

**Factor Affecting Adoption of Internet Banking perspective of
Customer in Commercial Bank of Ethiopia in Jimma town**

**A thesis submitted to the school of Graduate studies of Jimma
University to undertake a Research in Partial Fulfillment's for the
Award of Master of Science (M.Sc.) Degree in Accounting & Finance**

By:

Naol Debele

Main Advisor:

DrAregaSeyoum (Asso. Prof)

Co-advisor:

MR. Monanaol T. (M.Sc.)

**JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF ACCOUNTING AND FINANCE**



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DECLARATION

I, the undersigned, hereby declare that this thesis Entitled “*Factors affecting adoption of internet banking by customer in Jimma Town*” has been carried out by me under the guidance and supervision of Dr. Arega Seyoum (Asso. Prof) and Mr. Monanaol T. (MSc).

The thesis is original and has not been submitted for the award of any degree to any other university or institutions and the materials used in the process have been duly acknowledged.

Name	Signature	Date
Naol Debele	_____	_____

CERTIFICATE

We hereby certify that the research entitled “*Factors affecting adoption of internet banking by customer in Jimma Town*” is undertaken by Mr. Naol Debele under our guidance and supervision. In our opinion, the research is original and meets the minimum standard set by the School of Graduate Studies of Jimma University for submission in partial fulfillment of the requirements for the award of Master of Science (M.Sc.) Degree in Accounting and Finance.

Name of Principal Advisor	Signature	Date
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Arega Seyoum (PhD)	_____	_____
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Name of Co. Advisor	Signature	Date
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Monanot Terfa (M.Sc.)	_____	_____
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Abbreviations and Acronyms

AIB:	Awash International Bank
CBE:	Commercial Bank of Ethiopia
DB:	Dashen Bank
NIB:	Nib International Bank
OCOPB:	Oromia Corporative Bank
PEU:	Perceived Ease of Uses
PR:	Perceived Risk
PU:	Perceived Usefulness
SPSS:	Statistical Package for Social Scientists
TAM:	Technology Acceptance Model
WB:	Wagegen Bank

Abstract

Internet banking is defined as a system that enables bank customers to get access to their accounts website, without the intervention or inconvenience of sending letters, faxes, original signatures and telephone confirmations. The study aimed at exploring the factors affecting the adoption of internet banking by customers in selected Banks in Jimma town. To achieve this purpose, explanatory study design was used to analyze the data collected through cross-sectional survey questionnaire from a sample of 372 bank customers. These respondents were selected using convenience sampling. The data collected from the questionnaire were analyzed using Statistical measure which is correlation analysis. The major findings of the study include the four internet banking factors i.e., perceived ease of use, perceived usefulness, culture, attitude and perceived risk internet banking found to be positively and significantly related. IT indicates that perceived risk is the most important factor to have a strong and significant relationship with adoption to use internet banking. In addition to this, all of the factors affecting internet banking in this research significantly explain the variations in intention to use internet banking. However, except perceived risk, which statistically and predicts the variation in intention to use, the five factors affecting internet banking i.e. perceived ease of use, perceived usefulness, perceive risk, culture and attitude statistically and positively predict the variation in intention to use. Based on the findings of the study, it is recommended that Banks should concentrate on their corporate websites to make it more user-friendly since customers should perceive it as easy to use. They can also educate how to use Internet banking services to customers and Banks should install security features such as encryption devices, which safeguard sensitive information

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CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

Technological innovations play a crucial role in bank industry by creating value for banks and customers that it enables customers to perform banking transactions without visiting a brick and mortar banking system. E banking has enabled banking institutions to compete more effectively in the global environment by extending their products and services beyond the restriction of time and space (Turban, 2008). With the introduction of communication and computer technology, and its attendant revolution of information processing, electronic banking has become the order of the day resulting in the emergence of various automated devices enabling the banking industry to improve the speed and quality of service delivery and rapidly changed how banking is done worldwide. The volume and speed of banking transactions have tremendously improved, especially in the developed countries. Its various innovations have brought about reduction in costs, wide range of banking services, and greater convenience for customers (Ayodeji, 2003). For over a decade; information technologies have significantly affected the banking industry all over the world. Banks and other financial institution worldwide have improved their functions as financial intermediary through adoption various information technologies 55 in Africa and more so in Ethiopia due to the developing state of the economies internet is not readily accessible to the most individual willing to conduct financial transactions. But in the recent past Ethiopia has experienced a range on the financial services through the adoption of mobile banking; these services include sending and receiving money, paying bills, accounting notification, balance enquiry, and purchase of mobileairtime all at the convenience of the customer.

Over the recent past the greatest challenge to the adoption of technology (ITC) will be the use of computer with internet connections where by only a few individuals had be access to these targets, either's, those working in companies with the computer with the internet connection and those ready to needed service having to visit cyber cafes for access of these gargets which can be very inconveniencing. Venkatesh et al. (2003),p 446, in their research article theorized that, four constructs play a significant role as direct determinants of user acceptance and usage

behavior. Now with the convenient since one need not own or use a computer with further the inconvenience of having to be with the internet connection to access these (on line) service. Among various banking technologies, internet banking, this is the act of conducting financial intermediation on the internet (Venkateshatal. (2013) is the latest banking technologies and the most rapidly diffused banking technology throughout the world. Thus, there is a growing need for the banking sector by adopting appropriate technology for its effectiveness. The emphasis today is on providing banking services anywhere, anytime to anybody is on providing banking services. Thus, there is a growing need for the banking sector to keep pace with the emerging requirements of the business sector by adopting appropriate technology for its effectiveness. The emphasis today is on providing banking services anywhere, anytime to anybody with the sole objective of enhancing customer outreach and flexibility in transactions (Carr, 2007).

The internet is rapidly turning out to be a tool of worldwide communication. The increasing use of internet earlier promoted producers and entrepreneurs to sell their products online. It has also become an important source of information and knowledge. Due to this, many banking and finance organization have become up with the idea of internet banking or online banking. Numerous benefits such as lower fee to go online, higher interest rates, online viewing of account details and statement information pay bills, transfer money between accounts, scheduling automatic periodic payments such as rent or loan payments, applying for accounts or loan payments, applying for accounting or loans and managing loyalty points to achieve first objective (Sathyas, 2007).is he process, banks are able to reduce cost of operations to some extent. Nevertheless, steep rise in online banking crimes may undermine its success (Vadlamani, 2008). A study by revealed that adoption of e-banking in Ethiopia introduced new risks requiring new risk management strategies. A survey conducted on all banks revealed that they had at least experienced internal or external risks and in some instances both electronic security threats. Further the study revealed that the presence of internet banking has magnified traditional banking risks. For instance, although system failure is rare (example at an ATM terminal), their occurrence causes the banks reputational damage which may take long to overcome at the same time such a failure can cause customer dissatisfaction resulting is their migration to other competing banks have employed various mechanisms such as staff training on issues related to e-banking. Additionally, physical security measures were noted in all banks surveyed and they included installation of back-up servers and use of removable hard disks among the others. Banks have also employed specific securities features a study by Joyce and Chris (2010) revealed that adoption of e-banking in Ethiopia introduced new risks requiring new risk management strategies.

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1.2. Statement of the problem

One of the most utilized models in studying information system acceptance is the technology acceptance model (TAM). Studies of Davis, Bagozzi and Warshaw (1989) and Mathieson (1991) have identified that system use (actual behavior) is determined by perceived usefulness (PU) and perceived ease of use (PEOU) which relates to intention towards use of the system. In the present study, adoption behavior is explained in the light of the TAM. Lee (2009) argues that the scope of the adoption decision is large and it depends on customers' benefits and risks perceptions and it includes both positive and negative factors: which he identified as 'perceived benefits' and 'perceived risks' of online banking. Several researches have shown that over the last few decades the information technology in general the internet banking in particular, has significantly affected the banking sector development across the world. Currently internet banking has provided a variety of benefit to banking business since it will enable banks to differentiate their service and product as well as minimizing their operating costs (Mohammed, 2011).

When we see the experience of other countries in relation to factors affecting the adoption of internet banking, for instance, Chun (2012) had conducted exploratory study into the adoption of internet banking in mainland China which collected data from two public universities in Shandong Province established trust was one of the important influential factors affecting an individual's intention to adopt internet banking. These findings validated prior studies that have found trust as one of the important factors in intention to adopt internet banking. In another study conducted by Shah, Ahmad, Sayyed and Bin (2007) on the factors affecting internet banking adoption in the manufacturing companies in Malaysia. The findings established that security or confidentiality was taken as additional factor in the adoption of the technology besides relative advantage and compatibility which have a significant influence. Metwally (2013) also conducted a study on "the assessment of Users' Acceptance of internet banking, an Empirical Case of Egypt". The results show that the main factor, which affected banks customers' decision to use internet banking service, was ease of use, followed by usefulness and trust and credibility of the service. Other external factors such as personal innovativeness, individual differences, computer and Internet use experience, promoting circumstances and service assistance, and communication, which determined the three antecedents, were applicable and valid in explaining users' adoption.

When we come to Ethiopia even though e-banking has grown quickly worldwide, commercial banks still conduct most of their banking transactions using traditional teller based methods (Yitbarek&Zelege, 2013). Banking operation is still under developed due to low level of infrastructural development, lack of suitable legal and regulatory framework, high rates of illiteracy, frequent power interruption and security issues (Gardachew, 2010). Gardachew (2010) also indicated that even though electronic Banking has been widely used in developed countries and is rapidly expanding in developing countries, in Ethiopia cash is still the most dominant medium of exchange, and electronic payment systems are at an embryonic stage.

He also stressed that in the face of rapid expansion of electronic payment systems throughout the developed and the developing world, Ethiopia's financial sector cannot remain an exception in expanding the use of the system. Certainly the banking industry in Ethiopia is underdeveloped and therefore there is an all immediate need to embark on capacity building arrangements and modernize the banking system by employing the state of the art of technology being used anywhere in the world. Moreover, Internet banking is a new technology in Ethiopia which needs a lot of effort and resources to be easily adopted by customers. Hence, in order to help banks improve Internet banking adoption by their customers, it is necessary to examine factors that influence customers' intention to adopt Internet banking service channels. In addition many of the researches that have been conducted did not consider culture (social norms) as a factor. But in countries like Ethiopia, people are greatly influenced by culture. This research was conducted to fill this gap and focuses on the factors that influence customers' internet banking adoption in Ethiopian banking industry especially the impact of culture (social factor), the construct of perceived risks of IB and also the construct of perceived website features with the TAM. Therefore, the research problem for the present study would be:

What are the factors that affect in predicting the customer adoption of Internet banking in commercial banks of Ethiopia in Jimma town?

1.3.1 General Objective

The main objective of this research was to investigate the factors affecting the adoption of internet banking in Jimma town.

1.3.2 Specific Objectives

In addition to the general objective, the study was also assuming the following specific objectives;

- I) to examine the effects of perceived ease of use on the adoption of internet banking service by transaction
- II) To evaluate the effect of perceived Usefulness on the adoption of internet banking
- III) To examine the effect of perceived risk on adoption of internet banking
- IV) Attitude has a positive effect on consumers' on the use of electronic banking services
- V) To investigate the effect of social factors (a culture) on the adoption of internet banking service by client for banking transaction

1.4 Research Hypotheses

Based on the research question and background of the study earlier mentioned, the study developed the following hypothesis;

H1: perceived ease of use has a positive effect on the adoption of internet banking service.

