ASSESSING THE EFFECTS OF E-BANKING ON CUSTOMER SAVING/WITHDRAWAL LIFE (IN COMMERCIAL BANK OF ETHIOPIA ASSELA BRANCH)

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

BY: - FIRAOL KEBEDE ID No. SSR/0523/12

ADVISOR: -IDRIS A.(Mr)

MAY, 2023

WOLKITE, ETHIOPIA

ACNOWLEDGEMENT

Above all, I would like to thank the Almighty" God" who has made my child hood dream to become real. Secondly, my special gratitude to my advisor IDRIS A (M.Sc.), for his invaluable support and smooth communication throughout the preparation of this study Thirdly, I would like to extend my heartfelt thanks to my family for giving moral and financial support and as well as customer of commercial bank of Ethiopia, found in Assela town by giving me a necessary data for the successful of this study. Lastly, but not the least my heartfelt thanks goes to all those who credited to the successful completion of this paper.

ABSTRACT

In today's business world, globalization and international experience has become critically important. life. The general objective of the research project was to assess the effects of e-banking service on customers saving/withdrawal life in Commercial Banks of Ethiopia Asella branch. In this study, the researcher was used both qualitative & quantitative approach. For the purpose of the study, 100 respondents were randomly selected from customers of commercial bank of Ethiopia Asella branch. The analysis of the result indicates that 75% of the respondents reveal that e-banking could decrease the saving rate, whereas the rest of 25% of the respondents said that saving rate could increase or no change in saving rate by using e-banking service. In general, as the analysis indicates, using e-banking could have an effect on the saving/withdrawal life of customers in CBE. The conclusion therefore is that banks should strive to increase their safety to overthrow the weakness, reduce the problem of the network, adjust the amount which customers may be allowed to withdraw at a time and provide electronic alerts to customers 'phone for all transactions carried out on their bank accounts through e-banking.

Content

Contents

ACNOWLEDGEMENT ii
ABSTRACT iii
Content iv
Lists tables vi
List of figures vii
List of acronyms viii
CHAPTER ONE: 1
INTRODUCTION 1
1.1 Background of The Study 1
1.2 Statement of the problem 2
1.3 Objective of the study 3
1.3.1General objective 3
1.3.2 Specific Objectives 3
The study has the following specific objectives 3
1.4 Basic research question 3
1.5 Significance of the study 3
1.6 Scope of the study 4
1.7 Limitations of the study 4
1.8 Organization of the study 4
CHAPTER TWO 5
REVIEW OF RELATED LETRATURE 5
2.1 Electronic banking 5
2.2Electronic banking classification 5
2.2.1 Telephone banking 5
2.2.2 Internet banking 5
2.2.3 Mobile banking 6
2.3 Advantages of electronic banking 6
2.3.1 National point of view 6
2.3.2 Banks ‘point of view’ 6

2.3.3 Customers' point of view;.....7
2.4 Advantage and disadvantage of internet banking 9
2.4.1 The main effects of e-banking on customer saving/withdrawal life 12
2.4.2 Decrees saving rate:.....12
2.5 Problems that faced customer while using e-banking.....12
2.5.1 Network interruption.....12
2.5.2 Card retention.....13
2.6 Benefits of Electronic banking.....13
2.7 Empirical Review Literature 13
2.8 Knowledge gap.....14
CHAPTER THREE 15
RESEARCH METHODOLOGY.....15
3.1 Description of the study Area.....15
3.2 Target population 15
3.3 Sample technique 15
3.4 Sample size determination 15
3.5 Source of data and method of data collection 16
3.6 Survey Instrument 16
3.7 Research Approaches 16
3.8 Method of data Analysis and presentation 16
CHAPTER FOUR.....17
RESULTS AND DISCUSSION.....17
4.1 Respondents' Profile 17
4.2 Examining "the impacts of e-banking service on customers saving/withdrawal life 19
CHAPTER FIVE 25
CONCLUSION AND RECOMENDATION 25
5.1 Conclusions.....25
5.2 Recommendations.....25
REFERENCE.....27
Appendix.....29

Lists tables

Table 1 Gender Categories of the Respondents 17
Table 2 Experiences of the Respondents 18
Table 3 Education level of the respondents 18
Table 4. Type of service the customers get by use of e-banking 19
Table 5. How often do you visit (in month) withdrawal 20
Table 6. Any difference in saving/ withdrawal life 21
Table 7. Problems during e-banking service 21
Table 8 Reliability of e-banking service 22
Table 9 fraud in using e-banking service 22
Table 10. Safety of e-bankin Service 23

List of figures

Figure 1. ATM Machine and Visa card.…….8

List of acronyms

ATM	Automated Teller Machines
CBE	Commercial Bank of Ethiopia
EFT	electronic fund transfer
PIN	Personal Identification Number

CHAPTER ONE:

INTRODUCTION

1.1 Background of The Study

Banks are focusing on their electronic banking activities and are globally expanding E-banking activities exploring the use of wireless networks and venturing in to some new areas of electronic commerce. Banks offer e-banking services to expand market share or as a cost saving strategy to reduce paper work and personnel (WWW.ehow.com).

Technological innovations play a crucial role in banking industry by creating value for banks and customers, that it enables customers to perform banking transactions without visiting a brick-and-mortar banking system. On the other hand, E-banking has enabled banking institutions to compete more effectively in the global environment by extending their products and services beyond the restriction of time and space (Turban 2008).

Electronic Banking has been widely used in developed countries and is rapidly expanding in developing countries. In Ethiopia, however, cash is still the most dominant medium of exchange, and electronic payment systems are at an embryonic stage. In the face of rapid expansion of electronic payment systems throughout the developed and the developing world, Ethiopia's financial sector cannot remain an exception in expanding the use of the system.

