

**ELECTRONIC BANKING (E- BRANKING) AND SERVICE DELIVERY IN COMMERCIAL BANKS**

**CASE STUDY; CENTENARY BANK**

**ENTEBBE ROAD**

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**DECLARATION**

I BYARUHANGA VICENT declare that this proposal is my original work and has never been presented anywhere for the award of any other university.

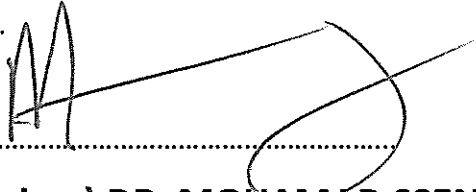
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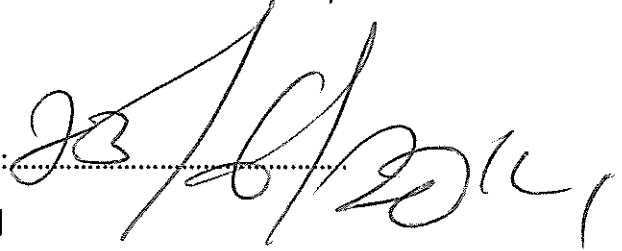
APPROVAL

This is to certify that this proposal has been done under my supervision and submitted to the college of economics and management sciences for examination with my approval.

Sign.....



Date :.....



**(Supervisor) DR .MOHAMAD SSENDAGI**

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God bless you all

## CHAPTER ONE

### 1.0 Introduction

This chapter includes the back ground of the study , statement of the problem, objectives of the study, research questions, significance of the study, limitations of the study, how to overcome the limitations, the scope of the study and the conceptual frame work of the study.

This study was carried out to establish the ideal relationship between E-banking and service delivery in commercial banks. And has suggested ways on how different banks deliver their service to its customers.

### 1.2 Back ground of the study

#### 1.2.1 Electronic banking (E-banking)

The quality of e-banking performance and service delivery are major factors in determining long-term profitability of any commercial bank. If you hire or purchase technology infrastructure, it is good policy to invest in the development of skills, so that the organization can increase its productivity.

The information technology revolution in the banking industry distribution channels began in the early 1970s, with the introduction of the credit card, the Automatic Teller Machine (ATM) and the ATM networks. This was followed by telephone banking, cable television banking in the 1980s, and the progress of Personal Computer (PC) banking in the late 1980s and in the early 1990s.<sup>12</sup>

In Uganda, internet banking began in 1997 when Standard Chartered Bank introduced the first ATMs in Uganda and thereafter other banks followed. There was a growing optimism in the banking industry that VISA credit cards would ease clients' access to cash from their accounts. In 2004, Bankom a local electronic financial transaction services company in Uganda introduced the use of ICT in which mobile phones could also be used to transact business. In July 2007, Bank of Uganda introduced an electronic fund transfer (EFT) in a bid to improve the payment system and reduce cash transactions.

Electronic banking in Uganda today is a highly constructed bodies with distribution channel network making the second to telecommunication network. It is noted that electronic banking



is a bigger platform than just banking through internet. In other words electronic banking, can be described in many ways .

According Namirembe banks offer internet banking in two main ways. It can be an existing bank with physical offices that establish a web site and offer internet banking to its customers as an addition to its traditional delivery channels. Another alternative is to establish a “virtual,” “branchless,” or “Internet-only” bank. The computer server that lies at the heart of a virtual bank may be housed in an office that serves as the legal address of such a bank or at other location.

Virtual banks are banks without bricks; from the customer's perspective, they exist entirely on the Internet, where they offer pretty much the same range of services and adhere to the same federal regulations as your corner bank (Barth, Nolle and Rice, 1997). Virtual banks pass the money they save on overhead like buildings and tellers along to you in the form of higher yields, lower fees and more generous account thresholds. The major disadvantage of virtual banks revolves around ATMs. Because they have no ATM machines, virtual banks typically charge the same surcharge that your brick-and-mortar bank would if you used another bank's automated teller. Likewise, many virtual banks won't accept deposits via ATM; one will have to either deposit the cheque by mail or transfer money from another account (Hernando & Nieto, 2005). This implies that, e-banking has resulted in efficiency in service delivery in the banking sector because customers can transact business from one side of the country to another and from both long and short distance.

Many commercial banks in Uganda have valued the importance of internet banking in improving the profitability and the overall efficiency of their business. They have similarly allocated substantial resources for internet banking adoption and begun to build infrastructures to support a more reliable and quicker transfer of information to reach costumers. The evolution of internet banking has altered the nature of personal-customer banking relationships and has enabled electronic channels to perform many banking functions that would traditionally be carried out over the counter.

Although the proficiency of using internet banking is relatively low or no in area where are more illiterate people like villages and in its infancy stages, the service has the advantages of

being convenient, safe, efficient and economical, Ugandan domestic banks seem to be confident that internet banking benefits might outweigh traditional banking services in the future.

However Ndiwalana (2008), the rate of adoption of internet banking has not risen as strongly as expected. Some researchers identify attitudes towards internet banking to be the consumer's positive or negative feelings related to accomplishing the banking behavior on the internet. It can therefore be inferred that customer attitudes can affect the adoption of internet banking. This is important, because without adequate technology to access the required information less information is accessed and utilized. Therefore this study will embark on checking the significance of E-banking performance and service delivery in commercial banks.

### **1.2.2 Service delivery**

Service delivery framework is a set of principles, standards, policies, and constraints that is used to guide the design, development, deployment, operation, and retirement of services that is delivered by a service provider; with a view to offering a consistent service experience, to a specific user community, in a specific business context. A SDF (service delivery framework) is the context in which a service provider's capabilities are arranged into certain services.

### **1.3 Statement of problem**

There is increased queues in the banking halls, where customers are still carrying large amount of cash over the counter(OTC), which points to be a dissatisfaction with the E-banking services.

### **1.4.Purpose of the Study**

The purpose of the study was to establish the contribution of electronic banking on service delivery to customer satisfaction in Uganda's commercial banks using Centenary Bank as a case study.

### **1.5 Objectives of the study**

#### **1.5.1 General objectives**

The general objective of this study is to determine the relationship between E-banking and service delivery of commercial banks in Uganda -Kampala.

### **1.5.2 Specific objectives**

- I. To find out why there are still long queues in the banking halls
- II. To find out different E-banking services in commercial banks
- III. To what extent has E-banking improved service delivery
- IV. To ascertain the challenges faced by banks with less skilled or uninformed personnel in a competitive business environment.

### **1.6 Research questions**

- I. Is there relationship between E-banking and service delivery?
- II. What can be done to reduce queues in the banking halls?
- III. Is Service delivery in commercial banks improved due to introduction of E-banking?
- IV. Are customers satisfied with E-banking service?

### **1.7. Content Scope of the study**

This study covered the content on the relationship between E-banking and service delivery to customers by commercial banks in Uganda -Kampala. The study was also give criteria on how commercial banks can adapt to E-banking with less friction for the incense of efficiency and effectiveness.

#### **1.7.1 Geographical scope**

The study cover Centenary Bank at different branches in Kampala that is to say Nakivubo road branch, Entebbe Road Branch, Namirembe Branch, Mapera Main Bran, and Kabalagala branch and the banking industry.

#### **1.7.2 Time scope**

The study only cover information within four years that is from 2010 to 2014. It will be based on the most recent data prospects of relationship between E-banking and service delivery being a major concern.

### **1.8 Significance of the study**

The researcher hopes it will benefit a wide range of parties who involve, the researcher, customers of commercial banks, individual people who hope to invest in technology, the government and NGOs for reference purposes academicians in field of technologies and the general public who out to do research in the same field.

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.

The study will come up with strategic measures that need to be put to address problems faced by commercial banks towards E-banking in Uganda –Kampala.