H2: perceived usefulness of a positive effect on the adoption of internet banking service.

H3: Perceived risk has a negative effect on adoption of internet banking services

H4: Attitude has a positive effect on consumers' adoption the use of internet banking services.

H5: Culture has a positive effect on consumers' perceived usefulness towards the use of electronic banking services.

1.5. Significance of the Study

The major contribution of this study is to identify the factors that would affect the customer's adoption of internet banking service by customer in Jimma town. It's to identify the most important factors that are associated with the adoption of internet banking services. This helps banks to develop a better strategy which attracts its new customers as well as to retain the existing internet banking service users. Besides, it also helps them to identify their strength, weakness, threat and opportunities in the relation to their objectives. Banks may know the customer satisfaction and perception toward internet banking services. However understanding those factors influencing the adoption of internet banking service is very important because it helps them to improve their service performance further it strengthen the relationship between banks and customers in order to prove better service and contribution in future developments. This study enables banks to strategically plan their products and service offerings. This study has

significant contribution to the further researches that will be conducted in Ethiopia related to this topic to the banking industry and policy makers.

1.6 Scope of the Study

The study will be delimited to a section of the factors affecting internet banking (perceived ease of use, perceived usefulness, perceived risk, attitude and culture or social factor) and intention to use among customers in Jimma town in six (6) commercial banks. This research will be conducted in Jimmatown by collecting data from customers of the entire six sample (private and government owned) commercial banks providing internet banking services. The findings of the study were the generalized to customers in Jimmatown who are using Internet banking services.

1.8 Limitation of the Study

Due to the limited geographical scope the study lacks the response of customers out of Jimma town. Finally, due to limited scope of the study on the bankers, the study lacks the defaulters' response that would make the study result more fruitful. Getting the total customers was also difficult, as a result of the fact that the population is very large. This made it difficult for the researcher to scientifically determine the required and ideal sample size to use in the research study

As stated earlier this is an exploratory study that is limited in scope and sample size, but it can contribute to further study on quality of the banking sector in Ethiopia. Thus the findings of this study may not give a general picture of the quality of the banking sector in Ethiopia. In addition the researcher was planning to conduct the study by including all commercial bank Ethiopia the banks to be studied. The researcher also faced financial limitation to conduct comprehensive and detail study of service quality in Ethiopia banking sector by taking large sample.

1.7 organization of the study

This paper contains five main chapters. Chapter one provides the general background of the study, chapter two summarizes the related literature review, chapter three presents the research design and methodology which were employed in the study, and chapter four present the results and discussions of the study. Finally, the fifth chapter present summary of key findings, conclusions and recommendations.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 Theoretical Literature Review

2.1.1 Basics of electronic banking

Electronic banking is a higher order structure composed of several distribution channels. Please note that e-banking is just a bigger platform than banking over the internet. However today's most common types of e-banking is banking through the internet or internet banking. The term of electronic banking can be explained in many ways. In every simple form it means that customers provide information and services to banks via computers, televisions, telephones and mobile phones (Daniel, 1999). For example, Burr (1996) describes it as an electronic connection between a bank and a customer to prepare manage and manage financial transactions.

Internet banking allows consumers to access their banks and accounts and conduct banking transactions. since internet banking involved providing facilities such as access to accounts, transfer of funds online purchase of financial products and services (Sathye 1999), at an advanced level it is called transactional online banking. Terms such as internet banking and online banking are often used in literature to refer to the same thing. Today the internet is them in channel of e-banking. Furthermore it is said that there are three different means of distribution in electronic banking: PC banking, internet banking, & managed network banking. It's important to remember that internet banking is different from PC home banking .the obvious different is that while internet banking is browser-based in PC home banking, customer need to install software packages assigned to banks on Pcs. In addition with PC home banking, customer can perform banking operation only on PCs that have assigned software packages installed (Karjaluo 2002a)

Furthermore, it is said that there are three different means of distribution in electronic banking: telephone, PC, and the Internet. For example, Daniel (1999) has introduced four different channels for electronic banking: PC banking, Internet banking, managed network, TV base banking. It is important to remember that Internet banking is different from PC home banking. The obvious difference is that while Internet banking is browser-based, in PC home banking, customers need to install software packages assigned to banks on PCs. In addition, with PC home banking, customers can perform banking operations only on PCs that have assigned software

packages installed (Karjaluoto et al. 2002a), suggesting that it is the Internet accessed via a personal computer. Telephone banking, TV-based banking, and managed networks do not play a major role in today's banking. However, in the future, it is expected to shift from wired Internet connection to wireless mobile technology. Therefore, electronic banking does not necessarily have to be on the screen of the computer. This can be, for example, on a small screen of a cell phone or any other wireless device. With these wireless applications, customers can view bank account balances and transaction history, display pie charts of stocks in the portfolio, initiate payment, order purchase orders for securities, you can send e-mail. In this way, with the e-banking technology, banks and financial institutions have improved the effectiveness of distribution channels by reducing transaction costs and improving service speed. Electronic banking is the application of information technology to facilitate information and services via public standards based networks. There are various forms like electronic banking, Internet banking, mobile banking, telephone banking. There is a misunderstanding between e-banking and Internet banking. However, E-banking is a broad field, Internet banking is E banking service.

2.1.2. Internet Banking

Internet banking means that banking services such as service introduction, loan application, account balance inquiry, fund transfers, etc. are provided from the bank through the Internet. Internet banking has evolved into a "one step service and information unit" that brings great benefits to both banks and consumers. According to Michael Karlin, president and chief operating officer of the world's first virtual bank Security First Network Bank, the idea Internet banking is as follows:-

All transactions are done on a bank se on the Internet infrastructure so you do not need to purchase software, save data to your computer, or back up information.

Banking services can be used 24 hours a day, 7 days a week, 365 days a year. It is no longer necessary to verify bank statements or to manually track ATM and paper checks. In addition, Internet banking is defined as a banking service that enables customers to access their bank accounts from a computer connected to the Internet on a bank's website to conduct financial transactions. The evolution of Internet banking from e-commerce has changed the nature of the relationship between individuals and customers and the provision of products and services in the banking industry. Pikkarainen et al. (2004) defines Internet banking as "Internet portal" so that customers can use various kinds of banking services from bill payment to investment. With Internet banking, with the exception of withdrawals, you can access almost all kinds of banking

transactions simply by clicking the mouse. When introduced for the first time, Internet banking was mainly used as an information providing medium for banks to sell goods and services on their website. However, with the development of technology and secure electronic trading technology, banks have started to use Internet banking as a transaction and information medium. Syed et al. (2011) stated that the emergence of Internet banking first started in the 1980s, but grew worldwide in the 1990s; Europe became the leader in the use of Internet banking. Internet banking is beneficial for both providers and customers. At the moment, it can be regarded as the least expensive distribution channel for standardized bank management, such as account services and transfer of funds (Polasik & Wisniewski, 2009). Such services also have the advantage of saving the time and expense of the bank and minimizing the possibility of causing errors at the bank counter. Regardless of geographical and temporal terms, Internet banking offers a service for customers conveniently (Padachi et al., 2008). According to Lu (2010), the banking business is no longer bound by time and geography service without border. Customers can access the account relatively easily (24 hours a day, 7 days a week). Sara (2008) argues that traditional banks benefit from this technology and can take care of customers in a more efficient productive and enjoyable way.

2.1.2.1 Roles of banks in internet banking

To develop Internet banking for customers, banks need to improve seriously to cope with consumer fears and concerns. Also, as both parties benefit from it at the end, it is also essential for banks to understand the factors that will allow customers to adopt Internet banking. Ozelman (2012) states that banks have two major roles:-

Provide access to traditional banking products via the Internet. Traditional banking products are services provided by banks, such as deposits, cash transfers, inquiries of account balances. Customers using Internet banking need to provide customers with as many services as possible using Internet banking.

We support the development of new products enabling Internet banking. This means that the bank should support companies involved in the invention of new technologies for manufacturing new products that make banking available in a convenient and easy way. This means that as the number of new products that customers allow for Internet banking increases, the adoption of Internet banking services will increase.

The main role of the customer is to benefit from Internet banking as much as possible. Also, if the convenience and effectiveness of the online service is greater than the personalized branch network service, the customer must be eager to move to online financial services. These frequently use internet banking, meaning that if you benefit from it, the bank will be started to improve or maintain the service. They are also responsible for commenting on the service after the parties have finally benefited (Abnet, 2010).

2.1.3 The benefits of internet banking to banks and customers

The emergence of the Internet has great influence on the spread of Internet banking. With the help of the Internet, banks are no longer bound by time or geography. Consumers around the world can access the account relatively easily, 24 hours a day, 7 days a week. Therefore, Internet banking brings many benefits to banks and their customers (Karjaluo 2002).

To begin with the banks benefit e-banking service is competitive branding and as well as better appreciation to the market demands. As such banks that provide electronic banking services are known to be leaders in technology implementation and advancement. Thus, the better image brand they will bring from the customers. The other returns may be measured in terms of money. The main objective of every organization is to maximize profits including banks. As indicated viewpoints communicated by Mols (1999) it was opined that the Internet is a revolution that will do away the old request holds much influence. The internet revolution in electronic-banking transaction is much less expensive than branch or even telephone transactions. The other benefits that e-banking enables banks to offer are low-cost, high value added financial services and also benefit from the promotional opportunity to cross sell products such as credit cards and loans (Hawkins, 2001). According to, Karjaluo (2002) also denotes that helps to banks are cost savings, reaching new segments of the population, efficiency, enhancement of the bank's reputation and better customer service and satisfaction, the online banking strengthens the relationship between the service provider (e.g. bank) and the customer.

According to official website of Commercial bank of Ethiopia, electronic transaction cost is significantly less when done online instead of at a branch. Summarize these benefits as below:

- Speed to get the job done by using information technologies.
- Help in decision-making by providing information to the decision makers.
- Reduction the cost of administrative work.
- Overcoming the problem of the time and geographical dimension.

- Treatment of the bureaucracy and bribery.
- Development of a mechanism of action and to keep abreast of developments.
- Planning for future projects.
- Overcoming the problem of day-to-day works.
- Raising the efficiency of workers in the administration.

2.1.3.1 Benefit of Internet Banking for Banks

Internet banking has the advantage that banks maintain competition, save money, strengthen mass customization, strengthen marketing and communication activities, maintain and attract consumers (Daniel, 1999). In addition, Maduku (2013) expands its business geographically even small banks by consistently existing banks on the Internet, except that it is a low-cost advertisement around the world new branch without obliging large investment. Several benefits of strong Internet banking services include customer satisfaction and maintenance, attracting new customers, developing customer relationships, expanding sales and market share, improving corporate image, efficiency, improving customer service and satisfaction , Improve profit margin Business performance Internet banking service is essential for the long-term survival of banks in the world of e-commerce. According to a survey by Sadullah (2007), Burnham found that most banks with websites spend less than \$ 25 thousand to create Web presence, maintaining less than 25 thousand dollars per year I found out that there was. Bernham had said that these figures would rise as banks began offering Internet banking services, but it did not cost more than traditional banking methods.

