# CONSUMER BEHAVIOUR AND E-BANKING ADOPTION IN SELECTED BANKS IN MOGADISHU-SOMALIA

BY

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MAY, 2017

## DECLARATION

I,Mohamed Adan Abdi Odesuge, declare that this research report is my original work and has never been presented before any institute of higher learning for any academic award.

Signature: .....

Date: 04/05/2017

## APPROVAL

This is to confirm that this research report by Mohamed Adan Abdi Odesuge was completed under my supervision.

Name D. F. Byamukama Signature: Byk

Date: 05/05/2017.

## DEDICATION

To the almighty Allah, Thank you for instilling wisdom and giving me a sense of direction and purpose throughout my entire life. To my parents I warmly appreciate you for your enormous contribution to my life including the academic one, this appreciation goes to my father and Mother most importantly for the financial support accorded to me, may God bless You.

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And to my sisters for the polite spirit and the gallantly of mind, your love will forever be remembered by me. God bless you.

I am highly indebted to all my friends and course mates for the support and encouragement they gave me, thanks for being there for me.

## LIST OF ACRONOMYS

| | |
|---|---|
| ATM | Automatic Teller Machine |
| TPB | Theory of planned behaviour |
| EB | Electronic Banking |
| TRA | Theory of reasoned behaviour |
| PBC | Perceived Behavioural Control |
| TAM | Technology Acceptance Model |

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## ABSTRACT

The study was set to assess the consumer's behaviour on e-banking adoption in Mogadishu Somalia; using Salam and Prime banks based on the objectives of assessing relationship between customer attitude and adoption of electronic banking in Somalia, determining the relationship between customer beliefs and adoption of electronic banking in Somalia and assessing the relationship between customer trust on adoption of electronic banking in Somalia. The research used a descriptive research design because of its ability to describe results from questionnaires and interviews and employs both quantitative and qualitative research approaches. The population were 280 and 162 as the sample that provided the data. The researcher findings were that consumer behaviour was having a positive but not very significant effect on electronic banking adoption in Mogadishu. The findings show that all the dimensions of consumer behaviour were found not significantly contributing to electronic banking adoption.The findings on the first objectives were that customer attitude and adoption of electronic banking in Somalia was found inadequate on the dimensions were found inactive the attitudes were negative on the adoption of e-banking. On the second objective the customer beliefs indicated that majority of the responses provided that customer beliefs in terms of computer illiteracy disables, religious affiliations, banking is supportive to my day to day living were inefficient for the development. Customer trust dimension was established showing that customer trust and adoption of electronic banking in Somalia. Then Pearson correlations denote a non-existing relationship between consumer behaviour and electronic banking adoption in Mogadishu Somalia according to consumer's attitude, trust and beliefs. The study recommends adopting new means of operations through sensitization of the masses in order to alter their attitudes towards the e-banking. There is need to sensitize masses especially on religious and cultural affiliations so as to reduce the prevalence of the people usage of electronic banking and improve its adoption. Bank customers must have to consider the issue of hacking, the integrity of the password been used, data encryption. There is need to improve the security of the e-banking systems. The customers will thus not be worried that their personal information and money will be transferred to third party without their knowledge. This creates the long term relations with the bank leading to trust and thus resulting into internet banking adoption.

# CHAPTER ONE
# INTRODUCTION

## 1.0 Introduction

This chapter deals with introduction to the study, background to the study, problem statement, purpose of the study and the research objectives. It also gives the research questions, hypothesis, and scope of the study, significance and operational definitions of key terms.

## 1.1 Background of the Study

The background of the study was presented on four perspectives namely historical, theoretical, conceptual and contextual perspectives.

### 1.1.1 Historical Perspective

The revolution of information technology in the banking industry began in the early 1970s, with the introduction of the automated teller machine (ATM), which was first installed by Barclays Bank in the United Kingdom (UK). ATMs allow customers to deposit money, withdraw cash, request a balance and pay bills at any time. (Awamleh, 2006)

ATM services not only provide convenience for customers, but also decrease operating costs for the bank (Rose and Hudgins, 2008). However, ATMs lack personalized services and do not have the ability to sell peripheral services, such as a mortgage plan (Rose and Hudgins, 2008). The next technology developed by banks was telephone banking which was firstly introduced by Seattle First National Bank in the United States (US) in the late 1970s. Telephone banking is more cost-effective than ordinary branch banking and the process increases customer convenience as well as expanding access to a wide variety of services for customers. (Giannakoudi, 1999)

However, telephone banking lacks visual verification, and customers cannot perform self-banking activities by using telephone banking. Unsurprisingly, Northern European countries are home of the most enthusiastic online bankers with adoption rates of 62-77%. The European core (e.g. Germany, France and UK) constitutes a second cluster with rates between 35 to 54%. Most countries with adoption rates below 32% are in Southern and Eastern Europe (Ireland is an exception). Finally, there is group of rather poor countries where online banking has barely taken hold. (Hoffman, 1999)

In the African context, a review of electronic banking adoption studies shows that a large portion of the published research was conducted in developed and industrialized countries. In contrast, little is written in developing countries. This gap is particularly apparent in the Africa. One of the reasons for the limited empirical studies in the African continent is that the introduction of electronics is relatively new in this region. In addition, most of the previous studies relatively focused on the adoption of an information system by the employees in an organizational environment, where the use, in most cases, is mandatory. The main focus of this study is the customers' point of view, where the use of technology is voluntary. On another hand, the existing studies on customers' adopting of electronic banking services focus just on a specific service at a point of time. Most of the research available in the banking context deals with internet banking only (Koenig et al., 2010).

In Somalia within a very short period, consumer behaviour became more popular in the Somali community from RasKamboni to Rascaseyr. However, Al-Shabab rejected Zaad or Sahal financial services, arguing that this will lead the economy to be controlled by international corporations and bankers, and to the elimination of local currency (So.Sh) in circulation. Therefore, the Zaad or Sahal financial service was suspended in South Somalia, in the area where Hormuud Telecom is operating, while Zaad and Sahal financial service is operating effectively in Puntiland and Somaliland states because these two states are not under the control of Al-Shabab which banned Zaad and Sahal services. Even though, Zaad or Sahal financial services are interesting innovations in both the Telecom and Hawaleh industries in Somalia. Competitiveness between these two industries especially in a country like Somalia, where it could be difficult to introduce the ATM (Automatic Teller Machine) in the public place due to security issues may increase the quality of these services. Hence, this paper attempts to examine the Somali customers' attitude and willingness to adopt the two main mobile banking services in Somalia i.e. Zaad and Sahal. (Cheng, 2006)

### 1.1.2 Theoretical Perspective

The theory of planned behaviour suggested that human behaviour is determined by intention to perform the behaviour, which is affected jointly by attitude toward behaviour, subjective norm and perceived behavioural control. Attitude (ATT) is the general feeling of people about the desirability or undesirability of a specific behaviour. Subjective norm (SN) expresses the perceived organizational or social pressure of a person who intends to perform a particular behaviour. Perceived behavioural control (PBC) reflects a person's perception of the ease or difficulty of implementing a particular behaviour (Ajzen, 1991).

The ability of TBP in providing a useful theoretical framework for understanding and predicting the acceptance of new information systems is demonstrated analyzed previous studies using the TBP in a meta-analysis study. The major conclusion was support for the efficacy of the TPB and the suggestion that more work on new variables is needed to increase the predictability of the model (Ajzen, 2002).

Several studies have examined the attitude and/or intention to adopt mobile banking services in different countries. Daud, Kassim, Said and Noor (2011) examined the critical success factors influencing the adoption of mobile banking services in Malaysia using technology acceptance model (TAM). The authors found that perceived usefulness, perceived credibility and awareness about mobile banking have a significant effect on user's attitude thus influencing the intention toward mobile banking. A similar study was conducted by Cheah, Teo, Sim, Oon, and Tan (2011), and found that factors such as perceived usefulness, perceived ease of use, relative advantages and personal innovativeness were positively related with the intention to adopt mobile banking services. (Cheah, 2011).

### 1.1.3 Conceptual Perspective

Consumer behaviour is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. Customer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer behaviour is difficult to predict, even for experts in the field (Fox, 2005).

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 Basel committee on banking supervision, 2003). Electronic banking services have benefits for both banks and customers. For banks, electronic banking is conceded a strategy weapon; help them to achieve competitive advantage and increase their market share (Daniel, 1999).

Electronic banking is creating dramatic changes for the banking industry. Electronic banking is defined as an internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments (Daniel, 1999).

### 1.1.4 Contextual Perspective

After the collapse of Somali government led by the former president SiyadBarre in 1991, the financial system has passed through various reforms covering the Central Bank and the entire banking system in Somalia. However, it is in December 2006 that the Central Bank was able to fully restore its offices in Mogadishu and the main other cities. Currently, the central bank seems to be less active and there are still several reforms and policies in the midst of implementation, which delay the central bank's ability to regain its power and control on the economy and monetary policies in the country. Therefore, the Money Transfer Companies (Hawaleh System) have been set up, with the hope to fill in this gap and deliver some of the basic banking services. As a result, Hawaleh System became one of the major financial players in the country due to their faster and cheap service charges, growing public trust and the reliability on their service and due to the availability of their agencies across the world. These institutions are currently ensuring up to $1.6 billion in remittance annually to the home land(Saunders, 2005).