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. Some of the banks even today do not have their own websites which can help them to provide at least the information on financial services offered by them

E-banking is defined as the provision of retail and small value banking products and services through electronic channel. It implies a service that allows customers to use some form of computer to access account-banking includes varies banking activities conducted from sites other than a physical bank location. For instance, all over the world customer relay on ATMs to withdraw money from their demand deposit accounts at any hour (Mascon, 2002).

E-banking started in the early 1980 both in USA and UK. It really took off with the arrival of the World Wide Web. The evolution of e-banking started with the use on automatic teller

machines (ATMs) and has online banking. ATMs represent a significant change in the banking industry because they offer a method of delivering bank services to customers without the need for contact between customers and staff (Handerson.1988).

Electronic fund transfer (EFT) is another form of electronic banking. This computerized system allows users to conduct financial transaction efficiently from remote location. (WWW.eurojournals.com).

In addition to ATM and EFT, most major banks and money thrifts and community banks now offer internet or online banking to accommodate the growing number of individuals and businesses that want to transfer money between accounts, check account balance, pay bills, apply for loans, and handle other transactions at any hour. Online banking is not only fast and easy for customers but also extremely cost efficient for banks. (Michael H. Mescon, 2002).The Commercial bank has provided the e-banking services form their users. Some of the electronic technologies that has provided by the bank are automated teller machines technology, internet banking, point of sale, and mobile banking.

E-banking has many advantages over traditional banking systems. It reduces transaction costs, improves payment efficiency, and provides financial services to customers. Ebanking innovations are always dealt with carefully assessment of the likelihood and costs involved so that there are no adverse effects on bank performance (Hammoud, 2018). One, the efficiency and effectiveness of electronic banking is directly linked to bank performance (Hammoud, 2018).

1.2 Statement of the problem

The internet and different things it can do to uplift business procedures, products and services is a current necessity for business. One of internet's products is E-banking. It is a faster way for clients to transact without the bank's personnel. E-banking services expand market share or a cost saving strategy to reduce paper work and personnel. Ethiopia is lagging behind in the adoption of e-commerce. The internet infrastructure is only in its major cities; due to lack of internet facility. Lack of sufficient internet facility and unsatisfactory level of attitude on the use of e-banking activity makes insufficient (http; ivy thesis, typepad.com).

Even if an internet facility and low level of attitude towards on the use of e-banking is insufficient, Ethiopian banks including Asella branch commercial bank started the e-banking service. so, this research assessed its effect on the customer saving/withdrawal life of the aforementioned branch.

1.3 Objective of the study

1.3.1General objective

The General objective of the study was assessing the effects of e-banking on customer saving/withdrawal life of Commercial bank of Ethiopia, Asella branch.

1.3.2 Specific Objectives

The study has the following specific objectives

- To assess the main effects of e-banking on customer saving/withdrawal life in CBE Asella branch
- To study the problems faced by customer while using e-banking offered by CBE Asella branch
- . To assess the benefit of electronic banking system for the customer of CBE Asella branch

1.4 Basic research question

Based on this objective, the following specific research question is answered by the study

- How do e-banking affect saving/withdrawal life of customer of commercial bank of Ethiopia Asella branch?
- What are the problems faced by customers while using e-banking offered by CBE Asella branch
- What are the benefits of electronic banking services?

1.5 Significance of the study

The study provide significance both to the researcher and commercial bank of Ethiopia

- **To the commercial banks of Ethiopia (organization):** The outcome of the study was helps CBE in evaluating the importance of financial innovation on their saving performance rate. CBE becoming more aware of the impacts e-banking in the current time and this study was add an input to the link between e-banking and performance for customer service. Further, the results of the study were inform banks on which innovations there will better link to financial performance and hence save on the costs of conducting cost benefit research in their institutions.

- **To the students (Researcher):** It will be important to develop the researcher's knowledge and skill on how to conduct research and also it will be important to develop the researcher's knowledge with regard to assessing effect of e-banking on customer saving/withdrawal life . In addition to this, academically the study was mainly important to the student as pre-request for graduation and use to adapt different challenges that the researcher was face in conducting another study in the future.

1.6 Scope of the study

The study was limited in Commercial bank Asella branch. It was not include other e-banking service provider banks in the country as a whole and it include Asella town banks in particular.

1.7 Limitations of the study

Different factors were affect the quality of the study those are shortage of time, limited knowledge and experience to conduct the research, problem on getting clear explanation on the asked questioners, not all distributed questionnaire were returned.

1.8 Organization of the study

This proposal study contains four parts.

The first part introduces background, statement of the problem, objectives, significance and scope of the study definition of operational terms and organization of the study. Relevant literatures were reviewed in the second part. The third part discusses the research methodology .and the last part includes budgetary and activity schedule.

CHAPTER TWO

REVIEW OF RELATED LETRATURE

2.1 Electronic banking

Electronic banking is the modern topic in the era of science and technology. Though electronic banking started in 18 centuries but the revolution has taken place in 20th century. Since then, electronic banking concept is flourished with populous model, theory and practical concept. So, before going to discuss any core content of electronic banking, it is good to memorize the fundamental concept of electronic banking which helps to realize basic concepts of electronic banking.

Electronic banking is umbrella term for the process by which a customer may perform banking transaction electronically without visiting a brick-and-mortar institution. Therefore, transaction related to bank activities via electronic mean and medium is called electronic banking (Handerson, 1988).

2.2Electronic banking classification

In the view point of use and access media, electronic banking can be classified in to three narrow section (Mescon, 2003).