2.1.3.2 Benefit of Internet Banking for Customers

Internet banking provides all services to customers, including services not provided in branches. The biggest advantage of Internet banking is that it is cheap or free to customers. However, the price seems to be one factor to counter internet banking (Sathye, 1999,).Internet banking is generally not limited by time or place. Also, it is claimed that electronic banks are more likely to change in response to customer's request (Brogdon, 1999,). Internet banking has the advantage that customers can reduce access to banks branch. In this way, Internet banking saves time and money, provides convenience and accessibility, and has a positive impact on customer satisfaction. Customers can manage banking operations when they need it, and can enjoy more privacy while interacting with banks. Internet banking helps consumers to conduct quick and convenient financial transactions. This type of banking allows consumers to verify account balances, transfer funds and order electronic payment payments. The Internet banking system

allows customers to apply for loans, trade shares or mutual funds, even see the actual images of checks or deposit slips. With the help of the Internet, banks are no longer tied to time or geography. Consumers around the world can access the account relatively easily, 24 hours a day, 7 days a week. Internet banking is claimed to offer more profit to customers at a lower cost (Maduku, 2013). He showed that internet banking is very beneficial to customers, including cost, time and space savings, prompt response to complaints, and improved service delivery. In summary, general e-banking and Internet banking bring a lot of benefits to both service providers and their customers.

According to Jen and Cheng (2006) electronic-banking has made common role for banks and businesses around the world, and that is clear in the way they perform financial transaction. Electronic banking customers can also check accounts, transfer money and can have access to numerous banking products and services. There is no need for Customers to visit banks branch to make transactions, (Cheng et al., 2006). Electronic banking has a vital role in the economy helping buyers and sellers to make financial transaction through the exchange of 17 goods and services without physically meet (Cheng, 2006). Customers are able to shop worldwide without the need of carrying paper money.

Disadvantages of Internet Banking

Although there are many advantages, internet banking also has some disadvantages which must be taken care of. According to (Rushdy, 2007) & researcher, the main disadvantages of internet banking can be given as below: Even though there are many sites offering a demo on how to use the internet banking, not all offer this facility. So, a customer who is a new user of internet banking might face some difficulties.

- Availability of access to the internet.
- Security of transactions is a big issue. Hackers might get hold of customer's information from unauthorized people over the internet.
- Password security is a must. After getting a net banking password, customer should change and memorize it; otherwise their account may be misused by someone who gets to know their password inadvertently
- If the bank's server is down, internet banking cannot be used.
- A slow connection or loss of internet connectivity in between may cause a difficulty to note whether a transaction was successful or not.

2.1.4 Different types of internet banking

Molla (2002,) defines Internet banking as a clear subset of electronic / online banking. It is widely defined as providing retail and small value added banking products and services through electronic channels. The definition of this e-banking includes various kinds of Internet banking. Internet banking using banks own software. This form of online banking uses banks as "electronic gateways" in customer accounts. Customers can install this software on their home computer, transfer funds and electronically bills Internet banking via personal computer using dial-up software. Here, customers use home banking software to link to banks for online banking. Bank established a retail store on a subscriber-based online service like America Online. Internet banking is via in the World Wide Web. This form of online banking by subscription-based services; banks are on the World Wide Web.

2.1.5 Customers and internet banking

Lamb, et al. (2000,) defines consumer behavior as an act of decision-making units (individuals as well as families) directly involved in obtaining and using products and services suited to their needs, Decide on these acts. These actions refer to activities such as entering and exiting stores, evaluating products and services available on the market, and actually purchasing goods. Rice (1997,) Consumers are people who pay services for their expenses using services and products when referring to consumers. Consumer behavior is to learn about consumers and their purchasing behavior. Schiff man and Kanuk (2000,) explains that "consumers" are used to represent two types of consumers, individual consumers or business consumers or organization consumers. Individual consumers are consumers who purchase goods and services for themselves and business consumers are consumers who purchase products, equipment and services to run business. Block and Roering (1979,) define the behavior of consumer goods as individual acts directly involved in the acquisition and use of economic goods and services. This includes the decision-making process for consumer's to purchase goods. By better understanding consumer behavior, banks can identify customer profiles. According to Wang (2002,), the advent of Internet banking created a highly competitive market environment that had a significant impact on consumer behavior. Therefore, Internet banking providers need to better understand the factors that affect consumer acceptance for Internet banking. If it succeeds, banks will influence consumer behavior and it will be a big challenge to create future competitive advantage. Suggest that the type of financial product purchased has an impact on consumer purchasing behavior. Secondly, emphasizing trust and relationship is also very relevant to the strategy of banks and

other financial institutions. Third, the ability to maintain customers and increase the profitability of customers is very important. Individual differences in consumer behavior have been theorized and found to be related to the acceptance of new information technology such as Internet banking (Nelson, 1990.). According to Wang (2002.), the advent of Internet banking created a highly competitive market environment that had a significant impact on consumer behavior. Therefore, Internet banking providers need to better understand the factors that affect consumer acceptance for Internet banking. If it succeeds, banks will influence consumer behavior and it will be a big challenge to create future competitive advantage.

2.1.6. Challenges of e-banking

Although opportunities to banks, there are various difficulties such as the innovation of IT applications, the obscuring business sector limits, breaking modern boundaries, the passage of emerging competitors, and the development of new plans of action (Liao and Cheung, 2003). Another security issue associated with E-banking as introduced by the Economist journal (1999) recounts that E-banking insecurities is classified into three categories, firstly those associated with fraud and theft secondly those by hackers and lastly flaws in systems design or set up leading to security breaches (genuine users seeing being able to transact on other users accounts). All of these insecurities have financial and legal reputations. According to, Earl (2000) other challenges in line with electronic banking spans from the type of technology selected, lack of knowledge and lastly implementation. In this regard, we understand that bank managers know very well their business operation, its process and behavior of employees and their experience as well as educate the customers.

Online banking is definitely a significant move in the right direction as far as the convenience for the customer as well as the banker is concerned. However, it must be applied with adequate precaution to avoid falling prey to unscrupulous elements poaching the internet (Kolthom, 2008).

Patterns of the Internet Banking

There are 3 basic images of electronic banks on the internet (Rushdy, 2007):

- 1. Information Website:** It is the minimum level of electronic banking activity, through which the bank provides information about its programs and products and its banking services.
- 2. Communicative Website:** The website allows a type of communication exchange between the bank and its customers, packaging applications or on-line forms and modifies accounts data.

3. Transactional Website: The level at which the Bank exercised its services and activities in the electronic environment. It allows the customer to access and manage his/her accounts, make cash payments, paying bills, hold all the informative services, and make transfers between his/her accounts within the bank or with outsources.

Barriers Affecting the Adoption of Internet Banking

There are many obstacles and problems that have an impact on the application of an electronic banking project. Officials must develop a plan for the implementation of such a project and hold a comprehensive approach to the different environment variables that can arise and hinder the work plan in order to either to avoid them or to find solutions. According to researcher some of these barriers are:

- The local shortage of the capacity at the level of the information technology sector and telecommunications.
- Lack of resources to fund e-banking projects in the event of low financial returns.
- Delays in the development of the legal and regulatory framework which forms the basis for the electronic banking project.
- Resistance to change by customers fearing for the hackers.
- Lack of well trained employees among the branches and banks.
- Lack of personal computers.

2.2. Empirical Review of Related Researches

Adoption of Internet banking has been particularly noted in academic research over the past few years and investigated the factors of introduction. In research on the adoption of individual Internet banking, two important theories are used by researchers. These theories are technical acceptance model (TAM) and planned behavior theory (TBP). Nasri (2011) is investigated the determinants that accept Tunisian customers' Internet banking (IB). The purpose of this paper was to identify factors that affect the adoption of internet banking services in Tunisia. There were 253 respondents in Tunisia, 95 users of internet banks and 158 non-bank users of the Internet. Factor analysis and regression techniques were used to study relationships. As a result, the use of internet banking in Tunisia was shown to be most strongly affected by perceived convenience, perceived risk, security, and previous Internet knowledge. Only information on online banking did not affect the intention to use Internet banking services in Tunisia. This result also suggests that demographic factors have a major impact on the behavior of Internet banking. Finally, in this

paper we recommended that banks implement a new security policy, provide encryption and strong authentication, and provide a free demonstration computer course on the using internet banking for banking customers.

Braja (2005) conducted a survey to identify relevant factors that New Zealand bank customers will have in making decisions to use Internet banking. In this research we used TAM factors in addition to risk. As a result, it was shown that the ease of perceived use and the perceived usefulness have important relevance to the intended use. But risk is not important. This is contrary to other research results. This survey also shows that TAM has poor ability to explain the reasons for intention to use online banking services.

Perkins and Annan (2013) examined the factors that influence the adoption of online banking in Ghana. This study is based on TAM which is widely used in similar studies. Primary data was collected from randomly selected customers and analyzed using multiple regression analysis in SPSS. The results showed that the original constructs of TAM, perceived utility (PU), perceived ease of use (PEOU), and extension of government support. Trust and security was important to every customer's intention to adopt online banking.

Syed and Nida (2011) conducted a survey to investigate factors affecting the adoption of internet banking among internal and external customers in Pakistan. In this survey, we surveyed samples of 210 in-company and 151 external respondents, using surveys of survey surveys for customers both inside and outside. The internal customer was an employee of the bank being analyzed. Six hypotheses - convenience, perceived usefulness, information on online banking, Government support, perceived risks, and security and privacy. Next, we applied multiple regression techniques to internal and external data to investigate the relationships that exist among the factors for adopting the Internet banking service. As a result of the analysis, knowledge of Internet banking, recognition of risk, security, privacy is greatly affecting external customers increasing the willingness to adopt Internet banking services; government support is Internet recruitment banking service.

For convenience of factors, if external customers never found convenience, they concluded that they would never adopt the service. Finally, researchers finally apply Internet banking by minimizing fraud by providing the information in the easiest way, providing more usefulness and benefits, and providing more security and privacy we should recommend that some consideration be given to it. This will help the banks increase profits by cutting costs, saving time and retaining

more potential users. The finding that the information on Internet banking affects the adoption of Internet banking services is contradictory to the results of the aforementioned Nasri (2011). Rakesh and Ramya (2014) studied the factors influencing consumer adoption in Internet banking in India. A new element "perceived credibility" was proposed to enhance the understanding of Internet banking's acceptance behavior with respect to consumer perceived security, privacy issues and consumer perceived risks. In addition to the recognized reliability, recognition level, perceived ease of use, and perceived utility, there were other factors. The above factors were hypothesized that it would have a positive impact on the adoption of customers and each other's Internet banking. Data for the survey was collected from 100 participants through a survey conducted in Mysore, India. Consumer awareness has been found to have a positive impact on recognized ease of use, perceived utility in Internet banking, perceived reliability. Perceived ease of use affects consumer impact of Internet banking. The perceived utility will have a positive impact on recognized ease of use, recognized credibility, and adoption of Internet banking consumers. Perceived credibility has a positive impact on the adoption of Internet banking consumers. Kent E. et al. (2011) investigated customer acceptance of Internet banking in Estonia. Three factors were used to investigate what is affecting the use of customers' Internet banking. These are reliability, perceived utility, perceived ease of use. They recognized the usefulness and ease of use from the technology acceptance model and added trust as another factor. A quantitative survey was chosen to obtain data on the usage and attitudes of the Internet as a bank channel. They sent questionnaires to 9000 Bank customers in Estonia in order for customers to investigate the impact of the Internet Bank. Therefore, the findings suggest that Internet banking usage will increase if customers recognize it is useful. Recognized usefulness is central to determining whether the use of Internet banking is easily recognized will lead to an increase in the use of Internet banking. This means that well-designed, easy-to-use Internet banks cannot be used if you think they are not useful. Finally, they finally concluded that the recognized usefulness of Internet banking is an important factor for promoting customer use for banks. They also suggested that technologically acceptable models should be reconditioned to focus more on the important role of the recognized usefulness of services incorporated in the technology. They advised not only to make a user friendly Internet bank at the bank but also to make a tremendous effort to explain to the customer how the Internet bank is useful. Safeena et al. (2011) investigated customer views on the adoption of Internet banking in emerging Indian economies, using a convenient sample method for collecting student data for educational institutions through questionnaires. Research variables were recognition of utility, perceived risk, consumer acceptance, and perceived ease of use. Factor analysis techniques were used for this study. As a

result, perceived usefulness, perceived ease of use, perceived risk are the most important elements for adopting online banking and have been shown to be useful for creating a strategy development process. According to many surveys around the world, it has been shown that TAM variables are closely related to intention to utilize online banking services.

