JIMMA UNIVERSITY
SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF EFFECT OF PERCEPTION OF CUSTOMERS TOWARDS USING ELECTRONIC BANKING IN AWASH BANK: A CASE STUDY OF BOLE BRANCH

BY

YOHANNES SOLOMON

MARCH, 2020
ADDIS ABABA, ETHIOPIA

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A Research Project Submitted to Jimma University School of Graduate Studies in Partial Fulfillment of the Requirements for Master of Business Administration

MARCH, 2020
ADDIS ABABA, ETHIOPIA

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SCHOOL OF GRADUATE STUDIES

This is to certify that the thesis prepared by Yohannes Solomon entitled: **"Assessment of Effect of Perception of Customers Towards Using Electronic Banking in Awash Bank: A Case Study of Bole Branch"** and submitted in partial fulfillment of the requirements for degree of masters of business administration complies the regulations of the university and meets the standards with respect to originality and quality.

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DECLARATION

I, the undersigned declare that this thesis is my original work, prepared under the guidance of Dr. Chalchissa Amentie. All sources of materials used for this thesis have been duly acknowledged. I further confirm that this thesis has not been submitted either in part or in full to any higher learning institution for the purpose of earning any degree.

Yohannes Solomon _____

Signature

Jimma University, Ethiopia **March, 2020**

ENDORSMENT

This thesis has been submitted to Jimma University, school of graduate studies for examination with my approval as a University advisor.

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_____

Signature

Jimma University, Addis Ababa **March, 2020**

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Abstract

The purpose of this study is to examine the effect of perception of customers towards using electronic banking in Awash Bank: a case study of bole branch. More specifically, the study aims to identify and describe the relationship between customers benefit perceptions, customers risk perceptions, customers reliability perceptions, customers responsiveness of perceptions and usage of electronic banking services of Awash Bank, bole branch. The study employed a causal research design and used a quantitative research approach. The study also employed simple random sampling technique. A survey was conducted by using 267 structured close ended questions which were distributed to customers of Awash Bank, bole branch. Descriptive and multiple regression statistical tools were used to examine the causal relationship between customers benefit perceptions, customers risk perceptions, customers reliability perceptions, customers responsiveness perceptions and usage of electronic banking services. The findings of the regression analysis showed that customers benefit perceptions, customers risk perceptions, customers reliability perceptions and customers responsiveness perceptions are positively and significantly affected usage of electronic banking services of Awash Bank, bole branch. Thus, this study recommended that the banks should really give emphasis on addressing the correlates of perception effect so as to increase the usage of electronic banking services in Awash Bank, bole branch.

***Keywords**: Customers benefit Perception, risk perception, reliability perception, responsiveness perceptions, E-Banking, Usage, Awash Bank.*

List of Acronyms

AB	Awash Bank
ATM	Automated Teller Machine
CBE	Commercial Bank of Ethiopia
EBOAB	Electronic Banking Operation of Awash Bank
EFT	Electronic Funds Transfer
GTP	Growth and Transformation Plan
ICT	Information and Communication Technology
IT	Information Technology
PDA	Personal Digital Assistant
POP	Point of Purchase
PSS	Premium Switch Solutions
POS	Point of Sale
SMS_s	Small and Medium Enterprises
SMS	Short Message Service

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Financial services industry over time has opened to historic transformation that can be termed as e-developments which is advancing rapidly in all areas of financial intermediation and financial markets such as e-finance, e-money, e-banking (electronic banking), e-brokering, e-insurance, e-exchanges, and even e-supervision. The new information technology (IT) is turning into the most important factor in the future development of banking, influencing banks marketing and business strategies. In recent years, the adoption of e-banking began to occur quite extensively as a channel of distribution for financial services due to rapid advances in IT and intensive competitive banking markets (Mahdi and Mehrdad, 2010**).**

Nowadays, the electronic technology is playing a major role for the world of business especially in banking activities. Electronic banking (e-banking) is the newest delivery channel for banking services which make Competition between banks and forced them to find new market to expand (Daniel,1999). Hence, banks have begun to offer electronic banking services to improve the effectiveness of distribution channels through reducing the transaction cost and increasing the speed of services. Recently, electronic banking has become the way for the development of banking system, and the role of electronic banking is increasing in many countries. It offers opportunities to create services processes that demand few internal resources, and therefore, lower cost. As well as it provides wider availability and possibility to reach more customers (Mian and Rizwan, 2013).

E-banking is the term used for new age banking system. It is also called online banking and it is an outgrowth of PC banking (personal computer). Electronic banking has changed the traditional way of banking transactions. Through the e-banking customer do not visit to the bank office in order to carry out banking transaction. For instance, customers are using automated teller machines (ATM) in place of cashier tellers, and credit cards and electronic cash in place of bank transactions. It also allows customers to submit their applications for different services make queries on their account balances and submit instructions to the bank and also electronically transfer funds to their accounts, pay bill, and conduct other banking transaction online. It relies

greatly on information and communication technology (ICT) to attain its promise for 24 hours availability and faster delivery of financial services (Grui Anton, 2010).

E-banking in Ethiopia point of view, Awash Bank (AB), which plays a catalytic role in the economic progress and development of the country, is the second bank to bring home the e-banking technology and successfully implement the Card Banking Project to provide modern banking services for its customers. And currently Awash Bank defines e-banking service as a service conveyed through the support of technologies namely Automated Teller Machine (ATM), Point of Sale (POS), Mobile Banking and Internet Banking.

The strategic goal of the Awash Bank (AB) for e-banking service is to "create cashless society in the country". The E-banking strategy of the bank is in consensus with the country's Growth and Transformation Plan (GTP), which plans to "mobilize funds through increasing financial sector accessibility and developing the service", and also to "bring improved banking service and modern payment system such as cards and mobiles with its impact on reducing transaction costs" (The revised strategy of E-banking operation of Awash Bank, 2018).

However, despite the general increase in implementation and availability of e-banking service, the targets of creating cashless society are not achieved as expected. Electronic Banking has been widely used in developed countries and is rapidly expanding in developing countries. But, In Ethiopia cash is still the most dominant medium of exchange, and electronic banking systems are at an embryonic stage (Garedachew, 2010).

Due to this, the current study will examine the effect of customers perception towards the e-banking service, since consumers perception of technological innovations such as e-banking may influence their actual usage of the technology.

1.2 Statement of the Problem

In Ethiopia the evolution of E-banking started from the use of Automated Teller Machine (ATM) as commercial bank of Ethiopia introduce it in 2002. Today almost all private banks of the country are adopting electronic banking as a means of enhancing service quality of their banking service.

Though, E-banking is about using electronic techniques to create opportunities, create new markets, new processes and growth the creation of wealth using electronic mediums, the

development of Ethiopian e-banking system has largely been affected by the dominance of cash. In Ethiopia, cash is a king since the bulk of personal consumption is done through the medium of cash. Cash remains as the main method of payment especially among individuals. For being companies in particular this has resulted in problems of cost and delay, arising from the counting bundling, transporting and depositing of large volumes of cash, as well as the risk and inconvenience of dealing with counterfeiting and the treatment of damaged notes (Worku, Tilahun, Tafa 2016).

Despite the general benefits of e-banking instruments, the perception, awareness and rate of usage of electronic banking service in Ethiopia is still relatively low when compared to the rest of the developing countries. Currently Awash Bank, which is the first private commercial bank, has 1.3 million customers and out of this; only 272,000 customers are ATM card holders and 45,589 customers registered to use mobile and internet banking service i.e. 23% of AB customers are not e-banking users. And out of these registered e-banking users also on average 9% of the users has inactive status i.e. they are not using the service rather they are using the traditional banking system, according to the information obtained from Electronic Banking Operation of Awash Bank (EBOAB) as of June 30, 2019.

Donna Pace (2016) in the study of Customers Perceptions towards Online Banking Services in Malta, indicated that the percentage of internet banking users in Malta is very high, however there are still those that believe that the traditional way of doing banking is more appropriate for their needs and the obtained results suggest that the main factors that both users and nonusers of internet banking would like to change or add include: the fees and/or the transfer charges between one bank and the other, a more user friendly system and/or more knowledge about the service, and increased safety and security.

Elisha Menson (2007), in his study of "E-banking in developing economy": empirical evidence from Nigeria, the results of this study shows that the Nigerian customers have problems of security, access, and no enough knowledge regarding e-banking services rendering by banking sector in Nigeria.

Sintayehu (2015) conducted a study on effect of perception on electronic banking service on two private banks (Wegagen and Dashen bank) and CBE in Addis Ababa. The researcher adopts explanatory approach so as to explain the relation between variables. However, in taking sample the researcher does not consider the size of the bank rather he took 100 samples from each bank.

As the researcher stated the proportion of CBE from the population of the study were about 58.2% whereas the sample were selected equally from the three banks. In addition in measuring the effect of perception he used a model developed for retail not for e-banking.

Similarly million (2013) conducted a study on effect of perception of e-banking by taking samples from Dashen and Wegagen banks at Gonder city. However, the researcher only considers ATM as e-banking since there were no other e-banking products at the time. Moreover, the study limited on two branches and do not include the largest bank (i.e. CBE) that own largest portion of the country's bank customers. Some other researchers were also conducted on e-banking but their main focus was related with the adoption of the e-banking not on its effect of perception on e-banking.

Kassahun (2016) conducted his study on challenges and opportunities in adoption and development of electronic banking in Ethiopian banking industry in the case of selected private banks. Abebe (2016) also studied opportunities and challenges in the adoption of e-banking service. Alyaw (2015) conducted his study on assessment in challenges and prospects of e-banking.

This shows there is a gap in perception and awareness about the usage of e-banking service. Therefore, the purpose of this paper is to get a deeper understanding of the effect of perception of customers towards using electronic banking service in Awash Bank bole branch.

1.3 Objectives of the Study

1.3.1General Objective

The main objective of the study is to assess the effect of perception of customers towards using electronic banking service provided by Awash Bank bole branch.

1.3. 2 Specific Objectives

1. To examine the effect of perception of benefits on usage of E- banking service provided by Awash Bank bole branch.
2. To examine the effect of perception of risks on usage of E- banking service provided by Awash Bank bole branch.
3. To examine the effect of perception of reliability on usage of E- banking service provided by Awash Bank bole branch.

4. To examine the effect of perception of responsiveness on usage of E- banking service provided by Awash Bank bole branch.

1.4 Hypothesis of the Research

Hypothesis 1

H_{01}: benefit perception of electronic services has negative effect on the usage of E-banking in AB bole branch.

H_{a1}: benefit perception of electronic services has positive effect on the usage of E-banking in AB bole branch

Hypothesis 2

H_{02}: risk perception of electronic services has negative effect on the usage of E-banking in AB bole branch.

H_{a2}: risk perception of electronic services has positive effect on the usage of E-banking in AB bole branch.

Hypothesis 3

H_{03}: reliability perception of electronic services has negative effect on the usage of E-banking in AB bole branch.

H_{a3}: reliability perception of electronic services has positive effect on the usage of E-banking in AB bole branch.

Hypothesis 4

H_{04}: responsiveness perception of electronic services has negative effect on the usage of E-banking in AB bole branch.

H_{a4}: responsiveness perception of electronic services has positive effect on the usage of E-banking in AB bole branch.

1.5 Significance of the Study

The purpose of the study is to know the effect of perception of customers towards electronic banking service in Awash Bank bole branch and also to provide possible solutions to the concerned bodies to maximize opportunities that can improve the awareness and acceptance of using the e-banking services.

The result of the study will help bankers and any relevant decision makers to be aware of the effect of customer's perception towards the e-banking technology and the impact it has on the actual usage of the service. It also provides an opportunity for decision-makers and managers of the Banks to take appropriate corrective measures in the area to accelerate the positive perception factors for the advancement of e-banking usage. Moreover, the result of the study may provide additional research insight into how customer's perception of reliability, responsiveness, benefits and risks regarding with e-banking service can affect the actual usage of the technology and inspires other researchers to conduct more researches in the area.

1.6 Scope of the Study

This study will confine only to know the effect of customers perception towards using the e-banking service in Awash Bank. The study will conduct on Awash Bank bole branch which were purposely selected; for it's a leader on an outstanding performance in the e-banking service delivery among the other branches according to EBOAB annual report. It will also delimit to the AB customers who have been using any one or more of e-banking service channel at least for one year by selecting purposely. The study will examine customers benefit perception, customers risk perception, customers reliability perception and customers responsiveness perception as independent variables and the actual usage of e-banking service as dependent variable.

1.7 Organization of the Research Report

The paper will consist five chapters. The first chapter deals with introduction, background of the study, statement of the problem, basic research questions, objectives of the study, significance of the study, scope of the study and organization of the paper. Chapter two presents review of related literatures. Chapter three will describe the methodology of the study. The empirical findings of the study will be presented in chapter four. Chapter five will deal with summary, conclusions and recommendations. Finally, references will be listed; appendices and annexes will be attached at the end.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

2.1 Introduction

This chapter inspects literature on previous studies that are in line with the research objectives of this study that include: to assess the effect of customers reliability perception of electronic services provided by Awash Bank, to assess the effect of customers responsiveness perception of electronic banking services provided by Awash Bank, to assess the effect of customers benefits perception of electronic services provided by Awash Bank, to assess the effect of customers risks perception of electronic services provided by Awash Bank on the actual usage of the electronic services.

2.2 Theoretical Literature

2.2.1 Concepts of Electronic Banking

E-banking is the abbreviation of Electronic Banking. The term electronic banking can be described in many ways. In a very simple form, it can mean the provision of information or services by a bank to its customers, via a computer, television, telephone, or mobile phone and it is a high-order construct, which consists of several distribution channels. It should be noted that electronic banking is a bigger platform than just banking via the Internet (Daniel, 1999). This implies it is the transactions that take place through electric system like web.

Due to the introduction of technology many banking sector use e-banking for the purpose of information source as well as transaction, as the results e-Banking users can perform many banking transaction like balance inquiry, paying of bill, checks writing transfer of funds from one account to another (Mian and Rizwan, 2013). E-Banking provides facility to their customers and to fulfill customer's expectation about this service. Electronic banking systems provided easy access to banking services. The interaction between user and bank has been substantially improved by deploying ATMs, Internet banking, and more recently, mobile banking (Claessens et al. 2002).

Electronic banking (E-banking) reduces the transaction costs of banking for both Small and Medium Enterprises (SMEs) and banks. SMEs need not visit banks for banking transactions,

providing round the clock services (Cheng, 2006). Customers prefers e-banking for conveniences, speed, round the clock services and access to the account from any parts of the world (Cheng, 2006). E-banking offers benefits to banks as well. Banks can benefit from lower transaction costs as E-banking requires less paper work, less staffs and physical branches (Cheng, 2006). E-banking leads to higher level of customers satisfaction and retention (Poatoglu & Ekin, 2001).

2.2.2 Definition of E-Banking

Different researchers define e- banking in different ways, the following section show some of these definitions:

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

The definition of electronic banking varies among researchers, because electronic banking refers to several types of services through which bank customers can request information and carry out most retail banking services via computer, television or mobile phone (Daniel, 1999). Banks have used electronic channels to do banking operations with both domestic and international customers. Currently, banks are mostly using electronic channels to receive instructions and deliver their products and services to their customers. Although the range ofservices provided by banks over the electronic channel varies widely in content, this form of banking is generally referred to as electronic banking (Azouzi, 2009).

E-banking can also be defined as the use of a computer to retrieve and process banking data (statements, transaction details, etc.) and to initiate transactions (payments, transfers, requests for services, etc.) directly with a bank or with other financial service provider remotely via a telecommunications network (Yang, 1997). Another definition of E-banking is that, it is a variety of platforms such as internet banking or online banking, TV-based banking, mobile phone banking, and PC (personal computer) banking (or offline banking) whereby customers access these services using an intelligent electronic device, like PC, personal digital assistant (PDA), ATMs, POS, kiosk, or touch tone telephone (Alagheband, 2006).

2.2.3 Deferent Forms of E-Banking

Among the many e-banking delivery channels to provide banking service to customers, ATM, internet banking, POS, Mobile banking and agency banking are the most widely used and discussed below:-

Automated teller machines (ATM)

It is a machine where cash withdrawal can be made over the machine without going in to the banking hall. It also sells recharge cards and transfer funds; it can be accessed 24 hours/7 days with account balance enquiry (Fenuga, 2010). ATM is same as teller point but it run automatically through identity like card and password. It does not need any slip or Check but it is very much based on account holders ATM card and it's Password. Generally, ATM machines provides the same services, such as money withdrawal, fund transfer, balance enquiry, mini statement, and money transfer from one account to the other.

Internet Banking

Internet banking allows customers of a financial institution to conduct financial transactions on a secure website operated by the institution, which can be a retail or virtual bank, credit union or society. It may include any of transactions related to online usage. Banks increasingly operate websites through which customers are able not only to inquire about account balances, interest and exchange rates but also to conduct a range of transactions. Unfortunately, data on Internet banking are scarce, and differences in definitions make cross-country comparisons difficult (Alabar, 2012).

