

FACTORS DRIVING ELECTRONIC BANKING SYSTEMS: A CASE STUDY OF EQUITY BANK

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DECLARATION

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

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APPROVAL

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TABLE OF CONTENTS

Table of Contents

DECLARATION.....	ii
ACKNOWLEDGMENT	iv
TABLE OF CONTENTS	v
CHAPTER ONE	1
1.0 Introduction.....	1
1.1 Back ground of the study	1
1.2 Problem statement.	3
1.3 General objective of the study.....	3
1.5 Research questions.....	3
1.6 Scope of the study.....	3
CHAPTER TWO	5
LITERATURE REVIEW	5
2.0 Introduction.....	5
2.1 Definition of key terms.	5
2.2. To examine the factors influencing customers to adopt E-banking services.	5
2.3. The challenges associated with E-banking systems.....	7
2.4. The relationship between electronic banking and customer satisfaction in commercial banks..	8
2.5 Conclusion	9
CHAPTER THREE	10
RESEARCH METHODOLOGY	10
3.0 Introduction.....	10
3.1 Research Design	10
3.2 Study Population.....	10
3.3 Sample Size s	10
Table 1. Sample size.....	10
CHAPTER FOUR.....	13
PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS.....	13
4.1 Introduction.....	13

4.2 Response rate.....	13
Table 1: Response rate.....	13
4.3 Biographic characteristics.....	14
4.3.1Gender of the respondent	14
Table 2: Gender of the respondents	14
4.3.2 Age bracket of the respondents.....	14
Table 3: The age composition of respondents	14
4.3.3 Education level	14
Table 4: Level of education attained by the different respondents.....	14
4.3.4 Working experience	15
Table 5: Working experience of respondents	15
4.4 The factors influencing customers to adopt E-banking services.....	15
Table 6: The factors influencing customers to adopt E-banking services.	15
4.5 Challenges associated with E-banking systems	17
Table 7:Challenges associated with E-banking systems	17
4.6 The relationship between electronic banking and customer satisfaction in commercial banks. .	19
Table 8: The relationship between electronic banking and customer satisfaction in commercial banks.	19
CHAPTER FIVE	21
SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS	21
5.1 Introduction.....	21
5.2 Summary of the key findings	21
Discussion of the key findings.....	22
5.4 Conclusion	24
5.5 Recommendations	25
References.....	26
APPENDIX.....	29
QUESTIONNAIRE.....	29
SECTION B	30

LIST OF TABLES

<u>Table: Sample size</u>	10
<u>Table 1: Response rate</u>	13
<u>Table 2: Gender of the respondents</u>	14
<u>Table 3: The age composition of respondents</u>	14
<u>Table 4: Level of education attained by the different respondents.....</u>	14
<u>Table 5: Working experience of respondents</u>	15
<u>Table 6: The factors influencing customers to adopt E-banking services.....</u>	15
<u>Table 7:Challenges associated with E-banking systems.....</u>	17
<u>Table 8: The relationship between electronic banking and customer satisfaction in commercial banks,</u>	19

ABSTRACT

The research delved into the adoption and usage patterns of electronic banking systems, focusing on factors influencing customer adoption, challenges associated with such systems, and the correlation between electronic banking and customer satisfaction in commercial banks. Employing a descriptive cross-sectional design, the study utilized a mixed-method approach to gather data from 59 respondents via questionnaires. Quantitative data underwent analysis through measures of central tendency.

Findings revealed customers highly prioritize the convenience and accessibility of E-banking services, though security concerns vary among them. While intuitive interfaces and cost savings hold lesser importance on average, there's notable variability in customer preferences regarding these aspects.

Conclusively, financial institutions operating in the E-banking sector should tailor their strategies in line with these insights. While security-related challenges exhibit moderate importance with varying perceptions, issues like reputational damage, technological advancements, and cost bear significant weight, garnering more uniform opinions among respondents. Effective addressing of these challenges is crucial not only for enhancing system security and reliability but also for upholding a positive reputation and remaining competitive in the dynamic digital landscape.

Furthermore, institutions should prioritize inclusive E-banking services, considering the varying degrees of importance placed on accessibility challenges by different respondents. Recommendations include investing in robust online and mobile banking platforms to ensure round-the-clock accessibility across various devices and browsers. Recognizing the diverse range of security concerns among customers, offering customizable security options is advisable, allowing users to tailor their security settings to their comfort levels.