The study will also help different managers to alleviate perceptual problem from their operational levels when individuals are unable to perceive the need to invest in E-banking system of service delivery

Finally the research is aimed at helping the researcher to fulfill the education award of a degree in business administration in Kampala international university

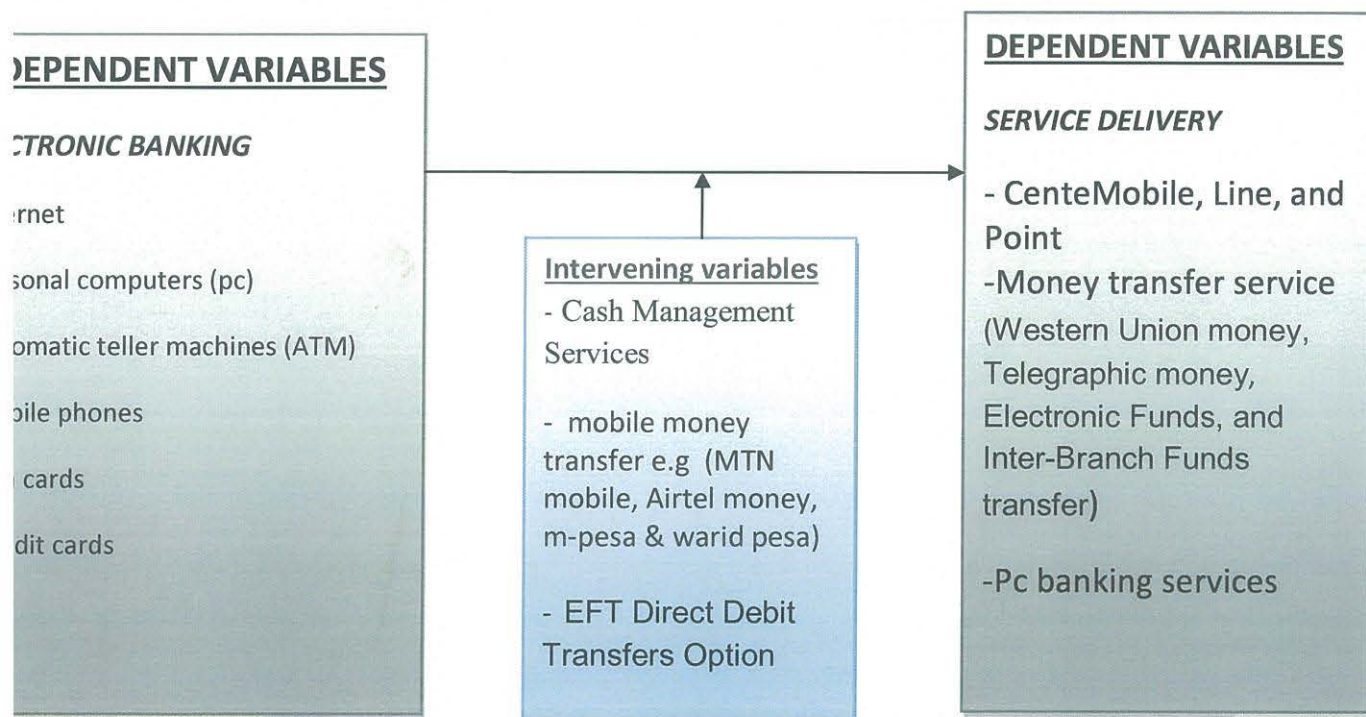
## Chapter two

### 2.0 Literature review

#### 2.1 Introduction

This chapter carries out a review of the existing literature on the E-banking and service delivery in commercial banks.

##### 2.1.1 Conceptual framework



##### 2.1.1.1 Independent variables

These are tools which are used in electronic banking to make service delivery easy and convenient to costumers of centenary bank these tools include the following;

**Internet** The Internet is an international system of interconnected computer networks that use the standard Internet protocol suite to connect users worldwide. It is composed of a network of smaller networks, from personal computers to large university systems, all of which are linked by various wireless, electronic, and optical technologies is an electronic communications network that connects computer networks and organizational computer facilities around the world. This enable the user to access their account details, make transaction like pc banking , and money transfer.

### **Personal computers (pc)**

a microcomputer designed for individual use, as by a person in an office or at home or school, for such applications as word processing, and data management, A personal computer may be a desktop computer or a laptop, Notebook, or tablet these enable people do transaction and check their account at their ease.

**Automated teller machine (ATM):** Computerized machine that permits bank customers to gain access to their accounts with a magnetically encoded

**Mobile phone :** this is where costumers are allowed to use their usual phones to services of a bank at any time

**Credit and visa cards;** these tools helps the bank customer to get bank service from any bank that have electronic banking services.

### **2.1.1.2 Dependent variables**

Due to availability E-banking centenary bank, it has lead to of delivery quick and convenient of the following service

#### **1.CenteMobile**

CenteMobile is an M-Banking, end-to-end e-commerce and information content service that will allow customers to perform transactions and accessing banking information using their mobile phones 24/7 in any location that has mobile network coverage.

**CentePoint** is a 24hour round-the-clock automated teller machines for Centenary Bank customers and enables customers to withdraw and deposit money by use of CenteCards. Currently the bank has 80 ATM's located on-site in all the Bank's branch offices and off-site in strategic places in the main towns around the country.

**CenteLine** A Short Text Messaging banking facility that enables mobile phone users who are account holders with Centenary bank access to their account information by use of their mobile phone handsets

#### **Western Union Money Transfer**

The fastest way of sending and receiving money locally in Uganda and worldwide in more than 190 countries. The service is available for individual to individual and there is no requirement for the sender or receiver to have an account with Centenary Bank.

**Telegraphic Money Transfers** Allows customers to transfer money instantly to and from their accounts on a locally and internationally basis.

**PC Banking Service** A facility that enables Centenary Bank customers' access their account information using their Personal Computers from the convenience of their offices and home.

**Electronic Funds Transfer** The Bank handles transfer of customers' funds from one account to another account(s) in other financial institutions within the shortest possible time.

#### **Inter-Branch Funds Transfer**

Instant local funds transfer across the Bank's branch network. Money can be transferred from one account in a particular branch to another account in another branch.

### **2.1.1.3 Intervening variables.**

#### **Inter-Branch Funds Transfer**

Instant local funds transfer across the Bank's branch network. Money can be transferred from one account in a particular branch to another account in another branch.

#### **EFT Direct Debit Transfers Option**

EFT Direct Debit Transfer Option facilitates the transfers of fees from the parents/guardians accounts to the educational institutions' account electronically provided the customer has executed a Direct Debit Agreement (DDA). The DDA which is available at educational institutions when executed authorizes the Bank to collect fees from the parent's/guardian's bank account for electronic transfer to the educational institutions bank account.

#### **MTN mobile money transfer**

Centenary Bank offers MTN Mobile money services where the Bank can send or receive money from unregistered customer.

**Airtel money** is a money transfer service offering from Airtel Mobile Commerce Uganda limited. The service allows you to load cash into your mobile phone and pay for goods and services as well as transfer cash. This service is available here at the Bank for both customers and non customers.

## **2.1 .2 Overview of E- Banking Adoption**

E- banking is the provision of retail and small value banking products and services through electronic channels. Such products and services can include deposit taking, lending, account management, the provision of financial advice, electronic bill payment, and the provision of other electronic payment products and services such as electronic money (Basel Committee Report on Banking Supervision, 1998).

However, according to Chou and Chou (2000), Internet banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. Electronic banking includes the systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through the Internet.

Customers access e-banking services using an intelligent electronic device, such as a personal computer, personal digital assistant, Automated Teller Machine (ATM), Kiosk, or Touch Tone telephone.

Although internet banking may have appeared and even behaved like a new product or service when it was initially introduced, e-banking is now most accurately portrayed as a relatively new, convenient, and technologically-oriented procedure whereby, consumers can accomplish customary banking tasks more quickly and easily than before ( Rogers, 1983)

Organizations continue to substantially invest in Information Technology hoping that it will improve their business process and increase their productivity.

However, for technologies to improve productivity, they must be accepted by intended users (Venkatesh, 2003). He also noted that research in understanding user acceptance of new technology has resulted in several theoretical models with roots in information systems, psychology and sociology.

Other scholar argued that, technology Acceptance Model is one of the most utilized models for studying Internet banking acceptance (Al-Gahtani, 2001; Venkatesh and Davis, 1996; Davis *et al.*, 1989). Technology Acceptance Model involves two primary predictors for the potential adopter that is perceived usefulness and perceived ease of use of technology as the main determinants of the attitudes toward a new technology.

### **2.1.3 Commercial Application of ICT in the Banking Industry**

The rapid advancement in ICT has had a profound effect on the banking industry and the wider financial sector over the last two decades. ICT is now a tool that facilitates the bank's organizational structures, business strategies and customer services (Jayamaha, 2008). ICT enables the development of sophisticated products, better market infrastructure, and implementation of reliable techniques for control of risks and helps the banks to reach geographically distant and diversified markets.