The same can be said in Ethiopia. Zeleke and Yitbarek (2013) conducted a survey to analyze factors influencing decision making adopting the e-banking service channel in Bahir Dar city. In this study we used variables from behavior theory and technology acceptance model. As a result, that attitude became clear. Subjective norms, perceived behavioral control, recognized utility and perceived ease of use and perceived risk were significant in influencing the user's intent using the electronic banking service channel.

This study also showed that in contrast to the TAM model, the recognized utility is not predicted by the perceived ease of use. This will be investigated in this study. Studies by Mohammed (2012) contradict the relationship between Yitbarek and Zeleke (2013) research results and TAM variables. This survey was done to identify and understand factors that affect bank customers' use of electronic banking services. This research consolidates the technical acceptance model (TAM) with the theory of the planned behavior model (TPB), and proposes a theoretical model by incorporating the five cultural dimensions and perceived risks. Primary data was collected from 387 valid questionnaires and distributed to random banking customers of all 26 licensed banks in Jordan. Hypotheses were verified using multiple regression analyzes. This research rejects this hypothesis when the results of Zeleke and Yitbarek showed that the recognized usefulness has a positive influence on the attitude and will to use. On the other hand, in this study Zeleke and Yitbarek's research refuses it when ease of use confirms a positive effect on the recognized usefulness.

From the empirical studies discussed above, the researcher comes up with two research gaps. The first is that most of the previous were made is abroad. Therefore, more things should be considered in order to see factors influencing the adoption of Internet banking services in the context of Ethiopia. The second gap is that most of the research does not include cultures (social elements) as elements. Therefore, this study cited culture (social element) as one of external factors. This factor uniquely makes this research from other studies that have been carried out in Ethiopia, in particular Jimma town so far.

2.3 Theoretical Framework

2.3.1 Theory of Reasoned Action

The theory of contemplated activity is a broadly examined demonstrates from social brain science which is made out of attitudinal, social impact and goal factors to foresee variables (Fishbein and Ajzen, 1975). As it can be seen beneath in figure 2.1, it is estimated that behavioral expectation is together dictated by demeanor toward performing conduct and subjective standard. Demeanor is characterized as individual negative or positive feeling about playing out a particular conduct and can be dictated by one's conviction that playing out the conduct will prompt different results duplicated by the subjective assessment of those consequences (Davis, 1986). Subjective standard alludes to the individual recognition that the vast majority who are critical to him think he ought to or ought not to play out the conduct in question (Fishbein and Ajzen, 1975). The hypothesis of contemplated activity additionally estimates that behavioral goal is the main direct influence of real conduct.

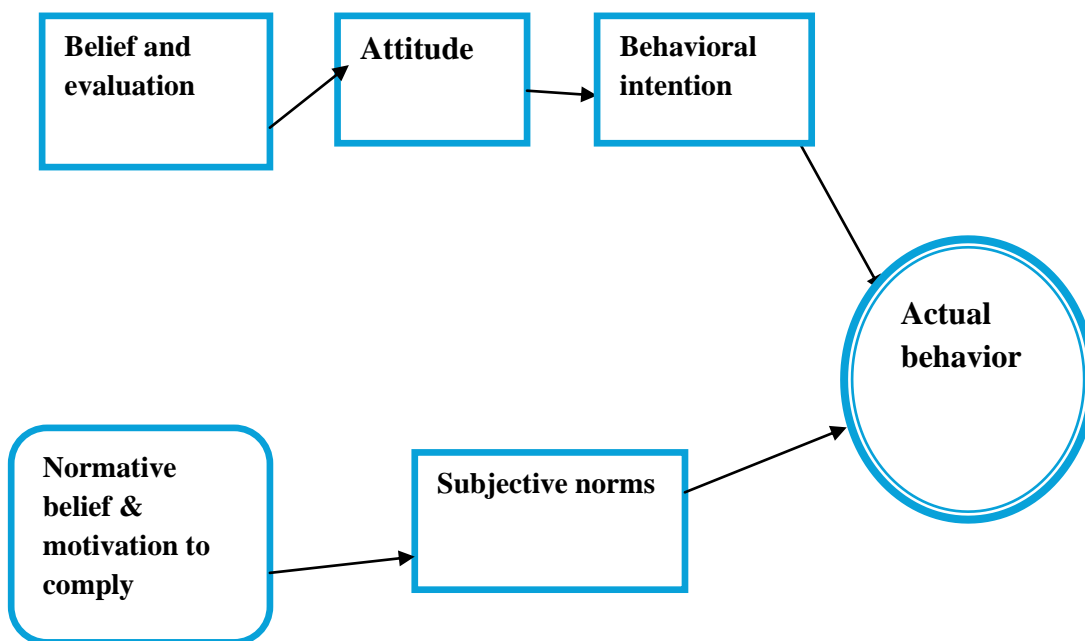


Figure2.1 Theory of reasoned action source adapted from Fisheben&Ajzen (1975).

2.3.2 Technology Acceptance Model

The Technology Acceptance Model (TAM), presented by Davis (1986), is an adjustment of the Theory of Reasoned Action (TRA) particularly altered for demonstrating client acknowledgment of data innovation (IT) (Davis, 1986). Davis (1986) expressed that the primary objective of TAM is to clarify the determinants of IT acknowledgment over an expansive scope of data advances and client populaces. In addition, Davis (1986) recommended that acknowledgment of IT can be controlled by two essential builds: saw convenience and saw usability of the innovation. While anticipating the acknowledgment of data advances, TAM proposes the accompanying elements are critical: outer factors; convictions about data innovation (saw handiness and saw convenience) states of mind, behavioral goal, lastly, genuine IT utilize. Davis (1986) recommended that utilizing a data framework is straightforwardly controlled by the behavioral aim to utilize it, which is thusly affected by the clients' states of mind toward utilizing the framework and the apparent value of the framework. State of mind and saw convenience is additionally influenced by the apparent usability. As per TAM, more noteworthy saw helpfulness and the apparent stability of a data framework will decidedly impact the disposition toward this framework. The demeanor thus prompts a more prominent expectation to utilize the framework, which decidedly influences one's real utilization of the framework.

2.4 Factors influencing customer's adoption of internet banking

2.4.1 Perceived usefulness

According to Davis (1986), the perceived usefulness can be defined as a degree of with a particular problem, which suggests that the problem is at least the somewhat understanding of the nature of the problem, even though the problem is not fully subjective belief that individuals use specific IT to improve their work performance. In other words, individuals believe that the use of IT positively benefits the performance of work related to their work. Recognized usefulness suggests that users believe that it is beneficial to use specific IT. In order for the user to hold such a belief, several conditions must be satisfied. First, if the user does not have prior experience understood to derive a solution I do not know. In general, users must also have experience in information technology. This experience provides the basis for evaluating the ability of information technology to the user and what kind of usefulness in what circumstances. In the formation of the first opinion, the user has no practical experience, but can know the ability of

information technology through other communication channels such as TV & newspapers like media and friends (Jiyune 2003).

2.4.2 Perceived ease of use

Recognized ease of use reflects "how much individuals believe that using specific IT does not require physical and mental effort". Davis (1986) insisted that all other things were equal, perceived that IT was easier to use than others, and claimed that it was more likely to be accepted by individuals. Perceived ease of use has both direct effect and indirect effect on attitude to use. The perceived ease of use is determined at least in part by the previous experience in the use of IT as well as the amount of training the user has received. Experience and training up to now improve IT utilization. For example, if an individual feels confident from previous experiences on a particular IT, that individual will take a positive attitude towards IT. This is a direct effect that perceived ease of use will have on attitudes. Davis (1986) also suggests a relationship between perceived ease of use and perceived utility. Increased perceived ease of use may contribute to improved performance. Constructs, perceived usefulness and perceived usability are extensively investigated by researchers. These studies generally confirm that perceived utility and perceived ease of use are important factors affecting IT usage.

2.4.3 Attitude

According to Schiffman and Kanuk (1997), attitudes are "learned predisposition to act consistently in a conveniently favorable or objectionable manner on a given subject". For example, in the case of an attitude towards a computer, the given object is a computer. In addition, attitudes can be learned through purchasing actions, direct experience of products, information acquired from others, exposure to mass media advertisements, etc. Furthermore, attitudes are relatively consistent with relevant consumer behavior (Jiyune, 2003). In the context of TAM, Davis (1986) defined the attitude as "degree of individual's evaluation impact on usage behavior." Attitudes towards use are jointly determined by two beliefs (recognized usefulness and ease of use).

According to Davis (1986), the behavioral intention reflects "the strength of intent of decision making to use, or supporting decision-making in mind". The behavioral intention is jointly determined by attitude and perceived usefulness. The relationship between attitudes and action intentions means that everything else is equal, that individuals with a positive attitude intend to carry out their actions. In addition, the perceived usefulness directly affects the behavioral intention. For example, even though an individual may dislike a particular IT, if individual's have high level of usefulness regardless of the individual's overall attitude towards IT, that individual may continue to use IT. In summary, the use of the information system is determined directly by the behavioral intent using it, and is influenced by the user's attitude towards the use of the system and the recognized usefulness of the system. Attitudes and perceived utilities are influenced by perceived usability. According to TAM, the usefulness of the information system and perceived ease of use will positively influence the attitude towards this system. That attitude leads to a stronger intention to use a system that has a positive impact on the actual use of the system

2.4.5 Culture

Culture has no accepted definition in general. Hofstede (1997) defines culture as a collective programming of mind distinguishing members of one human group from another human group. Shore and VenkataChalam et al. (1996) stated that culture reflects individual core values and beliefs. These values and beliefs are formed through childhood and strengthened throughout all our lives. Previous studies stressed the importance of culture (CUL) toward a better understanding of information system adoption (Al-Gahtani, Hubona, and Wang, 2007; Veiga, Floyd, and Dechant, 2001). Shore and Venkatachalam, (1996) emphasis the role of culture when transferring information technology applications across culture, before any technology transfer, it is necessary to study user requirements and needs. Those needs and requirement are heavily influenced by culture. Hence, there is a need to explore the role of national culture as one of the factors that is likely to influence the acceptance or resistance of electronic banking services.

