THE IMPACT OF ELECTRONIC BANKING ON THE FINANCIAL PERFORMANCE OF FINANCIAL INSTITUTIONS IN UGANDA :A CASE STUDY PRIDE MICROFINANCE LIMITED

MOLLY KOMUHANGI

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A DISSERTATION SUBMITTED TO SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF A DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION OF UGANDA CHRISTIAN UNIVERSITY

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DECLARATION

I, KOMUHANGI MOLLY, declare that this report is my personal work. The information was gathered and presented by me and it has never been submitted by anyone for the award of any academic qualification

Signature ..... Date...4th/Sept/2024

KOMUHANGI MOLLY

APPROVAL

This is to certify that this research report by Komuhangi Molly on the topic" The impact of Electronic Banking on the Financial Performance of Financial Institutions in Uganda. A case study on Pride Micro Finance Limited was done under my supervision and is hereby approved for submission for the award of a Bachelors Degree of Business Administration of Uganda Christian University.

SUPERVISOR: MS. NATUHWERA MAUREEN

Signature .....

Date...4/09/24.....

DEDICATION

This message is for my great parents and friends who have been supportive and encouraging for all these years. It really means so much to me. The love and empathy you gave me during these long periods away from home while I was pursuing my academic endeavors meant a lot to me. Thanks for your support.

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ABSTRACT

The aim of the study was to establish how ebanking influences the operational efficiency of financial institutions in Uganda, using Pride Microfinance Limited as a case study. The study was conducted to find out the following: to establish different types of e-banking used by Pride Microfinance Limited; determine whether there is any relationship between e-banking and the performance of Pride Microfinance Limited; and establish how much e-banking contributes to the general performance at Pride Microfinance Limited. Descriptive research was adopted for data collection and analysis; the data included both qualitative and quantitative data. A total of 85 purposive and random samples have been selected from the target population of 115. Data collection was carried out using structured and unstructured questionnaires. Descriptive data such as percentages have been used to illustrate the many manifestations of electronic banking. Further, inferential statistics were used to measure the correlation and influence that electronic banking has had on the performance of financial organizations. This implies that 97.3% of the operational efficiency is brought about by ebanking. There is a significant positive effect of e-banking on the operational efficiency of Pride Microfinance Limited. Pride Microfinance Limited may conduct workshops and training on e-banking technology for its customers to enable its customers to improve their understanding and use of the technology.

CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

This chapter outlines the overview of the research to be undertaken by the researcher through the discussion of the background and formulation of the problem statement. The study of electronic banking on operational efficiency in Uganda's financial institution is discussed in this proposal with regard to its scope, meaning, and rationale, and is defined below.

1.1 Background of the study

1.1.1 Historical context

Till a few years back, before the introduction of e-banking, all the banking transactions were done manually. It was really a very cumbersome and time-consuming process. All transactions had to be recorded manually and this also included a lot of manual transfer of information from one ledger to another. The technological enhancement has vastly changed the operations of financial institutions and has thus enabled them to offer electronic banking services. Progressive technologies like PC banking, ATMs, electronic money transfers, internet banking, mobile banking, account to account transfers, online bill payments, online statement lookups and credit cards have over time phased out traditional modes of service delivery. The first deployment of the world's first automated teller machine was made by Barclays Bank in 1967, as witnessed by Mwaura, 2013. A year later, in 1969, IBM was able to introduce plastic cards with a magnetic stripe. These developments marked the birth of electronic banking.

Management information systems have enhanced the ability of management in banks to efficiently monitor, control as well as undertake strategic planning of operational activities. In this regard, e-banking has been noted by Franklin, James, and Philip, 2008 to enhance the quality and range of financial services and enhance corporate risk management and increase access to financial services for both retail and commercial customers. With the spread of digitization, service delivery in the financial sector has seen great changes. Digitization basically is a process through which conversion, storing, transmission, and processing of information get conducted in formats readable by computers.

Digitization has greatly enhanced the capacity, speed, and interconnectivity of information processing in the financial industry. The said revolution has, therefore, radically transformed the way clients access financial services and the way back-office services are conducted. The delivery of financial services has highly changed over time. While basic roles of financial institutions stand to this day, the banking industry has been rising and improving in many aspects. A study by Alawiye, Adewale and Afolabi (2013) established that the customers in modern times have more channels through which they can access financial services. Ovia (2001) noted that electronic banking appeared as an e-commerce logical evolution in the banking and financial services industry. Indeed, information and communication technologies helped facilitate the recent worldwide boom in electronic banking.

The integration of information technologies has made the operations of financial institutions faster, hence improving consumer services like the speed of fund transfers, speed of depositing and withdrawing money and checking on account balances and loan balances. Thus, information systems have become essential for the operation of financial institutions in Uganda, among other countries. It is for this reason that information systems, which are directly connected with the monetary transactions of financial institutions, play a critical role in their ability to provide services at competitive prices, both locally and globally. In any case, the use of the Internet as a new distribution channel for financial services has evolved from a competitive advantage to a prerequisite for sustaining competitiveness. This phenomenon is a direct result of globalization and increased competition. Financial institutions provide e-banking services due to the great economics in the distribution of financial products. Bank of Uganda, in July 1999 issued a policy statement categorizing the financial firms into four tiers.

Tier IV consists of unregulated financial institutions not licensed by Bank of Uganda to accept deposits from the public. However, the facilities may provide secured and unsecured loans to the customers. Tier III has the MDIs, which offer microfinance services. The credit institutions come under Tier II, and under Tier I come the commercial banks. The commercial bank in this tier is empowered to monitor transactions accounts savings, and escrow accounts of individuals and businesses in domestic and foreign currency.

1.2 Problem Statement

In Uganda, the financial sector has undergone a complete transformation since the advent of electronic banking. Presently, customers of commercial banks, SACCOs and MDIs access efficient, speedy and convenient banking services. The financial institutions in Uganda have greatly invested in electronic banking and FinTech to provide the customers with affordable and quality services. While at the same time, through the rapid growth of FinTech, efficiency has been improved while the costs of banking services have been reduced. Financial institutions equally incur considerable costs due to their investments in technical infrastructure Abor, 2004). Apart from personnel costs, technology is usually the most expensive component of a financial institution's budget, after other operating costs. On the other hand, electronic banking might be exposing operational vulnerabilities such as system failure, internal controls deficiency, human error. In this case, these might compromise the provision of services or even the viability of institutions. This increasing use of information technology and digital accessibility has, however, been found to come with increased exposure to cyber-attacks that threaten consumer data confidentiality. Secondly, e-banking services are increasingly becoming available because third-party services such as telecommunication companies, cloud computing, and data services avail them. Any one of these third-party systems, if compromised, can cause huge disruptions to the financial system and drive the cost of transactions even further.

According to the Police Crime Report (2014), fraudsters, through mobile money transactions, had put users at a loss of over UGX 207 million ($80,000) from August to November 2014. Similar cases have been reported by the customers of Pride Microfinance, although many incidents remain unrecorded. Besides, cases of ATM fraud and disruptions in the system networks have been evidenced in financial institutions like Pride Microfinance, which might have had adverse impacts on the operations concerned. Misconception about the advantages and disadvantages.