Point-of-Sale Transfer Terminals (POS)

POS also sometimes referred to as point of purchase (POP) or checkout is the location where a transaction occurs. A "checkout" refers to a POS terminal or more generally to the hardware and software used for checkouts, the equivalent of an electronic cash register. A POS terminal manages the selling process by a salesperson accessible interface. The same system allows the creation and printing of the receipt. POS systems record sales for business and tax purposes (Shittu, 2010).

Mobile Banking

Mobile banking also known as M-Banking is a term used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone or PDA. The earliest mobile banking services were offered over Short Message Service (SMS), a service known as SMS banking. Mobile banking is used in many parts of the world with little or no infrastructure, especially remote and rural areas. This aspect of mobile commerce is also popular in countries where most of their population is unbanked. In most of these places, banks can only be found in big cities, and customers have to travel hundreds of miles to the nearest bank. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customized information (Tiwari et al., 2007).

Agency Banking

Agency Banking is a service outlet contracted by financial institution or mobile network operator to process client's transactions rather than a bank teller. It is the owner or an employee of the retail outlet who conducts the transaction and lets its client deposit, withdraw and transfer funds, pay their bills, inquire about an account balance, or a direct deposit from their employer, or receive government benefits. Banking agents can be pharmacies, super markets, conveniences stores, lottery outlets, post offices etc. (Ivatury & Layman, 2006).

2.2.4 Evolution of E-Banking System

Electronic innovation in banking industry can be traced back to 1970, when the computerization of financial institutions gained momentum (Malak, 2007). Chai (2006) also mentioned the transformation from traditional, bricks and mortar; banking to E-banking has been momentous. Since the advent of Automatic Teller Machine (ATM) the retail banking industry witnessed such significant and extensive change. The ATM has delivered on the promise made in the 1970s, providing consumers with the convenience of 24 hours 7 days service and creating more cost effective transactions for financial institution.

Technology continues to make a dramatic and profound impact in service industry and radically shapes how services are delivered. In the banking sector, technological dimensions affect the marketing and distribution of products or services. The same products can be distributed via different distant channels depending on the technology and delivery channels used (Binter, et al,

2002). As Parisa (2006), stated development in telecommunication and information technology has aided innovation in the banking business.

The emergence of Automated Voice Response technology enabled banks to offer telephone banking services to their customers. Recently the banks managed to offer banking services to their customers using personal computers operated by customers at their convenience over the internet. He also stated the internet technology is playing a vital role in the banking industry like on other areas. According to Vinton Cerf, the father of internet, the internet which was born in 1969, would certainly "catch fire" Cerf estimated that three billion users would be online by 2010 and the number of devices online could be anywhere from six to thirty billion by 2020.

Obviously the impact of the internet technology on human beings' ways of life cannot be underestimated as the use of internet for information as well as doing business becomes increasing through time. Two crucial factors face the financial services industry as it enters the third millennium. First, consumers continue to demand individualized goods and services, and demand them faster than ever. Second, the world is undergoing a "Knowledge Revolution" whose consequences will dwarf even those of industrial revolution. These two trends converge in the new digital media that will allow everyone to interact and transact with their banks from virtually anywhere (Chai, 2006).

As Browni: Molla (2005) mentioned most banks in developed and some in developing parts of the world are now offering E-banking services with various levels of sophistication. History of the E-banking tells that many established banks in developed countries began with ATMs and evolved through personal computer banking, telephone banking, internet banking, and mobile banking. It appears that E-banking has dawned in Africa with internet banking. Similarly, Richard and Alemayehu (2006) also stated that most African banks also seem to be content with having a web presence with only few of them making strides towards full-fledged E-banking applications.

2.2.5 E-Banking System in Ethiopian Banking Industry

The appearance of E-banking in Ethiopia goes back to the late 2001, when CBE introduced the service for local users with its eight ATMs located in Addis Ababa (Gardachew, 2010). Then after Dashen Bank come to the picture in the year 2006 with its ATMs that provide service for

local Dashen Vis Card holders and international Visa Cardholders coming to Ethiopia. United Bank S.C is the first to introduce tele -banking - including text messages or SMS by the end of 2008. Currently, United Bank starts to deliver E banking services like ATM, internet, mobile and agent banking (United Bank SC web report, 2015).

Wegagen Bank is introducing a Core Banking System as of July 2000 that helps to connect its Head Office & all branches through network. Through its versatile ISO Standard Core Banking System, the Bank is now delivering more efficient services to its customers. The system has also enabled the Bank to provide technology-based banking services such as Card payment services (through ATM & POS), internet banking as well as mobile banking services (Wegagen Bank SC web report, 2015).

Zemen Bank has launched prepaid bank cards which can be used without opening a deposit account at the bank. The cards will have preloaded funds, which can be withdrawn from ATMs or used to make purchases from POS terminal. The prepaid cards will be given to the cardholders with a PIN to withdraw the cash. The prepaid cards can be used as gift cards or employee salary or expense cards, which can avoid the need to carry around a large amount of cash. The cards can be preloaded with a minimum of 100 Br. and a maximum of 50,000.00 Br. and reloaded after the previous funds have been fully utilized. The bank will take a commission each time a card is loaded (Fortune, 2012).

Currently, there are only a few agreements in place to share ATM resources. The first was the Premium Switch Solutions (PSS), which was established by three banks in 2009 namely Awash International Bank S.C., Nib International Bank S.C and United Bank S.C., with a capital of 165million Br, and now has six member banks, including Awash International Bank S.C., United Bank S.C., Nib International Bank S.C., Berhan International Bank S.C., Addis International Bank S.C and the Cooperative Bank of Oromia S.C. It is the first certified Third Party Payment Processor by the regulatory party, National Bank of Ethiopia and starts its operations in July2012.

Moreover, PSS has made its system certified by VISA, Master Card and Union pay. Hence, members connected to PSS network can issue and acquire cards with these brands. Per the plan of PSS, there will be one ATM at every branch of the consortium banks, all domestic airports serviced by commercial service, shopping complexes and merchants. The agreement is the first significant cooperation between competing banks in Ethiopia, which others should be

encouraged to follow as there is no single bank in Ethiopia that can afford to provide extensive geographical coverage and access (Ayana,2012).

2.2.6 Benefits of E-Banking for Banks

It should be noted that e-banking can bring about various benefits for banks and their customers as well. It is obvious that cost savings, efficiency, gaining new segments of customers, improvement of the banks reputation and better customer services and satisfaction are primary benefits to banks (Jayawardhena & Foley, 2000). In addition, Jayawardhena & Foley (2000) noted that setting up a specialized E-banking infrastructure costs about US $1 to $2 million, which is much lower than setting up a banking branch.

In addition, the authors conclude that costs for running a traditional bank account for 50% to 60% of its revenues. Under the view of Robinson (2000), relevant costs for conducting a banking transaction via online are much lower than via a brick and mortar branch. Moreover, Sheshunoff (2000) contends that one of the most important factors influencing the adoption of E-banking by banks is the need to build up strong barriers to customer exiting. Under the view of the author, once customers become familiar with the utilization of full service E-banking, it is unlikely that they will change to another financial institution.

Such an argument can be supported by the consumer behavior theory that switching costs are often very high in terms of time and efforts by consumers. Finally, the author emphasizes that the implementation of E-banking can bring about many competitive advantages for banks in today's highly competitive banking market. A research on E-banking has been carried out in Denmark by Mols (1998). The author argues that E-banking can play an important role in enhancing cross-selling and price differentiation. Banking can make favorable conditions for banks to provide customers numerous services hours a day and 7 days a week. e-banking can improve customer satisfaction with the bank due to the fact that it makes customers less price sensitive, and improve their intention to repurchase, and more loyalty to the bank via providing more positive words of mouth about the bank than other bank customers.

2.2.7 Benefits of E-Banking for Customers

It should be noted that E-banking is not only brings about benefits to banks but also to their customers. Thanks to the emergence of the Internet, banking transactions are no longer limited to time and geography. It is very easy for consumers throughout the world to access to their bank

accounts 24 hours per day and seven days a week. Customers can enjoy a variety of services, especially services which are not provided by traditional bank branches (Pham, 2010).

It is argued that one of the greatest benefits that e-banking brings about is that it is not expensive or even free for customers to utilize E-banking products/services. However, some people believe that prices appear to be one factor that is impedimental to the diffusion of E-banking (Sathye, 1999). The price debates often revolve around geographical differences and disparities between costs of Internet connections and telephone call pricing. It has also been believed that E-banks have been changing to respond to customer's increasingly changing demands (Pham, 2010).

There has been a tendency that customers don't want to travel to or from a bank branch to conduct some banking transactions. In other words, they want to utilize E-banking to save time and money. E-banking can bring about convenience and accessibility, which will have positive effects on customer satisfaction and loyalty (Pham, 2010). It is totally possible for customers to manage their banking transactions whenever they want and to enjoy improved privacy in their interactions with the bank. In addition, customers can enjoy more benefits at lower cost levels by utilizing E-banking (Mols, 1998). It is contended by Turban (2008), that E-banking is really beneficial to customers in terms of cost savings, no limit on time and space, quick response to customer complaints, and better services/products. Such benefits are believed to elevate customer satisfaction.

2.2.8 Perceptions towards Reliability of Electronic Banking

2.2.8.1 Concept of Reliability

Parasuraman et al., (1985) defined reliability as involving accuracy in billing; keeping records correctly; performing the service at the designated time; offering services as stated; dependability in handling customers' service problems and performing services right the first time. Furthermore, they identified reliability as the most important factor in conventional services (Parasuraman et.al.,1988). Zeithaml, (2000) state reliability that concerns with the technical functioning of the site and the information that is provided is accurate from online perspective. According to Yang et al., (2004) reliability consist of accurate order fulfillment; accurate record; accurate quote; accurate billing; accurate calculation of commissions and keeping service promise.

According to Jun &Cai, (2001) the reliability consists of correct service, keeping service promise as advertised in the banking area and accurate record keeping. Reliability shows the service provider's ability to perform services in a dependable and accurate manner (Safwan et al., 2010). It also involves doing it right the first time as it is acrucial service component for customers (Messay, 2012). It is noted that being reliable is an exceptionally important quality to have, especially in the banking industry (Ghost & Gnanadhas, 2011). Reliability improvement is necessary in service quality enhancement efforts. This is because when a firm is unreliable, it communicates less concern to what customers care about. Customers may form a negative perception about the firm and will switch to a competitor without second thoughts (Sakhaei et al., 2014). It is not easy for many types of service businesses to maintain a higher level of reliability day in day out.

Customers view, experience and judge mishaps in the service sector immediately they interact with the firm (Mudassar et al., 2013). In such a sector, variability occurs largely when services are being offered. It is difficult for service providers to control such variations since each employee is somewhat different from the others in personality, skills and attitudes (Mohammad & Alhamadani, 2011). A reliable service may not drastically affect customer satisfaction in a good manner. However a company that is seen to offer unreliable product or service will highly be viewed incompetent hence a negative effect on customer satisfaction. Reliability is viewed as one of the prerequisite for customer satisfaction (Chau & Kau, 2009). The key aspects under reliability include: offering services as stated; reliability in taking care of client service problems; performing services right at the first time and maintaining error free records (Armstrong, 2012).

2.2.8.2 Providing Service as Promised

According to Ramzi, (2010) providing services as promised is one of the important factors of customer satisfaction. A good way of impressing customers is by doing what you promised and doing it right at the first time experience, this will enhance repeat business. Messay (2012) also observed that the delivery of service stands to be the most important aspect for clients and a major cause of customers relinquishing their account if it's not realized.

Offering services as stated is thus necessary across business. This will grow a companies' character and with good character there are higher likelihoods of repeat business. In addition, new business will be generated by word of mouth and it will set a firm apart from its competitors as well. This is due to the similarities of their product but their business could lack in delivering

as stated (Armstrong, 2012). Lau et al., (2013) pointed out that providing service as promised is important to the bank because if a customer is expecting the bank to do something for them, they should be able to rely on them to do it as promised. Consequently, if the bank does not, then the reputation of the bank may be affected and that customer will not believe that they are reliable thus, loss of trust (Atlik, 2009).

2.2.8.3 Dependability in Handling Customer Service Problems

Lau et al., (2013) argued that complaints offer banks the chance to solve immediate problems. Further, they frequently offer valuable ideas to refining products and services, redesigning sells practices or modify material and information service. When customers come with complaints, they should not be ignored. This would offer an opportunity to the business of attending to the random problems, and experience of pulling through mistakes. Attending to problems professionally may change a frustrated client to loyal one. This is needed for good reputation (Toosi & Kohonali, 2011).

Banks are striving hard to maintain current accounts, and to sign others in order to show that they can be relied on (Karim & Chowdhury, 2014). In today's economy, we no longer have an industry in which good advertisements and corporate social responsibility will earn customers. The incredible development has exposed clients to a variety of choices, and majority of the businesses desire to get all these clients to their side (Hossan, 2012). An organization has to show why clients have to stick with them and not shift to a competitor. Customer's perceptions may vary from one service to the other. The concept of customer perception is built up by customer experiences, how they perceive the service they are offered and ultimately by whether they actually are satisfied with their experiences or not. One way of competing more successfully for businesses today is by offering true customer service and service quality (Wilson, Zeithaml, Bitner & Gremler, 2008).

Eventually, the success of the business is settled by how strongly the image of the products and services the business is offering meets the customers' expectations (Porter &Claycomb, 1997).Bank customers frequently look to any signs that may be used as pointers of dependability. These enable them to judge the services of the banks and the bank's employees (Mohammad & Alhamadani, 2011). Customer satisfaction should be a major goal of any business. A management aspect that demonstrates this, is how companies are adjusting their rules and regulations to meet customer expectations instead of deafening their ears. Enable

front line employees to use their discretion while handling customers' problems as they occur (Dharmalingam & Kannan, 2011). Responding effectively and efficiently to customer's dissatisfaction has been found to be beneficial in banks. Firms which practice and teach its employees complaint management have an advantage over their competitors and look dependable (Angelova & Zekir, 2011).

2.2.8.4 Performing Services Right at the First Time

In a service firm, the most efficient method for minimizing mistakes is ensuring activities are done right at the first time. This involves ensuring that all tasks are done in the required manner at the first instance and every other time in a firm (Toosi & Kohonali, 2011). The first step to completing service processes right the first time, is to measure the current level of performance. Employees can start by measuring the number of transactions that meet this goal and comparing this to the total number of transactions. Any process that receives input from another internal process should be measured. Employees can then approach the problem in a logical manner and find the reasons behind poor performance in service (Onditi et al., 2012).

Ghost & Gnanadhas, (2011) go further to add that measuring the first time right performance of service personnel might be a change for many firms. Bank managers may be used to judging their staff by the time it takes them to resolve a customer query. However, staff may not always provide complete information to customers, which can result in repeat complaints. Thus it is essential to link an employee's performance with the tasks that are completed correctly the first time (Abdullah & Ariokiasamy, 2013). Abdullah & Arikiasamy (2013) also asserted that delivering high service quality right at the first time demands use of modern equipment that can perform the required service.

There should be standard of excellence and a direction to attain customer satisfaction by providing necessary equipment, tools and proper freedom to achieve the tasks. Firms should believe in investing in people by listening to their concerns and provide training. Moreover teaching them how to use the modern equipment will improve firm's productivity and quality standards. Current and potential customers expect collaboration and flexibility brought about by technology (Angelova & Zekir, 2011).

2.2.8.5 Maintaining Error Free Records

Capturing and retaining customers is a fundamental factor of a company's ability to instill confidence. This communicates reliability, their representatives and agents are ready to support them when needed, and that customers records are error free (Safwan et al., 2010). According to Atlik & Arslan, (2009) proper record keeping enables a firm run more efficiently. This in return may lead to profitability. Having records that are accurate allow businesses to have complete updated list of its income, expenses, assets and liabilities. With this information, banks are able to know where its strengths and weakness are in their operations (Siddiqi, 2011). It is a legal requirement for banks to have error free records. It is therefore important for banks to keep records accurately in a professional manner and adhere to the banking legal standards (Taiwo et al., 2011).

A business that fails to keep complete and accurate financial records puts its success and sustainability in jeopardy. Providing accurate records of contact with the customer will help in continuity of the relationship between firm and the customers (Ouyung, 2010). Business records can be maintained manually, computerized on a spreadsheet or kept online. A firm should ensure the system it uses is easy to operate and complements the business for employees to keep records as required (Abdullah & Arikiasamy, 2013). Keeping business records can be overwhelming at first. The key is to break things down activities and workloads into simplified, manageable tasks. This will later enable an employee have the records up to date and can access them easily. It is much easier to do this than to let paperwork pile causing difficulty in retrieving while information is required by the customer (Gbadeyan & Gbonda, 2011). It is difficult for a customer to see how business processes have improved, if the records of that company are questionable (Timothy, 2012).

