CUSTOMER'S ATTITUDE TOWARDS E-BANKING IN THE CASE OF COMMERCIAL BANK OF ETHIOPIA, GUBREA BRANCH.

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTEMENT OF MARKETING MANAGEMENT

A RESEARCH SUBMITTED TO THE DEPARTMENT OF MARKATING MANAGEMENT IN WOLKITE UNIVERSITY, IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR BACHELER OF ARTS DEGREE IN MARKETING MANAGEMENT.

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DECEMBER, 2020

WOLKITE, ETHIOPIA

ACKNOWLEDGMENTS

First, I would like to thank to my almighty God and to stay in life to this day and helps in giving me courage to cop up the complicated situations.

I extend my deepest appreciation to my advisor Mr.AbebeWorku for his guidance, professional expertise, constructive comments and encouragements in all my moments. His Constructive guidance during data collection until the end of this research work is highly appreciated and the completion of my study would have been impossible without his support. He was always willing to answer my questions, take my calls, and respond to my emails.

My special thanks again go to my friends for their constructive comments on my research, when no one assigned to me as an advisor. Their initial comment was the foundation for conducting this study and really I thank you for their family hood support and encouragement.

I sincerely acknowledge for this study respondent to their honest and concerned response for my survey without their relevant replays it was impossible to achieve my goal. I also would like to acknowledge Gubra branch staff members for their appreciations and commitment to give me the required information.

My special appreciation gives to my family members for their continuous encouragement and prays to be successful in my entire life. My last but not the least acknowledge is forwarded to my parents who are belongs to me for their encouragement and financial support to study my education and do my best.

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List of Acronyms

ATM	Automated teller machine
CBE	Commercial Bank of Ethiopia
CSA	Central Statistics Authority
EFT	Electronic Funds Transfer
IT	Information Technology
IDT	Innovation Diffusion Theory
PDA	Personal Digital Assistant
PIN	Personal Identification Number
POP	Point of Purchase
POS	Point of Sale
SNNP	South Nation Nationalities and Peoples
TAM	Technology Acceptance Model
TTF	Task Technology Fit

Abstract

This research tried to investigate customer's attitude towards e-banking in the case of commercial bank of Ethiopia at Gubra branch. Ethiopian commercial banks did not satisfy their customers enough due to a number of problems hindering the smooth delivery of electronic banking services. Because of this the researcher wants to fill the gap by assessing the attitude of customers on E- Banking in five dimensions like, perceived usefulness, perceived ease of, perceived credibility, convenience and service quality. The objective of this study was to assess customer's attitude towards mobile banking and to examine customer's attitude towards internet banking at Gubra branch. The researcher used descriptive research design. The primary data was collected through distributing research questionnaires for ATM user, mobile banking user and internet banking users. The study was based on the data collected from 379 customers by using multi stage sampling method. The descriptive analyses concluded that from total of 379 respondents 275(72.55%) customers have good attitude as they agree on electronic banking service as it is easy to use, it provides safety and security service, it is cost effective, it provides speedy service and it is time saving process. In order to satisfy customers and increase the number of customers who use internet banking service managers and other technology designer should adjust such obstacles.

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

In an era of business globalization, Information technology has brought an electronic revolution in the banking industry. It is IT that was revolutionizing the overall operations of banking at local, national and international level. Among the IT based banking services, E -banking is one of the modern technology in which banks use it in order to provide better services and solutions to the demanding customers by maintaining the competitive advantage through the degree of customer satisfaction in this dynamic market arena. The competition in banking sector become stiff and reshaped due to the introduction of ATM, POS, Internet banking and mobile banking which are the major milestones of electronic banking in Ethiopia (Garedachew, 2010).

As banking technology is identified as the information and communication technology employed by banks to deliver different services to its customers in a safe and reliable way in an electronic flat form, both customers and banks have been increasingly profited from the adoption of state of the art of modern technology during the last two decades being penetrated in the competitive environment by analyzing and fulfilling customer satisfaction based on the prospects and challenges of E-banking (Fenuga,2010). As customer satisfaction refers to the extent to which customers are happy with the product or service provided by a business. In the banking industry of Ethiopia commercial banks are practically providing e-banking system to their customers in order to raise customer satisfaction through their major intentions of introducing the adopted modern banking technology and achieving profits.

Hence there are few researches that have been done on the impact of E-banking on customer satisfaction in Ethiopia such as Assefa (2013) studied on the impact of e-banking on customer satisfaction in Gonder city and indicated that demographic characteristics have a significant relation with e-banking based customer satisfaction, Yitbarek (2015) stated that service quality dimensions reliability, responsiveness and ease of use have strong influence on e-banking users.

Today modern technology is considered as the key driver for the changes taking place in the banking industry around the world. Thus the world banking sector is entering into a new phenomenon of unprecedented form of intense competition supported by the pervasive and steadily growth of information and communication technology infrastructure and system. According to Amaoko (2012), information technology has brought a dynamic progress in the business environment perhaps no other sector has been influenced by advances in technology as much as banking and financial sectors.

