CHALLENGE AND PROSPECTS OF E-BANKING IN GURAGE ZONE

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ACKNOLWLDGEMET

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Abstract

The general objectives of the study was the challenge and prospects of e-banking in Gurage zone. From this general objectives, four specific objectives were explored. Descriptive research design was employed to conduct this study. Primary data were collected for the purpose of this study. The collected data was analyzed by using descriptive analyses such as tables and percentages. On the base of analysis and interpretation were make the conclusion and recommendation for challenge and prospects of e- banking. The different e-banking channels by which banks are using to provide these services to their customers are ATM, internet banking and mobile banking. The driving forces that initiate banks to adopt e-banking services are: existence of high competition in the banking industry, desire to improve organizational performance, lack of suitable legal and regulatory framework, low level of internet, poor ICT infrastructure, lack of trained personal and security concern are among the major challenges of e-banking. However, late adopter prospects, improvements in the banking habit of the society, commitment of the governments to facilitate the expansion of ICT infrastructure and willingness among banks to cooperate in building infrastructure are the major prospects for the implementation of system in the banking industry.

Acronym

ATM- Automatic Teller Machine

E-Banking- Electronic Banking

E-Commerce- Electronic Commerce

E-Payment- Electronic Payment

EFT- Electronic Fund Transfer

ICT- Information and Communication Technology

MB- Mobile Banking

PC- Personal Computer

POS- Point of Sales

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CHAPTER ONE

1.1. Background to the study

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

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

Electronic banking system provides opportunities like reduce the transaction costs between customers, improve business efficiency. Service and attract new customers. Electronic banking also increases the power of the customer to make price comparison across suppliers quickly and easily and as a consequence of this pushes price and margin down ward (Kreme, 2003).the commercial benefit of electronic banking lie in firstly; firms are able to expand their geographical reach. Secondly, important cost benefit lie in improved efficiency in production and logistics processes, thirdly, there is enormous scope for gaining through improved customer communication and management (Harrison, 2008).

According to (Harrison ,2008) many of the factor affecting successful adoption of e-banking are include lack of infrastructure development, poor internet connection, lack of public acceptance, the absence of a proper legal and regulatory frame work are more

challenge the function of e-banking. So the paper is concerned the challenge and prospects of electronic banking system.

1.2. Statement of the problem

E-banking has been widely used in developed countries and rapidly expanding in developing countries. Most transaction in today are not made manually, banking transaction are processed in computerized way. Since e-banking transactions are made electronically it increases efficiency, reduce transaction cost and increase convenience of making banking transaction. However; there is challenge faced while using electronic banking system in commercial bank of Ethiopia in Gurage zone. Lots of researches on E -banking system have been done in Ethiopia.

Different factors in the adoption of E-banking have been taken as the main factors of the adoption of new technology by different researchers such as organizational factors Lack of skilled man power, resistance to changes in technology among staff (piccolo,1995)environmental factors (like lack of suitable legal and regulatory framework for e-commerce, poor ICT infrastructure, lack of competitive pressure in the industry) and according to Elias(2009) technological factors ,security risk and functionality. However, despite the importance of these adoptions and development of E-banking, very limited number of research has been done on the challenges and opportunities of E-banking in developing countries like Ethiopia.

Despite the gap between the previous study and this study about challenges and prospect of e-banking in Gurage zone the previous studies are about e- banking focused on the above variables (Zhao, 2008). However, this study focused on recently launched like ATM, internet banking, mobile banking alert. In addition, awareness and utilization customers of e banking is mentioned issues.

1.3. Objectives of the study

1.2.1. General Objective

The main objective of the study is to determine The Challenge and Prospects of e-banking in Gurage zone.

1.3.2. Specific Objectives

- To identify the major challenges to practices e-banking approval service in Gurage zone.
- To examine effort that underway to promote e- banking facilities in Gurage zone.
- To identify the major prospects to practice e-banking in Gurage zone.
- To find the existing implemented e-banking service status in Gurage zone.

1.4. Research Questions

Based on the above stated objectives, the following research questions was answer:

1. What are the major challenges to practices e-banking approval service in Gurage zone?

2. How to examine effort that under way to promote e- banking facilities benefits of customers?

3. What are the major prospects in practice to of e- banking in Gurage zone?

4. What are the existing implemented e-banking service statuses in Gurage zone?

1.5. Significance of the Study

Since E-banking is in an infant stage in Gurage zone, by investigating the different prospect and challenges for the implement of this service delivery channel and by recommending solutions for the identified problems, this study was help banks to benefit from the adoption of this technology. In addition, it helps to fill significant knowledge gaps about e-banking landscape in Gurage zone; thereby it will give insight

to researchers and students about the problem and stimulate further investigation of the issue.

1.6. Scope of the study

The studies were conducted at four selected commercial banks in Gurage Zone. The Banks are Commercial Bank of Ethiopia, Dashen Bank S.C, Awash International Bank S.C, and Wegagen Bank S.C, The banks are selected under the assumption that it has better application to online banking than other commercial banks in Gurage zone. The study is involving staff from the selected banks, staffs from national bank of Ethiopia, staffs from Internet Network security Agency (INSA). The study laid emphasis on Challenges and prospect of e- banking in Gurage zone.

