)
How much the level of customer awareness towards electronic banking system?		
A. Very good.	14	35%
B. good.	10	25%
C. satisfactory.	12	30%
D. poor	4	10%
Total	40	100

Sources; Questionnaire, (2021)

In the contemporary world there is a continues growth in the bank industry and it also pushes the customers towards to engage in the advanced and active financial institution. The above table indicates the customers 'awareness status as such electronic banking systems are more developed. The result from such analysis indicate that 14(35%) are above they well aware (very good) about electronic banking systems, 10(25%) of the respondents shows (good) awareness about electronic banking systems, the satisfactory levels holds 12(30%) of the respondents awareness towards electronic banking systems and the small part of this analysis covered by 4(10%) respondents that they have poor awareness about the electronic banking systems. This implies that customers awareness towards e-banking is important to the customers in order to access e-banking services easily that provided by the bank, this lead to the bank increase productivity.

Table 4.3.6

Item	Quantity	Percentage
What is the relationship between the costs versus benefit of electronic banking?		
A. favorable	29	72.5%
B. Unfavorable		
C. normal	11	27.5%
Total	40	100

Sources; Questionnaire, (2021)

Even if the bank installs such electronic banking system for the purpose of extending their banking service for the actual customers in order to complete the bank industry and to follow up the technology as of the customers demand, there must be economic benefit from the system cost. Based on the analysis output 29(72.5%) of the respondents answers show that there is a favorable difference between the benefit and the related cost. And the remaining 11(27.5%) recognize the cost benefit relationship as a normal (benefit =cost) return performance. Unfortunately no respondents agree with unfavorable return from such relationship. This implies that the benefit

obtained from implementation of electronic banking systems more than the cost incurred for implementing it. This lead the bank takes advantage from e-banking.

Table 4.3.7

Item	Respondent	
	Quantity	Percentage
1. What are the possible significant of electronic banking system?		
A. there is a substantial advantage	31	77.5%
B. the bank only satisfy a little of advantage compare with the cost	6	15%
C. There is extremely no advantage for the bank.	3	7.5%
Total	40	100%
2. What is the benefit of ATM payment?		
A. it is available at any time so you can withdraw as needed.	12	30%
B.it is faster than withdrawing when it is compare with that of using bank book.	3	7.5%
C. it decrease theft of cash on hand	4	10%
D. All are answer.	21	52.5%
Total	40	100%

Sources; Questionnaire, (2021)

it is true that a new system development face a merit and demerit for the individual customer, for the firm, industry .the above item number one (1) is an indicator of the researcher need to determine substantial advantage of the system for the bank . It accounts 31(77.5%) respondents those who assume a significant advantage of the system for the bank. The second ranked figure of 6(15%) indicate a little benefit relatively compare with the cost incurred by the bank. There is also

insignificant as a whole for the bank according to 3(7.5%) coverage respondents. this implies the bank take advantage from e-banking.

Item number two (2) concerning with the issue of positive outcome or the necessity of the card the above table contains the significant alternative that yield from using ATM card the target respondents also account those alternative as per the required need from using the card less of the half sample size i.e. 30% uses ATM card for its accessible as of demand .primarily those individual customers wants to withdrawal they required amount without the limitation time, workday. Whereas the remaining 53.5% are commonly used for its accessibility, much faster than withdrawing by using bank book account, absence of exposed to theft in fact all are important items listed by the researcher when using ATM card. This leads the bank to become effective in implementing of e-banking systems.

4.4. Analysis of Interview designed for the bank managers

Questions 1.what are the Driving forces that initiate the bank to adopt e-banking service?

The driving forces that initiate the bank to adopt e-banking services includes :- Existence of high competition in the banking industry , desire to improve organizational performance, improve the relationship with customers, reduce transaction cost, cover wide geographical area, build organizational reputation, satisfy customers, to keep the international banking standard and rapidly changing customers' needs and preferences .