- Telephone banking(the oldest and poorest one)
- Internet banking (online banking)
- Mobile banking

2.2.1 Telephone banking

Telephone banking is a service provided by a financial institution that enables customers of the financial institution to perform financial transaction over the telephone, without the need to visit a bank branch or automated teller machine. Telephone banking times can be longer than branch opening times, and some financial institutions offer the service on a 24-hour basis. From the bank's point of view, telephone banking reduces cost of handling transactions by reducing the need for customers to visit a bank branch for non-cash withdrawal and deposit transaction.

2.2.2 Internet banking

Online banking allows customers of a financial institution to conduct financial transactions on a secure website operated by the institution, which can be a retail or virtual bank, credit union or society. It may include of any transactions related to online usage.

2.2.3 Mobile banking

Mobile banking is a term used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone or personal digital assistant (Michael H. mescon 2002).

2.3 Advantages of electronic banking

After getting the number of services provided by the Ethiopian banks through electronic banking it is easy to what advantages we are getting by establishing and using electronic banking. Electronic banking is the cutting-edge route utilized by banks in the arrangement of services and products to its clients. Electronic banking utilizes web and cell phone energize as the channel of achieving clients. The idea of e-banking is depicted from various perspectives; Chang and Hamid (2010) strategized the-banking as the plan of action throughout that the customers finish money exchanges electronically in the absence of going to the banks physically or without going by banks premises.

Alsajjan& Dennis, (2010) characterized e-banking as the way toward giving banking services through innovation without utilizing physical assets of banks and additionally clients by utilizing e-banking, banks can convey services to clients and other e-products through the web instead of going to the bank premises physically (Cheung & Lee, 2006). The advantage can be classified in three category, these are; National point of view, Banks' point of view and Customers' point of view (Robert,2002).

2.3.1 National point of view

Though in these days banks transaction and activities has brought negative impact on the economy of our country, the investment in electronic banking by banks can make some long-term benefits for our country. The advantages that our country is getting from electronic banking action are; job creation, contribution to GDP, Economic benefits.

2.3.2 Banks 'point of view'

From the banks' view point, banks are getting some specific advantages after starting the electronic banking services. These benefits are;

"Profit maximization; the main goal of every company was to maximize profits for its owners and banks were not any exception. Banks are increasing its profit by reducing the cost of paper, time, etc. By using electronic banking, thus automated electronic banking services offered a perfect opportunity for maximizing profits.

"Increase services quality; features of electronic banking services include less time, complete transaction, no human conflict and presence etc. thus the quality of services of bank is increasing day by day.

"Increased customer rate; It is the most noticeable change in bank after starting e-banking services. Customers are accepting this medium beside a traditional account. Ultimately, the profit of bank is increased.

2.3.3 Customers' point of view;

The main benefit from the bank customers' point of view was significant saving of time by the automation of banking services processing and introduction of an easy maintenance tools for managing customer's money. The main benefits of e-banking were as follows;

- Increased comfort and time saving-transactions made 24 hr a day, quick and continuous access to information.
- Corporations had easier access to information as, they checked on multiple accounts at the click of a button.
- Better cash management. E-banking facilities speed up cash cycle and increases efficiency of business processes as large variety of cash management instruments is available on internet sites of banks.
- Private customers looked for slightly different kind of benefits from e-banking.
- Reduced cost; this was in terms of the cost of availing and using the various banking product.
- Convenience; all the banking transaction performed from the comfort of the home or office or from the place a customer wants to.
- Speed; The response of the medium was very fast; therefore, customers actually waited till the last minute before concluding a fund transfer.
- Funds management; Customers downloaded their history of different accounts and do a what-if analysis on their own pc before affecting any transaction on the web. (Management information system.2003)

E-banking, according to (www.eurojournals.com), also known as electronic fund transfer (EFT), uses computer and electronic technology as a substitute for checks and other paper transactions. Electronic fund transfers are initiated through devices like cards or cods that let you or those you authorized access your account. Many financial institutions use ATM or debt cards and personnel identification number (PIN) to this purpose some use other forms of debt cards, such as those that require, at the most, your signature of scan.

ATM and EFT are electronic banking those started on the evolution of e-banking. ATM-represent a significant change in the banking industry because they offer a method of delivering bank services to customer without the need for contacts between costumer and staff. This has important implications, some of which are considered in the following summery.



Figure 1. ATM Machine and Visa card.

ATMs advantage for the banks

- ✓ There is a saving in costs because staffs are not needed for routine tasks.
- ✓ The machines have capacity to cope with very high volume of works.
- ✓ Out lets for banking services can be provided in a wide choice of location, not restricted to branch sites.

ATMs disadvantage for the banks

- ✓ There is a loss of personal contact with customer which may make selling other services more difficult.
- ✓ Brand locality is more difficult to maintain as customer can use machine provided by competitors.

ATMs advantage for customers

- ✓ Service is very quick
- ✓ Machines are available in many locations, particularly with network-sharing agreement.
- ✓ Machines are in operation when branches are shut. Some of them for 24 hours a day.

ATMs disadvantage for customers

- ✓ Services are impersonal.

- ✓ There have been claims of accounts being debited when now many have been drowning out.
- ✓ May be difficult to keep track of transaction because machines don't always web (Handerson,1998)

2.4 Advantage and disadvantage of internet banking

The advantages of internet banking are hard to overlook. Some people may fear the change when debating whether or not to get started with internet banking. Others may have some concerns about depending on the internet for financial purpose. Many people, however, have found out just how convenient internet banking is (Jams, 2003).

