

**AN INVESTIGATION INTO THE ADOPTION AND USAGE OF ELECTRONIC
BANKING SYSTEMS: A case study of Equity Bank Mukono municipality branch**

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**UGANDA CHRISTIAN
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APPROVAL

This paper has been submitted for examination with my approval.

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DECLARATION

As per the university values of integrity and diligence, I have not received any unauthorized assistance while working on this paper. I declare that the work is authentically mine and to the best of my knowledge, it contains no traces of plagiarism or any other unethical practices. The only work used that has already been published by other persons has been purely for reference purposes.

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ABSTRACT

The study examined an investigation into the adoption and usage of electronic banking systems. Specific objectives of the study were, to examine the factors influencing customers adoption of E-banking services, to identify and analyze the challenges associated with E-banking systems and to find out the relationship between electronic banking and customer satisfaction in commercial banks. The study used a descriptive cross-sectional design using both qualitative and quantitative approach to collect data from a sample of 59 respondents. Questionnaires were used to collect the data. Quantitative data was analyzed using measurement of central tendency . The study found that customers highly value the convenience of E-banking and the availability of services with easy internet access. Security concerns are significant but vary among customers. Intuitive interfaces and cost savings are less important on average, with more variability in customer preferences for these factors. The study concluded that financial institutions operating in the E-banking sector should prioritize their efforts based on these findings. While security-related challenges have moderate importance with some variation in perceptions, challenges related to repetitional damage, technological advancements, and cost are deemed significantly more critical with relatively uniform opinions among respondents. Addressing these challenges effectively will not only enhance the security and reliability of E-banking systems but also contribute to maintaining a positive reputation and staying competitive in the rapidly evolving digital landscape. Additionally, institutions should be mindful of accessibility concerns and work towards inclusive E-banking services, taking into account the varying levels of importance placed on this challenge by different respondents. The study recommends that the bank should invest in robust online and mobile banking platforms to ensure 24/7 accessibility for the customers. To make sure that the service is available on various devices and browsers to accommodate different customer preferences. Recognize that security concerns vary among customers. Offer customizable security options whenever possible, allowing users to adjust their security settings based on their comfort level.

CHAPTER ONE

1.0 Introduction

This chapter presents the back ground of the study, the problem statement, objective of the study, research questions, scope of the study, significance of the study, and conceptual framework.

1.1 Back ground of the study

During the last years, banking industry around the world has been undergoing a rapid transformation. The deepening of information technology has facilitated better tracking and fulfillment of commitments, multiple delivery channels for on line customers and faster resolution of issues has developed noticeable. The financial services industry is altering rapid and visible. Previous ways of doing business are fading fast. Together with this fast transition is also rising competition among banks. One of the greatest influences behind all this is the growing development in information technology. Because of this, customers have not been familiar with ways of electronic banking services and its system. Technology development particularly in the area of telecommunication and information are revolutionizing the banking industry. With the development of this technology, electronic commerce is now holding a promise of a new revolution. A number of studies have determined the development of electronic banking and its operations. It's widely believed that the impact of e –commerce enables banks to provide an inexpensive and direct way of exchanging information or to sell or buy products and services. Today financial sector firms are competing to increase their profit share in the market. Among these firms, banks have radically shifted from traditional banking to branchless mode of banking. Adaptation of latest technology has enabled banks to extend their customers base where electronic banking has proved to be the chief advancement. Therefore, with globalization, Uganda's banks have no choice but to adapt electronic banking services to enhance effective services delivery that transcends to customers satisfaction, if they really want to stay in the business race, to be profitable (madureme, 2009). According to swaminathan j and Ananth A (2010) Electronic banking is the automated delivery of new and tradition banking products and services directly to the customer through the electronic communication like computers, ATM's and internet websites. It further means the provision of retail and small value banking products and services through electronic channels. Pahnla and Pikkarainen (2004) further define internet banking as an internet portal through which customers can use different banking services ranging

from bill payment to making investments. However, electronic banking is a 24-hours access to cash through an automated teller machine (ATM) with personal identification number (PIN) for the purpose (Marsh, 2005) or direct deposit of paychecks into checking or saving account. Many banks worldwide including developing countries like Uganda use computers and computerized equipments like ATM's which is a perfect example for such equipment whose purpose is to provide banking services to customers at their convenience and such banking services include cash withdraws, balance enquiries, mini bank statement and many others,(kateeba,2001). According to edify, (2000) customer satisfaction is the process through which business ensure customer loyalty and defection of customers to the competitors. Customer's satisfaction has business leader's attention, as it is basis for ensuring sustainability in business.

According to Heskett al et (2011) the concept that the customer is important in achieving business success dates back to about fifty years ago when business management studies recognizing marketing as an essential discipline. But according to the recent research and reports customers are still un aware of these services and they have not taken time to look at them as a solution, that is why most of them are still crowding banks for withdraws, deposits and make the research to wonder and try to find out the cause of this. Commercial banks in Uganda have valued the importance of electronic banking in improving their organization performance and profitability.

According to Mutebile (2007) Uganda bank customer have shown a low adoption rate to internet banking which means that they dissatisfied with them. Most banks in Uganda have registered few customers using the service. Baraghani (2007) further says that, consumers go through a process of knowledge, persuasion, decision, implementation and confirmation before they are ready to adopt a product or service and get used to the service.

In addition, Tapisita (2006) says customers are not satisfied with the services provided by commercial banks in Uganda. She reveals that customers raise a number of complaints to include breakdowns in the system, unavailability of confirmation receipts for withdraw among others. It is based on these developments in the industry that the study will seek to empirically examine the impact of electronic Banking service (EBS) on customer satisfaction in Uganda's banking industry.