Banking technology brings a cutting edge to run the business based on customer centric services and delivery channel (Bijuk&Srechari, 2012). Among the electronic banking distribution channels, Automatic teller machine (ATM) is the primary one and Finland is the first country in the world to have taken a lead in e-banking system (Mishra.R& J. Kiranmai, 2009).

Advancement in technology like electronic banking have also lead to improvements in the ways in which banks process information and provide service to their customers with a strategy of enhancing the service quality to maintain customer satisfaction and conquering the competitive advantage in the fierce competition currently existing in the banking industry. The capacity to fulfill customer expectation is needed to bring strong loyalty to the service of banks. It is mandatory to understand and realize the customers need for measuring the level of customer satisfaction (Amudha&Yabanu, 2012).

Ethiopia is surging ahead to be a leader in the horn of Africa in the financial sectors these sectors are insurance companies, micro finance institutions, saving and credit cooperatives and banking industry among these banking industry accounts for about 95% of the total financial sectors assets, implying that the finical sector is undeveloped and activities that banks could perform are legally limited in expanding services frame works which in turn contribute to lesser contest ability (Zerayehu,Kegnewa&Teshome,2013). Thus, this study aimed to examine the attitude of customers' in electronic banking via service quality.

1.2 Statement of the Problem

Indeed, when any business organizations full-fill customers need through technology advancement aided service not only the customers satisfy but also the organization achieves higher sales, profit, market share and competitive advantage in the competitive environment. So that it is vital for business companies to satisfy their customers using any one of the mechanism which is applying technology aided channels consistently. Likewise banks as a business organization should give intense attention to the reason behind the means of satisfying customers based on the impact of banking technology. However Ethiopian commercial banks did not satisfy their customers enough due to a number of problems hindering the smooth delivery of electronic banking services.

According to the study of Yitbarek (2015) dimensions of service qualities like ease of use, reliability and transaction efficiency have impact on customer satisfaction in electronic banking in which it stated other variables could have an influence. So this study was aims to assess the attitude of customers on E- Banking in five dimensions like, perceived usefulness, perceived ease of, perceived credibility, and convenience and service quality in the case of CBE in Gubra branch.

1.3 Research Questions

1. What looks the attitude of customers on ATM service at Gubra branch?
2. What looks the attitude of customers on mobile banking services at Gubra branch?
3. What looks the attitude of customers on internet banking services at Gubra branch?

1.4 Objective of the Study

1.4.1 General Objective of the Study

The overall objective of the study is to examine customer attitude towards E-Banking services in CBE at Gubra branch.

1.4.2 Specific Objectives

1. To identify customers attitude towards ATM service at Gubra branch.
2. To assess customer's attitude towards mobile banking at Gubra branch.
3. To examine customer's attitude towards internet banking at Gubra branch.

1.5 Significance of the Study

This study had provide guidance to the bank owners, leaders and managers necessary to increase customers satisfaction and organization performance by focusing on providing good service quality to the customers and minimize factors that leads to create dissatisfaction . In Ethiopia's context, adding to study was enriched the existing literatures hence giving a better understanding on the customer's satisfaction from the Ethiopian organizations context. The findings of this study was also be beneficial to scholars in a way that this was be a contribution to the body of knowledge in this broad and yet not fully exploited area of customer satisfaction as well as social sciences. It had enhanced understanding and development of relevant technology inventions as well as extensive areas of interest. The last but not the least, the study was open a door or would be utilize as an initial base to conduct further research studies in various areas of the country as well as other concerning bodies.

1.6 Scope of the Study

In terms of geographical coverage, the study was conducted in CBE at Gubrabranchon E-Banking service customers. It mainly focuses on the customer's attitude towards E-Banking. The study was conducted on customers of CBE at Gubra branch who are using E-Banking services in the year 2020 G.C.

1.7 Organization of the Study

The study has five chapters. The first chapter deals about the introduction part, which includes, background of the study, statement of the problem, research question, objective of the study, significance of the study, scope of the study, and organization of the study. The second chapter includes review of related literature about the role of employee and manager relation on employee performance. The third chapter deals with research methodology include research design, source of data, sampling techniques and sample size, method of data analysis and presentation. The fourth chapter would deals about data analysis and interpretation with personal information of the respondents and the final chapter includes conclusions and recommendation of the findings of the study.

CHAPTER TWO

2. LITERATURE REVIEW

2.1 Theoretical Literature

Innovation Diffusion theory is developed by Roger in 1983 explains individuals' intention to adopt a technology as a modality to perform a traditional activity. The critical factors that determine the adoption of an innovation at the general level are the following: relative advantage, compatibility, and complexity of trial ability. It is concerned with the manner in which a new technological idea, artifact or technique, or a new use of an old one, migrates from creation to use. According to (IDT) theory, technological innovation is communicated through particular channels, over time, among the members of a social system. The stages through which a technological innovation passes are: knowledge (exposure to its existence, and understanding of its functions); persuasion (the forming of a favorable attitude to it); decision (commitment to its adoption); implementation (putting it to use); and confirmation (reinforcement based on positive outcomes from it).