- ❖ Bill pay; most internet banks will provide bill payment services free of charge to to those who choose to enroll. The amount of the bill you pay through online bill pay is deducted directly from your account with the bank, and the bank will take care of everything else. This saves the consumer both time and money. The disadvantage to online bill payment is that most banks do not immediately provide you with the date the funds are sent because of network problem.
- ❖ Convenience; Online banks and financial services are open 24 hour a day, every day. As an internet bank user, you have immediate access to your account balances at all times. This is extremely convenient for those who are unable to make it to a traditional bank during business hours due to their work or school hours. The disadvantage is that the systems do go through upgrades and maintenance periodically. While this usually occurs at odd hours, depending on your schedules you information could be UN available to you at those times.
- ❖ Time management; Internet banking eliminates the three-hour account balancing session at the end of every month because you are now able to track all of your bank transactions on a daily basis. Many internet banking companies also provide scan and deposit services in which you scan in the check you wish to deposit and mail to the bank. This saves an enormous amount on time in eliminating the drive to the bank, especially for those who do not have a nearby branch.
- ❖ Statement; By utilizing internet banking services you are cutting down on the amount of paper you use. Most in ternate banks will allow you to receive an e-statement as opposed to a traditional paper statement. Those statements are normally available online for as long as you have your account, and therefore eliminate the need to file those statements away each month. This small step in small step in internet banking can not only save you time, but money and storage space as well.

- Security and Privacy; Online banks are regulated and therefore required to provide good security and protect your privacy. The problem is that hackers are always trying to steal personal information. Making sure you have a good fire wall and anti-virus is a good way to safeguard your internet banking transactions. Never reply to an e-mail from your bank that request personal information such as your account number or password. If you feel someone may be trying to gain access to your account, you should call customer service rather than send an e-mail.

Advantage

- You can make transfers and other changes while the bank is closed.
- You can download a file that holds your account information
- To reconcile your statement with your financial management software
- It is easy to view recent transaction and monitor your account

Disadvantage

- If the bank's server is down, you can't use it
- Only some places will charge you for online access
- Your internet connection must be working indoor for you to have access
- Many banks don't show you how to use online baking very well and those are usually the ones with the non-intuitive interface and cluttered design, which makes it pretty easy for you to screw up something.

With everything related to commerce or finance available online, internet banking can provide ease on business and satisfaction for the technologically aware, and a headache for the new comer. The use of internet banking can provide one with a helpful resource for paying bills, making transactions and organizing one's financier with ease and rapidity, such it is designed purpose; however, it can also be a frustrating experience for those uncertain of modern technology.

However, there are advantages to using internet banking to consider for anyone who is a customer of a bank; the opportunity to check statements online without having to spend money on overpriced telephone banking calls. There is also the fact that one can avoid the frustrations or waiting in long quest at their lunch hour, or that of having to go into a bank to arrange a payment to creditor or business; payments can be arranged very efficiently though the world on virtual banking, at any time, at the click of a mouse.

Major concerns amongst those customers who find the internet difficult to use is that many bank sites don't have a more user-friendly version of their normal website to help those who are not so comfortable online; rather, the typical sites that respondents banks afford much space to advertise reduced rates for mortgages, or to try to attract custom and other offers in attention grabbing adverts on their homepage.

A typical help and support icon or a contact us link are to be found in small print in less noticeable areas of the screen. Security, of cores ,is the primary concern for those who are worry of taking their banking online; there have been cases on successful breaches of some bank websites security(although truly rare) that share the prudent and the under cautious alike. Threats such as those may be worth heeding, whilst understanding that banks are truly aware of such concerns and use sophisticated counter measures to prove and alt such attack.

More common security risks generally stem from customer targeted campaigns by the cyber-criminal deceitful e-mails claiming to be from your bank asking for you to sign in to a false website or viruses and spyware that seek to raid your computers information's in order to retrieve your security details. These are avoidable tricks (most malicious "spam" e-mails are filtered by any modern e-mail hosts, like hotmail), and identity theft is a matter that banks (and the police)take extremely seriously and mostly provide excellent help to combat including security questions and checks that should illuminate unwanted access by outsiders.

The most serious threats of malware and other viruses are able to combat by away on trusted security programmers like MacAfee or Norton, and one should never be without such support. The bank themselves also offer help, including tips and advice on their website and some even offer downloadable software for free to fight security threat. One of the more emotionally off-putting downside to internet banking for many customers who might want to engage with the service, is that if one is for example applying for a loan, it is not possible to explain the subtlest of your business life to a form, and for most, the required exercise of patience for feeling out.

One of the major advantages of going online is that the very medium of this kind of banking provides the user with unique benefits; this tend to be rather technical, for example directly importing data, from some sites that have this capability, into ones accounting software furthermore, for those with more than one account or even bank internet banking also allows for the highly useful of being able to view and compare all of one's account and related material online, without having to request information from each account or bank separately an effort saving benefit for those who live busy and fast moving lives. There is also the modern

phenomenon of bank that only provides service online entirely. One can join this bank without ever having to set foot in a building to the company. These companies abide by the lawful rules of trading, but are much harder to pursue if they do you wrong.

Some sites are indeed bogus, and you should check their credentials before joining. There are incentives to switching online; the most cases these banks pass on the savings they make in removing labor costs by offering higher interest rates on savings accounts and lower loan changes and banking fees. However, the quality of service is likely to be significantly lower than rival bricks and mortar banks that also complete online.

Millions use online banking, because it suites their life style and working needs, fewer have switched on an e-banking while many remain contained to do business the normal way the major dis advantage of online banking is the security threats; identify theft is big(criminal) business, but as long as you take no serious risk, specially by ensuring that you always use a secure internet connection and have an antivirus program on your computer, you should be safe.

2.4.1 The main effects of e-banking on customer saving/withdrawal life

2.4.2 Decrees saving rate:

By using the e-banking the saving rate decreased due to its accessibility and frequent withdrawal of cash for their requirement rather than field withdraw of money for their monthly expense for various aspect. The customer has explicitly interested by using e-banking because they can access the required amount at anywhere like marketing, recreation and other places for the immediate need than holding the hard cashes on their pocket or bag. E-banking gives 24-hour service this invite customer to withdraw money when they desire. This is followed by decreasing effects of customer balance which is negatively affect saving rate (Sakthivel N. (2008).