CHAPTER ONE

1.0 Introduction

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

1.1 Back ground of the study

In recent years, the global banking industry has experienced a rapid evolution driven by advancements in information technology. This progress has enabled enhanced tracking and fulfillment of commitments, diversified online delivery channels for customers, and expedited issue resolution. Consequently, the financial services landscape is undergoing visible and swift transformation, with traditional practices quickly fading away. This transition is accompanied by heightened competition among banks, largely fueled by the continuous development of information technology. As a result of these technological advancements, customers are becoming increasingly familiar with electronic banking services and systems. Telecommunication and information technology breakthroughs are revolutionizing the banking sector, with electronic commerce promising a new era of convenience and efficiency. Numerous studies have emphasized the growth of electronic banking and its operational capacities, highlighting its potential to offer cost-effective and direct avenues for information exchange and transactions. Today, financial institutions are vigorously vying to expand their market share and profitability. Banks, in particular, have shifted significantly from conventional brick-and-mortar operations to branchless banking models, leveraging the latest technologies to broaden their customer base. Electronic banking stands out as a primary advancement in this regard. Given the globalized nature of business, Ugandan banks are compelled to embrace electronic banking services to enhance service delivery and customer satisfaction, essential for remaining competitive and profitable in the industry. Electronic banking, as defined by various scholars, encompasses the automated delivery of banking products and services through electronic channels such as computers, ATMs, and internet portals. It provides customers with round-the-clock access to various banking services, from bill payments to investments, and facilitates transactions through ATMs or direct deposit mechanisms. Despite the acknowledged importance of customer satisfaction for business sustainability, recent studies indicate that customers remain largely unaware of electronic banking services, preferring traditional banking methods for transactions and inquiries.

Commercial banks in Uganda recognize the significance of electronic banking in enhancing organizational performance and profitability, yet customer adoption rates remain low. The process of customer adoption involves stages of knowledge acquisition, persuasion, decision-making, implementation, and confirmation. Dissatisfaction with existing services, such as system breakdowns and lack of transaction confirmations, contributes to reluctance in adopting electronic banking among Ugandan consumers. In light of these industry dynamics, this study aims to empirically assess the impact of electronic banking services on customer satisfaction within Uganda's banking sector. Equity Bank, established in 1984 as Equity Building Society (EBS), initially focused on mortgage services but later expanded its offerings to include microfinance in the 1990s. Over the past decade, Equity Bank has witnessed significant growth and improvement in product offerings and service quality. Despite challenges faced by the banking sector, Equity Bank's strategic initiatives have garnered positive reception from Ugandan consumers, leading to increased trust and engagement with the bank. The banking sector in Uganda has experienced remarkable growth, with total assets expanding significantly over the past decade. However, market dominance remains concentrated among a few key players, while smaller institutions face challenges in gaining traction. Equity Bank's decision to waive charges on savings accounts has incentivized saving among consumers, contributing to the bank's continued expansion and success. By adopting strategic plans aimed at capturing the unbanked population, Equity Bank has achieved notable growth in the region, particularly in sectors such as construction, transport, and communication. As Equity Bank continues to expand its operations, experts suggest a cautious approach, emphasizing the importance of consolidating its position in the local market before further regional expansion.

1.2 Problem statement.

Since the adoption of E-banking services by banks, customers have shown reluctance to embrace these services, as evidenced by longer queues in banking halls and a continued preference for carrying large amounts of cash, indicating dissatisfaction with the services. Despite efforts by banks to enhance their systems through increased infrastructure and new services like Equity Duuka aimed at improving customer satisfaction, the problem persists, likely due to escalating issues associated with E-banking systems. Bwonditi (2010) highlighted various customer complaints about these services, particularly regarding ATMs, such as the inability to stop a payment, reverse a transaction, or obtain a refund, which are seldom discussed. Consequently, I am investigating the impact of electronic banking on customer satisfaction at Equity Bank Mukono municipality branch.

1.3 General objective of the study

The study aimed to investigate how service quality affects customer dissatisfaction in e-banking services

Specific objectives of the study

- i) Analyzing the factors that influence customer adoption of E-banking services.
- ii) Identifying and analyzing the obstacles linked with E-banking systems.
- iii) Investigating the correlation between electronic banking and customer satisfaction within commercial banks.