### **2.1.4 Electronic Banking Services**

E-banking has been defined differently by researchers partly because e-banking services vary (Daniel, 1999; Sathye, 1999). For instance, Salehi and Zhila, (2008) indicated that e-banking involves an electronic connection between bank and customer in order to prepare, manage and control financial transactions of the customer by the bank. This type of banking has been found to be driven through the following channels:

☐ Internet banking (or online banking),



☒ Telephone banking,

☒ TV-based banking, and

☒ Mobile phone banking (or offline banking).

Applications of ICT within the banking sector are the development of products and service such as: networked branches, ATM"s, internet banking, SMS and Telephone Banking, Electronic Bill Payment among others. The Ghana Commercial Bank has under their electronic banking models the following: Internet banking, Mobile banking and Cards and ATM"s (Master Card, E-Zwich and Ready Cash). These developments have enabled the bank to provide more diversified, secured and convenient financial services.

## **2.1.5. Benefit of E-banking**

### **2.1.5.1 Benefits for banks**

According Brogdon (1999), Jayawardhena (2000), and Foley (2000), E-banking offers many benefits to banks and their costumers. The main benefit to banks is cost saving , reaching the largest segment of the population efficiency enhancement of the bank"s reputation hence better costumers service delivery and satisfaction. However a global survey conducted by Booz, Allen, and Hamilton(1997) they establishment of speciazed E-banking requires \$ 1-2million, which is lower than branch based banking setup. The traditional banking running costs account for 50%to 60% of its revenue, while E-banking running costs is estimated at 15% to16% of its revenue.

According to Robinson (2000) the cost electronic transaction is less when done online compared on the counter in the bank. But Mols (1998) conducted a survey in Denmark argues that electronic banking might be useful in strengthening cross selling and price differentiation. E-banking makes it possible for banks to offer a variety of services 24/7. E-banking is more attractive because consumers are satisfied with the bank, the are less price sensitive have

highest intention of repurchase and provide more positive words of mouth information than other bank costumers

## **2.2. What is service delivering**

Service delivery is getting services as effectively and quickly to the intended recipient. Good service delivery is based on framework that is set on principles, standards, policies, and constraints used to guide the design, development, deployment, operation and services delivered by service provider with a view to offering a consistent service experience to a specific user community in a specific business context

Whereas, HBCN for them Service Delivery looks after the key processes and services as: Account Opening and Maintenance, RMB Payment and Collection, FCY Inward and Outward Remittance, Counter Services, AML Central Investigation, Wealth Management Operation, ATM and Card Acquiring Operation, Home Mortgage Loan Operation, Corporate Credit Service, HR Operation, Customer Complaint Handling, Resolution Identification & Service Consulting, HUB Operation & Support, Procedure Manual Control etc. By delivering service to all the Customer Groups (GB, CMB, RBWM and PB), Product Groups (PCM, Global Trade and Receivables Finance, GM etc) and HSBC Rural Bank in China, HBCN SD is a broad platform where you can explore and get solid knowledge about banking products and services and how system, process and people work together in a banking environment with dynamic regulatory changes.

### **2.2.1 Service Delivery in commercial banks**

The impact of e-banking on service delivery of banks has also been noted by researchers. In Uganda, long queues which used to be the norm in Uganda's Commercial Bank branches appear to have reduced drastically due to e-banking.

The advancement in Technology has played an important role in improving service delivery standards in the Banking industry. In its simplest form, Automated Teller Machines (ATMs) and deposit machines now allow consumers carry out banking transactions beyond banking hours. With online banking, individuals can check their account balances and make payments without having to go to the banking hall. This is gradually creating a cashless society where consumers

no longer have to pay for all their purchases with hard cash. For example: bank customers can pay for airline tickets and subscribe to initial public offerings by transferring the money directly from their accounts, or pay for various goods and services by electronic transfers of credit to the sellers account. As most people now own mobile phones, banks have also introduced mobile banking to cater for customers who are always on the move. Mobile banking allows individuals to check their account balances and make fund transfers using their mobile phones (Amedu, 2005)

### **2.3 Commercial banks**

Commercial banks plays an important role in an economic society, in many ways they represent intermediaries that move money through the market. Different types of commercial banks may exist with each type offering different services. One underlying similarity with these banks is their inability to underwrite loans and create agreements that issue securities to investors. The most common types of commercial banks include checking, deposit and saving banks, with many of these activities offered at a single institution. These banks also engage in banking loans. The most basic type of commercial banks are those that only offer checking and deposit services. Checking accounts allow customers to place money into a holding account and draw on it at a later time. The longer a customer leaves money in the bank, the greater opportunities the financial institution has to invest the money .banks do not ever hold all customer's money in its total in the bank vault , instead, it lends the money out in loans or purchases securities at the bank level in order to make money, so that the institution can remain solvent. These banks many also offer savings accounts in addition to checking accounts.

The next level of commercial banks are those that make loans directly to consumers or those who use bank services. Rather than making loans to other parties or those not affiliated with the bank, loan to bank costumers allow the financial institution yet another revenue stream. The interest charged on the loan goes back to the bank's coffers and allows to grow and expand into other markets. These types of commercial banks may be most common with business customers, who look not only for basic banking services but also the ability to obtain loans from

reasonable sources. These types of commercial banks can also offer letters of credit, performance bonds, or other commitments for business use in a market.

The Ugandan economy is supported mainly by commercial banks contributing about 75% of the private sector production. Commercial banks are the source of new jobs and play a crucial role in income generation of people, especially in urban areas.

### **2.3.1 Banking Sector Financing**

Unfortunately for Uganda, the financial system is small and with minimal linkage to the real economy. Uganda's saving/GDP ratio is about 12%, including both private and public sector savings compared to the continental average of 17.7%. The ratio of money supply to GDP is only 12%. There is only one bank branch per 180,000 people in Uganda, compared to an average of 7,000 per bank branch in the Common Market for East and Southern Africa (COMESA) countries. Moreover, bank branches are concentrated in the urban centres. Out of 123 branches, 64 are found in the 4 largest urban areas. In the year 2000, total assets of the banking sector, as a ratio of GDP, stood only at 26% compared to 50% in neighboring Kenya. Total loan portfolio, as a percentage of GDP, is only 6%. These statistics reveal that the domestic banking system plays a sub-optimal role in facilitating development in the sense that it is not financing much real economic activity. Worst still, the Table below shows that distribution of credit is lopsided against agriculture and in favour of trade financing and manufacturing. Yet agriculture is the main stay of the economy. But even the little credit that flows into agriculture is concentrated on marketing as opposed to production. Although this is not surprising<sup>1</sup>, the Table shows that the share of agricultural credit to total credit has been declining steadily over the last five years.

Commercial Banks' Loans to the private Sector by Sectors, 1996-2000, in % of total private Sector

### **2.4. Risks Associated with Electronic Banking**

Although, electronic banking provides many opportunities for the banks, it is also the case that the current banking services provided through Internet are limited due to security concerns,

complexity and technological problems (Sathye, 1999; Mols, 1999). Hewer and Howcroft (1999) used the term trust to describe a measure of risk. Suganthi *et al.*, (2001) viewed risk in the context of security concerns and risk in the context of trust in one's bank. Nancy *et al.*'s (2001) study found that customers complain about computer logon times which are usually longer than making a telephone call. In addition, respondents felt that they have to check and recheck the forms filled in online, as they are worried about making mistakes.

Frequent slow response time and delay of service delivery cause customers to be unsure that the transaction has been completed (Jun & Cai, 2001). Min and Galle (1999) found the disruption of information access to be a common factor related to unwillingness to use Internet channels for commerce.

Liao and Cheung (2002) found that individual expectations regarding accuracy, security, transaction speed, user friendliness, user involvement and convenience are the most important attributes in the perceived usefulness of Internet-based e-retail banking.

Confidentiality of consumer data is another important concern in the adoption of online banking (Gerrard & Cunningham, 2003). Customers fear that someone will have unlimited access to their personal financial information.

White and Nteli (2004) conducted a study that focused on why the increase in Internet users in the UK had not been paralleled by increases in Internet usage for banking purposes. Their results showed that customers still have concerns with the security and the safety aspects of the Internet.