1.4 Objectives of the study

1.4.1 General objective

The purpose of the study was to investigate the impact of e-banking on the financial performance of financial institutions in Uganda: a case study of Pride Microfinance .

1.4.2 Specific Objectives

i) The objective of the study was to find out the various services offered through electronic banking within Pride Microfinance;
ii) The study investigated the impact of e-banking on the performance of Pride Microfinance
iii) The study was able to determine the relationship between e-banking and the performance of Pride Microfinance

1.5 Research Questions

i) What were the various services offered through e-baking in Pride Microfinance Ltd ?
ii) What has been the impact of electronic banking on the financial results of Pride Microfinance Ltd?
iii) What was the relationship between e-banking and the financial performance of Pride Microfinance Ltd?

1.6 Scope of the Study

1.6.1 Geographical Scope

The research was conducted at Pride Microfinance headquarters at Pride Address. Plot 6-9, Ben Kiwanuka Okot Close P.O Box 7566, Kampala, Uganda.

1.6.2 Time range The study was conducted on the basis of information from the period 2016 to 2020, as it is more current and relevant for the purpose of the study.

1.6.3 Scope of the Subject The research focused on the impacts of e-banking on the financial performance of financial institutions in Uganda focusing on Pride Microfinance as a case study. Since e-banking is the independent variable, the dependent variable is financial performance.

1.7 Significance of the study

One would find this study useful to the following groups and institutions:

Researcher: The study was very important to the researcher since it gave an in-depth knowledge of e-banking and its impact on financial institution performance. It also ensured the academic success of the researcher by completing the Bachelor of Business Administration course.

Financial Institutions: The research findings were helpful to them since they had information on how to improve the services in regard to e-banking, which would enable improvement of the overall performance. Institutions, therefore, stand to gain a lot when the recommendation of this study is instituted.

Telecommunication companies: These are the ones that will be supplying the third-party connections for e-banking. They may want to understand through the findings the benefits of online banking. In turn, this will enable them to plan their expansion strategically, making full use of every connectivity opportunity and thereby spreading better to cover financial institutions.

Policy Makers: Useful information was provided to the Government of Uganda, especially the Central Bank and the Uganda Communications Commission, to promote an environment that would be conducive for the successful implementation of e-banking in all financial institutions.

1.8 Limitations of the Study

A number of challenges were faced during the study:

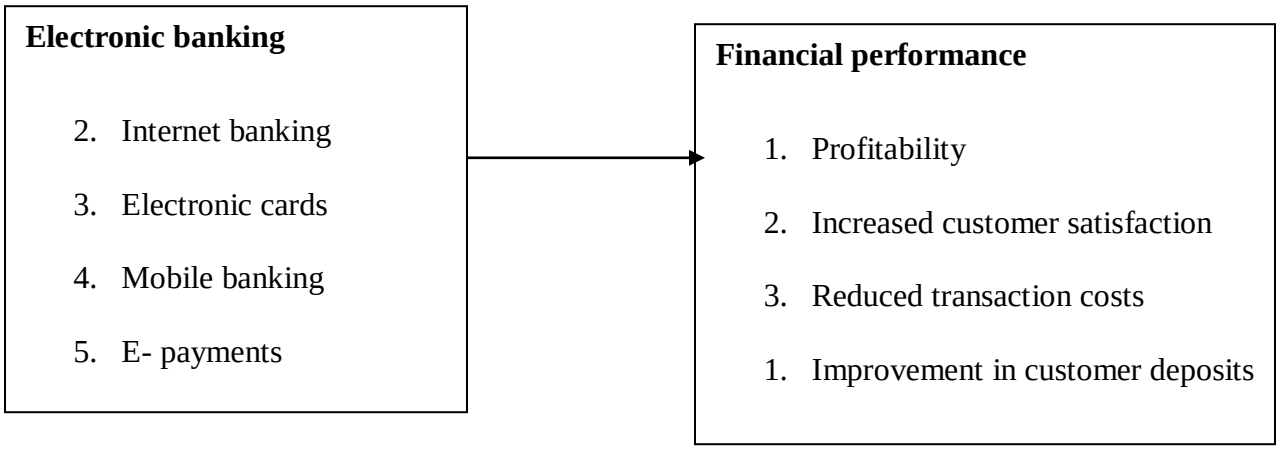
Confidentiality Issues: The reluctance of employees to provide internal information was due to some confidentiality issues. Therefore, the researcher has used several methods of data collection, which are interviews, surveys, and questionnaires. Document sources were also employed for the collection of relevant data.

Financial constraints: The researcher expected to encounter problems of finance in the distribution of questionnaires and the follow-up activities since writing and printing are costly. This called for substantial fore-planning and budgeting with some forms of financial assistance likely to come from parents and relatives.

The partial knowledge of the participants: While gathering the information, the researcher was faced with issues concerning the partial knowledge of the study subject by the respondents. Because of the inability to understand a question or having no motivation and willingness to answer the problem will come about.

1.9 Conceptual Framework

Independent variable Dependent variables



Source: Adopted from Dona M.A. Obongo (2016) and Modified by the researcher

In this study, electronic banking is considered the independent variable. E-banking is studied based on the specific services under e-banking such as Mobile Banking, Internet banking, electronic cards, and e-payments. The performance of financial institutions is considered a dependent variable and is evaluated on the basis of customer satisfaction, transaction costs, Customer deposits, and return on investment (Profitability).

1.10 The rationale of the study

This study would seek to present the present status of electronic banking in Uganda and how they impact the financial performance of financial institutions in Uganda. There was a research gap where little is known about the impact of electronic banking on the financial performance of financial institutions. This study, therefore, would seek to investigate whether electronic banking had an impact on the financial performance of financial institutions that is by evaluating whether the use of electronic banking has led to an increase or decrease in profitability and if its customers are being satisfied by the services being rendered electronically. Moreover, this study would contribute to the body of knowledge on an understanding of how electronic banking will impact on the overall performance of financial institutions. This would be used in future as a reference article to financial institutions planning to invest in electronic banking.

CHAPTER TWO

LITERATURE REVIEW

2.0 Overview

This chapter examines the opinions and findings of various authors along with information from periodicals, magazines, websites and other related sources that form the basis for this research study. The content is divided into separate areas, including literature on the impact of various services provided by e-banking, the effects of e-banking on financial institutions, and the correlation between e-banking and the performance of financial institutions.

2.1 Definition of E-banking

As defined by the Basel Committee on Banking Supervision (BCBS, 2003), electronic banking refers to the provision of retail and low-value banking services through electronic channels, as well as the facilitation of large-value electronic payments and other wholesale banking services. . In Bangladesh, the prevalent types of electronic banking include internet banking, online banking, automated teller machines (ATMs) and mobile banking, with ATMs and mobile banking being the most used (Siddik, 2015).

E-banking is the process of providing banking products and services to consumers through electronic and interactive communication channels. This includes various systems that allow individuals, organizations, financial institutions or customers to access their accounts or conduct transactions over public or private networks such as the Internet (FFIEC, 2003).