1.5 Research questions

- (i) What factors influence customers to adopt E-banking services at Equity Bank Uganda ?
- (ii) What are the challenges associated with E-banking systems in Equity bank Uganda ?
- (iii)What is the relationship between electronic banking and customer satisfaction?

1.6 Scope of the study

The study covered Equity Bank Uganda

1.7 Significance of the Study

To commercial banks

The findings will assist in gauging how electronic banking has impacted customer satisfaction and identifying additional methods to enhance customer contentment.

To scholars and other researchers, The discovery will serve as a benchmark for them to guide their research on this topic, enabling them to broaden their understanding of the issues and explore different solutions

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents key findings from the current literature regarding the impact of service quality on customer dissatisfaction within e-banking services offered by commercial banks in Uganda. The literature reviewed includes publications from online journals, textbooks, and pertinent presentations from sources outside Uganda.

2.1 Definition of key terms.

Electronic Banking. Internet banking enables customers to access their bank accounts via personal computers (PCs) or mobile phones and browsers. Marsh (2005) defines electronic banking as round-the-clock access to cash through automated teller machines (ATMs) using a personal identification number (PIN) or through direct deposit of paychecks into checking or savings accounts. Inely and Fleming (2000) describe electronic banking as an overarching term encompassing the electronic performance of banking transactions without the need to physically visit a brick-and-mortar institution. Bhattacherjee (2001) consolidates these definitions by defining it as an integrated system that offers customers a flexible, convenient, and cost-effective platform with a range of online personal banking services, including online checking and savings accounts, money market accounts, certificates of deposit, credit cards, home equity loans, home mortgages, insurance, investment services, portfolio management, and other related financial services. Therefore, through internet banking, customers can conduct the same banking transactions provided by physical branches anytime and anywhere through a simple and user-friendly browser interface (Polatoglu & Ekin, 2001).

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

In the contemporary landscape, electronic banking (e-banking) stands as a pivotal conduit for dispensing banking services. Essentially mirroring traditional methods of payment, inquiry, and information processing, e-banking distinguishes itself by leveraging electronic mediums for service delivery (Dixit and Datta, 2010). Previous research has elucidated numerous factors impacting the adoption of e-banking. Poon (2008) identified ten such factors: ease of use, accessibility, feature availability, bank reputation, security, privacy, design, content, speed, and

fees. Poon's findings underscored the significance of all these factors in influencing user adoption of e-banking services.

Privacy and security emerge as prominent sources of dissatisfaction, exerting notable influence on user adoption. Conversely, factors such as accessibility, convenience, design, and content contribute to user satisfaction. Furthermore, the speed of service, availability of product features, reasonable fees, and effective bank management are crucial to the success of e-banking. Notably, features like WAP, GPRS, and 3G in mobile devices hold negligible sway over e-banking adoption. Poon's research underscored the pivotal roles of privacy, security, and convenience in determining user acceptance across different age, education, and income segments.

Building upon this, Dixit and Datta (2010) identified factors like security, privacy, trust, innovativeness, familiarity, and awareness as enhancing the acceptance of e-banking services among Indian customers. Their findings highlight the willingness of adult customers to embrace online banking given appropriate guidance, emphasizing the importance of banks understanding adult customers' attitudes toward technology adoption and risk aversion.

Meanwhile, Wan, Luck, and Chow (2005) explored factors influencing the adoption of various banking channels in Hong Kong. Their research focused on demographic variables and psychological beliefs regarding channel attributes. They found that ATM was the most widely adopted channel, followed by internet banking and branch banking, while telephone banking lagged behind. Psychological beliefs played a more predictive role in ATM and internet banking adoption compared to branch and telephone banking.

In addition, quality dimensions emerged as significant factors influencing customer satisfaction, as noted by various researchers. Raman, Stephenaus, Alam, and Kuppusamy (2010) tested six e-service quality components in Malaysia, finding differing expectations between internet users and non-users. Devi and Malarvizhi (2010) examined customer perceptions of e-banking in India, highlighting satisfaction levels and technical issues. Meanwhile, Aslam, Khan, and Tanveer (2011) explored perceived barriers to internet banking adoption in non-metropolitan areas of Pakistan, noting concerns about relationship building and the perceived value of traditional banking.