There is no generally accepted definition for culture. Hofstede (1997) defines culture as the collective programming of the mind which distinguishes the member of one human group from another. Culture can also refer to the variation between values, beliefs and motivation of a diverse group (Goodman and Green, 1992). Shore and Venkatachalam (1996) stated that culture reflects individual core values and beliefs.

These values and beliefs are formed through childhood and reinforced all through their life. Leidner and Kayworth (2006) reviewed national culture studies found that over 60 percent utilized one or more of Hofstede's culture dimensions. These dimensions are:

- **Power distance (PD):** the extent to which the less powerful member of the institution or organization within a country expects and accepts that power is distributed unequally. McCoy, Galletta, and King (2007) found that the employees of the countries with high-power distance believe that the power is distributed unequally.

Hence, they tend to accept and complete duties assigned by them by the superior, even if they are unconfident of the superior's work ethics.

- **Uncertainty avoidance (UA):** the extent to which the member of a culture feel threatened by uncertain or unknown situation. People with low uncertainty avoidance are willing to take risks and to take individual decisions (McCoy et al., 2007).

- **Individualism vs collectivism (IDV).** Individualism stands for a society in which the ties between individuals are loose. Everyone is expected to look after himself or herself and his or her immediate family only. While collectivism stands for a society in which people from birth onwards, are integrated into strong, interrelated in a group which during people's lifetime, continue to protect them in exchange for unquestioning loyalty?

In low individualism cultures, people place higher importance on belonging to a group and respect opinion of the other members of the society (McCoy et al., 2007).

- **Masculinity vs. Femininity (MAS).** Masculinity stands for a society in which social gender roles are clearly different. While femininity stands for a society in which social gender roles overlap; both men and women are supposed to be modest, tender and concerned with quality of life. In a culture with high masculinity, men, not women, are socially pressured to excel, whereas in feminine cultures, both men and women may be socialized to the ambitious (McCoy et al., 2007).

- **Long term vs. short term orientation (LSO),** long term orientation stands for the encouragement of virtues oriented toward future reward, in particular, perseverance and saving. While short term orientation stands for the encouragement of virtues oriented related to the past and present, specifically, respect for tradition and full filling social obligation. According to Veiga et al.(2001), in culture with a high a high score of long term orientation , people are considered as future oriented and more forward looking.

2.4.9 Perceived Risk

Consumer behavior research defines perceptual risk (PR) about the potential adverse effects of customers recognizing uncertainty and purchasing products and services. The degree of risk recognized by customers and the tolerance of risk tacks are factors that affect purchase decisions (Nasri, 2011). The perceived risk also makes customers reject new technical services, and is related to reliability and system failure. Customers lack the confidence that problems can be resolved quickly as concerns are raised that technology-based service provision will not function as expected

2.4.10 Conceptual Framework

There has been few attempts...Or, There have been a few attempts to model the relationships between factors that affect the adoption of Internet banking. Existing literature has examined models to deal with factors that individually influence the introduction of Internet banking services but it is hardly knowledgeable about how these variables fit as part of a more comprehensive model It is not done. By creating a model of factors influence of internet banking, you can investigate related variables in detail. The following model show the factors that affecting the adoption of internet banking (see figure 2.2) are expected to be tested in the current survey.

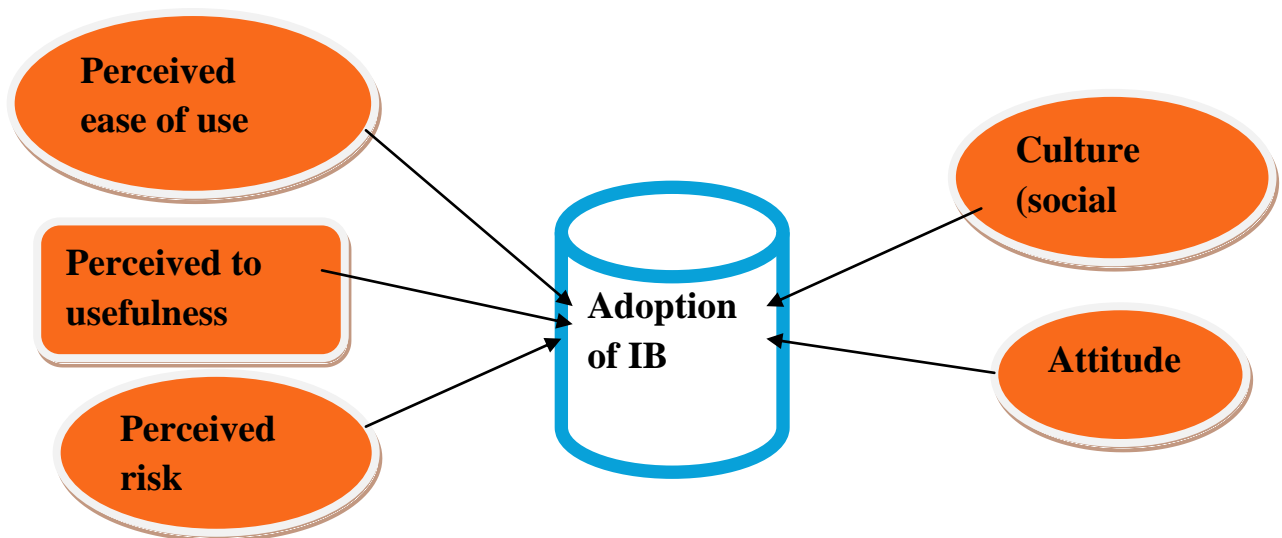


Figure 2: Modified conceptual frame work by the researcher

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1. Introduction

This chapter presents details of the research design and methodology. This includes the research design, sample size and sampling technique, data source and collection method and procedure of data collection. After the data collected, it is necessary to utilize statistical techniques to analyze the information as this study will be quantitative in nature. Therefore, the survey data are processed using SPSS (version 24). At the end the method of data analysis will be presented.

3.2. Research Approach

Since the aim of the study is to examine the factors affecting the adoption of Internet banking services and hypothesis have to tested, quantitative research method is used. Inferential study design is used to determine how the independent variables explain the dependent variables of the study.

3.3. Research Design

This research has been exploration attributes; the variables needs more detail data that is why the researcher wills choose this descriptive data. According to (Zikmund, 2000), exploratory research is conducted to clarify and research a better understanding of the nature of the problem. Consequently, it is appropriate to use when there are little prior knowledge of the problem being researched. (Saunders & Thornhill, 2003) argue that exploratory research is advantageous because it is flexible and adaptable to change.

Explanatory study designs using quantitative method were used to analyze the data collected from customers. This study used explanatory study design to explain and understand the relationship between variables that is factors affecting internet banking and intention to use.

3.4. Research approach

This study utilized cross-sectional survey; all relevant data were collected at a single point in time. The reason for using cross-sectional design is that it is a reasonable strategy to prefer cross-sectional survey to obtain pertinent information from cross-section of population at a single point of time. For the purpose of this study a quantitative approach of doing research was employed because, quantitative research answers questions through a controlled deductive process, allowing for the collection of numerical data, the prediction, the measurement of variables, and the use of statistical procedures to analyze and develop inferences from that data.

3.5. Sampling Design

The primary purpose of sampling is that by selecting some elements of a population, the researcher can draw conclusions about the entire population. The following section examines the target population, sampling elements, sampling method that was used for this study, and the motivation for selecting the sampling method. It also examines the sample size used for this study.

3.6. Data Source and Collection Method

3.6.1. Data Source

According to Kothari (1990) the task of data collection begins after a research problem has been defined and research design/ plan chalked out. While deciding about the method of data collection to be used for the study, the researcher should keep in mind two types of data viz., primary and secondary. Thus, data collected from both primary and secondary sources.

3.6.1.1. Secondary Sources

The secondary data are those which have already been collected by someone other than the investigator himself, and as such the problems associated with the original collection of data do not arise here. This study was conducted by gathering secondary data from various sources such as researches, international journal articles; E-sources research papers conducted locally, important books, and related to the topic.

3.6.1.2. Primary Sources

Primary data was collected using questionnaires. Naresh (2004) describes a questionnaire as a booklet of structured, standardized procedure, pre-coded and containing open ended questions at times that are used to collect information from the respondents who record their own answers. In order to realize the target, the researcher was engaged in well-designed questionnaire as the best instrument for the collection of primary data.

3.6.2. Methods of Data Collection

The research was conducted by analyzing the collected data. In order to assess the purpose of this study, a quantitative methodology involving a close ended questionnaire was used as the measuring instrument because it helps for the researcher to reach respondent in less cost and time and it also provide an opportunity to respondents to express their feelings freely. The questionnaires were also including dichotomous, multiple-choice response and scaled-response.

The layout of the questionnaire was made very easy to encourage the meaningful participation of the respondents and avoid confusion on the part of the respondents. Moreover, the questionnaire was designed so as to obtain information on aspect of perceived usefulness, perceived eases of use, attitude, culture (social factor), and perceived risk. These information was measured using Liker scale with five response categories (strongly disagrees, disagree, neutral, agree, and strongly agree). The data was gathered from 372customers in Jimma city. Customers was approached to participate in the research while they were waiting their turn to the counter and the researcher was stress clearly “the voluntary participation” criteria before distributing the questionnaire to each participant to fill in question.

3.7. 1.Target population

To achieve the objective of the study (research) the target population will be customers of private and government owned commercial banks which are currently using internet banking. Therefore, the target population was taken from the 5,260 of customers who are using internet banking in all of the six commercial banks which are providing internet banking services.

Table 3.1.Number of Internet banking users by Banks as of December 31, 2020

Name of bank	Register of user 2018/2019	Register of clients number 201920	Variances b/n 2019-2019/20
Commercial bank of Ethiopia	1958	2077	119
Corporate bank of Oromia	1129	1309	180
Awash bank	1007	1043	36
Wagegen bank	360	383	23
Nib bank	221	239	18
Buna international bank	193	209	16
Total	4868	5260	392

Source; banks reports

3.7.2. Sampling Elements

The respondents were customers from the six banks. The same questionnaire was distributed to different ranges of respondents which are based on age, gender, education level & income. As a result, it could help to generate different perception among the respondent to obtain the accurate result in the research.

3.7.3. Sampling Technique

Among various sampling techniques the researcher adopt Non-probability sampling technique by purposively select active users of internet banking based on their number of transaction posted via internet banking.

Non-probability sampling: the organizers of the inquiry purposively choose the particular units of the universe for constituting a sample on the basis that the small mass that they so select out of a huge one will be typical or representative of the whole (Kothari 2004).since it enable the researchers to collect data more effectively and quickly.

3.7.4. Sample size

The researcher used purposively sampling design techniques. Purposive sampling was used in this study due to the practical difficulties in obtaining the list and information of the target population and since it enables the researcher to collect the data more effectively and quickly. The number of clients selected from each bank was proportional to the market share of the bank in question. Bank with higher market share of deposit was given higher questionnaire for its customers.

Finally accidental sampling technique was used to select the clients in each bank to administer the questionnaire. The researcher went to the selected banks at a chosen day and administered the questionnaire to clients who came to into the banks to carry out transactions on that day, the researcher assisted clients in filling out the questionnaire. In all, 372 customers from across the six banks; Awash bank, Dashen bank, Cooperative bank of Oromia, Wagegen bank, Nib bank and Commercial bank of Ethiopia respectively.