Question 2. What are the basic challenges of adopting and developing new technological innovations like ATM and mobile banking in your institution?

- **Organization Factors Affecting Adoption of E-Banking Technology.**

High cost of implementation of E-banking, Lack of customer awareness with E-banking products, Lack of technical and managerial skills in implementation and development of E-banking technology ,Resistance to changes in technology among by Board, top Management and staff ;

- **Environmental Factors Affecting Adoption of E-Banking Technology.**

Limitation in network infrastructure and internet related support services, Customer low levels of computer literacy Limitation in ICT infrastructure; Lack of sufficient government support affect customers' willingness, Lack of legal framework for Banking; Lack of law mandating the bank to adopt E- banking technology. Lack of adequate coordination, interaction and cooperation between banks.

- **Technology Factors Affecting Adoption of E-Banking Technology.**

Users do not trust the E-banking technology provided by banks, Customer fear of risk to use E-banking technology; Lack of confidence with the security aspects, and financial crimes are easily facilitated through e– banking.

Question 3. What are the benefits your bank gained from the adoption and development of E-banking system (ATM and mobile banking system) in the delivery of service to customers?

In addition to operational benefits, there are also services benefits that the banking industry can attain from adoption and development of E-banking technology. Enhance accessibility of the bank's services(in terms of place), Facilitates development of new products and new business in the banking industry, improve customer services, improving transaction speeds, E-banking is convenient, accessibility; i.e. No time limit to access bank account and information(in terms of time) Facilitates marketing & market access, Create better relationship among banks and clients, overcome geographical limitations.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATION

This chapter discusses the conclusion that are drawn from the finding of the study and based on this the researcher gives recommendation

5.1. Conclusion

The findings of the study revealed that adoption and development of E-banking technology in commercial bank accordingly, a number of conclusions can be drawn from these results.

- Potential operational efficiency benefits of E-banking adoption and development as perceived by the increase productivity, reduces paper work, reduce transaction cost, generate foreign currency, and increase reliability and reducing errors.
- Moreover, the banks realized service benefits like, facilitate development of new products, facilitate marketing and market access, improve customer service, increase accessibility of the bank services, create good relation among banks and clients and encourages price transparency. Perceiving both operational and services benefits have positive tendency to adopt and develop E-banking technology among the banks.
- Despite the above benefits of adopting and developing E-banking technology in commercial bank of Ethiopia wolkite branch is associated with some challenges. The study shows that high cost of ICT equipment's and network, software and re-organization, lack of customer trust and resistance to changes in technology are the major challenges of commercial bank facing for adoption and development E-banking technology.
- The prevailing technical and managerial skills available in the commercial bank of Ethiopia wolkite branch towards adopting and extending of E- banking technology are found to be limited to influence the technological development rate.
- Limitation in network infrastructure and internet related support services, low levels of computer literacy, low level of ICT infrastructure and lack of sufficient government support are considered the basic external challenges facing the bank to adopt and develop E-banking technology.
- Besides, Security risks and lack of trust on the technological innovations are another Challenges faced by the bank in adoption and development of E-banking.

Therefore, from the above discussion it is possible to conclude that E-banking technology is not well adopted and developed in commercial bank of Ethiopia Wolkite branch.

5.2 Recommendation

Based on the findings the researcher came up with the following possible recommendations to policy makers, the banks, and the government in order to overcome the challenges, exploit the opportunities in adoption of E-banking technology and to ensure a successful practice of E-banking technology in commercial bank Wolkite branch.