These studies collectively underscore the multifaceted nature of e-banking adoption, influenced by factors ranging from convenience and security to customer perceptions and demographic variables.

2.3. The challenges associated with E-banking systems.

Wada and Odulaja (2012) underscored that while digitalization offers numerous advantages to various products and services, it also presents challenges. Hossain et al. (2015) noted that although digitalization reduces operational costs for banks, the expenses associated with maintaining efficient digital banking operations and facilities remain high. Consequently, significant capital investment in innovating and sustaining digital banking services might offset the benefits.

The lack of IT knowledge, security measures, and legal frameworks impedes the acceptance and growth of digital banking (Acha, 2008; Haque, Hj-Ismail, & Daraz, 2009; Maitlo, Kazi, Khaskheley & Faiz, 2015). Similarly, Shehu, Aliyu, and Musa (2013) explained that outdated information technology infrastructures in banks, along with trust, privacy, and cybersecurity concerns, present obstacles to digital banking.

Customer illiteracy poses a significant challenge that could affect bank performance. To fully utilize bank digital channels, customers must possess basic reading, writing, and computer skills (Ogunlowore & Oladele, 2014). Lack of customer acceptance and patronage also hinders the growth of digital banking, particularly in developing countries, where the gap with developed nations in digital banking development and adoption is evident (Wada & Odulaja, 2012).

Banking institutions have long provided electronic services to consumers and businesses remotely, including electronic funds transfer and automated machines for currency withdrawal and account management (BCBS, 2001). However, the increasing global acceptance of the Internet as a banking delivery channel presents new business opportunities and service benefits, albeit with risks and challenges that banks must manage prudently (BCBS, 2001).

The rapid pace of technological and customer service innovation in e-banking necessitates shorter implementation periods, challenging banks to conduct thorough strategic assessments, risk analyses, and security reviews (BCBS, 2001). E-banking heightens banks' reliance on information technology, leading to technical complexities and increased partnerships with unregulated third parties, such as Internet service providers and technology firms (BCBS, 2001).

The ubiquity and global accessibility of the Internet accentuate the importance of security controls, customer authentication techniques, data protection, audit trail procedures, and customer privacy standards in e-banking (BCBS, 2001). Additionally, e-banking presents challenges such as user errors, internet connectivity issues, access problems, and security concerns, which may or may not outweigh the benefits.

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

Lenarts (2012) contend that customer satisfaction with financial institutions and banking websites experienced positive growth in 2010. Nearly two-thirds of online financial customers now utilize bill pay services across credit cards and third-party websites. The advent of electronic banking has prompted many banks to explore the application of various technological innovations to enhance customer service delivery, thereby ensuring satisfaction and translating into increased profitability and higher returns on investment. There exists a positive relationship between electronic banking services and customer satisfaction, enabling banks to impress customers and foster continued patronage. Presently, it is challenging to find any bank that does not offer some form of electronic banking service, even in the most remote areas of the world.

Vaidya (2011) posits that emerging technologies offer opportunities to develop novel approaches to lead generation, prospecting, and cultivating deeper customer relationships. Electronic banking facilitates superior customer experiences through bi-directional communications. The access to basic financial services, including saving, transferring, and investing small amounts of money, can significantly impact individuals worldwide.

Barney (2006) highlights the cost-effectiveness of electronic banking, elucidating how information technology has streamlined business processes, making them more efficient and profitable. Electronic banking has also extended business operating hours globally, facilitating easier and more convenient transactions across borders.

Wise and Ali (2009) assert that many banks are investing in ATMs to reduce branch costs, as customers prefer using them for transactions. Although there is a marginal increase in fee income with ATMs, it is offset by the significant rise in customer transactions. The primary value proposition lies in enhancing customer satisfaction, thereby fostering loyalty, retention, and organizational growth. Internet banking emerges as a lower-cost delivery channel, playing a pivotal role in the contemporary business economy.

Ayadi (2003) elucidates how access to electronic payment methods and widespread internet connectivity has reshaped banks' perceptions of the market, leading to the proliferation of internet banking. Hutchinson and Warren (2003) argue for the importance of robust security procedures in internet banking to ensure secure transactions in remote environments. The adoption of internet banking technology has resulted in cost reductions through electronic processing over the internet.