Dishaw and Strong (1999) indicate that the Technology Acceptance Model (TAM) and the Task-Technology Fit model (TTF) have been used extensively to explain the adoption of e-banking. The models provide quite different but sometimes overlapping perspectives on the utilization behavior of these electronic channels The Task-Technology Fit model (Irick, 2008)links technology to performance and posits that performance will be increased when a given technology provides features and support that correspond with the requirements of the task. Thus for banks, they will adopt e-banking technologies if it helps deliver better services to customers.

Technology Acceptance Model (Davis, 1989) however stands out as the most effective theory underpinning technology adoption by customers. It was developed to explain and predict computer-usage behavior and has its theoretical foundation in the Theory of Reasoned Action by AjzenandFishbein (1980). The TAM (Davis, 1989) posits that the adoption of any technology is influenced by two related factors of perceived usefulness and perceived ease of use. The TAM thus examines the manner in which factors such as system characteristics ensure user friendliness of the technology. Here, the user utilizes information in a systematic way in order to decide whether or not to use the technology in question (Al-Hajri, 2008). In addition, it also postulates that users will adopt the technology if they find it useful.

TAM has been described as well-established and robust (Yuttaponget al.,2009). According to Yuttaponget al., (2009), the model consistently explained a significant proportion of the differences between usage intentions and actual behavior.

Definition of E-Banking

Now a day, it is unthinkable that the success of a banking system without information and communication technology. It has enlarged the role of banking sector in the economy. The financial transaction and payment can now be released quickly and easily. The banks with the latest technology and techniques are more successful in the competitive financial market by generating more and more profitability (KaurRupinder, 2012). As a result of efficient delivery channels of technology for the banking industry like electronic banking brings new mechanisms of building the capacity of commercial banks for continuous and inclusive growth (R.Seronmodevi and M.G Sarvanaraj, 2012).

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, rather than by cheque or cash. It can be used electronic funds transfer to:

- Paycheck deposited directly in to bank or credit union checking account.
- Withdraw money from checking account from an ATM machine with a personal identification number (PIN), at convenience, day or night.
- Instruct bank or credit union to automatically pay certain monthly bills from account, such as auto loan or mortgage payment.
- Have the bank or credit union transfer funds each month from checking account to your mutual fund account.
- Have government social security benefits check or tax refund deposited directly into checking account.

 Buy groceries, gasoline and other purchases at the point-of sale, using a check card rather than cash, credit or a personal check.
 Use a smart card with a prepaid amount of money embedded in it for use instead of cash at a pay phone, expressway road toll, or on college campuses at the libraries photocopy machine or bookstores.
 Use computer and personal finance software to coordinate total personal financial management process, integrating data and activities related to income, spending, saving, investing, recordkeeping, bill-paying and taxes, along with basic financial analysis and decision making.

All electronic payment methods share number of common characteristics. These are independence, Interoperability profitability, security, anonymity, divisibility, case of use, and transaction fees. Independence refers to the ability of E-commerce methods of approaching without installing specialized software. Interoperability and portability refer to the ability of forms of E-commerce to interlink with penetrated some of the poorest economics due to the overwhelming demand for any form of the communications.

Types of E-banking

There are many electronic banking delivery channels to provide banking service to customers among them ATM, POS, Mobile banking and Internet banking are the most widely used and listed below.

Mobile banking

Mobile banking is a subset of E-banking in which customer's access a range of banking products like savings accounts and credit instruments, via electronic channels. mobile banking requires the customer to hold a deposit account to and from which payments to hold a deposit account to and from which payments or transfers many be made . Mobile banking reduces the transactions costs of payments because there is an electronically accessible state of value. Further more mobile banking is a term used for performing balance cheeks, account transactions, payments credit applications and other banking transactions through a mobile device such as a mobile phone or personal digital assistant (PDA). The mobile banking services were offered over SMS, service known as SMS banking. Mobile banking is used in many parts of the world with little or no infrastructure, especially remote and rural areas. This aspect of mobile Communication is also popular in countries where most of their populations are unbaked. In most of these places, banks can only be found in big cities and customers have to travel hundreds of mile to the nearest bank. The scope of offered services may include facilities to conduct bank and stock market transactions, to administrate accounts and to access customized information (Tiwari R, 2007).

Internet banking

Internet banking allows customers of financial institution to conduct financial transaction on a secure website operated by the institution, which can be a retail or virtual bank credit union or society. It may include any transactions related to online usage. Banks increasingly operates websites through which customers are able not only to inquire about account balance, interest and exchange rates but also to conduct arrange of transactions. Unfortunately, data on internet banking are scarce and difference in definitions make cross-country comparisons difficult (ArbarT.Timothy, 2012).