Equity bank started its operations in 1984 as Equity Building Society (EBS). its establishment was motivated by the desire to create a financial service provider which would meet the needs of the majority of the Ugandan population the need to come up with the institution was out of the realization that most Ugandans lacked access to financial services or simply could not afford them the initial focus was to offer mortgage services but in the mid its Expansion strategies in order to leverage on this strong platform to host other delivery channels and deliver efficient services to its customers 1990's EBS changed its business focus to micro finance services.(Andy Carlton, Hanes manndorff, Andrew boar, Walter Reiter, Elisabeth rhyne 2001).Equity's banking sector has improved tremendously over the past 10 years not just in size and profitability but also in terms of product offerings and service quality. While many of banks collapse in the late 90's was as a result of the poor strategy formulated, the recent bank closure that of Equity House bank- was more of an operational issue. Ugandans now have developed positive altitudes to the banks that have competitive strategies even the smaller ones that have been victims of closures.

During the period to February 2010, the banking sector comprised 14 branches (2011). According to the Banking Supervision Survey Uganda (2018), total assets in the sector have grown tremendously over the past 10 years. From a balance sheet of 28.4 billion in 2017, the sectors total assets stood at ugx 64.4 billion as at the end of 2016 a growth of 132%. But the story of Equity's bank remains that of a dominant few where 10 players control more than 75% of the market share while the rest 32 share the remaining portion. This scenario is reflected in other measurements across the board, like customer deposits, loans and advances to customers and earnings (BOU, 2018).

The Equity also released a circular barring bank's from levying any charges on savings accounts. This led to banks creating more products exclusively for saving purposes while some product features had to be changed as they were originally savings products which had charges. This move encouraged more people to save as they did not have to worry about charges been levied on their savings. The Equity bank continues to grow and expand every day with more banks coming up in an attempt to capture the large population which is still unbanked by adopting different strategic plans (Ibid). Generally, the Equity bank's expansion in the region has resulted in a high performance and growth rate mainly due to the model adopted. The sharp growth is linked to a rise in credit demand mainly from the construction, transport and communication

sectors in the region as subsidiaries factors (BOU report, 2012). Equity bank in this category is employing both acquisition and start-up expansion strategies in the East African Region. Financial expert propose that it would be prudent for the Equity bank to consolidate in the local market before going regional.

1.2 Problem statement.

Since E-banking service adoption by banks, customers are un willing to adopt to these services and this is backed by increase queues in the banking halls, customers are still carrying large amount of cash, which points to their being dissatisfied with the services. However, banks have tried to improve their systems by building more infrastructures and new serviceslike Equi Duuka to increase customer satisfaction but the problem still has persisted. This is probably due to the increasing problems associated with E- banking systems. This is asserted by Bwonditi (2010) who observed that several complaints by customers about these services mostly the ATM's, that stopping a payment, reversing a transaction and refund is not possible and hardly do people talk about these services. Thats why I am finding out the impact of electronic banking on customer satisfaction in Equity Bank Mukono municipality branch.

1.3 General objective of the study

The purpose of the study was to establish the impact of service quality on customer dissatisfaction in e-banking services

Specific objectives of the study

- i)To examine the factors influencing customers to adopt E-banking services.
- ii)To identify and analyze the challenges associated with E-banking systems.
- iii)To find out the relationship between electronic banking and customer satisfaction in commercial banks.

1.5 Research questions

- (i) What are the factors influencing customer to adopt E-banking services in Equity bank Mukono municipality branch?

(ii) What are the challenges associated with E-banking systems in Equity bank Mukono municipality branch?

(iii) What is the relationship between electronic banking and customer satisfaction?

1.6 Scope of the study

The study covered Equity Bank Mukono municipality branch.

1.7 Significance of the Study

To commercial banks

The results will help in providing information on the extent to which electronic banking has affected customer satisfaction.

It will further suggest alternative ways through which customer satisfaction can be ensured.

To scholars and other researchers, the finding will act as a yardstick for them to use when carrying out research in relation to this topic such that it can widen their knowledge about the problems and various solutions.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter contains salient issues in the exiting published literature on the effect of service quality on customer dissatisfaction in e-banking services in commercial banks in Uganda. It has been carefully selected from published journals on the internet, text books and other relevant presentations made outside Uganda.

2.1 Definition of key terms.

Electronic Banking. This is where a customer can access his or her bank account via the internet using personal computer (Pc), or mobile phone and browser, However, Marsh (2005) defined electronic banking as a 24-hour access to cash through an automated teller machine (ATM) with personal identification Number (PIN) or direct deposit of paychecks into checking or saving accounts. Inely and Fleming (2000) say that electronic banking is an umbrella term for the process for which a customer may perform banking transactions electronically without visiting a brick and motor institution. Bhattacharjee (2001) summarizes it all and defines it an integrated system that can provide customers flexible, convenient and inexpensive platform with integrated services of online personal banking products including online checking and saving accounts, money market accounts, certificate of deposit, credit cards, home equity loans, home mortgage, insurance, investment services, portfolio management and other related financial services. Therefore, using internet banking, bank customers can conduct the same banking transaction provided by brick-and-mortar branch at any time and any place through a simple and user-friendly browser polatoglu and Ekin (2001).

2.2. To examine the factors influencing customers to adopt E-banking services.

Nowadays, e-banking is considered to be a vital channel of distributing bank's services. In many ways, e-banking is like traditional payment, inquiry, and information processing system, differing only in that e-banking utilizes electronic means to deliver these services (Dixit and Datta, 2010). Prior researches have pointed out several factors affecting adoption of e-banking. Poon (2008) has identified ten factors namely, convenience of usage, accessibility, features availability, bank management and image, security, privacy, design, content, speed, and fees and

charges. Poon's study revealed that all elements of ten identified factors are significant with respect to the users' adoption of e-banking services.