Lack of specific laws to govern Internet banking is another important concern for both the bankers and the customers. This relates to issues such as unfair and deceptive trade practice by the supplier and unauthorized access by hackers. Larpsiri *et al.*, (2002) argued that it is not clear whether electronic documents and records are acceptable as sufficient evidence of transactions.

## CHAPTER THREE

### 3.0 METHODOLOGY

#### 3.1 Introduction

This chapter presents the research strategy of the present study. Included in this chapter is information on population and sample of research participants, research design and sources of data. In addition, data collection instrument, procedure and data analysis technique was presented.

This chapter describes the research methodology that was adopted in the study and the technique used in data collection. It includes the study population, data collection instruments, processing instruments, processing and analysis methods, and limitations.

#### 3.2 Research design

The researcher used qualitative , quantitative, correlation and descriptive methods of data collection analysis.

As indicated by Kvale (1996) and Mikkelsen (1995), the overall success of research is determined by the choice of research method. Also, A research design is considered as a "blueprint" for research which directs, which questions to study, which data are relevant, what data to collect, and how to analyze the results (Adèr, Mellenbergh, & Hand, 2008). Hover according to Robinson (1993) Research design is divided into quantitative designs and non-experimental research designs. Examples of quantitative designs include experimental designs, non-experimental designs and quasi experimental designs. In an experimental design, the researcher actively tries to change the situation, circumstances, or experience of participants (manipulation), which may lead to a change in behavior or outcomes for the participants of the study. Non-experimental research designs however, do not involve a manipulation of the situation, circumstances or experience of the participants. Quasi research designs on the other hand are research design that follow the experimental procedure, but do not randomly assign people to (treatment and comparison) groups.

### **3.3 Target population**

The population was of a sample size of 100 people who will include business patterns, workers and employees of centenary banks. The centenary bank Entebbe road branch was chosen because of proximity and convenience in terms of data accessibility to the researcher. The branch has about 20000 customers who operate the traditional accounts such as Current Account, Savings Account, Corporate Accounts and customised accounts fixed deposit, among others. But for the interest of time I decided to choose only 80 respondents.

### **3.4 Sample size**

The survey was made up of 80 respondents who were business owners (sole proprietors, patterns), employees in the various businesses (information technology people, marketing people, accountants and other attendants). Centenary Bank, Entebbe branch were randomly selected to participant in the study. These customers and works were selected using accidental sampling technique, a non-probability sampling method. Non-probability sampling is any sampling method where some elements of the population have no chance of selection, or where the probability of selection cannot be accurately determined. It involves the selection of subjects based on assumptions regarding the population of interest, which forms the criteria for selection. This strategy was chosen because sampling participants using the list of customers of the bank was a challenge. The accidental sampling (sometimes known as convenience or opportunity sampling) used is a type of non-probability sampling which involves the samples being drawn from that part of the population which is close to hand. That is, a participant is selected because it is readily available and was convenient to be selected. It may be through meeting the person or including a person in the sample when one meets him / her. In this study, the participants were approached as they enter the banking hall for

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

Where  $n$  = number of samples

$N$  = population size

$e$  = error of tolerance

1 = constant

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

$$n = \frac{100}{1+100(0.05)^2}$$

$$1+100(0.05)^2$$

$$n = 80 \text{ people}$$

### 3.5 Sampling design

The purposive sampling was used to select the respondents from whom to obtain valid information about the study. This was done through issuing of questionnaires and interviews supplement tools while gathering information for purpose of data collection and analysis of the study.

### 3.6 Data collection instruments

The researcher will synchronously use the interview guide and the questionnaires to gather information with relevant facts. The records will critically inspect the information gathered and carefully put it on both research instruments that is, the questionnaires and the interview guide for the response and reliable information/findings.



### **3.6.1 Observation**

This will be conducted during the time of interview to examine and observe the variation trends of E-banking and service delivery in commercial banks along with. This will help to determine the significance of E-banking towards service delivery.

### **3.6.2 Questionnaires**

A research questionnaire containing carefully framed questions was used to collect data for the study. The questionnaire was in three parts. The first part aimed at the collection of demographic information on the participants. This included age, sex, educational level and number of years employed with centenary Bank. This is to determine the category of individuals who bank with the bank and their academic qualification. Academic level is most important because without minimum education, one cannot access the electronic banking services. Part Two focused on E-banking services provided by the bank. It gathered information on the services delivery quality regarding available E-banking services and the benefits that customers derived from using E-banking services. This was meant to find out whether the introduction of the electronic banking services has influence on service delivery and their satisfaction with the services.

Also these was designed in a way that respondents was able to give answer to each question on the questionnaire paper.

The respondents were approached and availed with questionnaires which they were asked to fill answers of different outlooks.

### **3.6.3 Interviews guide**

The research will involve interpersonal talk between the researcher and the various respondents

In order to obtain useful information about E-banking and services delivery in commercial banks most especially centenary bank.

Respondents that were involved are bank managers, employees in various centenary bank (information technology people, marketing people, accountants and other attendant).

### **3.7 Data analysis and presentation.**

This section deals with information obtained from different centenary banks and interpretation of the collected data.

The collected data was analysed using the Statistical Package for Social Sciences (SPSS) version 16.0 for windows. The data collected was quantitative so descriptive analysis was conducted to generate graphs, charts and tables to explain and answer the research questions. In generating the actual results, frequency tables were generated to determine the number of respondents who expressed their opinion on a particular item. Granting that the study is quantitative in nature, correlational analysis was also used to determine the relation between electronic banking services and service delivery.

The next chapter present the analysis of the data collected in chapter four

## CHAPTER FOUR

### PRESENTATION AND ANALYSIS OF FINDINGS

#### 4.0 Introduction

This chapter represents findings on electronic banking and customer satisfaction, a case study of Centenary bank Entebbe road branch. It covers the background information about the respondents, Electronic banking, service delivery and the relationship between Electronic banking and service delivery.

#### 4.1 Demographic Characteristics of Participants

The study collected information on demographic characteristics. Detailed results on each of the demographic characteristics are presented.

##### 4.1.1 Sex of Respondents

The analysis revealed that most of the respondents were men. Specifically, the data showed that 44 of the respondents representing 55% were men while a total of 36 representing 45% were female. **Table 4.1.1** below presents the result se of respondents.

**Table 4.1.1: Sex of Respondents**

	Number of respondents	Number Per cent (%)
Male	44	55
Female	36	45
total	80	100

##### 4.1.2: Age of Respondents

The next demographic variable of the participants examined was their age. The results showed that, the majority of respondents were in the age bracket of 25 – 35 years. This was followed by 35 – 45 year group representing 26.5 per cent of the respondents and 8 representing 4.8 per cent were between the ages of 34 to 41 years. The number age 45 years plus were only 2 representing 1.2 per cent of the respondents. This could be as a result of the bank being on a

tertiary institution campus where majority of the customers are students. This is shown in **Table 4.1.2** below.

**Table 4.1.2: Age of Respondents**

	Number of respondents	Per cent (%)
Under 25 years	9	11.25
25 – 35 years	38	47.5
35 – 45 years	20	25
45 years plus	13	16.25
Total	80	100

#### 4.1.3 Educational Level of Respondents

The next sample characteristic examined was the educational level of the respondents. Analysis showed that, the majority of the respondents were degree holders and those with A'level certificate. There were 25 respondents representing 31.25 per cent while 19 representing 23.75 per cent were A'level certificate holders. In addition, 20 per cent were diploma , 15 were o'level leavers and 1.25 percent attained other training. This could be the lecturers on campus. This is shown in **Table 4.1.3** below.