Currently, a third of Europe uses online banking and there are no signs of a slowdown in adoption. The highest growth rates can be seen in Southern and Eastern Europe indicating a catch-up process. By 2020, more than 60% of Europeans may use online banking ("Deutsche Bank Research, 2010). Reports have shown that Internet banking adaptation in the developing countries of Latin America, Asia and Africa is also relative higher although differs to a certain extent from one country to another. For instance in Asia the adoption of e-banking is higher in South Korea, Singapore, China, India and others while, in countries like Malaysia is relatively low and there is little research to understand the key adaptation determinants. Although there is evidence that electronic revolution has commenced in Malaysia, widespread electronic banking is still in its growing stage, which makes it hard for banks and other interested parties to design interventions that would enhance the diffusion of internet banking (Saunders, 2005).

There is limited understanding of the advantages of using E-banking, the factors influencing the African consumers to adopt E- banking and the role played by e-banking to the performance of microfinance institutions. An understanding of how demographic characteristics, social influences, consumers perceptions and attitudes toward internet banking influence the adoption of internet banking can allow banks to create solutions and plans to attract consumers to use internet banking to gain more share in the internet banking

market. Very little research has been undertaken in Africa, some of these few studies have been conducted in South Africa, Tunisia, Nigeria as well as in few other African countries on factors influencing the consumer's adoption of internet banking and its contribution to the general performance of microfinance institutions; only 672,000 people are banking online or have banked online in South Africa. In Africa E-banking is a new industry, consumer acceptance and use of E- banking is still small (Gerrard, 2003).

### 1.2 Statement of the Problem

In recent times, e-banking among many institutions and customers in Somalia has been perceived different. The adoption of e-banking in Mogadishu, Somalia is coupled with a series of issues such as illiteracy, poverty, and poor internet. The technology in the country is not at its peak and the environment around the customers presents knowledge of discontent in adoption of e-banking, Istanbul Conference on Somalia, 2010). In the banking sector Hawaleh System is the major financial institutions in the country due to their faster and cheap service charges, growing public trust and the reliability on its service and due to having agencies across the world of money transfer which are handling up to $1.6 billion in remittance annually to the home land (CIA world fact-book statistics, 2012). The country's banking industry has therefore not well embraced the provision of e-banking as adoption of e-banking is in the country. Mobile-money is the only emerging facet of electronic banking that, unlike traditional financial services, which offer very limited functions, is a potential platform for automated banking and other financial services. It is a wireless service delivery channel that offers additional value for customers by providing "anytime, anywhere" access to financial services. These services offered are on a small range and adopted by only a series of Somalia nationals abroad. Hence, this research analyzese-banking adoption in Mogadishu is limited and consumer behavior is deemed responsible, it is based on these that the researcher is set to establish whether e-banking adoption is a result of consumer behaviors regarding E-banking.

### 1.3 Purpose of the study

The purpose of study was to examine the impact of consumer behaviour and e-banking adoption in Mogadishu Somalia; using Salam and Prime banks as the case study.

## 1.4Objectives of the study

i. To examine the relationship between customer attitude and adoption of electronic banking in Somalia.

ii. To determine the relationship between customer beliefs and adoption of electronic banking in Somalia.

iii. To determine the relationship between customer trust on adoption of electronic banking in Somalia.

## 1.5 Research Questions

i. What is the relationship between customer attitude and adoption of electronic banking in Somalia?

ii. What is the relationship between customer beliefs and adoption of electronic banking in Somalia?

iii. What is the relationship between customer trust on adoption of electronic banking in Somalia?

## 1.6 Hypotheses of the study

**H01:**There is no significant relationship between consumer's attitude and adoption electronic banking.

**H02:**There is no significant relationship between consumer's beliefs and adoption electronic banking.

**H02:**There is no significant relationship between consumer's trust and adoption electronic banking.

## 1.7 Scope of the study

### 1.7.1 Geographical scope

The study was carried out in Mogadishu Somalia that is Salam and Prime banks because the area is convenient for the researcher in terms of language. The banks are located in Mogadishu, Somalia.

### 1.7.2 Theoretical Scope

The study adopted the theory of Planned Behaviour, The theory of planned behaviour suggested that human behaviour is determined by intention to perform the behaviour, which is affected jointly by attitude toward behaviour, subjective norm and perceived behavioural

control. The theory of Planned Behaviour a further extension of the Theory of Reasoned Action (TRA) that further explains computer use behaviour. The theory of reasoned action (TRA), originally introduced in the field of Social Psychology, has been widely used to explain individuals behaviour. The TRA hypothesizes that behaviour is predicted by an individual's intention to engage in a given behaviour. The consumer adoption of the internet is therefore based on the consumers, attitude, beliefs and trust on the service (Fishbein 1995).

### 1.7.3 Content Scope

The study investigated the consumer behaviour on e-banking adoption in Mogadishu Somalia the focus on the consumer behaviour was based on the customer attitude customer Beliefs and customer trust and e-banking adoption was based on interest, usage and accessibility.

### 1.7.4 Time Scope

This study was conducted starting from March 2016 up to April 2017

## 1.8 Significance of the Study

This study will broaden our understanding on what may be the sources of motivation for client/customer to adopt e-banking and thus helps the management establishes an effective strategies on managing and encouraging e-banking.

Organization will realize the best way of retaining customers at a broad base by creating customer loyalty in the banking industry through the use of e-banking system.
The study will contribute to the existing knowledge on customer attitude and online banking adoption in Somalia.

It will help the government to promote and preserve competition by introducing competition to monopoly phone markets, and ensuring interconnection at fair prices.
It will help in modernizing the operation of the Central bank to support automated clearing service and update supervisory and regulatory rules for absorbing ICT-based banking.

It will help commercial banks in creating an awareness campaign through workshop and seminar on the importance and business value of Internet banking in financial institutions.

It will help Central bank to form a "Center for Internet Banking Technology and Management" to support the banks with latest technological development in the banking world and provide expert support for ICT implementation.

It will help the Central Bank to work out an efficient information infrastructure for banks using different technology to ensure network connectivity among the commercial banks and financial institutions in Somalia.

**1.9 Operational definitions of key terms**

Consumer behaviour is defined as decision-making which directly involve the obtaining and using need-satisfying products and services, which includes the decision-making process which precedes and determines these acts.

Consumer attitude as individual's positive and negative feelings (evaluative affect) about performing the target behaviour. The attitude theory suggests that the more favourable attitude a person has towards a given product or service, the more likely that person is to buy or use the product or service.

Attitude towards behaviour is made up of beliefs about engaging in the behaviour and the associated evaluation of the belief.

Trust is the belief and confidence that consumers have about the other party i.e. about banks and the services they offer through the internet.

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.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.0 Introduction

This chapter reviews the related literature including the theoretical framework and conceptual framework. The conceptual framework was also further elaborated in terms of the respective independent and dependent variables. Finally the chapter concluded by analysing the related literature and related studies relevant to the research in question.

## 2.1 Theoretical review

This section provides an overview of behavioral adoption models. The theories discussed are Reasoned Action (TRA), Theory of Planned Behavior (TPB) and Technology Acceptance Model (TAM). These models follow the Attitude-Behaviour paradigm which suggests that actual behaviour is declared through intention toward the behaviour. Intention is influenced by attitude and subsequently salient beliefs influence intention attitude. Ozdemir and Trott (2009) introduced TAM as an extension of the TRA, but with more focus on the context of computer use. (Trott, 2009)

### 2.1.1 Theory of Reasoned Action

The Theory of Planned Behavior (TPB) is a further extension of the Theory of Reasoned Action (TRA) that further explains computer use behaviour. The theory of reasoned action (TRA), originally introduced in the field of Social Psychology, has been widely used to explain individuals behaviour. The TRA hypothesizes that behaviour is predicted by an individual's intention to engage in a given behaviour. Intention, in turn, ispredicted by two factors, the individual's attitude towards the outcome of the behaviour and by the opinions of the person's social environment, which is called the subjective norm (Ajzen, 1995).

Attitude toward the behaviour reflects an individual's evaluation or general feeling toward target behaviour. It indicates an individual's positive or negative evaluation about performing the behaviour. The attitude toward behaviour is a product of beliefs about the behaviour and the individual's evaluation of the outcome resulting from that behaviour. The theory postulates that the intention to perform behaviour will be higher when the individual has positive evaluation of performing the behaviour (Ajzen, 1991).