Privacy and security are the major sources of dissatisfaction, which have influenced users' adoption. Accessibility, convenience, design and content are sources of satisfaction. Besides, the speed, product features availability, and reasonable service fees and charges, as well as the bank's operations management factors are critical to the success of e-banks. WAP, GPRS and 3G features from mobile devices are of no significance or influence in the adoption of e-banking services. His study revealed that privacy; security and convenience factors played an important role in determining the users' acceptance of E-banking services with respect to different segmentation of age group, education level and income level.

Dixit and Datta study (2010) spotted many factors like security & privacy, trust, innovativeness, familiarity, awareness level increase the acceptance of e-banking services among Indian customers. Results reveal that adult customers are willing to adopt online banking if banks provide them necessary guidance. They conceded that banks must be concerned with the attitudes of adult customers with regards to acceptance of online banking. Their study also reveals that adult customers are unwilling to uptake technology that might witness or bear risks. Wan, Luck, and Chow (2005) investigated factors that influenced Hong Kong customers' adoption of four major banking channels, namely, Branch banking, ATM, Telephone banking, and Internet banking.

Their study aimed to focus on the influences of demographic variables and psychological beliefs about the positive attributes possessed by the channels. They found that ATM was the most frequently adopted channel, followed by internet banking and branch banking, and telephone banking was the least frequently adopted channel. Psychological beliefs about the extent to which a channel possessed certain positive attributes were more predictive of adoptions of ATM and internet banking than adoptions of branch banking and telephone banking. Demographic backgrounds were strongly associated with the adoption of all banking channels except ATM. Researchers and scholars have pointed out that quality dimensions are important factors affecting customers' satisfaction.

Raman, Stephenaus, Alam, and Kuppusamy (2010) tested six e-service quality components that they believed to be of paramount importance in adopting e-banking services in Malaysia. The tested components were ease of use, appearance, reliability, customization, communication, and incentive. Their objectives were to evaluate consumer perceptions on quality of services and internet banking adoption in Malaysia. Results reveal that internet users and non-users have different expectation towards e-service quality preferences. Devi and Malarvizhi (2010) investigated customers' perception of e-banking in India. They found that customers are satisfied with the quality of e-banking services. Their studies showed that ATM is more popular and most cost effective. Their findings reveal that customers were experiencing technical problems and formalities and less social relation with banks. Results witnessed insufficient number of ATM centres.

Aslam, Khan, and Tanveer (2011) conducted research in non-metropolitan area of Pakistan to explore the perceived barriers in adoption of internet banking. Their study reveal that customers were more concerned of forming relationship with bank's service providers and internet banking perceived to be a possible cause for losing such opportunities. Findings reveal that customers perceived more value in conventional banking system as compared to internet banking. The study also reveals that lack of knowledge and information are perceived to be the most significant barriers in adoption of internet banking.

2.3. The challenges associated with E-banking systems.

Wada and Odulaja (2012) emphasized that despite the benefits that are derived from digitalization of various products or services, it has some challenges. Hossain, et al. (2015) pointed out that though with digitalization, banks operating costs reduces; but the cost of maintaining efficient digital banking operations and its facilities is relatively high. This implies that the investment of huge capital in innovating and maintaining digital banking services might minimize the benefits of digital banking.

Lack of I.T knowledge, security and legal framework/infrastructures hindered the acceptance and growth of digital banking (Acha, 2008; Haque, Hj-Ismail, & Daraz, 2009; Maitlo, Kazi, Khaskheley & faiz, 2015). In the same vein, Shehu, Aliyu and Musa (2013) explained that banks' obsolete Information technology infrastructures, lack of trust, lack of privacy and cyber security posit a hindrance to digital banking.

Illiteracy on the part of customers poses a great challenge that may eventually influence the performance of banks. For a customer to fully involve or enjoy the use of bank digital channels such customer must at least know how to read/write and have basic computer skills. Ogunlowore and Oladele (2014) saw lack of customers' acceptance and patronage as a hindrance to the growth of digital banking.

They further stated that this is one of the reasons why developing countries are struggling to match up with the digital world of developed countries. Wada and Odulaja (2012) added that the development and patronage of digital banking in emerging countries is incomparable to its developed countries counterpart. However, efforts are being made to bridge up the disparity.

Banking organizations have been delivering electronic services to consumers and businesses remotely for years. Electronic funds transfer, including small payments and corporate cash management systems, as well as publicly accessible automated machines for currency withdrawal and retail account management, are global fixtures. However, the increased world-wide acceptance of the Internet as a delivery channel for banking products and services provides new business opportunities for banks as well as service benefits for their customers (BCBS, 2001).

Notwithstanding the significant benefits of E-banking and its capabilities, it carries risks and challenges which must be recognized and managed by banking institutions in a prudent manner. The speed of change relating to technological and customer service innovation in E-banking is unprecedented. Historically, new banking applications were implemented over relatively long periods of time and only after in-depth testing. Today, however, banks are experiencing competitive pressure to roll out new business applications in very compressed time frames, often only a few months from concept to production. This competition intensifies the management challenge to ensure that adequate strategic assessment, risk analysis and security reviews are conducted prior to implementing new e-banking applications (BCBS, 2001).

E-banking increases banks' dependence on information technology, thereby increasing the technical complexity of many operational and security issues and furthering a trend towards more partnerships, alliances and outsourcing arrangements with third parties, many of whom are unregulated. This development has been leading to the creation of new business models

involving banks and non -blank entities, such as Internet service providers, telecommunication companies and other technology firms (BCBS, 2001).

The Internet is ubiquitous and global by nature. It is an open network accessible from anywhere in the world by unknown parties, with routing of messages through unknown locations and via fast evolving wireless devices. Therefore, it significantly magnifies the importance of security controls, customer authentication techniques, data protection, audit trail procedures, and customer privacy standards (BCBS, 2001). Other E-banking related problems are user error, bad internet connections, access problems and security issues. Most of these problems may or may not outweigh the benefits.