**Table 4.1.3 Educational Level of Respondents**

Level of education & training	Number of respondents	Per cent (%)
O; level	12	15
A' level	19	23.75
Diploma	16	20
Degree	25	31.25
Certificate courses	5	6.25
Workshop/seminar	2	2.5
Other	1	1.25
Total	80	100

#### 4.1.4 Duration of employment in centenary bank

The next sample characteristic examined was duration of employment in the business

**Table 4.1.3 Duration of employment in centenary bank**

	Number of respondents	Per cent (%)
Below 5 years	25	31.25
5-10 years	6	7.5
10-15 years	2	2.5
15 above	1	1.25

### Part 11

#### 4.2 E- banking services

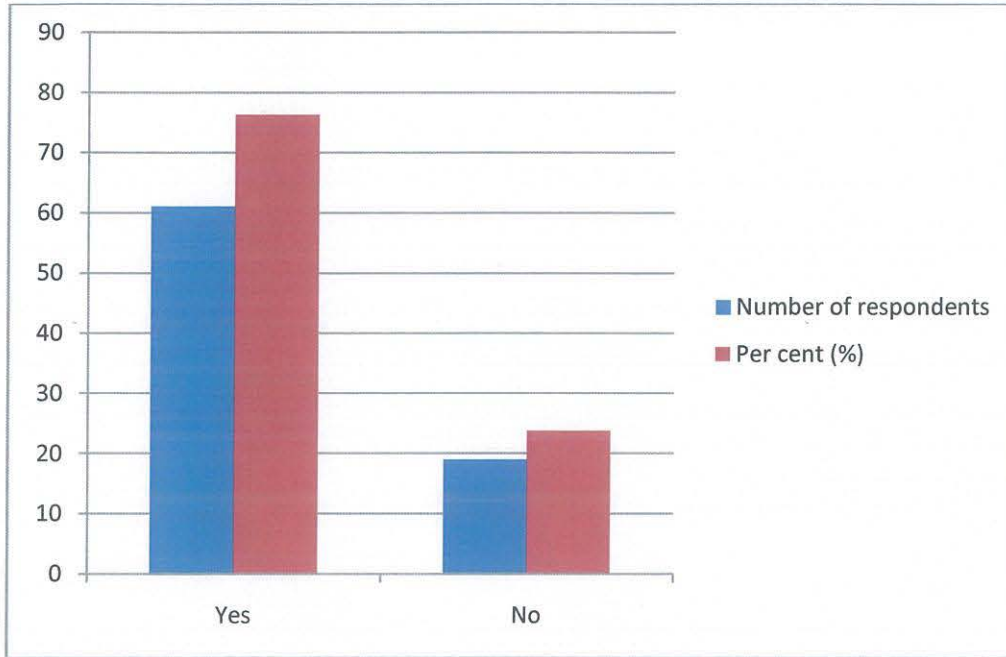
##### 4.2.1 Who use E- banking service

The research shows most customer centenary bank use E-banking service. The data was revealed 61 respondents said yes the use E-banking while only 19 respondents said no which represent 76.25% and 23.75% respectively.as shown in **table 4.2.1** below.

**Table 4.2.1 showing responds who use E-banking**

	Number of respondents	Per cent (%)
Yes	61	76.25
No	19	23.75
Total	80	100

**Table 4.2.1 showing respondents who use E-banking services**



**4.2.2 Banking Services mostly used by customers**

Further examination revealed that, the bank provides electronic banking services in the form of ATM services, SMS (mobile) banking and inter switch services. The data revealed that 48 out of 80 respondents, representing 60 per cent use electronic banking services while 32 respondents, representing 40 per cent do not use electronic banking services.

**Table 4.2.2: Banking Services mostly used by customers**

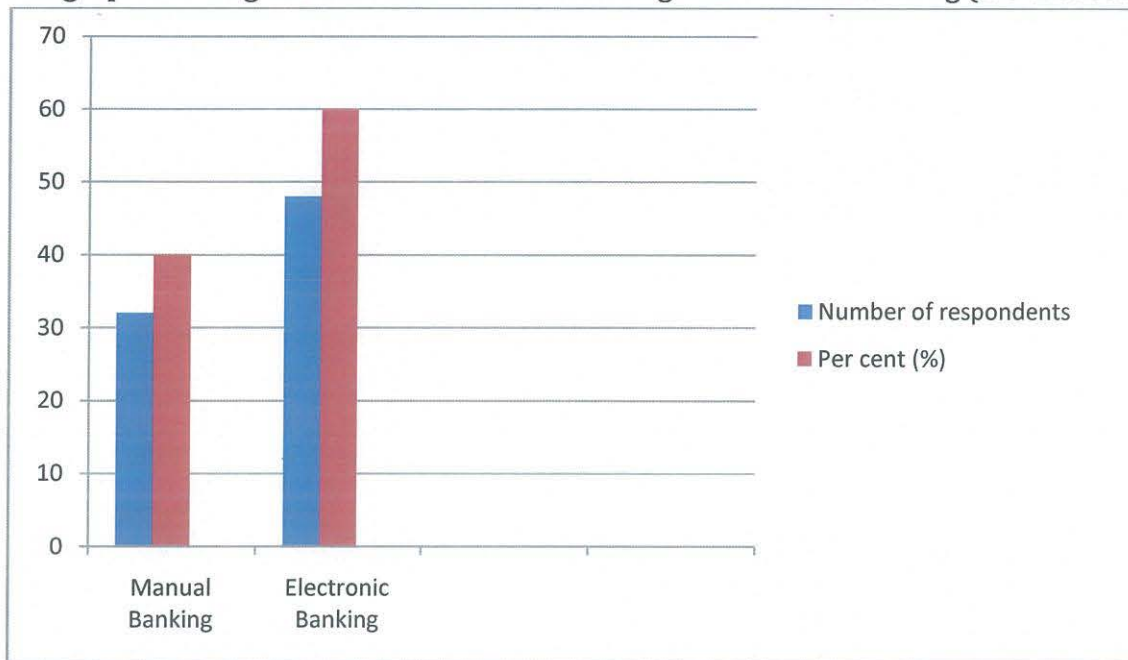
	Number of respondents	Per cent (%)
Manual Banking	32	40
Electronic Banking	48	60
<b>Total</b>		

#### 4.2.3 Are you satisfied with E-banking service?

The satisfaction of customers with electronic banking services provided by the Bank was investigated. The study found that, the majority of respondents are satisfied with the electronic services provided by the bank as shown **figure 4.2.3** below the graph

**Figure 4.2.3 below**

**the graph showing variation of electronic banking with manual banking.(satisfaction)**



#### 4.2.4 the level of satisfaction provided by E -banking to costumers

The level of satisfaction was observed by the use of Electronic Banking services provided by centenary bank. That is the use of internet banking, SMS (mobile) banking and inter switch services, are equally highly used by customers. Specifically, 44 respondents, representing 55 per cent use internet banking services, 70 representing 87.5 per cent use **Internet Banking Services**. Also,48 out of 80 respondents representing 60 per cent do use SMS banking services, revealed that 34 out of 80 respondents representing 42.5 per cent said they use **E-zwich Banking ( inter switch)** service. Finally, it was revealed that very few customers do patronize E- zwich services. From the results, it could be concluded that majority of the bank's customers

