

**ELECTRONIC BANKING AND SERVICE DELIVERY IN
COMMERCIAL BANKS IN KAMPALA UGANDA
A CASE STUDY OF CENTENARY BANK
KABALAGALA BRANCH**

**BY
ZAAKE JOHN
BBA/32547/102/DU**

**A RESEARCH REPORT SUBMITTED TO COLLEGE OF ECONOMICS AND
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DECLARATION

I ZAAKE JOHN declare that this is my original work written and compiled as a result of my personal efforts and it has never been submitted to any university before for any academic award.

Signature.....

Date 28/03/2013

APPROVAL

This Report has been done by the candidate John Zaake BBA/32547/102/DU under my supervision and submitted to the college of economics and management sciences for Examination with my approval as his university supervisor.

Signature.....

Mr. RUTEGANDA MICHEAL.

Date.....28/03/13.....

DEDICATION

To all teachers of St Noah school and all lecturers of Kampala international university plus all that seek knowledge to serve humanity; this work is dedicated to you.

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First and for most I would **like to extend my sincere** appreciation to my supervisor Rutegenda Michael for his patience, guidance and precious time he spared supervising me until the completion of this report.

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ABSTRACT

The study was to assess the effect of electronic banking on service delivery commercial bank kampala Uganda ,acase study of centenary bank kabalagala branch in makindye division Kampala Uganda.

Centenary bank kabalagala branch was selected to form basis of the research study. The main objectives was to find out the effect of electronic banking on service delivery in commercial bank s, to determine the extent of e-banking in selected commercial bank under this study., to determine if there is a significant difference between the service delivery and e-banking and. to find out if there is a significant relationship between service delivery and e-banking.

The findings of this study revealed that As internet banking is gaining ground ,banks are increasing operations over through which customers are able not only to inquire about account balances and interests plus exchange rates but also to conduct arrange of transction.However data on internet banking are scarce and differences in definitions makes comparison of products and services between quite different, and building consumer confidence remains critical for the bank to deal with if business with local clients is to grow. In general majority of Banks, as well as clients are ready and eager to embrace e-banking service and products.

The researcher recommended that They should be aware of technological developments. The dynamic nature of technology makes it hard for financial institution to maintain secure systems that meets customer needs. An institution information system or technology plan should include consideration of future system upgrades as more sophisticated security techniques and user options are developed.

The exisistng regulatory frame work remains applicable in the electronic environment but may require new interpretations, management should consider ramification of an expanded customer base, residing in distant locations which may have no physical contacts with thee institution. At a minimum management should update policies and procedures access control and secure data storage

Chapter one

1.0. Introduction

This chapter shares the background, problem statement, purposes, objectives, research questions, scope and significance of the study.

1.1. Background

Electronic banking also known as electronic funds transfer (EFT) is simply the use of electronic means to transfer funds directly from one account to another, rather than by check or cash.

In an era of increasing bank fees, consumers can expect to pay for the service of using a check card. E-banking started in the early 1980s both in United States and the United Kingdom.

It really took off with the arrival of the World Wide Web, when traditional banks offered their clients account access online, while some new banks started operating on the web only and today almost half of all Americans bank online. According to Banking and finance on the internet edited by Mary J. Crovin, online banking was first introduced in 1980s New York. Four major bank Citibank, Chase Manhattan, chemical and manufactures Hanover offered home banking services. Chemical introduced its points services for individuals and small business in 1983. It allowed individual and small business clients to maintain electronic checkbook registers, see account balance and transfer funds between checking and savings accounts. Print failed is attracted enough customers to break even and was abandoned in 1989 and other banks had similar experience.

In Kampala with the increasing popularity of the internet, Companies are seeking ways to utilize this popular medium in an effort to keep up with the changing technological preferences in their customers.

The possibilities of the internet are seemingly endless and the banking industry has decided that it will not be left behind. While most people have atleast heard or online banking, the majority of them have probably not tried it yet. May be its

because they find more comfort in working with real people and real paper when it comes to money matters rather than performing transaction in the seemingly impersonal universe of the world wide web.

With the recent directive from the Bank of Uganda that stopped all banks from honouring cheques above shillings 20 million, banks introduced electronic means of transferring large sums of money from one bank to another or a client's account.

Real time gross settlement, electronic funds transfer (EFT) and internet banking more introduced to save bank and clients from unscrupulous persons bent on fleeing banks and clients.