2.4. The relationship between electronic banking and customer satisfaction in commercial banks.

Lenarts. (2012) argue that customers satisfaction for financial instructions and banking website display positive growth in 2010 and nearly two thirds of online financial customers now use bill pay across, credit cards and third-party website. Electronic banking has drawn attention of many banks to application of various technology devices in promoting or achieving better customer services delivery that guaranteed customer satisfaction that translates into increased profitability and higher return on investment. Electronic banking services and customer satisfaction have a positive relationship, which has afforded banks the opportunities to impress customers, which eventually encourage them to keep coming back. Today it would be difficult to see any bank in the country that does not render one form of electronic banking services or the other, even banks in the most remote parts of the world.

Vaidya (2011) argue that emerging technology would enable to create new ways of lead generation, prospecting as well as developing deep customer relationship and electronic banking would achieve superior customer experience with bi-directional communications. In his view ascertains that access to basic financial services, ability to save, transfer and also invest small amounts of money can make a huge difference to people around the world.

The other linkage between electronic banking and customer satisfaction as revealed by (Barney 2006) is cost effectiveness. He explains that information technology has helped to computerize the business process thus streaming businesses to make extremely cost-effective money- making

machines. Barney (2000) also adds on the fact that electronic banking has created more time for businesses. This is so in that electronic banking has it possible for business to open 24/7 all over the globe. This means that a business can be opened any time anywhere, making purchase from different countries easier and more convenient. It also means that you can have your goods delivered right to your doorstep with having to move a single muscle.

Wise and Ali (2009) argued that many banks want to invest in ATMs to reduce branch cost since customers prefer to use them instead of a branch to transact business. The financial impact of ATMs is a marginal increase in fee income substantially offset by the cost of significant increases in the number of customer transactions. The value proposition however, is a significant increase in the intangible item customer satisfaction. The increase translates into improved customer loyalty that in result in higher customer retention and growing organization value. Internet banking is a lower-cost delivery channel and a way to increase sales. Internet banking services has become one of the most important factors in the business economy today.

Ayadi (2003) explains that access to electronic means of payment and the high number of customers connected to the Internet has changed the perception of banks toward market and increased the development of Internet Banking. Hutchinson and Warren (2003) argue that Internet banking requires a sound security procedure that involves designing effective methods via which users can be authenticated in a remote environment such that transactions being conducted are secured within their respective environments. Internet banking technology has made remarkable changes in the banking industry, which include: cost reduction due to electronic processing carried out on the Internet.

2.5 Conclusion

In conclusion, it can be noted that not much scholarly work exists about electronic banking in Uganda. This is due to the fact that electronic banking is just a new initiative in the banking sector. However, a few scholars have come up raise their views about electronic banking and how it relates to customer satisfaction particularly in unpublished work like dissertation, concepts paper and proposal, article from World Wide Web (internet). In journals and chapters in un edited books. Therefore, the area continues to be a researchable zone for the current researcher this is mainly because most research is done on case study basis and there is always a feeling that information collected is inadequate.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presented the methodology which was used while carrying out the study which include, research design, study population sample size, sampling techniques, sources of data, data collection methods, data collection instruments, data and data presentation and analysis.

3.1 Research Design

The study used a cross sectional research design. A cross-sectional study involves looking at data from a population at one specific point in time. The study also used correlation and regression analysis to determine the relationship between electronic banking service and customers satisfaction or dissatisfaction.

3.2 Study Population

The study targeted 100 respondents. This is the number of staff in Equity bank, Mukono branch only

3.3 Sample Size

The sample size was 60 since the population is small. All the staff was involved in the study as my sample size and a few customers

Table 1. Sample size

Respondents	Number of respondents
Bank staff	18
Customers	42
Total	60

3.4. Sampling technique.

The study used purposively sampling technique. It involves selecting individuals or cases for inclusion in a sample based on specific characteristics or qualities relevant to the research objective

3.5 Sources of data

Both primary and secondary data were collected. Primary data was collected through personal interviews and questionnaires. Reason for using primary data is to get data that cannot be available in any other source. The secondary data was extracted through reviewing various documents like textbooks, journals, periodicals and other published information that were available.

3.5.1 Primary data

Primary data is that kind of data that has been gathered for the first time, it has never been reported anywhere. Primary data is data that is collected by a researcher from first-hand sources, using methods like surveys, interviews, or experiments.

3.5.2 Secondary data.

Secondary data is that kind of data that is available, already reported by some other scholars. Secondary data is data gathered from studies, surveys, or experiments that have been run by other people or for another research.

3.6 Data collection instruments

The study used questionnaires as data collection instrument.

3.6.1 Questionnaire

A questionnaire is a reformulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives. The questionnaire will equally be used because the information has to be collected from a large sample in a short period. The questionnaires will be used as a tool in collection of data from respondents (owners of small-scale businesses).

3.7 Data presentation and analysis

The data collected was checked for completeness, categorized, coded, and entered into a computer where it was summarized into frequency tables edited and tabulated by using SPSS software.

3.8. Ethical considerations

In the context of research, ethics refers to the appropriateness of your behavior in relation to the rights of those who become the subject of your work, or are affected by its findings (Saunders, Lewis, & Thornhill, 2009). This means that the researcher ensured that research design is both methodologically sound and morally defensible to all those who are involved. The researcher ensured that respondents are not coerced into participating in research, also the respondents must be fully informed about the procedures and risks involved in research and must give their consent to participate, the researcher did not put the participants in a situation where they might be at risk of harm as a result of their participation.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter presents the study findings on the impact of service quality on customer dissatisfaction in e-banking services. The first section presented response rate, this is followed by background information about the respondents, and finally descriptive and inferential presentation and analysis of the study findings in relation to the specific objectives.

4.2 Response rate

The response rate for this research was 95.2% which was high. Amin (2005) suggested that a high response rate also suggests more accurate survey results.