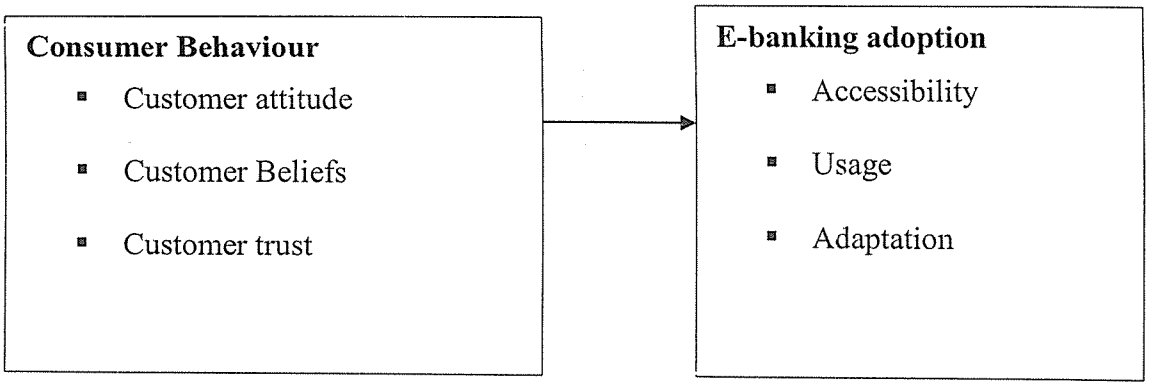
Subjective norm refers to an individual's perceived social pressure to perform or not to perform target behaviour. The subjective norm is a composite of normative beliefs about a certain behaviour and the individual's motivation to comply with relevant others. Normative beliefs indicate one's perception of the influence of opinion among reference groups while motivation to comply indicates the extent the individual wants to comply with the wishes of the referent other. The theory suggests that people often act based on their perception of what others think they should do, and their intention to adopt behaviour is potentially influenced by people close to them. As proposed in the theory of reasoned action, we hypothesized that attitude towards electronic banking and subjective norm positively affect an individual's intention to use electronic banking(Mathieson, 1991).

### 2.1.2 Theory of Planned Behaviour

The theory of Planned behaviour (TPB) is an extension of the theory of reasoned action (TRA) developed by Ajzen(1995). Both theories were developed to predict and understand motivational influences on behaviour, identify how and where to target strategies for changing behaviour and to explain such behaviours. According to the theories the most important determinant of human behaviour is behavioural intention. The individual's intention to perform certain behaviour is a combination of the person's attitude towards performing that behaviour and the subjective norm. The extension included in TPB adds perceived behavioural control to the predictors of intention. This is because it is recognized that not all behaviours are in the volitional control of the individual.(Ajzen, 1995).

## 2.2 Conceptual frame Work

**Independent variable** **Dependent variable**




Modified from Lee, (2005)

The above model explains the relationship between consumer behavior and internet banking adoption. Consumer attitude refers to the fundamental factors that influences one`s buying behavior towards internet banking usage. The customer behavior is based on the consumer attitude, consumer trust and consumer belief and how they affect electronic banking adoption. Anderson (2010) internet banking is one of the newest approaches to the provision of financial services through information communication technology, made possible by the widespread adoption of mobile phones even in low income countries.

Customer attitude leads to reduction in e-banking adoption which builds confidence and creates a striking influence on user willingness to engage in online exchanges of money and personal sensitive information thus leading to internet banking adoption. Changing customer attitudes in terms of online banking being fast, cheap, easy and reliable are said to develop overtime through a learning process affected by group influences, past experience and personality (Fishbein and Ajzen, 1975). This creates the long term relations with the bank leading to trust and thus resulting into internet banking adoption. Consumer trust is an important factor in practically all business-to-consumer interactions and a crucial aspect of internet banking (Lee, 2005).

### 2.3.1 Relationship between customer attitude and adoption of electronic banking

For instance Howcroft (2002) revealed that younger consumers value the convenience or time saving potential of online and mobile banking more than older consumers. Younger consumers also regarded the lack of face-to-face contact as less important than older

consumers. These authors further found the educational levels of respondents did not affect the use of telephone or online banking.

However, Karjaluoto (2002) found a typical user of online banking in Finnish market highly educated, relatively young and wealthy person with good knowledge of computers and, especially, the internet. The results of their study proposed that, demographic factors have an impact on online banking behavior. He further found that attitude towards online banking and actual behaviors were both influenced by prior experience of computers and technology as well as attitudes towards computers

Research on consumer attitude and adoption of electronic banking showed there are several factors predetermining a consumer's attitude towards online and mobile banking such as a person's demographic, motivation and behavior towards different banking technologies and individual acceptance of new technology. Similarly, it has been found that attitudes towards online banking and actual behaviors were both influenced by prior experience of computers and new technology and, other possible factors discussed below.

With regard to demographics factor, Howcroft (2002) revealed that younger consumers value the convenience or time saving potential of online and mobile banking more than older consumers. Younger consumers also regarded the lack of face-to-face contact as less important than older consumers. These authors further found the educational levels of respondents did not affect the use of telephone or online banking.

Minhas and Jacobs, 1996; Machauer and Morgner, 2001). For instance, Machauer and Morgner's study focused on segmenting the consumer in bank marketing by expected benefits and attitudes. Using cluster analysis, these authors separated customers into four groups the "transaction oriented" group, who have a strong technology but weak information attitude; the "generally interested", who have a positive technology and online and strong information attitude service oriented" who have both, weak information and technology attitudes; and the technology opposed" group, have strong information but weak technology attitudes.

Barczak (1997) studied consumer's motives in the use of technological-based banking services and found motivational clusters for people's money management

philosophies:"security conscious", "maximisers", "and instant gratification and"hassle avoiders". These four motivational segments had different attitudes and behaviours towards different banking technologies.

Thornton and White (2001) established that changes in the use of delivery channels has a relationship with the population matures as knowledge, confidence and computer usage increases. Karjaluoto (2002) showed that prior experience with computers and technologies and attitudes towards computers influence both attitudes towards online banking and actual behaviours. Their study revealed among these factors, prior computer experience had a significant impact on online banking usage while positive personal banking experience seemed to have had an effect on both attitudes and usage and satisfied customers tent to keep up with their current delivery channel.

The Technology Acceptance Model (TAM), suggests that a prospective user's overall feelings or attitudes toward using a given technology-based system or procedure represent major determinants as to whether or not he/she will ultimately use the system (Davis, 1993). Lockett and Litter (1997) presented a study of the adoption of direct banking services in the UK using a model of the perceived innovation attributes and the personal characteristics of adopters and non-adopters. Their results indicated that the most important perceived positive attribute of internet banking was its 24-hour-a-day availability, whereas complexity and risk of service were the two negative attributes. The main disadvantages associated with internet banking, however, included its complexity and the security risks involved in using it. The study also revealed that adopters of new technology generally earned higher incomes, worked longer hours, moved house more frequently.and also possessed more favourable attitudes towards change than non-adopters. Daniel (1998) analyzed the adoption of computer banking through in-depthinterviews with the bank personnel responsible for its implementation and development. The main factors influencing adoption included the convenience aspects of the service, ease of use and its compatibility with consumers existing lifestyles.

### 2.3.2 Relationship between consumer beliefs and electronic-banking adoption

Beliefs, The first component are beliefs. A consumer may hold both positive beliefs toward an object (e.g., coffee tastes good) as well as negative beliefs (e.g., coffee is easily spilled and stains papers). In addition, some beliefs may be neutral (coffee is black), and some may be differ in valance depending on the person or the situation (e.g., coffee is hot and stimulates

good on a cold morning, but not good on a hot summer evening when one wants to sleep). Note also that the beliefs that consumers hold need not be accurate (e.g., that pork contains little fat), and some beliefs may, upon closer examination, be contradictory (e.g., that a historical figure was a good person but also owned slaves). Since a consumer holds many beliefs, it may often be difficult to get down to a "bottom line" overall belief about whether an object such as McDonald's is overall good or bad.

Karjaluoto (2002).Athanassopuolos and Labrouko (1999) illustrate that price; transaction speed and a bank's reputation are important criteria for the adoption of Internet banking in Greece. Daniel (1999) concludes that in the United Kingdom, customers tend to value convenience, increased choice of access to the bank, and improved control over their banking activities and finances using Internet banking. Furthermore, consumers consider accessibility, functionality and services at a low price as important factors in Internet banking (Karjaluoto et al., 2002).

Wang, Wang, Lin and Tang (2003) find evidence that perceived ease of use, perceived usefulness and perceived credibility all have significant and positive relationship on customers' intentions to adopt Internet banking in Taiwan. Gerrard and Cunningham (2003) maintain that Internet banking adopters, when compared with non-Internet banking adopters, believe Internet banking to be more convenient, less complex, and more compatible. However, Lee (2009) notes that perceived risk, in terms of security/privacy risk, is the greatest obstacle to Internet banking adoption. Lockett and Litter (1997) indicate that two negative attributes of Internet banking are risks and complexity, whereas the most important perceived positive attribute of Internet banking is its 24 hours and 7 days availability.

