

**CHALLENGES AND OPPORTUNITY OF ELECTRONIC BANKING IN
PRIVATE BANK (A CASE OF AWASH BANK WOLKITE BRANCH)**

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Acronyms & Abbreviations

ACH-	Automated Clearing House
AIB-	Awash Internal Bank S. Co
ATM-	Automatic Teller Machine
E-Banking-	Electronic Banking
E-Commerce-	Electronic Commerce
E-Payment-	Electronic Payment
EFT-	Electronic Fund Transfer
ICT-	Information and Communication Technology
IT-	Information Technology
MB-	Mobile Banking
PC-	Personal Computer
POS-	Point of Sale
PIN-	Personal Identification Number
RTGS-	Real Time Gross Settlement System
TV-	Television
VISA -	Visa International Service Association
7X24-	7 days and 24 hours

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ABSTRACT

This study is conducted with the purpose of analyzing the opportunities and challenges of electronic banking in commercial bank of Ethiopia in Wolkite branch. It was conducted based on the data collected from Employee and customers of the bank through questionnaires. The study identified opportunity of E-banking services that the customers get as a result of using e-banking services as well as the opportunity the bank gets as a result of providing e-banking services. Also the response that got from questioner shows that there are certain issues that become a challenge for the electronic banking services in Awash bank of wolkite branch. In this regard, the result of the study indicated that the major challenges for the electronic banking services as of infrastructural and knowledge related challenges, legal and security issue related challenges, cash shortage challenge, system failure challenges, network failure challenges and bank policy on withdrawal challenges. The study suggested a series of measures which could be taken by the Awash bank of wolkite branch to address various challenges identified in the study. These measures include: making of agreement with the ethio-telecome manager of wolkite town on the improvement of weak telecommunication and network failure, reducing improper use of technology, prepare or give to its employee different training on the technical skill to maintain and repair the ATM machine and other e-banking infrastructures, reducing problem of power failure, system failure and shortage of cash in ATM machines using different mitigation mechanisms.

Chapter One

1. Introduction

As an introduction of the study, this chapter presents: background of the study, statement of the problem, research objective, research questions, research method adopted to conduct the study , scope of the study, significance of the study and organization of the whole proposal respectively.

1.1 Background of the Study

Like all other social entities financial institutions are being constantly shaken by technological innovations and inventions (Shyamapada et al., 2011). For instance, till now bank clients were used to stand in line to get financial services, but now because of the development of the Information and Communication Technology (ICT) and introduction of electronic banking services they can perform it at anytime from anywhere even from home. In electronic banking system, funds are transferred through electronic signals between financial institutions and individual accounts, and between individual accounts (Shyamapada et al., 2011).

Electronic funds transfer has been described as the third of the great ages of payment, the first being payment by cash (notes and coins) and the second being paper based payment (for instance, cheques, CPO (cash payment order), Draft) (Kilonzo, 2007). E-payment systems refer to the automated processes of exchanging monetary value among parties in business transactions and transmitting this value over the Information and Communication Technology (ICT) networks. The common E-banking channels include the payment cards (debit or credit), online web portals, Point of Sales (POS) terminals, Automated Teller Machines (ATM), mobile phones, Automated Clearing House (ACH), direct debit/ deposit and Real Time Gross Settlement System (RTGS) (Nnaka, 2009).

E-banking has many advantages and interesting diversities including more number of customers, services in higher quality and lower price, preservation and enhancement of share in market, unlimited space for market, concentration in new distribution, making competition between commercial brands, concentration on expenses and improvement of revenue, providing extensive services, improvement in management system, decreasing the expenses of contractions, close intra banking connection, controlling ecological pollution, etc.(Farshad Havasi1 et al., 2013).

As it is stated in different E-banking literature some of the problems related with E-banking are: Low level of internet penetration and poorly developed telecommunication infrastructure, lack of suitable legal and regulatory framework for E-commerce and E-payment and low literacy rate for the practice of E-banking is some of the problem that hinders the accessibility of electronic banking services in Ethiopia which makes difficult for citizens to fully enjoy the benefits of E-banking, they should not only know how to read and write but also possess basic ICT literacy.

In order to encourage further E-banking practice in developing countries, a better understanding of the barriers impacting E-banking practice is critical (Zhao, 2008). By gaining an in-depth understanding of the factors and conditions that influence developing country's ability to fully adopt and realize its benefits, strategic implications can be generated for the researchers and practitioners regarding how to promote the growth of E-banking in the developing countries. However, despite the importance of these adoptions, Limited studies are currently available in developing countries, especially in Ethiopia. Therefore, more studies are still required to understand the relevance of E-banking in the country to identify areas in which the country lags behind that inhibit their E-banking practice. Therefore, to address the current gap in the literature, this study focuses on analyzing challenges and opportunity of Electronic banking in Awash Bank in case of Wolkite branch.

1.2 Statement of the Problem

Electronic banking is a driving force that is changing the banking industry towards a more competitive and efficient situation. Electronic banking presents both an opportunity and a challenge in terms of being able to provide the convenience, efficiency, and effectiveness of electronic banking to its customers. The main driver behind electronic banking is convenience. It is available around the clock, is extremely time-saving, and is accessible from anywhere around the world. Electronic banking is very efficient, and has helped cut down a lot of costs, and in the case of virtual banks it has cut down almost all costs (Alam, 2010). But the influences of electronic banking go far beyond this.

With all these benefits and opportunities that electronic banking offers to the Ethiopian banking industry, there are a number of challenges which commercial banks operating in the country are facing in the provision of electronic banking services. Different researchers suggests different

problem on challenges of electronic banking for instance Megersa, N. (2010) suggests that one of the major hindrances is lack of appropriate technological infrastructure to support the service. The financial institutions argue with internet challenges including its congested connection, security and quality of service. There is also lack of specialists with the adequate technological skills to build that infrastructure. It might also be a challenge to convince customers, especially those who are not familiar with using the internet, and who might find it hard to try to deal with a service that they consider confusing and frustrating. Another author Micahel A.(2013) identifies the following problems:-Low level of internet penetration and poorly developed telecommunication infrastructure, lack of suitable legal and regulatory framework for E-commerce and E-payment and low literacy rate.

The Ethiopian financial sector has not been studied to any great extent, from the perspective of provision of electronic banking service. The electronic banking service is introduced in Ethiopia in the late 2005. Though the service has been in operation for the last 14 years, very limited research has been conducted on the challenges and opportunities of electronic banking in Ethiopia in general and Awash bank in particular. Putting chronicle problem and opportunity in mind the researcher attempts to fill this gap and contributes to the literature on the electronic banking service in Ethiopia. Therefore, the main purpose of this study is to analyze the challenges and opportunities of electronic banking services in private bank of Ethiopia particularly in Awash bank wolkite branch.

1.3 Objectives of the Study

1.3.1 General Objective

The main objective of the study was to assess and identify the challenges and opportunities of E-banking technology in Ethiopian private bank specifically in Awash bank.

1.3.2 Specific Objectives

The specific objectives of the study were:

- ✓ To identify the opportunity of that E-banking services brings to the Bank and its customer
- ✓ To identify infrastructural and knowledge barriers challenges for implementation and development of E-banking

- ✓ To identify legal and security issues challenges for implementation and development of e-banking

1.4 Research Questions

Based on the above stated objectives, the following research questions were answered:

- I. What are the opportunities of that E-banking service brings to the Bank and its customer?
- II. What are the infrastructural and knowledge barrier that challenges the implementation and development of E-banking in Awash bank Wolkite Branch?
- III. How does legal and security issues challenges the implementation and development of E-banking in Awash bank Wolkite Branch?

1.5 Scope and Limitation of the Study

Currently, there are sixteen private commercial banks in Ethiopia which are fully engaged in commercial banking activity. But to make the study more manageable and time constraints to compile required data, the scope of the study is delimited to randomly selected one private commercial banks, which is engaged in the E-banking activity and this study focused on identifying opportunity and challenges of E-banking technology in Ethiopian private Banking industry specifically in Awash Bank in case of Wolkite Branch. This private commercial bank was purposely select and it excluded other banks to explore the intent of the study. This banks is selected from the total population based on their familiarity with E-banking technology i.e. long years services in providing E-banking products to public.

1.6 Significance of the Study

Provide an opportunity for decision-makers and managers of the Bank's to consider and evaluate the opportunities and problems observed in the existing practices, in order to take appropriate corrective measures in the area or to accelerate the positive factors (if any) for the promotion of E-banking practices.

The finding will provide a framework for the Banks for the design of their future directions and to adjust their goals and objectives as per real challenges and opportunities.

The study will enables government organizations and trade association's to develop banks E-banking assistance programs that are designed to address the factors identified by this research.

This study will also assist all stakeholders in the banking industry identify and formulate strategies that will promote E-banking.

This study also seeks to address the lack of studies on challenge and opportunity of E-banking in developing countries such as Ethiopia. In addition, the study will also provide input for further research on the area, especially with respect to the challenges and opportunities related with the provision of E-banking services to customers or the public at large. In addition, it helps to fill significant knowledge gaps about e-banking landscape in Ethiopia. Furthermore; it will give insight to researchers and students about the problem and stimulate further investigation of the issue

1.7 Organization of the study

The research report was organized into five chapters: Chapter one focuses on the background of the study, problem statement, objectives and significant of the study. In chapter two, a range of literatures review is captured there to gather relevant information concerning E-banking. In chapter three, detail of methodology followed to achieve results is outlined. It includes the study design, sampling Data Analysis and Interpretation from the study supported with findings from research works. Chapter five focuses on main findings, conclusions and recommendations of the study and also the paper contain reference and appendixes are presented respectively.