POS (Point of sale)

It is also sometimes refers to as point of purchase (POP) or check out is the location where a transaction occurs. A ’’check out’’ refers to as POS terminal or more generally to the hard ware and software used for check outs, the equivalent of an electronic cash register. A POS terminal manages the selling process by a sales person accessible interface. The same system allows the creation and printing of the receipt because of the expensive involved with a POS system, the eBay guide recommends that if annual revenue exceeds the threshold of 700,000 investments in a POS system will be advantageous. POS systems record sales for business and tax purposes illegal software dubbed ‘’zappers’’ is increasingly used on them to falsify these records with a view to evading the payments of taxes (Shittu O,2010). It is one of the e-banking deliveries channel in which customers used it to withdraw money from the bank on behalf of ATM machine damaged and purchasing services and products from hospitals, super markets and hotels.

ATM

Automated teller Machine (ATM) is a machine where cash withdraw can be made over the machine without going in to the banking hall. It also sells recharge cards and transfer funds, it can be assessed 24 hours/7 days with account balance enquiry (Fenuga, 2010).

2.2 Empirical Literature

Attitude of customers towards e-banking

A study conducted by Singh Rajput, 2015 in Banmore on the title "Customer attitude on E-Banking Service" proved that 45% of respondents explained that E-Banking is a time saving process. Only 37% respondents explained that E-Banking is easy to use. 46%respondents explained E-Banking Provides safety and security.43% respondents explained E-Banking provides up-to-date and accurate information. 40% respondents explained that E-banking is 24 hours available and transparency service. 41% respondents explained that E-banking is cost effective service. 42% respondents explained that E-banking is very speedyservices.

Jeevan (2000) observed that the internet banking enables banks to offer low cost and high value added financial services. US web-corporation argues that finally banks are finding that a comprehensive online banking strategy is indispensable for success in the increasingly competitive financial services market. Changes in technology, competition and lifestyles have changed the face of banking and banks in the present environment are looking for alternative ways to provide differentiated services.

In the year of 2016, there are eighteen commercial banks operating in Ethiopia, among these sixteen of them are private banks while the rest two of them are state owned banks. Although a rapid increase in the number of financial institutions, Ethiopian banking sectors are still undeveloped compared to the rest of the world. Banks in Ethiopia are unable to improve customer service through technological advancement so that the customers of their commercial banks have missed seldom to satisfy with the exposure of technology in banking sector that has been satisfied and entertained elsewhere in Africa and other part of the world.

The modern E-banking such as ATM, POS, Internet banking and mobile banking are somehow new to Ethiopia banking industry. E-banking applies the use of modern technology that allows customers to access banking services electronically whether it is to withdraw cash, transfer funds, to pay bills or to obtain commercial information. This technology introduced to the banking sectors by few private and one state owned commercial bank of Ethiopia introduced ATM service for local users in 2001 where ATMs located in Addis Ababa.

Despite there are some related studies conducted by different researchers in various parts of the world limited number of researches have been conducted in Ethiopia on the issue of electronic banking modern technology particularly Garedachew (2010) studied on the challenges and opportunities of electronic banking in Ethiopia and found out the major challenges of electronic banking system such as lack of suitable legal and regulatory frame works for e-payment and ecommerce ,political instability of neighboring countries, absence of financial networks that links different banks and rate of illiteracy.

According to (Wondessen&Tsegai,2005) the challenges and prospects of electronic payment in Ethiopia were lack of customer trust in the initiatives, unavailability of electronic payment regulations and laws, frequent power disruption and lack of skilled man power. The authors found these investigations through applying interview and observation right on the place while customers have been served. And they came up to the conclusion and recommendations of emphasizing on the enhancement of adequate legal and security frame work to improve the use of electronic payment. Thus the finding has seldom argumentative issues with the previous study.

E-banking challenges and opportunities in Greece were researched by Angela kopoulos and Mihiotis (2011). The main findings demonstrate that banks expand to e-banking services in order to remain competitive, to keep track with technological developments and to benefit from the lower cost of e-banking transactions. The major problems they faced were the low response rate from customers and the implementation of security and data protection mechanisms. The relatively low Internet usage, the non-familiarity with technologically advanced devices and problems regarding security and privacy were the main factors that have a negative influence on the adoption of e-banking services by customers in Greece.

Vaithianathan, S. (2010) in his study comments that due to the high Internet penetration among developed countries' populations, these countries are able to deploy electronic commerce to their advantage, whereas developing countries are still trailing far behind. Apart from this, other issues such as lack of technology infrastructure, lack of awareness, lack of skilled human resources, and the lack of government initiatives, including various economic and social factors are cited as hurdles that prevent pervasive e-commerce adoption in developing countries.