Furthermore, Gerrard, Cunningham and Devlin (2006) use a content analysis procedure and find that eight factors explain why consumers are not using Internet banking in Singapore. In order of frequency, they are: perceptions about risk, the need, lacking knowledge, inertia, inaccessibility, human touch, pricing and IT fatigue.Affect. Consumers also hold certain feelings toward brands or other objects. Sometimes these feelings are based on the beliefs (e.g., a person feels nauseated when thinking about a hamburger because of the tremendous amount of fat it contains), but there may also be feelings which are relatively independent of beliefs. For example, an extreme environmentalist may believe that cutting down trees is morally wrong, but may have positive affect toward Christmas trees because he or she

unconsciously associates these trees with the experience that he or she had at Christmas as a child.Behavioral Intention. The behavioral intention is what the consumer plans to do with respect to the object (e.g., buy or not buy the brand). As with affect, this is sometimes a logical consequence of beliefs (or affect), but may sometimes reflect other circumstances--e.g., although a consumer does not really like a restaurant, he or she will go there because it is a hangout for his or her friends.

### 2.3.3 Relationship between customer trust and adoption of electronic banking

Many studies have proved the significant relationship between trust and electronic banking or any e-commerce adoption. Trust occurs when one party has confidence in an exchange partner's reliability and integrity, (Morgan and Hunt, 1994). For example, Chen and Barner, (2007) found that trust significantly important on online purchasing intention, web site loyalty (Flavian and Guinaliu, 2006), online banking commitment (Mukherjee and Nath, 2003), electronic banking adoption (Rexha, 2003) and behavior intention to adopt online information service, (Chen and Corkindale, 2008). Yousafzai, (2003) concluded that trust in electronic banking and its infrastructure reduces customers transaction-specific uncertainty and related risks associated with the possibility that a bank might behave opportunistically. When people trust others, they assume that those they trust will behave as they are expected to, reducing the complexity of the interaction.

Studies of online banking (Kassim and Abdulla, 2006; Kim and Prabhakar, 2000; Mukherjee and Nath, 2003) have shown that trust is a critical factor in stimulating online banking operations. The uncertainty that an individual often assumes makes trust a necessary component (Gerrard and Cunningham, 2003; Pikkarainen, 2004). Otherwise the consumer is reluctant to use online banking services (Kassim and Abdulla, 2006; Mukherjee and Nath, 2003).

Ratnasingham (1999) proposes the term technology trust and suggests that dimensions of security services such as confidentiality mechanisms, authentication mechanisms, and access control mechanisms contribute to the enhancement of technology trust from a capability process that serves to support the privacy, accuracy, authenticity of authorized parties, and accountability of e-commerce transactions. Mukherjee and Nath, (2003) view the customers orientation towards e-commerce technology and the extent to which they trust the electronic

system as a proxy for their trust in internet banking. Stell and Paden (2002) suggested that inexperience may lead to concern about, or avoidance of, using the internet and hence to a lack of trust. Houston (2001) suggests that organizations doing business online must forge trust swiftly in order to succeed.

Kassim and Abdulla (2006); Mukherjee and Nath (2003) observed that trust play a significant relationship in developing and maintaining successful relationships in the financial services sector because many of the products are complex and there is physical separation between the bank advisor and the consumer. Transactions are normally completed through these technologies and parties will not necessary meet each other face to face. The parties will thus be worried that their personal information and money will be transferred to third party without their knowledge.

Suh and Han (2002) contend that customer attitudes towards Internet banking are driven by trust, which significantly affect usability within the internet banking environment. The issue of trust is more important in online as opposed to offline banking because transactions of this nature contain sensitive information and parties involved in the financial transaction are concerned about access to critical files and information transferred via the Internet

(Diacon and Ennew (1996) The role of trust in the development and maintenance of successful relationships is likely to be of particular significance in the financial services sector because of the complexity of many of the products The degree to which a customer trusts the internet banking will be negatively influenced by the belief that he/she is operating in a high level of risk even though the risk level may be actually low (perceived risk). The existence of trust in a relationship is a kind of insurance against risks and unexpected behaviour.

**2.4 Related Studies**

According to Rice (1997) consumers are people who use products and services and who make payment for those things which are bought. There are two kinds of consumers according to Schiffman and Kanuk (2000) we have personal and business (organisational consumers). The buying of equipment, products, services, etc. just to facilitate their business is called business consumers while personal consumers are those individuals who buy goods and services for their own consumption. The act of obtaining and using economic goods and services is also referred to as consumer behaviour according to Block and Roering(1979).

Consumers involve in decision-making process when they are making purchases either online or in store and banks can study these customers profile to have a better understanding of who their customers are, which will help them know the factors influence their purchasing behaviour and the challenges face during an online transaction.

According to Benamati and Serva (2007) contend that many bank customers have to consider the issue of hacking, the integrity of the password been used, data encryption and personal protection of information when it comes to adoption of electronic banking. This and many more are the challenges faced by bank customers and this has either affected their decision positively or negatively.

Consumer behavior models have been very meaningful in academic research (Frost & Sullivan (2009). However, it has been argued that the majority of models produce very few implications for managers. Instead, managers want information about how their consumers act and react rather than detailed analysis of the type of framework that is considered indispensable for academic projects such as dissertations. Nevertheless, consumer behavior models are also valuable to managers as they help managers to organize their learning about consumers by, for instance, segmenting the market environment. Hence, by knowing consumers and their behavior, companies are able to acquire a better understanding of them and build stronger relationships with them. The battle for customers has never been fiercer than it is today. Therefore, companies must understand who their customers are and how they behave. It is only through this knowledge of consumer behavior that companies can satisfy the demands of consumers today and achieve a competitive edge over their competitors.

The mobile phone has been the tool driving the mobile banking initiative as it use has continued to grow (Kreyer et al 2002). The use of mobile phone in mobile banking is far growing now that even countries with poor infrastructure are now using a mobile phone for their communication and business transactions. The inexpensive nature and low maintenance of this device have prompted many into using it unlike the use of lap tops, desktop, e.tc, which are quite expensive to get and to maintain.

## 2.5 Research Gaps

Technological acceptance as shown by the literature goes to reveal that unless the personal desires or needs of a consumer is met, it might not necessarily foster the increased adoption of innovation and they may not be willing to change, they would rather stick to that which they are already familiar with. Past studies shows that previous banking service encounters have an influence on the adoption on new technology. The study focused in the context of most developed countries not in purely Africa, the concentration was for information that was before 2009. This particular study will be concerned with the aspects of the provision of the electronic banking through customer perception in the context of Mogadishu and intended to establish and fill the existing gap between the time, geography and subject scopes.

# CHAPTER THREE
# METHODOLOGY

## 3.0 Introduction

This chapter discusses the methodologies that were used during data collection. It presents the research design, study population and sample size, research methods, data analysis, validity and reliability as well as the limitations to the study and ethical consideration.

## 3.1 Research designs

The study used a descriptive research design. Descriptive research design was used because of its ability to describe results from questionnaires and interviews and employs both quantitative and qualitative research approaches were used because of its flexibility for instance, it uses survey for concerning literature experience and analysis of insight stimulating examples such as existing records. In order to explore detailed information and the aspects are not revealed during quantitative analysis, qualitative data was collected through the interviews technique. It is a useful technique which provided more useful and in-depth knowledge in less time and limited cost.

## 3.2 Study population

The research population was 280 as a target population who are employees of Salam and Primier banks. The population included the managers (20) teller's 60, accountants 40, consumers (clients) 160 other authorised officials with knowledge about the topic of study. The population is chosen because of having appropriate knowledge about consumer behaviour and e-banking adoption in commercial banks.

## 3.3 Sample size

The respondents comprised of both sexes but of different marital statuses and age groups and the study used 162 respondents and selected basing on a table for determining Sample size by. Stratified disproportionate random sampling was used to select the respondents from each stratum.(Krejcie& Morgan, 1970). Thus according to strata, 50% of respondents from sample as Salam bank and other 50% premier bank

**Table 3. 1: Population and Sample Size**

| Categories of respondents | Targeted Population | Sample size | Sampling Techniques |
|---|---|---|---|
| Managers | 20 | 10 | stratified sampling |
| Tellers | 60 | 32 | stratified sampling |
| Accountants | 40 | 25 | stratified sampling |
| Consumers (clients) | 160 | 95 | Purposive sampling |
| **Total** | **280** | 162 | |

***Source: primary data, 2016***

### 3.4 Sampling Procedures

The researcher used both stratified random and sampling purposive sampling. The Stratified random sampling was used to divide them in to groups. The purposive sampling was used to select the respondents based on these categories i.e. Managers, Tellers, Accountants, Consumers (clients).

### 3.5 Data Collection instruments

#### 3.5.1 Questionnaire

The researcher tools in this study used the questionnaire i.e. to determine the impact of consumer's attitude on e-banking adoption. The questionnaire was standardized and both primary and secondary data collection methods were used to collect data it was designed based on a likert scale measure of 4 based on 1-4 1=Strongly disagreed, 2=Disagreed, 3=Agreed and 4= Strongly Agreed. The primary data was used to obtain and gather information from respondents by the researcher using questionnaires. The questionnaire was self-administered and was close ended for convenience.