2.5 Problems that faced customer while using e-banking

2.5.1 Network interruption

E-banking perform its work through the internet connection in place where network is not available it is impossible to think that e-banking perform its work perfectly. So, among the problems that faced customer network is the major one. Network disruption takes the lion share

in reducing the satisfaction of customers on the services offered by the banking institutes which deployed the e-banking systems (Ogbuji et al (2012),

2.5.2 Card retention

Card retention is clear that it happens when the customer enter wrong security while they insert in to the ATM machine in order to withdraw money (Reddy OC (2015).

2.6 Benefits of Electronic banking

Electronic banking using e-channel for banking service and product delivery which has emerged from a business in an extension of the traditional banking activities faculties impact in efficiency, flexibly and provides global exposure for users. Some of the key of faring electronic banking service include reducing transactions cost, transaction cost increasing conveniences , availability and that nests of transaction and improving accessibility for better fund administration.

2.7 Empirical Review Literature

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.

According to M.M.Rahman (2008) in Bangladesh e- banking is now a global phenomenon. Apart from the developed countries, the developing countries are experiencing strong growth in e-banking. The governments emphasis on setting up ICT park, rising allocation for developing ICT infrastructure, waving takes on computer peripherals and other measures including the automation program of banking sector and competition among the scheduled banks in improving customer services have accelerated the prospect of e-banking. (M.M.Rahman,2008) ATM, credit card debit card services, Internet banking, mobile banking and other electronic payment systems are at infant stage.

2.8 Knowledge gap

This study difference from previous study, mostly the previous study focuses on e-banking effects on profitability of bank and only focus on ATM visa cards on customers saving and withdrawal life but this study access all e-banking effects on customers or saving withdrawal life. In previous study the e-banking themselves so rigid which is not flexible, manual than the current one and it is not updated with update technology not fully competent with rest of world not simple and it is complex when we compare with current and updated e-banking. This study more focus on the newly updated technology than previous study on complex one.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Description of the study Area

The study would be conduct in Oromia regional state, Arsi zone at Asella town. Asella is located in central part of Ethiopia at the distance of 126 kms from the capital city of Ethiopia, Addis Ababa. Geographically Arsi zone located 7^0 30'North latitude and 39.29' East longitude. Demographically Asella town has to total population of 110088. The majority of the inhabitants practiced Ethiopian Orthodox Christianity, Muslim and protestant. Asella town consist many nations and nationalities like Oromo, Amara, Tigre, Gurage, Gambela and others within their culture, Languages and religions. Also, this town is beautified by the man made green (Asella administration office).

3.2 Target population

CBE has more than 1838 branches stretched across the country of these 9 are in Asella town also So the researcher's target populations are those who get e-banking service from CBE Asella branch.

3.3 Sample technique

Using all population for data collection is difficult for one researcher, as sampling is using small part of large population to make conclusion about the whole population. The researcher in this study was used simple random sampling technique. The reason for using this sampling technique in this study is to give equal chance for selected respondents since they have equal chance to use e-banking service.

3.4 Sample size determination

The researcher was used 100 clients as sample sizes, which are a full representative of the total population. CBE in Asella branch have 79000 customers. Based on the sample size of people who use e-banking are determined by using Yamane (1967) formula.

Accordingly, the required sample size at 90% confidence level and level of precision equal to 10 % was used to obtain a sample size required to represent the true population.

$n = \frac{N}{1+N(e)^2}$, Where: n = sample size, N = population size (sampling frame) and e = level of precision, which is equal to 10%.

$\frac{79000}{1+79000(0.1)2} = 99.88$ Sample size

Reason for the researcher was used this form of sampling almost the number of people who use e-banking is high.

3.5 Source of data and method of data collection

In the study to assess effect of e-banking service on customer saving/withdrawal life in CBE Asella branch. The study was mainly based on the primary and secondary data source. The primary source of data provides first-hand information, more information in depth and miss-interpretation of the answer for the question was easily avoided. In this study the researcher was used structured questionnaire in order to collect primary source of data and communicating with nearly friends/boons to deepen the level of information. Personal communication made with the customer on the e-banking services.

The secondary data on the saving/withdrawal life of customers before and after e-banking services analysis were designed for investigation but they have no such analysis and continuous evaluation on the e-banking transaction

3.6 Survey Instrument

The survey instrument was contained both open and closed ended questions. There was open ended question that gives the respondent freedom to indicate the area not mention in the close ended questionnaire (see the appendix).

3.7 Research Approaches

Research approaches are instruments in order to attain the proposed research objectives. The approaches are adopted to achieve the best possible of the research objectives. In his study the researcher was used both qualitative & quantitative approach

3.8 Method of data Analysis and presentation

The researcher was analysing the collect data by using descriptive statistics method and present by using tables and percentage. All the tables, percentages describe with words. Frequency distribution was used to analyse the data collected and examined the pattern of response to each variable under investigation.

CHAPTER FOUR

RESULTS AND DISCUSSION

This section presents the result and analyzes the data collected using self-administered questionnaire from sample of 100 respondents of commercial bank of Ethiopia customers from Asella branch. The survey result on the impacts of e-banking service on customers saving/withdrawal life in Commercial Banks of Ethiopia Asella branch

Table 4.1 distributed and returned questionnaires from customer

Questionnaire	Respondent	Percentage
Returned	95	95
Not returned	5	5
Total	100	100%

Source; own survey result, 2015 EC

4.1 Respondents' Profile

Accordingly, the respondents were asked to respond to their gender category, year of experience, level of education and field of qualification.