Electronic banking refers to the automated delivery of traditional and innovative banking products and services directly to customers using electronic means such as computers, ATMs and the Internet. Buchanan (2010) defined electronic banking as the automated delivery of banking products and services to customers using electronic, interactive communication channels.

2.1.1 Types of electronic banking

Electronic banking includes several elements such as mobile banking, telephone banking, internet banking, electronic cards (which can be used at ATMs, point of sale terminals and for credit and debit transactions), electronic money transfers and electronic payments. . For

Centenary Bank Annual Report and Financial Statements (2017), users have access to the following e-banking products:

CentePoint ATMs offer clients 24/7 access to their financial accounts through ATMs, allowing complete autonomy over their funds when paired with CenteCards. This service improves the availability and ease of use of financial services.

The CenteMobile service allows clients to conveniently access their accounts and perform transactions directly from their mobile phone.

Internet financial service allows users to conveniently access their account information and perform financial activities from the comfort of their home or office using the Internet.

The Merchant POS service allows customers to use their CenteCards to make payments at Point of Sale (POS) terminals.

The Visa Debit Card is a highly secure card that is now transitioning from magnetic stripe technology to chip and PIN technology. The move is aimed at improving security and reducing the risk of card fraud such as cloning and skimming.

2.1.1.1. Online banking

According to Thulani et al. (2009), Internet banking is a system that allows bank customers to access their accounts and obtain information about banking products and services through the bank's website. This system eliminates the need for traditional methods such as letters, faxes, original signatures and telephone confirmations. Internet banking is commonly considered a part of PC banking, which also includes online banking.

Internet banking uses electronic card infrastructure to process payment instructions and finalize transactions for goods and services conducted over the Internet between clients and merchants. Currently, the predominant forms of online transactions include paying consumer bills and obtaining airline tickets through merchant websites (Littler, 2006). E-banking, specifically Internet banking, refers to banking transactions that are carried out mainly over the Internet. “Transactional electronic banking” explicitly refers to services that go beyond the provision of information and include actual financial transactions (Deutsche Bundesbank, 2000).

Poštovníbanka (2018) listed various advantages of internet banking, such as the convenience of money transfer, the possibility of accessing funds without the need for physical currency, 24/7 access to the account from any location, direct transfers to any recipient without the need for intermediaries, the fulfillment of credit obligations outside the normal banking time to avoid sanctions and bypass long queues at banks.

2.1.1.2 Electronic cards

Electronic cards are tangible plastic cards that contain machine-readable chips that offer cardholders a distinct ID and allow them to conduct financial transactions over the Internet. Illustrations include Automated Teller Machine (ATM) cards and EPoS (Electronic Point of Sale Terminal) cards that authorize payments to stores or vendors (James, 2009).

Debit cards, which are linked to local bank accounts, allow instant payment verification, but credit cards give consumers a line of credit and access to local and global networks, making them generally accepted around the world. As global schemes, Visa and Mastercard often offer the necessary infrastructure and operational guidelines for these cards (James, 2009).

According to Shitt (2010), bank customers saw the benefits of convenience provided by electronic banking as the widespread use of debit cards reduced the need to carry physical currency. Shittu further emphasized that individuals using debit cards have the ability to make payments or purchases in a number of ways, such as in person, online or over the phone, at businesses that carry the Visa logo. These transactions allow the immediate transfer of funds from the customer's account if sufficient funds are available. In addition, electronic banking has facilitated the process of direct deposit and withdrawal of funds as well as electronic check processing, reducing settlement time and increasing security. According to Wise and Ali (2009), a significant number of consumers in Tanzania preferred to use ATMs instead of visiting bank branches. This has prompted banks to consider investing in ATMs as a means of reducing costs associated with branch operations.

In June 2017, the Ugandan banking sector saw a decline in the number of branches and ATMs. This was mainly because the assets and liabilities of Crane Bank Limited were transferred to PRIDE MICROFINANCE Bank Limited. In addition, there has been a general trend towards using more efficient and accessible channels such as mobile banking.

Mobile banking refers to the use of mobile devices such as smartphones or tablets to conduct banking activities

2.1.1.4 E-Payments

E-payments have been defined by various scholars within the domain of accounting, finance, business technology, and information systems. These definitions have been examined from a myriad of perspectives. As stated by Dennis (2004), an e-payment system is considered as a financial arrangement wherein the buyers and the suppliers are engaged in it, while the activities are intermediated through electronic communication. Briggs and Brooks, 2011 have described e-payment to be a means of connection which links businesses as well as individuals supported banks and exchanges to permit electronic financial transactions. Peter and Babatunde, 2012 explain an e-payment system, "Any system for sending funds by electronic means over the Internet". On their part, Adeoti and Osotimehin have defined electronic payment system as an electronic means of paying for goods bought either online or physically in retail outlets such as supermarkets and shopping malls. On their part, Kaur and Pathak defined e-payment systems as transactions conducted in an e-commerce environment in which money in electronic form is exchanged. According to Antwi, Hamza and Bavoh, 2015, electronic payment is an electronic exchange of a financial obligation from the payer to the payee in a way acceptable to the latter. The term "e-payment", according to Lin and Nguyen, 2001, refers to transactions conducted through commercial card systems, automated clearinghouses, and electronic transfers.

Now internationally, there has emerged a number of electronic payment services within the platform of a global payment system: including credit cards, electronic currency, electronic checks and wire transfers (Ken & Will, 2002). Hsiao-Cheng, Kuo-Hua and Pei-Jen (2002), in their study, have identified four broad categories of electronic payment systems: namely small payments, electronic cash, electronic checks, and online credit card payments. Each class possesses its own advantages and disadvantages. Roy and Sinha refer to "e-payment" as some digital mechanisms for paying the purchase price of a commodity or service bought through the Internet.

Ever since the coming of electronic modes of paying money, the global payment culture has changed. In most cases, people, organizations, and even governments prefer cashless mode of transactions. Because of this, the world system of payments is increasingly drifting away from

hard cash towards electronic modes that offer a speedy and more efficient method of conducting businesses. Furthermore, the technologies of electronic payments have not only reduced time spent on transaction processing but have also reduced the overall financial cost associated with the consumer's payment processing (Humphrey et al., 2009).

This study, therefore, consequently investigates the impact of e-banking on the performance of financial institutions.

Abaenewe et al. (2013) established the relationship between a bank's general performance about the ability of the bank to realize its objectives within a specific trading period. Although organizations have the opportunity to use many measures while evaluating their development, the most basic indicator is the one which shows how far the company has gone in order to reach its ultimate goal of profit maximization. Abaenewe et al. (2013) further claimed that it can best be proxied by the deposits level and profitability of the bank since these two are more proximate indicators of success. On the opposite side, Ekwueme et al. (2012) believed that e-banking operational performance could be assessed through an in-depth study and analysis of banking activities pre- and post-implementation of e-banking.