Table 1: Response rate

Number of questionnaires distributed to respondents	60
Number of questionnaires received back from respondents	59
Number of questionnaires not received back from respondents	1

Source: Primary data

$$\text{Response rate} = \frac{\text{received questionnaires}}{\text{Total questionnaires distributed}} = \frac{59}{60} * 100 = 98.33\%$$

The response rate for this research was 98.3% which was high. Amin (2005) suggested that a high response rate also suggests more accurate survey results.

This section gives the number of people who responded to the study against those which the researcher had targeted and also the characteristics of the respondents in relation to gender, age, level of education, current occupation and term of service. This was based on the information provided in the questionnaire and interviews by the respondents.

4.3 Biographic characteristics

4.3.1 Gender of the respondent

Table 2: Gender of the respondents

Sex	Frequency	Percentage %
Male	26	44
Female	33	56
Total	59	100

Source: Primary data

The table 2 above shows that 44% of the respondents were males compared to 56% counterparts who were females. The males were many compared to females.

4.3.2 Age bracket of the respondents.

Table 3: The age composition of respondents

Age bracket	Frequency	Percentage
21-30years	10	17
31-40years	14	24
41-50years	23	39
Above 50years	12	20
Total	59	100

Source: primary data

Results in table 3 above, show that 39% of the respondents were between the age of 41-50years. And 17% of the respondents were between the age of 21-30 years of age while 24% and 20% of the respondents were between the age of 31-40 years and above 50 years respectively.

4.3.3 Education level

Table 4: Level of education attained by the different respondents.

Education level	Frequency	Percentage %
Certificates	5	8
Diploma	10	18
Bachelors	38	64
Masters	6	10
Total	59	100

Source: primary data

The result in table 4 above, show that 18% of respondents had a diploma, 64% of the respondents had bachelors and this is because most literate people prefer keeping their money in the bank, 8% of the residents had certificates and 10% had masters which means that the bank employees were mostly people with bachelors.

4.3.4 Working experience

Table 5: Working experience of respondents

Working experience	Frequency	Percentage
1-5 years	39	66
From 6-10years	20	34
From 11-15years	0	0
From 16-20 years	0	0
Total	59	100

Source, primary data

Results in table 5, show that 66% of the respondents have been dealing with Equity bank for a period between 1-5 years and the 34% have been dealing with the bank for a period between 6-10 years.

4.4 The factors influencing customers to adopt E-banking services.

Table 6: The factors influencing customers to adopt E-banking services.

The factors influencing customers to adopt E-banking services.	Mean	Standard deviation
Customers appreciate the ability to access their accounts, make transactions, and check balances from the comfort of their homes or on-the-go using smartphones or computers.	4.20	.738
The availability of E-banking services and easy access to the internet play a crucial role	4.19	.730
Concerns about the security of online transactions and personal information are significant barriers to adoption	3.93	.828
Customers prefer intuitive interfaces that make it simple to perform transactions and navigate through their accounts.	1.88	.966
E-banking often offers lower fees and costs compared to traditional banking services.	1.86	.955

Source: Primary data

Customers appreciate the ability to access their accounts, make transactions, and check balances from the comfort of their homes or on-the-go using smartphones or computers. This factor has a high mean score 4.20, indicating that customers highly value the convenience of accessing their accounts and conducting transactions using E-banking services. The low standard deviation 0.738 suggests that there is relatively low variability in respondents' opinions regarding this factor, meaning that it is consistently seen as important. The availability of E-banking services and easy access to the internet play a crucial role. Similar to the first factor, the availability of E-banking services and easy internet access are also highly valued by customers (mean score of 4.19). The low standard deviation (0.730) indicates a consistent preference for this factor among

respondents. Concerns about the security of online transactions and personal information are significant barriers to adoption. Security concerns are relatively significant, with a mean score of 3.93. However, the higher standard deviation (0.828) suggests some variability in respondents' views. This indicates that while security is a concern for many, it may not be equally concerning for everyone, and some customers may have a higher level of apprehension. Customers prefer intuitive interfaces that make it simple to perform transactions and navigate through their accounts. The mean score for this factor is relatively low (1.88), indicating that customers place less emphasis on intuitive interfaces compared to other factors. The high standard deviation (0.966) suggests that there is more variation in preferences regarding interface intuitiveness. Some customers may prioritize this aspect, while others may not consider it as important. E-banking often offers lower fees and costs compared to traditional banking services. Similar to interface intuitiveness, the mean score for lower fees and costs is relatively low (1.86). While cost savings are a factor for some customers, it is not as highly valued on average. The high standard deviation (0.955) indicates variability in how customers perceive the importance of cost savings, with some placing a higher emphasis on it than others.

In summary, the data suggests that customers highly value the convenience of E-banking and the availability of services with easy internet access. Security concerns are significant but vary among customers. Intuitive interfaces and cost savings are less important on average, with more variability in customer preferences for these factors.

4.5 Challenges associated with E-banking systems

Table 7: Challenges associated with E-banking systems

Challenges associated with E-banking systems	Mean	Standard deviation
E-banking systems are susceptible to various security threats, including hacking, phishing, malware, and identity theft	2.46	1.250
Malicious actors constantly seek vulnerabilities in E-banking systems to steal funds or sensitive information.	2.51	1.251
Detecting and preventing fraudulent activities in E-banking systems is crucial. Banks must employ sophisticated fraud detection tools and strategies to safeguard their customers' accounts.	2.41	1.191
Any security breach or data leak can erode customer confidence, leading to reputational damage.	4.29	.911
Rapid advancements in technology mean that E-banking systems can quickly become outdated. Banks must continually invest in upgrading their systems to stay competitive and secure.	4.25	.902
Ensuring that E-banking services are accessible to all customers, including those with disabilities or limited access to technology, is a challenge that banks need to address.	2.31	1.235
Developing, maintaining, and securing E-banking systems can be expensive.	4.31	.815

Source: Primary data

The table provides data on challenges associated with E-banking systems, including mean scores and standard deviations for each challenge. About Security threats (Mean: 2.46, Std Dev: 1.250). This challenge has a moderate mean score, indicating that respondents perceive security threats as a concern in E-banking systems. The standard deviation suggests some variability in responses, indicating that some respondents might consider it a more significant issue than others.