#### 3.5.2 Interview Guide

Interview guide were used to supplement the data collected through the questionnaire. The interviews were conducted on only bank officials who are expected to be busy with daily schedules and might not find time to fill in the questionnaires. The researcher used the likert scale with four points to response mode.

### 3.6 Validity and reliability

#### 3.6.1 Validity of the study

The validity of the research instrument was determined by pre testing. Mugenda and Mugenda (2005) assert that pre testing ensures clarity and accuracy of results so that data collected gives meaningful, reliable results representing variable in the study. Pre-testing helps to estimate the time needed to take, to fill the questionnaires, pre-testing wasdone by administering to the instrument to three experts in consumer behaviour and e-banking adoption. Questionnaires were scrutinized by three experts at the University for their Peer Opinion on content and accuracy. Results from the field and seniority helped identify gaps and make modifications to the instruments where necessary. The supervisor will also be notified accordingly.

The researcher used the Content Validity Index (CVI) and then be determined by the formula below-

$$\text{CVI} = \frac{\textbf{Number of Items considered valid}}{\textbf{Number of items on the draft questionnaire and the interview checklist}}$$

**Table 3.6.1: Determination of the validity of the instrument**

| | **Relevant items** | **Not relevant** | **Total** |
|---|---|---|---|
| Expert 1 | 20 | 5 | 25 |
| Expert 2 | 22 | 3 | 25 |
| Expert 3 | 21 | 4 | 25 |
| **Total** | **63** | **12** | **75** |

CVI = $\frac{63}{75}$ = 0.84

The above demonstrate that the CVI is 0.84 and this is greater than the minimum value of valid instrument which is 0.7 implying that the instrument is valid.

#### 3.6.2 Reliability of the study

Cronbach's Alpha coefficient was used to measure reliability of the instruments. Accordingly to Amin (2005), an alpha of 0.5 or higher is sufficient to show reliability; the closer it is to 1 the higher the internal consistency in reliability (Sekaran, 2003). The questionnaire were pre tested using and the reliability results were computed using the Statistical Package for Social Scientists (SPSS).

**Table 3.6.2: Cronbach's Alpha**

| Construct Variable | Cronbach's Alpha | Number of items |
|---|---|---|
| Customer attitudes | 0.78 | 7 |
| Customer trust | 0.85 | 6 |
| Consumer beliefs | 0.78 | 6 |
| Adoption of e-banking | 0.72 | 6 |
| **Mean** | **0.81** | **25** |

The mean of the reliability is established at 0.782 therefore the internal consistency (Reliability) of the instrument was confirmed.

### 3.7 Data analysis

The quantitative data involved information from the questionnaires only. Data from the field was too raw for proper interpretation. It was therefore vital to put it into order and structure it, so as to drive meaning and information from it. The raw data obtained from questionnaires will be cleaned, sorted and coded. The coded data was entered into the Computer, checked and statistically analyzed using the Statistical Package for Social Scientists (SPSS) software package to generate descriptive and inferential statistics descriptive analysis was applied to describe the primary variable and associated indicator items related to the study objectives.

| **Mean range** | **Response mode** | **Interpretation** |
|---|---|---|
| 3.26-4.00 | strongly agree | Very satisfactory |
| 2.51-3.25 | Agree | Satisfactory |
| 1.76-2.50 | Disagree | Fairly satisfactory |
| 1.00-1.75 | strongly disagree | Unsatisfactory |

The Pearson correlation Co-efficient analysis was used to test the relationship among the variables and regression coefficient models to determine the extent to which the independent variables impacts on the dependent variable. The results were presented inform of tables and charts then discussed in relation to existing literature. Qualitative data was collected using focus group checklist during discussions with other authorized persons respondent category. The decision rule was at the 0.05 level of significance implying that all factors relationship between the independent variable and dependent were based on the 0.05 level of significance.

### 3.8 Ethical Considerations

The process of research for the researcher to make respondents to understand that participation is voluntary and that participants are free to refuse to answer any question and to withdraw from participation any time they are chosen.

Another important consideration involved getting the informed consent of those going to be met during the research process, which involved interviews and observations on issues that may be delicate to some respondents. The researcher undertook to bear this seriously in mind.

Accuracy and honesty during the research process is very important for academic research to proceed. A researcher treated research project with utmost care, in that there was no temptation to cheat and generate research results, since it jeopardizes the conception of the research.

Personal confidentiality and privacy is very important since the report to public. If individuals have been used to provide information, it is important for their privacy to be respected. If private information has been accessed then confidentiality has to be maintained (Stephen, P. 2002).

# CHAPTER FOUR

# PRESENTATION ANALYSIS AND INTERPRETATION OF FINDINGS

## 4.0 Introduction

This chapter presents the presentation of data, analysis, and interpretation. The data analysis and interpretation was mainly based on the research questions as well as research objectives. The analysis is based on the three instruments used in data collection the presentation is divided into three parts. The first part presents the respondents demographic information, while the second part deals with presentation, interpretation, and analysis of the research objectives. The third part will present and interpret data based on data collected from the respondents using the questionnaires and interview guide. The entire study is based on the study topic of consumer's attitude on e-banking adoption in Mogadishu Somalia.

## 4.1 Demographic Profile of respondents

This sub chapter present the demographic profile of the respondents who participated in the study. The purpose of this background information was to find out the characteristics of the respondents and show the distribution of respondents in the study in terms of gender, age, academic qualifications, marital status and occupational background.

**Table 1: The demographic Profile respondents**

| **Respondents** | **Frequency (F)** | **Percentage (%)** |
|---|---|---|
| **Age** | | |
| Below 25 | 31 | 19.1 |
| 25-34 | 37 | 22.8 |
| 35-45 | 60 | 37.0 |
| Above 45 | 34 | 21.0 |
| **Total** | **162** | **100.0** |
| **Education** | | |
| Certificate | 28 | 17.3 |
| Diploma | 32 | 19.8 |
| Degree | 38 | 23.5 |
| Professional qualification | 23 | 14.2 |
| Masters | 21 | 13.0 |
| PHD | 20 | 12.3 |
| **Total** | **162** | **100.0** |

| | | |
|---|---|---|
| **Occupation** | | |
| Banker official | 45 | 27.8 |
| Civil servant | 36 | 22.2 |
| Business/woman | 54 | 33.3 |
| Peasant/farmer | 27 | 16.7 |
| **Total** | **162** | **100.0** |
| **Marital status** | | |
| Single | 37 | 22.8 |
| Married | 41 | 25.3 |
| Divorced | 62 | 38.3 |
| Widowed | 22 | 13.6 |
| **Total** | **162** | **100.0** |
| **Time of work** | | |
| 0-3years | 31 | 19.1 |
| 4-6years | 32 | 19.8 |
| 7-9years | 54 | 33.3 |
| Over 9years | 45 | 27.8 |
| **Total** | **162** | **100.0** |
| **Internet Usage** | | |
| Yes | 93 | 57.4 |
| No | 69 | 42.6 |
| **Total** | **162** | **100.0** |
| **Preferred form of Banking** | | |
| Online banking | 82 | 50.6 |
| Mobile banking | 37 | 22.8 |
| Branch banking (over the counter) | 43 | 26.5 |
| **Total** | **162** | **100.0** |

**Source:Fielddata, 2016**

Results in table 1 reveal that, with respect to age, the majority age category was 36-45 with 37.0% of the respondents, followed by age bracket of 25-34; with 22.8%,those Above 45 years were 21.0% of the total respondents and finally those below 25years were 19.1%. The findings imply that the study was taken from mature respondents therefore information attained can be based on for decision making.

Regarding education level of respondents,majority were degree holders with 23.5%, followed by diploma respondents with 19.8%, whether those Certificate respondents were 17.3%,Professional qualification were 14.2%, Masters were 13.0%, and PhD were 12.3%. The findings imply that most of the results were taken from educated people and therefore it is prudent to argue that information can be relied upon for decision making.

About occupationof respondents, the majority were for Business/woman with 33.3%, followed by Banker official with 27.8% of the respondents, and Civil servant had 22.2% followed by Peasant/farmer which had 16.7%. The findings on this implies that majority of the respondents were business/woman and bank officials followed by civil servants which clearly indicated that the researcher attained data from people with enough knowledge on electronic banking.

On Marital status,the results found that majority of the respondents were Divorced who had 38.3%, followed by married with 25.3% of the respondents, those singlewere 22.8%,and Widowed with 13.6%. The findings on this imply that majority of the respondents were divorced.

Regarding Internet Usage, The result shows thatthe majority of the respondents who agreed that they use internet were 57.4%, and those do not use internet were 42.6%, implying that the researcher got data with knowledge people know how to use internet and thus the can manage to use electronic banking.

Regardingthe Time of the respondents worked, the majority were 7-9years with the percentage of 33.3%, followed by Over 9years with 27.8% of the respondents, those worked 4-6year were 19.8%, and finally those worked 0-3years were 19.1% The findings on this imply that majority of the respondents were those worked 7-9years and over 9years of work in the organization, this shows that researcher attained data from people with enough experience in the electronic banking department.