2.2.1 Transaction costs signify all the costs involved in performing any single financial transaction.

Electronic banking tends to act more like a less expensive distribution channel and as a sales-building method. The importance of online banking may come from a very significant view: it holds the high-value customer segments, and thus it creates value for the customers and the financial institutions alike. In most cases, electronic banking has minimized operating costs associated with physical branches and personnel. In this way, the potential to lead to increased sales is evident; this may also enable them to establish further global reach. Additionally, waiting lines in branches have been shortened, thus minimizing the number of clients that needed to be personally served Geetha & Malarvizhi, 2011. Berger et al. (2003) have identified in their studies that resource allocation to ICT can surely reduce spending in the banking sector. This, in turn, can further facilitate increased productivity due to the use of advanced and more efficient back-office technologies, which reduces operating costs. Moreover, with advanced front-office technologies, the quality and scope of services also increase. The Internet has become a core tool in the distribution of financial services due to globalization and escalated competition. No longer

just a competitive advantage, the Internet is now a prerequisite component for competitiveness. Pikkarainen et al. (2004) opined that online banking is comparatively quite an efficient form of distribution channel of financial services. This could offer several advantages such as saving time and operating cost for banks, together with a lesser risk of teller errors. This opinion was shared by Jayawardhena& Foley (2000). In fact, ebanking would enjoy competitive advantage by offering superior service at more economical prices by answering the demands of the consumers. Research has proved that Internet banking has reduced both operational and administrative costs Siriluck and Speece 2003. Compared to traditional banks, the use of the Internet can assist such banks in offering cost savings and thus offer lower or no service fees and higher interest rates on interest-bearing accounts Gerlach, 2000; Jun and Cai, 2001. Online banking provides an easy way of saving money, time, and other required resources to perform the transaction. Akuffo-Twum, 2011 indicated that "online" financial services provided speed, convenience, and could be accessed anytime as its services were available 24/7". The reason for the reduction of fees associated with Internet banking compared to traditional banking is a reduction of variable costs such as maintenance costs, wages, and other administrative costs.

Financial Institutions stand to gain in cost efficiency from providing available Internet services. This is because the ability for clients to utilize online services independently reduces dependency on front line staff. Financial institutions benefit by saving costs due to reduced headcount, branch size and costs of consumables such as paper, printer cartridges and stationery Hosein 2010..

2.2.2 Customer satisfaction and access to financial services

Customer satisfaction is described as the result of evaluating and responding to a product or service based on personal perceptions and experiences (Saha& Zhao, 2005). This assessment involves comparing expected performance with actual performance. Raman et al. (2008) emphasize that a service that is intangible varies in appeal among customers and a certain level of service quality is necessary for customer satisfaction. Key indicators of this satisfaction are engagement, loyalty and retention.

Ogbuji et al. (2012) noted that automated teller machines (ATMs) have replaced the laborious, paper-based transaction systems previously used in banking. ATMs enable customers to conduct banking transactions around the world 24/7, provide instant response and extend productivity beyond traditional banking hours.

Amado (2005) and Yuns &Akingbadei (2011) found that e-banking increases bank efficiency and customer service. E-banking has led to better industry growth, better customer relations and more convenient access to banking services as supported by Guru et al. (2001). This technology allows customers to access financial services faster and helps them manage their finances more effectively (Almazari& Siam, 2008; Ayrga, 2011; Tan &Teo, 2000). Consequently, many financial institutions have adopted marketing and IT strategies to remain competitive (Venkatesh, Morris, & Davis, 2003).

Homburg et al. (2006) found that the experience of consuming a product or service significantly affects customer satisfaction. For example, online banking reduces the need for physical branch visits and allows customers to access information and conduct transactions online (Cleopatra, 2019). Banks that offer more convenient and efficient options are likely to improve customer relationships and customer satisfaction.

Hosein (2010) noted that Internet banking improved customer retention by enabling better customer relationship management through data collection, leading to customized services and increased loyalty. E-banking also allows customers to perform a wide range of financial operations online and offers greater convenience and accessibility (Grabner-Kraeuter&Faullant, 2008; Hamlet, 2000). In particular, mobile banking is a potential solution for many individuals in emerging economies who are excluded from traditional financial services (Munyoki, 2015).

2.2.3 Customer Deposits

The adoption of electronic banking methods such as internet and mobile banking has a significant impact on financial institutions (Gitau, 2011). These cost-effective platforms have increased customer subscriptions and overall banking participation, resulting in a larger customer base and higher deposits. This in turn reduces the cost of raising capital for lending (Ngugi, 2012).

Deposits are considered a cheap and stable source of funds compared to equity and borrowed money (Bank of Uganda, 2010). Therefore, a bank's capital structure plays a vital role in its performance (Goddard et al., 2004). Golara (2016) found that e-banking effectively increases customer deposits by meeting different banking needs through different channels. Factors such

as system security, up-to-date interaction and efficiency of electronic banking systems contribute to the increase in deposits.

2.3 Relationship between electronic banking and performance

Monyoncho (2015) reported that mobile banking positively affects the performance of commercial banks in Kenya, with a significant correlation indicating that mobile banking enhances financial performance. The convenience of mobile banking enables users to perform various financial activities safely and conveniently, improving market penetration.

Organizations are increasingly using technology to enhance growth and competitiveness (Anyasi&Otubu, 2009). Mobile banking is such an innovation that enables banks to offer new products and services that reduce transaction costs and attract more clients (Adewoye& Oni, 2010). It improves the efficiency of the payment system and extends formal financial services to previously underserved populations (Porteous, 2006).

Okibo and Wario (2014) found that e-banking contributed to a wider customer base in Kenya, while Okiro (2013) noted improved financial performance through internet banking. Taiwo (2017) also emphasized that e-banking plays a significant role in enhancing the operational efficiency and performance of banks in Nigeria.

However, issues such as e-banking fraud and a decline in transaction volume due to the proliferation of mobile money pose risks. Mudiri (2014) identified lax regulation, low customer awareness and lack of communication as contributing factors to mobile banking fraud. In addition, FinTech-based lending may lead to higher credit risks if credit standards are relaxed (Bank of Uganda, 2017).

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the research design, which includes study population, target population, sample, sampling procedures, data collection instruments and research procedures and approaches to data management and analysis.

3.2 Research design

Creswell, 2009, defines research design as a systematic plan that explains the ways of collecting and analyzing data in a manner that one can effectively get answers to the research questions. The present study adopted a descriptive research design that was combined with an exploratory approach. According to Kothari, 2004, explanatory research design refers to a methodology that describes the characteristics of persons, groups or phenomena and provides a comprehensive description of the distinctive characteristics and specific predictions about the phenomenon. This study adopted a survey design as reported by Oso and Onen, 2009 to analyze the secondary data. Consequently, the study has adopted both qualitative and quantitative methods to fully represent e-banking services/products offered by various financial institutions and their impact on the overall market performance of those institutions.

3.3 Area of study

The study was carried out at Pride Microfinance Bank Head Office at Plot 6-9, Ben KiwanukaOkot Close, P.O. Box 7566, Kampala, Uganda.

3.4 Participants

The research was conducted at the Pride Microfinance Bank headquarters. Thus, the target population selected was 108 employees employed by the company in various departments composed of 20 from finance, 40 from IT, 20 from management, and 28 from other departments. This group of employees represents the key informants within the study population.