Standard chartered, Stanbic Bank, Crane Bank, Orient Bank and a few others have all introduced electronic visa cards. Some have even gone a step further by introducing SMS and internet banking methods, which clients can conduct in the comfort of their homes.

Mr. Michael Russell, who has been involved in online business since early 2001 however, says although online banking is generally secure with modern encryption technology, it is still possible for identity theft or fraud to occur if one fell victim to a "phishing" site or otherwise have his or her account information compromised.

Service delivery in commercial bank a case study of centenary bank Kampala branch in Kabalagala located on Ggaba road online banking or transfers outside bank to Uganda through personal financial management (PFM) software or another indirect service, all of the features of online banking.

A type of economic activity that is intangible, is not stored and does not result in ownership. A service is consumed at the point of sale – services are one of the

two key components of economics, the other being goods. Examples of service include the transfer of goods, such as postal services delivery mail and the use of expertise or experience such as person visiting a doctor.

During a research the eight new features of service **D-E-L-I-V-E-R-Y** was discovered which will help our customer service representative go to the top of the league.

"D" is for dedicated in that people should be dedicated in providing their services **"E"** is for empowered meaning the customers are fully empowered.

"L" is for linked in a way that there should be a linkage between the service provider and the customer.

"I" is for informed in the past the customer service department was often neglected by management. **"V"** is for valued. Before customer service representative can value their work and your customers, you must show them that you value them.

"E" is for experienced. An experienced customer service representative learns to be knowledgeable but not surely technical with customers.

"R" is for responsibility. The customer's service representative accepts responsibility for his roles as a front.

"Y" – Representative: The customer service representative should always act in the best interests of the company.

Centenary bank was created as finance institutions to service the economically disadvantaged people especially in rural areas and contribute to the overall economic development of the country. The main objective of the bank is to promote and enhance development through loans to rural farmers, processes or agricultural produce, small manufacturing entrepreneurs and small traders in both rural and urban areas, and importers and exporters.

Electronic banking:

According to Daniel Sathy (1999) electronic banking also called internet banking is defined as automated delivery in new and traditional banking products and services directly to customer through electronic interactive communication channels.

Electronic banking also known as electronic funds transfer (EFT) is simply the use of electronic means to transfer funds directly from one account to another rather than by cheque or cash.

Service delivery according to Saha and Zhao in commercial bank particularly in Centenary bank (2005) is defined as collection of outcome of perception, evaluation and psychological reaction to the consumption experience with service.

Service delivery is a type of economic activity that is intangible, is not stored and does not result in ownership customer service delivery pertains to certain elements that are essential when serving customers including treating them properly and answering the customers questions of his satisfaction.

Today or currently electronic banking, the use of electronic means to transfer funds. Financial services industry overtime has opened to historical transactions that can be termed as electronic development which is advancing rapidly in all areas of financial intermediation and financial markets like; electronic finance, electronic money, electronic bank, brokering, e-insurance, e-exchange an even e-supervision.

Robert B. Zoelloc the World Bank government president in Thursdays New Vision, 10th January, 2013 "20% of Uganda population holds bank account according to World Bank global financial body and Uganda spends close to \$4.2

billions (11.4 trillion) annually to access banking costs given the Uganda's Gross Domestic Product (GDP) to \$ 16.8 billion at market price.

Robert B. Zoellick said "providing financial services to 2.5 billion people who are unbanked could boost economic growth and opportunity in the world's poor.

The New information technology (IT) is turning into most important factor in the future of development of banking.

e-banking began to occur quite extensively as channel of distribution for financial services due to rapid advances in information technology. The driving force behind rapid transformation of banks are influential changes in electronic environment.

1.2. Problem statement

In Uganda, especially in Kampala district, electronic banking takes almost 60% compared to the rural areas who are green about internet banking. According to the survey carried out by the World Bank global financial department, \$27 million Ugandans are unbanked because of poverty, travel distance, religious beliefs and amount of paper work. Today in Uganda commercial banks are losing track in the manner they provide their services to their client and the reasons for the provision of poor delivery services are; Empowerment of the poor people are not trained, people do not care, sabotage, employees don't believe in the companies products/services, employees don't understand their role in the compound and others. The poor service delivery can be seen with the following indicators; Loose customers, lack of trust in the bank, insufficient profits, decreased market for the services, etc. Poor service delivery can result into; Loss of market shares, change in management, decreased profits, increased training expenses. The measures that will be taken to curb the poor service delivery in commercial banks will be; Develop cost recovery mechanism for services that disadvantage rural consumers, attract foreign direct investment in such a way that citizens rights are not jeopardized, facilitate the development and implementation to economic framework. The case of the study; with many

researchers, scholars have conducted a thoroughly investigation on this booming problem, but it is not clear study have been discovered hence the cause of this study in Kampala, Uganda.