2.2.9 Customer Perceptions of Responsiveness of Electronic Banking

2.2.9.1 Concept of Responsiveness

According to Parasuraman et al., (1985) responsiveness concerns the willingness and readiness of employees to provide service. It involves timeliness in the delivery of services; keeping customers informed as to when services will be performed; willingness to help customers and readiness to respond to customers requests. According to Zeithaml et al.,(2000) responsiveness means the ability of e-tellers to provide appropriate information to customers when a problem occurs, put in place mechanisms for handling returns and provide online guarantees. Thus,

responsiveness is very important especially when online customers have questions or run into problems.

Additionally, Yang et al., (2004) through investigation of online services, refer responsiveness as prompt response to customer requests, the speed in solving customer problems, and prompt service. While according to Jun & Cai, (2001) responsiveness means prompt service; ability to provide solutions quickly and in a convenient way. Providing a service in a timely manner is highly appreciated by customers. Good service providers understand this aspect (Iqbal et al., 2010). Furthermore, firms that value efficiency pay attention to the services that they offer so that they can have an advantage and use this to keep off competitors (Karim & Chowdhury, 2014). Bank customers look for banks that willingly help them in their banking operations. Customer satisfaction may be achieved in the banking sector when the service provider is willing to assist its customers when required.

Akbaba (2009) also stated that "responsiveness is positively related to customer satisfaction and satisfied customers can refer others." Therefore, word of mouth (WOM) advertisements are important for the banks. Key aspects under responsiveness include keeping customers informed as to when services will be performed; prompt service to customers, willingness to help customers and Readiness to respond to customers request (Armstrong, 2012).

2.2.9.2 Keeping Customers Informed as to When Services will be Performed

Measures taken to enlighten customers whenever difficulties are encountered can reinforce or damage the customer relationship (Timothy, 2012). Informing customers the progress of the services can have long-term positive impact on the customer relationship. An organization will lose on enhancing customer relationship if it leaves customers to handle their own problems (Armstrong, 2012). If the customer gets the understanding that the organization is working hard trying to fix the problem, then the customer will feel well taken care of and feel that he is getting his money worth (Ramzi, 2010).

Besides being trained on how to deal with customers, employees need the freedom to enable them use discretion in informing customers on the progress of their demand and a platform of asking when they are not sure (Saghier & Nathan, 2013). Staffs need to understand customer's needs and what they think of the firm. Businesses should be able to nature customer relationships by chatting to them concerning their needs, as this will help both the customer and the business.

Besides banks may create a system that will allow customers to relay their opinions on the bank products and services to make sure that their requirements are met. Having a clear knowledge of customers' needs and informing them through response from customer communications improves customer satisfaction (Lau et al., 2013).

Today clients are more knowledgeable and they got a lot of options to choose from, as to where to use their money and time. Making customers understand the time their requested services will be attended to add to an organizations chance of keeping their current customers and also attaining new customers (Armstrong, 2012). Also, being concise and getting to the point quickly is a good way to respect customers time that shows responsiveness. Regular and honest feedback while informing customers is a must, for this to happen properly, staffs must be proactive and specific. The firm should be able to develop a progress and development plan. Moreover, it should be able to link the employee's performance with the firms' goals so that they can offer services that will satisfy customers (Ojo, 2010).

Sakhae et al., (2014) agree that significant information or skills relevant to customers should be spread across all the staff in the organization. This slows down an employee when they need to respond to a customer if they don't have the required information. Banks should have efficient ways of disseminating knowledge among employees in the various departments. This will be widely used and its value and effectiveness are likely to be maximized. Creating a knowledgeable environment in a bank may be beneficial when it comes to informing customers (Munusamy et al., 2010).

2.2.9.3 Prompt Service to Customers

Mudassar et al., (2013) argued that, no matter how skilled employees are at the workplace; at all time they should offer excellent services as anticipated. These includes: appropriate responses to inquiries and queries from customers and notifying them punctually; greeting them warmly; involving them to determine what they have come for and responding promptly and accurately to inquiries. These give customers a quick understanding of the firm, while neglecting these gestures can lead the business to losses or reputation damage (Kariru & Aloo, 2014). The most common customer complaint is being kept waiting, being reluctant to return calls or fulfill orders, these may lead to loss of customers to competitors, it could lead to boa mouthing because of disappointments (Armstrong, 2012).

According to Dharmalingam et al., (2011) it is the expectation of customers to be handled in unfailing ways and the business to react immediately to their promise. By acting in accordance with these wants, a firm provides the customer with a sense of viewing the company as one that gives customers priority, this builds loyalty. It demonstrates the competence of the service provider in serving the customers. The customer will be dissatisfied if they feel that the services offered was delay, it brings doubt about the competence of the service provider (Ramzi, 2010).

The service that the employees provide and the relationships they build are vital to success of customer satisfaction. The employees need to understand, believe in and be proud of the firm they are a part of; this will lead them to be prompt in serving customers (Al-Rousan & Mohamed, 2010). Delayed reaction to requests from clients demonstrates a bad picture of the company's services. Customers need to feel valued, they want to know their presence and input to the business is appreciated, if they feel ignored and unacknowledged, chances are high for them to move on to other firms (Klemz & Boshoff, 2011).

Customers will most likely move on the next firm for their services if they got an immediate requirement for a service that a firm is reluctant in delivering, or they seem not see work ethic. Repeated delays in responding to customer needs would definitely lead to decrease in the number of customer and income as well (Armstrong, 2012). The key to creating a loyal customer base is offering effective and efficient service in good time, ensuring that staffs have enough skills to facilitate them in responding fast to customer is essential for this (Mudassar et al., 2013).

2.2.9.4 Willingness to Help Customers

First impressions have a great impact. Precisely, the initial way that the organization react to and handle customers for the first time highly influence if their return to the organization. If well served they may recommend the firm to others (Messay, 2012).

Warm reception, probing customer to understand their needs and responding fast and correctly to inquiries shows commitment and willingness to assist. In order for customers to get a tip of satisfaction, willingness must be always maximized (Jayanthy & Umaran, 2012). By voluntarily asking direct questions to the customers and having information on the customers' records and their progress, the firm will convey a message of wanting to assist the customers, bringing about some sense of satisfaction (Abdullah & Arokiasamy, 2013). Geetika & Nandan, (2010) further explain that to deliver the quality of service that a firm expects, hiring and recruiting staff

that are willing to assist customers is a prerequisite. In the recruitment environment, a firm has to compete with similar firms to get the best people with this kind of attitude. Demonstrating that you are listening through body language and making eye contact shows a customer that you are willing to assist them.

Willingness to help makes the customer feel understood and appreciated. Customers want firms to focus on them (Mohsan et al., 2011). Attitude will always have an upper hand compared to aptitude, most firms when hiring will choose the ones with willingness to go the extra mile or show sacrifice, over some with greater technical skills. It is often easy to increase the technical skills of an employee than change reluctant behavior. Employees who thrive in the service industry have a natural desire to serve and express willingness when dealing with customers. This is because their free spirit nature to help the customers helps them in retaining and attracting new customers (Ouyung, 2010). Taiwo et al., (2011) state that many customers have problems that need to be solved.

It is important for firms to have creative problem solvers as their employees. They should always make sure they understand the problem clearly, and offer them possible solutions. Often employees need to think of solutions that fit the needs of a specific customer as they occur (Ramzi, 2010). If an employee cannot find a solution that works for the customer, it is valuable to help them locate additional help. Following up with the customer to make sure the issue has been resolved can change customers' perception. Customers will appreciate if they see the firm staff has interest in their problems and their willingness to help in whatever way possible (Timothy, 2012). Dharmalingam et al., (2011) pointed that the level of a firms customer service will make or break a business. Proving to customers that you are willing to assist them at their point of need is one of the most vital aspects of customer retention and satisfaction (Atlik & Arslan, 2009).

2.2.9.5 Readiness to Respond to Customers Requests

According to Toosi & Kohonali, (2011) customers expect timely responses to requests. Therefore, they should not be disregarded or delayed simply because there are underlying issues. Some companies offer online support that provides customers with immediate resolutions to their inquiries. E-mail requests and phone calls should be examined on a case-by-case basis and responded to accordingly (Sakhaei et al., 2014). Customers are relationships and they take effort to earn and keep, by losing customers you lose business opportunity. Most businesses put

emphasis on earning or gaining customers but are reluctant on following up to retain customers (Al-Rousan & Mohamed, 2010).

As a good service provider, a company and its staff should be ready to respond to customers' queries about products and services offered (Ojo, 2010). Customers expect to interact with business people who are willing to respond promptly about the product or service they are promoting or offering. This gives a bank a competitive advantage compared to others of retaining customers. It reflects readiness of employees and their ability to serve the customers as soon as required (Hossan, 2012). Increasing employee engagement is a necessary way to make them be ready to respond to customers.

In addition if the customers are more involved and informed by the employees, they become long term customers, and increasing customer loyalty will significantly lower costs of recruiting new ones. Customers will more often refer others to your business for proved readiness to serve (Dado et al., 2012). Providing exceptional service and support to customers will add value to a product or service and a firms' reputation. Choosing wisely when hiring front-line support employees and providing them with the tools they need to

be successful will help them be swift and ready in offering services (Sakhaei et al., 2014). Banks can instill feelings of readiness in its customers if they handle their customers in a professional and competent way (Kadir et al., 2011). Customers trust the readiness of firms to respond to their request based on historical reference. If a firm consistently responds readily to customers queries, customers feel reasonably assured that their next request will be responded to as well. It costs five times more to get a new client than it does to keep an existing one (Messay, 2012). Readily responding to customers makes them feel welcome. This is an important component of a positive customer experience (Mudassar et al., 2013).

2.3 Empirical Literature

2.3.1 Customers Perceptions on Benefits Associated with Usage of E-Banking

Worku G. et.al. (2016), investigated the impact of electronic banking on customer satisfaction in Ethiopian banking industry (the case of Dashen and Wogagen banks in Gonder city). The findings revealed that electronic banking has improved convenience, enhance customer satisfaction, reduced frequency of bank hall for banking service, and reduce waiting time for customers. According to (Mattewos,2016), in the study of Challenges and Prospect of E-

Banking in Ethiopia, the findings revealed that: balance inquiry, cash withdrawal, funds transfer within same bank and statement printings are some of the major customer preference of e -banking service in those banks that are providing the service to their customers.

Joseph, M., McClure, C. and Joseph, B. (1999), conducted a research on preference of customers out of traditional style of banking and online system of banking. He stated that queue management is very important factor which provides online system edge over traditional banking. One among the important dimensions of e -banking service quality customer prefer is queue management. This management of queue saves lot of time of customers and also makes banking system a lot easier for them .A research undertaken by Beer (2006) on customers preference on internet banking stated that the convenience of online banking is helping people gain greater control of their finances and contributing to changing patterns in cash withdrawal and day to day money management.

He stated that internet banking saves lot of time as compared to traditional system of banking and also he said that internet banking is much convenient as compared to traditional system of banking. Saving time is an importance factor which influences the customers prefers to use e-banking: The most popular online transaction through internet banking is funds transfer/bill payment. A study conducted about e-banking in developing economy empirical evidence from Nigeriaby (Elisha Menson, 2007), shows that e-banking serves several advantages to Nigerian banking sector. The customers (respondents) perception is that e-banking provides convenience and flexible advantages. It also provides transaction related benefits like easy transfer, speedy transaction, less cost and time saving. A study conducted by Ms.Fozia (2016) on Customer Perception toward e-banking Services Provided by Selected Private & Public Sector Banks in India, the result of the study clearly shows that different age group of customer and different occupation group of customers have different perception toward the e-banking services.

The results also propose that demographic factors impact significantly internet banking behavior, specifically, occupation and age. And e-banking users also say that convenience is the most important factor, e-banking lets them access their accounts from anywhere and at any time. According to (Davis, F. D, (1989), in their study identified time factor as one of the prime factor that in e-banking service quality feature for the customers. The customers (respondents) perception is that saving time is an importance factor which influences them to prefer to use e-banking. Karjaluoto (2002), investigated the Consumer Beliefs and Reactions to a New

Delivery Channel in Finland, stated that ease of use of innovative product or service as one of the three important characteristics for adoption from the customers perspective.

The user friendliness of domain names as well as the navigation tools available in the web-sites is an important determinant for ease of use. In his study he concludes that customer preferring the internet banking for ease of use and it is the most important determinant factor among others. According to Gupta, P.K India, the findings revealed that: factors which influence customers to choose to use e banking are to view account balances, transaction history and updates get e-statements, credit card and debit card transaction history and updates, checking the status of their credit card accounts, viewing information regarding their account, information on their fixed deposits on line.

According to Williamson (2006) in the study of Enhanced Authentication in Online Banking, states that online banking is a highly profitable channel for financial institutions. And it provides customers convenience and flexibility and can be provided at a lower cost than traditional branch banking. Maholtra and Singh (2007), conducted a study on determinants of internet banking adoption by banks in India, online banking users say that convenience is the most important factor; online banking lets them access their accounts from anywhere and at any time.

Therefore, the following hypothesis formed in order to discover the positive relationship between perceived benefit of Awash Bank (AB) customers with the actual usage of the e-banking services of the bank.

2.3.2 Customers Perceptions on Risks Associated with Usage of E-Banking

Mohammed ArifShaikh (2014), conducted an empirical investigation on Ethiopian Bankers Perception of Electronic Banking -A Case of Adama City, and the study attempts to understand and identify bankers perception of benefits and risks associated with electronic banking facilities. The study identified that Bankers of all demographic categories consider electronic banking needs expertise and training, Electronic banking has many legal and security issues and has the chance of fraud as very serious concerns, where as electronic banking has the chance of data loss and also it has the chance of government access are also given about average consideration by the respondents.

A research undertaken by Ayana (2014) on factors affecting adoption of electronic banking system in Ethiopian banking industry and the result of the study indicated that, the major barriers Ethiopian banking industry faces in the adoption of electronic banking are: security risk, lack of trust, lack of legal and regulatory frame work, lack of information communication technology (ICT) infrastructure and absence of competition between local and foreign banks. A study undertaken by Wondwossen and Tsegai (2005) on the challenges and opportunities of E-payments in Ethiopia; their objective was studying of e-payment practices in developing countries, Africa and Ethiopia and found that, the main obstacles to the development of e payments are, lack of customers trust in the initiatives, unavailability of payment laws and regulations particularly for e-payment, lack of skilled manpower and frequent power disruption.

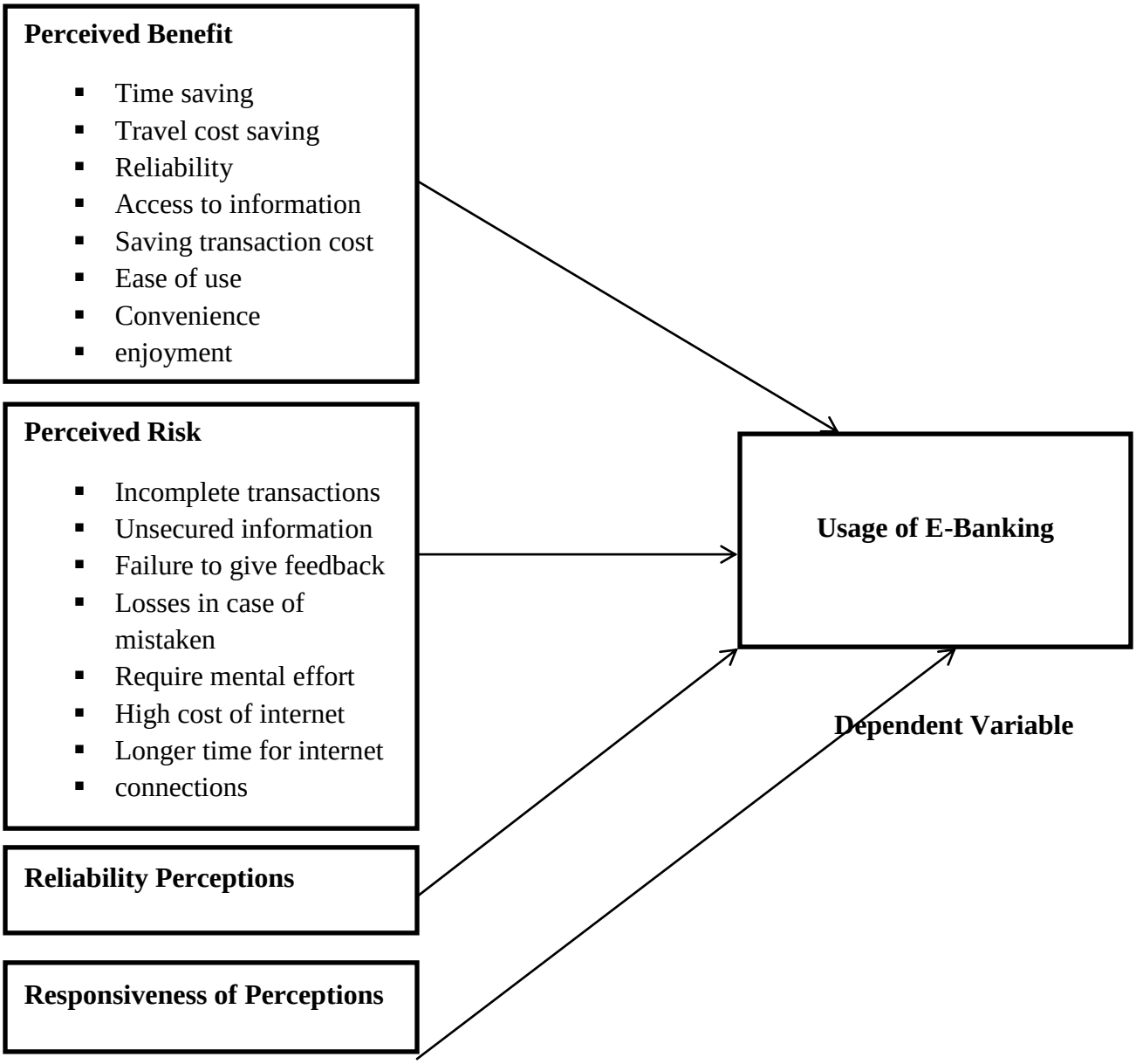
Donna Pace (2016) in the study of Customers‟ Perceptions towards Online Banking Services in Malta, indicated that the percentage of internet banking users in Malta is very high, however there are still those that believe that the traditional way of doing banking is more appropriate for their needs and the obtained results suggest that the main factors that both users and nonusers of internet banking would like to change or add include: the fees and/or the transfer charges between one bank and the other, a more user friendly system and/or more knowledge about the service, and increased safety and security.