Chapter Two

Literature Review

2. Introduction

The purpose of this chapter is to review the literature in the area of E-banking challenge and opportunity. The review has nine sections. Section 2.1, presents the definition of E-banking followed by the evolution of E-banking technology in section 2.2. Forms/Type of E-banking presented in section 2.3., E-banking risk, empirical studies related with E-banking technology were presented in section 2.4, and 2.5, respectively. Finally, E-banking challenges in Ethiopia and conclusion knowledge gap were presented in section 2.6 and 2.7 respectively.

2.1 Definition of E-banking

The definition of electronic banking (E-banking) varies amongst researchers partially because electronic banking refers to several types of services through which a bank's customers can request information and carry out most retail banking services via computer, television or mobile phone (Daniel, 1999; Mols, 1998; Sathye, 1999).

Different authors have defined it in different ways based on their understanding of the application of electronic banking. The following are few of them

E-banking is an electronic connection between bank and customer in order to prepare, manage and control financial transactions (Burr, 1996).

Electronic banking is the use of a computer to retrieve and process banking data (statements, transaction details, etc.) and to initiate transactions (payments, transfers, requests for services, etc.) directly with a bank or other financial service provider remotely via a telecommunications network (Yang, 1997, pp.2) same is shared by (Malak, 2007).

Sathye (1999) also asserted that electronic banking can be defined as a variety of the following platforms: (a) Internet banking (or online banking), (b) telephone banking, (c) television-based banking, (d) mobile phone banking, and (e) PC banking (or offline banking).

Daniel (1999) explained, E-banking is online banking (or Internet banking) which allows customers to conduct financial transactions on a secure website operated by their retail or virtual bank, credit union or building society. This implies that E-banking is a service that allows an

account holder to obtain account information and manage certain banking transactions through a personal computer via the financial institution web site on the internet.

According to Singh & Malhotra (2004), E-banking can be defined as the deployment of banking services and products over electronic and communication networks directly to customers. E-banking can be also defined as a variety of platforms such as internet banking or (online banking), TV-based banking, mobile phone banking, and PC (personal computer) banking (or offline banking) whereby customers access these services using an intelligent electronic device, like PC, Personal Digital Assistant (PDA), Automated Teller Machine (ATM), Point of Sale (POS), kiosk, or touch tone telephone (Alagheband 2006, p.11).

In general, E-banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution.

2.2 Evolution of E-banking

Since the late 1990s E-banking has developed from virtual insignificance to tens of millions of users worldwide (OECD, 2004). However, E-banking is the product of different generations of electronic transactions. The current web-based internet is the latest of several generations of systems: Automated Teller Machine (ATMs), Phone Banking, PC or House Banking. Automated Teller Machines (ATMs) were the first well-known machines to provide electronic access to customers where as in phone banking, users call their bank's computer system on their ordinary phone and use the phone keypad to perform banking transactions. PC banking superseded phone banking and allowed users to interact with their bank by means of a computer with a dial-up modem connection to the phone network. Phone and PC banking entailed maintenance costs associated with keeping up to date with diverse modems and with avoiding prohibitively complex installation procedures. After those generations Deutsche Bank launched the very first Internet banking project in Latin America in 1996 and Citibank has developed a special "e-toolkit" across all its branches worldwide (UNCTAD, 2002). E-banking uses the web browser for the user interface and the Internet for data transfer and download of software, and so has a potential for reducing maintenance costs. For users, E-banking provides current information, 7x24 access to banking services. The primary services provided by e-banks are transferring money among one's own accounts, paying bills, and checking account balances. Loans, brokering, share trading, service bundling, and hosts of other financial services are being added to these primary services). E-banking is widely used in, among other places (Dewan&Seidmann, 2001).

2.3 Forms/Type of E-banking

The tools/channels use in executing e-banking include plastic cards (debit cards, credit cards, prepaid cards), personal computers, telephone, mobile phones, internet, ATM's, POS or point of interaction machines (Morufu and Taibat, 2012). The description of the above mentioned tools/channels are as follows: -

A. Plastic cards

Debit cards: - Debit card is a banking card enhanced with ATM and POS features so that it can be used at merchant locations. Debit cards allow you to spend only what is in your bank account. It is a quick transaction between the merchant and your personal bank account. A debit card is linked to an individual's account, allowing funds to be withdrawn at the ATM and point of sale without writing a cheque. When using a debit card to pay for goods and services, the purchase amount is deducted from the cardholder's checking account. The types of debit card include online debit card and offline debit card. With offline debit card, debit is not made immediately. Benefits of using a debit card include making the payment process at the checkout counter quicker and more convenient, eliminating the need to carry a cheque book and a lot of cash, using it at locations where personal cheques are not accepted, and reducing the possibility of loss or theft of cash (Okoye, 2013).

Prepaid debit cards: - These are debit cards not usually linked to a customers' account. They must be funded before being used by cardholders. Prepaid debit cards are identified with such names like cash cards, value cards, and Naira cards etc. prepaid cards can be used as gift cards students ID cards, Government payment card, payroll card, Bursary card, insurance cards, travel cards etc. (Ibid).

Credit Cards: - A credit card is different from a debit card in that it does not remove money from the user's account after every transaction. In the case of credit cards, the issuer lends money to the consumer (or the user) to be paid to the merchant. A credit card allows the consumer to revolve their balance at the cost of having interest charged. The parties involve in a credit card transaction include cardholder, card issuing bank, merchant, acquiring bank, independent sales organization, merchant account, credit card association, transaction network, and affinity partner (Ibid).

B. Automated Teller Machines (ATM):- This is a computerized telecommunications device that provides the customer of a financial institution with space to financial transaction in a public space without the need for a human clerk or bank teller. Using an ATM, customers can access their bank accounts in order to make cash withdrawals and check their account balance. ATM's

rely on authorization of a financial transaction by the card issuer or other authorizing institution via the communications network. Many banks charge ATM usage fees for transactions (Ibid).

C. Point-of-Sale Transfer Terminals (POS) - The system allows consumers to pay for retail purchase with a check card, a new name for debit card. This card looks like a credit card but with a significant difference. The money for the purchase is transferred immediately from account of debit card holder to the store's account (Malak, 2007).

D. Internet / extranet banking-According to Booz, Allen & Hamilton (1999), “Internet banking” refers to systems that enable bank customers to access accounts and general information on bank products and services through a personal computer (PC) or other intelligent device.

E. Mobile banking:-can be defined as an occurrence when customers access a bank’s networks using cellular phones, pagers, personal digital assistants, or similar devices through telecommunication wireless networks (Segun, 2011). It means performing banking activities which primarily consists of opening and maintaining mobile/regular accounts and accepting deposits; furthermore, it includes performing fund transfer or cash-in and cash-out services using mobile devices (NBE Directive, FIS-01-2012).

F. Tele-banking: - according to Habibur, Mohammed and Sayeed (2012) Telephone Banking service is provided by phone. To access an account it is required to dial a particular telephone number and there are several options of services. Options included;

- Checking account balance
- Funds transfer between current, savings and credit card accounts
- Bill payments
- Stock exchange transaction
- Receive statement via fax
- Loan payment information

2.4 E-banking Risks

Although E-banking has bright prospects, it involves some financial risks as well. The major E-banking risks according to FSA (2010) include:-

Operational risks; Banks faces three main types of operations risk: such as volume forecasts, management information systems and Outsourcing. Accurate volume forecasts have proved difficult - One of the key challenges encountered by banks is how to predict and manage the

volume of customers that they will obtain. Many banks going on-line have significantly misjudged volumes. When a bank has inadequate systems to cope with demand it may suffer reputational and financial damage, and even compromises in security if extra systems that are inadequately configured or tested are brought on-line to deal with the capacity problems. The second type of operations risk concerns management information systems. Again, this is not unique to E-banking. Banks may have difficulties in obtaining adequate management information to monitor their eservice, as it can be difficult to establish/configure new systems to ensure that sufficient, meaningful and clear information is generated. Such information is particularly important in a new field like E-banking. Finally, a significant number of banks offering E-banking services outsource related business functions, e.g. security, either for reasons of cost reduction or, as is often the case in this field, because they do not have the relevant Expertise in-house. Outsourcing a significant function can create material risks by potentially reducing a bank's control over that function

Security risk: Security issues are a major source of Concern for everyone both inside and outside the banking industry. E-banking increases security risks, potentially exposing hitherto isolated systems to open and risky environments. Security breaches essentially fall into three categories; breaches with serious criminal intent (e.g. fraud, theft of commercially sensitive or financial information), breaches by 'casual hackers' (e.g. defacement of web sites or 'denial of service' - causing web sites to crash), and flaws in systems design and/or set up leading to security breaches (e.g. genuine users seeing / being able to transact on other users' accounts). All of these threats have potentially serious financial, legal and reputational implications.

Reputational risk: This is considerably heightened for banks using the Internet. For example, the Internet allows for the rapid dissemination of information, which means that any incident, either good or bad, is common knowledge within a short space of time. Internet rumors can easily become self-fulfilling prophecies. The speed of the Internet considerably cuts the optimal response times for both banks and regulators to any incident. Banks must ensure their crisis management processes are able to cope with Internet related incidents (whether they be real or hoaxes). Any problems encountered by one firm in this new environment may affect the business of another, as it may affect confidence in the Internet as a whole. There is therefore a risk that one rogue e-bank could cause significant problems for all banks providing services via the Internet. This is a new type of systemic risk and is causing concern to E-banking providers.

Overall, the Internet puts an emphasis on reputational risks. In addition, legal risks (e.g. without proper legal support, money laundering may be influenced); Strategic risks; credit risks; market risks; and liquidity risks are also E-banking risks. Therefore, identification of relevant risks, and formulation and implementation of proper risk mitigation policies and strategies are important for banks while performing E-banking. Among these security risk that affects the network system is the major one FSA.