According to the respondents Preferred banking form, The results show that the majority of the respondents were those use on line banking with percentage of 50.6% of the sample, followed by Branch banking (over the counter) with 26.5% of the respondents, and finally

those use Mobile banking were 22.8%, The findings on this imply that majority of the respondents were internet user friendly and online banking is quite favourable for them.

### 4.2 Customer attitude and adoption of electronic banking in Mogadishu Somalia

The first objective of the study was set to establish the relation between Customer attitude and adoption of electronic banking in Somalia. The data collected is presented in subsequent sub chapters and tables as below

**Table 2: Level of Customer attitude towards adoption of electronic banking in Mogadishu Somalia**

| | Mean | Std. Deviation | Interpretation |
|---|---|---|---|
| **CUSTOMERATTITUDE** | | | |
| Electronic banking services enable me to accomplish my tasks quickly | 2.54 | 1.08 | Satisfactory |
| Electronic banking is secure for me | 2.45 | 1.05 | Fairly satisfactory |
| Electronic banking transfers are safe | 2.66 | .94 | Satisfactory |
| The use of electronic banking is easier than usual banking | 2.48 | .96 | Fairly satisfactory |
| Electronic -banking is limited to security checks | 2.26 | .91 | Fairly satisfactory |
| Electronic - banking covers global range | 2.46 | 1.02 | Fairly satisfactory |
| Electronic -banking providers are reliable | 2.39 | .99 | Fairly satisfactory |
| **Average Mean** | **2.46** | **0.99** | Fairly satisfactory |

**Source Field data, 2016**

Table 2 shows findings on the study of customer attitude in adoption of electronic banking in Somalia. The findings present a mean above average on the Customer attitude and adoption of electronic banking interpreted as follows.

According to the findings on whether Electronic banking services enable one to accomplish tasks quickly, a mean of 2.54 and standard deviation of 1.08 interpreted as satisfactory was attained. On whether Electronic banking is secure for customer, a mean of 2.45 and standard deviation 1.05 was attained,which was interpreted as fairly satisfactory, implying that the electronic banking is quite secure for respondents.

On whether Electronic banking transfers are safe, the findings indicated a mean of 2.66 with standard deviation of .94, which was interpreted as satisfactory. On whetherthe use of electronic banking is easier than usual banking,a mean of 2.48 and standard deviation of .96 was presented,and interpreted as fairly satisfactory, implying that electronic banking is fairly easier to majority of the respondents.

When agreed whether Electronic -banking is limited to security checks, the finding indicated a mean of 2.26 and a standard deviation of .91 was attained, and interpreted as fairly satisfactory. In whether Electronic banking covers global range, a mean 2.46 with the standard deviation of 1.02 was attained, and interpreted as fairly satisfactory. on whether Electronic -banking providers are reliable, a mean of 2.39 with the standard deviation of .99 was attained, and interpreted as fairly satisfactory, implying that Electronic -banking providers for Salam and prime banks in Mogadishu in Somalia can easily be relied on.

The findings provided an average mean of 2.46 with the standard deviation of 0.99, interpreted as fairly satisfactory meaning that the respondents had fair response towards the electronic banking services in Mogadishu-Somalia. The customer attitudes dimension seems to be not much supporting e-banking adoption.

**Table 3: The relationship between customer attitude and electronic banking adoption in the banks of Somalia. At 0.05 level of significance**

| | | Customer Attitude | Adoption of Electronic banking |
|---|---|---|---|
| Customer Attitude | Pearson Correlation | 1 | .395 |
| | Sig. (1-tailed) | | .219 |
| | N | 162 | 162 |
| Adoption of Electronic banking | Pearson Correlation | .395 | 1 |
| | Sig. (1-tailed) | .219 | |
| | N | 162 | 162 |

**Source Field data, 2016**

From the results in Table 3,the r=.395 and the significance value of .219 indicate that there is no significant relationship between customer attitude and adoption of electronic banking since the level of significance is greater than 0.05.The researcher thus accepts the null hypothesis and concludes that there is sufficient evidence at the 0.05 level of significance that customer attitude do not significantly affect adoption of electronic banking in the banks of Somalia, The result imply that customer's attitudes are not much related with the adoption of e-banking in banks of Somalia.

### 4.3Customer beliefs and adoption of electronic banking in Mogadishu Somalia

The second objective of the study was set to determine the relationship between Customer beliefs and adoption of electronic banking in Somalia. The data collected is presented in subsequent sub chapters and tables as below

#### 4.3.3 Level of customer beliefs in adoption of electronic banking in Mogadishu Somalia

**Table 4: The level of Customer beliefs and adoption of electronic banking**

| | Mean | Std. Deviation | Interpret |
|---|---|---|---|
| **Customer Beliefs** | | | |
| The customary beliefs are compatible with the usage of internet banking | 2.43 | 1.00 | Fairly satisfactory |
| Computer illiteracy disables consumers from using electronic banking services | 2.49 | 1.02 | Fairly satisfactory |
| Electronic banking services are most reliable in daily transactions | 2.87 | 4.08 | Satisfactory |
| My religious affiliations are compatible to e-banking usage | 2.43 | .98 | Fairly satisfactory |
| E-banking is supportive to my day to day living | 2.39 | 1.07 | Fairly satisfactory |
| E-banking is believed for accuracy and effectiveness in operation | 2.37 | 1.02 | Fairly satisfactory |
| **Average Mean** | **2.49** | **1.52** | Fairly satisfactory |

**Source, Field data 2016**

Table 4 shows findings on the study of Customer beliefs and adoption of electronic banking in Somalia. The findings presented were interpreted as below by considering the mean and standard deviation.

On whether customary beliefs are compatible with the usage of internet banking, a mean of 2.43 with standard deviation of 1.00 was attained, and interpreted as fairly satisfactory. On whether Computer illiteracy disables consumers from using electronic banking services, a mean of 2.49 with the standard deviation of 1.02 was attained, and interpreted as fairly satisfactory.

Electronic banking services are most reliable in daily transactions, a mean of 2.64 and standard deviation of 4.08 was attained, and interpreted as Satisfactory. On whether religious affiliations are compatible to e-banking usage, a mean of 2.43 with the standard deviation of .98 was attained, and interpreted fairly satisfactory, Implying that the religious affiliation of different respondents has no harm on using electronic banking services.

On whether E-banking is supportive to day to day living; a mean of 2.39 with standard deviation of 1.07 was attained, and interpreted as fairly Satisfactory. On whether E-banking is believed for accuracy and effectiveness in operation, a mean of 2.37 and standard deviation of 1.02, and this was considered as fairly satisfactory, implying that according to the respondents E-banking is fair believes for accuracy and effectiveness in operation

The overall mean on Customer beliefs and adoption of electronic banking in Somalia, a mean of 2.49 with the standard deviation of 1.52 were attained, and interpreted as fairly Satisfactory, implying that customer had fair beliefs towards electronic banking services.

**Table 5: Relationship between the customer beliefs and the adoption of electronic banking in Mogadishu**

| | | Customer Beliefs | Adoption of Electronic banking |
|---|---|---|---|
| Customer Beliefs | Pearson Correlation | 1 | .697 |
| | Sig. (1-tailed) | | .062 |
| | N | 162 | 162 |
| Adoption of Electronic banking | Pearson Correlation | .697 | 1 |
| | Sig. (1-tailed) | .062 | |
| | N | 162 | 162 |

**Source, Field data 2016**

Results in Table 5, the r=.697 and the significance values of .062 indicate that there is no significant relationship between customer beliefs and the adoption of electronic banking in banks in Mogadishu Somalia, since the sig. value (.062) was greater 0.05, which is the maximum level of significance required declaring a significant relationship in social sciences. The researcher thus accepts the null hypothesis and concludes that there is sufficient evidence at the 0.05 level of significance that customer beliefs are not significantly related with adoption of electronic making in the banks in Somalia.

### 4.4 Customer trust on adoption of electronic banking in Mogadishu Somalia

The third objective of the study was set to establish relationship between customer trust and adoption of electronic banking in Somalia. The data collected is presented in subsequent sub chapters and tables as below

**Table 6: Level of Customer trust on adoption of electronic banking in Mogadishu**

| | Mean | Std. Deviation | Interpretation |
|---|---|---|---|
| **Customer Trust** | | | |
| Internet banking fulfils the commitments and promises it assumes. | 2.43 | 1.03 | Fairly satisfactory |
| There are up to date statements on every transactions | 2.62 | 1.02 | Satisfactory |
| The design and commercial offerings of internet banking take into account the desires and needs of its users | 2.58 | .95 | Satisfactory |
| Internet banking services provide statements. | 2.41 | 1.01 | Fairly satisfactory |
| Internet banking is provide consumer clarity through its services | 2.11 | 1.01 | Fairly satisfactory |
| There is confidentiality in electronic banking services | 2.35 | 1.06 | Fairly satisfactory |
| **Average Mean** | **2.41** | **1.01** | Fairly satisfactory |

**Source Field data, 2016**

Table 6 shows findings on the study of Customer trust on adoption of electronic banking in Somalia. The findings presented were interpreted as below by considering the mean and standard deviation.