Okeke (2013), made a study on Perceived Risk/Security and Consumer Involvement with Electronic Payments in Nigeria. The study presents a classification of e-payment customers in Nigeria on the basis of high and low involvement and to find out the perceived risk/security factors that are dominant in the classification. The study found that time loss risk and security are the most dominant perceived risks. Elisha Menson (2007), in his study of "E-banking in developing economy": empirical evidence from Nigeria, the results of this study shows that the Nigerian customers have problems of security, access, and no enough knowledge regarding e-banking services rendering by banking sector in Nigeria.

Ian Ndlovu and MlungisiSigola (2013), in their study of benefits and risks of e-banking in the case of Commercial Banking in Zimbabwe, the perceived risks of e-banking were revealed to be low levels of computer literacy, low security levels, lack of access to the internet for the majority of the population and operational problems associated with computer systems for most banks. Hence, the following is hypothesized: -

2.4 Conceptual Framework

The conceptual framework is developed based on a literature review of existing studies on the topic and the identifying variables.



Source: Compiled by the researcher

Figure 2.1 Conceptual Framework

The differences of ideas among the independent variables are listed as follows;-

Perceived benefit

Perceived benefit noted that e-banking can bring about various benefits for banks and their customers as well. It is obvious that cost savings, efficiency, gaining new segments of customers, improvement of the banks reputation and better customer services and satisfaction are primary benefits to banks and customers in that save travel cost, access to information and convenience.

Perceived risk

The concept of perceived risk also affects the usage of electronic banking in that security risk, lack of trust, lack of legal and regulatory framework and lack of information communication technology affects e-banking services.

Reliability perceptions

The concept of reliability involving accuracy in billing, keeping records correctly, performing the service at the designed time, offering services as stated. Moreover, reliability consists of correct service, keeping service as advertised in the banking area and accurate record keeping. Reliability shows the service providers ability to perform services in a dependable and accurate manner.

Responsiveness perceptions

Responsiveness concerns the willingness and readiness of employees to provide service. It involves timeliness in the delivery of services, keeping customers informed as to when services will be performed. Willingness to help customers and readiness to respond to customer requests.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter deals with research design and methodology used to carry out the research. The chapter is organized in the following subsection; Research approach, Research design, sampling design, sources of data, data collection methodology and collection instrument, data analysis methods and validity and reliability.

3.2 Research Approach

The research is designed to follow a quantitative Method. Data were collected for reliability perceptions, responsiveness perceptions, perceived benefits and perceived risks associated with E-banking service where; a Likert scale was used to quantify them so that frequency and mean score analysis was used to arrive at understanding of the findings.

3.3 Research Design

The study assessed the effect of perception of customers towards using electronic banking in Awash Bank bole branch. The researcher used causal type of research design, because it tried to describe the actual rate of usage of e-banking and the effect of perception of customers towards using electronic banking service. This study was focused to obtain the effect of the customers perception on the e-banking service and also focus to identify their perceptions negative or positive impact on the usage of e-banking service in AB.

3.4 Sampling Design

3.4.1 Target Population

The populations of the study are customers (money transfer group, deposit and loan service customer group) of AB from bole branch which has majority e-banking users as per the annual report EBOAB as of June 30, 2018. The study focused only on bole branch is by considering their relative high e-banking service performance per the annual report of EBOAB. According to the information obtained from EBOAB, account holders of the branch were 10,830 as of June 30, 2018. And the populations of e- banking users deployed under this branch were 4590. From the

e-banking users 2394 (52.2%) ATM holders, 154 (3.4%) internet and 2042 (44.5%) mobile banking users.

Due to relative high e-banking service performance to save costs and to make it easily manageable this study confined only on the purposively selected one branch of AB.

3.4.2 Sampling Technique and Sample Size

For the purpose of this study, probability sampling was used to increase external validity. A probability sampling technique was used to select participants for quantitative strand. For quantitative strand, simple random sampling technique was employed on the purposively selected one branch of AB in Addis Ababa. And only those customers who had a bank account, money transfer and loan service customers from the selected branch and who uses any one or more of the e-banking service channel of the bank for at least one year were chosen to represent others as a sample.

And the total study population was 4590 as per the annual report of EBOAB as of June 30, 2018, in bole branch. And a sample size of 267 respondents was taken. The sample size determined using Taro Yemane (1967) formula for sample size determination when the population size known.

$$n= N/1+N\ (e)^{2}$$

Where, n= number of sample size

N=total number of the study population

e= level of confidence to have in the data of degree of freedom assumed 95%

$$n= 4590/1+4590\ (0.05)^{2}$$

$$n= 267 \text{customers}$$

3.5 Source of Data

The study used primary source of data. Data which is obtained from the questionnaires used to analyze with an appropriate method which may result in the successful completion of the

research. Data collection from questionnaire was analyzed and answered to the objective of the study.

3.6 Data Collection Methodology

The study employed the use of primary data. Questionnaires were used to collect the primary data. The questionnaires were structured in close-ended questions by which the respondents were asked to indicate their level of agreement using a five Likert rating scale measurement. Questionnaires was distributed to AB customers who use any one or more of the e-banking service channels for at least one year at purposely selected bole branch of the bank. Those respondents was selected as respondents because they are deemed to be aware and knowledgeable about the existing reliability perceptions, responsiveness perceptions, benefits and risks perceptions associated with the usage of e-banking services provided by the bank.

3.7 Data Collection Instruments

Questionnaire survey was utilized because it is the most typical and cost effective methods of data collection. Survey questionnaire provides huge quantities of descriptive information on the research questions to be answered. That is why the researcher based data collection instrument on survey questionnaire to find adequate information from large sample respondents on the problem to be studied.

The questionnaires were having two parts; the first part was aimed to collect general information of the participants. The second part was structured in close-ended questions by which the respondents were asked to indicate their level of agreement using a five Likert rating scale measurement where: Strongly Disagree (SDA)=1; Disagree(D)=2; Neutral (N)=3; Agree (A) = 4; and Strongly Agree (SA) = 5. The use of Likert scale is to make it easier for respondents to answer questions in a simple way, which assists in identifying the perception effect and knowledge of the customers towards the e-banking service of the bank.

3.8 Data Analysis Methods

For the purpose of this study, regression analysis was used to analyze quantitative data generated through questionnaire based survey questionnaire. The analysis of quantitative data was assisted by Statistical Package for Social Sciences (SPSS version 16, 2007). Data was manipulated in order to change the data to the form that can be used to conduct analyses (Pallant, 2011). Therefore, the researcher conducted various data manipulation activities in order to prepare the

data for analysis depending on the data file, variables of interest and the type of research questions that was desired to be addressed.

Descriptive statistics such as percentages and frequency distribution was used to analyze the general profile of the participants. And the study used Mean values to interpret data on the key research questions. In order to further test the research hypothesis, the research used multiple Regression analysis. Multiple Regressions was applied to examine the relationship between the dependent and independent variables and the multiple regression analysis was also applied to evaluate the level of effect of the independent variables on the dependent variable. And the analysis was done according to the respective objectives, and research questions.

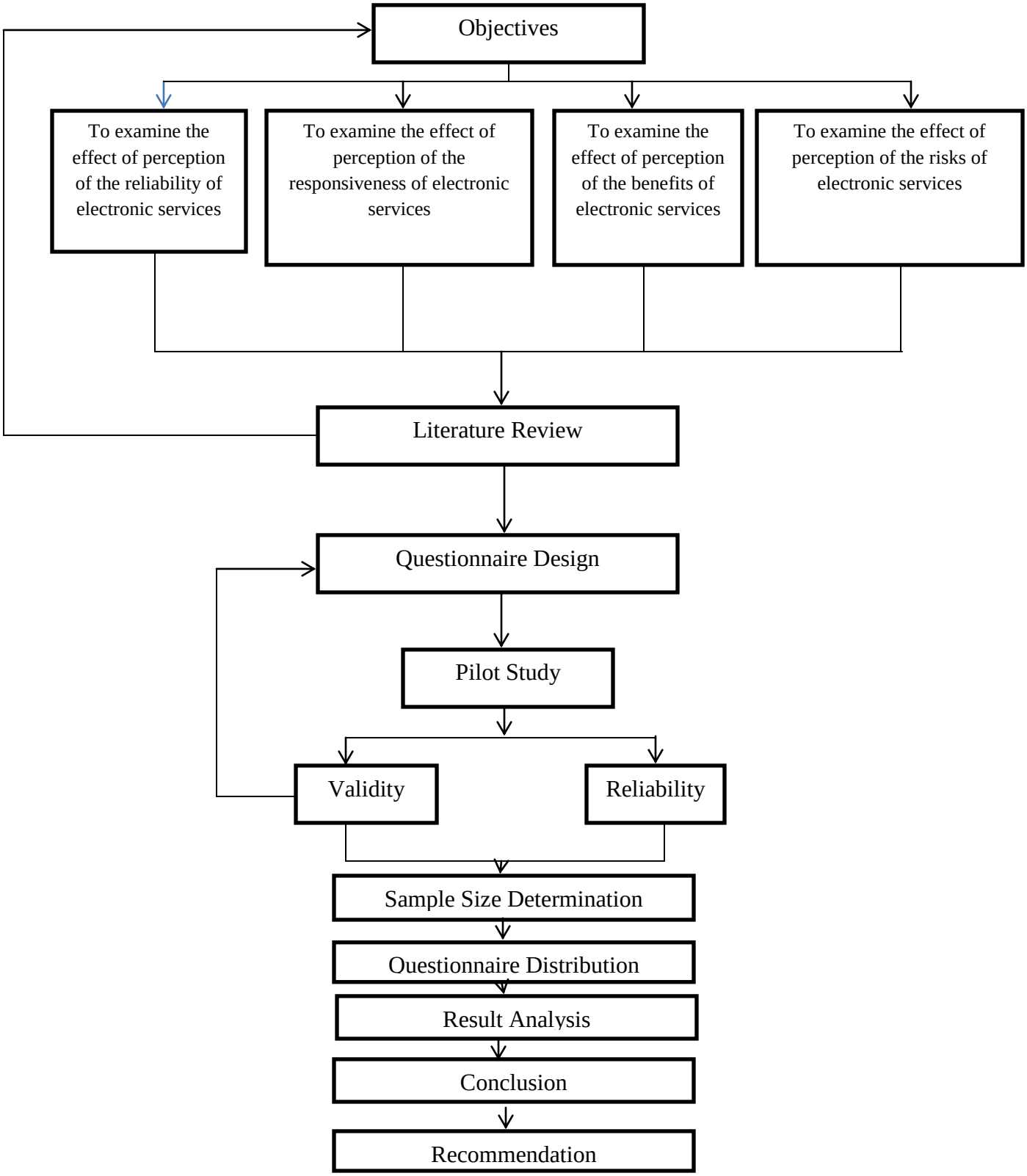


Figure 3.1 Summary of Methodology used in this Research

The proposed model according to the identified dependent and independent variables from the conceptual model are described below

$$\boldsymbol{Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + E_r}$$

$\mathbf{Y}=$ Usage of Electronic Banking
$\boldsymbol{x_1} =$ Perception of Benefits Effect
$\boldsymbol{x_2} =$ Perception of Risks Effect
$\boldsymbol{x_3} = Reliability$Perception Effect
$\boldsymbol{x_4} = Responsiveness$Perception Effect

3.9 Pilot Study

3.9.1 Pilot Study Results

Pilot study of the questionnaire is achieved by a scouting sample, which consisted of 35 questionnaires. These questionnaires were distributed to customers who have high educational qualifications and longtime users of the bank. Their sufficient experiences are a suitable indicator for pilot study. The following items are summary of the main results obtained from pilot study:

1. Questionnaire should be started with a cover page.
2. The first part of questionnaire should be general information about the organization.
3. Some Perception effects and sentences should be modified or represented with more details.
4. Some Perception effects and sentences should be modified in order to give more clear meaning and understanding.
5. There are some parts of questionnaire required to be regulated well.
6. Some Perception effects should be rearranged in order to give more suitable and consistent meaning.

3.9.2 Validity Test

This section presents test of validity of questionnaire according to the pilot study. Validity refers to the degree to which an instrument measures what is supposed to measure (Pilot and Hunger, 1985). Validity has a number of different aspects and assessment approaches. Statistical validity

is used to evaluate instrument validity, which include criterion-related validity and construct validity. To insure the validity of the questionnaire two statistical tests should be applied. The first test is criterion- related validity test (spearman test) which measures the correlation coefficient between each paragraph in one field and the whole field. The second test is structure validity test (spearman test) that used to test the validity of the questionnaire structure by testing the validity of each filed and the validity of the whole questionnaire. It measures the correlation coefficient between one field and all of the fields of the questionnaire that have the same level of similar scale.

3.9.2.1 Criterion-Related Validity Test

To test criterion- related validity test, the correlation coefficient for each item of the group factors and the total of the field is achieved. The p-values (sig.) are less than 0.01 for all results, so the correlation coefficients of each field are significant at α=0.01, so it can be said that the paragraphs of each field are consistent and valid to measure what it was set for.

3.9.2.2 Structure Validity Test

It is assessed the fields structure validity by calculating the correlation coefficients of each field of the questionnaire and the whole of the questionnaire.

Table 3.1 Correlation coefficient of each field and the whole of questionnaire

No.	Field	Spearman Correlation Coefficient	P-Value
1	Perception of Benefits Effect	0.444	0.000**
2	Perception of Risks Effect	0.500	0.000**
3	Reliability Perception Effect	0.384	0.000**
4	Responsiveness Perception Effect	0.557	0.000**

**Correlation is significant at the 0.01 level

Source: Researcher's own compilation of survey data and SPSS V20 output (2020)

Table 3.1 clarifies the correlation coefficient for each field and the whole questionnaire. The p-values (sig.) are less than 0.01, so the correlation coefficients of all the fields are significant at α=0.01, so it can be said that the fields are valid to measured what it was set for to achieve the main aim of the study.

3.9.3 Reliability Analysis

Reliability is actually a tool to measure a questionnaire which is an indicator of the variables or constructs. Questionnaire said to be reliable if answer a person to questions are internally consistent or stabilized over time. In conducting the reliability test using SPSS version 20 for windows.

Coefficients were evaluated using the guidelines suggested by George and Mallery (2010), where values 0.9 or higher indicate excellent reliability, values ranging from 0.8 to 0.89 indicate good reliability, values ranging from 0.7 to 0.79 indicate acceptable reliability, values ranging from 0.6 to 0.69 indicate questionable reliability, values ranging from 0.5 to 0.59 indicate poor reliability and values less than 0.5 indicate unacceptable reliability.