The sample size n is calculated using the Yamane (1967) estimation of sample size given by

$$n = \frac{N}{1 + Ne^2}$$

$$5260 \div 1 + 5260 \times .0025 = 372$$

Therefore the study sampled 372 clients. To calculate for the minimum sample size for internet banking owned banks customers we use the proportional allocation,

$$n = N/N \times n$$

$$\text{Commercial bank of Ethiopia } n = \frac{2077}{5260} \times 372 = 147$$

$$\text{Corporate bank of Oromian } n_2 = \frac{1309}{5260} \times 372 = 92$$

$$\text{Awash bank } n_3 = \frac{1043}{5260} \times 372 = 73.76 \approx 74$$

$$\text{Wagegen bank } n_4 = \frac{383}{5260} \times 372 = 27$$

$$\text{Nib bank } n_5 = \frac{239}{5260} \times 372 = 16.9 \approx 17$$

$$\text{Buna international bank } n_6 = \frac{209}{5260} \times 372 = 14.78 \approx 15$$

3. 8. Data Processing and Analysis

3.8.1. Data processing

In this activity the first task is editing, coding, classification and tabulation of collected data. This data processing procedure has two consecutive phases:

First data cleanup in which the collected raw data was edited to detect errors and omissions in response and for checking that the questions are answered accurately and uniformly and Editing involves a thorough and critical examination of the completed questionnaire, in terms of compliance with the criteria for collecting meaningful data, and in order to deal with questionnaires not duly completed.

The next phase is the process of assigning numerical or other symbols was followed. Coding involves assigning numbers or other symbols to answers so that responses can be grouped into limited number of classes and categories. This helps to reduce the response into a limited number of categories or classes and then the process of classification or arranging large volume of raw data in to groups with common characteristics was applied. Data having the common characteristics was placed together and the data was summarized in tabulation and displayed for further analysis.

3.8.2. Data Analysis

Data analysis was consists examining, categorizing, tabulating, or otherwise recombining the evidence, to address the initial proposition of a study (Kothari 2004). The data analysis has been conducted by using the Statistical Package for the Social Sciences (SPSS) computer program. Regression analysis was applied to analyze the empirical date and Pearson Product Moment Correlation was added to conclude the regression analysis. These statistical measures contributed to test the research model validity. Statistical Package for Social Science (SPSS) software for version 24 was employed to analyze and present the data through the statistical tools used for this study, namely descriptive analysis, correlation and multiple regression analysis.

3.8.2.1. Inferential Analysis

According to Sekaran (2000:401), “inferential statistics allow researchers to infer from the data through analysis the relationship between two variables; differences in a variable among different

subgroups; and how several independent variables might explain the variance in a dependent variable.” The following inferential statistical methods are used on this research.

The Pearson Product Moment Correlation Analysis

Cohen and Swerdlik (2002) posit that the Pearson Product Moment Correlation Coefficient is a widely used statistical method for obtaining an index of the relationships between two variables when the relationships between the variables is linear and when the two variables correlated are continuous. To ascertain whether a statistically significant relationship exists between factors affecting internet banking (Perceived usefulness, Perceived ease of use, Perceived risk, attitude and culture (social factor) and intention to use the Product Moment Correlation Coefficient was used.

According to (McDaniel and Gates, 2006), correlation coefficient can range from -1.00 to +1.00.

The value of -1.00 represents a perfect negative correlation. While a value of +1.00 represents a perfect positive correlation. A value of 0.00 correlations represents no relationship. The results of correlation coefficient may be interpreted as follow

Value of the Correlation Coefficient	Strength of Correlation
1	Perfect
0.7 - 0.9	Strong
0.4 - 0.6	Moderate
0.1 - 0.3	Weak
0	Zero

Accordingly, on this study, Pearson’s Correlation Coefficient statistical method was used to determine the following relationships for the sample respondents.

- The relationship between Perceived usefulness and intention to use
- The relationship between Perceived ease of use and intention to use
- The relationship between Perceived risk and intention to use
- The relationship between attitude and intention to use
- The relationship between culture and intention to use

Multiple Regression Analysis

Multiple regression analysis takes into account the inter-correlations among all variables involved. This method also takes into account the correlations among the predictor scores.

Multiple regression analysis more than one predictor is jointly regressed against the criterion variable (Cohen & Swerdlik, 2002). This method is used to investigate the factors affecting the adoption of internet banking.

Regression functions

The equation of multiple regressions on this study is generally built around two sets of variable, namely dependent variables (Intention to use) and independent variables (Perceived Ease of Use, Attitude, Perceived Risk, Perceived Usefulness and Social factor). The basic objective of using regression equation on this study is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables.

Independent Variables Dependent Variables

Perceived Ease of Use Intention to use Attitude Perceived Risk Perceived Usefulness Social factor
 Regress Intention to use on the factors affecting the adoption of internet banking

Intention to use = f (Perceived Ease of Use, Perceived Usefulness, Attitude, Perceived Risk and Social factor)

$$IU = \alpha + \beta_1 PEU + \beta_2 PU + \beta_3 ATT + \beta_4 PR + \beta_5 SF + e$$

Where

IU = Intention to use

PEU = Perceived Ease of Use

PU = Perceived Usefulness

ATT = Attitude

PR = Perceived Risk

SF = Social factor

e = model error term

Mathematically,

$$Y_i = \beta_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$$

Where Y is the dependent variable- Intention to use X2, X3, and X4, X5 are the explanatory variables (or the repressor) β_1 is the intercept term- it gives the mean or average effect on Y of all

the variables excluded from the equation, although its mechanical interpretation is the average value of Y

When the stated independent variables are set equal to zero;

- β_2 , β_3 , β_4 and β_5 refer to the coefficient of their respective independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

3.8.2.2. Validity and Reliability

Validity

Before empirical analyses are conducted by using the instrument, reliability and validity test were done on items in the questionnaire instrument. Validity on the other hand refers to whether an instrument actually measures what it is supposed to measure. To assure validity, questionnaires were designed on the basis of previous studies' questionnaires and review of related literatures, the researcher selected multiple sources of evidence namely documentation and personal observation. Finally, the researcher used well established literature to construct the frame of references.

All variables are reliable since they exceed 0.70, signifying that they are reliable as shown in the table below

Variable	Reliability
Intention	0.971
Attitude	0.965
Perceived Usefulness	0.958
Perceived Ease of Use	0.970
Social factors	0.716

Source: own Survey 2020

In other to test whether grouped factors were correlated enough to be grouped together to form a factor, a reliability analysis was conducted. Since all the Cronbachs Alpha for the various factors were more than 0.7, we conclude that the factors were correlated enough to be grouped as

Reliability analysis
Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.742	.744	5

Source: own survey 2020

Before the questionnaires were formally distributed, a pre-trial reliability analysis was performed on 25 completed questionnaires to appropriately adjust the questionnaire design. According to (Nunnally, 1978) Cronbach’s alpha should be 0.700 or above. In this study, the value of Cronbach’s alpha is above the base line, which is greater than the standard value, 0.7. Thus it can be concluded that the measures used in this study are valuable and highly reliable.

3.9. Ethical Consideration

Ethics has been defined as that branch of philosophy which deals with one's conduct and serves as a guide to one's behavior (Mugenda and Mugenda, 2003).). In doing research, the researcher followed ethical guidelines to ensure that there was no physical or emotional harm to the participants of the research. The researcher avoided plagiarism and falsification of findings while conducting a research. Plagiarism refers to situations where a researcher refers to another person's work as theirs without their consent. In addition, plagiarism is a crime which is punishable by law and it erodes the integrity of the researcher plus the research paper (Sharp and Howard, 1996).Last but not least, the researcher was honest in gathering and analyzing data and interpreting the findings; data integrity was of priority. The findings will not be publicized or examined by other qualified researcher by reviewing the original data.

Further, all the techniques applied in doing the research were current and appropriate to the current problems. Therefore, by considering the above legal guidelines the researcher avoided legal penalties that compromise the integrity of their workthe participants were approached when they are waiting their turn. They were voluntary in order to have honest answer. They were briefed about the nature of study being carried out. Participants were assured that their responses would remain confidential.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter presented a discussion of the final results and the process through which the results were obtained. In addition to this, background information of respondents has been presented. Finally, the statistical methods of analysis were discussed, which included a descriptive analysis, a correlation analysis, and a multiple regression analysis through SPSS version 24. Concurrently, the result obtained from analysis is also compared with empirical studies to confirm if they are consistent.

4.2. Data Analysis and Interpretation

to facilitate ease in conducting the empirical analysis, the results of the descriptive analysis are presented first, followed by the inferential analysis. The first phase involved editing, coding and the tabulation of data. This assisted in identifying any anomalies in the responses and the assignment of numerical values to the responses in order to continue with the analysis. The data was then checked for possible erroneous entries and corrections made appropriately. The statistical program used for the analyses and presentation of data in this study is the Statistical Package for the Social Sciences (SPSS) version 24.

4.2. Descriptive statistics

the descriptive statistics utilized are based on frequency tables to provide information on the demographic variables, internet usage and internet banking. Through tables, summary statistics such as means, standard deviations, minimum and maximum are computed for each of the factors affecting internet banking service in this study. This is followed by presentation of inferential statistics based on each hypothesis formulated for the study. All statistical test results were computed at the 2-tailed level of significance. The alpha levels of .05 and .01 selected a priori for test of significance for correlations and multiple regression analysis. A total of (372) questionnaires were distributed to ten purposely sampled commercial bank staffs, one state owned bank (Commercial bank of Ethiopia) and five private banks (Awash Bank, Dashen Bank, Corporate bank of Oromia, Wagegen Bank, Nib International Bank, commercial bank of Ethiopia) and the researcher received (372) responses from a total of four hundred (372)

questionnaires distributed, which represents percent (100%) response rate, thus enabling meaningful data analysis.

4.3. Respondent demographic profile

The study participants on survey questionnaire have different personal information; besides these differences they introduce different responses towards internet banking and E-banking usage and the factors that adoption E-banking adoption. The following discussion shows these differences. The demographic profile of respondents, participated in this study was shown this section.

4.3.1. Gender

As reflected in table 4.1, sixty seven point eight percent of the study participants were male and thirty two point three percent were female. This shows that most of the study participants are male.

Table4.1 Gender of respondents

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	255	67.8	67.8	67.8
	Female	117	32.3	32.3	100.0
	Total	372	100.0	100.0	

Source: owns survey 2020

4.3.2. Age

table 4.2 shows the age groups into which respondents fell. Fourth percent of theirrespondents fall into the 20 to 30 age group, thirty-ninepoint five percent of them in the 18 to 20agegroup, eleven point five percent in theagegroup, seven percent in the over 41 to 50 agegroup and only two percentages above 51 years group age. The demographic age profile of the study participants shows that the 20 to 30age group is dominant.

Table 4.2 Age of respondents**Age**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-20	42	11.5	11.5	11.5
	20-30	152	40.0	40.0	51.5
	31-40	148	39.5	39.5	91.0
	41-50	24	7.0	7.0	98.0
	above 51	6	2.0	2.0	100.0
	Total	372	100.0	100.0	

Source: owns survey 2020

4.3.3. Education levels of Respondents

the education level of the participants varied widely. Table 4.3 below indicates that 55.5 percent of the respondents were first degree holder, twenty one point three percent have diploma holder, and twelve percent have master's degree, holder and five point five percent secondary school. Four percent primary school and only one point eight percent have above master's holder. This shows that the majority of respondents were first degree holders.