According to the respondents, on whether Internet banking fulfils the commitments and promises it assumes, a mean of 2.43 and standard deviation of 1.03 was attained,and interpreted as fairly satisfactory. On whether there are up to date statements on every transactions, amean of 2.62 with the standard deviation of 1.02 was attained, and interpreted as fairly satisfactory, implying the customer can easily access their statements.

On whether the design and commercial offerings of internet banking take into account the desires and needs of its users, a mean of 2.58 with standard deviation of .95 was attained, and this was interpreted as satisfactory according to the scale. On whether Internet banking services provide statements, a mean of 2.41 with the standard deviation of 1.01 was attained, which was interpreted as fairly satisfactory, implying that Internet banking services provide customers with the statements.

On whether internet banking is providing consumer clarity through its services; a mean of 2.11 with standard deviation of 1.01 was attained, and interpreted as fairly satisfactory. on whetherThere is confidentiality in electronic banking services, a mean of 2.35the standard deviation of 1.06 was attained and this interpreted as fairly satisfactory, implying that the respondents confidently deals and enjoys electronic banking.

The average mean on Customer trust on adoption of electronic banking in Somalia was 2.41 with the standard deviation of 1.01 was attained and interpreted as fairly satisfactory, implying that the customer had fair trusttowards electronic banking services according to the findings.

**Table 7 Relationship between customer trust and adoption of electronic banking in Mogadishu Somalia**

| | | Customer Trust | Adoption of Electronic banking |
|---|---|---|---|
| CustomerTrust | Pearson Correlation | 1 | .087 |
| | Sig. (1-tailed) | | .435 |
| | N | 162 | 162 |
| AdoptionofElectronicbanking | Pearson Correlation | .087 | 1 |
| | Sig. (1-tailed) | .435 | |
| | N | 162 | 162 |

**Source Field data, 2016**

Results in table 7, the (r =.087) at 0.435 level of significance. The value indicates that there is no significantrelationship between customer trust and adoption of electronic banking since the level of significance is greater than 0.05.The researcher thus accepts the null hypothesis and concludes that there is sufficient evidence at the 0.05 level of significance that customer trusts does not significantly affects adoption of electronic making in the banks in Somalia.

**Table 8: Level of electronic banking adoption in Mogadishu Somalia**

| | Mean | Std. Deviation | Interpretation |
|---|---|---|---|
| **Level of Adoption** | | | |
| Bankers are the major factors affecting electronic banking services | 2.36 | 1.09 | Fairly satisfactory |
| Electronic banking services are supported by many business personnel | 2.32 | 1.02 | Fairly satisfactory |
| The internet connections in the region support electronic banking activities | 2.58 | 1.07 | Satisfactory |
| The bank website enables electronic banking swiftly | 2.51 | .96 | Satisfactory |
| I am certain of benefits of the electronic banking services | 2.43 | 1.00 | Fairly satisfactory |
| I trust that possible problems will be resolved well | 2.31 | .94 | Fairly satisfactory |
| **Average Mean** | **2.41** | **1.01** | Fairly satisfactory |

**Source Field data, 2016**

Table 8 above shows findings on the organizational performance in organization the findings presented were interpreted as below by considering the mean and standard deviation.

According to the respondents, on whether Bankers are the major factors affecting electronic banking services, a mean of 2.36 and standard deviation of 1.09 was attained,and interpreted as fairly Satisfactory. On whether Electronic banking services are supported by many business personnel, a mean of 2.32 with the standard deviation of 1.02 was attained, and interpreted as fairly satisfactory, implying Electronic banking services are fairsupported by many business personals like any other department of the bank.

On whether the internet connections in the region support electronic banking activities, a mean of 2.58 with standard deviation of 1.07 were attained,and this was interpreted as satisfactory. On whether The bank website enables electronic banking swiftly, a mean of 2.51 with the standard deviation of .96 were attained, and interpreted satisfactory, implying that according to the respondents satisfactory to the bank website enables electronic banking swiftly.

On whether certain of benefits of the electronic banking services, a mean of 2.43 with standard deviation of 1.00wereattained,and according to the scale it was interpreted as fairly satisfactory. On whether trust of the possible problems will be resolved well, a mean of 2.31 and standard deviation of .94 was attained,and interpreted as fairly satisfactory,implying that

according to the respondents, they were in support that problems faced in electronic banking can be solved amicably.

The adoption of electronic banking adoption in banks in Mogadishu Somalia was established a mean of 2.41 with the standard deviation of 1.01 was attained, and interpreted as fairly satisfactory, implying according to respondents, that the level of adoptionis fair improving.

# CHAPTER FIVE

# DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

## 5.0 Introduction

This chapter presents the discussion of findings, conclusions and recommendations arising from the findings of the study along the study objectives.

## 5.1 Discussion of findings

The discussion of the findings are based on the objectives from the findings

### 5.1.1Relationship between customer attitude and adoption of electronic banking in Somalia

The customer attitudes in the banks of the study in Mogadishu were found that there is no significant relationship between consumer attitude and electronic banking implying that customer's attitudes do not sufficiently support the people's usage of the internet for banking. The studies are also similar to those of previous researches provided under here.

How croft (2002) also revealed that consumers value the convenience or time saving potential of online and mobile banking more than older consumers. Younger consumers also regarded the lack of face-to-face contact as less important than older consumers. These authors further found the educational levels of respondents did not affect the use of telephone or online banking

Minhas and Jacobs (1996) argued that the study focused on segmenting the consumer in bank marketing by expected benefits and attitudes. Using cluster analysis, these authors separated customers into four groups the "transaction oriented" group, who have a strong technology but weak information attitude; the "generally interested even the study in Mogadishu is similar to those of these previous researchers.

### 5.1.2 Relationship between customer beliefs and adoption of electronic banking in Somalia

The findings under the customer beliefs also indicated that majority of the responses provided that customer beliefs in terms of computer illiteracy disables, religious affiliations, banking is supportive to my day to day living. The relationship was established however there is no significant relationship between customer beliefs and e-banking, the relationship imply that other factors account to electronic banking adoption

Gerrard, Cunningham and Devlin (2006) use a content analysis procedure and find that eight factors explain why consumers are not using Internet banking in Singapore. In order of frequency, they are: perceptions about risk, the need, lacking knowledge, inertia, inaccessibility, human touch, pricing and IT fatigue.

Behavioral intention is what the consumer plans to do with respect to the object (e.g., buy or not buy the brand). As with affect, this is sometimes a logical consequence of beliefs (or affect), but may sometimes reflect other circumstancese.g., although a consumer

The arguments of Karjaluoto (2002) illustrate that price; transaction speed and a bank's reputation are important criteria for the adoption of Internet banking in Greece

**5.1.3Relationship between customer trust and adoption of electronic banking in Somalia**

Customer trust dimension was established showing that customer trust and adoption of electronic banking in Somalia. Then Pearson correlations denote that there is no relationship between customer trust and electronic banking in Mogadishu Somalia.

Ratnasingham (1999) proposes the term technology trust and suggests that dimensions of security services such as confidentiality mechanisms, authentication mechanisms, and access control mechanisms contribute to the enhancement of technology trust from a capability process that serves to support the privacy, accuracy, authenticity of authorized parties, and accountability of e-commerce transactions.

Mukherjee and Nath, (2003) view the customers" orientation towards e-commerce technology and the extent to which they trust the electronic system as a proxy for their trust in internet banking. Stell and Paden (2002) suggested that inexperience may lead to concern about, or avoidance of, using the internet and hence to a lack of trust.

Kassim and Abdulla (2006); Mukherjee and Nath (2003) observed that trust play a significant role in developing and maintaining successful relationships in the financial services sector.

(Diacon and Ennew, 1996) argued that trust in the development and maintenance of successful relationships is likely to be of particular significance in the financial services sector because of the complexity of many of the products. Even the findings from the field in Mogadishu show that the degree to which a customer trusts the internet banking will be

negatively influenced by the belief that he/she is operating in a high level of risk even though the risk level may be actually low.

## 5.2 Conclusions

The study on consumer behaviour and adoption of electronic banking in Mogadishu Somalia, The objectives were to assess relationship between customer attitude and adoption of electronic banking, relationship between customer beliefs and adoption of electronic banking and relationship between customer trusts on adoption of electronic banking in Somalia. The findings on the first objectives were that customer attitude and adoption of electronic banking in Somalia was found negative relationship between customer attitude on the adoption of e-banking. On the second objective the customer beliefs indicated that majority of the responses provided that customer beliefs in terms of computer illiteracy disables, religious affiliations, banking is supportive to my day to day living were inefficient for the development thenpearson correlations denote that there is norelationship between customer beliefs and electronic banking in Mogadishu Somalia. Customer trust dimension was established showing that customer trust and adoption of electronic banking in Somalia. Then Pearson correlations denote that there is nosignificant relationship between customer trust and electronic banking in Mogadishu Somalia.

