

A Study on the Consumer Adoption of Electronic Banking Technology with Reference to Ethiopian Banking Sector

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Abstract

This research paper tries to find out the reasons why costumers' are not using e banking facility , study the awareness level of various secure transaction methods and study the difference between proportion of respondents to whom bank educates and proportion of respondents to who bank does not educate about the e-banking services being offered. The administrative management of the bank has a lot of scope of action from the findings of the research.

Keywords: Buying behavior, factors

I. INTRODUCTION

Financial system is serving as a back bone in any country and acts as good facilitator for financial institutions. Financial institutions play vital role for the development and progress of country's economy. Strong financial system promotes investment by financing productive business, mobilizing savings, efficiently allocating resources and facilitating trade activities. McKinnon (1973) and Levine (1997) mentioned that an efficient financial systems are critical to reduce information and transaction cost. Consequently, financial institutions are key for growth and efficient capital allocation (Levine 2005).

A. Objectives of the Study:

- To study the reasons for using and not using e-banking services.
- To study the level of awareness of methods of security transaction facilities provided by the bank.
- To understand the difference between proportion of respondents to whom bank educates and proportion of respondents to who bank does not educate about the e-banking services being offered.

II. HYPOTHESIS TESTING

H0: There is no significant difference amongst the reasons considered for not using e-banking services.

H0: There is no significant difference between proportion of respondents to whom bank educates and proportion of respondents to who bank does not educate about the e-banking services being offered.

H0: There is no significant difference between proportion of respondents who are aware and proportion of respondents who do not aware about the methods which can be taken up to secure the transaction.

A. Target Population/ Sample Frame:

The populations of this study consist of all customers of the Bank.

B. Sample Size:

For the present study, more than 1600 questionnaires were distributed, out of which about 1,100 filled-in questionnaires were collected back. Based on the scrutiny of the available questionnaires, about 100 questionnaires were removed from final Analysis. Thus, the present study is based on data collected through 1,000 questionnaires that were selected for final Analysis.

C. Sampling Techniques:

For the purpose of sample selection, a non-probability convenience sampling method was adopted. The contact methods used were personal contact survey, mail survey, and telephonic survey method and finally a branch intercept method was also used.

III. INSTRUMENT FOR DATA COLLECTION

A questionnaire design is an integral part of the research project. There are two major types of question in a questionnaire. Firstly, the Open-ended question allows respondents to answer in any way they choose. A structured questionnaire was used as an instrument for data collection. The questionnaire includes dichotomous bi-polar scale, rating scale and Likert scale.

A. The Research Environment:

This is a field-based study and hence the research environment is filed. Data Analysis: The data collected are then processed using the Statistical Package of Social Science (SPSS) 16.0 computer software. The function of SPSS is to help researcher to analyze the result of the questionnaire and then to be interpreted the finding. The research tools that the researcher intends to apply in this thesis are Frequency Distribution, Chi-square Test, Population Proportion Test.

Frequency Distribution: Frequency distributions were obtained for all the personal data or classification variables for example race, gender, age, frequency of customer respondent. Descriptive Statistics Analysis: According to Sekaran (2003), a descriptive statistics is a statistics that describes the phenomenon of interest. It is used when the researcher is interested to know what is the average score when a set of figures are involved as well as extend of variability in the set. Therefore, the researcher will used this type of research in order to determine the customers' perception towards service quality in the container operation Descriptive statistics are used to describe the basic features of the data in a study. They provide simple summaries about the sample and the measures with simple graphics analysis. Descriptive statistics are typically distinguished from inferential statistics. With descriptive statistics we are simply describing what is or what the data shows. We have used some descriptive statistics like Frequency Distributions, Cross tabs and charts.

1) Frequency Distribution:

A table that lists all the categories or classes and the numbers of values that belong to each of these categories or classes is called frequency distribution. A frequency gives the numbers of observations or classes fall into each group or category.

B. Pearson Correlation Matrix:

The purpose of this matrix is to determining whether there is a relationship between independent variables and dependent variable. If the probability value (P-Value) is smaller than 0.05 ($p < 0.05$), the result will be significant, which means that there is a relationship between independent variable and dependent variable. But if the probability value (P-Value) is greater than 0.05 ($p > 0.05$), it means that there is no relationship between independent variable and dependent variable. to the values or categories of the other variables.

IV. REASONS FOR NOT USING E BANKING SERVICES

H0: There is no significant difference amongst the reasons considered for not using e-banking services.