1.3. Purpose of the Study

The purpose of this study was to find out whether there is a significant relationship between electronic banking usage and service delivery of commercial banks especially in Centenary Bank – Kabalagala Branch.

1.4. Research Objectives

1. To determine the demographic characteristics in terms of;
 - i. Age
 - ii. Education
 - iii. Work experience
 - iv. Income
2. To determine the extent of e-banking in selected commercial bank under this study.
3. To determine if there is a significant difference between the service delivery and e-banking.
4. To find out if there is a significant relationship between service delivery and e-banking.

1.5. Research Questions

1. What is demographic characteristic of respondents as to age, gender, education?
2. What is the extent of use of e-banking in selected commercial bank.
3. What is the level of service delivery to the use of e-banking in selected commercial bank?
4. If there is a significant relationship between the extent of service delivery and e-banking.

1.6. Hypothesis

H1: There is a significant difference between the service delivery and e-banking.

Ho: There is no significant relationship between service delivery and e-banking in Kampala.

1.7. Scope

Theoretical Scope:

This study will be based on role of behavior adoption theories on bank services and this will provide model based on different services.

Geographical Scope:

This study was limited in the Kampala Central and Makindye Division and Kampala was chosen because of the many people who access e-banking services.

Time scope:

This study was conducted on e-banking and service delivery in selected commercial bank between 2012/13.

1.8. Significance of the Study

The main beneficiaries of this study were the policy makers purposely to get solution to poor service delivery in commercial banks.

- Commercial banks: This study was useful to the commercial banks for the genuine and good provision of services to their clients.
- Academicians: The findings in this study helped academicians in the advanced technology on e-banking.
- Future researchers: The study was also a good value to researchers to come as a beginning point or reference for advanced research.

CHAPTER TWO: LIERATURE REVIEW

2.0. INTRODUCTION

This chapter presents the theoretical review and review of related literature related to study objectives.

2.1. Concepts, opinions, ideas from auditors/experts

Electronic banking:

Is also known as internet banking is defined as the automatic delivery of new and traditional banking products and service directly to customers through electronic interactive communication channels (Daniel 1999, Sathye, 1999).

Customers access e-banking services using an intelligent electronic devices such as; personal computer (P.C), personal digital assistant (PDA) Automated Teller Machine (ATM), mobile Banking (sms banking).

The concept of usability has been defined in many ways in the academic literature.

(Nelsen 1993) stresses that usability is not a single, one-dimensional property of a user interface and argues that usability could be defined by using five attributes which are learnability, efficiency memorability, errors and satisfaction.

A formal and streter definition of the term is derived from the standard which defines usability as: the extent to which a product can be used by specified users to achieve specified goals with effectiveness, efficiency and satisfaction.

The following are types of the e-banking usage;

2.1.1. Automated teller machine (ATM) banking:

According to Wikipedia, the free encyclopedia (18th March, 2011), All ATM, commonly as a cash point in United kingdom English after the trademark of the same name, is a computerized telecommunication device that provides clients of financial institution with access to financial transaction in public space without the need for a cashier, human clerk or bank teller.

ATMs are known by various other names including trademark on ATMs system held by particular banks. One most modern ATMs, the customer is identified by inserting a plastic ATM card with a magnetic strips or plastic card with a chip that contains a unique card number and some security information like; an expiration data.

2.1.2. ATM Banking Security

According to Wikipedia, a free encyclopedia (18th March, 2011), early ATM security focused on making the ATM invulnerable to physical attack, they were effectively safe with dispenser mechanism. A number of attack on ATMs resulted with thieves attempting to steal entire ATM by ram-raiding since late 1990s – criminal groups operating in Japan improved ram-raiding by stealing and using a truck based with demolish or uproot an entire ATM and any housing to steal its cash. The security of ATM transactions relies mostly on the integrity of the secure crypto processor. The ATM often uses commodity components that are not considered to be trusted system. Encryption of personal information, required by law in many jurisdictions, is used to prevent fraud. Sensitive data in ATM transactions are usually encrypted with DES, but transactions processors now usually require the use of triple DES.