1.7 Organization of the paper

This paper consists of the five chapters with different section and sub-section: Chapter one focuses on the background of the study, statement of the problem, objectives of the study, scope of the study and organization of the study. In chapter two states the theoretical and empirical literatures review about the adoption of e-banking services and to gather relevant information concerning with e-banking. In chapter three, detail of methodology follows to achieve result outline. It's including the study design, sampling, sampling technique and data analysis. In chapter four include data presentation and discussion of the results. Finally, the last chapter (chapter five) gives conclusion and recommendation for the study.

CHAPTER TWO

2. Literature review

2.1. Theoretical Literature review

E- banking is a form of banking service were funds are transferred through an exchange electronic signal between financial institutions, rather than exchange of cash, checks, or other negotiable instruments Kamrul,(2009). E- Banking also known as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds from one account to another rather than check or cash (Malak, 2007).

The term of e-banking often refer to online banking or internet banking, which is the use of the internet as a remote delivery channel for banking service. (Forts and Noelle 2002, page 5). With the help of the internet, banking is no longer bound to time or geography; customers all over the world have relatively easy access to their account 24 hours per day, seven days per week. Another definition of e- banking is that, it is the use of computer to retrieved and process banking data (statements, transaction detail, etc.) and to initiate transactions (payments, transfers, requests for service etc.) directly with a bank or with other financial service provides remotely via a telecommunication network (Yang 1997, page 2). It should be noted that electronic banking is a bigger platform than just banking via the internet

E-banking also defined as a variety of platforms such as internet banking (online banking). TV based banking and Pc (personal computer) banking or offline banking where by customers access these services using an intelligent electronic device like pc, personal digital assistance (PDA), - Automated teller machine(ATM), Point of sales(POS).

Different forms of e- banking system were discussed as follows.

Automated Teller Machine (ATM): it is an electronic terminal which gives customers the opportunity to get banking service at almost any time. To withdraw cash, make deposits or transfer funds between accounts, a consumer needs an ATM Card and personal identification number (PIN).

Point of sale transfer terminals (POS): the system allows customers to debit card. This card looks like a credit card but a significance difference. The money for the purchase is transferred immediately form account of debit card holder to the stores account (Malak, 2007).

Internet extra net banking: it is an electronic home banking system using web technology in which bank customers are able to conduct their business transactions with the bank through personal computers.

Mobile banking: it is a service that enables customers to conduct some banking services, such as account inquiry and funds transfer by using of short text message (SMS).

Banking offer internet banking in two main ways an existing bank with physical offices can establish a website and offer internet banking to its customers in addition to its traditional delivery channels. A second alternative is to establish virtual branch loess or internet only, bank almost without physical offices virtual banks may offer their customers to ability to make deposits and withdraw funds via ATMs or other remote delivery channels owned by other Institution (Furst and Nolle, 2002 Pa)

2.2. Benefits of E-banking for banks

Under the view of Robinson (2009), relevant cost for conducting banking transaction via online are much lower than via brick and mortar branch. The author emphasizes that the banking can bring about many competitive advantage for banks in today's highly competitive banking market.

A research on e-banking has been carried out by Moils (1998) argue that e-banking can play an important role in enhancing cross selling and price differentiation. E- Banking can make favorable condition for bank to provide customers numerous service 24 hours a day 7 days per week.

E- banking can improve customer satisfaction with the bank due to the fact that it makes customers less price sensitive and improve their intention to repurchase, and more loyalty to the bank via providing more positive words of mouth about the bank

than other customers.

2.1.2. Benefit of E-banking for customers

It should be noted that E-banking is not only bring about benefits to banks but also to their customers. Customers can enjoy a variety of service, especially service which are not provided by traditional bank branch Pham (2010).

One of the greatest benefits that e-banking brings about is that it is not expensive or even free for customers to utilize e-banking products (service) Pham (2010). He was believed that e- banking customers don't want to travel to or from a bank branch to make some banking transaction. In other words, they want to utilize e- banking to save time and money. E- Banking can bring about convince and accessibility, which will have positive effects to customer's satisfaction and loyalty on bank.

It is totally possible for customers to manage their banking transaction whenever they want and to enjoy improved privacy in their interaction with the bank. In addition, customers can enjoy more benefits at lower cost levels by utilizing e-banking (Moils, 1998).

According to Turban (2008), that e-banking is really beneficial to customers in terms of cost savings, no limit on time and space, quick response to customer complaints and better service or product, such as benefits are believed to elevate customer satisfaction.

2.2 .Factor affecting to E-banking

Many researchers have been used different frame works in the study of adopting new technology innovation. Among frameworks that have been developed based on the past studies include, the technology organization framework (Tornolzky and Fleischer, 1990). This identifies three basic factors for the adoption of technological innovation s, i.e. technological factors, organization and environmental factors.