- The Bank should create deep awareness to community concerning the E-banking products they offer and the benefits associated with using E-banking services through advertising their products and services on the internet, mass media as well as through organizing public exhibition and talk shows. Besides, the bank should attract the community to use the technology by diverse incentive campaigns. This way, customers' interest would be aroused;
- Bank should work to improve customers' confidence by providing adequate security of transaction back up of critical data files.
- In collaboration with banks, Government should educate and inform the community on the workability and effectiveness of E-banking technology. This will increase the customer confidence levels;
- The bank should facilitated proper and continuous training courses for their employees to have adequate understanding of the E-banking technology so as to achieve the desired objectives;
- High cost of ICT equipment and network, software and re-organization has been a challenge the banks facing adoption and development of E-banking. The researcher therefore, recommend that either bank should raise fund by issuing share to public in order to acquire these facilities needed in the industry or Government should support banking sector by facilitating development of sufficient ICT infrastructure for the successful implementation and development of E-banking services; and
- The central bank should issue suitable legal frameworks for adoption of the E-banking technology.

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APPENDIX

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

RESEARCH QUESTIONS

Dear sir/ madam

The aim of this questionnaire is to collect information for research to be conducted on the challenge and prospects of electronic banking system in the case of commercial bank of Ethiopia wolkite branch. Who is undergraduate student of Accounting and finance at Wolkite University. Your cooperation in providing genuine response to the following questions is highly important for the success of this study. It is only for academic purposes and your response will be kept confidentially.

Thank you in advance for your cooperation!!

Part -1: Questions related to challenge and prospects of electronic banking system

Tick your best response to the questions and write your answer on the space provided

SECTION-1 General information about the respondents

Please indicate you're:-

A. Sex Male ❑ Female ❑

B. Age below 25 years ❑ 35-45 Years ❑

25-35 years ❑ above 45 years ❑

C. Educational level College diploma ❑ Master Degree ❑

BA/BSC degree ❑ other ❑

D. Over all experience in the bank below 2years ❑ 4-6 years ❑

2-4 years ❑ Above 6 years❑

E. Position in the bank…….

SECTION 2. Question

1-strongly disagree 2-disagree 3-nutral 4-agree 5-Stronglagree

		Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
1	using of online banking increase customer satisfaction					
2	There is lack of technological and managerial skill to use e-banking					
3	Lack of confidence within the security affects the adoption of e-banking					
4	Using high level of infrastructure is the way to promote e-banking					
5	Building legal and regulatory framework is the way to promote e-banking in commercial bank					
6	Decreasing frequency power interruption and security issue increase e-banking application software					

8. Do you have ATM card?

Yes ❑ No ❑

9. Do you think ATM easy to use?

Yes it is ❑ No it is not ❑

10. Does your bank have its own web site?

Yes ❑ No ❑

11. Does your bank use advanced technology and internet network payment card?

Yes ❑ No ❑

12. Does your bank use mobile banking?

Yes ❑ No ❑

If your answer is no what is the reason?

.....

13. Lack of available ICT infrastructure affect to use e-banking?

Yes ❑ No ❑

14. Using internet banking is difficult due to low internet access?

Yes ❑ No ❑

15 Mobile banking service may not perform well because of network problem?

Yes ❑ No ❑

16. What are the major challenges of using e-banking?

A. There is a network connection problem
B. The limitation on the withdrawal amount per day
C. Frequent problem on ATM machine
D. All are challenge

17. How much is the level of customer awareness towards electronic banking system?

A. Very good C. Satisfactory
B. Good D. Poor

18. What is the relationship between the costs versus benefit of electronic banking?

A. favorable
B. Unfavorable
C. normal

19. What are the possible significance of electronic banking system for the bank?

A. There is a substantial advantage
B. The bank only satisfy a little of advantage compare with cost
C. There is extremely no important for the bank

If you have any reason please mention it.....

20. What are the benefits of ATM payment?

A. it is available at any time so you can withdrawals needed
B. it is faster than withdrawing when compare with that of using bank book
C. it decrease theft of cash on hand
D. All are answer

If you have any reason please mention it.....

Interview designed for the bank managers

1. What are the Driving forces that initiate the bank to adopt e-banking service?
2. What are the basic challenges of adopting and developing new technological innovations like ATM and mobile banking in your institution?
3. What are the benefits your bank gained from the adoption and development of E- banking system (ATM and mobile banking system) in the delivery of service to customers?