Majid. K(2012) explained the concept of e-banking and highlighted all the concerns and challenges while implementing the same in their study of the challenges and opportunities of electronic banking in India. The authors emphasized that e-banking was necessary not only for improving the quality of services rendered to the customers but also for better marketing of products. The authors evaluated various e-banking modems for banking transactions like ATM,EFT, ECS, SPNS, PC banking, mobile banking and internet banking. But they mainly emphasized on virtual banking, smart cards, e-cheques and internet banking. They analyzed the websites of various banks for internet banking adoption in which private sector banks were providing maximum internet banking services followed by public sector banks, foreign banks and old private sector banks. The author suggested some measures which could contribute towards greater adoption of e-services. The customers should be taken into confidence that the transactions made by them are risk free, and there is no scope of any fraud. Further, they should also be assured that hackers can do no harm to their interests. Furthermore, the system should be free from legal intricacies. Whereas Amadeh and Jafarpour (2009) studied four groups of obstacles in a research titled the study of obstacles and strategies to improve Electronic banking in the perspective of Iran these obstacles included socio cultural, managerial, financial and technical causes. The first two were accepted and the second two were rejected at the end of the study.

As per the study of (Bultam,2014) entitled on the assessment of factors that affects adoption of electronic banking in the Ethiopian banking industry. This research was conducted on four banks in Ethiopia these private banks were Dashen bank, Zemen bank, Wagagen bank and one stated bank (Commercial bank of Ethiopia). The results of the study showed that the major obstacles of Ethiopian banking industry faces in the adoption of electronic banking are lack of trust, security risk, lack of trust, lack of legal and regulatory frame work lack of ICT infrastructure and absence of competition between local and foreign banks. The author recommended that establishing legal frame work on the use of technology in the banking industry, supporting the banking industry by investing on modern technology infrastructure and the banks strategic focus on technological innovations instead of traditional mechanism of providing service was unquestionable.

Moreover, based on the study of (Assefa, 2013) conducted research on the impact of electronic banking on customer satisfaction in Ethiopian banking industry. The study scope was on the two private banks Dashen bank and Wagagen bank in Gonder city and its aim was in comparing the traditional brick and mortar banking service, realizing the demographic characteristics age, occupation, education relationship with electronic banking induced customer satisfaction and understanding the level of customer satisfaction through the opportunities and challenges of electronic banking. The researcher pointed out as a result majority of users of electronic banking are the young, the educated, salaried, and students, business man women are not actively using the service of electronic banking. Electronic banking reduced frequency of bank hall for banking service, reduced waiting time for customers. there are customers who do not know the fee charged for being electronic banking users the bank customer satisfaction increased after being electronic banking users, enabled customers to control their account movements and there is high opportunity to expand electronic banking service in the city. Finally the author suggested that bank should work much in increasing the number of users from all aspects that from gender, age, education status, occupation and make business man and women to use electronic banking service.

Raopun (2005) evaluated the level of internet banking services in Thailand and Compared the overall service quality of internet banking. The author used eight dimensional quality model given by David A. Garvin, namely, performance, features, reliability, conformance, durability, serviceability, aesthetics and perceived quality. The results of the study indicated that reliability, security system and information accuracy were the most important perspectives and least important was the perceived quality of commercial bank. The results of the study could be used as a guideline to set up a form of service in order to satisfy the needs of target group accurately and appropriately and the research study by MesaySata Shankar (2012) shows all service quality dimensions are positively correlated with customer satisfaction indicating quality banking service as a prerequisite for establishing and having a satisfied customer. According to the result of correlation, empathy and responsiveness are the dominant determinants of customer satisfaction.

Boateng and Molla (2006) indicated that the operational constraints of internet banking is associated with the customer location, the need to maintain customer satisfaction and the capabilities of the Bank's main software to act as an influential factors in motivating the decision to enter electronic banking services and consequently influencing the usage experience and thus affecting the level of satisfaction (Boateng and Molla, 2006).

As posited by Qureshi et al. (2008), the perceived satisfaction associated with internet banking has made some customers shift from traditional banking. The main argument for such shift is the perceived usefulness, perceived ease of use, security and privacy provided by electronic banking. According to Jannatul(2009) on his part of study of electronic banking and customer satisfaction concentrating on the impact of variables of electronic banking on customer satisfaction in Bangladesh under five service quality dimensions namely reliability, assurance, responsiveness, empathy and tangibles are established based on SERVIOUAL model. These variables are tested in electronic banking to explore the relationship between service quality and customer satisfaction. The results of the study indicated that the factors are the major service quality dimension for customer satisfaction in electronic banking and the three variables reliability, responsiveness and assurance have more contribution to satisfy the customers of e - banking in Bangladesh.