According to Tornalzky and Fleischer (1990) technology adoption within an organization is influenced by factors pertaining to the technological context, the organization context, and the external environment. Based on this, the researcher summarizes possible key factors affecting e-banking adoption. For each context, several factors have been

identified from the literature but only those that are considered relevant for e-banking adoption are included in the study detail of factors considered in the study are presented below.

2.2.1. Technological Factors

According to Elias (2009) chooses two basic factors related to technology competences, which have relevant to the organizational factors i.e., perceived benefit and perceived risks are considered in this study from the technological factors perceived benefits of e-banking cover both direct and indirect benefits for the banking industry as

Well as for the consumers. Direct benefits include the solving on operational cost improved organizational functionality. Productivity gain improved efficiency and increased profitability. Indirect includes the opportunity or intangible benefits such as improved customer's satisfaction through improved services improved banking experience and fulfillment of their changing need and life style (lacovov, 1995). Frequent power interruption lack of reliable power supply is a key challenge for smoothly running e-banking in Ethiopia. Perceived risks: according to Zhao (2008), one of the important risk faced by banking institution in offering e-banking service is the customers "resistance to use the services which significantly hider the growth of e- banking service". Issues related to security have always been a concern when dealing with technologies related to online transaction such as e-banking. Therefore, the perception of the risks regarding e-banking is expected to influence its adoption and further growth.

2.2.2. Organizational Factors

Organizations are influenced by different factors to adopt and growth of e- banking services. Like firm size top management support, financial and human resource. In the frame work, in this study, researchers use one basic organizational factor as discussed below (Piccolo, 1995).Financial and human resources: financial resources are an important factor in facilitating innovation adoption for any organization and they are often correlated size firm. Therefore, there is expected that the availability of financial resource with in adopting firm is important for e-banking adopting. These resources enable banking institution to obtain human related resource including the required skill

and expertise to develop and support provision of e-banking services

2.2.3 .Environmental Factors

The four environmental factors relevant for e-banking adoption included in this study are: Legal and frame works: the existence and maturity of e-commerce legal framework with in a country influence the diffusion of online transactions include e-banking. The national ICT infrastructure: national ICT infrastructure is one major that supports the adoption of e-banking services. Without an adequate development levy and quality of a notions ICT infrastructure, e-banking adoption and use cannot do well. Competitive pressure: It can strongly influence any bank to develop and adopt e-banking imitative and it may affect the bank perception toward e-banking system. Government support: - government can directly or indirectly affect the adoption of e-banking in terms of creating a favorable environment and input for banking institution and their customers so that the service can be diffused with the community

2.3. Empirical literature review

According to Gardchew (2010) conducted research on the challenges and prospects of e-banking in Ethiopia. the bank have gone through various challenges in popularizing and penetrating the market through electronic delivery channels, we are now at the level of encouraging recognition and flexibility to adopt the new habits as alternate service channels. The bank is able to reap better returns by way of increasing non-interest income from diversified service offerings and total solutions to the customers

According to Gardachew (2010) , opportunities offered by ICT through learning programs and commitment of the government on development of ICT infrastructures is considered as drivers of using e-commerce and e-payment.

The study of Kerem (2003) on the adoption of e-banking; underlining consumer's behavior and critical success factors. The selection criteria for the respondents were mainly their involvement with the development of internet banking systems from the early days of its emergence. Finally, the research indicates that banking activities alone may not be sufficient in achieving growth if general infrastructure, economic

environment and government initiatives are not supportive. The research conducted on identifying the attitudinal, social and perceived behavioral control factors that may influence the adoption of internet banking by Hoppe ital. (2001) were based on theory of planned behavior (TPB) and the diffusion of innovation theory (DIT) developed by previous researchers in Singapore.

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

The Study conducted by khalfan et al., (2006) on factors influencing the adoption of internet of internet banking in Oman. Data, used in their study were collected using semi –structured interview as well as bank document. The result of this study provides a pragmatic picture about the adoption of e- commerce application in the core financial sector domain of Oman. One of the finding is that security and data confidentialities issue has been major challenge. The banking sector was relocate to use e-commerce application as they felt that transaction conducted electronically were open to hackers and vires, which are beyond their control. Lack of top management support is the other inhabiting factor in the implementation of electronic banking application as per their finding.

The aim of the study was to collect data in order to rest out the hypothesis regarding the factors which affect adoption of e-banking and compare these results with those collected in other countries online questions was used to collect empirical data and the result of the study shows that intention to adopt e-banking can be predicted by attitudinal factors, perceived behavioral control factors to a lesser degree, and not by subjective norms. All attitudinal factors except banking needs are found to be significant, with complexity and risk showing negative relations.

In General, review of empirical studies shows that understanding the critical success factors in e-banking is important for banking industries because it would potentially help them improve their strategic planning process. The main obstacles and barriers that oppose e-banking adoption are the concern of security, privacy of information and technology investment cost.

Also the literature review indicates that according to the customers there are different factors that influencing the adoption of e-banking, such as, perceived advantages and others factors related to the service itself and how to be accepted and used by the customer, which differ from country to country reflecting the economic and technological development in each country.