2.5 Conclusion

In conclusion, electronic banking remains a relatively underexplored area in Uganda's banking sector. While there is limited scholarly literature on the subject, including unpublished works such as dissertations, concept papers, proposals, and internet articles, there is a growing interest in understanding how electronic banking impacts customer satisfaction. The research landscape is ripe for exploration, particularly through case studies, as there is a perception of inadequate information despite existing studies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter delineates the methodology employed in conducting the study, encompassing aspects such as research design, sample size determination, sampling methodologies, data sources, collection techniques, instruments utilized for data gathering, and the subsequent analysis and presentation of data.

3.1 Research Design

The research employed a cross-sectional research design, which entails examining data from a population at a singular moment. Additionally, correlation and regression analyses were utilized to ascertain the correlation between electronic banking services and customer satisfaction or dissatisfaction.

3.2 Study Population

The study targeted 100 respondents. This is the number of staff in Equity bank.

3.3 Sample Size

The sample consisted of 60 individuals due to the small population size. All staff members participated in the study, along with a select few customers.

Table 1. Sample size

Respondents	Number of respondents
Bank staff	18
Customers	42
Total	60

3.4. Sampling Technique:

The study employed purposive sampling, selecting individuals or cases based on specific characteristics relevant to the research objectives.

3.5 Sources of Data:

The study gathered both primary and secondary data. Primary data was obtained through personal interviews and questionnaires to access unique information. Secondary data was sourced from textbooks, journals, and other published materials.

3.5.1 Primary Data:

Primary data refers to information gathered firsthand for the research, not previously reported. It is collected directly by the researcher through methods like surveys or interviews.

3.5.2 Secondary Data:

Secondary data is data already reported by other scholars, obtained from studies, surveys, or experiments conducted by others.

3.6 Data Collection Instruments:

Questionnaires were utilized as the primary data collection instrument due to their efficiency in gathering data from a large sample within a short timeframe.

3.6.1 Questionnaire:

A questionnaire consists of written questions where respondents record their answers, offering defined alternatives. It was chosen for its efficacy in collecting data from small-scale business owners.

3.7 Data Presentation and Analysis:

Collected data was reviewed for completeness, categorized, coded, and inputted into a computer. It was then summarized into frequency tables and analyzed using SPSS software.

3.8 Ethical Considerations:

Ethics in research encompass the appropriateness of behavior concerning the rights of subjects or those impacted by the findings. The researcher ensured methodological soundness and moral

defensibility, obtaining informed consent from participants and avoiding situations where harm could occur.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter unveils the research outcomes concerning how service quality influences customer discontentment in e-banking services. It begins by outlining the response rate, proceeds to provide background details about the respondents, and culminates in a comprehensive presentation and analysis of the study findings, correlating them with the specific objectives.

4.2 Response rate

The research achieved a noteworthy response rate of 95.2%, indicating a robust engagement from participants. Amin (2005) posited that such a high response rate typically correlates with increased accuracy in survey outcomes

Table 1: Response rate

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

Source: Primary data

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

The research achieved an impressive response rate of 98.3%, indicating its high level of participation. According to Amin (2005), such a high response rate is likely to yield more accurate survey results. Additionally, this section provides an overview of the respondents' demographics, including gender, age, level of education, current occupation, and length of service. These details were gathered from the questionnaire responses and interviews conducted with the participants

4.3 Biographic characteristics

4.3.1Gender of the respondent

Table 2: Gender of the respondents

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

Source: Primary data

Table 2 above illustrates that 44% of the participants were male, while 56% were female.

There was a greater presence of males compared to females

4.3.2 Age bracket of the respondents.

Table 3: The age composition of respondents

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

Source: primary data

The data presented in Table 3 reveals that 39% of the participants fell within the age range of 41-50 years. Additionally, 17% of respondents were aged between 21-30 years, while 24% and 20% represented those aged 31-40 years and over 50 years, respectively

4.3.3 Education level

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

Education level	Frequency	Percentage %
Certificates	5	8

Diploma	10	18
Bachelors	38	64
Masters	6	10
Total	59	100

Source: primary data

The findings presented in Table 4 reveal that 18% of participants possessed a diploma, 64% held bachelor's degrees, indicating a preference among the majority of literate individuals for storing their funds in banks. Additionally, 8% of respondents held certificates, while 10% possessed master's degrees, suggesting that bank employees were predominantly individuals with bachelor's qualifications.