## 5.3 Recommendations

### 5.1.1Relationship between customer attitude and adoption of electronic banking in Somalia

The customer attitudes were found poor on e-banking; there is need by the banks to adopt new means of operations through sensitization of the masses in order to alter their attitudes towards the e-banking furthermore the banks need to improve the systems of electronic in order to enable the business environment for the e-banking.

### 5.1.2 Relationship between customer beliefs and adoption of electronic banking in Mogadishu

There is need to sensitize masses especially on religious and cultural affiliations so as to reduce the prevalence of the people usage of electronic banking and improve its adoption

Bank customers must have to consider the issue of hacking, the integrity of the password been used, data encryption and personal protection of information when it comes to adoption of electronic banking as important for customer adoption

### 5.1.3 Relationship between customer trust and adoption of electronic banking in Somalia

There is need to improve the security of the e-banking systems. The customers will thus not be worried that their personal information and money will be transferred to third party without their knowledge.

This creates the long term relations with the bank leading to trust and thus resulting into internet banking adoption. Consumer trust is an important factor in practically all business-to-consumer interactions and a crucial aspect of internet banking.

Increase choice of access to the bank, and improved control over their banking activities and finances using Internet banking. Furthermore, consumers consider accessibility, functionality and services at a low price as important factors in Internet banking

## 5.4 Areas of further study

Because of time and resources, the researcher recommends for the adoption and further study on the following areas.

- Funding and constraints in electronic banking operations
- Customer beliefs and performance
- Management information systems and banking

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## APPENDIX I: QUESTIONNAIRES

## KAMAPLA INTERNATIONAL UNIVERSITY COLLEGE OF HIGHE DEGREE AND RESAERCH

## SELF-ADMINISTERED QUESTIONNAIRE FOR THE RESPONDENTS ATSALAM AND PRIME BANKS IN MOGADISHU SOMALIA

**Dear respondent**

I am a student at Kampala International University Uganda conducting a research study ***consumer's Behaviour on e-banking adoption in Mogadishu-Somalia using Salam and Prime banks as the case study;*** as a requirement for the award of a Masters of Degree in banking and finance, I kindly request you to spare some time and fill this questionnaire. The information given will be used for academic purposes only and will be treated with utmost confidentiality. Your cooperation will be highly appreciated.

**Section A: Demographic data**

(Tick in the appropriate box provided)

1. Your age

| Under 25 | 25-34 | 35-45 | Above 45 |
|---|---|---|---|
| | | | |

2. What is the highest level of education you have attained?

| Certificate | Diploma | Degree | Professional qualification | Masters | PHD |
|---|---|---|---|---|---|
| | | | | | |

3. What is your occupation?

| Banker official | Civil servant | Business/woman | Peasant/farmer |
|---|---|---|---|
| | | | |

4. Marital status

| Single | Married | Divorced | Widowed |
|---|---|---|---|
| | | | |

5. For how long have you worked/transacted money with Salam and Prime banks?

| 0-3years | 4-6years | 7-9years | Over 9years |
|---|---|---|---|
| | | | |

6. Do you use the internet?

Yes ☐

No ☐

7. What form of banking do you prefer?

Online banking ☐

Mobile banking ☐

Branch banking (over the counter) ☐

## SECTION B: CONSUMERS BEHAVIOR TOWARDS E-BANKING ADOPTION IN SALAM

Evaluate the following statements by ticking the appropriate alternative of your choice.

| Strongly agree | Agree | Disagree | Strongly disagree |
|---|---|---|---|
| 4 | 3 | 2 | 1 |

**Consumer attitude on adoption of electronic banking in Somalia**

| | **Statement** | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| 1 | Electronic banking services enable me to accomplish my tasks quickly | | | | |
| 2 | Electronic banking is secure for me | | | | |
| 3 | Electronic banking transfers are safe | | | | |
| 4 | The use of electronic banking is easier than usual banking | | | | |
| 5 | Electronic -banking is limited to security checks | | | | |
| 6 | Electronic - banking covers global range | | | | |
| 7 | Electronic -banking providers are reliable | | | | |

**Influence of customer trust on adoption of electronic banking in Somalia**

| | **Statement** | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| 1 | Internet banking fulfils the commitments and promises it assumes. | | | | |
| 2 | There are up to date statements on every transactions | | | | |
| 3 | The design and commercial offerings of internet banking take into account the desires and needs of its users | | | | |
| 4 | Internet banking services provide statements. | | | | |
| 5 | Internet banking is provide consumer clarity through its services | | | | |
| 6 | There is confidentiality in electronic banking services | | | | |

**Consumer beliefs on electronic-banking adoption in Somalia.**

| | **Statement** | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| 1 | The customary beliefs are compatible with the usage of internet banking | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 2 | Computer illiteracy disables consumers from using electronic banking services | | | | |
| 3 | Electronic banking services are most reliable in daily transactions | | | | |
| 4 | My religious affiliations are compatible to e-banking usage | | | | |
| 5 | E-banking is supportive to my day to day living | | | | |
| 6 | E-banking is believed for accuracy and effectiveness in operation | | | | |

**SECTION C: LEVEL OF ADOPTION OF CONSUMER ON E-BANKING IN SALAM AND PRIME BANKS**

| | **Statement** | 1 | 2 | 3 | 4 |
|---|---|---|---|---|---|
| 1 | Bankers are the major factors affecting electronic banking services | | | | |
| 2 | Electronic banking services are supported by many business personnels | | | | |
| 3 | The internet connections in the region support electronic banking activities | | | | |
| 4 | The bank website enables electronic banking swiftly | | | | |
| 5 | I am certain of benefits of the electronic banking services | | | | |
| 6 | I trust that possible problems will be resolved well | | | | |

## Appendix ii: An interview guide for the key respondents

## AT SALAM AND PRIME BANKS INMOGADISHU SOMALIA

**Dear respondent**

I am a student at Kampala International University Uganda conducting a research study ***consumer's attitude on e-banking adoption in Mogadishu-Somalia using Salam and Prime banks as the case study;*** as a requirement for the award of a Masters of Degree in banking and finance, I kindly request you to spare some time and fill this questionnaire. The information given will be used for academic purposes only and will be treated with utmost confidentiality. Your cooperation will be highly appreciated.

1) How often do you use e-banking services in your operations
2) Do you trust the usage of e-banking services in your operations
3) How trust worthy are the e-banking services to the operations of banking
4) What is your attitude on e-banking services provided in your organization?
5) What attitude do you have on the security of your e-banking services
6) Do consumer beliefs affect e-banking adoption
7) How do beliefs affect e-banking adoption
8) What effect does religion have on e-banking adoption

***Thank you very much for your cooperation***

**ppendix i: Sample size for the given population sizes (N)**

| | S | N | S | N | S | N | S | N | S |
|---|---|---|---|---|---|---|---|---|---|
| | 10 | 100 | 80 | **280** | **162** | 800 | 260 | 2800 | 338 |
| | 14 | 110 | 86 | 290 | 165 | 850 | 266 | 3000 | 341 |
| 0 | 19 | 120 | 92 | 300 | 169 | 900 | 269 | 3500 | 346 |
| 5 | 24 | 130 | 97 | 320 | 175 | 950 | 274 | 4000 | 351 |
| 30 | 28 | 140 | 103 | 340 | 181 | 1000 | 278 | 4500 | 354 |
| 35 | 32 | 150 | 108 | **360** | **186** | 1100 | 285 | 5000 | 357 |
| 40 | 36 | 160 | 113 | 380 | 191 | 1200 | 291 | 6000 | 361 |
| 45 | 40 | 170 | 118 | 400 | 196 | 1300 | 297 | 7000 | 364 |
| 50 | 44 | 180 | 123 | 420 | 201 | 1400 | 302 | 8000 | 367 |
| 55 | 48 | 190 | 127 | 440 | 205 | 1500 | 306 | 9000 | 368 |
| 60 | 52 | 200 | 132 | 460 | 210 | 1600 | 310 | 10000 | 370 |
| 65 | 56 | 210 | 136 | 480 | 214 | 1700 | 313 | 15000 | 375 |
| 70 | 59 | 220 | 140 | 500 | 217 | 1800 | 317 | 20000 | 377 |
| 75 | 63 | 230 | 144 | 550 | 226 | 1900 | 320 | 30000 | 379 |
| 80 | 66 | 240 | 148 | 600 | 234 | 2000 | 322 | 40000 | 380 |
| 85 | 70 | 250 | 152 | 650 | 242 | 2200 | 327 | 50000 | 381 |
| 90 | 73 | 260 | 155 | 700 | 248 | 2400 | 331 | 75000 | 382 |
| 95 | 76 | 270 | 159 | 750 | 254 | 2600 | 335 | 10000 | 384 |

**SOURCE:** Krejeie and Morgan (1970), Determining sample size for research activities, Educational and psychological measurement, 30,608, sage publications.