Table 4.2 Gender Categories of the Respondents

Gender	Number of respondents	Percentage
Male	**50**	**53**
Female	**45**	**47**
Total	**95**	**100%**

Source; own survey results, 2015 EC

As indicated in the above table 4.2 the gender proportion of male respondents is 53% while the female respondents were 47%. The figure reveals that the male uses more e-banking services than women since the e-banking is highly suitable to hold in their wallet or pocket in compared with women. Though, the ratio of the respondents not proportional and varied both category of gender was participated in the survey. This enables the researcher that there is no bias in the survey instrument related to the gender of the respondents.

Table 4.3 Experiences of the Respondents

Years of experience	Number of respondents	Percentage
less than 3	20	21
Greater than3 less than 5	48	51
Greater than 5	27	29
Total	95	100%

Source; own survey results, 2015 EC

Experience is one of the competences to understand the impacts of e-banking service on customers saving/withdrawal life in Commercial Banks of Ethiopia". The more experienced users (customers) are the more they understand about the use of e-banking service. Out of the survey, 21% of the respondents were less than 3, 51%were Greater than 3 less than 5 and 29% were greater than 5. This imply that majority of the respondents (51%) were experienced therefore; they have awareness about the e-banking service

Table 4.4 Education level of the respondents

Level of education	Number of respondents	Percentage
Below diploma	**25**	**26**
Diploma	**30**	**32**
Degree and above	**40**	**42**
Total	**95**	**100%**

Source; own survey results, 2015 EC

Level of Education is one of the contributing factors to effectiveness of e-banking service users. This competence is referred to as academic competence. As summarized in the above table, respondents qualified below diploma were 26%, diploma was 32, where a majority of the respondents 42% were degree and above which is promising. This is an indication that the respondents are also at adequate education level to understand the effects of e-banking service on customer saving/withdrawal.

4.2 Examining "the impacts of e-banking service on customers saving/withdrawal life

A total of 95 questionnaires were overseen and all of the respondents were users of e-banking of CBE. Though the questionnaire covered various issues, only the relevant findings are reported in the following tables.

Table 4.5 Types of service the customers get by use by e-banking

Service used by e-banking	Number of respondents	Percentage
Cash withdrawal	**70**	**74**
Balance checking	**10**	**11**
Fund transfer	**6**	**6**
All	**9**	**9**
Total	**95**	**100%**

Source; own survey results, 2015 EC

As indicated in the above table 4.5 11% were used for Balance Checking and 6% were used for fund transfer and 74% were used for cash withdrawal and fund transfer 6%.This indicates

that most of the respondents use the e-banking for Cash withdrawal which could have an impact on the saving rate of customer.

Table 4.6 How often do you visit (in month) withdrawal before introduction of e-banking

Withdraw amount of customer	Number of respondents	Percentage
1-2 times	**40**	**46**
3-4 times	**25**	**26**
5 times	**20**	**21**
>5 times	**10**	**11**
Total	**95**	**100%**

Source; own survey results, 2015 EC

As indicated in the table 4.6, the customer's withdrawal life per month is about 42% of the respondents visit 1-2times per month, 26% visits 3-4 times, 21% is visits about 5 times and then 11% visits more than 5 times per month. In general, the results indicate that majority of the respondents visit 1-2 times before introduction of ATM card. This could imply that customers were visited their bank client much more between 1-2 times per month which not have significant change on saving.

Table 4.7 any difference in saving/withdrawal life of customers

Difference in saving/withdraw	Number of respondents	Percentage
Saving rate increase	15	16
Saving rate decrease	75	79
No difference	5	5
Total	95	100%

Source; own survey results, 2015 EC

The analysis of the result in table,4.7 indicates that 16% e-banking could increase saving rate and 79% of the respondents reveal that using e-banking have been decreased the users of the e-banking. The rest 5% said that there is no change in saving rate by using the e-banking. In general, as the majority indicates, it could have an impact on decreasing the saving rate of the customer. The main reason for the decrements of saving is due to its accessibility to withdraw money at any conditions and anywhere they go which urgently requires money but not as such important aspects even. When they were using normal or conventional banking system, they should go to the banking hall to withdraw cash on the fixed amount for their weekly or monthly basis. By using e-banking service, they withdraw cash intermittently as the requirement not on the fixed as per month basis for "Asbeza". This may increase the amount of withdrawal from the saving account, especially for employees which gains fixed salary income.

Table 4.8 problems during e-banking service

Problems of e-banking services	Number of respondents	Percentage
Network interruption	60	63
Card retention	20	21
Limited amount withdrawal	10	16
Total	95	100%

Source; own survey results, 2011 EC

The question focuses on the problems which faces the customers during the e-banking services and mainly focuses on network interruption, card retention and limited amount withdrawal rate Among the total respondents 63% were said that the network interruption due to the power interruption is the main challenge which prohibits regular services, 21% said the card retention as a hindrance and 16% responded that the limited amount of cash withdrawal per a day is the

main constraint in using e-banking services.. As the result indicates that the network disruption takes the lion share in reducing the satisfaction of customers on the services offered by the banking institutes which deployed the e-banking systems. At the country level power interruption is frequent and observable in anywhere that may have great problems in the e-banking services. So, the CBE should install the automatic generator to immediately counteract the problem and maximize the satisfaction of their customers

Table 4.9Reliability of e-banking service

Measuring reliability of e-banking	Number of respondents	Percentage
Highly reliable	60	63
Reliable	20	21
Not reliable	10	11
Neutral	5	5
Total	95	100%

Source; own survey result, 2015 EC

The above table 4.9 indicates that, out of the total respondents 63% said that the system was highly reliable and 21% reliable and only 11% were said not reliable but the rest 5% were said neutral. Hence, CBE, and the government should give great emphasis to increase the confidentiality and trust on e-banking system users and developing policies which builds sound intercommunication with the customers' and banking sectors

Table 4.10 fraud in using e-banking service

Assessing frauds in e-banking	Number of respondents	Percentage
Yes	80	84
No	15	16
Total	95	100%

Source; own survey results, 2015 EC

The above table 4.1.0, which aimed to assess the possible fraud which encountered the customers on the e-banking services 84% of the respondents, assured that they haven't been faced with any fraud in the system and the remained 16% said they face with some frauds in using the e-banking services. Even though the result indicates the level of fraudity is not high in the e-banking service system, it demands great attention of the bankers/managers or concerned body to take continuous measures properly and timely to increase the confidentiality of the system and new technology-based banking industries in general.