Strategic Risk:-E-banking is relatively new and as a result there can be lack of understanding among senior management about its potential and implications. People with technological but not banking skills can end up driving the initiatives. E-initiatives can spring up in an incoherent and piecemeal manner in firms. They can be expensive and can fail to recoup their cost. Furthermore, they are often positioned as loss leaders (to capture market share), but may not attract the types of customers that banks want or expect and may have unexpected implications on existing business lines.

Business Risk: - Business risk is also significant in E-banking. Given the newness of E-banking, nobody knows much about whether E-banking customers will have different characteristics from the traditional banking customers. They may well have different characteristics. This could render existing score card models inappropriate, thus resulting in either higher rejection rates or inappropriate pricing to cover the risk. Banks may not be able to assess credit quality at a distance as effectively as they do in face to face circumstances. It could be more difficult to assess the nature and quality of collateral offered at a distance, especially if it is located in an area the bank is unfamiliar with(particularly if this is overseas).

Security: - Security issues are sources of concerned for everybody more especially as it concerns banking industry. E – banking are prone to security breaches such as fraud, theft of commercially sensitive or financial information, defacement of web sites or denial of service and flaws in system design and/or set up leading to security breaches. All these security breaches have potentially serious financial, legal and reputational implications.

2.5. Challenges and Benefit of E-banking

2.5.1 Challenges of E-banking

According to Harrison (2012), it is hypothesized that many of the factors affecting the successful adoption of new technologies such as e-commerce and E-banking are generic in nature and that the successful adoption of internet technologies in part depends on how these are used in conjunction with the other technologies and management practices that form a technology cluster. However, the most critical challenges can be ascribed to the very limited information and communication infrastructure available in most developing countries. Reasons vary widely among sectors and countries and are most commonly related to lack of applicability to the business, preferences for established business models, (OECD, 2004). Common challenges includes; enabling factors (availability of ICT skills, qualified personnel, network infrastructure); cost factors (ICT equipment and networks, software and re-organization); security and trust factors (security and reliability of ecommerce systems, uncertainty of payment methods, legal frameworks and intellectual property right); and challenges in areas of management skills, technological capability, productivity and competitiveness. Lack of reliable trust and redress systems and cross country legal and regulatory differences was also impede e-commerce adoption (OECD, 2004). It is however important to note that challenge to e-commerce adoption work differently according to organizational type and culture. Areas of training and people development need to be addressed Harrison (2012). The study that was conducted by Isaac (2005) indicated that the challenges for the adoption of E-banking in Africa are security, human face i.e. customers still value personalized and responsive services from their bankers, poor and/or lack of technological infrastructure especially in the rural areas, lack of proper legislation governing e-transactions and preference to paper money, as opposed to “virtual” cash in transactions etc. Ziad et al., (2009) also analyzed E-commerce challenges in terms of three categories: economic, socio-political and cognitive. The economic obstacles include several factors that affect the diffusion of e-commerce such as slow internet diffusion, unavailability of credit cards, unavailability of a physical delivery system, and low bandwidth availability. The socio-political challenges take account of government regulations like privacy and security, lacks of business laws for e-commerce, lacks of legal. Finally, the cognitive hindrances contain a number of factors which lead to a negative cognitive assessment of E-commerce of individuals and

organizations like inadequate awareness, knowledge, skills, and confidence; a lack of awareness and understanding of potential opportunities; lack of confidence in service providers and the postal network and computer illiteracy.

A research conducted by Vaithianathan, S. (2010) stated that lack of technology infrastructure, lack of awareness, lack of skilled human resources, and the lack of government initiatives, including various economic and social factors are cited as hurdles that prevent pervasive e-commerce adoption in Indian.

2.5.1.1 E-banking Challenges in Ethiopia

Banking and Finance is an important sector for establishing e-commerce. There are some roles of banking sector in e-commerce such as, online corporate banking, electronic fund transfer, automated teller machines (ATM), debit card, credit card etc. Bank is the only authorized organization which can store and transact money. Technological developments in banking sector make trading activities much easier and cheaper for customers. It provides convenience in terms of the capital, labor, time and all the resources needed to make a transaction (Uppal, 2008). Banking in Ethiopia faces numerous challenges to fully adopt E-banking. Research result studied by Wondwossen & Tsegai (2005) forward the following challenges:

- ✓ Low level of internet penetration and poorly developed telecommunication infrastructure:
- ✓ Lack of infrastructure for telecommunications, Internet and online payments impede smooth development and improvements in e-commerce in Ethiopia.
- ✓ Lack of suitable legal and regulatory framework for e-commerce and e-payment:
Ethiopian current laws do not accommodate electronic contracts and signatures.
Ethiopia has not yet enacted legislation that deals with ecommerce concerns.
- ✓ Political instabilities in neighboring countries: Political and economic instabilities in Somalia, and Southern Sudan, are threatening traits that do not provide a very conducive environment for E-banking in Ethiopia.
- ✓ High rates of illiteracy: Low literacy rate is a serious impediment for the adoption of E-banking in Ethiopia as it hinders the accessibility of banking services. For citizens to fully enjoy the benefits of E-banking, they should not only know how to read and write but also possess basic ICT literacy.

- ✓ High cost of Internet: The cost of Internet access relative to per capita income is a critical factor. Compared to the developed countries, there are higher costs of entry into the e-commerce market in Ethiopia. These include high start-up investment costs, high costs of computers and telecommunication and licensing requirements.
- ✓ Frequent power interruption: Lack of reliable power supply is a key challenge for smoothly running E-banking in Ethiopia.

2.5.2 Benefits of E-banking

Banks just like other businesses are tuning to information technology to improve business efficiency, service quality and attract new customers. Farshad et al., (2013) aver that the most important factors encouraging consumers to use online banking are lower fees followed by reducing paper work and human error. Subsequently electronic channels can lead to lower transaction costs which are very competitive (Claessens and Kliengbiel, 2000). Farshad et al., (2013) is of the view that disputes can be minimized between the employees as there is a clear flow of processes. Conducting business outside the normal branch working hours has also been a factor that has been considered convenient for bankers, inexpensive access to the bank 7x24 and seven days a week. Increased availability and accessibility of more self-service distribution channels help bank administration in reducing the expensive branch network and associated staff overheads.

A reduction in the percentage of customers visiting the banks with an increase in alternative channels of distribution will also minimize the queues in branches (Thornton and White, 2001). According to Thornton and White (2001) this ultimately leads to improved customer satisfaction. Jayawardhena and Foley (2000) observe that electronic banking increases competition within the banking system and also from non-bank financial institutions.

Electronic banking also increases the power of the customer to make price comparisons across suppliers quickly and easily and as a consequence this pushes prices and margins downward. Kerem (2003) observed that banks are responding to electronic banking differently and that those which see electronic banking as a complement and substitute to the traditional channels achieved better communication and interactivity with the customers. Other benefits that have accrued because of the adoption of electronic banking in developed countries include the ability to attract new customers and widening the customer database, improving bank marketing and

communication, and having the ability to retain high profit customers (Farshad et al., 2013). According to Harrison (2012), companies can gain two fundamental types of benefits from E-banking. These are generally described as: Value creation or value enhancement for one or more of a company's stakeholder's groups, and lower cost of providing goods and services to the market place. Value creation includes; improvement in internal and external communication through effective e-marketing, increment of sales through an ecommerce website integrated with a back office systems and improvement in supplier relations and productivity through collaborative work spaces. Lower costs are: reduction in communication and travel cost using online meeting tools; shared workspaces and; benefit from license free open source alternatives to proprietary software.

Businesses also see tremendous opportunities for cost saving, revenue generation, increased market share, marketing and market access, and improving customer service through direct links that facilitate speedy enquiry and feedback. Similarly, consumers can inter alia, access the world market through the virtual economy on the internet, choose from a wider variety of products, and shop in the comfort of their homes. Globalization and specifically liberalization of communication networks have all facilitated this breakthrough that further presents a massive boost for international trade. (Ibid)

Harrison (2012) suggested that the commercial benefits of E-banking lie in five areas;

Firstly, firms are able to expand their geographical reach. Secondly, important cost benefits lie in improved efficiency in procurement, production and logistics processes. Thirdly, there is enormous scope for gaining through improved customer communications and management. Fourthly, the internet reduces barriers to entry for new market entrants and provides an opportunity for small firms to reorient their supply chain relationships to forge new strategic partnership. Finally, e-commerce technology facilitates the development of new types of products and new business models for generating revenues in different ways as well as different revenue streams.

Humphrey et al., (2001) stated that the introduction and use of E-payment instruments holds the promise of broad benefit to both business and consumers in the form of reduced costs, greater convenience and more secure, reliable means of payment and settlement for a potentially vast range of goods and services offered worldwide over the internet or other electronic networks. Electronic Payments as argued by (Cobb, 2005) have a significant number of economic benefits apart from their

convenience and safety. These benefits when maximized can go a long way in contributing immensely to economic development of a nation.

In general, E-banking service is important for several stakeholders, since it helps them to Derive benefits from it. Many Banks have already implemented or are planning to Implement E-banking because of the numerous potential benefits associated with it. Benefits of adoption E-banking for banks and customer are described below.