3.9.3.1 Reliability Analysis of Dependent and Independent Variables

Table 3.2 Reliability Statistics of Dependent and Independent variables

Reliability Statistics

Variables	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Usage of Electronic Banking	0.85	0.84	8
Perception of Benefits Effect	0.75	0.76	10
Perception of Risks Effect	0.81	0.81	10
Reliability Perception Effect	0.85	0.85	7
Responsiveness Perception Effect	0.80	0.80	4
Reliability Statistics of All Variables	0.91	0.90	39

Source: Researcher's own compilation of survey data and SPSS V20 output (2020)

As indicated in table 3.2, for usage of electronic banking, perception of benefits effect, perception of risks effect, reliability perception effect and responsiveness perception effect, the cronbach's alpha results in 0.85, 0.75, 0.81, 0.85 and 0.80 respectively. For all items which exceed 0.8, indicate good reliability. In short nuts, the responses generated for the dependent variable (usage of electronic banking) and independent variables (perception of benefits effect, perception of risks effect, reliability perception effect and responsiveness perception effect) used in this research indicate good reliability enough for data analysis.

The reliability statistics of all variables cronbach's alpha results in 0.91 which exceed 0.9. In short nuts, the responses generated for all of the variables used in this research indicates excellent reliability enough for data analysis.

This value was acceptable based on the rule of George and Mallery (2010).

3.10 Ethical Considerations

This research will be guided by strict adherence to research ethics which do not allow the researcher to engage in deception or invasion of privacy. The respondents rights will not to respond to the questions not clear from the onset and consent sought from the word go. The secrecy of the respondents will be assured and confidentiality will guaranteed as an integral part of the research. The researcher will maintain humility and conduct the research with utmost honesty avoiding distortions and misleading data manipulation. The researcher will strive to uphold intellectual honesty and seek collaborative support which is duly acknowledged. The researcher also endeavored to arrive at conclusions based on objective inferences that are merely guided by the data which will be collected.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATIONS

4.1 Introduction

This chapter presents the data analysis including the response rate, descriptive statistics, assumption testing for regression analysis, the regression analysis, hypothesis testing and the discussion. The purpose of the study is to assess the effect of perception of customers towards using electronic banking in Awash Bank: a case study of bole branch. 267 questionnaires were distributed to customers and 257 of them were returned. The results and discussions of this study are based on the response rate presented in table 4.1.

Table 4.1 Distribution of Questionnaires to Customers and Response Rates

Category of the Respondents	Method	Distributed Numbers	Returned Numbers	Response Rates (%)
Customers	Hand Delivered	267	257	97%
Total	Hand Delivered	267	257	97%

Source: Researcher's own compilation of survey data and SPSS V20 output (2020)

Of the 267 questionnaires distributed to customers 257 were returned (97% response rate)

4.2 Results of Descriptive Statistics

4.2.1 Respondents Profile

Demographic analysis included gender, age, level of education, type of account, duration of holding the account, automated teller machine (ATM) e-banking products mostly used, mobile banking e-banking products mostly used, internet banking e-banking products mostly used, POS (point of scale) e-banking products mostly used, duration of using e-banking service and frequency of using e-banking service. The variables help to identify the background of the respondents.

Table 4.2 Summary of Demographic Variables

	Variable Classification	Customer	
		Frequency	%
Gender	Male	171	67%
	Female	86	33%
	Total	257	100%
Age	20-29	103	40%
	30-39	97	38%
	40-49	57	22%
	50-59	0	0%
	60-69	0	0%
	Total	257	100%
Level of Education	primary	0	0%
	High school	16	6%
	University degree	148	57%
	masters	27	11%
	PhD	3	1%
	others	63	25%
	Total	257	100%
Type of Account	Saving	228	89%
	Current account	29	11%
	Total	257	100%
Duration of Holding the Account	Less than 1 year	15	6%
	1-2 years	53	21%
	3-5 years	132	51%
	Above 5 years	57	22%
	Total	257	100%
Automated Teller Machine (ATM) E-Banking Products Mostly Used	Yes	233	91%
	No	24	9%
	Total	257	100%
Mobile Banking E-Banking Products Mostly Used	Yes	206	80%
	No	51	20%
	Total	257	100%
Internet Banking E-Banking Products Mostly Used	Yes	164	64%
	No	93	36%
	Total	257	100%
POS (point of scale)	Yes	140	55%

E-Banking Products Mostly Used	No	117	45%
	Total	257	100%
Duration of Using E-Banking Service	Less than 1 year	34	13%
	1-2 years	82	32%
	3-5 years	110	43%
	Above 5 years	31	12%
	Total	257	100%

Frequency of Using E-Banking Service	Daily	165	64%
	Once in week	70	27%
	Once in month	22	9%
	Once in 6 months	0	0%
	Total	257	100%

Source: Researcher's own compilation of survey data and SPSS V20 output (2020)

As listed in table 4.2, 67% of customer respondents were male and 33% of customer respondents were female. The respondents age category is divided in to five intervals 40% of customer respondents were 20-29 years old, 38% of customer respondents were 30-39 years old and 22% of customer respondents were 40-49 years old. The researcher believes they are mature enough to provide reliable answers to the questions asked.

The level of education of customer respondents were, 6% of customer respondents had high school education level, 57% of customer respondents had university degree education level, 11% of customer respondents had masters education level, 1% of customer respondents had PhD education level and 25% of customer respondents had other education level. The type of account of customer respondents were, 89% of customer respondents had saving account and 11% of customer respondents had current account. The duration of holding the account of the respondents were categorize in to four intervals, 6% of customer respondents had less than 1 year, 21% of customer respondents had 1-2 years, 51% of customer respondents had 3-5 years and 22% of customer respondents had above 5 years time. 91% of customer respondents used Automated teller machine (ATM) e-banking products, 9% of customer respondents not used Automated teller machine (ATM) e-banking products, 80% of customer respondents used mobile banking e-banking products, 20% of customer respondents not used mobile banking e-banking products, 64% of customer respondents used internet banking e-banking products, 36% of customer respondents not used internet banking e-banking products, 55% of customer

respondents used POS (point of scale) e-banking products and 45% of customer respondents not used POS (point of scale) e-banking products. The duration of using e-banking service of customer respondents were, 13% of customers had less than 1 year, 32% of customers had 1-2 years, 43% of customers had 3-5 years and 12% of customer respondents had above 5 years time of using e-banking service. The frequency of using e-banking service of customer respondents were, 64% of customers used e-banking service daily, 27% of customers used e-banking service once in week and 9% of customer respondents used e-banking service once in 6 months.

4.2.2 Descriptive Analysis Results of Usage of Electronic Banking

The usage of electronic banking service analysis results show in table 4.3. The mean score for the items ranges from 4.25 (Prefer Using E-Banking Service than Traditional Banking Services) to 3.86 (Always Use E-Banking Service). The overall mean and SD for usage of electronic banking service is 4.06 and 0.99 respectively, using the likert limit scales attached at the appendix B of table 1, the overall usage of electronic banking service items are agree by Awash Bank customers. The standard deviation gives the idea about the dispersion of the values of a variable from its mean value and the overall standard deviation is 0.99 (less than 1) indicates that the values in a statistical data set are close to the mean of the data set.

Table 4.3 Descriptive Statistics of Usage of Electronic Banking

Usage of Electronic Banking	N Valid	Mean	Standard Deviation
Always Use E-Banking Service	257	4.25	1.08
Satisfied with the Usage of E-Banking Services	257	4.23	1.04
Recommend to Friend or Family To Use E-Banking Services	257	4.13	1.02
Prefer Using E-Banking Service than Traditional Banking Services	257	4.08	1.01
Usage of E-Banking Service Changes Life Style and Make Productive to Manage Financial Situation	257	3.97	1.01
Usage of E-Banking is Very Much Relevant to Future	257	3.95	0.95
Will Not Lose Interest Using E-Banking Products in Future	257	3.91	0.94
Want to Use More Kinds of E-Banking Products	257	3.86	0.89

Source: Researcher's own compilation of survey data and SPSS V20 output (2020)

4.2.3 Descriptive Analysis Results of Perception of Benefits Effect

The perception of benefits effect analysis results show in table 4.4. The mean score for the items ranges from 4.48 (E-Banking Benefit to Enable to Accomplish Tasks Quickly and Save Time) to 3.44 (E-Banking Benefit to Withdrawal and Fund Transfer Limit). The overall mean and SD for Perception of benefits effect is 3.96 and 0.97 respectively, using the likert limit scales attached at the appendix B of table 2, the overall perception of benefits effect items falls on agree. This means perception of benefits affect the usage of e-banking services in Awash Bank. The standard deviation gives the idea about the dispersion of the values of a variable from its mean value and the overall standard deviation is 0.97 (less than 1) indicates that the values in a statistical data set are close to the mean of the data set.

Table 4.4 Descriptive Statistics of Perception of Benefits Effect

Perception of Benefits Effect	N Valid	Mean	Standard Deviation
Electronic Banking Benefits to Minimize Risk of Carrying Cash	257	4.48	0.89
Benefits of E-Banking is Queue Free	257	4.42	1.13
E-Banking Benefit to Save Travel Cost in Banking Transaction	257	4.25	1.09
E-Banking Benefit to Enable to Accomplish Tasks Quickly and Save Time	257	4.21	0.84
E-Banking is Customer Centered	257	4.12	0.83
E-Banking Offer a Wider Range of Banking Products and Services	257	3.99	1.17
E-Banking Benefit to Perform Banking Tasks	257	3.96	1.09
E-Banking Benefit to Withdrawal and Fund Transfer Limit	257	3.86	0.81
E-Banking Benefit to Accomplish Banking Tasks	257	3.73	0.77
E-Banking Serves 24 Hours A Day	257	3.44	0.69

Source: Researcher's own compilation of survey data and SPSS V20 output (2020)

4.2.4 Descriptive Analysis Results of Perception of Risks Effect

The perception of risks effect analysis results show in table 4.5. The mean score for the items ranges from 4.11 (Incomplete Transaction Risks Occur Due to Network Problems) to 2.54 (E-Banking Does Not Provide Up to Date Information). The overall mean and SD for Perception of risks effect is 3.53 and 1.22 respectively, using the likert limit scales attached at the appendix B of table 2, the overall Perception of risks effect items falls on agree. This means perception of

risks affect the usage of e-banking services in Awash Bank. The standard deviation gives the idea about the dispersion of the values of a variable from its mean value and the overall standard deviation is 1.22 (greater than 1) indicates that the values in a statistical data set are farther away from the mean.

Table 4.5 Descriptive Statistics of Perception of Risks Effect

Perception of Risks Effect	N Valid	Mean	Standard Deviation
Incomplete Transaction Risks Occur Due to Network Problems	257	4.11	1.4
E-Banking Prone to Third Party Accessing Personal Information	257	3.55	1.39
E-Banking Leads to Losses and Waste of Time When Fixing Payment Errors	257	3.37	1.29
Difficult to Get Compensation When Transaction Occurs	257	3.12	1.26
E-Banking Transactions Take Long Time Due to Low Network Connection	257	2.90	1.26
E-Banking Servers and Other Facilities Not Perform Well	257	2.89	1.25
E-Banking Do Not Facilitates Quick Response and Causes Dilemma	257	2.88	1.25
E-Banking Transaction Handling Fees is Costly	257	2.83	1.24
Interaction With E-Banking Does Require Lot of Mental Effort	257	2.68	1.07
E-Banking Does Not Provide Up to Date Information	257	2.54	1.03

Source: Researcher's own compilation of survey data and SPSS V20 output (2020)

4.2.5 Descriptive Analysis Results of Reliability Perception Effect

The reliability perception effect analysis results show in table 4.6. The mean score for the items ranges from 4.11 (Awash bank promises to do something it does so) to 2.68 (Awash Bank Insists on Error Free Records). The overall mean and SD for reliability perception effect is 3.39 and 1.05 respectively, using the likert limit scales attached at the appendix B of table 2, the overall reliability perception effect items falls on agree. This means reliability perception effect affect the usage of e-banking services in Awash Bank. The standard deviation gives the idea about the dispersion of the values of a variable from its mean value and the overall standard deviation is

1.05 (greater than 1) indicates that the values in a statistical data set are farther away from the mean.

Table 4.6 Descriptive Statistics of Reliability Perception Effect

Reliability Perception Effect	N Valid	Mean	Standard Deviation
Awash Bank Promises to do Something it Does So	257	4.11	1.15
Awash Bank Show Sincere Interest in Solving It	257	3.55	1.14
Awash Bank Performs the Services Right the First Time	257	3.37	1.13
Awash Bank Provides the Service at the Time They Promise to Do So	257	3.12	1.12
Awash Bank Has Good and Understandable Employees	257	2.88	1.11
Awash Bank Has Relevant and Up to-Date Information	257	2.83	1.08
Awash Bank Insists on Error Free Records	257	2.68	0.95

Source: Researcher's own compilation of survey data and SPSS V20 output (2020)

4.2.6 Descriptive Analysis Results of Responsiveness Perception Effect

The responsiveness perception effect analysis results show in table 4.7. The mean score for the items ranges from 4.09 (Awash Bank Recommends Appropriate Products to Customers) to 3.81 (Awash Bank Inform Customers Exactly When Services Perform). The overall mean and SD for responsiveness perception effect is 3.95 and 0.98 respectively, using the likert limit scales attached at the appendix B of table 2, the overall responsiveness perception effect items falls on agree. This means responsiveness perception effect affect the usage of e-banking services in Awash Bank. The standard deviation gives the idea about the dispersion of the values of a variable from its mean value and the overall standard deviation is 0.98 (less than 1) indicates that the values in a statistical data set are close to the mean of the data set.

Table 4.7 Descriptive Statistics of Responsiveness Perception Effect

Responsiveness Perception Effect	N Valid	Mean	Standard Deviation
Awash Bank Inform Customers Exactly When Services Perform	257	4.09	1.09
Awash Bank Give Prompt Services to Customers	257	4.03	1.06
Awash Bank is Always Willing to Help Customers Access its Products	257	4.02	0.97
Awash Bank Recommends Appropriate Products to Customers	257	3.81	0.87

Source: Researcher's own compilation of survey data and SPSS V20 output (2020)

4.3 Results of Regression Analysis

4.3.1 Test of Assumption of the Regression Analysis

Meeting the assumptions of regression analysis is necessary to confirm that the obtained data truly represented the sample and that researcher has obtained the best results (Hair et al., 1998). Three assumptions for regression analysis used in this study were discussed for the individual variables: multicollinearity, linearity and Normality. In the following paragraphs, each assumption is explained.

4.3.1.1 Test for Multicollinearity

Hill et al. (2003) explain that economic variables may move together in systematic ways when the data are the result of an uncontrolled experiment. Such variables are believed to have problems with collinearity or multicollinearity rises, it will complicate the interpretation of the variables because it is more difficult to confirm the effect of any single variable, owing to their interrelationship (Hair et al., 1996). According to Hill et al. (2003), multicollinearity is not a violation of the assumptions of regression but it may cause serious difficulties. Hill et al. (2003) propose that these serious difficulties include: (1) variances of parameter estimates may be unreasonably large; (2) parameter estimates may not be significant; and (3) a parameter estimate may have a sign different from what is expected.

The initial inspection of the Pearson Correlation Matrix for the regression models revealed that the correlations between the independent variables did not exceed 0.70. While checking, the independent variables showed significant relationship with the dependent variable. Also the researcher checked that the correlation between each of independent variables is not too high.

Hill et al. (2003) suggest that you think carefully before including two variables with a bivariate correlation of, say, 7 or more in the same analysis.

Tolerance is the amount of variance in the individual variable not explained by the other predictor variables. It varies from 0 to 1; a value close to 1 indicates that the other predictors do not explain the variance in that variable.

A value close to 0 implies almost all the variance in the variable is explained by the other variables. This permits us to more formally check that our independent variables are not too highly correlated. To meet multiple regression assumptions we need tolerance score not less than 0.1 and VIF scores not greater than 10 or tolerance score not less than 0.2 and VIF scores not greater than 5. So, with regards to multicollinearity statistics shown below, the tolerance and variance inflation factors (VIF) showed that there was no multicollinearity because VIF of all variables were not greater than 10 and tolerance scores not less than 0.1. Also VIF of all variables were not greater than 5 and not less than 0.2.

Table 4.8 Multicollinearity Problem Test using VIF (Variance Inflation Factor)

Variable	Tolerance	VIF
Perception of Benefits Effect	0.654	1.530
Perception of Risks Effect	0.967	1.034
Reliability Perception Effect	0.586	1.708
Responsiveness Perception Effect	0.552	1.811

Source: Researcher's own compilation of survey data and SPSS V20 output (2020)

4.3.1.2 Test for Linearity

The linearity of the relationship between the dependent and independent variable represented the degree to which the change in the dependent variable is associated with the independent variable (Hair et al., 1998). In a simple sense, linear models predict values falling in a straight line by having a constant unit change (*slope) of the dependent variable for a constant unit change of the independent variable (Hair et al., 1998). Malhotra et al. (2007 as cited in Devika, 2012) discussed that conventional regression analysis will underestimate the relationship when nonlinear relationships are present, i.e., R2 underestimates the variance explained overall and the betas underestimate the importance of the variables involved in the non- linear relationship

In order to test this assumption we need to examine the bivariate correlation for each pair of variables to make sure that we do not detect any non-linear correlation. To determine whether the

relationship between the dependent variable: usage of electronic banking and independent variables: perception of benefits effect, perception of risks effect, reliability perception effect and responsiveness perception effect is linear; plots of the regression residuals through SPSS software had been used.