2.4 .Knowledge gap

Review of post studies on e-banking implementation, practices, challenges and prospects of e-banking in Gurage zone. Most of these studies were focused on the Challenges and identify socio-economic factors that affect the e-banking. However in these literature review noting was indicated above the awareness about e-banking channels like ATM, mobile banking facilities at all. Thus the researchers could focus on the knowledge and utilization of e- banking facilities. The researchers could not get research conducted on the level of knowledge and utilization of e-banking channels like ATM .Mobile banking facilities. But it does not mean that there is no any research conducted previously at all, it is to mean that the researchers face limitation to access the previous researchers on the mentioned issues.

CHAPTER THREE

3. Research methodology

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

3.1. Study Area

The study were carry out in four selected banks in Gurage zone specifically in Wolkite branch namely, Commercial Bank of Ethiopia, Dashen Bank S.C. , Awash Bank S.C. And

Wegagen Bank S.C... This bank will choose because e banking facilities or products including ATM services, mobile banking, internet banking and the like are available. Furthermore, they are closer to the researcher and access to information is also easy.

3.2. Research design

Research design is usually plan or blue print which specifies how data relating to a given problem should collected and analyzed. It provides the procedural out line for the conduct of any investigation.

In an attempt to challenges and prospects of electronic banking, the researcher would be used descriptive type of research design. As the name implies descriptive method would be used when the researcher wants to describe specific behavior occurs in the involvement. It is used to gather information about the present and the existing condition.

It gives the researcher the ability to use look at whatever they are studying in so many various aspects and can provide a bigger over view as opposed to other forms of research.

3.3. Data sources and collection methods

The researcher relied on primary data sources. The primary data was collected from the staff of the selected banks based on structurally designed questioners. Structured questioners are important method for collecting primary data and that is further allow the researchers to be well focused on the specific research topics. It includes both Open –ended and closed –ended questionnaires was used because the researcher considered it to be more convenient as respondent could answer at their convenience. In addition, semi –structured interview with the higher official of each bank e- banking mangers was conducted. Semi –structured interview were conducted so s to substantial and improve the result of the questionnaires.

The questioners was developed by the researcher’s questions and the literature. Respondent were encouraged to be objectives in their response since they were assured of confidentiality.

3.4. Population, Sampling design and techniques

The targeted population of the study includes managers and employees of selected bank in Gurage zone specifically in wolkite branch. The numbers of employees and manager in Commercial Bank of Ethiopia is 38, Dashen Bank S.C. 18, Awash Bank S.C. 9 and Wegagen Bank are 6 among these the researchers it can be selected proportionally 25 respondent that is directly related to the electronic banking like ATM, mobile banking to use .To select this sample, the researchers were use non probability method and judgmental sampling techniques to select employees and managers which are based on the research. The reason is that randomly selecting the respondent from the population may lead unreliable information and the researcher can be listed the criteria were use judgmental sampling techniques in order to obtain, appropriate information, to minimize cost, to save time related to the topic.

3.5. Method of Data analysis and presentation

Data from the structured self-administered questionnaire will be properly organized through data coding, cleaning and entering. Descriptive statistics by percentages, figures and tables will generate from the software to establish relationship among variables. The relevant information will be obtained in standard form using tables, frequencies and percentages to analyze and interpret the information. The result will finally present in tables. These will use to ensure easy understanding of the analyses

CHAPTER FOUR

4. Data presentation and discussion

Introduction

This chapter deals with data analyses, presentation and discussion based on the data which were conducted from sample respondent. The data collected through questionnaire and interview is going to be analyzed and presented in the table form and it is seems appropriate to interpret each data are presented in the table form. 25 Questionnaire were distributed to the selected employees and managers of commercial bank, Awash bank S.C., Dashen banks S.C., and Wegagen Bank S.C., in Gurage zone using non probability judgmental sampling method. From the total 25 questionnaires distributed to the selected bank of employee and manger. From this all questioners are returned by the respondent. Generally the collected data is analyzed as follows.

4.1.1 Results from questioners

Questionnaire is very important to gather information and it is very useful when there are a number of respondents. For this research which requires individual's response about the usage of electronic banking, the researchers used this data sources as a primary sources and has got in depth information by using this techniques.

Table 4.1 background of the respondent

1 .gender	description	No of respondents	percentage
	Male	16	64%
	female	9	34%
	Total	**25**	**100%**
2. age	Below 2 years	6	24%
	25-35 years	17	68%

	35-45 years	1	4%
	Above 45 years	0	0%
	Total	**25**	**100%**
3.Educational level	diploma	3	15%
	BA/MSC	19	70%
	Master degree	3	15%
	other	0	0%
	Total	**25**	**100%**
4.Years of services	Below 2 years	7	28%
	2-4 years	10	28%
	4-6 years	7	28%
	Above 6 years	1	4%
	total	25	100%
5. Your position in the bank.	Bank business officer	2	8%
	cashier	3	12%
	CSO	8	28%
	accountant	1	4%
	Banking business officer	2	8%

	messenger	1	4%
	MBO	1	4%
	RO	1	4%
	AICO	1	4%
	Operation officer	1	4%
	Branch banking officer	1	4%
	secretary	2	8%
	Branch manger	1	4%
	Total	**25**	**100%**

As it is shown on the above Table 4.1 the background of the respondent which includes Five (5) classes that are sex, age, educational level, years of services in the organization and position in the bank. As it can be seen in the above table the sex range, 16 respondent, representing 64% are Male and 9 respondent, representing 34% are Female. This shows Majority of the respondent are Male.