Table 4.3 Educational Levels of respondents

Education		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Primary school	16	4.0	4.0	4.0
	Secunder school	22	5.5	5.5	9.5
	Diploma	85	21.3	21.3	30.8
	BA degree	194	55.5	55.5	86.3
	Masters	48	12.0	12.0	98.3
	Above MSc	7	1.8	1.8	100.0
	Total	372	100.0	100.0	

Source: owns survey 2020

4.3.4. Monthly Income

Table 4.5 displays the monthly income of respondents accordingly; fourth two point five of the respondents have monthly income ranges between Br 4,000 to Br 7,000, while twenty one point eight percent were in the ETB 7,000 to Br 20,000 bracket. Eighteen point five the income range Br 4,000 level, twelve point eight the range between Br 10,000 to 14,000 brackets and four point five above Br 14,000 income bracket. On the below table more domination the range income Br 4,000 to 7,000

Table 4.4 Monthly Income of respondents

Monthly Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Br 4000	74	18.5	18.5	18.5
	Br 4001-7000	142	42.5	42.5	61.0
	Br 7001-10000	87	21.8	21.8	82.8
	Br 10001-14000	51	12.8	12.8	95.5
	Br 14001-20000	18	4.5	4.5	100.0
	Total	372	100.0	100.0	

Source; own survey 2020

Table 4.3.5: Usage of Internet Banking

Usage of internet banking					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	372	100.0	100.0	100.0

Source; own survey 2020

TABLE 4 10 FACTOR LOADINGS

Research Variables	Factor Loading	Cronbach Total %	Alpha Cumulative
Perceived Ease of Use (PEOU)		.93	
Using the Internet Banking (IB) service is easy for me	.752		
I find my interaction with the IB services clear and understandable	.731		
It is easy for me to become skillful in the use of the IB services	.716		
Overall, I find the use of the IB services easy	.703		
Perceived Usefulness (PU)	.89	.88	
Using the IB would enable me to accomplish my tasks more quickly	.705		
Using the IB would make it easier for me to carry out my tasks	.682		
I would find the IB useful	.614		
Overall, I would find using the IB to be advantageous	.595		
Perceived Risk (PR)		.85	
Internet banking is risky.	.728		
Banking on the Internet entails uncertainty or vulnerability	.595		
There are negative outcomes on Internet Banking.	.648		
I find it dangerous to bank over the Internet.	.584		
Attitudes (ATT)		.82	
Using the IB is a good idea	.732		
I would feel that using the IB is pleasant	.696		
In my opinion, it would be desirable to use the IB	.689		
In my view, using the IB is a wise idea	.621		
I believe that using internet banking would be an amazing experience			
I would see myself using the IB for handling my banking transactions			
Culture		.79	
respects of tradition will not hamper performance	.605		
Using the IB for handling my banking transactions is something I would do the exchange favors & gifts not necessary to excel	.638		
Men usually solve problems which logical analysis. Women usually solve problem with intuition.	.594		
I would see myself using the IB for handling my banking transactions	.553		
working within team is better than working alone	.56		

Source: Own survey, 2020

Table 4.6 Cross tabulation of gender and Usage of Internet Banking

A cross tabulation of sex and usage of internet banking reveals that 243 of males sampled for the study used internet banking while 129 where, out of the total number of females sampled for the study, 129 of them were users of the internet banking users of the service.

Gender & usage of IB Cross tabulation

Count		Usage of IB		Total
		Yes	No	
Gender	Male	243	-	243
	Female	129	-	129
Total		372	-	372

Source; own survey 2020

Table 4.5:usage of internet banking

Do you use internet banking?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	372	100.0	100.0	100.0

Source: Own survey, 2020

Also a cross tabulation of age and usage of internet banking shows that the highest within age group users of internet banking was the age group of 50 years and above recording 100% usage within the age group. This followed by the group the age group between 21-30 years recording highest percentage users. The lowest with they age group users where the age group less than 14 years.

Table 4.7 cross Tabulation of age and usage of internet banking

age of respondents		Usage of IB		Total
		Yes	No	
	20yrs	37		37
	21-30	104		104
	31-40	136		136
	41-50	81		81
	51 above	14		14
Total		372		372

Source: Own survey, 2020

A cross tabulation of education level and usage of internet banking products reveals that sample individuals whose highest qualification was masters level had more users of internet banking.

Table 4.8 Cross Tabulation of Education level & use IB

	Usage of IB		Total
	Yes	No	
education level primer school	60	60	
seconder school	44	44	
Diploma	83	83	
Degree	103	103	
masters& above	48	48	
Total	372	372	

Source: Own survey, 2020

Table 4.7 Cross tabulation of age and use IB

age of respondents and usage of internet banking Crosstabulation

Count		usage of internet banking	
		yes	Total
age of respondents	20yrs	37	37
	21-30	104	104
	31-40	136	136
	41-50	81	81
	51 above	14	14
Total		372	372

Source: own survey 2020

4.4. Descriptive Statistics

Perceived ease of use (PEOU) refers to the degree to which a person believes that using the system will be free of effort (Davis et al., 1989). Perceived usefulness (PU) is defined as the extent to which a person believes that using a system will increase his or her job performance

(Davis et al., 1989). The degrees of risk that customers perceive and their own tolerance of risk tacking are factors that influence their purchase decision (Nasri, 2011). According Karjaluoto et al. (2002) showed that prior experience with computers and technologies and attitudes towards computers influence both attitudes towards online banking and actual behaviors.

According to Davis (1986), behavioral intention reflects the table below shows the mean and standard deviation for the variables, The mean for Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, intention to Use, perceived risk, attitude and culture are 2.59, 2.59, 2.66, 2.50, and 2.72 respectively. According to the likert (1632), the variables Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, perceived risk, attitude, and culture are in the range of higher level. Therefore the researcher can understand the respondents have higher level of Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, perceived risk, attitude, and culture.

Table4.8: Descriptive Statistics

Descriptive Statistics	N	Minimum	Maximum	Mean	Std. Deviation
Culture	372	1	5	2.59	.596
Attitude	372	1	5	2.59	.67
Perceived of risk	372	1	5	2.66	.705
Perceived Usefulness	372	1	5	2.50	.374
Perceived Ease of Use	372	1	5	2.72	.615
Valid N(list wise)	372	1			

Source: Own survey, 2020

4.5. Correlation Analysis

Pearson correlation analysis was conducted to examine the relationship between the variables (Wong and Hiew, 2005). As cited in (Wong and Hiew, 2005) the correlation coefficient value (r) range from 0.10 to 0.29 is considered weak, from 0.30 to 0.49 is considered medium and from 0.50 to 1.0 is considered strong. However, according to (Field, (2005), correlation coefficient should not go beyond 0.8 to avoid multi col-linearity. Since the correlation coefficient in the table are all less than 0.8, we can assume that there is no multi-collinearity problem in this research.

Table 4.12: Correlation Coefficients

In this topic the researcher going to analysis the relationship between perceived ease of use and perceived usefulness with the other variables separately. Correlation analysis is a method of statistical evaluation used to study the strength of a relationship between two, numerically measured, continuous variables (. perceived ease of use and perceived usefulness).The particular type of analysis is useful when researcher wants to establish if there are possible connection between variables. It's often misunderstood that correlation analysis determines cause and effect., however ,this is not the case because other variable that are not present in the research may have impacted on the results., so the researcher uses correlation to analysis the direct and inverse relationship between the variables each other's. According to the below correlation matrix, all the Pearson Correlation coefficients are significant because all the sig value is less than the 5% level of significant.

Therefore the correlation between Perceived Ease of Use, perceived Usefulness, perceived risk, attitude, and Culture are .723, .566, .546, .315, and 0.217 respectively. Based on the classification of Dancey and Reidy's (2004), the correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, perceive Usefulness, perceived risk, attitude, and culture are strong and positive and the correlation between perceived usefulness and adoption of e banking is moderate and positive.

The correlation between Adoption of internet banking, Perceived Ease of Use, perceived Usefulness, perceived risk, Attitude and Culture are .723, .626, .315, 467 & .435 respectively this value tells about correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, , perceived risk, attitude, and culture are positive and strong.

The correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, perceived risk, Attitude, and culture are 0.566, 0.626, 0.698, .321., .& .389 respectively this value tells about correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, perceived risk, Attitude and culture are positive and strong and Adoption of internet banking is 0.566 this value shows a positive and moderate correlations.

The correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, perceive risk Attitude and culture are .566, .626, .698, .321 & .389 respectively this value tells about correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, perceive risk, Attitude and culture are positive correlation and Adoption of internet banking, this value shows a positive and moderate correlations.

The correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, perceived risk, attitude and culture are .315, .467, .321, .562 & .59 respectively this value tells about correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, perceived risk, Attitude and culture had positive and moderate correlations.

The correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, perceived risk, Attitude, and culture are .217, .435, .339 .584,& .590 .respectively this value tells about correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, attitude and culture had positive, strong and 0.584 implies moderate correlations.

The correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, perceived risk, and culture are .217, .435, .339 .584,& .590 respectively this value tells about correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, Attitude and culture had positive, strong and 0.590 implies moderate correlations.

		Correlations					
		Adoption of IB	PU	PEOU	PR	ATT	CULT
Adoption of IB	Pearson Correlation	1					
	Sig. (2-tailed)						
PU	Pearson Correlation	.723	1				
	Sig. (2-tailed)	.04					
PEOU	Pearson Correlation	.566	.626	1			
	Sig. (2-tailed)	.04	.058				
PR	Pearson Correlation	.546	.773	.698	1		
	Sig. (2-tailed)	.03	.000	.058			
ATT	Pearson Correlation	.315	.467	.321	.562	1	
	Sig. (2-tailed)	.045	.436	.048	.436		
CULT	Pearson Correlation	.217	.435	.389	.584	.590**	1
	Sig. (2-tailed)	.04	.491	.452	.491	.000	

** . Correlation is significant at the 0.01 level (2-tailed).
 * . Correlation is significant at the 0.05 level (2-tailed).

Source: Own survey, 2020

REGRESSION

In this topic the study is going to describe the relationship between the dependent variable (Adoption of internet banking) and the independent variable; Perceived Usefulness, Perceived Ease of Use, perceived risk, Culture and Attitude. To do this, let start with the overall significance of the regression model test.

TABLE 4.6 REGRESSION Analyses

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.6685a	.782	.779	.45688

a. Predictors: (Constant), Attitude, Perceive Risk, Perceive ease of use, Perceived usefulness, Culture

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	283.22	5	47.32	229.34	.000
	Residual	82.463	392	.209		
	Total	365.385	397			
a. Dependent Variable: Adoption of IB						
b. Predictors: (Constant), Attitude, Perceive Risk, Perceive ease of use, Perceived usefulness, Culture						

Source: Own survey, 2020

Model Summary

Before we come to the individual variable first we should check the assumption of multiple linear regression models that is the assumption. The coefficients of the selected variable the p value of all variables Perceived usefulness, perceived ease of use, perceived risk, Culture and Attitude is less than 0.05 that is the variable PU,PEOU,PR, Attitude and Culture have a significance effect on the adoption of internet banking. The coefficient of PU is 0.351 this value tells about, if the PU is increased by one percent the adoption of internet banking is improved by 0.351. According to the below table the coefficient of the PEOU, PU, PR, ATT & CULT are .490, .351, .38, .231, & .286 respectively. This table tells about if the PEOU, PU, PR, ATT & CULT is increased by one percent automatically the value of the adoption internet banking.