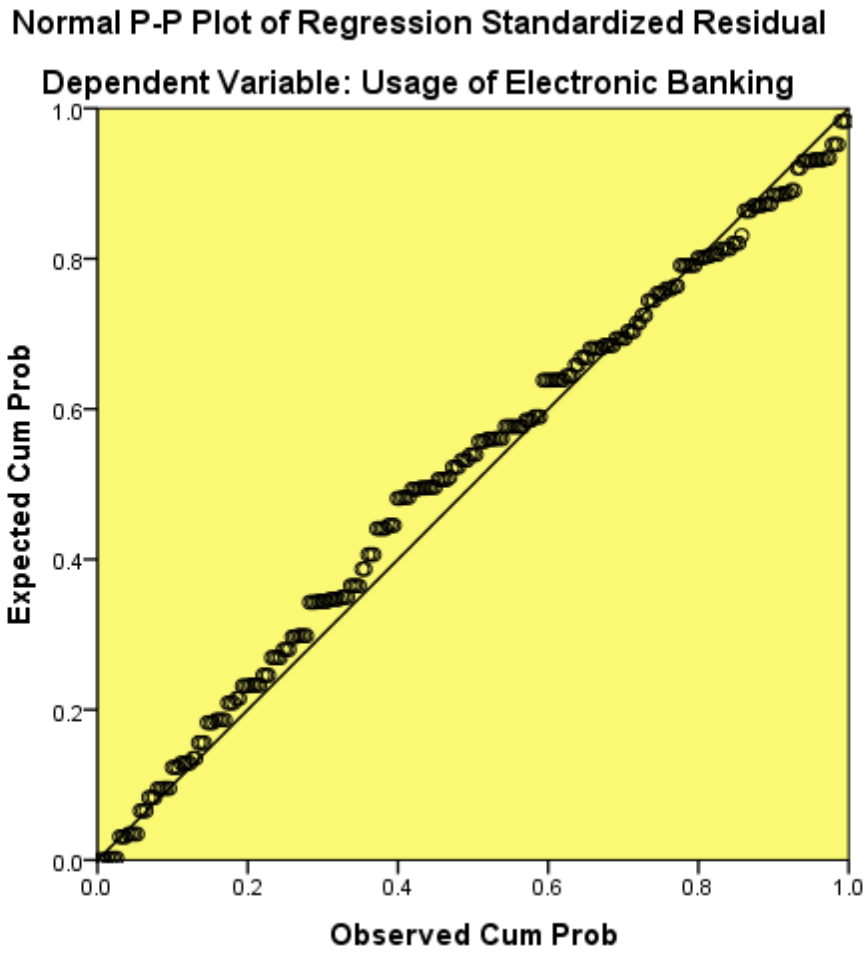


Figure 4.1 Normal Point Plot of Standardized Residual

Source: researchers own compilation of survey data and SPSS V20 output (2020)

As we can see from figure 4.1 above, the model follows the assumption of linearity or there is linearity between dependent variable and independent variables.

4.3.1.3 Normality Test

In terms of this assumption, a check for normality of the error term is conducted by a visual examination of the normal probability plots of the residuals.

Malhotra et al. (2007) propose that normal probability plots are often conducted as an informal means of assessing the non-normality of a set of data. According to Hair et al. (1998), the plots are different from residuals plots in that the standardized residuals are compared with the normal distribution. In general, the normal distribution makes a straight diagonal line, and the plotted residuals are compared with the diagonal (Hair et al., 1998). If a distribution is normal, the residual line will closely follow the diagonal (Hair et al., 1998). Malhotra et al. (2007) explain that the "correlation coefficient" will be near unity if the data fall nearly on a straight line. The "correlation coefficient" will become smaller if the plot is curved.

The normality probability plots were plotted to assess normality. The P-P plots were approximately a straight line instead of a curve. Accordingly, the residuals were deemed to have a reasonably normal distribution, as suggested by Hair et al. (1998). The Skewness value provides an indication of the symmetry of the distribution while kurtosis provides information about the peakedness of the distribution. A positive Skewness value indicates right (positive) skew while a negative value indicates left (negative) skew. The higher the absolute value is the greater the skew (Tabachnick & Fidell, 2001).

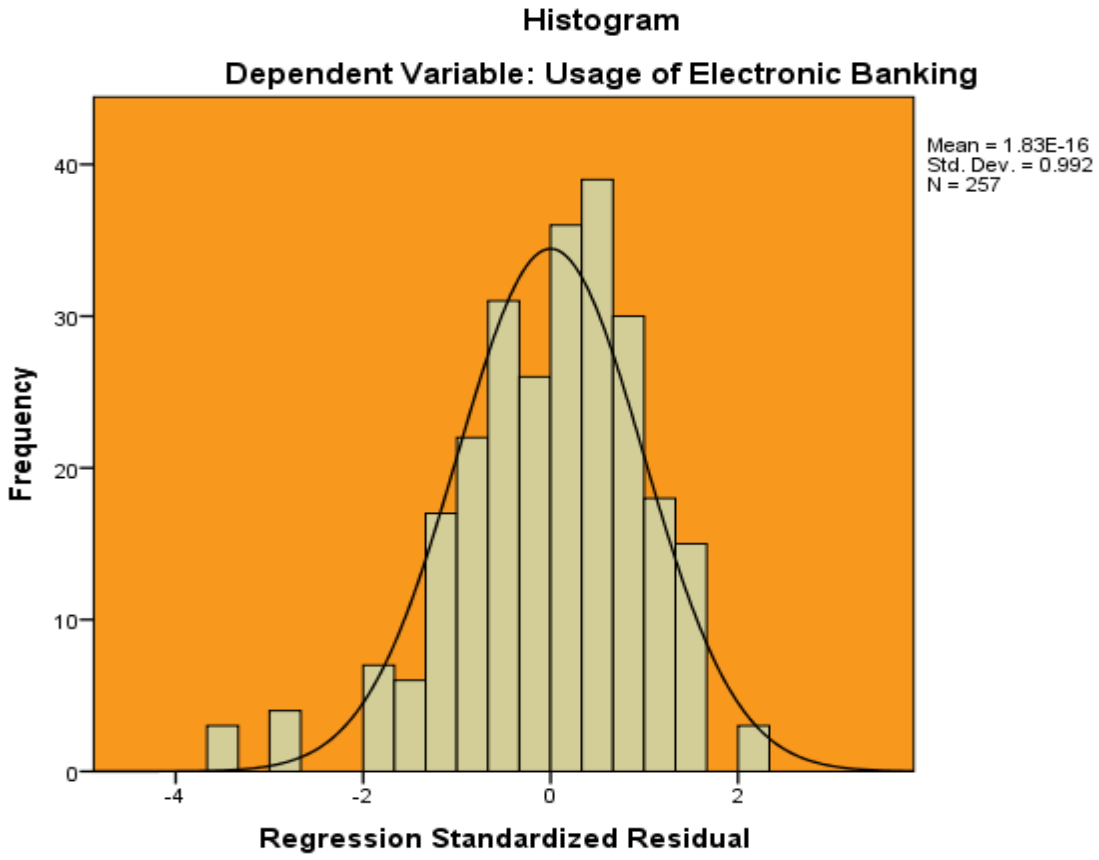


Figure 4.2 Frequency Distribution of Standardized Residual

Source: researchers own compilation of survey data and SPSS V20 output (2020)

As we can see from figure 4.2 above, it shows the frequency distribution of the standardized residuals compared to a normal distribution. As you can see, although there are some residuals (e.g., those occurring around 0) that are relatively far away from the curve, many of the residuals are fairly close. Moreover, the histogram is bell shaped which lead to infer that the residual (disturbance or errors) are normally distributed. Thus, no variations of the assumption normally distributed error term.

4.3.1.4 Auto-correlation /Durbin-Watson Test/

It is the assumption of independent error acceptable or reasonable test. Durbin-Watson used to test for serial correlation between errors. The Durbin-Watson statistic test can vary between 0 and 4. A value of 2 meaning residual statistics are uncorrelated field (2006). A value greater than 2 indicates negative correlation adjacent residuals, whereas a value below 2 indicates a positive

correlation. Similarly, Ott and Longnecker (2001) defines when there is no serial correlation, the expected value of Durbin-Watson test statistics d is approximately 2.00; a positive serial correlation makes d> 2.00. Although, values of d less than approximately 1.5 (or greater than approximately 2.5) lead one to suspect positive (or negative) serial correlation. If serial correlation is suspected, then the proposed multiple linear regression models are inappropriate.

Referring this and the model summary table 4.9 below; the Durbin-Watson value of this study is 1.813. Therefore, the auto-correlation test has almost certainty met, since it falls between 1.5 and 2.5, and we can conclude that our model is free of serial correlation.

Table 4.9 Regression Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.660[a]	.435	.426	.52139	2.012

a. Predictors: (Constant), Responsiveness Perception Effect, Perception of Risks Effect, Perception of Benefits Effect, Reliability Perception Effect

b. Dependent Variable: Usage of Electronic Banking

Source: researchers own compilation of survey data and SPSS V20 output (2020)

4.4 Correlation Analysis

According to Saunders et al. (2009) a correlation analysis used to identify the direction and relationship between the variables. Correlation coefficient enables to quantify the strength of the linear relationship between two variables.

Cohen and Holliday (as cited by Bryman and Cramer (1999)) proposed the range of correlation coefficient as 0.19 and below = very low; 0.20 to 0.39 = low; 0.40 to 0.69 = modest; 0.70 to 0.89 = high, and 0.90 to 1 = very high. In this study, in order to easily categorize the strength of the relationship of the variables the researcher used correlation coefficient range of Cohen and Hollidays (1982). Like the demographic factors, the data from the scale typed questionnaire were fed to the SPSS software version 20, to process the correlation analysis. Based on the questionnaires, the following correlation analysis was made.

Table 4.10 Correlation Matrix (With Dependent Variable)

Correlations

		Usage of Electronic Banking	Perception of Benefits	Perception of Risks	Reliability Perception	Responsiveness Perception
Usage of Electronic Banking	Pearson Correlation	1	.537**	.128*	.541**	.555**
	Sig. (2-tailed)		.000	.040	.000	.000
	N	257	257	257	257	257
Perception of Benefits	Pearson Correlation	.537**	1	.079	.495**	.546**
	Sig. (2-tailed)	.000		.207	.000	.000
	N	257	257	257	257	257
Perception of Risks	Pearson Correlation	.128*	.079	1	-.066	.079
	Sig. (2-tailed)	.040	.207		.295	.204
	N	257	257	257	257	257
Reliability Perception	Pearson Correlation	.541**	.495**	-.066	1	.599**
	Sig. (2-tailed)	.000	.000	.295		.000
	N	257	257	257	257	257
Responsiveness Perception	Pearson Correlation	.555**	.546**	.079	.599**	1
	Sig. (2-tailed)	.000	.000	.204	.000	
	N	257	257	257	257	257

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

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

Source: researchers own compilation of survey data and SPSS V20 output (2020)

The result presented in the Table 4.10 outlined the correlation matrix among the variables. Correlation is a way to index the degree to which two or more variables are associated with or related to each other. The chief objective is measuring the strength or degree of linear relationship between two variables. As noted by (Gujarati, 2004), most widely used bi-variant correlation statistics is the Pearson product-movement coefficient, commonly called the Pearson correlation which was used in this study. Correlation coefficient between two variables ranges from +1 (i.e. perfect positive relationship) to -1 (i.e. perfect negative relationship). The sample size is the key element to determine whether or not the correlation coefficient is different from zero/statistically significant.

As depicted in table 4.10 above, the correlation between the independent and dependent variables were not high. Usage of electronic banking and responsiveness perception has the highest correlation coefficient which is 0.555 at 0.01 level of significant. This result shows that usage of electronic banking have positive and significant strong relationship with the responsiveness perception ($r = 0.555$ with $p<0.01$). Usage of electronic banking and reliability

perception has the second highest correlation coefficient which is 0.541 next to responsiveness perception at 0.01 level of significant ($r = 0.541$ with $p<0.01$). Usage of electronic banking and perception of benefits has the third highest correlation coefficient which is 0.537 next to reliability perception at 0.01 level of significant ($r = 0.537$ with $p<0.01$) and Usage of electronic banking and perception of risks has the fourth highest correlation coefficient which is 0.128 next to perception of benefits at 0.05 level of significant ($r = 0.128$ with $p<0.05$).

4.5 Hypothesis Testing

4.5.1 Multiple Regression Analysis

To indicate the causality of the relationship between the dependent and independent variables regression analysis was conducted. In other words, Regression was conducted in order to determine the explanatory power of the independent variables perception of benefits, perception of risks, reliability perception and responsiveness perception in the variance of the dependent variable usage of electronic banking. Adjusted R square was used to measure the percentage of variance in the dependent variable explained by the independent variables; perception of benefits, perception of risks, reliability perception and responsiveness perception. From the multiple regression equation, the standard regression coefficient (beta weight) was determined to compare the effect of each independent variable had on the variability of usage of electronic banking.

Hypothesis 1.

H_{01}: benefit perception of electronic services has negative effect on the usage of E-banking in Awash Bank bole branch.

H_{a1}: benefit perception of electronic services has positive effect on the usage of E-banking in Awash Bank bole branch

The study assumed that benefit perception has a positive and significant effect on usage of electronic banking. In correlation analysis we have seen benefit perception has a high correlation coefficient with usage of electronic banking (Table 4.10).

Table 4.11a The Regression Model Statistics of Perception of Benefits and Usage of Electronic Banking

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.537[a]	.288	.285	.58210	1.888

a. Predictors: (Constant), Perception of Benefits

b. Dependent Variable: Usage of Electronic Banking

Source: researchers own compilation of survey data and SPSS V20 output (2020

Table 4.12b The Regression Model Statistics of Perception of Benefits and Usage of Electronic Banking

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.943	1	34.943	103.127	.000[b]
	Residual	86.403	255	.339		
	Total	121.346	256			

a. Dependent Variable: Usage of Electronic Banking

b. Predictors: (Constant), Perception of Benefits

Source: researchers own compilation of survey data and SPSS V20 output (2020)

As shown in table 4.11a above, the overall model 1 statistics of dependent variable usage of electronic banking, R = .537 indicates that there is a positive correlation between the dependent variable usage of electronic banking and the independent variable perception of benefits and the adjusted R square value of .288 indicates that the independent variable perception of benefit included in the model explained 28.8% of variance (.288 x 100%) in dependent variable usage of electronic banking, the remaining 71.2% variance of the dependent variable usage of electronic banking is due to other factors that are not included in this study.

Hence, the overall model statistic (adjusted R square=0.288), is supported the view that benefit perception has a positive influence on usage of electronic banking.

To test significance of the model 1, ANOVA (F- test) was performed. As shown above on multiple regression analysis (table 4.11b), it can be observed from the ANOVA table that the model as a whole is significant (P=.000<0.05, F *(1, 255)* 103.13). ***Thus, it is concluded that the proposed null hypothesis which states that benefit perception of electronic services has negative effect on the usage of E-banking in Awash Bank bole branch is rejected and the***

proposed alternative hypothesis which states that benefit perception of electronic services has positive effect on the usage of E-banking in Awash Bank bole branch is accepted.

Table 4.13 The Coefficient Statistics of Perception of Benefits and Usage of Electronic Banking

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.206	.282		4.276	.000
	Perception of Benefits	.702	.069	.537	10.155	.000

a. Dependent Variable: Usage of Electronic Banking

Source: researchers own compilation of survey data and SPSS V20 output (2020)

The beta value under standardized coefficients of table 4.12 above also confirms the positive and significance relationship of independent variable (perception of benefits) with the dependent variable (usage of electronic banking), (β=.537, p=.000).

Hypothesis 2.

H_{02}: risk perception of electronic services has negative effect on the usage of E-banking in Awash Bank bole branch.

H_{a2}: risk perception of electronic services has positive effect on the usage of E-banking in Awash Bank bole branch

The study assumed that risk perception has a positive and significant effect on usage of electronic banking. In correlation analysis we have seen risk perception has a high correlation coefficient with usage of electronic banking (Table 4.10).