In the case of classification of respondents by age, 6 respondent, representing 32% were below 25 years of age, 17 respondents, representing 64% are 25-35 years old, 1 respondents, representing 4% are 35-45 years old and 0 respondent were above 45 years old. This Shows majority of the 17 respondents are 25-35 years old.

With regard to educational level of the respondent, in the table shows that 3 respondents, representing 12% are had qualification of diploma, 19 respondents, representing 76% had qualification B.A Degree, 3 respondent, representing 12% had qualification Master degree and 0 of the respondent are other. This shows that majority

of the 19 respondent had B.A Degree.

In relation to work experience of employees, the table shows that 7 respondent, representing 28% had below 2 years of experience, 10 respondents, representing 40% had 2-4 years of experience, 7 respondents, representing 28% had 4-6years of experience and also 1 respondent ,representing 4% had above years of experience in the bank sector. This shows 10 respondent had below 2-4 years of experience. This implies that since average of the respondents are experienced so; they are efficient in using resources and understanding electronic banking system well. Thus lead the bank effective.

Finally this table shows position in the organization 2(8%) of the respondent are banking business officer, 3(12%) are Cashiers, 7(28%), are customer services officer, 1(4%) Are Accountants,2(8%)are banking operation officer, 1(4%)are messenger ,1(4%) are MBO , 1(4%) are RO,1(4%) are associate internal control officer ,4% are operation officer,4% are branch banking officer ,1(4%) are secretary and also 2(8%) of the respondent is branch Manager. This shows Majority of the respondent are customer services officer position in the bank. This implies that there is segregation of duties in the bank this lead the bank to perform the task properly.

4.1.2. Challenges of e-banking

As cited in chapter two three are so many challenges that negatively affect the implementation of and growth of the e-banking technology. The factors affecting the successful practices and growth of new technologies, such as network problem, low internet access, lack of available ICT infrastructure and lack of e- banking technology and managerial skill to use e-banking in detail explain (Ayana ,2008) in the prevail . Therefore from theses the researchers focused to conclude that there are challenges the practices of e-banking serveries among those banks not yet implanted the system and for the sufficient implantation of the servicers from the view of those banks that are currently providing the services in Gurage zone. These study focused on research tried to discuss and complement the result obtained from questioners from respondents can

be used to the table 4.2 in below

Table 4.2 .Challenges of e-banking.

Item	No of respondent and percentage		
	Yes	No	Total
1. Mobile banking service may not perform well because of network problem	19(76%)	6(24%)	25(100%)
2. Using internet banking is difficult due to low internet access.	19(76%)	6(24%)	25(100%)
3. Lack of adequate ICT infrastructure exist in the bank.	18(72%)	7(28%)	25(100%)
4. Is lack of e- banking technology and managerial skill to use e-banking.	15(60%)	10(40%)	25(100%)

Sources; Questionnaire, (2019)

As stated in the above table 4.2 indicated in item number one (1), 19 respondents, representing 76% of the respondents are responded that mobile banking service may not perform well because of network problem. So mobile banking service may not perform well because of network problem is negative relation to e-banking. While the

remaining 6 respondents, representing 34% are responded that mobile banking perform well. From this the researcher understands that network connection problem comes from lack of ICT infrastructure and low internet access that cause customers not to use e-banking system. This result the bank faced difficulty in order to deliver e-banking service effectively and efficiently.

According to the above table item (2) ,19 respondents,repersenting 34% express their agreement using internet banking is difficult due to low internet access while the remaining 6 respondents,repersenting 34% are agreed that using internet banking is not difficult due to low internet access . As the table indicate above the researcher can conclude that low internet access is the problem of the selected banks Gurage zone specifically in Wolkite branch. Item number three (3) shows that the majority, 18 respondents, representing 72% are argued that lack of available ICT infrastructure affect e-banking whereas the remaining respondents 7(24%) are argued that lack of available ICT infrastructure is not affect e-banking. From this the researchers understand that it is known without ICT infrastructure there is no e-business. This implies that ICT infrastructure is basic requirement in order to implement electronic banking systems, by implementing it the banking become beneficial from e-banking services. From the above table item 4, 15 respondents, representing 60%argue that lack of technological and managerial skills affect on the use of e-banking. While the remaining 10 respondents, representing 40%respond lack of technological and managerial skills does not impact on the use of e-banking. From this the researcher concludes that lack of technological and managerial skills. This implies that lack of technical and managerial skills in implementation and development of e-banking technology is considered as factors that has negative influence on the adoption and development of e-banking. Thus lead the bank ineffective for the adoption and development of e-banking

4.1.3. The efforts that way to promote e-banking

As cited in chapter two the effort that to promote e- banking. This implies that customers awareness towards e-banking is important to the customers in order to

access e-banking services easily that provided by the bank, this lead to the bank increase productivity in the previous researchers . The researcher conclude that high level of available ICT infrastructure is the way to promote e-banking which ICT the brain of doing of e-banking. Since the e-banking technology requires a general good infrastructure in terms of communication and information technology so implementation of good ICT infrastructure .Thus lead to the bank effective in providing e- banking services. Theses study focused on research tried to discuss and complement the result obtained from questioners can be used to the table 4.3 in below.