4.3.4 Working experience

Table 5: Working experience of respondents

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

Source, primary data

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

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

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

The factors influencing customers to adopt E-banking services.	Mean	Standard deviation

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

Source: Primary data

Customers highly appreciate the convenience of accessing their accounts, making transactions, and checking balances either from home or while on the move via smartphones or computers. This aspect receives a high mean score of 4.20, indicating its significant value to customers. The low standard deviation of 0.738 suggests a consistent acknowledgment of this convenience among respondents.

The availability of E-banking services and easy internet access also holds considerable importance, as indicated by its mean score of 4.19. Similarly, the low standard deviation of 0.730 signifies a consistent preference for this aspect among customers.

However, concerns regarding the security of online transactions and personal information present notable barriers to adoption, with a mean score of 3.93. Yet, the higher standard deviation of 0.828 implies varying degrees of concern among respondents.

In contrast, customers place less emphasis on intuitive interfaces, with a mean score of 1.88, and lower fees and costs, with a mean score of 1.86. The higher standard deviations for these factors (0.966 and 0.955, respectively) indicate more diverse preferences among customers regarding interface intuitiveness and cost savings.

In summary, the data indicates that customers highly value the convenience of E-banking and easy internet access. Security concerns are significant but vary among customers. Meanwhile, intuitive interfaces and cost savings are less universally important, with greater variability in customer preferences for these factors.

4.5 Challenges associated with E-banking systems

Table 7:Challenges associated with E-banking systems

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

Source: Primary data

The table presents data concerning challenges associated with E-banking systems, including mean scores and standard deviations for each challenge.

Security threats (Mean: 2.46, Std Dev: 1.250): Respondents consider security threats moderately concerning in E-banking systems, with some variability in opinions indicated by the standard deviation.

Malicious actors (Mean: 2.51, Std Dev: 1.251): Similar to security threats, respondents perceive the threat of malicious actors as moderate, with variability in opinions.

Fraud detection (Mean: 2.41, Std Dev: 1.191): Detecting and preventing fraudulent activities is slightly less challenging than security threats and malicious actors, with some variation in opinions among respondents.

Reputational damage (Mean: 4.29, Std Dev: 0.911): Reputational damage due to security breaches or data leaks is rated significantly higher than previous challenges, with respondents viewing it as a substantial concern. The relatively low standard deviation indicates consistent perception among respondents.

Technological advancements (Mean: 4.25, Std Dev: 0.902): Staying updated with rapidly advancing technology is rated similarly high as reputational damage. Respondents see this as a significant challenge with a low standard deviation, indicating a consensus on its importance.

Accessibility (Mean: 2.31, Std Dev: 1.235): Ensuring that E-banking services are accessible to all customers, including those with disabilities, is perceived as a moderate challenge with some variability in opinions.

Cost (Mean: 4.31, Std Dev: 0.815): Developing, maintaining, and securing E-banking systems is considered the most challenging aspect, with a high mean score and a low standard deviation, indicating a consensus among respondents regarding its significant cost implications.

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

assist banks and financial institutions in prioritizing efforts to address challenges in the E-banking sector.

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

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

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

Source: Primary data

Table 8 presents the mean scores and standard deviations for statements regarding the relationship between electronic banking and customer satisfaction in commercial banks.

1. Convenience of Electronic Banking:

The mean score (2.22) and low standard deviation (1.190) suggest that customers perceive electronic banking as somewhat convenient, with consistent opinions. However, the relatively modest mean implies room for improvement in convenience

2. Transaction Processing Speed:

Electronic banking is seen to offer slightly faster transaction processing (Mean: 2.25, Standard Deviation: 1.154), with opinions relatively consistent among customers.

3. Diverse E-banking Services:

Customers view a diverse set of electronic banking services as potentially enhancing satisfaction by meeting various financial needs (Mean: 2.32, Standard Deviation: 1.224), but the higher standard deviation indicates some variability in this perception.

4. Impact of Security Breaches

Concerns about security breaches are evident (Mean: 2.41, Standard Deviation: 1.261), with customers generally perceiving them as having a significant impact on satisfaction and trust, though opinions vary.