The study of (Yitbarek, 2015) on the impact of electronic banking service on customer satisfaction in selected commercial banks of Addis Ababa, It aims to investigate impacts of electronic banking service on customer satisfaction, its relation with demographic characteristics and major challenges in electronic banking activities to satisfy customers in selected private and public commercial banks in Addis Ababa. The empirical results indicated that service quality dimensions reliability customer support and ease of use has strong influence on electronic banking users in both private and state owned banks thus the management bodies of the commercial banks should strive to strengthen these service dimensions, there is also a relationship between satisfaction in electronic banking and age, education level of users of electronic banking. And the study indicated that the major problem faced by commercial banks in relation to electronic banking is network failure due to poorly developed telecommunication infrastructure, lack of reliable power supply, lack of ICT knowledge from customer end in order to sustain the service the commercial banks should work with government's bodies (Ethiotelecom and Ethiopian electric power) and increasing the customers' knowledge and confidence in using electronic banking system.

To sum up, many of related studies on the impact of electronic banking on customer satisfaction are seldom conducted in using qualitative approach and focused in some private and state owned commercial banks even the study of Assefa (2013) did not include state owned bank and assess the level of customers' satisfaction in terms of service quality dimensions. On the other hand the study of Yitbarek (2015) were not indicated the valuable information's that could be obtained from electronic banking department of the study areas. Thus this study is designed to address the current gap in the literature methodology and questions of representativeness by assessing and examining the impact of electronic banking on customer satisfaction of three private banks and one state owned bank in Addis Ababa.

CHAPTER THREE

3. METHODOLOGY OF THE STUDY

Research methodology is a way to systematically solve the research problem. It may be under stood as a science of studying how research is done scientifically. Methodology should give full details to show the research activity is going to be carried out.

3.1 Description of the Study Area

The study area is found in Welkite town, Guraghe zone, SNNP region, Ethiopia. It is one of an administration and trading center of twenty two reform towns in Guraghe zone that opted as a hub of development in the region.. It locates 158 km away from Addis Ababa. The town is bound by Addis Ababa in the Southwest and Jimma in the south (Beshir, 2014).

According to Central Statistic Agency of Ethiopia (CSA,2007) total population of the town was 28,856 of which 15063 (52.2%) were male and the rest 13793 (47.8%) were female. It located in the geographic coordination of 905500-916500 North latitude and 360500-371500 East longitude (Beshir, 2014).

3.2 Research Design

The research design was a descriptive research design. A descriptive study is based on making findings concerning questions of; who, what, where, when, or how much? Descriptive studies are always handled with hypothesis which are clearly defined or investigative questions and they serve a number of objectives in the study which include making descriptions of phenomena or characteristics associated with a subject, making estimates of the proportions of a population that have these characteristics, and also discovery of associations among different variables which is sometimes referred to as a correlation study, a subset of descriptive studies (Cooper D.R and Schindler P.S, 2011). So the researcher found it necessary that a descriptive research design is appropriate for this study because this study was concerned with find out the customer's attitude towards E-Banking services at Gubra branch.

3.3 Target Population of the Study

The population of the study was a total of 7229 customers from this 3615 are ATM user, 2565 are mobile banking users and 1049 are internet banking users in the year 2011 E.C in CBE at Gubra Branch.

3.4 Sample Size

In order to decide the sample size the researcher had used Yamane (1967) simplified formula to calculate the sample size at 95 % confidence level and 5% precision level.

$$n = \frac{N}{[1+N(e)^2]}$$

Where:

n = is the sample size,

N= is the population size,

e = is the level of precision

Based on this formula sample size of this study has determined as follows:

$$n = \frac{7229}{[1+7229(0.05)^2]}$$

n= 379

3.5 Sampling Technique

In this study, multi-stage sampling techniques were applied to select sample respondents. In the first stage, Gubra branch E-Banking user customers are taken from the listed. In the second stage, each customer was clustered into 3 clusters based on E-Banking service type as ATM user, Mobile Banking user and Internet Banking user. Finally, the sample customers were selected from each sampling frame using probability sampling design specifically based on proportional random sampling procedure using their list from Gubra branch.

So the sample size was allocated proportionally to each of three E-Banking service type strata. First, proportionality coefficient was computed, which is simply the total sample size divided by the total population in three divisions which is:

$$\frac{n}{N} = \frac{379}{7229} = 0.0524$$

where, n = sample size

N = total population

0.0524 = proportionality coefficient

Then, for each status division, multiply the employees by the proportionality coefficient.

ATM users: 3615 x 0.0524 = 190 customers

Mobile banking users: 2565 x 0.0524 = 134 customers

Internet banking users: 1049 x 0.0524 = 55 customers

3.6 Data Sources and Type

The study had used both primary and secondary data types. Primary data were collected from primary data sources and secondary data were collected from secondary data sources. Primary data had used so as to answer the question about what customers have an attitude towards E-Banking in the study area and to show the finding. On the other hand secondary data were also applied to support the finding that what the different literature and previous researchers explain about custo9mers attitude towards E-Banking in Gubra branch.