Table 4.3.the efforts that way to promote e-banking.

	No of respondent and percentage		
	Yes	No	Total
1. Using high level of ICT infrastructure is the way to promote e-banking.	22(88%)	3(12%)	25(100%)
2. To building legal and regulatory frame work is the way to promote e-banking.	20(80%)	5(20%)	25(100%)
3. To decrease frequent power interruption and security issue is developed e-banking.	22(88%)	3(12%)	25(100%)
4.Do you think that to increases promote customers awareness towards e - banking	20(80%)	5(20%)	25(100%)

Sources; questionnaires' (2019)

As shown in the above table 4.3 item number one (1) indicate that the majority 22 respondents ,representing 88%are answered that using high level of ICT infrastructure is the way to promote e-banking while the remaining 3 respondents,repersenting 12% responded that using high level of ICT infrastructure is not the to promote e-banking from the above table. The researcher conclude that high level of available ICT infrastructure is the way to promote e-banking which ICT the brain of doing of e-banking.

Item number (2) indicates that the majority 20 respondents, representing 80% are answered that to decreasing frequent power interruption and security issue is develop e -banking whereas the remaining 5 respondents,repersenting 20% are respond that power interruption and security issue is not impact on e-business , so the researcher conclude that increasing supply of sufficient power and securely implementing of e-banking increase the working capacity of the bank and increase the confidence of the customer's in order to use e-business . Item number three (3) shows that the majority 22 respondents, representing 88% are answered that building of legal and regulatory frame works is the way to promote e-banking. While remaining 3 respondents, representing 12% are responded that building legal and regulatory frame works is not the way to promote e-banking. From this the researcher concludes as building of legal and regulatory frame work is the way to promote e-banking.

In the contemporary world, there is a continuous growth in the bank industry and it also pushes the customers towards to engage in the advanced and active financial institution. The above table number four (4) indicates that to increase customers 'awareness status as such electronic banking systems are more developed. The result from such analysis indicate that 20(80%) are above they well aware about electronic banking systems. the respondents shows (good) awareness about electronic banking systems, the satisfactory levels holds of the respondents awareness towards electronic banking . and the small part of this analysis covered by 5(20%) respondents that they have poor awareness about the electronic banking systems. This implies that customers awareness towards e-banking is important to the customers in order to access e-banking services easily that provided by the bank, this lead to the bank increase productivity. Therefore from the above discussion it is possible to conclude

that to promote the practices of e-banking serveries among those banks.

4.1.4. Prospects of e-banking

Electronic banking offers substantial advantages to net dwellers in the form of enhance convenience time saving ability to buy and sell many bank places , and in the emergent market space electronic transaction between citizens and government render the opportunities for letter to collect "customer "information that can be used as an important input to operation and policy decision-making . Online identification technologies have, thus been sophisticated allowing access to individual personal details (Turban, 2008).The researcher tried to discuss and complement the result obtained from questioners in the respondents can be used to the table 4.4 in below.

Table 4.4.prospect of e- banking.

Item	NO of respondent and percentage		
	Yes	No	Total
1. Do you have e- banking is attracting high value customers?	23(92%)	2(8%)	25(100%)
2. Is e- banking substantial advantage to increase revenue?	22(88%)	3(12%)	25(100%)
3. Is e-banking faster than withdrawing when it is compare to that of using a bank book?	22(88%)	3(12%)	25(100%)
4. Is available at e-banking at any time to withdraw money?	18(72%)	7(28%)	25(100%)

Source: questionnaires' (2019)

As reported in table 4.4, item (1), 23 respondent ,representing 92% believe that providing e –banking is attracting high value of customers by using electronic channels like (ATM, Mobile banking)have the benefit of building good image, load reduction that enables bank employees to focus on strategic issues instead

of focusing on traditional activities and improvement of organizational performance through time .while the remaining, 2 respondents, representing 8%e-banking is not attracting customers. Since e- banking services as a means of serves delivery have also the benefits assisted by each respective bank in the above table. In general, according to the respondent's response as listed in the above table, it is possible to conclude that delivering banking products through electronic channels made the bank benefited.

it is true that a new system development face a merit and demerit for the individual customer, for the firm, industry .the above item number two (2) the majorities of the 22 respondent ,representing 88% need to determine a substantial advantage to increases revenue of the system for the use e- banking. While the remaining 3 respondents, representing 12% three is no advantage to increases revenue. As the result e- banking is a substantial advantage to increases revenue e-banking in Gurage zone specifically in wolkite branch.