Table 4.14a The Regression Model Statistics of Perception of Risks and Usage of Electronic Banking

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.468[a]	.236	.233	.68416	1.378

a. Predictors: (Constant), Perception of Risks

b. Dependent Variable: Usage of Electronic Banking

Source: researchers own compilation of survey data and SPSS V20 output (2020)

Table 4.15b The Regression Model Statistics of Perception of Risks and Usage of Electronic Banking

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.988	1	1.988	4.247	.040[b]
	Residual	119.358	255	.468		
	Total	121.346	256			

a. Dependent Variable: Usage of Electronic Banking

b. Predictors: (Constant), Perception of Risks

Source: researchers own compilation of survey data and SPSS V20 output (2020)

As shown in table 4.13a above, the overall model 2 statistics of dependent variable usage of electronic banking, R = .468 indicates that there is a positive correlation between the dependent variable usage of electronic banking and the independent variable perception of risks and the adjusted R square value of .236 indicates that the independent variable perception of risks included in the model explained 23.6% of variance (.236 x100%) in dependent variable usage of electronic banking, the remaining 76.4% variance of the dependent variable usage of electronic banking is due to other factors that are not included in this study.

Hence, the overall model statistic (adjusted R square=0.236), is supported the view that perception of risks has a positive influence on usage of electronic banking.

To test significance of the model 2, ANOVA (F- test) was performed. As shown above on multiple regression analysis (table 4.13b), it can be observed from the ANOVA table that the model as a whole is significant (P=.040<0.05, F *(1, 255)* 4.247). ***Thus, it is concluded that the proposed null hypothesis which states that risk perception of electronic services has negative effect on the usage of E-banking in Awash Bank bole branch is rejected and the proposed alternative hypothesis which states that risk perception of electronic services has positive effect on the usage of E-banking in Awash Bank bole branch is accepted.***

Table 4.16 The Coefficient Statistics of Perception of Risks and Usage of Electronic Banking

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.690	.178		20.696	.000
	Perception of Risks	.116	.056	.468	2.061	.040

a. Dependent Variable: Usage of Electronic Banking

Source: researchers own compilation of survey data and SPSS V20 output (2020)

The beta value under standardized coefficients of table 4.14 above also confirms the positive and significance relationship of independent variable (perception of risks) with the dependent variable (usage of electronic banking), (β=.468, p=.040).

Hypothesis 3.

H_{03}: reliability perception of electronic services has negative effect on the usage of E-banking in Awash Bank bole branch.

H_{a3}: reliability perception of electronic services has positive effect on the usage of E-banking in Awash Bank bole branch

The study assumed that reliability perception has a positive and significant effect on usage of electronic banking. In correlation analysis we have seen reliability perception has a high correlation coefficient with usage of electronic banking (Table 4.10).

Table 4.17a The Regression Model Statistics of Perception of Reliability and Usage of Electronic Banking

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.541[a]	.292	.290	.58029	1.451

a. Predictors: (Constant), Reliability Perception

b. Dependent Variable: Usage of Electronic Banking

Source: researchers own compilation of survey data and SPSS V20 output (2020)

Table 4.18b The Regression Model Statistics of Perception of Reliability and Usage of Electronic Banking

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.479	1	35.479	105.362	.000[b]
	Residual	85.867	255	.337		
	Total	121.346	256			

a. Dependent Variable: Usage of Electronic Banking

b. Predictors: (Constant), Reliability Perception

Source: researchers own compilation of survey data and SPSS V20 output (2020)

As shown in table 4.15a above, the overall model 3 statistics of dependent variable usage of electronic banking, R = .541 indicates that there is a positive correlation between the dependent variable usage of electronic banking and the independent variable perception of reliability and the adjusted R square value of .292 indicates that the independent variable perception of reliability included in the model explained 29.2% of variance (.292 x 100%) in dependent variable usage of electronic banking, the remaining 70.8% variance of the dependent variable usage of electronic banking is due to other factors that are not included in this study.

Hence, the overall model statistic (adjusted R square=0.292), is supported the view that perception of reliability has a positive influence on usage of electronic banking.

To test significance of the model 3, ANOVA (F- test) was performed. As shown above on multiple regression analysis (table 4.15b), it can be observed from the ANOVA table that the model as a whole is significant (P=.000<0.05, F *(1, 255)* 105.362). ***Thus, it is concluded that the proposed null hypothesis which states that reliability perception of electronic services has negative effect on the usage of E-banking in Awash Bank bole branch is rejected and the proposed alternative hypothesis which states that reliability perception of electronic services has positive effect on the usage of E-banking in Awash Bank bole branch is accepted.***

Table 4.19 The Coefficient Statistics of Perception of Reliability and Usage of Electronic Banking

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.245	.179		12.522	.000
	Reliability Perception	.469	.046	.541	10.265	.000

a. Dependent Variable: Usage of Electronic Banking

Source: researchers own compilation of survey data and SPSS V20 output (2020)

The beta value under standardized coefficients of table 4.16 above also confirms the positive and significance relationship of independent variable (perception of reliability) with the dependent variable (usage of electronic banking), (β=.541, p=.000).

Hypothesis 4.

H_{04}: responsiveness perception of electronic services has negative effect on the usage of E-banking in Awash Bank bole branch.

H_{a4}: responsiveness perception of electronic services has positive effect on the usage of E-banking in Awash Bank bole branch

The study assumed that responsiveness perception has a positive and significant effect on usage of electronic banking. In correlation analysis we have seen responsiveness perception has a high correlation coefficient with usage of electronic banking (Table 4.10).

Table 4.20a The Regression Model Statistics of Perception of Responsiveness and Usage of Electronic Banking

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.555[a]	.308	.306	.57369	1.883

a. Predictors: (Constant), Responsiveness Perception

b. Dependent Variable: Usage of Electronic Banking

Source: researchers own compilation of survey data and SPSS V20 output (2020)

Table 4.21bThe Regression Model Statistics of Perception of Responsiveness and Usage of Electronic Banking

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	37.420	1	37.420	113.699	.000[b]
	Residual	83.925	255	.329		
	Total	121.346	256			

a. Dependent Variable: Usage of Electronic Banking

b. Predictors: (Constant), Responsiveness Perception

Source: researchers own compilation of survey data and SPSS V20 output (2020)

As shown in table 4.17a above, the overall model 4 statistics of dependent variable usage of electronic banking, R = .555 indicates that there is a positive correlation between the dependent variable usage of electronic banking and the independent variable perception of responsiveness and the adjusted R square value of .308 indicates that the independent variable perception of responsiveness included in the model explained 30.8% of variance (.308 x 100%) in dependent variable usage of electronic banking, the remaining 69.2% variance of the dependent variable usage of electronic banking is due to other factors that are not included in this study.

Hence, the overall model statistic (adjusted R square=0.308), is supported the view that perception of responsiveness has a positive influence on usage of electronic banking.

To test significance of the model 4, ANOVA (F- test) was performed. As shown above on multiple regression analysis (table 4.17b), it can be observed from the ANOVA table that the model as a whole is significant (P=.000<0.05, F *(1, 255)* 113.699). ***Thus, it is concluded that the proposed null hypothesis which states that responsiveness perception of electronic services has negative effect on the usage of E-banking in Awash Bank bole branch is rejected and the proposed alternative hypothesis which states that responsiveness perception of electronic services has positive effect on the usage of E-banking in Awash Bank bole branch is accepted.***

Table 4.22 The Coefficient Statistics of Perception of responsiveness and Usage of Electronic Banking

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.163	.180		12.001	.000
	Responsiveness Perception	.473	.044	.555	10.663	.000

a. Dependent Variable: Usage of Electronic Banking

Source: researchers own compilation of survey data and SPSS V20 output (2020)

The beta value under standardized coefficients of table 4.18 above also confirms the positive and significance relationship of independent variable (perception of responsiveness) with the dependent variable (usage of electronic banking), (β=.555, p=.000).

4.6 Regression Analysis Results for the Effects of Independent Variables on Usage of Electronic Banking

The study assumed that perception of benefits, perception of risks, reliability perception and responsiveness perception has a positive and significant effect on usage of electronic banking.

As shown in the table below, the overall model statistics of dependent variable usage of electronic banking, R=.660 indicates that there is a positive correlation between the dependent variable usage of electronic banking and the independent variables perception of benefits, perception of risks, reliability perception and responsiveness perception and the adjusted R square value of .435 indicates that the independent variables included in the model explained 43.5% of variance (.435×100%) in dependent variable usage of electronic banking, the remaining 56.5% variance of the dependent variable usage of electronic banking is due to other independent variables that are not included in this model.

Hence, the overall model statistic (adjusted R square=0.435), supported the view that perception of benefits, perception of risks, reliability perception and responsiveness perception has a positive influence on usage of electronic banking.

Table 4.23 The Regression Model Statistics of Independent Variables and Usage of Electronic Banking (Dependent Variable)

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.660[a]	.435	.426	.52139	2.012

a. Predictors: (Constant), Responsiveness Perception, Perception of Risks, Perception of Benefits, Reliability Perception

b. Dependent Variable: Usage of Electronic Banking

Source: researchers own compilation of survey data and SPSS V20 output (2020)

To test significance of the model, ANOVA (F- test) was performed. As shown in the table below, it can be observed from the ANOVA table that the model as a whole is significant P value <0.05 (P=.000, F *(4, 252)* 48.595).

Table 4.24 The ANOVA Table Statistics of Independent Variables and Usage of Electronic Banking (Dependent Variable)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	52.841	4	13.210	48.595	.000[b]
	Residual	68.505	252	.272		
	Total	121.346	256			

a. Dependent Variable: Usage of Electronic Banking

b. Predictors: (Constant), Responsiveness Perception, Perception of Risks, Perception of Benefits, Reliability Perception

Source: researchers own compilation of survey data and SPSS V20 output (2020)

4.6.1 Beta Coefficient

Table 4.21 shows regression coefficient (β) of benefit perception, risk perception, reliability perception and responsiveness perception. ‘’β’’ (beta) coefficient help to see the direction and strength of the relationship between independent and dependent variables. Accordingly, since the sign of the ‘’β’’ coefficient for the independent variables is positive, there is a positive relationship between the independent variables (benefit perception, risk perception, reliability perception and responsiveness perception) and dependent variable (usage of electronic banking).

Table 4.25 The Coefficient Statistics of Independent Variables and Usage of Electronic Banking (Dependent Variable)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.639	.282		2.268	.024
	Perception of Benefits	.342	.077	.261	4.465	.000
	Perception of Risks	.096	.043	.106	2.209	.028
	Reliability Perception	.238	.054	.274	4.437	.000
	Responsiveness Perception	.204	.054	.240	3.764	.000

a. Dependent Variable: Usage of Electronic Banking

Source: researchers own compilation of survey data and SPSS V20 output (2020)

The above table 4.21 shows, which among the independent variables influence most of the usage of electronic banking services. Looking at the Beta under Standardized Coefficients, the effect of reliability perception on usage of electronic banking services (0.274) is greater than the other independent variables. Moreover, all the independent variables was statistically significant to influence the dependent variable, since sig. (P<0.05). According to Andy Field (2005), when a statistic is significant, it simply means that you are very sure that the statistic is reliable.

By referring to this analysis, the regression equation for the usage of electronic banking services of Awash Bank, Bole Branch can be algebraically formulated as:

$$\boldsymbol{Usage\ of\ Electronic\ Banking = 0.64 + 0.34x_1 + 0.09x_2 + 0.24x_3 + 0.20x_4 + error\ term}$$

Source: Generated From the Regression Result

Hence, 0.64 is constant which cross the usage of electronic banking axis

$\boldsymbol{X_1}$ is Perception of Benefits

$\boldsymbol{X_2}$ is Perception of Risks

$\boldsymbol{X_3}$ is Reliability Perception

$\boldsymbol{X_4}$ is Responsiveness Perception

The above regression equation indicates that when benefit perception, risk perception, reliability perception and responsiveness perception increase each of them by **1**, usage of electronic

banking also likely increases by 0.342, 0.096, 0.238 and 0.204 respectively. The following figure shows the hypothesized model based on the regression analysis.

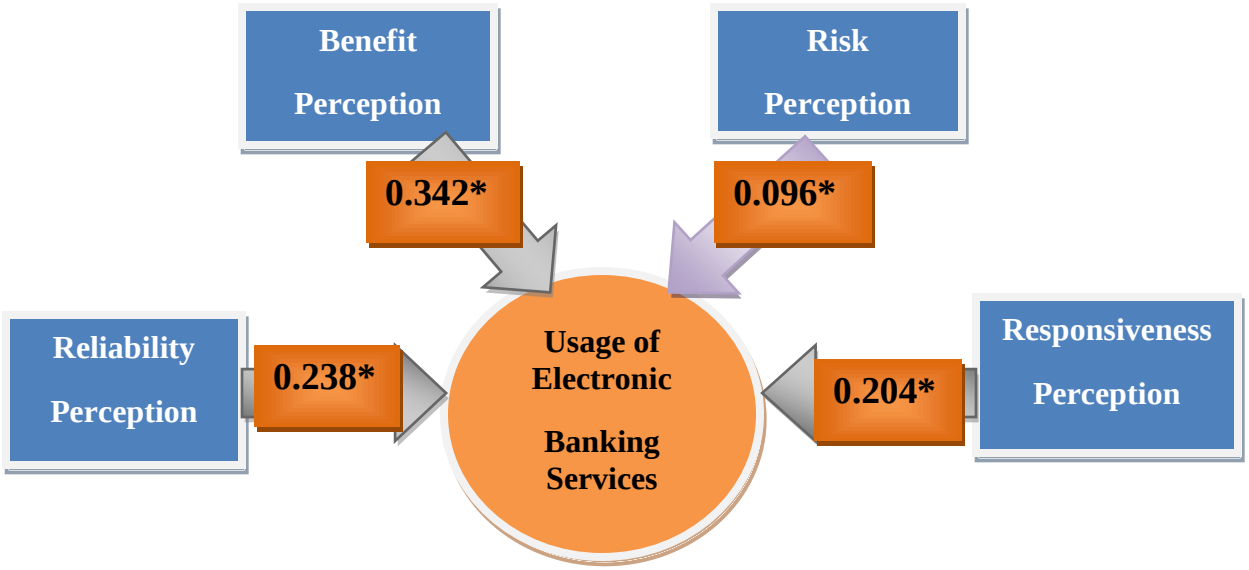


Figure 4.3 Model Based on Regression Analysis

Source: Adapted From the Regression Result

Empirical Evidence

To evaluate how much the current regression result was practical, detail literature review has been executed. M. E. Malik et al. (2014) indicated that benefit perception affect the usage of electronic banking services. They found that benefit perception (β=0.282) has influence on the usage of electronic banking services. This was quite similar with the current multiple regression result.

Z. U. Abideen and S. Saleem (2009) on their research "perception effect and its influence on usage of electronic banking services" reported positive impact of independent variables on the dependent variable (F=30.144 and P<0.05). They also found (R=0.511 and R square=0.261), which predicts a moderate relationship between the set of independent variables and dependent variable with the reduced error of prediction by 26.1%.

Arshad et al. (2014) reported reliability perception (β=0.206) has more effect than responsiveness (β=0.185). And on their model summary they indicated that (R=0.793 and R square=0.629) that means 62.9% change in usage of electronic banking services is because of independent dimensions. Niazi et al. (2012) considered responsiveness and reliability as independent variable and reported (β=0.063 and β=0.491) respectively. The R square value

(0.610) and R (0.511) shows that these variables contribute 61% in this analysis. Lastly it can be said that the current regression analysis results are similar to the aforementioned empirical evidences.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

In this section the main findings of the research is summarized and conclusions on major findings is presented. Recommendations are given based on the research findings and the limitation of the study is mentioned. Finally, the study forwarded some suggestions for further investigations.

5.1 Summary of Findings

In this study the effect of perception of customers towards using electronic banking were examined quantitatively. Based on the results of the regression analysis the following summaries of findings were drawn.

From regression analysis results for independent variables and usage of electronic banking, the overall model statistics box of dependent variable, usage of electronic banking revealed R value of .660 which indicates there is a positive correlation between the dependent variable usage of electronic banking and the independent variables perception of benefits effect, perception of risks effect, reliability perception effect and responsiveness perception effect. The adjusted R square value of .435 indicates that the independent variables included in the model explained 43.5% of variance in dependent variable usage of electronic banking.

Hence, the overall model statistic of usage of electronic banking (adjusted R square=.435) is supported the view that the benefit perception effect, risk perception effect, reliability perception effect and responsiveness perception effect has a significant relationship with the usage of E-banking in AB bole branch is rejected

To test significance of these regression analysis results for independent variables and usage of electronic banking, ANOVA (F- test) was performed. it can be observed from the ANOVA table that the model as a whole is significant P value <0.05 (P=.000, F *(4, 252)* 48.595). Thus, it is concluded that the proposed hypothesis which states that benefit perception effect, risk perception effect, reliability perception effect and responsiveness perception effect has negative effect on the usage of E-banking in AB bole branch is rejected.