Table 4.11 Safety of e-banking Service

Assessing safety in e-banking	Number of respondents	Percentage
Safe	85	89
Not safe	10	11
Total	95	100%

Source; own survey results, 2015 EC

The survey report on the safety case of the 89% services by the customers is rated as 89% said the system was safe and only 11% responded that the system lacks trustiness. It still shows the need of further intuitive work of banking industry to fully convince and reaffirm the trustiness or safety of this e-banking system. Commercial Bank of Ethiopia should try to improve and look-up in detail the system to develop and encourage the customers on their services by developing the awareness on the users and by means to modify the working system.

Table: 4.1.2 Important of e-banking in the development of country's economy

No	Item	Frequency	Percentage
1.2	Do you think that e-banking can have an important role in the development of economy of a country?		
	Yes	92	97%
	No	3	3%
	Total	95	100%

(Source: Questionnaire, 2015)

It can be easily understood from the above table 97%) of the respondents from total respondents were respond that e-banking can have an important role in the development of economy of a country and only 3% of the respondents were respond that e-banking cannot have an important role in the development of a country.

Additionally, the respondents who replied “Yes” in the above question were asked to explain their reason as follows: -

- It is comfortable for investment expansion & foreign exchange.
- E-banking give a good service and saves time.
- Used for exchange of money from one financial institution to other financial institution.
- It induces circulation of money in a country.
- It facilitates the transfer of money so that all transaction will be also smooth, easy and then the economy of a country will grow.

CHAPTER FIVE

CONCLUSION AND RECOMENDATION

5.1 Conclusions

The analysis of the result indicates that e-banking could have both positive and negative impacts in saving life of the customers, while few respondents reveal that saving rate could increase by using e-banking. In general, as the analysis indicates, using e-banking could have an impact on the saving/ withdrawal life of customers in CBE.

Majority of the customer were said that after using the e-banking services their saving rate decreased due to its accessibility and frequent withdrawal of cash for their requirement rather than field withdraw of money for their monthly expense for various aspect. These respondents have explicitly interested by using e-banking services because they can access the required amount at anywhere like marketing, recreation and other places for the immediate need than holding the hard cashes on their pocket or bag. In general, this result reveals the e-banking services have its own negative influences on the saving rate.

Though it is very effective emerging technologies that can better work and guided to promote banking sector growth, it has an impact on the saving and withdrawal life. The e-banking has enabled bank management and investors aware of some of the techniques being used by their foreign counterpart in achieving competitive advantage. Observation in the e-banking points of most banks reveals that most customers experienced several cases of issues using e-banking. These challenges have made e-banking users to dissatisfy about the facility. Therefore, it can be deduced that e-banking has averagely might impact on improving the banking industry. In view of the findings and problems associated with the use and introduction of e-banking in banking industry which significantly influence economic growth, promote trading system, national income, and general welfare of the people.

5.2 Recommendations

The following recommendations are suggested:

1 CBE Asella branch should do more in order to provide quality e-banking services to customers since it plays a vital role in the development country's economy and assess the impact of e-banking

on the saving culture of the customer and creating awareness for the existing electronic banking products like ATM and mobile banking because most customers used it

2 Banking managers and government should properly implement strategy that will encourage the customers and public in using e-banking which will improve saving rate.

3 Further detailed studies should be conducted that encompasses all aspects of impact of e-banking services on the customer saving/withdrawal life.

4 Commercial Bank, Asella branch need to appropriately assess and take a measurement in order to overcome the prospects and challenges that affects electronic banking service of the bank.

5 Commercial Bank, Asella branch have to undertake market research to develop a suitable business continuity plan to avoid the risk of e-banking emanated from lack of technological and infrastructural requirements like operational risk, transactional risk strategic risk and business risk.

6 Commercial Bank, Asella branch should do more in order to provide quality e-banking services to customers since it plays a vital role in the development country's economy

7 Banking managers and customers should work closely to improve the saving mechanisms and device a way to enhance the customers attitude towards the saving benefit

8 CBE Asella branch more do in protection of frauds and give reliability and safety services to its customers

9 CBE Asella branch do to overcome a problem and give immediate solution to the problems that face during e –banking services