In addition, malicious actors (Mean: 2.51, Std Dev: 1.251). Similar to security threats, malicious actors seeking vulnerabilities in E-banking systems are also perceived as a moderate challenge. The standard deviation implies variability in respondent opinions. Fraud detection (Mean: 2.41, Std Dev: 1.191). Detecting and preventing fraudulent activities is considered slightly less challenging than security threats and malicious actors. The standard deviation indicates some variation in opinions among respondents. Reputational damage (Mean: 4.29, Std Dev: 0.911). Reputational damage due to security breaches or data leaks is rated significantly higher than the previous challenges. A high mean score suggests that respondents view this as a substantial concern. The relatively low standard deviation indicates a more consistent perception among respondents regarding this challenge. Technological advancements (Mean: 4.25, Std Dev: 0.902). Staying updated with rapidly advancing technology is rated similarly high as reputational damage. Respondents see this as a significant challenge with a low standard deviation, indicating a consensus on its importance. Accessibility (Mean: 2.31, Std Dev: 1.235). Ensuring that E-banking services are accessible to all customers, including those with disabilities, is perceived as a moderate challenge. The standard deviation suggests some variability in the importance placed on this issue. Cost (Mean: 4.31, Std Dev: 0.815). Developing, maintaining, and securing E-banking systems is considered the most challenging aspect, with a high mean score and a low standard deviation, indicating a consensus among respondents regarding its significant cost implications.

In summary, the data indicates that security-related challenges, such as security threats, malicious actors, and fraud detection, are moderate concerns with some variability in opinions. However, challenges related to reputational damage, technological advancements, and cost are seen as more significant, with less variation in perceptions among respondents. Accessibility is perceived as a moderate challenge with some variability in opinions as well. These insights can

help banks and financial institutions prioritize their efforts to address these challenges in the E-banking sector

4.6 The relationship between electronic banking and customer satisfaction in commercial banks.

Table 8: The relationship between electronic banking and customer satisfaction in commercial banks.

The relationship between electronic banking and customer satisfaction in commercial banks.	Mean	Standard deviation
Electronic banking provides customers with the convenience of accessing their accounts	2.22	1.190
Electronic banking allows for faster transaction processing compared to traditional in-branch banking	2.25	1.154
A diverse set of E- banking services can enhance customer satisfaction by meeting various financial needs.	2.32	1.224
A breach or security incident can severely impact customer satisfaction and erode trust in the bank.	2.41	1.261
Banks can use data from electronic banking interactions to personalize their offerings and recommendations to customers which enhances satisfaction	2.24	1.165

Source: Primary data

The data in Table 8 presents the mean scores and standard deviations for several statements related to the relationship between electronic banking and customer satisfaction in commercial banks.

Electronic banking provides customers with the convenience of accessing their accounts (Mean: 2.22, Standard Deviation: 1.190). This statement suggests that electronic banking is perceived as somewhat convenient by customers, with a relatively low standard deviation indicating that opinions are relatively consistent. However, the mean score is not very high, which may imply that there is room for improvement in terms of convenience. Electronic banking allows for faster transaction processing compared to traditional in-branch banking (Mean: 2.25, Standard Deviation: 1.154): Customers generally believe that electronic banking offers slightly faster transaction processing than traditional in-branch banking. The standard deviation suggests that opinions on this matter are relatively consistent. A diverse set of E-banking services can enhance customer satisfaction by meeting various financial needs (Mean: 2.32, Standard Deviation: 1.224): This statement indicates that customers perceive a diverse range of electronic banking services as potentially enhancing their satisfaction by meeting various financial needs. However, the relatively high standard deviation implies that there may be some variability in how customers view this.

A breach or security incident can severely impact customer satisfaction and erode trust in the bank (Mean: 2.41, Standard Deviation: 1.261): Customers seem to be concerned about security in electronic banking, as the mean score is relatively high. The high standard deviation suggests that there is significant variability in how customers perceive the impact of security breaches on their satisfaction and trust. Banks can use data from electronic banking interactions to personalize their offerings and recommendations to customers, which enhances satisfaction (Mean: 2.24, Standard Deviation: 1.165): Customers generally believe that personalized offerings and recommendations based on electronic banking data can enhance satisfaction, although the mean score is not very high. The standard deviation suggests some variability in customer opinions on this matter.

In summary, the data indicates that customers generally see some benefits in electronic banking in terms of convenience, speed, and potential for personalized services. However, concerns about security and the impact of security breaches are notable. It's essential for commercial banks to address these security concerns while continuing to improve and diversify their electronic banking services to enhance customer satisfaction. Further research or analysis may be needed to explore these relationships more deeply and to identify specific areas for improvement in electronic banking services.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study investigated the impact of service quality on customer dissatisfaction in e-banking services. An investigation into the adoption and usage patterns of electronic banking systems. **This** chapter presents a summary, discussion, conclusions and recommendations of the study on internal control system and financial performance. The first section presents a summary of the study findings in relation to the specific objectives. This is followed by a discussion, conclusion, and recommendations of the study in relation to the objectives of the study.

5.2 Summary of the key findings

This presents the summary of the key findings of the study.

The findings show that customers highly value the convenience of E-banking and the availability of services with easy internet access. Security concerns are significant but vary among customers. Intuitive interfaces and cost savings are less important on average, with more variability in customer preferences for these factors.