2.1.3. Personal computer banking (P.C.)

According to (Downey June 23 1997), new technology makes it possible for financial institutions to offer a wide range of innovative products and services via

personal computer. Retail online personal computer banking exemplified an emerging delivery channel for retail banking services made possible by technology.

Personal computer banking involves the use of a personal computer to interact with a financial institution. Customers can use via dial up telephone lines connected directly to the institution, third party vendors.

Potential applications of this technology include; but are not limited to providing one line A/C, inquiries, bills, inter-bank funds transfers, credit card and ban application.

2.1.4. Mobile banking

In a survey of customers, mobile banking preferences released today, financial insights found mobile banking usage has almost double since last year's survey and the number of institutions offering the services has also increased. However, according to survey, mobile banking will have finally turned the corner with customer acceptance it is not a mainstream channel and in order to be successful, financial institutions need to be strategic about their mobile offerings.

2.1.5. Electronic banking usage motivators:

Sathye (1999) defines adoption as "the acceptance and continued use of product or service or idea. The critical question is whether customers will accept, the electronic form of receiving information and performing transactions.

In the study of Ernst & Young (1998) found that the financial institutions are not sure about customer acceptance of electronic commerce and evidence shows that 3% of Malaysian doing online retail transactions. Moreover, Mols et al (1999) study reveals that the diffusion of electronic banking is more determined by customer's acceptance than by the seller offerings.

Davidson (1998) study found that there is little evidence of consumer demand for electronic banking services. Among the factors influencing the non-adoption

of electronic banking by customer include desire for personal interaction with banking staff, technology phobia, widespread network of existing branches and also computer literacy among customers.

Mols et al (1999) & O'Connell (1996) demonstrated that the explanation for slow growth of internet banking is caused by security concerns, lack of knowledge about availability of such services.

2.1.6. Bank operation management

Success in banking industry depends on capabilities of management is anticipated and react to such changes in financial market places. Electronic banking also allows customer to have direct access to their financial information and to undertake financial transactions in a more convenient way (Speece 2003) since it represents an electronic market place whereby customers may conduct their transactions on verbal level (Reiser, 1997, Daniel, 1999 & Stewart, 2003) corresponding, the banking industry is now using the new communication media (internet) to offer its services to their clients.

2.1.7. Service fee and charges

Costs are one of the single most vital factors that determine the consumer adoption to innovation. Sugantly et al (2001) found that costs as a characteristic of electronic banking i.e normal costs associated with electronic banking activities and second is the bank charge and costs (Sathye 1999). If consumers are to use the new technology, they must be reasonable priced relative, otherwise, the acceptance of the new information technology may not be viable for the stand point of customers.

2.1.8. Security

Is one of the vital factors in determining the decision of consumers to use electronic banking. In a study A.B.F. (1997) found that security concerns are keeping both consumers and bankers away from internet banking. The walls

report (1997) also reported that unless security is improved, more household would be willing to conduct their transactions over the internet.

2.1.9. Accessibility

Finally, availability of access to computer/internet is a pre-requisite for adoption of internet banking (Sathye 1999). The more widespread the access to internet, the greater the possibility of use of electronic banking adoption.

According to O'Connell (1996) found that the lack of access to computer as one of the reason for slow adoption to internet banking.

Daniel (1999) study in United Kingdom reveals that lack of customer access to suitable personal computer as the main reason for low usage of electronic banking.

In the same manner, Ramsay (1999) found that accessibility as on the main reason for non-adoption of internet banking.

2.1.10. Electronic banking and service delivery

Warwick and Michael (1997) carried out a study in his book of "secure electronic commerce" found that not only must the appropriate security technologies and technique be applied to internet based application but the legal aspects of their use must be addressed as well. The need for attention to the law in this area has been accurately demonstrated by high profile copyright disputes involving electronic banking media, widely publicized incidents of hacking into government and commercial computer system via the internet, attempt to censor "abscene" information on the internet and perhaps most significantly the growing dependency on global commerce on the internet. It is clear that the internet is maturing and its participants must thus become accountable. A primary tool contributing to legal accountability and certainty in internet based endeavours is the agreement between users and their internet service provider.