10 CBE work for providing 24 hours for cash withdrawal and saving rate keep in balance

REFERENCE

- Adeoti, J.A. (2011). Automated Teller Machine (ATM) Frauds in Nigeria: The Way Out. *Journal of Social Sciences*, 27(1): 53-58.
- Aditi, O. (2013). Working of Automated Teller Machine (ATM). Available at http://www.techs24x7.com/blog/working-of-automated-teller-machine-atm/.
- Asif Khan, M. (2011). An Empirical Study of Automated Teller Machine Service Quality and Customer Satisfaction in Pakistani Banks. European Journal of Social Sciences, 13 (3): 333-344.
- Banking operation, Mj. Handerson, 1988 (6TH edition) London
- Business today, Michael H. Mescon, 2002(4TH edition) USA
- Chung, W.C.C., A.Y.K. Yam, M.F.S. Chan. (2004). Networked enterprise: A new business model forglobal sourcing. International Journal of Production Economics 87 267-280.
- Dapo, A. A. (2008). The impact of ICT on professional practice in the Nigerian construction industry. The Electronic Journal of Information Systems in Developing Countries. 24(2), p1-19
- Dudeja, 2003, Management information system in the new millennium (1st edition) shahazada, newdelhi.
- Ebiringa, O. T. (2010). Automated Teller Machine and Electronic Payment System in Nigeria: A Synenthesis of the Critical Success Factors. *Journal of Sustainable Development in Africa*, 12 (1): 71-86.
- E-business; application of software and technology in selected Ethiopian banks; Tewodros Sisay, 2011, Hawasa
- Eff oz,2002, Modrn management system (3rd edition) course technology USA.
- Fertig and West, (1st edition),2001 USA
- Giddens, E. (2008). A first look at communication theory. New York: McGraw Hill http://www.combanketh.et/EPayment/CardBanking.aspx
- http; ivythesis,typpad.com
- Ihejiahi R 2009. How to fight ATM fraud online. Nigeria Daily News, June 21, P. 18.

- Jams A,2003, Introduction to information system,11th edition, New York.
- Lovelock, C. H. (2000). Functional integration in service: understanding the links between marketing, operations, and human resources. In Swartz, T.A. and Iacobucci, D.
- Maiyaki A. U. and Mokhtar S. S. M (2010) Effects of electronic banking facilities, employment sector and age – group on customers choice of banks in Nigeria. *Journal of Internet Banking and Commerce*, Vol. 15(1), April.
- Moutinho, L. and Smith, A. 2000. Modelling bank customer satisfaction through mediation of attitudes toward human and automated banking, The International Journal of Bank
- Muhammad, A. K. (2009). An empirical study of automated teller machine service quality and customer satisfaction in Pakistani banks. European Journal of Social Sciences, Vol. 13 No.3, pp. 333-344.
- *Obiano W 2009. How to fight ATM fraud. online Nigeria Daily News, June 21, P. 18*
- Ogbuji, C. N. (2012). Analysis of the Negative Effects of the Automated Teller Machine (ATM) as a Channel for Delivering Banking Services in Nigeria. International Journal of Business and Management 7, No. 7; April 2012.
- Paul, D.R. (1998). Towards a more efficient use of payment instruments. Available online at http://www.econ.kuleuven.ac.be/ew/academic/intecon/Degrauwe/PDG.
- Report on Global ATM Frauds (2007). Available online at: ttp://www.icmrindia.org/casestudies/catalogue/Business%20Reports/BREP041.htm.
- Robert,2001 (6th edition), The new international money game, London
- Rose, P. S. (1999). Commercial bank management. Boston, Irwin/McGraw-Hill.
- Siyanbola, T.T. (2013). The effect of cashless banking on Nigerian economy. *Canadian Journal of Accounting and Finance,* 1(2): 9-19.
- Thakor, A. V and Olazabal, N. (2002) Banking: The IT Paradox. *McKinsey Quarterly* 1(1): 45

Appendix

WOLKITE UNIVERSITY

FACULITY OF BUSINESS AND ECONOMICS

DEPARETEMENT OF ACCOUNTING AND FINANCE

Questionnaires to be filled by customer of commercial bank of Ethiopia I(Asella branch)

The main intention of this questioner is to collect the relevant data to assess the effects of e-banking service on customer saving/withdrawal life in the commercial bank of Ethiopia (Asella branch). The response that you are going to give is only use for academic purpose.

THANK YOU IN ADVANCE FOR YOUR TIME SACRIFICE!

Instruction:

- No need of writing your name
- Circle your choice

Respected Sir/Madam

Part I. Personal information of the respondent

1. Sex: A) Male B) Female

2. Your years of service: **A)** Greater than 3 **B)** less than 5 **C)** Greater than 5

3. Education statues: **A)** Below diploma **B)** Diploma **C)** Degree and above

Part II. Over all information

1. Do you have e-banking machine from CBE? **A)** Yes **B)** No

2. If yes, what type of service use by e-banking electronics?

A) Cash withdrawal **B)** Balance checking **C)** Fund transfer **D)** Mini-statement

E) Others

3 Do you think that e banking can have an important role in the development of economy of a country?

A, Yes ☐ B, No ☐

4. How often do you visit (in month) withdrawal?

A) 1-2 times **B)** 3-4 times **C)** 5 times **D)** >5 times

5. How often do you visit your client bank after having e-banking for cash withdrawal?

A) 1-3 times **B)** 3-4 times **C)** 5 times **D)** >5 times

6. Do you have observed any difference in your saving/withdrawal life before and after using e-banking?

A) Saving rate increase **B)** Saving rate decrease **C)** No difference **D)** If you have any comments specify it _____

7. What kinds of problems do you face during e-banking service?

A) Network interruption **B)** Card retention **C)** Limited amount withdrawal rate **D)** If Other specify it_____

8. How do you think the reliability of e-banking service?

A) Highly reliable **B)** Reliable **C)** Neutral **D)** Not reliable

9. Do you have faced with any fraud in using e-banking service? **A)** Yes **B)** No

10. Do you think e-banking service is safe?

A) Very safe **B)** Safe **C)** Not safe and trust full

11. Extent to which e-banking Speedily improves banking profitability?

A) Very low extent **B)** Low extent **C)** Average extent **D)** High extent **E)** Very high extent

12. Extent to which e-banking influence fraud in banking sector

A) Very low extent **B)** Low extent **C)** Average extent **D)** High extent E**)** Very high extent

13. If you have any additional comments on electronic banking service……?