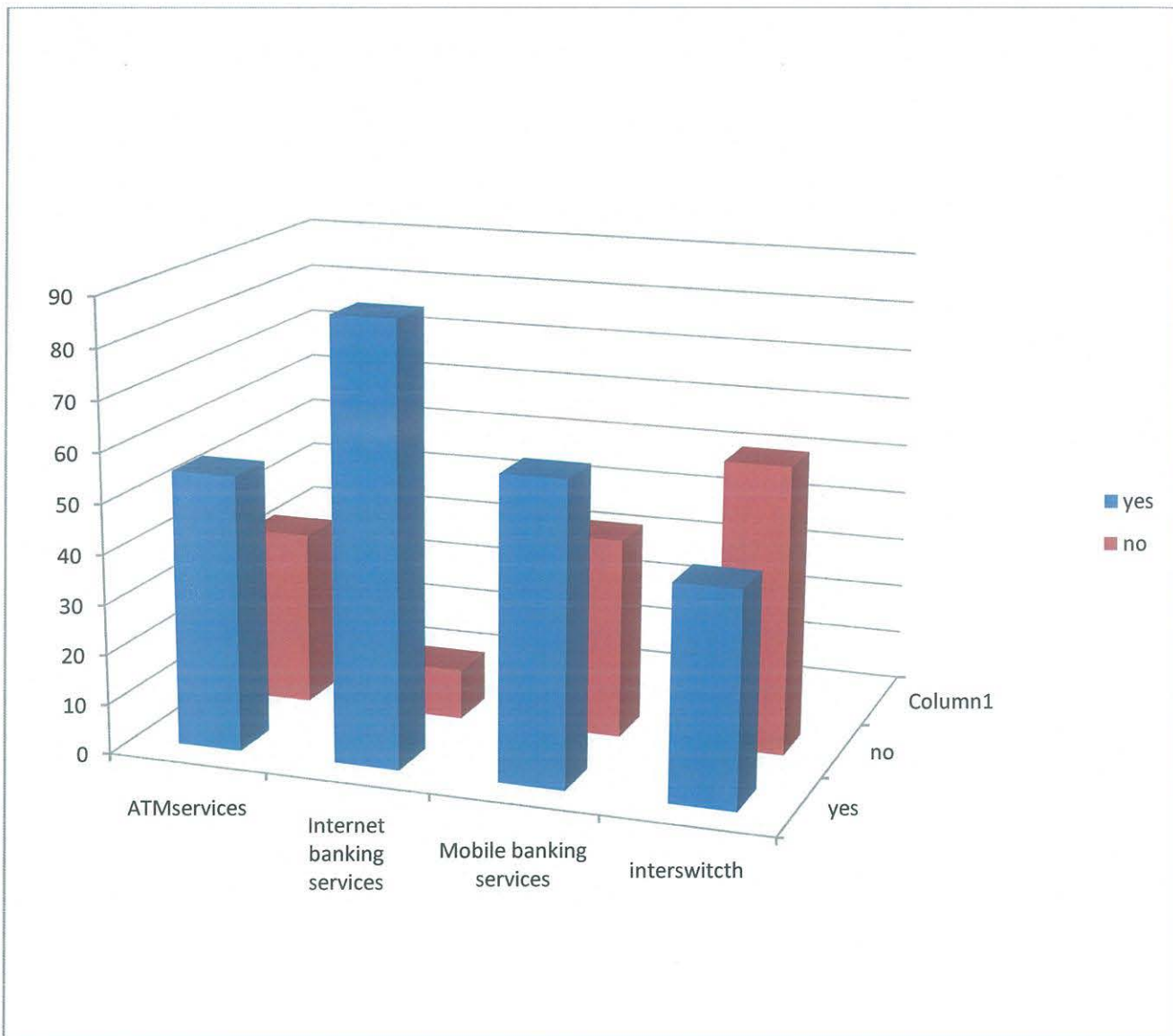
use Electronic Banking service and highly patronize the electronic banking products offered by the bank. The results are presented in **Table 4 .2.4** and **figure 4.2.4**

**Table 4.2.4: the level of satisfaction provided by E -banking to costumers**

	Number of respondents	Per cent (%)
<b>of ATM Services</b>		
	44	55
	28	35
<b>of Internet Banking Services</b>		
	70	87.5
	8	10
<b>of sms(Mobile)t Banking Services</b>		
	48	60
	32	40
<b>of E-zwich Banking Services ( inter ch)</b>		
	34	42.5
	46	57.5



Figure 4.2.4 below showing the level of satisfaction provided by E -banking to costumers (percent)



### **4.3. Electronic Banking Services and Service Delivery**

#### **4.3.1. Electronic Banking Services and Service Delivery in centenary Bank**

The researcher explored the extent to which electronic banking has impacted on service delivery in commercial banks. In performing the analysis, Pearson Product Moment Correlation was computed to establish the relationship between uses of electronic banking service with service delivery by the centenary bank uganda. The sum of responses of participants on the Electronic banking scale represents the score on Electronic Banking and the sum of responses on the Service delivery scale represents the percent on service delivery. From the correlation analysis, the result revealed a significant positive relationship between service delivery and electronic banking [ $r=1$ ,  $n = 100\%$ ]. This means that service delivery has improved significantly as usage of electronic banking services. The result is presented in the **table4.3.1** and scatter diagrams below

**Table4.3.1 Electronic Banking Services and Service Delivery of Commercial Bank**

<b>Details</b>	<b>E- banking service (per cent%) X</b>	<b>Service delivery (per cent%) Y</b>
<b>ATM reduce queue in banking</b>		
Yes	66	60
No	28	33
<b>Has inter switch reduce over clouding in bank halls</b>		
Yes	70.5	48
No	24	20
<b>Customer satisfaction</b>		
Yes	84	80
No	16	18
<b>Positive impact</b>		
Yes	69	76
No	16	20
<b>Time saving</b>		
Yes	88	90
No	10	8
<b>Quick service</b>		
Yes	85	68
No	10	15
<b>Total</b>	<b>566.5</b>	<b>536</b>

$$r = \frac{\sum_i (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum_i (x_i - \bar{x})^2} \sqrt{\sum_i (y_i - \bar{y})^2}}$$

$$\sum x = 566.5$$

$$\bar{x} = 47.2083$$

$$\sum Y = 536$$

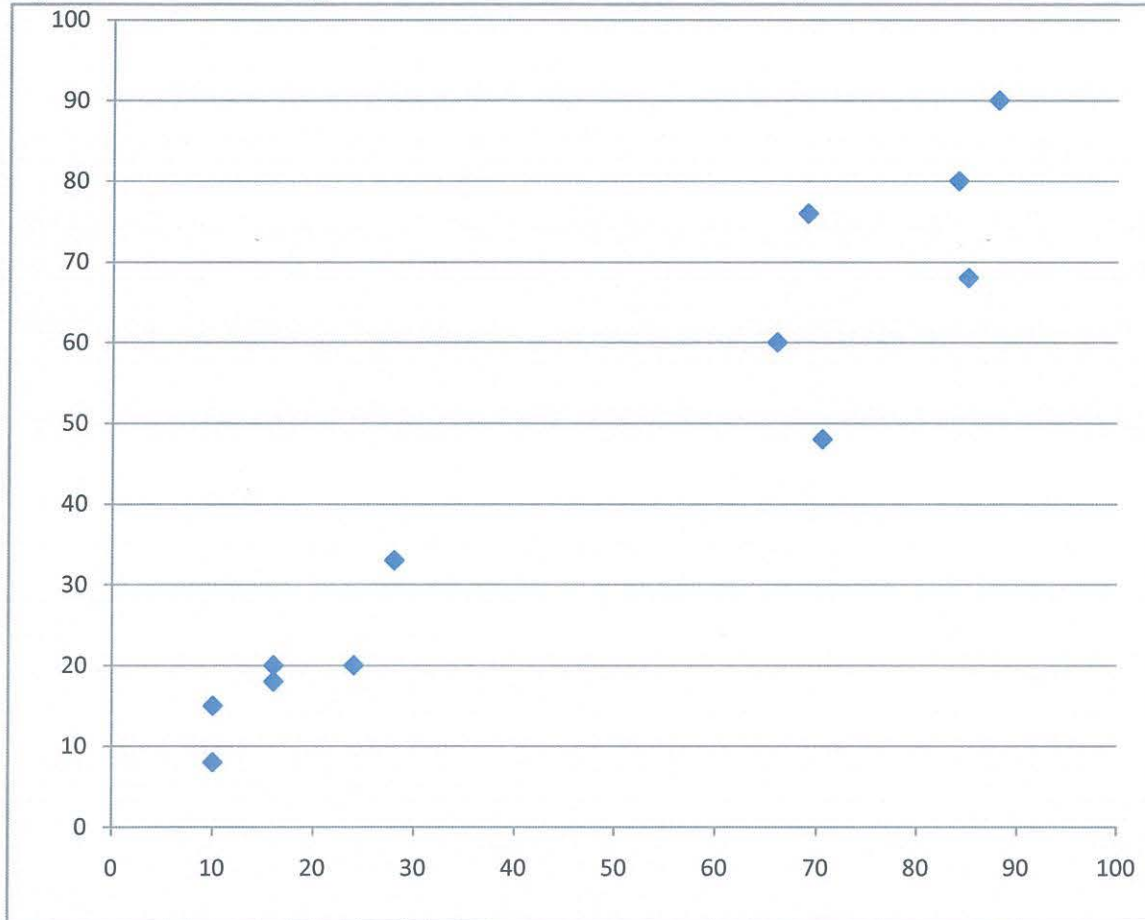
$$\bar{Y} = 44.6667$$

$$r = \frac{\sum(566.5-47.2083) (536-44.6667)}{\sqrt{\sum(566.5-47.2083)^2} \sqrt{\sum(536-44.6667)^2}}$$

r=1

From the sample population about relationship between E-banking and service delivery in centenary bank using Karl Pearson correlation coefficient has revealed that there is a relationship between independent variable and dependent variable this is evidenced by the calculation in the scatter diagram below that have coefficient of correlation equal to one (1), so it is perfect to conclude that there is a relationship between two variables.