5. Personalized Offerings based on Electronic Banking Data

Customers generally believe that personalized offerings and recommendations can enhance satisfaction (Mean: 2.24, Standard Deviation: 1.165), though the mean score is not very high, and opinions vary.

In conclusion, customers recognize the benefits of electronic banking in terms of convenience, speed, and potential for personalized services, but security concerns are notable. It's crucial for commercial banks to address these concerns while improving and diversifying electronic banking services to enhance satisfaction. Further research or analysis may be necessary to delve deeper into these relationships and identify specific areas for improvement.

identify specific areas for improvement in electronic banking services.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction.

The research delved into how service quality influences customer discontent within e-banking services. An exploration of the patterns of adoption and usage in electronic banking systems was undertaken. This chapter encapsulates a review, discourse, deductions, and suggestions stemming from the examination of internal control systems and financial performance. The initial segment offers an overview of the research discoveries concerning the predefined objectives, succeeded by an analysis, summary, and recommendations aligned with the study's aims.

5.2 Summary of the key findings

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

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

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

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

Discussion of the key findings

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

The data offers valuable insights into the challenges associated with E-banking systems, shedding light on the perceptions of respondents and the variability in their opinions. These findings can serve as a basis for informed decision-making and prioritization of efforts within the E-banking sector. Both security threats and malicious actors are considered moderate

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

The mean scores for statements related to convenience (Mean: 2.22) and speed (Mean: 2.25) of electronic banking suggest that customers generally find electronic banking somewhat convenient and slightly faster than traditional in-branch banking. The low standard deviations for both convenience (SD: 1.190) and speed (SD: 1.154) indicate that customer opinions are relatively consistent on these aspects. The findings imply that while electronic banking is perceived as convenient and faster, there is room for improvement, particularly in enhancing the convenience factor. The statement regarding a diverse set of electronic banking services enhancing customer satisfaction (Mean: 2.32) suggests that customers see value in a variety of services. However, the relatively high standard deviation (SD: 1.224) indicates that there is

some variability in how customers perceive the impact of these services on their satisfaction. Commercial banks should focus on offering a wide range of electronic banking services to cater to diverse financial needs, but they should also work on understanding and addressing the varying preferences of their customers. The data indicates that customers have significant concerns about security in electronic banking (Mean: 2.41). The high mean score suggests that customers consider security breaches as a critical issue that can severely impact their satisfaction and trust. The high standard deviation (SD: 1.261) suggests that there is considerable variation in how different customers perceive the impact of security incidents. Commercial banks must prioritize and invest in robust security measures to address these concerns. Effective communication of security measures and incident response plans to customers can also help build trust. Customers generally believe that personalized offerings and recommendations based on electronic banking data can enhance satisfaction (Mean: 2.24). The standard deviation (SD: 1.165) indicates some variability in customer opinions regarding the effectiveness of personalization. While personalization is viewed positively, it may not be as uniformly valued by all customers. Banks should consider tailoring their personalization efforts to different customer segments.

5.4 Conclusion

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

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

taking into account the varying levels of importance placed on this challenge by different respondents.

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

5.5 Recommendations

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

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

Recognize that security concerns vary among customers. Offer customizable security options whenever possible, allowing users to adjust their security settings based on their comfort level. Continuously educate customers on the security features and practices you have in place to reassure them about the safety of their transactions.

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

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APPENDIX
QUESTIONNAIRE
UGANDA CHRISTIAN UNIVERSITY
SCHOOL OF BUSINESS

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

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

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

SECTION A: Demographic Data

Please tick (✓) in the appropriate box as the most agreed answer to the following statements.

1. Gender of the respondent.

Male

Female

2. Age group of the respondent.

21-30 years 31-40 years 41-50 years above 50 years

3. Education level of the respondent.

Primary level Secondary level Certificate level

Diploma level Bachelor's level Masters Level

Others

specify.....

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

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

SECTION B

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

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

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

	Electronic banking allows for faster transaction processing compared to traditional in-branch banking				
	A diverse set of E- banking services can enhance customer satisfaction by meeting various financial needs.				
	A breach or security incident can severely impact customer satisfaction and erode trust in the bank.				
	Banks can use data from electronic banking interactions to personalize their offerings and recommendations to customers which enhances satisfaction				

Thank you