3.5 Sample Size and Selection Method

3.5.1 Sample Size

A total of 108 employees was selected for the study and the researcher will use a mathematical formula of Taro Yamane (1970: 886-87) to determine the sample size as illustrated.

$$\frac{N}{1+\mathrm{N}(E)^2}$$

Where N is the total population of respondents and "e" is the confidence level. A total population of 108 employees will be used at a confidence level of 95% or error of 0.05 and the sample size will be;

$$\frac{108}{1+108\ (0.05)^2} = 85 \text{ respondents}$$

Therefore, out of 108 employees only 85 respondents were sampled.

3.5.2 Sampling methods

The probabilistic sampling techniques are used in this work, which means every member of a population in which the study is being conducted has an equal opportunity for selection. It is adopted because of cost economy, lesser subjective judgment, time factor, and convenience in sample selection.

Non-probability sampling designs were also resorted to. Judgment was used in the selection of subjects to be surveyed based on their perceived relevance to the investigation. Purposive sampling was also employed to obtain an in-depth look into the research phenomenon by targeting specifically branch and operations managers.

3.5.3 Sample selection methods

3.5.3.1 Simple Random Selection

In simple random sampling, individuals from the whole population are selected in a manner that every individual from the population has an equal probability of being chosen for investigation. It reduces bias, since every individual in the different groups-interns, junior accountants, and IT officers-will have an equal opportunity.

Purposive sampling

By definition, purposive sampling is a selection of individuals based on specific criteria or judgment rather than by the random process. Being non-probabilistic, the purposive method allows the researcher to target and obtain participants who are perceived to provide valuable and relevant information. A purposive sample was drawn in this research on 20 employees at the accounting, financial, and management departments.

3.6 Sources of Data

The information used in the study came from both primary and secondary sources.

3.6.1 Primary Data

It was consequently necessary to draw primary data from questionnaires based on direct observation or experience. Employees at Pride Microfinance Bank took part in a Likert scale survey regarding perceptions of e-banking and bank management. Interviews with some employees, especially the ones in the IT and finance departments, were also conducted to acquire qualitative data.

3.6.2 Secondary data

Secondary data was obtained from sources already available and not by direct observation. This involved a review of available textbooks, journals, newspaper articles, and internet materials on e-banking and governance.

3.7 Data collection methods

Collection of data in this study was based on both primary and secondary sources.

3.7.1 Survey methods-use of questionnaires

The tools used were questionnaires, whereby the employees were polled. The tools were employed to capture statistically significant data based on a certain set of questions. The questionnaires were administered within the workforce across different departments of the corporation. The approach was chosen due to its efficiency as well as the ability of the respondents to comprehend and answer the questions appropriately.

3.7.2 Interviewing

The interviews, therefore, formed the primary tool of data collection, an interpretive approach toward grasping a holistic human experience. This method made it possible to deeply examine participants' thoughts and processes, giving further context to the survey data collected.

3.8 Data Collection Tools

The used data collection tools were:

Questionnaire: These consisted of a five-point Likert scale to enable the collection of quantitative data distributive to the respondents of the participants who were in a position to understand and answer them.

Interview guide: These instruments helped the researcher in the realization of semi-structured interviews where through which detailed information was obtained, corroborating data obtained in the questionnaires.

3.9 Reliability and Validity Assessment

3.9.1 Reliability

The reliability of the instruments was measured by internal consistency using Cronbach's Alpha. A coefficient above 0.7 was considered acceptable but the threshold was set at 0.6 and above. Computation was done using SPSS statistical software.

3.9.2 Validity

The instruments were subjected to the determination of validity, that is, whether they measured what they were intended to measure. The experts checked the questions for content validity, and the contents were quantified as a content validity index. In this context, a CVI of 0.83 or greater was considered indicative of high importance.

3.10 Research methodology

An introductory letter was availed from Uganda Christian University to Pride Microfinance Bank Finance and Administration. The questionnaires were administered to the respondents with the credentials of a financial manager. Data collection was made on a progressive basis, where an interview guide was used to draw out more information from the respondents.

3.11 Data Management

3.11.1 Data processing

Data processing thus involved cleaning and validation through standard tools, followed by coding for entry into the computer. The permission from the organization was obtained by the researcher with a listing of all respondents and data collection accordingly.

3.11.2 Data Analysis

In this study, quantitative data analysis was done using SPSS software in order to show the frequencies and percentages. Pearson's correlation coefficient showed that there was a correlation between e-banking and financial performance. Qualitative data in the interviews required narration, transcription, structuring, summarizing, and thematic categorization to interpret the data.

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CHAPTER FOUR

ANALYSIS AND FINDINGS

4.0 introduction

The present chapter therefore presents the data and findings of the study. Results are presented in a tabular form after analysis using SPPS version 23 for clarity and ease of comprehension.

SECTION A: DEMOGRAPHY OF THE RESPONDENTS

Our study investigated the impact of e-banking on financial institutional efficiency in Uganda, using Pride Microfinance as a case study. The gender, age, and length of time employed with the organization of the respondents, therefore, are some of the basic demographic information that we present in our research below.

Table 1; Gender of the respondents

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	56	65.9	65.9	65.9
	Female	29	34.1	34.1	100.0
	Total	85	100	100	

Source; Primary Source

The table above shows that 65.9% of the respondents are men, while 34.1% are females. Most of the respondents are males.

Table 2; Age of the respondents

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25 Years	17	20.0	20.0	20
	26-35 Years	29	34.1	34.1	54.1
	36 - 45 Years	26	30.6	30.6	84.7
	45 Years and Above	13	15.3	15.3	100.0
	Total	85	84.7	100.0	

Source; Primary Source

The majority of the respondents, represented by 34.1%, were ages 26 - 35. On the other hand, those above the age of 45 accounted for 15.3%, and those between 18 and 25 accounted for 20.0%, those between 36 – 45 years accounted for 30.6%. This implies that Pride Microfinance Limited mostly employs youths, therefore most of the respondents are youth with enough knowledge of the study.

Table 3; Level of Education

Level of Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Post Graduate	33	38.8	38.8	38.8
	Graduate	27	31.8	31.8	70.6
	Diploma	15	17.6	17.6	88.2
	Any other	10	11.8	11.8	100.0
	Total	85	100.0	100.0	

Source; Primary Source

The study findings revealed that 38.8% of the respondents had Post graduate, 31.8% of the respondents had graduate qualifications, diploma holders accounted for 17.6% while those with other qualifications accounted for 117.8%. this signifies that most of the respondents are qualified and have adequate knowledge about the subject matter.

Table 4; Experience of the respondents.

Experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 Year	34	40.0	40.0	40
	Between 1 and 3	30	35.3	35.3	75.3
	3 and above Years	21	24.7	24.7	100.0
	Total	85	100.0	100.0	

Source; Primary Source

Study findings revealed that 40.0% of respondents had worked at Pride Microfinance Limited for less than 1 Year, 35.3% had worked at Pride microfinance Limited for between one and three years, and 24.7% had worked there for over three years. This indicates that most of the employees are adequately experienced and well informed about the day-to-day operations of Pride microfinance Limited.