Item number three (3) concerning with the issue of positive outcome or the necessity of the card the above table contains the significant alternative that yield from using ATM card the target 22 respondents, representing 88% uses ATM card much faster than withdraw compared to bank book for its accessible as of demand primarily those individual customers wants to withdrawal they required amount without the limitation time, workday. Whereas the remaining 3 of them ,representing 12% are commonly used for its accessibility is not much faster than withdrawing by using bank book account, absence of exposed to theft in fact all are important items listed by the researcher when using ATM card. This leads to e- banking to become more effective.

As the above table item four (4) the majorities of the 18 respondent ,representing 72% of respond ed that it is available to withdraw money at any time by using e- banking .while the reaming 7 respondent responded it is not available to withdraw money at any time by using e- banking. From this the researchers concluded that by using e- banking is withdraw money to any time.

Therefore from the above discussion it is possible to conclude that there are good

opportunities for the e-banking services in Gurage zone.

Table4. 5.Implementation of e- banking

Item	NO of respondents and percentage		
	Yes	No	Total
1. Lack of confidence with in security affect the implementation of e- banking.	17(68%)	8(32%)	25(100%)
2. Does your bank use advanced technology and internet network payment card.	21(84%)	4(16%)	25(100%)
3. Is e- banking training to provide to employee?	19(76%)	6(24%)	25(100%)
4. Do you think that e- banking is convenient in terms of serves accessibilities?	22(88%)	3(12%)	25(100%)

Sources; questionnaire, (2019)

As shown in the above table 4.5 item 1, the majority of 17 respondents, representing 68% are responded that are lack of confidence within the security affects the implementation of e-banking while the remaining 8 respondents, representing 32% are responded that lack of confidence within the security does not affect the implementation of e-banking. From this the researcher can understand that lack of confidence within the security is one of the major challenges of e-banking which discourage customers not to implement e-banking. This lead the bank ineffective to deliver e-banking services.

As shown in the above table 4.5. item two ,21 respondents, representing 84%are

responded that they use advanced technology and internet network payment card at the time of implementation of e- banking is While the remaining, 4 respondents ,representing 16% are responded that they didn't use advanced technology and internet network payment card. Use of advanced technology is indication for the improvement of e-banking so using advanced technology is the best way to increase e-banking system.

As the above table 4.5 number three (3), 19 respondent, representing 76% are responded that providing basic and refreshment training to employees help banks to provide quick up to date and secured services to the customer .All banks are providing e-banking training to their employees. While the remaining 6 respondents, representing 24% responded some of the staff do not have sufficient knowledge about banking .From this the researchers can be understand that training provided to employees one of the best importance at the time of implementation or one of the way to the of e- banking technology.

As the above table 4.5 item number (4), 22 respondents, representing 88% responded e -banking is convenient in terms of services accessibilities to the bank existing and new customers. While the remaining 3 respondent, representing 12% e- banking is not convenient in terms of services accessibilities to the bank existing and new customers. From this the resercharers generalize the large number of the respondents agreed that other services benefits from implementation of e-banking technology included facilities marketing and market access, create better relationship among banks and clines, reduces customers queue at bank hall and price transparency to enhance accessibilities of financial services.

4.1.5. Analysis of Interview designed for the bank managers

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

The driving forces that initiate the bank to adopt e-banking services includes :- Existence of high competition in the banking industry , desire to improve organizational

performance, improve the relationship with customers, reduce transaction cost, cover wide geographical area, build organizational reputation, satisfy customers, to keep the international banking standard and rapidly changing customers' needs and preferences .

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

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

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

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

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

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

In addition to operational benefits, there are also services benefits that the banking industry can attain from implement and development of E-banking technology. Enhance accessibility of the bank's services (in terms of place), Facilitates development of new products and new business in the banking industry, improve customer services, improving transactions.

CHAPTER FIVE
5.1. CONCLUSION AND RECOMMENDATION

The previous chapter presented the results and discussion of the study. This chapter provides the conclusion and recommendation in line with the finding of the study. The chapter is structured in two section. The first section deals with conclusion whereas the second section presents some recommendation suggested as a solution to problems that have been identified in the study.

5.1.1 .CONCLUSION

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

- Potential operational efficiency benefits of E-banking implementation and development as perceived by the increase productivity, reduces paper work, reduce transaction cost, generate foreign currency, and increase reliability and reducing errors.
- Moreover, the banks realized service benefits like, facilitate development of new products, facilitate marketing and market access, improve customer service, increase accessibility of the bank services, create good relation among banks and clients and encourages price transparency. Perceiving both operational and services benefits have positive tendency to adopt and develop E-banking technology among the banks.
- Despite the above benefits of practice E-banking technology in selected bank of Gurage zone is associated with some challenges. The study shows that chance of risk ,lack of trained and efficient staff in e-banking context, lack of suitable legal and regulatory framework, absence of network that links different banks, low level of internet penetration and poor infrastructure, high cost of internet and security issues ,high cost of ICT equipment's and network, software and re-organization, lack of customer trust and resistance to changes in technology are the major challenges of

selected bank facing for practices E-banking technology.