2.5.2.1 Benefit of E-banking for Banks

According to Jayawardhena& Foley, 2000 the primary benefits of E- Banking are as follow:-

- ✓ **Price-** In the long run a bank can save on money by not paying for tellers or for managing branches. Plus, it's cheaper to make transactions over the Internet.
- ✓ **Customer Base-** the Internet allows banks to reach a whole new market- and a well off one too, because there are no geographic boundaries with the Internet. The Internet also provides a level playing field for small banks who want to add to their customer base.
- ✓ **Efficiency-** Banks can become more efficient than they already are by providing Internet access for their customers. The Internet provides the bank with an almost paper less system.
- ✓ **Customer Service and Satisfaction-** Banking on the Internet not only allow the customer to have a full range of services available to them but it also allows them some services not offered at any of the branches. The person does not have to go to a branch where that service may or may not be offer. A person can print of information, forms, and applications via the Internet and be able to search for information efficiently instead of waiting in line and asking a teller. With more better and faster options a bank will surely be able to create better customer relations and satisfaction.
- ✓ **Image-** A bank seems more state of the art to a customer if they offer Internet access. A person may not want to use Internet banking but having the service available gives a person the feeling that their bank is on the cutting image.

2.5.2.2 Benefit of E-banking for Customers

The main benefit from the bank customers' point of view is 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 advantages of E-banking for corporate customers as per (BankAway! 2001; Gurău, 2002) are as follows:-

- ✓ Reduced costs in accessing and using the banking services.
- ✓ Increased comfort and timesaving — transactions can be made 7x24, without requiring the physical interaction with the bank. Banks are available 7x24 and they are only a mouse click away.
- ✓ Quick and continuous access to information: Corporations will have easier access to information as, they can check 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 are available on internet sites. For example, it is possible to manage company's short term cash via internet banks (investments in over-night, short- and long term deposits, in commercial papers, in bonds and equities, in money market funds). Private customers seek slightly different kind of benefits from E-banking.

2.6 Empirical studies related with E-banking challenges and opportunity

According to Aladwani(2001) the major challenges of E- banking in Kuwait Banks lack of Internet specialists and volatilities in technology are critical issues relevant to on-line banking development. The study also indicates that general and IT managers' technical problems are the major challenges for the growth of e-banking. Khorshid and Ghaneh, (2009) identified that goodwill of bank, regulations and laws are the main challenges for the development of e-banking.

Rasoulia and Safari (2011) found that the importance of Internet use, frameworks and encouraging policies to impress beneficiaries to use electronic banking, cultural elements as the most important challenge followed by financial elements (the cost of the Internet and commissions) and management obstacles.

Angelakopoulos and Mihiotis (2011) , found that security and data confidentiality issues, trust, quality of Internet, cost of implementation, lack of technological infrastructure and awareness, lack of skilled human resources, lack of government initiatives, low Internet usage, non-familiarity with technology and lack of top management support have been a major barrier.

Polatoglu and Ekin (2001) found that e-banking decreases operational costs and it increases customers' satisfaction and retention and increase firms overall profile. Simpson (2002) and Allen et al., (2002) stated that Internet has changed the direction of competition in the banking sectors and it brings additional risk components.

CeylanOnay et al. (2008) examined that e-banking has a positive impact on financial performance of Turkish commercial banks and found that Internet has changed the dimensions of competition in the banking sector. It has also offered that opportunities for emerging countries to build up their financial intermediation facilities.

With the growth of secured transaction technologies, several commercial banks are using Internet banking as a transaction and information offering mechanism. Hence, Internet banking users can have common banking services such as issuing checks, bill payments, fund transfer, and checking account balances on-line using a computer (Acharya and Kagan, 2004).

Aladwani conducted research about the drivers and challenges of online banking; the results of the study show that top bank managers are in support of a lack of internet specialists and changes in Internet technology being the principle issues relevant to online banking development whereas IT managers mentioned time and budget constraints and also immature Internet technology. The study also indicates that according to general and IT managers' technical obstacles are the most important challenge for the development of e-banking. Customers however mentioned internet security, online banking regulations and customers' privacy as the most important future challenges of e-banking in Kuwait.

Gardachew (2010) conducted research on the opportunities and challenges of E-banking in Ethiopia and found that lack of suitable legal and regulatory frame works for E-commerce and E-payments, political instability in neighboring countries, high rates of illiteracy and absence of financial networks that links different banks are the major challenges. The research output showed Opportunities offered by ICT through e-learning programs and Commitment of the governments on development of ICT infrastructures is considered as drivers of using Ecommerce and E-payment systems.

Wondwossen and Tsegai (2005) found that the main obstacles to the development of E-payments are lack of customers trust in the initiatives, lack of payment laws and controlling system especially for E-payment, lack of skilled manpower and frequent power disruption.

In general, Review of Empirical studies shows that understanding the critical success factors (CSFs) 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 concerns of security, Privacy of information and technology investment cost. Also the literature indicates that according to the customers there are different factors that influencing the adoption of E-banking such as, perceived advantages and other factors related to the services itself & how to be accepted and used by the customers, which differ from country to country, reflecting the economic and technological development in each country. In this study researcher has assess the opportunity and challenges factors influencing adoption of E-banking in Ethiopian banking industries by using survey and interview conducted to the selected branches of the bank.

2.7. Conclusion and knowledge gap

Much documentation on E-banking services has been carried out elsewhere. However, in developing countries like Ethiopian, there is little evidence concerning E-banking. As far as E-banking is concerned, a lot of researches on internet banking, mobile banking and modern service delivery channels have been done in different countries in the world. As per the knowledge of the researcher only a very limited number of researches have been done on E-banking in Ethiopian Banking like that of (Ayana, 2012), (Gardachew,2010) , (Wondwossen and Tsegai, 2005) and (Kassahun Girma 2016). Therefore, more studies are still required to assess challenges and opportunity of E-banking in the country to identify areas in which the country lags behind their E-banking adoption and diffusion. The previous studies focused on factors influencing adoption of E-banking technology. This study focused on different factors affecting not only adoption but also development of E-banking technology in Ethiopian Banking industry. Secondly, this study also conducted following almost all type of E-banking products is being provided by almost all commercial banks in Ethiopia. This study is, therefore, intending to fill the gap by describing the challenges and opportunities of Ethiopian private banks in developing E-banking technology.

Chapter Three

3. Research Methodology

3.1 Introduction

Designing appropriate research methodology is a prerequisite in order to conduct a good Research work. Accordingly, this chapter was present the methodological framework applied to solve the research problem and to answer the research questions. Thus research design, research approach, and population and sampling techniques, source of data, data collection Instrument, method of data Analysis are presented below respectively.

3.2 Research Design

A research design is the arrangement of condition for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data (Kothari, 2004).

According to Robson (2002), the three purposes of conducting research are generally the following: explorative, descriptive and explanative. Explorative research is characterized as the seeking of new insights, the looking around, and the asking of questions or the bringing of some phenomenon into new light. Explanative research aims at gaining an explanation of a specific situation or problem, generally in the form of causal relationships. Finally, Descriptive research is a type of research that is mainly concerned with describing the nature or condition and the degree in detail of the present situation.

Creswell (2003) stated that the descriptive method of research is used to gather information about the present or existing condition. Therefore this study used descriptive types of research design based on survey. The ground for selecting descriptive types of research design is that the researcher simply describes the available situation which already exists. And also the researcher describes characteristics of a particular event by considering the minimization of bias.

3.3 Research Approach

In order to attain the objective of the study and answer the research questions, the researcher were adopts both qualitative and quantitative research approach.

3.4 Population, Sample Size and Sampling Techniques

In research methods, population is the entire aggregation of items from which samples can be drawn (Yahiya, 2011). The population of the present study is private banks that have operated. Hence, According to National Bank of Ethiopia, the total number of Commercial Banks which had been operated in the year 2011 is 18, of which 16 commercial banks owned privately. In order to undertake this study, the researcher purposely sample or select one private commercial banks, which are adopted E-banking technology. This bank is Awash Bank. The researcher chooses Awash Bank as a sample, because it is often impossible or too much expensive to collect data from all the potential units. The procedure used for drawing the sample from the available lists will be based on their familiarity with E-banking technology i.e. long years services in providing E-banking products to public. Thus, this research paper was uses purposive sampling method to draw the sample from the population. Samples are chosen to represent the relevant attributes of the population.

The researcher also notes the caution by Graziano and Raulin (1997) where the samples are not perfect representative of the population from which they are drawn, therefore the researcher unlikely to be able to generalize the conclusions to the entire population.

3.4.1 Target population

The target population of the study consists of workers and customer of Awash Bank Wolkite branch. The population of the present study was consists of 6 worker of Awash Bank of Wolkite branch. From customer's side the target populations are 1490 users of E-banking of Awash Bank Wolkite branch.

3.4.2. Sample Size

In order to achieve the objective of the research, the researcher used all target population of the study from the employee's side. Although from the customer's side a customers that participate or chosen on the filling of the questionnaire will be the ones which believed to have sufficient knowledge about e-banking challenges and opportunities as well as willing for the filling the questionnaire. A total number of populations of the study size are 1490 and it assumed that the sample should have 90% reliability and a sampling error of 10%. Using the following scientific

formula, it's determined as follows. Based on the formula of Yamane (1967) the sample size was be:

$$\begin{aligned}n &= N / (1 + N(e^2)) \\ &= 1490 / (1 + 1490(0.1^2)) \\ &= 1490 / 15.9 = 93.71 \sim 94\end{aligned}$$

Therefore, out of the 1490 population the researcher were randomly select 94 individuals as sample size from customer side because the researcher believed that given the nature of the study taking sample size more than this is become unmanageable.

3.5 Sources of Data

The study was conducted by collecting data from primary. Primary data will collected from the staffs of the commercial banks and customer based on a structurally designed questionnaire. The questionnaire can included both closed ended and open-ended questions, which gives the respondents an opportunity for adequate expression of their view on the questions.