Table 5; Departments of the respondents

Departments of the Respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Administration Department	17	20.0	20.0	20
	IT Department	33	38.8	38.8	58.8
	Finance Department	15	17.6	17.6	76.5
	Accounting Department	20	23.5	23.5	100.0
	Total	85	100.0	100.0	

Source; Primary Source

From the sample used for this study, it clearly shows that, most of the employees in the sample belonged to IT department (38.8%). The Accounting Department was represented with 23.5%, Finance Department with 17.6%, Administration Departments represented with 20.0%. This shows that the respondents work in different departments in Pride microfinance Limited, therefore the respondents pose enough information needed for the study.

SECTION A; DIFFERENT SERVICES OFFERED THROUGH ELECTRONIC BANKING IN PRIDE MICROFINANCE

Table 6; Are any of these E-Banking tools used in your Bank to transact with customers.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Electronic Funds Transfer	20	23.5	23.5	23.5
	Mobile Banking	19	22.4	22.4	45.9
	E-payments	19	22.4	22.4	68.2
	Internet Banking	15	17.6	17.6	85.9
	Electronic Card (Debit and Credit Cards, ATM card, and POS)	12	14.1	14.1	100.0
	Total	85	100.0	100.0	

Source; Primary Source

The above table shows the responses to E-banking tools used at the Pride microfinance Limited, the findings show that 23.5% indicated that Electronic Funds Transfer is used at Pride Microfinance Limited. A percentage of 22.4 represented those that indicated E-payments, Internet banking was represented by 17.6%, Electronic Card (Debit Credit, ATM Card and POS) was represented by 14.1%. This implies that the Pride microfinance Limited use different electronic banking tools.

Table 7: Services Provided Through Electronic Banking at Pride Microfinance

Statement	SD (%)	D (%)	NS (%)	A (%)	SA (%)
Electronic banking services have led to an increase in customer deposits at the bank.	7.1	5.9	4.7	47.1	35.3
Electronic banking services have resulted in a higher number of clients for the bank.	23.5	24.7	1.2	24.7	25.9
Electronic banking services have enhanced the quality of work provided by the bank to meet customer needs.	4.7	11.8	12.9	30.6	40.0
Electronic banking services have led to a decrease in physical cash deposits and withdrawal transactions.	2.4	4.7	3.5	41.2	48.2
Electronic banking services have reduced the burden of account auditing for bank officials, thereby improving management.	7.1	11.8	3.5	41.2	36.5
Electronic banking services have increased the proportion of transactions processed and completed by financial institutions.	4.7	2.4	2.4	45.9	44.7

Source; Primary Source

With regard to the electronic banking tools at the Pride microfinance Limited, the following information came to light when the respondents were asked to comment on the assertion electronic banking services have contributed to the increase in customer deposits to the bank, 7.1% Strongly disagreed with the assertion, 5.9% of the respondents simply disagreed, and 4.7% of the respondents were not sure. However, another 47.1% and 35.3% of the respondents agreed and strongly agreed with the assertion respectively. Since the majority agree and strongly agree it confirms that electronic banking services have contributed to the increase in customer deposits to the bank.

Secondly, 25.9% of the respondents strongly agreed that electronic banking services have contributed to increasing number of clients to the Bank. 24.7% simply agreed, 12% were not sure while a combined 48.2% of the respondents disagreed. This shows that majority of respondents are agreed that electronic banking services have contributed to increasing number of clients to the

Bank, however, with the staggering 48.2% who disagreed could imply that electronic banking services do not contribute such much to increasing client's number of the bank.

Thirdly, 30.6% of the respondents agreed with the fact that electronic banking services have increased the quality of work offered by the bank to satisfy customers. 40.0% strongly agreed to the validity of the statement and 12.9% were not sure while 11.8 percent disagreed and 4.7% strongly disagreed. This indicates that electronic banking services have increased the quality of work offered by the bank to satisfy customers as supported by the majority who agreed and disagreed altogether.

In addition, a total of 89.4% of respondents strongly agreed and agreed that electronic banking services have contributed to a reduction in physical cash deposits and cash withdrawal transactions. However, 3.5% of the respondents were not sure and a combined total of 7.7% were in disagreement.

Furthermore, 41.21% of the respondents agreed with the fact electronic banking services have contributed to lessening the burden of account auditing by bank officials which improves the management of the Bank. 36.5% strongly agreed to the validity of the statement and 3.5% were not sure while 11.8 percent disagreed and 7.1% strongly disagreed. This indicates that electronic banking services have contributed to lessening the burden of account auditing by bank officials which improves the management of the Bank.

Finally, a total of 45.9% of the respondents agreed that electronic banking services have contributed to increasing the percentage of transactions processed and completed by financial institutions. 44.7% strongly agree to the fact. However, 2.4% were not sure, a combined 7.1% were in disagreement.

SECTION B; THE IMPACT OF ELECTRONIC BANKING ON THE PERFORMANCE OF PRIDE MICROFINANCE

Table 8: The Impact of Electronic Banking on the Performance of Pride Microfinance

Statement	SD (%)	D (%)	NS (%)	A (%)	SA (%)
The low transaction costs of electronic banking have led to increased customer deposits.	23.5	24.7	4.7	28.2	18.8
The low transaction costs of e-banking have increased the frequency of customer transactions, hence increasing transaction fees.	3.5	4.7	9.4	45.9	36.5
Mobile Banking improves Bank management by reducing transaction processing time, ease in auditing, risk management, and loan administration.	2.4	8.2	5.9	52.9	30.6
Internet Banking improves bank management by reducing transaction processing time, ease in auditing, risk management, and loan administration.	1.2	1.2	0.0	47.1	50.6
E-payments service improves customer satisfaction and access to banking services.	11.8	14.1	15.3	35.3	23.5
Electronic card improves customer satisfaction and access to financial services.	1.2	5.9	0.0	57.6	35.3

Source; Primary Source

The above table was designed to understand the effects that e-banking had on the performance of Pride Microfinance Limited. Consequently, in trying to establish these effects, respondents were asked to react to the statement that the minimal costs involved in electronic banking resulted in large volumes of customer deposits. The responses indicated that 47% agreed to the statement. Although 4.7% were undecided, an overwhelming 48.2% strongly disagreed. From the fact that most participants did not agree to the statement, it is evident that the low transaction costs resulting from electronic banking did not translate to an increase in the consumer deposit base. Moreover, participants were interrogated on whether the reduction of costs involved in electronic

banking did not contribute to a higher frequency of client transaction as a result of increased transaction fees.

Such, 82.4% of the respondents supported the above statement in general. Only 8.2% disagreed with the above statement, while 9.4% were not sure. The majority of the respondents thus supported the assumption that the minimal costs associated with electronic banking made customers more frequently conduct transactions and therefore increased transaction fees. This question sought to establish whether the respondents agreed with the opinion that mobile banking enhances bank governance in ways that include reduction of transaction processing time, facilitation of auditing, enhancement of risk management, and loan origination and management. 83.5% of the overall respondents agreed with this opinion. Among the respondents, 5.9% were indifferent, while 10.6% strongly disagreed with the statement. In the opinion of 83.5% of the respondents who answered this question, mobile banking enhances bank governance by facilitating a reduction in transaction processing time, auditing, risk management, and loan origination and management.