**Figure 4.3.1 Scatter diagram of E-banking VS service delivery.**



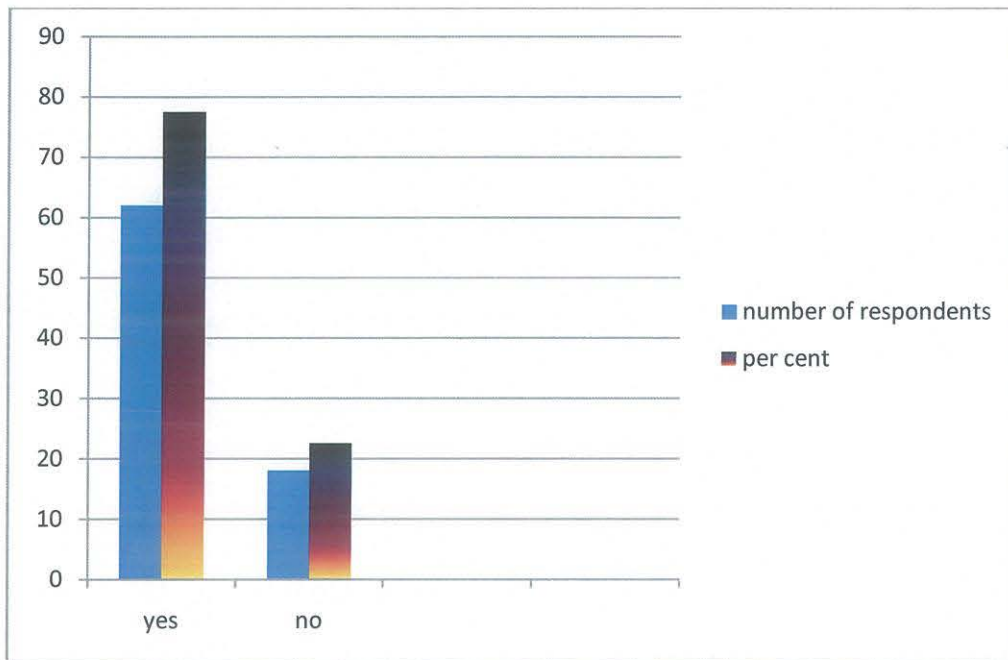
Further more, the above scatter diagram shows a positive correlation which indicates that both variables E-banking and service delivery have a positive relationship.

#### **4.3.2 Impact of E-banking Services on Service Delivery**

The next item examined was the impact of electronic banking on service delivery. The analysis revealed that, e-banking services have positively affected service delivery of commercial banks in Uganda. Empirical data showed that, 62 respondents representing 77.5 per cent indicated that e-banking services had a direct positive effect on service delivery of the bank. However, 18 respondents representing 22.5 per cent thought confirm that there is no positive correlation between e-banking and service delivery. This is shown in **figure 4.3.2** below.

Figure 4.3.2 a graph below shows;

**E-banking has positively affected service delivery in uganda**



**4.4. Has the introduction of e-banking changed your perception about service delivery in centenary banks.**

The introduction E-banking in centenary bank have changed perception costumer about service delivery in the following ways.

**4.4.1 Electronic Banking Quickens Service Delivery**

The study also revealed that e-banking services ensure quick banking services delivery which has increased service delivery. The majority of respondents representing 85 per cent agree that the availability of e-banking products lead to quick banking services while some of the respondents, about 12.6 per cent said it did not lead to quick banking services. Network failure which is unpredictable could account for the few who mentioned that the Electronic Banking

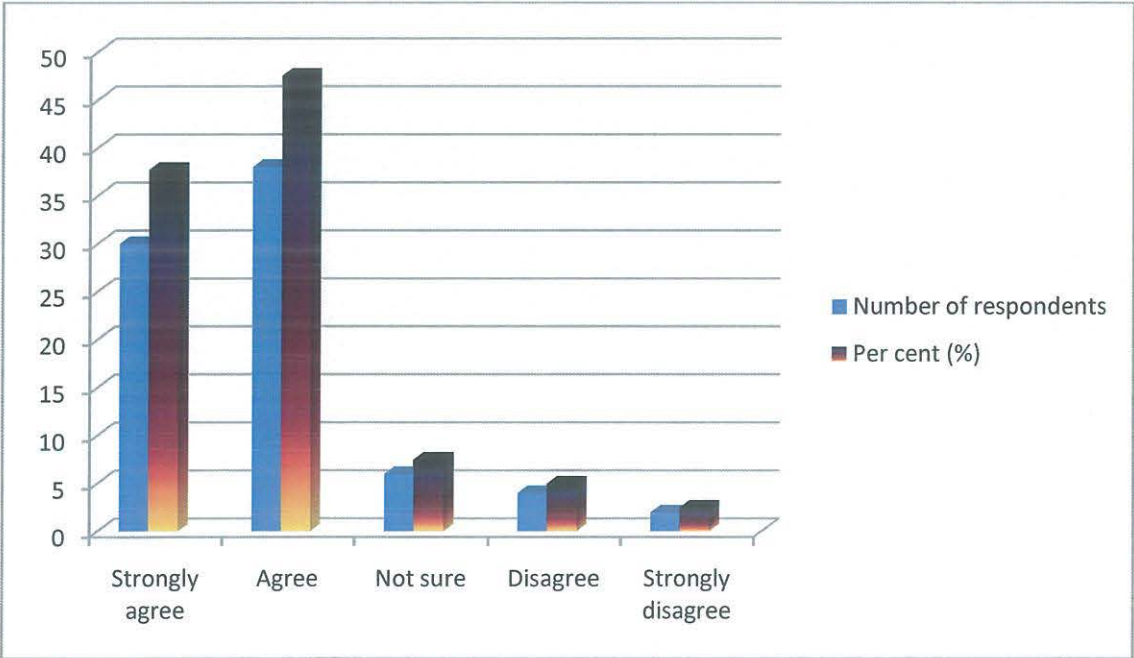
did not lead to quick service delivery. However, with increase investment in technology this could be addressed. This is shown in **Table 4.4.1** and **figure 4.4.1**below

**Table 4.4.1 Electronic Banking Services Quickens Service Delivery**

	Number of respondents	Per cent (%)
Strongly agree	30	37.5
Agree	38	47.5
Not sure	6	7.5
Disagree	4	5
Strongly disagree	2	2.5
Total	80	100

**Figure4.4.1** a graph below shows;

**How E-banking has speeds up service delivery in centenary bank uganda**



#### 4.4.2 Has the introduction of e-banking reduce queues in banking halls?

The study also revealed that e-banking services has reduced number of people who go in banking halls to withdraw, deposit, transact and check their accounts balances which has increased service delivery. out of 80 respondents 30, and 38 strongly agree and agree respectively which represents 37.5 and 47.5 per cent agree that the availability of e-banking services have reduced number of people who line up in banking halls, 6 respondent are not sure about the service while 4and 2 respondents, disagree and strongly disagree which represents 5and 2.5 per cent said it did not queues in banking hall. This is shown in **table 4.4.2** below

**Table 4.4.2 The introduction of E-banking reduced queues in banking halls**

	Number of respondents	Per cent (%)
Strongly agree	30	37.5
Agree	38	47.5
Not sure	6	7.5
Disagree	4	5
Strongly disagree	2	2.5
Total	80	100