3.6 Data Collection Instruments

In order to collect sufficient data so as to answer the research questions, researcher designs a structured questionnaire to get quantified results.

3.6.1 Questionnaires

According to Yin (2003), structured questioners are important method for collecting primary data and that it further allows the researcher to be well focused on the specific research topic. The questionnaire will used because the researcher considered it to be more convenient as respondents could answer at their convenience. The questionnaire will be developed by the researcher based on the research questions and the literature. The researcher will use open and closed-ended type of questionnaires, which gives the respondents an opportunity for adequate expression of their view on the questions. The questionnaire began with an introductory statement, which specified the purpose of the research as purely academic.

As despite in the above, the purposely sampled private commercial banks will included in the survey. The target respondents will be the professional experts who are in charge of the E-banking technology in sampled private commercial banks and the customers that participate on

the discussion will be the ones which believed to have sufficient knowledge about e-banking challenges and opportunities.

3.7 Method of Data Analysis

In order to meet the stated research objectives, the collected data was analyzed based on the nature of the objective. Accordingly, the data collected via questionnaires was analyze with Descriptive statistics. Descriptive statistics is one of the techniques that used to summarize the data collected from the sample respondents. Furthermore, Wolcott (1994) cited in Creswell (2003; pp. 184), suggested that qualitative research is fundamentally interpretative i.e. the researcher makes an interpretation of the data

Chapter 4

Data Analysis and Interpretation

Introduction

This chapter presents and analyses the data collected through the different data collection techniques. “Questionnaire” is used as a primary data collection method to gather the required information.

4. Results Obtained from Questionnaires

4.1. Demographic Information of the Respondents

Questionnaire is very important to gathered information and it is very useful when there are a large number of respondents. For this research which requires individual’s response about the usage of electronic banking, the researcher used this data source as a primary source and has got in-depth information by using this technique. In this regard, customers and employees are found to feel confident to conveying their ideas.

Two different questionnaires were designed for (1) bank employees, and for (2) customers.

The first questionnaire is designed for bank employees and the bank employees are individuals who directly work in the bank and manage the day to day activity of banking operations. It includes everyone in the management hierarchy from top level management to bottom-line workers. Under this category 6 questionnaires were distributed and 5 questionnaires (83.3%) are returned.

Table 4.1.1. Distribution of questionnaire and categories of respondents

Target population	No of Questionnaire Distributed	No of Questionnaire Returned	Response Rate
Bank Employees	6	5	83.3%
Customers	94	78	82.9%
Total	100	80	80%

Source : Survey Result

As the above table 4.1 shows, a total of 100 questionnaires were distributed to bank employees, and individual customers. Out of the total 100 questionnaires, 80 questionnaires were returned (80% response rate).

Table 4.1.2. Demographic Profile of Respondent Bank Employees

Variable	Classification of Variables	Frequency	Percentage
1. Gender	A, Male	4	80%
	B, Female	1	20%
	Total	5	100%
2. Age	20-30	4	80%
	31-40	1	20%
	41-50	-	0%
	50 above	-	0%
	Total	5	100%
3. Educational status	Degree	4	80%
	Master's degree	1	20%
	Other	-	0%
	Total	5	100%

Source : Survey Result

Table 4.1.2 above shows the number of males and females, age and their Educational status of officials or employee who were given questionnaires the table also include the potential of the banks Response to System Challenges and Failures. Out of six questionnaires distributed to employee of the bank 5 questionnaires are retrieved that is 83.33% out of 100%. Four respondents representing eighty percent (80%) were males and one respondent representing twenty percent (20%) were females. This can show as that the male employees of Awash Bank are greater four times as compared to female employees. The frequency distribution of the age profile of respondents given in the table shows that 4 of the respondents, representing 80% are between the ages of 20 – 30 years, 1 of the respondents, representing 20% are between the ages of 31 – 40 years. This is an indication that the employees of Awash Bank are young and

youthful. This section gave the educational attainments of the respondents within the studied population. From the Table, out of the 5 respondents, 4 of the respondents, representing 80% have bachelor degree; 1 of the respondents, representing 20% have Master's degree and no employee was employed with Diploma. The table shows that all the respondents have at least a Graduate Degree.

Table 4.1.3. Demographic Profile of Customers

Variable	Classification of Variables	Frequency	Percentage
1. Gender	A, Male	62	79.5%
	B, Female	16	20.5%
	Total	78	100%
2. Age	< 20	7	9%
	20-30	59	75.6%
	31-40	12	15.4%
	41-50	-	0%
	50 above	-	0%
	Total		100%
3. Educational status	Diploma	6	7.7%
	First Degree	68	87.2%
	Master's degree	4	5.1%
	Other	-	0%
	Total	78	100%
4. E-banking used by customer	a. ATM	20	25.6%
	b. ATM and Mobile Banking	39	50%
	c. ATM, Mobile banking and (POS)	11	14.1%
	d. ATM, Mobile	8	10.3%

	banking, (POS) and Internet banking		
	e. Other	-	0%
	Total	78	100%

Source : Survey Result

The second questionnaire is designed for customers. The questionnaire is made for bank's customers who are used the electronic based services provided by banks. Under this category 94 questionnaires were distributed and 78 questionnaires (83%) are returned.

As it is shown on the table above, the highest percentage of individual customers participated in this study were males who form 79.5% of respondents. In the case of classification of respondents by age, the highest percentages of participants are youngsters having between 20-30 years of age and they form 75.6% of total respondents from individual customers. Regarding the educational level of the study participants, the highest percentage of them has bachelor degree that form 87.2% of total respondents. The results indicated that all respondents had some level of education and knowhow about banking services. Regarding type of E-banking that used by customer most of the customer of Awash bank are the user ATM and Mobile banking representing 50% of total respondent this represent that half of the type of E-banking service given by the bank.

Table 4.1.4. Level of bank response

Banks Response to System Challenges and Failures	a. Quickly	35	44.9%
	b. Slowly	43	55.1%
	Total	78	100%

Source: Survey Result

In relation to Banks Response to System Challenges and Failures 18customers representing 44.9% indicated that the bank responds quickly when they face challenges while they use the service and 55.1% customers respond slow. This show that Awash bank has a problem in giving quick response when the customer face challenge while they use E-banking service and this response give the homework for the bank to increase the level of the response from slow to giving of quick response for the customers ask on the systems challenge and failure of e-banking.

4.2. Challenges of E-banking system in Awash bank wolkite branch

Although there are many benefits associated with the E-banking, there are many reasons which obstruct the development of the system. These hindrance factors include, lack of appropriate infrastructure for E-payment, lack of internet facilities with customer and learning how to interact with bank website. Moreover, challenge that can affect the development of E-banking in the Awash bank wolkite branch regarding the Infrastructural and knowledge challenges and legal and security issues challenges were analyzed in the following sections

4.2.1. From view point of employee

Table 4.2.1. Infrastructural and knowledge barriers challenges

Infrastructural and knowledge challenges	SA		A		N		SDA		DA	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Weak Telecommunications	1	20%	4	80%	0	0%	0	0%	0	0%
Limitation in ICT infrastructure	2	40%	3	60%	0	0%	0	0%	0	0%
Software available in the country is not suitable	1	20%	3	60%	0	0%	1	20%	0	0%
Hardware available is not sufficient in the country (PC, ATM, POS, etc.)	0	0%	1	20%	0	0%	3	60%	1	20%
Limited trained Human Resources	0	0%	0	0%	1	20%	4	80%	0	0%
Improper use of Technology	0	0%	3	60%	1	20%	1	20%	0	0%
Lack of	4	80%	0	0%	1	20%	0	0%	0	0%

Technological knowledge(technical skill to repair and assemble those technology)										
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Source : Survey Result

In order to find out whether there is a difference of views between banks’ employees regarding the different Infrastructural and knowledge barriers of e-banking, an open and closed ended questioner is distributed to the employee of Awash Banks of Wolkite branch. As Table above displays the different groups whom were compared with regard to infrastructural and knowledge challenge,

the results showed with regard to Weak Telecommunications 20% of the employee strongly agree with the challenge of Weak Telecommunications, 80% of the employee agree with the challenge Weak Telecommunications, and no employee display their disagreement towards stated challenge. This can show that Weak Telecommunication is one of the challenge that face the employee of Awash Bank while they provide E-banking service to their customer.

With regard to Limitation in ICT infrastructure 40% of the employee strongly agree with the challenge of Limitation in ICT infrastructure, 60% of the employee agree with the challenge Limitation in ICT infrastructure, and no employee display their disagreement towards stated challenge this can implies that Limitation in ICT infrastructure is another major challenge that face the employee of Awash Bank in the providing E-banking service to their customer

With regard to availability of Software in the country 20% of the employee strongly agree that there is the lack of software available in the country, 60% of the employee agree that there is the lack of software available in the country, and 20% employee display their strongly disagreement towards stated challenge. This can show that much of the employee of Awash Bank believe that Software available in the country is not suitable that is the unsuitability of Software available in the country is another challenge in the development of E-banking in Awash Bank wolkite branch.

With regard to Hardware available is not sufficient in the country 20% of the employee strongly agree with the challenge of Hardware available is not sufficient in the country, 60% of the employee strongly disagree with the challenge Hardware available is not sufficient in the

country, and 20% employee display their disagreement towards stated challenge. This can implies that Hardware available is not sufficient in the country is not challenge face the employee of Awash Bank of Wolkite branch in the providing E-banking service to their customer. But this does not mean that this problem cannot face all employees.