In addition, the data indicates that security-related challenges, such as security threats, malicious actors, and fraud detection, are moderate concerns with some variability in opinions. However, challenges related to reputational damage, technological advancements, and cost are seen as more significant, with less variation in perceptions among respondents. Accessibility is perceived as a moderate challenge with some variability in opinions as well. These insights can help banks and financial institutions prioritize their efforts to address these challenges in the E-banking sector

The data finally indicates that customers generally see some benefits in electronic banking in terms of convenience, speed, and potential for personalized services. However, concerns about security and the impact of security breaches are notable. It's essential for commercial banks to address these security concerns while continuing to improve and diversify their electronic banking services to enhance customer satisfaction. Further research or analysis may be needed to

explore these relationships more deeply and to identify specific areas for improvement in electronic banking services.

Discussion of the key findings

The study found out that convenience is king. The high mean scores of 4.20 and 4.19 for the convenience of accessing accounts and the availability of E-banking services with easy internet access clearly indicate that customers highly value convenience. This suggests that the ability to perform transactions and check balances from anywhere, at any time, is a key driver of customer satisfaction. In the age of digital technology, the convenience factor plays a pivotal role in retaining and attracting customers. In addition, consistency in Preferences. The low standard deviations for both convenience (0.738) and the availability of E-banking services (0.730) highlight the consistency of customer preferences. This means that across the surveyed population, these factors are consistently seen as important. Financial institutions should continue to invest in improving the accessibility and ease of use of their online banking platforms to maintain customer satisfaction. Furthermore, Security Concerns are Significant. The mean score of 3.93 for security concerns suggests that customers do have apprehensions regarding the safety of online transactions and the security of their personal information. The higher standard deviation of 0.828 indicates that these concerns vary among customers. This finding underscores the need for financial institutions to prioritize robust security measures and offer clear information and resources to address customer concerns. While convenience and security take center stage, the mean score of 1.88 for interface intuitiveness indicates that customers place less emphasis on this aspect. However, the high standard deviation of 0.966 suggests that there is a wide range of preferences when it comes to intuitive interfaces. Some customers may find this aspect crucial for their banking experience, while others may not consider it as important. Financial institutions should aim for a balance by offering user-friendly interfaces without compromising on security. Again, cost savings matter less. The mean score of 1.86 for lower fees and costs indicates that, on average, customers do not highly prioritize cost savings when choosing E-banking services. However, the high standard deviation of 0.955 implies that there is significant variability in customer preferences in this regard. Some customers may be more sensitive to fees and costs, while others may prioritize other factors. Financial institutions should consider offering a variety of pricing options to cater to different customer segments.

The data offers valuable insights into the challenges associated with E-banking systems, shedding light on the perceptions of respondents and the variability in their opinions. These findings can serve as a basis for informed decision-making and prioritization of efforts within the E-banking sector. Both security threats and malicious actors are considered moderate challenges in E-banking systems, with mean scores of 2.46 and 2.51, respectively. This indicates that respondents acknowledge the importance of security but perceive some variability in its significance. The standard deviations (1.250 and 1.251) highlight that while security is a concern, it might not be uniformly perceived as a top priority by all respondents. Detecting and preventing fraudulent activities in E-banking systems is rated slightly lower than security threats and malicious actors, with a mean score of 2.41. The standard deviation of 1.191 suggests that respondents have varying opinions on the importance of fraud detection, indicating some room for improvement and consensus-building in this area. Reputational damage due to security breaches or data leaks is seen as a significant concern, with a notably higher mean score of 4.29. The low standard deviation (0.911) implies a more consistent perception among respondents regarding the gravity of this challenge. Financial institutions should prioritize strategies and investments to safeguard their reputation. Staying up-to-date with rapidly evolving technology is another highly rated challenge, with a mean score of 4.25. The low standard deviation (0.902) suggests a consensus among respondents on the importance of keeping pace with technological advancements. This indicates that E-banking institutions must allocate resources to stay technologically competitive. Ensuring that E-banking services are accessible to all customers, including those with disabilities, is perceived as a moderate challenge (mean score of 2.31). The standard deviation of 1.235 indicates varying opinions among respondents regarding the importance of accessibility. Financial institutions should take this into account when addressing accessibility issues. Developing, maintaining, and securing E-banking systems is considered the most challenging aspect, with a high mean score of 4.31. The low standard deviation (0.815) signifies a strong consensus among respondents about the substantial cost implications of E-banking operations. This highlights the critical need for careful budgeting and resource allocation

The mean scores for statements related to convenience (Mean: 2.22) and speed (Mean: 2.25) of electronic banking suggest that customers generally find electronic banking somewhat convenient and slightly faster than traditional in-branch banking. The low standard deviations for

both convenience (SD: 1.190) and speed (SD: 1.154) indicate that customer opinions are relatively consistent on these aspects. The findings imply that while electronic banking is perceived as convenient and faster, there is room for improvement, particularly in enhancing the convenience factor. The statement regarding a diverse set of electronic banking services enhancing customer satisfaction (Mean: 2.32) suggests that customers see value in a variety of services. However, the relatively high standard deviation (SD: 1.224) indicates that there is some variability in how customers perceive the impact of these services on their satisfaction. Commercial banks should focus on offering a wide range of electronic banking services to cater to diverse financial needs, but they should also work on understanding and addressing the varying preferences of their customers. The data indicates that customers have significant concerns about security in electronic banking (Mean: 2.41). The high mean score suggests that customers consider security breaches as a critical issue that can severely impact their satisfaction and trust. The high standard deviation (SD: 1.261) suggests that there is considerable variation in how different customers perceive the impact of security incidents. Commercial banks must prioritize and invest in robust security measures to address these concerns. Effective communication of security measures and incident response plans to customers can also help build trust. Customers generally believe that personalized offerings and recommendations based on electronic banking data can enhance satisfaction (Mean: 2.24). The standard deviation (SD: 1.165) indicates some variability in customer opinions regarding the effectiveness of personalization. While personalization is viewed positively, it may not be as uniformly valued by all customers. Banks should consider tailoring their personalization efforts to different customer segments.