2.3. Theoretical perspectives

This study is based on the role of behavioural adoption theories on online banking services and this provides a model based on different quality model and theories such as Technology Acceptance Model (TAM) & Theory of Planned Behavior (TPB). As a result, the quality of electronic banking services (e-banking) has become a major area of attention among researchers and bank managers due to its strong impact on business performance, lower costs, and profitability. Essen (1999). And Simpson (2002).

Behavioural Adoption theories

The following sections provide an overview of behavioral adoption models, note similarities and differences between them and discuss each theory. The theories discussed are theory of planned behaviour (TPB) and technology acceptance model.

2.3.1. The theory of planned behavior

Is one of the most widely used models in explaining and predicting individual behavioural intention and acceptance of information technology. TPB is an attitude intention behavior model which points that individual's behavior is determined by perceived behaviour control and intention. An attitude, subjective norm and perceived behavioral control in turn, determine intention.

The TPB proposed that an individual's intention to perform an act is affected by behavior intention (BI) and BI is determined by attitude towards behavior, subjective norm (SN) and perceived behavioural control (PBC). Attitudes towards behavior reflect one's favourable or unfavourable feelings of performing a behavior.

SN reflects one's perception to other's relevant opinions in whether or not he or she should perform a particular behavior. PBC reflects one's perception of the

availability of resources or opportunities necessary to perform behavior profitability.

2.3.2. The Technology Acceptance Model (TAM)

Researchers and practitioners have widely used the technology acceptance model (TAM) to help to predict and make sense of user acceptance information technology. TAM introduced by Davis, adapts the TRA model specifically to model user acceptance of information technology. The goal of TAM is to explain what determines computer acceptance capable of explaining user behaviour across a broad range of end-user computing technologies and user populations, while being both cost conscious and theoretically justified. TAM adopted the TRA model to the domain of user acceptance of information technology, replacing the TRA model's attitudinal determinants with two beliefs: perceived usefulness and perceived ease of use. TAM was built to be a simple, easier to use. And more powerful model to uncover what determines user acceptance of information technology, while both models were bound satisfactory predict an individual's attitude and behavioural intention. In addition, TAM's attitudinal determinants outperformed the TRA's model's much larger set of measure profitability.

CHAPTER THREE METHODOLOGY

3.0. INTRODUCTION

This chapter presents, design, population, sample size, sampling strategies, research instrument, validity and reliability, data gathering procedures, data analysis and limitation of the study.

3.1. Design

This study was carried out using the different designs as seen below:

The first design was co-relation research which was interested in testing whether two or more variables are co-related for example; what is the relationship between service delivery and e-banking in Kampala.

Cross-sectional research design was used where the respondents are examined and data collected was used for short period of time.

3.2. Population

The target population of this study was all the clients and employees of Centenary Bank - Kabalagala Branch Kampala – Uganda. There were over 50 employees and 500 hundred customers of Centenary Bank - Kabalagala Branch made up a total of 550.

3.3. Sample size

This research report used Sloven's formula to come up with a sample size to be used in this study. It states "Given population minimum sample size is given by:

$$\begin{aligned} N &= \frac{n}{1+n(e^2)} \\ &= \frac{550}{1+550(0.05^2)} \\ &= \frac{550}{1+550(0.0025)} \\ \frac{550}{1+1.375} &= \frac{550}{2.375} \\ &= 232 \end{aligned}$$

Where;

n = required sample size

N = known population size

e = level of significance fixed at 0.05

3.4. Sampling strategies / techniques

In the study, systematic random sampling techniques was used in this research report where participants was selected at every given interval.

3.5. Research instrument(s)

In the study, the researcher used a research questionnaire as an instrument for collecting data in the field. The questionnaires consisted the 3 stated objectives in the 3 sections:

Section 1: Profile of respondents

Section 2: Examining the type of service delivery

Section 3: Examining the usage of e-banking

And two types of questionnaire that was used in data collection was manmade questionnaire.

3.6. Validity and reliability of the instrument

Validity

Content validity was used to ensure validity of the instrument. This was used using experts or judges for example, lecturers and specialists in research.