With regard to Limited trained Human Resources no employee show their strongly agreement or agreement ,20% of the employee stay neutral that is neither to agree nor to disagree with this challengeand80% of the employee strongly disagree with the Limited trained Human Resources. As try to mention above most of the employee of Awash bank of wolkite branch are degree holder and above this can indicates that there is no challenge of literacy and they get training on E-banking and related issues. This shows that the employee in Awashbank are qualified and they have knowhow in running and providing E-banking service to their customer. Soit’s possible to say that the lack trained Human Resources are not the challenge for the employee of Awash Bank Wolkite branch in providing E-banking service to their customer.

With regard to Improper use of Technology no employee show their strongly agreement,60% agree, 20% of the employee stay neutral that is neither to agree nor to disagree with this challenge and 20% of the employee strongly disagree with the Improper use of Technology. This shows that the employee in Awash bank Wolkite branch believe that Improper use of Technology as one challenge in the development of E-banking and factor that hinder there efficiency in providing E-banking to service to their customer

With regard to Lack of Technological knowledge (technical skill to repair and assemble those technology) 80% employee show their strongly agree. 20% of the employee stay neutral that is neither to agree nor to disagree with this challenge and none of the employee strongly disagree or agree with the Lack of Technological knowledge . This shows that the employee in Awash bank Wolkite branch believe that Lack of Technological knowledge as one challenge in the development of E-banking and factor that hinder their efficiency in providing E-banking to service to their customer.

Table4.2.2. Legal and security issues challenges

legal and security issues challenges	SA		A		N		SDA		DA	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Lack and limitation of	3	60%	1	20%	1	20	0	0%	0	0%

regulation and law						%				
Increased potential of fraud	0	0%	1	20%	1	20%	3	60%	0	0%
Lacking or weak security measures	0	0%	1	20%	0	0%	4	80%	0	0%
Lack of strong trust environment	0	0%	0	0%	2	40%	3	60%	0	0%

Source : Survey Result

Based on table above, 60% of the employee responds strongly agree that there is lack of legal and regulatory frame work 20% of the respondent agree that the existence of such challenge in the system. Whereas 20% of the respondent stays neutral and no employees are show their disagreement towards stated challenge. This also revealed that lack of legal frame work is one of major challenges in development of e-banking in Awash bank Wolkite branch.

As Table4.2.2 above displays the different groups were compared with regard to legal and security issues challenges, the results showed with regard to Increased potential of fraud 60% of the employee strongly disagree, 20% stay neutral and 20% display their agreement. The table above show that the potential of fraud is more or less is not challenge for employee of Awash bank in Wolkite branch regarding development and providing E-banking service to their customer.

With regard to Lacking or weak security measures 80% responds strongly disagree and 20% of the respondent responds their agreement. This also shows that Lacking or weak security measures more or less is not challenge for employee Awash bank of Wolkite branch in development and providing E-banking service to their customer.

With regard to Lack of strong trust environment 40% responds neutral and 60% of the respondent responds their strongly disagreement. This also shows that Lack of strong trust environment more or less is not challenge for employee Awash bank of Wolkite branch in development and providing E-banking service to their customer.

4.2.1. From view point of customer

Table 4.2.3. Challenge that customers face in using of E-banking service

Challenge that customers face in using of E-banking service.	SA		A		N		DA		SDA	
	Fre	%	Fre	%	Fre	%	Fre	%	Fre	%
Cash Shortage	18	23.1%	28	35.9%	6	7.7%	16	20.5%	10	12.8%
Unreliable network system	23	29.5%	23	29.5%	12	15.4%	12	15.4%	8	10.2%
System failure and machine break down	25	32.1%	23	29.5%	9	11.5%	17	21.8%	4	5.1%
Unreliable source of power	18	23.1%	23	29.5%	15	19.2%	13	16.7%	9	11.5%
Non-availability of internet	7	9%	11	14.1%	17	21.8%	23	29.5%	20	25.6%
Bank Policy and Procedure on withdrawal limit	34	43.5%	30	38.5%	13	16.7%	1	1.3%	0	0%

Source : Survey Result

In order to find out whether there is a difference of views between customers regarding the different challenge of e-banking, an open and closed ended questioner is distributed to the customer of Awash Banks. As Table 3 displays the different groups whom were compared with regard to challenge of E-banking, the results showed with regard to Cash Shortage 23.1% of the customer strongly agree with the challenge of cash shortage, 35.9% of the customer agree with

the challenge cash shortage, 7.7% of customer stay neutral, 20.5% and 12.8% display their disagreement and strongly disagreement towards stated challenge respectively. This can show that cash shortage is one of the challenges that face the customer while they use E-banking service.

In relation to challenge of Unreliable network system 29.5% of the customer strongly agree with the challenge of Unreliable network system, 29.5% of the customer agree with the challenge Unreliable network system, 15.4% of customer stay neutral, 15.4% and 10.2% display their disagreement and strongly disagreement towards stated challenge respectively. This can show us that Unreliable network system is one of the challenges that face the customer while they use E-banking service.

with regard to challenge of System failure and machine break down 23.1% of the respondent strongly agree with the challenge of System failure and machine break down, 26.9% of the customer agree with the challenge System failure and machine break down, 17.9% of customer stay neutral, 21.8% and 10.3% display their disagreement and strongly disagreement towards stated challenge respectively. This can show that System failure and machine break down is one of the challenges that face the customer while they use E-banking service.

With regard to challenge of Unreliable source of power 23.1% of the customer strongly agree with the challenge of Unreliable source of power, 29.5% of the customer agree with the challenge Unreliable source of power 19.2% of customer stay neutral, 16.7% and 11.5% display their disagreement and strongly disagreement towards stated challenge respectively. This can show that Unreliable source of power is another challenge that face the customer while they use E-banking service.

With regard to challenge of Non-availability of internet 9% of the customer strongly agree with the challenge of Non-availability of internet, 14.1% of the customer agree with the challenge Non-availability of internet 21.8% of customer stay neutral, 29.5% and 25.6% display their disagreement and strongly disagreement towards stated challenge respectively. This can show that there is availability of internet in Wolkite town but the available internet is poor.

With regard to challenge of Inability to access on weekend 21.8% of the customer strongly agree with the challenge of Inability to access on weekend, 26.9% of the customer agree with the challenge Inability to access on weekend 24.4% of customer stay neutral, 17.9% and 9% display their disagreement and strongly disagreement towards stated challenge respectively.

This can show that Inability to access on weekend is another challenges that face the customer while they use E-banking service.

Challenge that related with Bank Policy and Procedure on withdrawal limit 43.5% of the customer strongly agree with the challenge of Bank Policy and Procedure on withdrawal limit, 38.5 % of the customer agree with the challenge of Bank Policy and Procedure on withdrawal limit 16.7% of customer stay neutral, 1.3% and 9% display their disagreement. This can show that Bank Policy and Procedure on withdrawal limit is another challenges that face the customer while they use E-banking service.

4.3. Opportunity of E-banking system in Awash bank wolkite branch

4.3.1. The opportunities of that E-banking service brings to the Bank

An advantage that is expected to be gained from providing of E-banking covers both direct and indirect benefits for the banking industries. Direct benefits include savings on operational cost, improved organizational functionality, productivity gain, improved efficiency, saving of time and increased profitability. Indirect benefits include the opportunity or intangible benefits such as improved customer’s satisfaction through improved services, improved banking experience and fulfillment of their changing needs and lifestyle.

Table 4.3.1. The opportunities of that E-banking service brings to the Bank

the opportunities of that E-banking service brings to the Bank	SA		A		N		DA		SDA	
	Fre q	%	Fre q	%	Fre q	%	Fre q	%	Fre q	%
Improves relationship with customers	4	80%	1	20%	0	0%	0	0%	0	0%
Enables the bank to expand its service provision easy	5	100%	0	0%	0	0%	0	0%	0	0%
E-banking enables 24 hour accessibility to the bank service	5	100%	0	0%	0	0%	0	0%	0	0%

Increase efficiency of the bank.	5	100%	0	0%	0	0%	0	0%	0	0%
Enhance the image of the bank.	3	60%	2	40%	0	0%	0	0%	0	0%
E-banking Improve customer services	3	60%	2	40%	0	0%	0	0%	0	0%
Facilitate work to be done fast	3	60%	2	40%	0	0%	0	0%	0	0%
Helps to facilitate work with minimum error	2	40%	3	60%	0	0%	0	0%	0	0%
Simplify the activity of employees of the bank to deliver service to customers.	4	80%	1	20%	0	0%	0	0%	0	0%
Attracts High Value Customers	4	80%	1	20%	0	0%	0	0%	0	0%
Increase Revenues of the bank	2	40%	3	60%	0	0%	0	0%	0	0%
Reduces paper work	3	60%	2	40%	0	0%	0	0%	0	0%
Improving transaction speeds	4	80%	1	20%	0	0%	0	0%	0	0%
Reduce queues(list of data stored in a particular order) in the banking hall	3	60%	1	20%	1	20%	0	0%	0	0%

Source : Survey Result

Employees of Awash bank believe that various agreement level with various attitudes towards e-banking benefits. In table 4.1 shows, 80% strongly agree with e-banking benefit to improve relationship with customers, 20% agree about the benefit of E-banking of improving relationship with customers. In general, all 100% of the employee Awash bank accepts e-banking as best means to improve relationship with customers.

According to the above table, 100% of employees Awash bank strongly agree about e-banking' opportunity that enable the bank to expand its service provision easy. This implies that it has no sophisticating and complication to work on e- banking.

With regard to the accessibility of e-banking services, 100% of employees said strongly agree about e-banking's 24-hour accessibility to the bank services. Generally, all of employees of Awash bank are agreed about E-banking benefits in relation with its 24-hour accessibility to the bank service. This indicates that e-banking provide 24-hour accessibility to the bank services.