5.4 Conclusion

Based on the findings obtained in chapter four it showed that in summary, the data paints a clear picture of what customers value most in E-banking services: convenience and accessibility. While security concerns are significant, they vary among customers. Interface intuitiveness and cost savings are less critical on average, with more diverse preferences among customers. Financial institutions should use these findings to inform their strategies and continuously improve their E-banking offerings to better meet customer expectations and preferences

Financial institutions operating in the E-banking sector should prioritize their efforts based on these findings. While security-related challenges have moderate importance with some variation in perceptions, challenges related to reputational damage, technological advancements, and cost are deemed significantly more critical with relatively uniform opinions among respondents. Addressing these challenges effectively will not only enhance the security and reliability of E-banking systems but also contribute to maintaining a positive reputation and staying competitive in the rapidly evolving digital landscape. Additionally, institutions should be mindful of accessibility concerns and work towards inclusive E-banking services, taking into account the varying levels of importance placed on this challenge by different respondents.

Customers appreciate the convenience, speed, and potential for personalization that electronic banking offers. However, their concerns about security and the impact of security breaches cannot be ignored. Banks should prioritize security measures and continuously enhance the convenience and personalization of their electronic banking services. Further research can delve deeper into the specific aspects of security and personalization that matter most to customers, helping banks refine their strategies and offerings to better meet customer expectations and ultimately improve overall satisfaction.

5.5 Recommendations

The bank should focus on enhancing the convenience of your E-banking services. This could involve streamlining the account management process, optimizing mobile apps, and ensuring that online banking is user-friendly.

The bank should invest in robust online and mobile banking platforms to ensure 24/7 accessibility for your customers. Make sure that your services are available on various devices and browsers to accommodate different customer preferences.

Recognize that security concerns vary among customers. Offer customizable security options whenever possible, allowing users to adjust their security settings based on their comfort level.

Continuously educate customers on the security features and practices you have in place to reassure them about the safety of their transactions.

Let the bank continuously collect feedback from customers to stay in tune with their evolving preferences and concerns. This feedback can inform your strategy and help you prioritize improvements that align with customer needs.

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APPENDIX
QUESTIONNAIRE
UGANDA CHRISTIAN UNIVERSITY
SCHOOL OF BUSINESS

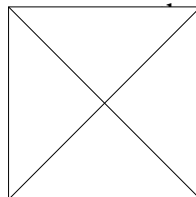
A questionnaire for the staff and customers of Equity bank in Mukono Municipality

I am Tumushabe Shaline a student of Uganda Christian University conducting a research study on the impact of service quality on customer dissatisfaction in e-banking services an investigation into the adoption and usage patterns of electronic banking systems using Equity bank as my case study in Mukono Municipality as a requirement for the award of Bachelor's degree in Business and Administration of Uganda Christian University.

I am kindly requesting you to assist me in this study by answering the following questions. I assure you that your information will be treated with utmost confidentiality.

SECTION A: Demographic Data

Please tick (✓) in the appropriate box



most agreed answer to the following statements.

1. Gender of the respondent.

Male

Female

2. Age group of the respondent.

21-30 years

31-40 years

41-50 years

above 50 years

3. Education level of the respondent.

Primary level

Secondary level

Certificate level

Diploma level

Bachelor's level

Masters Level

Others specify.....

4. For how long have you been working with this bank.

1- 5 years 6-10 years 10-15 years 16-20 years

SECTION B

Rate your degree of agreement using a scale of **5=Strongly agree, 4=Agree, 3=Not sure, 2=Disagree and 1=strongly disagree.**

A	The factors influencing customers to adopt E-banking services.	5	4	3	2	1
	Customers appreciate the ability to access their accounts, make transactions, and check balances from the comfort of their homes or on-the-go using smartphones or computers.					
	The availability of E-banking services and easy access to the internet play a crucial role					
	Concerns about the security of online transactions and personal information are significant barriers to adoption					
	Customers prefer intuitive interfaces that make it simple to perform transactions and navigate through their accounts.					
	E-banking often offers lower fees and costs compared to traditional banking services.					

B	Challenges associated with E-banking systems	5	4	3	2	1
	E-banking systems are susceptible to various security threats, including hacking, phishing, malware, and identity theft					
	Malicious actors constantly seek vulnerabilities in E-banking systems to steal funds or sensitive information.					
	Detecting and preventing fraudulent activities in E-banking systems is crucial. Banks must employ sophisticated fraud detection tools and strategies to safeguard their customers' accounts.					
	Any security breach or data leak can erode customer confidence, leading to reputational damage.					
	Rapid advancements in technology mean that E-banking systems can quickly become outdated. Banks must continually invest in upgrading their systems to stay competitive and secure.					
	Ensuring that E-banking services are accessible to all customers, including those with disabilities or limited access to technology, is a challenge that banks need to address.					
	Developing, maintaining, and securing E-banking systems can be expensive.					

C	The relationship between electronic banking and customer satisfaction in commercial banks.	5	4	3	2	1
	Electronic banking provides customers with the convenience of accessing their accounts					
	Electronic banking allows for faster transaction processing compared to traditional in-branch banking					
	A diverse set of E- banking services can enhance customer satisfaction by meeting various financial needs.					
	A breach or security incident can severely impact customer satisfaction and erode trust in the bank.					
	Banks can use data from electronic banking interactions to personalize their offerings and recommendations to customers which enhances satisfaction					

Thank you



UGANDA CHRISTIAN UNIVERSITY

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1st Aug 2023

TO WHOM IT MAY CONCERN

Name: TUMUSHABE SHALINE

Reg. No. J22B05/200

A bachelor's student who is seeking permission from your office to collect data for his/her dissertation titled

AN INVESTIGATION IN TO THE ADOPTION AND USAGE OF ELECTRONIC BANKING SYSTEMS

....."

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

The Uganda Christian University School of Business thanks you in advance

.....
Mukisa Simon Peter
Research coordinator