H1: There is significant difference amongst the reasons considered for not using e-banking services.

Table - 1

Reasons for not using E Banking services	Observed N	Expected N	Residual
No Need(satisfied with traditional banking)	51	29.0	22.0
It is difficult process	32	29.0	3.0
Fear of insecure transaction	26	29.0	-3.0
No access to Internet/mobile/other	28	29.0	-1.0
Lack of operation knowledge	22	29.0	-7.0

Table - 2

Test Statistics	Reasons for not using E Banking services
Chi-Square	23.034
Df	6
Asymp. Sig.	.001

A. Test Statistics Analysis:

$\chi^2_{cal} = 23.034$ Hence Fisher's p-Value is 0.001, Here, p-value < 0.05 . So, H0 is rejected i.e. There is significant difference amongst the reasons considered for not using e-banking services. All these reasons are not equally responsible for not using e banking services.

Table - 3

Frequencies Reasons for not using E Banking services	Responses	
	N	Percent
No Need(satisfied with traditional banking)	51	25.1%
It is difficult process	32	15.8%
Fear of insecure transaction	26	12.8%
No access to Internet/mobile/other	28	13.8%

Lack of operation knowledge	22	10.8%
Hidden Costs	25	12.3%
Any other please specify.....	19	9.4%
Total	203	100.0%

1) Interpretation:

Majority (i.e. 25.1%) of the respondents who are not using e-banking services because of the reason that they do not need e-banking (satisfied with traditional banking) and 15.8% respondents believe that e-banking is difficult process while only 10.8% Respondents have lack of operation knowledge. But majority of the respondents are not ready to accept e banking as they are already satisfied with traditional banking. It says us that they are not ready to accept the change in working pattern so they may have not even tried to get the benefit of e banking.

V. ROLE OF BANK TO EDUCATE ABOUT E-BANKING SERVICES

H0: There is no significant difference between proportion of respondents to whom bank educates and proportion of respondents to who bank does not educate about the e-banking services being offered.

H1: There is significant difference between proportion of respondents to whom bank educates and proportion of respondents to who bank does not educate about the e-banking services being offered.

Table - 4

particulars	Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Role of bank to educate about E-banking services	YES	700	.70	.50	.000
	NO	300	.30		
total		1000	1.00		

B. Analysis:

Here p-value < 0.05. So, H0 can be rejected at 5% level of significance i.e. There is significant difference between proportion of respondents to whom bank educates and proportion of respondents to whom bank does not educate about the e-banking services being offered.

C. Interpretation:

Out of total respondents 70% respondents agree that their banks educate about the e-banking services being offered by them.

Table - 5

Frequency Table		
Role of bank to educate about E-banking services	Frequency	Percent
NO	300	30.0
YES	700	70.0
Total	1000	100.0

VI. AWARENESS OF SECURE TRANSACTION METHOD

H0: There is no significant difference between proportion of respondents who aware and proportion of respondents who do not aware about the methods which can be taken up to secure the transaction.

H1: There is significant difference between proportion of respondents who aware and proportion of respondents who do not aware about the methods which can be taken up to secure the transaction

Table - 6

Particulars	Category	N	Observed Prop.	Test Prop.	Asymp. Sig. (2-tailed)
Awareness of secure transaction method	YES	575	.58	.50	.000
	NO	425	.43		
Total		1000	1.00		

A. Analysis:

Here p-value < 0.05. So, H0 can be rejected at 5% level of significance i.e. There is significant difference between proportion of respondents who aware and proportion of respondents who do not aware about the methods which can be taken up to secure the transaction.

Interpretation: Out of total respondents 57.5% respondents are aware about the methods which can be taken up to secure the transaction.

Table - 7

Frequency Table		
Awareness of secure transaction method	Frequency	Percent
NO	425	42.5
YES	575	57.5

<i>Total</i>	<i>1000</i>	<i>100.0</i>
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VII. CONCLUSION

One fourth people don't prefer E-banking over traditional banking, round about 16% respondent believes that E-banking is non-user friendly process. On other hand 10.8% have feeling of that they are not properly aware about functionality of E-banking, 12.8% are feared about insecure transaction, 13.8% have no access to internet and mobiles, 12.3% believes that E-banking have hidden cost, and 9.4% have others reasons for not using it. 30% people are such who disagree with educating them with E-banking facility but on other hand large number (70%) of respondent are such who agrees that their bank educate them with E-banking services. 57.5% respondents are aware about the process of secured transaction and rests of respondents are not confident about it.

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