With regard to Increase efficiency of the bank, representing 100% strongly agree, with E-banking benefits of increasing efficiency. This implies that E-banking benefits the bank to increase efficiency. In e-banking many transactions and activities are done through the means of electronic way as a result the efficiency is better than doing an activity through manually.

With regard to enhancing bank image, 60% of the respondents strongly agree with E-banking benefits of enhancing bank image,40% of the respondents agree with E-banking Enhancement of the image of the bank. This implies that, all of the employee of Awash bank believe that E-banking enhance banks image, and opens a door to conclude image enhancement as one of the benefit of e-banking.

In connection to Improve customer services 60% of the respondents strongly agree with E-banking improvement of customer services, 40% of the respondents agree with E-banking improvement of customer services. This can indicate that, E-banking improves customer services.

With regard of Facilitating work to be done fast the above table shows that, 60% of respondents strongly agree with that E-banking Facilitate work to be done fast, and the 40% of respondents are agree. This implies that all of the employee of Awash bank wolkite branch believe that E-banking facilitates to do the work fast.

With regard to minimization of error, 40% strongly agree with E-banking Helps to facilitate work with minimum error 60% agree with E-banking minimization of error. This implies that, E-banking helps the bank in the minimization of error. In e- banking many transactions and activities are done through the means of electronic way as a result the efficiency is increased and error is minimized than doing an activity through manually. This can also help the employee of Awash bank wolkite branch in providing E-banking service to their customer with minimum risk of error. This can help the bank to satisfy its customer that was the main of aim the banks.

E-banking services enable employees of the bank to deliver various banking services simply to the customers. According to the above table, 80% of respondents said strongly agree and other 20% agree about e-banking services simplifying of the activity of employees to deliver service to customers. This implies that, E-banking services benefits employees of the bank to deliver various banking services simply to the customers.

In relation to Attracting of High Value Customers 80% of the respondent display their strongly agreement towards the stated opportunity and the remaining 20% of the respondent display their agreement towards the stated opportunity. This implies that an e-banking service attracts high value customers.

With regard to E-banking potential of Increasing Revenues of the bank all 100% of the employee were agree with that e-banking has advantage inIncreasing the Revenues of the bank,40% and 60%of them gives the response of strongly agree and agree respectively. The result and the employee response indicates that e-banking services enable the bank to increase its revenue.

On the basis of the above table, 60% of respondents strongly agree with that E-banking Reduces paper work, and the remaining 40% of respondents are agree with E-banking reduction of paper work. This shows that of E-banking helps the bank to minimize paper work.

In relation to Improving transaction speeds 80% of the employee strongly agree that E-banking improve transaction speeds and 20% of the employee agree that E-banking improve transaction speeds. This can indicates that all employee of Awash bank of wolkite branch believes that E-banking improve transaction speeds while they provide it to their customer.

One of the big significance of using e-banking is the Reducing queues in the banking hall. On the basis of the above table, 60%, 20% and 20% of respondents are strongly agree, agree and stay neutral with E-banking’s reduction of queues in the banking hall. This shows that, E-banking service reduces queues in the banking hall.

4.3.1. The opportunities of that E-banking service brings to the customer

Table4.3.2. The benefits the customers realized from using of E-banking services

benefits the customers realized from using of E-banking services	SA		A		N		DA		SDA	
	Fre	%	Fre	%	Fre	%	Fre	%	Fre	%

E-banking enables 24 hour accessibility to the bank service	36	46.2%	41	52.6%	0	0%	1	1.3%	0	0%
E-banking enables customers to use bank services conveniently.	35	44.9%	42	53.8%	0	0%	1	1.3%	0	0%
E-banking saves time of customers.	39	50%	39	50%	0	0%	0	0%	0	0%
E-banking banking services enable users to complete banking activities more easily.	38	48.7%	38	48.7%	1	1.3%	1	1.3%	0	0%
E-banking service makes easy access for money of customers.	34	43.6%	41	52.6%	1	1.3%	2	2.6%	0	0%
E-banking service increase customer satisfaction.	40	51.3%	37	47.4%	1	1.3%	0	0%	0	0%
E-banking Reduce queues(list of data stored in a particular order) in the banking hall.	35	44.9%	37	47.4%	4	5.1%	2	2.6%	0	0%

Source : Survey Result

Regarding usefulness or benefit of electronic banking, respondents (customer) were asked whether they ‘Strongly Agree, Agree, Neutral, Disagree or Strongly Disagree’. the result for all statements of the field indicated that the sampled respondents agreed with the idea of the usefulness of electronic banking is important in terms of using more banking services, and in time saving.

As shown in table above, with regard to 24 hour accessibility to the bank service 46.2% of the respondent strongly agrees, 52.6% agree and 1.3% disagree on 24 hour accessibility to the bank service of the system. In this regard, as per the results of the survey, electronic banking is more accessible and convenient than travelling more distances to reach to a bank branch. By being using electronic banking users can simply check their balance and transfer funds 24 hours a day and 7 days a week without the need to go to a bank branch. This implies that almost all sampled respondents agreed that electronic banking service is more accessible to users than visiting a bank branch.

In relation with convenience of e-banking services, as the table above shows, 44.9%, 53.8% and 1.3% of respondents strongly agree, agree and disagree with convenience of E-banking respectively. This shows that, e-banking services enable the customers to use e-banking services conveniently

As can be shown in table 4.1.5a, about 50% of the respondents strongly agreed, 50% of the respondents agree on the time saving of electronic banking as it help them get more banking services than the conventional type of banking services. In addition, as can be seen the results of the survey presented in table 4.1.5b, it can be witnessed that 100% of the respondents positively agree that using electronic banking services help users to save their time. This implies that using electronic banking enable users to perform banking activities within a short period of time.

With regard E-banking banking services enable users to complete banking activities more easily, pertaining to customers perception of ease of use of e- banking technology application , this finding indicate that about 48.7% of the respondents strongly agree about E-banking banking services enable users to complete banking activities more easily, 48.7% of the respondents strongly agree about E-banking banking services enable users to complete banking activities more easily but about 1.3% of the respondents stay neutral and disagree respectively about the e-banking simplicity to use it at any time and everywhere they are living.

Within regard of e-banking benefits of easy access for customer's money, On the basis of the above table, 43.6%, 52.6%, 1.3%, 2.6% of respondents strongly agree, agree, neural and disagree respectively with easiest accessibility of E-banking. From the customer response the researcher generalize that, e-banking services enables the customers to access their money easily.

In relation with enhancing satisfaction of customers, On the basis of the above table, 51.3% 47.4%, 1.3%, of respondents strongly agree, agree, and neutral respectively with benefit of E-banking give on enhancement customers of satisfaction. This implies that the customer of Awash bank believe that the service of E-banking that provided by the bank are satisfy them. This also help the bank in building a good image, attracting more customer and being competitor in the industry.

In relation with Reduce queues in the banking hall, On the basis of the above table, 44.9% 47.4%, 5.1%, 2.6% of respondents strongly agree, agree, neutral and disagree respectively with

benefit of E-banking give on Reduce queues in the banking hall. This implies that the customer of Awash bank not have to go to the bank branch in order to get any banking service that is by using e-banking it can get the service from anywhere at any time. This also helps the customer in time saving and in transacting more efficiently.

Chapter Five

Summary of Findings, Conclusions and Recommendations

Introduction

This chapter will present summary of the findings and conclusion in section 5.1 and 5.2, respectively. Afterwards, the possible important recommendation and suggestion for further research methods will be presented in section 5.3, respectively.

5.1 Summary of Findings

The study intended to examine the main challenges and opportunity of E-banking system in Awash bank of wolkite branch, through adopting both qualitative and quantitative research approach. Accordingly, this part of the research summarizes the major findings of the study from the challenge and prospect perspectives.

Despite the numerous benefits that E-banking technology brings to the nation, banks and Individuals, it also has its own challenges. The challenges as discussed in the study can be categorized into two main groups i.e. (challenge that encounter the employee while they provide e-banking service to their customer and the challenge that encounter the customer while they use the system).

In connection with challenge encounter by employee Weak Telecommunications, Limitation in ICT infrastructure, the unsuitability of Software available in the country, Improper use of Technology, Lack of Technological knowledge that is lack technical skill to repair and assemble those technology and Lack or limitation of regulation and law are described in the study as challenges for employee of Awash bank wolkite branch to provide the service as much as efficient as possible.

With regard to challenge encountered by customer Cash Shortage, Unreliable network system, System failure and machine break down, Unreliable source of power and Bank Policy and Procedure on withdrawal limit are described in the study as challenges that face customer of Awash bank wolkite branch while they use the service of E-banking.

The study also revealed lists of benefits that the bank Awash and customer of Awash bank wolkite branch realized from the system of E-banking technology. The benefits were also classified as benefit to bank and benefit to the customer.

The E-banking technology benefits to the bank identified in this study as agreed by the participant include reduces paper work, Improving transaction speeds, increase reliability and reducing errors, Improves relationship with customers, Enables the bank to expand its service provision easy, E-banking enables 24 hour accessibility to the bank service, Increase efficiency of the bank etc

The study has also described lists of benefits that the system give to customer of Awash bank as agreed by the participants, such as saving of customers time, completing banking activities more easily, Reducing queues in banking hall, using the service from anywhere in any time and etc

5.2. Conclusions

Concerning to problems encountered by employee while provide e-services, majority of the respondents faced problems when providing e-banking services like weak telecommunication, Limitation in ICT infrastructure, Software available in the country is not suitable, Lack of Technological knowledge like lack of technical skill to repair and assemble those technology, and Improper use of Technology are challenges regarding to the severity and frequency of the challenges

The findings of the study revealed that the development of E-banking technology in Awash bank stretches wide across the two extremes of the challenges and prospects where the concerted effort by employee, manger and stakeholders to overcome the challenges

Accordingly, a number of conclusions can be drawn from these results. Majority of the Awash bank wolkite branch customers were satisfied by the e-banking services provided to them. However, customers faced different problems associated with e-banking service. Some of the problems that customers indicated were the network failure, power failure, system failure and machine break down and cash shortage in ATMs.