3.7 Data Collection Methods

This study was focused on the use of primary data which were collected from the target respondent of Gubra branch customers. A structured questionnaire which had 5 rate likert scale (from strongly agree to strongly disagree) had used to collect the data. The data collection instrument for the study was developed based on literature from various scholars on the subject of customer attitude towards E-Banking.

3.8 Methods of Data Analysis

The data collected from respondents has presented in tabulation and analyzed through descriptive statistics like frequency and percentage.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

This part of the research tries to discuss the results obtained from respondents by questionnaire. As it has indicated in the methodology part, questionnaire was prepared and distributed to 379 e-baking user customers. In this part of analysis the data collected from customers has presented by the percentage distribution and frequency on the table and discussed.

4.1 Demographic characteristics of respondents

Table 4.1.distribution of respondent demographic characteristics

No	demographic characteristics	frequency	Percentage
1	**Sex**		
	Male	279	73.61%
	Female	100	26.39%
	Total	379	100%
2	**Age**		
	<20 year	0	0%
	20-40 year	300	79.15%
	41-60 year	79	20.85%
	>60 year	0	0%
	Total	379	100%
3	**Marital status**		
	Married	279	73.61%
	Single	100	26.39%
	Widow	0	0%
	Divorced	0	0%
	Total	379	100%
4	**Education background**		

	Illiterate	0	0%
	Read and write	0	0%
	Elementary completed	0	0%
	High school	0	0%
	Diploma	100	26.39%
	1st Degree	200	52.76%
	Master and above	79	20.85%
	Total	379	100%

Source: field survey, 2020

The data on table 4.1 shows 279(73.61%) of the respondents are male and 100(26.39%) are female. Form this analysis it can be concluded that most of the respondents are male.

On this table 300(79.15%) of the respondents are 20-40 age category and 79(20.85%) of the respondents are between 41-60 age. From this analysis it can be concluded that most of the respondents are between 20-40 age categories. The data also show the marital status of respondents and 279(73.61%) of respondents are married and 100 (26.39%) are single. From this it can conclude that most of the respondents are married. The other information on table 4.1 is the respondent's education background. The table shows that 100(26.39%) are diploma, 200(52.76%) 1st degree and the rest 79(20.85%) are master and above educated. From this it can conclude that most of respondents are 1stdegree certified and diploma respectively.

4.2 survey results related to customers attitude towards ATM service at Gubra branch

Table 4.2 respondent's agreement response on their attitude towards ATM service

ATM SERVICE	**Mean**
ATM is easy to use	5
ATM service provides safety and security.	5
ATM provides latest and accurate information	4
ATM provides 24 hour access of service	5
ATM is cost effective service	4
ATM provides speedy service	5

ATM is transparency service.	3
ATM is time saving process	5
Total mean	**4.5**

Source: field survey, 2020

Table 4.2 above shows customers' attitude on ATM service. The Agreement Rate Response shows that the average ATM response for all 190 ATM users is 5 (strongly agree) that the ATM is easy to use, provides secure service, provides 24-hour service, provides fast service and saves time. On the other hand, related to the question of whether ATM provides latest, real and cost-effective service to customers, the average agreement rate response indicate 4 (agree). Respondents' average response to the idea that, ATM is transparent indicates 3 (neutral). The overall average response rate of users at the ATM service is **4.5**. Based on this, it can be concluded that customers have a positive attitude towards ATM services.

Table 4.3respondent's agreement response level on their attitude towards mobile banking service

MOBILE BANKING	Mean
Mobile banking is easy to use	3.5
Mobile banking service provides safety and security.	4
Mobile banking provides latest and accurate information	5
Mobile banking provides 24 hour access of service	5
Mobile banking is cost effective service	3.9
Mobile banking provides speedy service	5
Mobile banking is transparency service.	3
Mobile banking is time saving process	5
Total mean	**4.3**

Source: field survey, 2020

Table 4.3 above shows customers' attitude on mobile banking service. The Agreement Rate Response shows that the average customers response of all 134 mobile banking users is 5 (strongly agree) that mobile banking provides latest and accurate service, 24 hour service, speedy service and saves time. On the other hand, related to the question of whether mobile banking provides safety and security service to customers, the average agreement rate response indicate 4 (agree). Respondents' average response to the idea that, ATM is transparent indicates 3 (neutral), easy to use indicates (3.5) and cost effective indicates (3.9). The overall average response rate of users at the mobile banking service is **4.3**. Based on this, it can be concluded that customers have a positive attitude towards mobile banking services.