5.2 Conclusion

This study examined the effect of perception of customers towards using electronic banking in Awash Bank bole branch, Addis Ababa. The descriptive analysis showed that the usage of electronic banking service items is agreed by Awash Bank customers in bole branch. And also the descriptive analysis of explanatory variables show that the overall perception of benefits effect, perception of risks effect, reliability perception effect and responsiveness perception effect items falls on agreed. Meaning, the independent variables affect the usage of electronic banking services in Awash Bank bole branch. .

From this study finding, there is a positive and significant relationship between the four independent variables mentioned above and usage of electronic banking.

The results of multiple regression analysis regarding the effects of perception of benefits, perception of risks, reliability perception and responsiveness perception on usage of electronic banking, it is concluded that there is a positive and significant relationship. This result suggests the understanding and good management of perception of benefits, perception of risks, reliability perception and responsiveness perception results in increased usage of electronic banking services in Awash Bank bole branch.

The adjusted R square value of .435 indicates that the independent variables included in the model explained 43.5% of variance in dependent variable usage of electronic banking. This implies best management of perception of benefits, perception of risks, reliability perception and responsiveness perception increased the usage of electronic banking services in Awash Bank, bole branch.

5.3 Recommendation

E-Banking system is a new financial evolution in Ethiopia, but it's an important issue, because it has a great impact on the whole banking system. At the same time, it's difficult and need a lot of efforts to be implemented and practiced by the banking industry. So, it needs a lot of efforts to succeed. Based on the above conclusion the researcher recommends the following points;

- Since E-Banking has a wide range of benefits to the customers, Awash Bank need to understand and give emphasis to benefit perception, risks perception, reliability perception and responsiveness perception which affect the usage of electronic banking services of customers.

- For the successful implementation as well as practice of E-Banking system, ICT infrastructure is a major prerequisite and hence the government should support banking sector by investing on ICT infrastructure development.
- Banks should pay special attention to deliver service to customers by using E-Banking system, which can easily be accessible, convenience, reliable and which in turn maximize the satisfaction of customer.

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APPENDICES

Appendix A: Questionnaire

JIMMA UNIVERSITY
SCHOOL OF GRADUATE STUDIES

MASTER OF BUSINESS ADMINISTRATION IN ACCOUNTING AND FINANCE

(QUESTIONNAIRE)

DEAR SIR/MADAM,

The purpose of this questionnaire is to collect data for the study entitled **"Assessment of Effect of Perception of Customers towards using Electronic Banking in Awash Bank: The Case of Bole Branch"** for partial fulfillment of MBA in Accounting and Finance. The genuine responses you forward will be used as input for the study and have great contribution to the success of the study. Your privacy will be kept anonymously and, therefore, no one knows who provided the information. Furthermore, any information you provide in the questionnaire will be kept confidential and only used for the purpose of the study. Therefore, you are kindly requested to provide your genuine responses to different questions below.

Thank You in advance for your cooperation!

If you have any question concerning this questionnaire, please feel free to contact me: Yohannes Solomon; Tel.0911477562; E-mail: Yohannes2solomon@gmail.com.

The questioner has six sections. Here, I kindly request you to give honest and genuine answers to all the questions without which the research will not succeed. It will take maximum of 30 *minutes* to answer all the questions.

General Instruction: Please, tick **"✓"** in the appropriate columns for your response for closed - ended questions among the provided alternatives.

SECTION A: General Information

Instruction: Please tick [✓] appropriately

1. Gender: Female [ ] Male [ ]

2. Age……year

3. Level of Education Primary [ ] High School [ ] University Degree [ ] Masters [ ]

PhD [ ] Others [ ]

4. Which type of account you have with the bank?

Saving [ ] Current account [ ]

5. For how long have you been holding the account?

Less than 1 year [ ] 1-2 years [ ] 3-5 years [ ] above 5 years

6. Which type of E-banking products do you use mostly, rank them from 1-4?

1. Automated teller machine (ATM)
2. Mobile banking
3. Internet banking
4. POS (Point of Scale)

7. For how long you have been using the E-banking service?

Less than 1 year [ ] 1-2 years [ ] 3-5 years [ ] above 5 years

8. How often do you use the E-banking service?

Daily [ ] once in week [ ] once in month [ ] once in 6 months

SECTION B

Objectives of the study:

- To **assess the usage of E-Banking** service provided by Awash Bank bole branch
- To examine the **effect of perception of the reliability** of electronic services provided by Awash Bank bole branch.
- To examine the **effect of perception of the responsiveness** of electronic services provided by Awash Bank bole branch.
- To examine the **effect of perception of the benefits** of electronic services provided by Awash Bank bole branch.
- To examine the **effect of perception of the risks** of electronic services provided by Awash Bank bole branch.

Instruction: Please, tick "✓" in the appropriate boxes and columns.

Please, tick "✓" in the appropriate columns to indicate your degree of agreement/disagreement with the following extent of usage of E-banking in Awash Bank bole branch.

Usage of E-banking		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I always use the E-banking service for all my banking requirements.					
2	I am strongly satisfied with the usage of the E-banking services.					
3	I recommend to a friend or family to use E-banking services.					
4	I always prefer using E-banking service than traditional banking service.					
5	Usage of E-banking service changes my life style and make me more productive and be able to manage my financial situation in a better way.					
6	Usage of E-banking is very much relevant to our future.					
7	I will not lose interest using E-banking products in the future.					
8	I want to use more kinds of E-banking products.					

SECTION C

Please, tick **"✓"** in the appropriate columns to indicate how much you agree that the following listed **perception of benefits** affecting usage of E-banking.

NB. E-Banking includes ATM, POS, Internet and Mobile Banking.

Benefits Associated with E-Banking		**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
1	Electronic banking minimizes the risk of carrying cash.					
2	E-banking is queue free.					
3	E-banking saves travel cost in performing banking transaction to bank branches					
4	Using E-banking would enable to accomplish tasks more quickly and save time					
5	E-banking is customer centered					
6	E-banking offer a wider range of banking products and services					
7	It is easy to access E-banking to perform banking tasks					
8	Existing E-banking withdrawal and fund transfer limit is encouraging to use the service					
9	It is easy to use E-banking to accomplish banking tasks					
10	E-banking serves 24 hours of a day					

SECTION D

Please, tick **"✓"** in the appropriate columns to indicate how much you agree that the following listed **perception of risks** affecting usage of E-banking.

NB. E-Banking includes ATM, POS, Internet and Mobile Banking.

Risks Associated with E-Banking		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Incomplete transactions may occur due to network problems					
2	E-banking is prone to third party accessing of personal information					
3	E-banking may leads to losses and waste of time when fixing payment errors					
4	When transaction errors occur, it is difficult to get compensation from the bank					
5	Completion of E-banking transactions may take long time due to low network connection					
6	E-banking servers and other facilities may not perform well and may process payments incorrectly					
7	E-banking do not facilitates quick response and causes dilemma					
8	The transaction handling fees in performing E-banking transaction is costly					
9	Interaction with E-banking does require a lot of mental effort					
10	Electronic banking does not provide up to date information					

SECTION E

Please, tick **"✓"** in the appropriate columns to indicate how much you agree that the following listed **perception of reliability** affecting usage of E-banking.

NB. E-Banking includes ATM, POS, Internet and Mobile Banking.

Reliability Perception		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	When Awash Bank promises to do something it does so					
2	When you have a problem Awash Bank show sincere interest in solving it					
3	Awash Bank performs the services right the first time					
4	Awash Bank provides the service at the time they promise to do so					
5	Awash Bank has good and understandable employees					
6	Awash Bank has relevant and upto-date information					
7	Awash Bank insists on error free records					

SECTION F

Please, tick **"✓"** in the appropriate columns to indicate how much you agree that the following listed **perception of responsiveness** affecting usage of E-banking.

NB. E-Banking includes ATM, POS, Internet and Mobile Banking.

Responsiveness Perception		Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Awash Bank will inform customers exactly when services will be performed					
2	Awash Bank will give prompt services to customers					
3	Awash Bank is always willing to help customers access its products					
4	AB recommends appropriate products to customers					

Thank you again for your cooperation!!

APPENDIX B: Descriptive Analysis of Variables, Multicollinearity and Reliability Analysis

Table 1

Descriptive Analysis of Variables

Limits of Scales	Likert Scales of Dependent Variable
	Usage of Electronic Banking
1.00-1.49	Strongly Disagree
1.50-2.49	Disagree
2.50-3.49	Neutral
3.50-4.49	Agree
4.50-5.00	Strongly Agree

Table 2

Limits of Scales	Likert Scales of Independent Variables			
	Perception of Benefits	Perception of Risks	Perception of Reliability	Perception of Responsiveness
1.00-1.49	Strongly Disagree	Strongly Disagree	Strongly Disagree	Strongly Disagree
1.50-2.49	Disagree	Disagree	Disagree	Disagree
2.50-3.49	Neutral	Neutral	Neutral	Neutral
3.50-4.49	Agree	Agree	Agree	Agree
4.50-5.00	Strongly Agree	Strongly Agree	Strongly Agree	Strongly Agree

Multicollinearity

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	Responsiveness Perception Effect, Perception of Risks Effect, Perception of Benefits Effect, Reliability Perception Effect[b]	.	Enter

a. Dependent Variable: Usage of Electronic Banking

b. All requested variables entered.

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	Perception of Benefits Effect	Perception of Risks Effect	Reliability Perception Effect	Responsiveness Perception Effect
1	1	4.898	1.000	.00	.00	.00	.00	.00
	2	.061	8.997	.00	.00	.63	.08	.03
	3	.019	16.141	.29	.09	.24	.04	.37
	4	.015	17.781	.01	.03	.09	.88	.49
	5	.007	26.061	.70	.88	.03	.00	.10

a. Dependent Variable: Usage of Electronic Banking

Reliability Analysis

Item Statistics

	Mean	Std. Deviation	N
Always Use E-Banking Service	3.8599	.94983	257
Satisfied with the Usage of E-Banking Services	3.9728	1.03985	257
Recommend to Friend or Family To Use E-Banking Services	4.0778	1.02019	257

Prefer Using E-Banking Service than Traditional Banking Services	4.2490	.93554	257
Usage of E-Banking Service Changes Life Style and Make Productive to Manage Financial Situation	3.9455	1.07754	257
Usage of E-Banking is Very Much Relevant to Future	4.2257	1.00955	257
Will Not Lose Interest Using E-Banking Products in Future	3.9105	1.00573	257
Want to Use More Kinds of E-Banking Products	4.1323	.88720	257

Item Statistics

	Mean	Std. Deviation	N
Electronic Banking Benefits to Minimize Risk of Carrying Cash	4.41634	.830219	257

Benefits of E-Banking is Queue Free	3.72763	1.098532	257
E-Banking Benefit to Save Travel Cost in Banking Transaction	4.21012	.840047	257
E-Banking Benefit to Enable to Accomplish Tasks Quickly and Save Time	4.47860	.696342	257
E-Banking is Customer Centered	4.25292	.766894	257
E-Banking Offer a Wder Range of Banking Products and Services	3.96109	.887436	257
E-Banking Benefit to Perform Banking Tasks	3.99222	1.128440	257
E-Banking Benefit to Withdrawal and Fund Transfer Limit	3.43969	1.171463	257
E-Banking Benefit to Accomplish Banking Tasks	4.12062	.808308	257
E-Banking Serves 24 Hours A Day	3.85603	1.092719	257

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Electronic Banking Benefits to Minimize Risk of Carrying Cash	36.03891	24.608	.290	.747
Benefits of E-Banking is Queue Free	36.72763	23.191	.311	.749
E-Banking Benefit to Save Travel Cost in Banking Transaction	36.24514	24.240	.331	.742
E-Banking Benefit to Enable to Accomplish Tasks Quickly and Save Time	35.97665	24.601	.376	.738
E-Banking is Customer Centered	36.20233	23.787	.443	.729
E-Banking Offer a Wder Range of Banking Products and Services	36.49416	22.743	.491	.721
E-Banking Benefit to Perform Banking Tasks	36.46304	21.117	.511	.716
E-Banking Benefit to Withdrawal and Fund Transfer Limit	37.01556	20.601	.537	.711

E-Banking Benefit to Accomplish Banking Tasks	36.33463	22.419	.603	.708
E-Banking Serves 24 Hours A Day	36.59922	23.140	.319	.748

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Always Use E-Banking Service	28.5136	25.321	.430	.845
Satisfied with the Usage of E-Banking Services	28.4008	22.296	.709	.811
Recommend to Friend or Family To Use E-Banking Services	28.2957	22.701	.678	.815
Prefer Using E-Banking Service than Traditional Banking Services	28.1245	23.328	.679	.816

Usage of E-Banking Service Changes Life Style and Make Productive to Manage Financial Situation	28.4280	22.199	.687	.814
Usage of E-Banking is Very Much Relevant to Future	28.1479	23.814	.559	.831
Will Not Lose Interest Using E-Banking Products in Future	28.4630	24.375	.498	.838
Want to Use More Kinds of E-Banking Products	28.2412	25.863	.408	.847

Item Statistics

	Mean	Std. Deviation	N
Incomplete Transaction Risks Occur Due to Network Problems	4.1051	1.02729	257
E-Banking Prone to Third Party Accessing Personal Information	2.6848	1.06703	257

E-Banking Leads to Losses and Waste of Time When Fixing Payment Errors	3.5486	1.24631	257
Difficult to Get Compensation When Transaction Ocurrs	3.1206	1.39930	257
E-Banking Transactions Take Long Time Due to Low Network Connection	3.3696	1.25916	257
E-Banking Servers and Other Facilities Not Perform Well	2.8288	1.23501	257
E-Banking Do Not Facilitates Quick Response and Causes Dilemma	2.8833	1.24137	257
E-Banking Transaction Handling Fees is Costly	2.8988	1.26146	257
Interaction With E-Banking Does Require Lot of Mental Effort	2.8988	1.28903	257
E-Banking Does Not Provide Up to Date Information	2.5409	1.40009	257

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Incomplete Transaction Risks Occur Due to Network Problems	26.7743	54.379	.181	.825
E-Banking Prone to Third Party Accessing Personal Information	28.1946	54.087	.188	.825
E-Banking Leads to Losses and Waste of Time When Fixing Payment Errors	27.3307	48.207	.486	.798
Difficult to Get Compensation When Transaction Ocurrs	27.7588	44.457	.630	.781
E-Banking Transactions Take Long Time Due to Low Network Connection	27.5097	46.657	.578	.788
E-Banking Servers and Other Facilities Not Perform Well	28.0506	48.486	.475	.799
E-Banking Do Not Facilitates Quick Response and Causes Dilemma	27.9961	44.527	.731	.771

E-Banking Transaction Handling Fees is Costly	27.9805	46.058	.615	.784
Interaction With E-Banking Does Require Lot of Mental Effort	27.9805	47.941	.480	.799
E-Banking Does Not Provide Up to Date Information	28.3385	46.186	.527	.793

Item Statistics

	Mean	Std. Deviation	N
Awash Bank Promises to do Something it Does So	3.7665	1.07528	257
Awash Bank Show Sincere Interest in Solving It	3.7626	1.11194	257
Awash Bank Performs the Services Right the First Time	4.0817	.94638	257
Awash Bank Provides the Service at the Time They Promise to Do So	3.8288	1.14984	257

Awash Bank Has Good and Understandable Employees	3.9611	1.13125	257
Awash Bank Has Relevant and Up to-Date Information	3.9222	1.12923	257
Awash Bank Insists on Error Free Records	3.5837	1.13958	257

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Awash Bank Promises to do Something it Does So	23.1401	23.832	.563	.832
Awash Bank Show Sincere Interest in Solving It	23.1440	23.952	.525	.838
Awash Bank Performs the Services Right the First Time	22.8249	24.215	.621	.825
Awash Bank Provides the Service at the Time They Promise to Do So	23.0778	22.236	.677	.815

Awash Bank Has Good and Understandable Employees	22.9455	22.841	.627	.823
Awash Bank Has Relevant and Up to-Date Information	22.9844	22.609	.653	.818
Awash Bank Insists on Error Free Records	23.3230	23.266	.576	.830

Item Statistics

	Mean	Std. Deviation	N
Gender of the Respondent	1.6654	.47278	257
Awash Bank Inform Customers Exactly When Services Perform	3.8093	1.06371	257
Awash Bank Give Prompt Services to Customers	4.0195	.97007	257
Awash Bank is Always Willing to Help Customers Access its Products	4.0156	1.09319	257

Awash Bank Recommends Appropriate Products to Customers	4.0934	.96776	257

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Gender of the Respondent	15.9377	10.465	-.198	.798
Awash Bank Inform Customers Exactly When Services Perform	13.7938	6.110	.541	.614
Awash Bank Give Prompt Services to Customers	13.5837	6.213	.606	.585
Awash Bank is Always Willing to Help Customers Access its Products	13.5875	5.915	.559	.605
Awash Bank Recommends Appropriate Products to Customers	13.5097	5.977	.670	.555