With that in mind, the respondents were asked to evaluate the following statement: "Online banking enhances the efficiency of bank management because it saves time in transaction processing, and it supports auditing, risk management, and credit management." From the gathered data, 97.7% agreed with the statement, while 0.0% were uncertain and 2.4% not sure.

Moreover, the questionnaire asked to what extent electronic means of payment increase customer satisfaction and enable access to financial services. 58.8% of respondents share the above opinion. 15.3% are not sure, while 25.9% strongly disagree with the statement.

Lastly, the researcher paid attention to understanding the implications of e-banking on Pride microfinance Limited. As such, participants were requested to respond to the statement that electronic cards enhance consumer satisfaction and have made access to financial services easier. Indeed, 92.9% of the respondents agreed to this view. While the percentage is not clear, 7.1% of the participants disagreed to the foregoing statement.

SECTION C; RELATIONSHIP BETWEEN ELECTRONIC BANKING AND PERFORMANCE OF FINANCIAL INSTITUTIONS

Table 9: Perception of Electronic Banking in Day-to-Day Transactions

Rating	Frequency	Percent	Valid Percent	Cumulative Percent
Very Good	24	28.2%	28.2%	28.2%
Good	28	32.9%	32.9%	61.1%
Moderate	11	12.9%	12.9%	74.1%
Bad	9	10.6%	10.6%	84.7%
Very Bad	13	15.3%	15.3%	100.0%
Total	**85**	**100.0%**	**100.0%**	

Source; Primary Source

The above table sought to establish how the respondents perceived electronic banking in day-to-day transactions with Pride Microfinance limited, 28.2% indicated “Very Good”, further 32.9 indicated “Good”, in addition 12.9% indicated “Moderate”, a percentage of 10.6 suggested “Bad” and finally 15.3% of the respondents opined “Very Bad”. Since the majority of the respondents indicated “Good”, it means that electronic banking in Pride Microfinance limited contributes positively to the performance of the bank’s daily transactions.

Table 10: Relationship Between Electronic Banking and Performance of Financial Institutions

Statement	SD	D	NS	A	SA
Increased customer satisfaction and access to accounts	1.2	5.9	3.5	38.8	50.6
Reduced Cost	0.0	10.6	5.9	55.3	28.2
Increased Profit	8.2	7.1	7.1	35.3	42.4
Increased Customer deposits	7.1	8.2	10.6	58.8	15.3
Improved management quality	9.4	8.2	10.6	25.9	45.9

Source; Primary Source

The above table was set to establish the relationship between electronic banking and performance of Pride Microfinance Limited. Therefore, in a bid to understand the relationship between these variables, respondents were asked to respondent to the assertion increased customer satisfaction and access to accounts. The findings showed that 89.4% of respondents affirmed the statement. Whereas only 3.5% were not sure, 7.1% completely disagreed.

Meanwhile, respondents were also asked to respond to comment on the assertion "reduced Cost"83.5% of the respondents generally agreed to the fact. Furthermore, only 10.6% of the respondents disagreed with the above assertion, and 5.9% were unsure. This implies that electronic banking reduces costs in Pride Microfinance Limited.

To understand the relationship again, respondents were asked to respondent to the statement "increased profits." A proportion of respondents represented by 77.7%, agreed with the view. While a proportion of 7.1% was Unsure, and 15.3% strongly disagreed with the same statement. Therefore, increased profits are a result of electronic banking in Pride Microfinance Limited as proved by the majority of the respondents who agreed representing 77.7%.

Respondents were further asked to respond to the statement "Increased Customer deposits" as displayed by the 74.1% of respondents who agreed affirmed the statement. Whereas only a proportion of 10.6% was not sure and 15.3% of the respondents. From the results, it can clearly

be seen that electronic banking has a direct relationship with performance of the bank because electronic banking leads to increased customer deposits which in tun leads to more profits as indicated by majority who agreed representing 74.1%.

Finally, the respondents were asked to respondent to the statement, “Improved management quality” a proportion of respondents, 71.8%, agreed with the view. While a ratio of 10.6% was not sure, 17.6% disagreed with the above statement. Therefore, electronic banking does improve management quality.

CHAPTER FIVE:

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Overview

In this chapter, summaries were given and conclusions drawn based on the results. The findings also included implications and identified an area for future investigation.

5.2 Overview

The study aimed at establishing different technological tools used at Pride Microfinance Limited. The findings from the survey indicated that 23.5% of the respondents reported to have used the electronic money transfer at Pride Microfinance Limited. Moreover, 22.4% of the respondents opted for electronic payment, internet banking was opted by 17.6%, while electronic card (debit credit, ATM card and POS) by 14.1% of the respondents. This means that there are several e-banking tools which Pride Microfinance Limited puts to use in the institution. Furthermore, the respondents were able to provide their insights into whether with the use of the e-banking services, the clients' deposits increased by 7.1% at the bank. The assertion is mainly disagreed to. 5.9% disagreed, whereas 4.7% had not decided yet. As a matter of fact, another 47.1% and 35.3% responded with agreed and strongly agreed, respectively, against the statement. Of course, with this general consensus and strong affirmation, it suggests that the role of e-banking services as one of the wealth drivers to the bank in terms of growing the client's deposits is indeed there.

Additionally, the study sought to establish how electronic banking affected performance in Pride Microfinance limited. As a way therefore of conceptualizing the effects, participants were asked to react to the statement that small expenses associated with electronic banking translated to an increase in client deposits. The results obtained depicted that 47% agreed to the statement. While 4.7% were undecided, 48.2% strongly disagreed. The more significant percentage of respondents therefore did not see eye to eye with the statement, and as such, it can be argued that it cannot be fairly established that the low transaction cost from electronic banking expanded consumer deposits. Also, the respondents were asked if the reduced transaction costs from e-banking made customers increase the frequency of their transactions, thereby increasing their transaction fees. Generally, 82.4% agreed to this. Further, 8.2% of participants did not agree with the above statement while 9.4% were not sure. The majority of the respondents agreed that the minimal

charges placed on e-banking contributed to increased frequency; this would, therefore, imply increased transaction fees.

The other objective of the research was to find out how e-banking relates to the performance of Pride Microfinance Limited. In order to find out, respondents were asked to express their opinion with the statement "Increased customer deposits". It followed that 74.1% of the responding populations who agreed to the statement. 10.6% said they were not sure and 15.3% did not know. The findings, without a doubt, are indicative of a positive relationship between electronic banking and the performance of banks. Electronic banking translates to higher client deposits, which means direct profitability. Indeed, the majority of respondents, which comprised 74.1%, agreed with this view. Additionally, from the results, 71.8% of the total respondents agreed to the statement "Improved management quality"; 10.6% were not sure while 17.6% disagree to the above statement. E banking therefore enhances the management level.