Table 4.4 respondent’s agreement response level on their attitude towards internet banking service

INTERNET BANKING	**Mean**
Internet banking is easy to use	4
Internet banking service provides safety and security.	3.5
Internet banking provides latest and accurate information	4
Internet banking provides 24 hour access of service	4
Internet banking is cost effective service	2
Internet banking provides speedy service	4.5
Internet banking is transparency service.	3
Internet banking is time saving process	4.4
Total mean	**3.6**

Source: field survey, 2020

Table 4.4 above shows customers’ attitudes on internet banking services. The Agreement Rate Response shows that the average customers’ response of all 379 internet banking users is 4 (agree) that mobile banking is easy to use, provides latest and accurate service and 24 hour service. On the other hand, related to the question of whether mobile banking provides safety and security service to customers, the average response indicates 3.5, provides speedy service indicates 4.5 and time saving process indicates 4.4. The average agreement rate response on cost effective service indicate 2 (disagree). Respondents' average response to the idea that, ATM is transparent indicates 3 (neutral). The overall average response rate of users at the internet banking service is **3.6**. Based on this, it can be concluded that customers have a moderate attitude towards internet banking services.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATIONS

5.1. Conclusion

Depending on the findings of the research, respondents have good attitude on ATM service as it is easy to use, it provides safety and security service, it is cost effective, it provides speedy service and it saves time, respondents have good attitude on mobile banking service as it provides latest and accurate information, it provides 24 hour access of service, it is cost effective, it provides speedy service and it saves time. On the other hand respondents have not good attitude on internet banking service as it is not easy to use, it is not provide safety and security service, it is not cost effective and it is not provide speedy service.

Generally, from total of 379 respondents 275(72.55%) customers have good attitude as they agree on electronic banking service as it is easy to use, it provides safety and security service, it is cost effective, it provides speedy service and it is time saving process.

5.2. Recommendations

Based on the finding the researcher has suggested the following recommendations:

- As we understand from the result among three e-banking services customers have not good attitude on internet banking as it is not easy to use, it is not provide safety and security service, it is not cost effective and it is not provide speedy service. So in order to satisfy customers and increase the number of customers who use internet banking service managers and other technology designer should adjust such obstacles.

In addition to these, if other researchers in the future wants to conduct the research in such area we recommended, we sure that it will get the additional result when it can conduct in the wider scope because our study has conducted in a small area.

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Appendix

Annex 1: Questionnaire for electronic banking service users

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MARKETING MANAGEMET

BACHELOR OF ARTS DEGREE IN MARKETING MANAGEMENT

I am graduating class of Marketing Management student at Wolkite University. This questionnaire is prepared for research purpose entitled ‘customers attitude towards e-banking service’’ In the Case of commercial bank of Ethiopia at Gubra branch. As you are the user of E- banking service, your participation for this study will be valuable and greatly appreciated. Information gathered will be treated with utmost confidentiality and will not be used for any other purpose.

INSTRUCTIONS: The questionnaires contain statements about customer’s attitude towards e-banking service. Give your own opinion and feeling about each item. Please put “✓” mark to your response for close-ended question on the space provided.

General Instruction

No need of writing your name.

PART I: DEMOGRAPHIC INFORMATION OF RESPONDENTS

1. Gender

A. Male___ B. Female___

2. Age

A. under 20___ B. 20-40___ C. 41-60___D. above 60___

3. Your level of education:

A. Illiterate___ B. Read and write___ C. Elementary completed___D. High School ___ E. Diploma___ F. First Degree___ G. Masters and degree____

4. Marital Status

A. Married___ B. Single___ C. Widow__ D. Divorced___

PART II: The following questionnaire is prepared for Customers that measures their attitude on electronic banking service.
Please put right mark (✓) in the response that yours feeling resembles about the question provided.

	ITEM	SCALE				
1	**For ATM user**	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
		1	**2**	**3**	**4**	**5**
1.1	ATM is easy to use					
1.2	ATM service provides safety and security.					
1.3	ATM provides latest and accurate information					
1.4	ATM provides 24 hour access of service					
1.5	ATM is cost effective service					
1.6	ATM provides speedy service					
1.7	ATM is transparency service.					
1.8	ATM is time saving process					

	ITEM	SCALE				
2	**For mobile banking user**	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
		1	**2**	**3**	**4**	**5**
2.1	Mobile banking is easy to use					
2.2	Mobile banking service provides safety and security.					
2.3	Mobile banking provides latest and accurate information					
2.4	Mobile banking provides 24 hour access of service					
2.5	Mobile banking is cost effective service					
2.6	Mobile banking provides speedy service					
2.7	Mobile banking is transparency service.					
2.8	Mobile banking is time saving process					

	ITEM	**SCALE**

3	**For internet banking user**	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
		1	**2**	**3**	**4**	**5**
3.1	Internet banking is easy to use					
3.2	Internet banking service provides safety and security.					
3.3	Internet banking provides latest and accurate information					
3.4	Internet banking provides 24 hour access of service					
3.5	Internet banking is cost effective service					
3.6	Internet banking provides speedy service					
3.7	Internet banking is transparency service.					
3.8	Internet banking is time saving process					

Thank you for your support!!!