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error			
1	(Constant)	.759	.246		.715	
	Perceived usefulness	.351	.086	.228	4.315	.018
	Perceive ease of use	.490	.075	.490	5.579	.030
	Perceive Risk	.380	.083	.272	3.417	.025
	Culture	.231	.043	.121	4.404	.086
	Attitude	.286	.038	.243	5.848	.039
a. Dependent Variable: Adoption of IB						

Source: Own survey, 2020

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

The study sought to analyze the factors affecting the “internet banking adoption” in Jimma town from the customer’s perspective. Responses of clients of commercial banks in Jimma town were analyzed using the factor analysis and the multiply regression. The summary results, conclusion and recommendation of the study are presented in this Chapter.

5.1 summary

The objective of this study was to investigate the factors that affecting the adoption of internet banking in Jimma, determine the chance of a customer adopting internet banking given a particular factor and compare the internet banking adoption of clients of private and public owned banks. The study found that five factors were significant in influencing clients of commercial banks in Jimma to adopt internet banking using the exploratory Factor Analysis Age, education level and income are the most influential demographic variables affecting Internet usage. Typical internet banking users tend to be well educated, relatively young and are high income earners. The study revealed that demographic factors have a great impact on consumer attitudes and behavior towards internet banking (Karjaluoto, 2002). The consumer demographic factors were found to have significant relationship with internet banking adoption when tested.

According to the correlation matrix, all the Pearson Correlation coefficients are significant because all the significant value is less than the 5% level of significant. Therefore the correlation between adoption of internet banking against The correlation between Adoption of internet banking, Perceived Ease of Use, perceived Usefulness, perceived risk, Attitude and Culture are .723, .626, .771, .467 & .435 respectively this value tells about correlation between Adoption of internet banking, Perceived Usefulness, Perceived Ease of Use, , perceived risk, attitude, and culture are positive correlation.

. The overall regression model is significant. The value of R² is 0.785a which implies that about 66.85% of variation in adoption of internet banking service is expressed in the variation on perceived usefulness and perceived ease of use, perceived risk, attitude and culture. The

coefficient results show that the adoption of internet banking is primarily and positively affected by perceived ease of use ($\beta = 0.49$), Perceived usefulness ($\beta = 0.351$), perceived risk ($\beta = 0.286$), attitude ($\beta = 0.231$) and culture ($\beta = 0.231$). This figure tells about if the perceived usefulness and perceived ease of use, perceived risk, attitude, and culture is increased by one percent automatically the value of adopting internet bank can improve with 49%, 38%, 23.1%, 28.6%, and 21% respectively. This implies that the perceived ease of use is the most important predictor of the adoption of internet banking. Perceived usefulness also has a significant impact ($\beta = 0.351$) and appears to be the second determinant of a customer's adoption of e-banking. Moreover, perceived usefulness and perceived ease of use has an indirect influence, on risk, attitude and culture the adoption of internet banking which indicated that perceived usefulness and perceived ease of use has both direct and indirect influences on the adoption of internet banking. As we know from previous research, perceived usefulness and perceived ease of use was always an important determinant of attitude in TAM (Chau, 1996; Davis et al., 1989). Attitude toward to use also has a significant impact on attitude of internet banking. Perceived risk also has a significant impact on the adoption of internet banking.

5.2 Recommendations

I recommend that commercial banks in jimma should take a keen interest in making the internet banking platforms easy to use or user friendly since this impacts more on client's adoption of the product. Additionally the more clients are aware of the internet banking products and its benefits the more they are likely to adopt this product as suggested by this study. Hence banks should make it a point of educating its clients and the general public about the internet banking product and its benefits. Also, banks should make their internet banking platforms readily available as frequently breakdown of platforms can influence the adoption of the internet banking products of the bank. "Push" strategies related to awareness of internet banking services are essential in the early adoption stages. As internet banking services are still new for Jimma, effective presentations using all forms of media services. It is essential to provide a well-designed and user friendly web site to attract potential adopters' attention. Customers should not be allowed to spend a lot of effort or time, to adopt internet banking services.

5.3 Limitation of the study

In carrying out the study there were some limitations that are likely to have impact on the study. The study could not get the total number of clients of each bank in order to estimate the number

clients of each bank to administer the questionnaire. The share of deposits of the respective banks were used in allocating the number of clients of the banks to administer questionnaire to. In cases where the shares of deposits of banks are not proportional to the number of clients of the banks, this assumption could be flawed.

Also, the use of purposive sampling techniques in the study could influence the study as result of the personal bias of the investigator in selecting the banks for the study. There is no possibility of knowing extent of accuracy achieved when this method is used and also the sampling error cannot be estimated. Additionally, the perspective of clients of other banks that were not sampled, on internet banking as a result of the choice purposive sampling will not be captured on this study. Also, the use of accidental sampling could also lead to bias in sampling the clients.

5.4 Suggestions for Future Studies

First, future studies should be carried out on non-adopters of Internet banking to investigate their adoption intentions of such services. Also, future research can extend this model to different contexts. The model can further be applied to identify the differences between adopter and non-adopter groups. The model can further be integrated with additional variables that are not included in this research. For example, new models can also be designed in a way to reveal the differences of adoption behavior in different cultures. Cross-cultural adoption models would significantly contribute to the development of the literature.

This research followed a cross sectional approach. The future study /research/ can employ longitudinal approach to observe the effect of additional variables to investigate in different time periods and make comparisons, thus providing more insight into the phenomenon of internet banking adoption.

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APPENDEX

JIMMA UNIVERSITY

SCHOOL OF GRADUATE STUDIES

M.Sc. IN ACCOUNTING AND FINANCE

Questionnaire to be distributed to Internet Banking Customers in Jimma Town

Data collecting Questionnaire

Project Title:-The factors affecting adoption of internet banking on the perspective of customers commercial bank of Ethiopia

I am a Master student at Jimma University who is doing this particular research. The main objective of this research is to find out the factors what factor affecting adoption of internet banking. You are being invited to take part in a research by answering the questions. Since your idea and contribution on the study will be quite significant, please take a time and give appropriate answer that fill for the questions.

SECTION I: Background Information

Instruction: Fill in the provided spaces

1. Education level

- Primary level University level
- Secondary level Professional qualification
- College level

2. Technological Infrastructures

I) Does the existing technological infrastructure support adoption of internet banking?

Yes No

If it's yes, explain-----

(II) Existence of poor technological infrastructure in terms of data *networks and telecommunication facilities hinders effective adoption of internet banking?*

Strongly disagree
Agee

Strongly disagree

Disagree

Not sure

(III) Using a scale of 1-5 where 5=very large extent,4=large extent, 3=moderate extent,2=small extent and 1=not at all. Could you rate the extent to which the following factors influence *the effectiveness of technological infrastructure to affect adoption of internet banking?*

Factors influencing the effectiveness of technological infrastructure	5-Very Large extent	4- Large extent	3- Moderate Extent	2- Small extent	1-Not at all
Data networks					
Computer hardware and software's					
Internet speed and access					

(IV) Could you briefly explain how technological infrastructure affects adoption of internet banking in commercial banks in jimmatown?

(V) From your own option how the technological infrastructure improved in order to support adoption of internet banking?

2. E-transaction security

(I) has the bank embraced effective E-transaction security systems?

Yes

No

If 'yes', explain-----

(II) Does E-transaction security affect adoption of internet banking by the bank?

Yes

No

If 'yes', explain-----

(III) Low level of E-transaction security hinders effective adoption of internet banking?

Strongly agree

disagree

Agree

strongly disagree

not sure

(iv) Using the scale of 1-5 where 5=very large extent, 4=large extent, 3=moderate extent, 2=small extent and 1=not at all. Could rate the extent to which the following factors influence *E-transaction security to affect adoption of internet banking?*

Factors influencing E-transaction security	5-Very Large extent	4-Large extent	3-Moderate Extent	2- Smallextent	1-Not atall
Internet Hacking					
Fraud					
Weak online security systems					

(V) Could you briefly explain how E-transaction security affects adoption of internet banking in banking?

(VI) From your own opinion, how could commercial banks improve on the E-transaction security in order to support adoption of internet banking?

(VII) In your option how could commercial banks improve on the E-transaction security in order to support adoption internet banking?

3. Regulatory Framework

(I) Is there an effective regulatory frame work for monitoring the application of internet banking?

- Yes
- No

If yes explain.....

(II) Does regulatory frame work affect adoption of internet banking in commercial banks in jimma ?

- Yes
- No

If yes explain -----

(III).Lack of effective regulatory frame work hinders effective adoption of internet banking in commercial banks?

- Strongly agree Disagree
- Strongly disagree not sure

(IV).using a scale of 1-5 where 5=very large extent, 4=large extents 3=moderate extent,2=small extent and 1=not at all. Could you rate the extent to which the following factors influence *regulatory frame work to affect adoption of internet banking?*

Factors influencing	5VeryLarge	4-Large	3-Moderate	2-Small	1-Not at
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Regulatory framework	extent	Extent	Extent	extent	all
Banking Policies					
Change in banking industry					
Financial regulations					

(V) Could you briefly explain how regulatory framework affects adoption of internet banking in commercial banking in jimmatown?

(VI) From your own opinion, how regulatory framework should be improved in order to support adoption of internet banking?

General Instructions: For your free and genuine responses, please tick (√) mark one choice

Section one Demographic Details

2.1 Gender

Male	
Female	
2.2 Age category	
18-29	
30-39	
40-49	
50<	

2.3 Monthly Income

Less than 4000 Birr	
R 4000 to 7000 Birr	
R 7000 to 7999 Birr	

R 8000 to 8999 Birr	
Over 10000 Birr	
OTHER	

2.4 Educational qualifications

degree/diploma or above	
Matric	
Some high school	
Other (Specify	

Please tick (√)

Please answer questions below by putting (√) symbol on the appropriate blank cell. **1** for „strongly disagree“, **2** for „disagree“, **3** for „no option“, **4** for „agree „and **5** for „strongly agree“.

Question

answer

Perceived Usefulness	1	2	3	4	5
1. Internet banking will enable me to accomplish my banking task more quickly.					
2. Internet banking will make it easier for me to do my banking.					
3. Using internet banking will decrease my cost of banking.					
4. Internet banking saves time compared to traditional banking					
Perceived Ease of Use					
5. internet banking is easy to use					
6. Internet banking is not complicated to use.					
7. I can use internet banking without anyone helping me					
Perceived Risk					
8. Using internet banking may expose me to fraud or monetary lose.					
9. I am not confident with the security aspects of internet banking.					
10. Internet banking is not as secure as conventional banking (going directly to the branch).					

11. Using internet banking is not safe .					
Attitude					
12. it's convenient					
13. avoiding staying in line & time saving					
Culture					
14. respects of tradition will not hamper performance					
15. the exchange favors & gifts not necessary to excel					
16. up holding one's personal image contributes in the goal achievement					
17. Men usually solve problems which logical analysis. Women usually solve problem with intuition.					
18. working within team is better than working alone					
19. group success is more important as group warfare					

Thank you for all