5.3 Summary

This research addressed the impact of e-banking on efficiency of financial institutions in Uganda; and precisely performance of the head office - Pride Microfinance Limited.

The type of e-banking formats in Pride Microfinance Limited were majorly internet banking, e-card, and mobile banking. These forms provide excellent client satisfaction to both local and existing customers. However, issues related to availability and network connectivity may come forth as a stumbling block to its wide adoption in use commercially. Documented cases of cyber-attacks on the financial institutions and also cases of fraud targeting ATMs and mobile money is making the clients very jittery. Such jitteriness is bound to affect the adoption of the e-banking services. A strong correlation between e-banking and performance needs to exist at financial institutions.

The probability, in this case, that the institution achieves increased levels of performance is very high in a situation where financial institutions expand the usage of e-banking and come up with increased new e-banking products into the market. Electronic banking opens banking to previously unbanked communities and effectively responds to clients' demands for flexibility

outside of normal banking hours. But, this figure should not let the bankers be clouded about other factors that will probably affect the relation between electronic banking and success.

5.4 Proposal

The creation of awareness for e-banking products among financial institution customers should be left to the Bank of Uganda, the financial regulator, and the Ministry of Finance, Planning, and Economic Development. Such products satisfy customers and at the same time make the business of operating a SACCO efficient, like internet banking and use of ATM cards.

It is at this point that financial institutions should actively encourage their customers to participate in e-banking workshops and training in order to improve their familiarity and ease of use of e-banking services. This will encourage many customers to buy electronic banking products. Some of the e-banking services, such as internet banking, EFT, and electronic payments may be unfriendly in terms of usability for ICT novices. This shall strengthen confidence in e-banking solutions and install confidence in clients to use these services.

5.5 Areas of further research

Challenges of technology and the extension of e-banking services into rural areas in Uganda.

A study of the Marketing Strategies and levels of Adoption of E-banking Services by bank customers in Uganda

The impact of EFT on the financial performance of commercial banks in Uganda

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APPENDICES

APPENDIX 1; QUESTIONNAIRE

Dear Respondent

I am a student of Uganda Christian University pursuing a Bachelor's Degree in Business Administration. I am carrying out a study on "***the impact of Electronic Banking on the financial performance of financial institutions in Uganda; Pride Micro Finance as the case study***" It is only through your response that the work can be completed well. Therefore, any information disseminated will be handled with maximum confidentiality.

Please kindly spare a few of your minutes to answer the following questions, they mostly involve ticking a response in the space provided and a few fillings in.

USE: STRONGLY AGREE, AGREE, NOT SURE, DISAGREE OR STRONGLY DISAGREE

WHERE APPLICABLE.

Strongly Disagree - 1 Disagree – 2 Not Sure – 3 Agree – 4 Strongly agree – 5

SECTION A: DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS.

1. What is your Gender?

i. Male ☐
ii. Female ☐

2. In which age bracket are you?

i. 18-25 years ☐
ii. 26-35 years ☐
iii. 36-45 years ☐
iv. Above 45 years ☐

3. What is your level of education?

i) Postgraduate ☐
ii) Graduate ☐
iii) Diploma ☐

iv) Any other ☐

5. What is your working experience?

i. Less than one year ☐

ii. Between 1 and 3 years ☐

iii.Over 3 years ☐

SECTION B: DIFFERENT SERVICES OFFERED THROUGH ELECTRONIC BANKING IN PRIDE MICROFINANCE

Tick where appropriate

- **Strongly Disagree - 1**
- **Disagree – 2**
- **Not Sure – 3**
- **Agree – 4**
- **Strongly Agree – 5**

Please tick the E-Banking tools used in your Bank to transact with customers

Tool	Tick if present
Electronic Funds Transfer	
Mobile Banking	
E-payments	
Internet Banking	
Electronic Card (Debit and Credit Cards, ATM card, and POS)	

QUESTIONS

QUESTIONS	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
1. Electronic Banking services have contributed to the increase in customer deposits to the Bank.					
2. Electronic Banking services have contributed to increasing the number of clients to the Bank.					
3. Electronic Banking services have increased the quality of work offered by the bank to satisfy customers.					
4. Electronic Banking services have contributed to a reduction in physical cash deposits and cash withdrawal transactions.					
5. Electronic Banking services have contributed to lessening the burden of account auditing by bank officials which improves the management of the Bank.					
6. Electronic Banking services have contributed to increasing the percentage of transactions processed and completed by financial institutions.					

SECTION C: THE IMPACT OF ELECTRONIC BANKING ON THE PERFORMANCE OF PRIDE MICROFINANCE

Tick where appropriate

- **Strongly Disagree - 1**
- **Disagree – 2**
- **Not Sure – 3**
- **Agree – 4**
- **Strongly Agree – 5**

QUESTIONS

QUESTIONS	Strongly Disagree	Disagree	Not Sure	Agree	Strongly Agree
1. The low transaction costs of electronic banking have led to increased customer deposits.					
2. The low transaction costs of e-banking have increased the frequency of customer transactions hence an increase in transaction fees.					
3. Mobile Banking improves Bank management by reducing transaction processing time, ease in auditing, risk management, and loan administration.					
4. Internet Banking improves bank management by reducing transaction processing time, ease in auditing, risk management, and loan administration.					

5. E-payments service improves customer satisfaction and access to banking services.					
6. Electronic card improves customer satisfaction and access to financial services.					

SECTION D: RELATIONSHIP BETWEEN ELECTRONIC BANKING AND PERFORMANCE OF FINANCIAL INSTITUTIONS

Tick where appropriate

Strongly Disagree - 1 Disagree – 2 Not Sure – 3 Agree – 4 Strongly agree – 5

Rate how you perceive electronic Banking in day-to-day transactions with the bank.

i. Very Good ☐
ii. Good ☐
iii. Moderate ☐
iv. Bad ☐
v. Very Bad ☐

	QUESTIONS	**Strongly Disagree**	**Disagree**	**Not Sure**	**Agree**	**Strongly Agree**
1	Increased customer satisfaction and access to accounts					
2	Reduced Cost					
3	Increased Profit					
4	Increased Customer deposits					
5	Improved management quality					

APPENDIX: II

UGANDA CHRISTIAN UNIVERSITY
A Centre of Excellence in the Heart of Africa

SCHOOL OF BUSINESS

28th Aug, 2024

TO WHOM IT MAY CONCERN

Name: **KOMUHANGI MOLLY** Reg. **S21B05/008**
A bachelor's student who is seeking permission from your office to collect data for her dissertation titled

The Impact of Electronic Banking on the Financial Performance of Financial Institutions in Uganda. A case study Pride Micro Financial Ltd

We shall be grateful if you could render assistance to her in collecting the necessary data for her dissertation

The Uganda Christian University School of Business thanks you in advance

.....
Mukisa Simon Peter
Research coordinator

UGANDA CHRISTIAN UNIVERSITY
P. O. BOX 4, MUKONO
28 AUG 2024
FACULTY OF
BUSINESS AND ADMINISTRATION