Perceived ease of use is taken as a major benefit of using E-banking system. At the same time this finding supports the study of Giglio (2002) and Robinson (2000).The other benefit found in the study were based on its usefulness in terms of time and cost saving.

In general the finding of the study, offer other benefit, such as enhancing customer satisfaction, reduce the number of customers come to banking hall, increase reliability and accessibility of banking service, creating good relationship between clients and bank and also used as a better information control.

Despite the above benefits of E-banking technology, to bank and customer it is associated with some challenges. The study shows that Weak Telecommunications, Limitation in ICT infrastructure this finding is very consistent with the study of Gardachew, (2010) and Wondwossen and Tsegai, (2005), the unsuitability of Software available in the country, Improper use of Technology, Lack of Technological knowledge that is lack technical skill to repair and assemble those technology, Lack or limitation of regulation and law, Cash Shortage, Unreliable network system, System failure and machine break down, Unreliable source of power and Bank Policy and Procedure on withdrawal limit are major challenges in Awash bank wolkite branch facing the employee and customer while the provide and use E-banking technology.

The results revealed that a majority of the respondents indicated that, when they notified their complaints to the bank officials, there is problem in giving quick response to their customer which indicates that the bank fails to provide immediate response for its customer complaints regarding e-banking challenge. This implied that Awash Bank wolkite branch lacks a fast compliant handling system to solve customers' problems.

5.3. Recommendation

E-banking system is a new financial evolution in Ethiopia, but it's an important issue, because it has a great impact on the whole banking system, at the same time it's difficult and it need a lot of efforts to succeed.

Based on the findings of the study, the following recommendations were forwarded:

The respondent face the major problem that encountered while providing and using e-banking services. Therefore, the bank should improve the service giving by focuses on the problem that hinder service providing and reduce the satisfaction level the customer. Such as:

- ✓ To reduce weak telecommunication the bank of Awash wolkite branch need to agree with Ethio-telecom manager of wolkite town to provide better and quality network having a higher bandwidth. By doing so, the existing quality of internet connection should also be improved until such time that successful implementation is achieved.
- ✓ Reducing improper use of technology by developing different plan and mechanisms that helps for solving of such problem like adopting and implementing of kaizen philosophy and other managerial strategy.
- ✓ To reduce Lack of Technological knowledge like lack of technical skill to repair and assemble those technology the bank of Awash of wolkite branch have to prepare or give to its employee different training on the technical skill to maintain and repair the ATM machine and other e-banking infrastructures. This in turn helps the bank to give quick response to its customer while they notify the challenge to the bank.
- ✓ The bank should improve the service quality by reducing problem of network failure, power failure, system failure and shortage of cash in ATM machines using different mitigation mechanisms (upgrading network system, availing power UPS, periodic Maintenance of machine and close follow up on cash availability in ATM) to resolve customer problems and ultimately increases customers satisfaction on e-banking services in general and banks profitability in particular.
- ✓ In order to reduce such challenges the bank have develop different Policy and Procedure on withdrawal limit of cash. The improvement of stated challenge can enhance the level of customer satisfaction.
- ✓ This means the bank have to work in order to increase the level of its response from slow to quick by giving training to existing employee on the repair of the machine to have the technical skill to repair and assemble the technology. This can helps the bank to give satisfaction to its customer and helps the bank in attracting more customers.

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APPENDICES

Appendix – A

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

Questionnaire to be filled by Employee of the bank

Research Topic: Challenges and Opportunities of Electronic Banking in the case of Awash international bank Wolkite branch

Researcher: Mahider Tilaye

Dear Respondent, I would like to express my sincere appreciation for your time, honest and prompt responses.

Objective

This questionnaire is designed to collect data for examining the challenges and assessing the opportunities of electronic banking in Awash bank wolkite branch. The information that you offer me with this questionnaire will be used as a primary data in the research which I am conducting as a partial requirement for BA degree in accounting and finance. Hence, this research is believed to be evaluated in terms of its contribution towards investigating the challenges and opportunities of e-banking along with its contribution to improvements in the banking industry of Ethiopia. Whatever information you provide is strictly confidential and it is only for academic purpose and Put tick (✓) mark in the appropriate box for questions that involve choices & provide brief statement for open end questions in the appropriate space.

I would like to thank you and your institution in advance

Section I: General information of respondents:

✓ Put tick (✓) mark in the appropriate box for questions that involve choices & provide brief statement for open end questions in the appropriate space.

1. **Gender:** Male Female
2. **Age:** 20-30 31-40 41-50 above 50
3. **Education:** First degree Master's degree other, please specify _____

Section II: Questionnaires related with the challenges of Electronic banking services.

Below are lists of questioners relating to of E-banking challenge and opportunity Please indicate whether you agree or disagree with each statement by ticking (√) on the spaces that specify your choice from the options that range from ”strongly agree“ to ”strongly disagree“.

Key

SA=Strongly agree N= Neutral SDA= Strongly Disagree
 A=Agree DA= Disagree

Challenge	Indicator	SA	A	N	SDA	DA
Infrastructural	Weak Telecommunications (fiber optic, satellite networks, and communication bandwidth)					
	Limitation in ICT infrastructure					
	Software available in the country is not suitable					
	Hardware available is not sufficient in the country (PC, ATM, POS, etc.)					
Knowledge	Limited trained Human Resources					
	Improper use of Technology					
	Lack of Technological knowledge (managers, employees, clients)					
	Flaws in design, implementation and monitoring of Bank’s information system					
Legal and security	Lack and limitation of regulation and law					
	Increased potential of fraud					
	Lacking or weak security measures					
	Lack of strong trust environment					

Other challenges (if any)

Section III. Questionnaires related with the opportunities of the Electronic banking services

The following are some of the benefits the Banks realized from E-banking system, please indicate your choice.	SA	A	N	DA	SDA
Improves relationship with customers.					
Enables the bank to expand its service provision easy.					
E-banking enables 24 hour accessibility to the bank service.					
Increase efficiency of the bank.					
Enhance the image of the bank.					
E-banking Improve customer services.					
Facilitate work to be done fast.					
Helps to facilitate work with minimum error.					
Simplify the activity of employees of the bank to deliver service to customers.					
Attracts High Value Customers.					
Increase Revenues of the bank.					
Helps to perform transaction at lower cost.					
Increases the productivity of the bank.					

Reduces paper work					
Improving transaction speeds.					
Reduce queues(list of data stored in a particular order) in the banking hall					

Please kindly state any other benefits the customers gained from the using of E-banking service?

Thank you for your cooperation!

Appendix – B
WOLKITE UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF ACCOUNTING AND FINANCE

Questionnaire to be filled by customer of the bank

Research Topic: Challenges and Opportunities of Electronic Banking in the case of commercial bank of Ethiopia Wolkite branch

Researcher: Mahider Tilaye Moraga

Dear respondents: This questionnaire is prepared to collect data on the issues related to challenges and assessing the opportunities of electronic banking in Awash bank wolkite branch. Therefore, you are politely requesting to respond genuinely and honest because your response is the base for the study. Whatever information you provide is strictly confidential and it is only for academic purpose and Put tick (✓) mark in the appropriate box for questions that involve choices & provide brief statement for open end questions in the appropriate space.

I would like to thank you in advance

1. **Gender:** Male Female
2. **Age:** < 20 years 20-30 31-40 41-50 above 50
3. **Education:** Diploma First Degree Master Degree other, please specify _____

4. Type of E-banking services used by customers

- A. Automatic Teller machine(ATM)
- B. ATM and Mobile Banking
- C. ATM, Mobile banking and (POS)
- D. ATM, Mobile banking , Point of sales(POS) and Internet banking
- E. other, please specify _____

5. Banks Response to System Challenges and Failures

- A. Quickly
- B. Slowly

Section II. Questionnaires related with the challenges of Electronic banking services

Below are lists of questioners relating to of E-banking challenge and opportunity Please indicate whether you agree or disagree with each statement by ticking (√) on the spaces that specify your choice from the options that range from ’strongly agree’ to ’strongly disagree’.

Key

SA=Strongly agree N= Neutral SDA= Strongly Disagree

A=Agree DA= Disagree

No	The following are some of the Challenge that customers face in using of E-banking services, please indicate your choice.	SA	A	N	DA	SDA
1.	Cash Shortage					
2.	Unreliable network system					
3.	System failure and machine break down					
4.	Unreliable source of power					
5.	Non-availability of internet					
6.	Unable to access on weekend					
7.	Bank Policy and Procedure on withdrawal limit					
8	Bank charges for ATM service					

Other challenges (if any)

Section III. Questionnaires related with the opportunities of the Electronic banking services

NO	The following are some of the benefits the customers realized from using of E-banking services, please indicate your choice.	SA	A	N	DA	SDA
1.	E-banking enables 24 hour accessibility to the bank service.					
2.	E-banking enables customers to use bank services conveniently.					
3.	E-banking saves time of customers.					
4.	E-banking banking services enable users to complete banking activities more easily.					
5.	E-banking service makes easy access for money of customers.					
6.	E-banking service increase customer satisfaction.					
7.	E-banking Reduce queues(list of data stored in a particular order) in the banking hall.					

Please kindly state any other benefits the customers gained from the using of E-banking service?

Thank you for your cooperation!