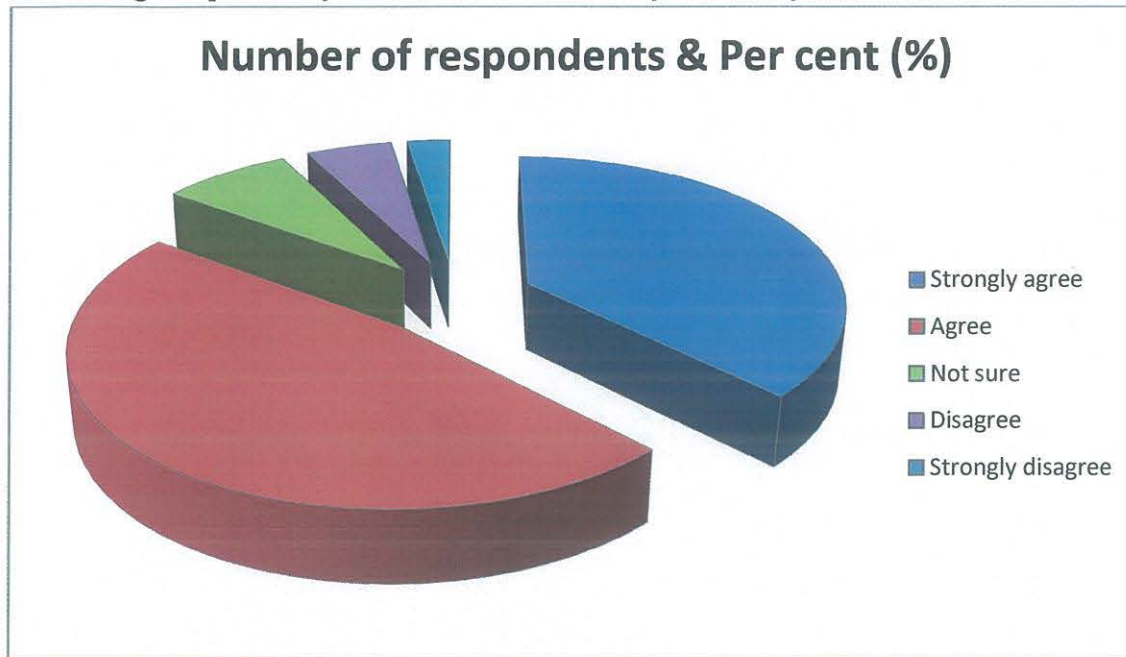
#### 4.4.3 E-banking has positively affected service delivery in uganda

E-banking has positively affected service delivery in the following way out of 80 respondents 30, and 38 strongly agree and agree respectively which represents 37.5 and 47.5 per cent agree that the availability of e-banking services have reduced number of positive affect on E-banking service, 6 respondent are not sure about the service while 4and 2 respondents, disagree and strongly disagree which represents 5and 2.5 per cent said it did not queues in banking hall. This is shown in **table 4.4.3** below



Figure 4.4.3Pie chart below shows;

E-banking has positively affected service delivery centenary bank



The collected data was analysed using the Statistical Package for Social Sciences (SPSS) version 16.0 for windows. The data collected was quantitative so descriptive analysis was conducted to generate graphs, charts and tables to explain and answer the research questions. In generating the actual results, frequency tables were generated to determine the number of respondents who expressed their opinion on a particular item. Granting that the study is quantitative in nature, correlation analysis was also used to determine the relation between electronic banking services and service delivery.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.0. Introduction**

The study investigated on electronic banking (E- banking) and service delivery in centenary Bank. In accordance with the general purpose, the study sought to find out e-banking services offered by centenary bank and their usage, examined the effect of e-banking on service delivery; ascertained whether customers are aware of introduction of e-banking services; determined how e-banking has changed customers perception about the bank, and finally, explore the benefits of e-banking services.

This chapter comprises of the summary and conclusion of all that have been discovered and the findings from the study. Lastly, very important recommendations that would further the cause of quality service delivery in the banking sector have been given.

#### **5.1 summary**

##### **5.1.1 Findings on the availability of Electronic banking services in Centenary bank**

The research shows most customer in centenary bank use E-banking service to get bank service transfer of money and other transaction This was revealed in table 4.2.1 and figure 4.2.1 which shows that 61respondents said yes the use E-banking while only 19 respondents said no which represent 76.25% and 23.75% respectively.

The research also revealed that costumers of centenary bank are satisfied with E-banking service since it is quick and convenient every time it is need by costumer as it was discovered in 4.2.3 and 4.2.3.

The findings of the study also shows that queues in banking halls reduced because costumer can do business at time and any where since they are able to access their accounts, this is indicated in 4.4.2 of the report.

More so a significant relationship between E-banking service and service delivery means that improved Quality of internet connection will be associated with improved service of Internet

Banking services. This finding is in line with Pikkarainen et. al. (2004) who concluded that without a proper internet connection, the value attached will not be there and use of Internet banking is not possible.

Findings further show a positive relationship between E-banking and service delivery in centenary bank valued ( $r=1$ ) as it was calculated in 4.3. And according to Sathye (1999), the low awareness of internet banking is a major factor causing people to ignore internet banking people just do not understand how the system.

The research also show that E- banking have positively affected service delivery this is through its convince time saving and reduced queues in the banking halls as indicated in table 4.4.1 and 4.4.3.

It was found out that ATM services, direct deposits, personal computer services, cente mobile, E-bill payment systems are available at centenary bank since they registered the highest number of respondents who agree on their availability. Most of the respondents supported their availability however; respondents did not talk about their usage. This was due to some reasons like insecurity, reliability, inflexibility, lack of internet protocols, most of them where computer illiterate and it was also found out that its not easy to get ATM cards because processing it takes a good period of time and fear of losing the cards or being stolen.

However, some few respondents said they could not use them because they do not own personal computers and it's not very easy to make transactions in an internet café in town. Results further confirmed that the respondents had some knowledge about these services at Centenary bank and they could explain what they meant and how one uses them. However analysis revealed some of them did not know that SMS banking, E-NSSF and E-tax payment systems where available at the bank

## **5.2 Conclusions**

After carrying out a close analysis of the study findings, it is evident that Centenary bank customers have a lot of knowledge about the electronic banking services available at the bank

for example Phone banking, Personal computer banking, ATM services, and E-NSSF payment systems as it was indicated in table 4.2.1 and 4.2.2.

Also It was observed from the study that there is a significant positive relationship service delivery due to election Banking Adoption.

Finally, results confirmed existence of a significant positive relationship between electronic banking and service delivery in Centenary bank, thus customers are satisfied with the e-banking services offered by the bank.

### **5.3 Recommendations**

The central bank should form centre for electronic banking technology (E-banking) and management to support commercial banks with latest technological development in the world towards efficient and effective service delivery and provide expert support for ICT implementation.

Government Policy that will guide against Money laundering, fraud and Security risks posed by E- banking is inevitable. To counter the legal threat and security posed to E- banking a, the necessary legal codes backing the industry must be established; this will enhance the growth of the industry through good service delivery.

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## Appendices

### Appendix i: Research Instruments

#### (a) Questionnaire

Study questionnaire on E-banking and service delivery in centenary banks in Uganda-Kampala.

Dear respondents,

This questionnaire is designed for the above study and the information you provide will help the researcher better understand it better because you are the one who gives me the correct information frankly and in good conscience. It is a Kampala international university requirement for students to undertake academic research in partial fulfillment on their course (bachelors of business administration program). Thus it is my humble appeal that you commit some time and complete this questionnaire. Your response will strictly be confidential and solely use for study purposes.

Thank you for your time and cooperation.

#### Part I; Back ground

Please tick in the appropriate box.

Occupation.....

Position.....

#### Sex

Male

Female

#### Age

Under 25

25-35

35-45

45-above



**Level of education**

O'level

A'level

Diploma

Degree

Other training.....

Type of training undertaken between Jan 2010–Jan 2014

Short course(s)

Certificate Courses

.....

(Workshop, seminar

.....

Please specify

or other) .....

**Duration of employment in the business under taking.**

Below 5years  5-10  10-15  5-above

**Marital status**

Single  Married  Separated   
 Divorced  Widowed

**Part II: E-banking**

1. Do you use E-banking service?

Yes  No

2. If yes, which of these banking services do you most?

(a) Manual banking   
 (b) E-banking

3. Are you satisfied with the E-banking services of commercial banks?

Yes  No

4. if yes, indicate you level of satisfaction....

Level of impact	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Larger extent					
Smaller extent					

5. what the relationship between E-banking and service delivery

6. Has the introduction of E-banking in commercial banks changed your perception about service delivery?

Yes

No

7. If yes, state how you have changed.

.....  
.....  
.....

8. the introduction of E-banking by commercial banks have a positive effect on service delivery?

Yes

No

Thank you for being such a cooperative respondent, your contribution to this study is highly appreciated.

Sign.....

Date .....

### Appendix (ii)

#### (c) Interview guide

## **Appendix (ii)**

### **(b) Interview guide**

Are you satisfied with the E-banking services of commercial banks?

What are some of the positive effects brought by E-banking in commercial banking?

Why do people still make long queues in the banking halls

To what extent has E-banking improved service delivery in commercial banks?

What are the hindrances brought about by E-banking service and service delivery?

What is the attitude of employees towards E-banking service in commercial banks?

What are other different banking services in commercial banks apart from E-banking you know?