- The prevailing technical and managerial skills available in the implementation bank of Gurage zone towards adopting and extending of E- banking technology are found to be limited to influence the technological development rate. Besides, Security risks and lack of trust on the technological innovations are another Challenges faced by the bank in implementation and development E-banking Therefore, from the above discussion it is possible to conclude that E-banking technology is not well implemented and developed in the selected commercial banks in Gurage zone.
- Finally, Late adopter opportunities, commitment of the government to facilitate the expansion of ICT infrastructure, improvement in the banking habit of the society, sustainable economic growth in the country, increment of tourist inflow to Ethiopia and willingness among banks to cooperate in building infrastructure are among the major opportunities for the implementation of e-banking in the country. Therefore, from this, it is possible to conclude that there are good prospects for the implementation of e-banking service in Gurage zone.

5.1.2 RECOMMENDATION

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

- The Bank should create deep awareness to community concerning the E-banking products they offer and the benefits associated with using E-banking services through advertising their products and services on the internet, mass media as well as through organizing public exhibition and talk shows. Besides, the bank should attract the community to use the technology by diverse incentive campaigns. This way, customers' interest would be are used;

- Bank should work to improve customers' confidence by providing adequate security of transaction back up of critical data files. In collaboration with banks, Government should educate and inform the community on the work ability and effectiveness of E-banking technology. This will increase the customer

confidence levels;

- The bank should facilitate proper and continuous training courses for their employees to have adequate understanding of the E-banking technology so as to achieve the desired.

- High cost of ICT equipment and network, software and re-organization has been a challenge the banks facing in the adoption and development of E-banking. The researcher, therefore, recommend that either banks should raise fund by issuing share to public in order to acquire these facilities needed in the industry or Government should support banking sector by facilitating development of sufficient ICT infrastructure for the successful implementation and development of E-banking services.
- Government should to maintain to support banking sector by facilitating developments of sufficient ICT infrastructure the implementation and developments of e-banking services and issue suitable legal frameworks for the implementation of e- banking technology.
- For the successful implementation of e- banking telecommunication infrastructure, is major prerequisite. Therefore the government should support the e-banking sector by investing on the telecommunication infrastructure development. In this regard Ethio –telecom need to provide these banks to have a better and quality network having band width.By doing so the existing quality of internet connection should also be improved until such time that successful; implementation is achieved.

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APPENDEX

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCUNTING ANDFINANCE

Dear sir/ madam

The aim of this questionnaire is to collect information for research to be conducted on the **CHALLENGE AND PROSPECTS OF E-BANKING IN GURAGE ZONE** in the case commercial bank of Ethiopia, Awash bank S.C., Dashen bank S. C., and Wegagen bank S.C. who is undergraduate student of Accounting and finance at Wolkite University. The questionnaires are distributed to the Gurage zone specifically in wolkite branch. The result of the study is expected to the challenges and prospect of e-banking. Your

cooperation in providing genuine response to the following questions is highly important for the success of this study. It is only for academic purposes and your response will be kept confidentially.

MISGANAW NIGATU.

Thank you in advance for your cooperation

Instruction

l. Do not write your name

ll. Circle your best response to the questions and write your answer on the space provided

lll. Attempt all questions

Part 1.personal profile: - General information about the respondents

Please indicate you're:-

1. Sex

A Male ☐ B female ☐

2. Age

A. below 25 years ☐ C. 35-45 Years ☐

B.25-35 years ☐ D. Above 45 years ☐

3. Educational level

A. diploma ☐ C. Master Degree ☐

B. BA/BSC degree ☐ D. Other ☐

4. Over all experience in the bank

A. Below 2years ☐ C.4-6 years ☐

B. 2-4 years ☐ D. Above 6 years ☐

5. Position in the bank----------

PART2 ; Please indicate your response by ticking (√) in the box.

		YES	NO
	QUESTIONS RELATED TO CHALLENGES OF E-BANKING.		
1.	Mobile banking services may not perform well because of network problem?		
2.	Using internet banking is difficult due to low internet access?		
3.	Lack of adequate ICT infrastructure exist in the bank?		
4.	Is lack of e- banking technology and managerial skill to use electronic banking?		
	QUESTIONES RELATED TO THE EFFORT THAT UNDER WAY TO PROMOTE E- BANKING.		
5.	Using high level of infrastructure is the way to promote e-banking facilities?		
6.	Is the way to build legal and regulatory framework to promote e-banking?		
7.	Do you think that decrease in frequency power interruption and security issue increase e-banking application software?		
8.	Do you think that to promote customers awareness towards electronic banking?		
	QUESTIONS RELATED WITH PROSPECTS OF E-BANKING.		

9.	Do you have e-banking is attracting high value customers?		
10.	Is e-banking increase revenue?		
11.	Is e-banking faster than withdrawing when it is compare to that of using bank book?		
12.	Is available e- banking at any time to withdraw money?		
	QUESTONS RELATED TO IMPLAMENTION OF E-BANKING		
13.	Lack of confidence with in the security affect the implementation of e-banking?		
14.	Does your bank use advanced technology and internet network payment card?		
15.	Is electronic banking training provided to employees?		
16.	Do you think that electronic banking is convenient in terms of services accessibility?		

Interview designed for the bank managers.

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