The questionnaire was then given to these experts to verify on the relevance of questions. And for this research, content validity index will be used with the formulae of;

$$C.V.I = \frac{\text{No of items declared valid}}{\text{Total No of items in C.V.I content validity index questionnaire}}$$

Reliability

Reliability of an instrument was ensured through the test re-test method that involves administering the same instrument twice to the same group.

In this method of test re-test; there is always a time lapse between the first test and second test.

3.7. Data gathering (collection) procedures

After the proposal was approved by my supervisor, the research questionnaire was required to be photocopied in the required copies then research assistants was to help in distributing, administration and collection. Then after all questionnaires were returned back, responses and statistical data was compiled in form frequencies, mean and finally submission of the research copy is the supervisor.

3.8. Data Analysis

Frequencies and percentages distribution in this study was used to change data on profile characteristics of respondents means and standard deviation was determined the quality of service delivery and usage of e-banking in Kampala and standard deviation for each question or item on the service delivery and e-banking usage will be computed to describe the strengths and weaknesses of service delivery and e-banking usage.

The t-test was used to compare the level of service delivery and e-banking usage according to profile characteristics of my respondents.

And finally Pearson's linear correlation coefficient was used to test for the relationship between the level of service delivery and e-banking usage in Kampala.

3.9. Limitation of the study

In this study, the most likely limitation was Respondents' failure to bring back the questionnaires given to them for filling in. Annoyance and biases to the selected respondents in answering questions.

Bankers tend to hide genuine information to researcher.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS.

4.0 INTRODUCTION.

This chapter presents the findings and conclusions on the effect of electronic banking and service delivery in commercial banks Kampala Uganda a case study of centenary bank kabalagala branch. The summary of the collected data for each factor is presented by the use of table to give a clear picture of the scores of responses that were gathered

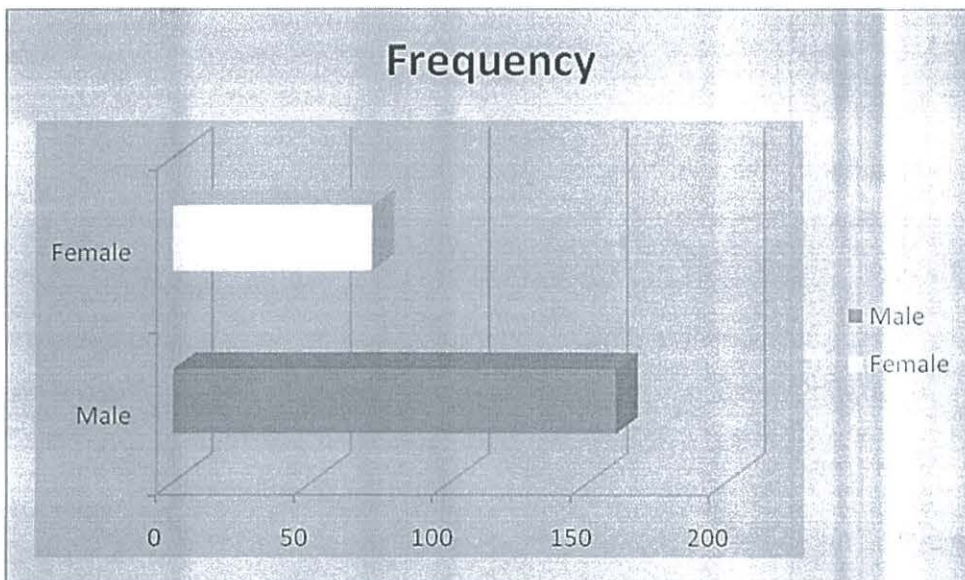
4.1 GENDER

Table 1: Below shows the distribution of the gender of the respondents.

Gender	Frequency	Percentage
Male	160	68.9
Female	72	31
Total	232	100

Source: primary data

Figure1 :Showing the distribution of gender of respondents.



From the field study we realized users of this technology is as shown in the table one can notice a close range of consumption of E-banking products which depicts clearly that the products are used by both male and female

Table 2:Age of respondents.

Age bracket	Frequency	%Age
18-25	100	43.1
26-40	70	30.2
41-60	62	26.7
Total	232	100

Source: primary data

The results of the field study age respondents from the selected bank were 232 both customers and employees of centenary bank , revealed that 73% of the respondents were below 41years while 26.7% were above 41years .This indicated that young professionals are spear heading the growth of e-banking technology in Uganda as shown above.

Figure2: showing the distribution of age of the respondents

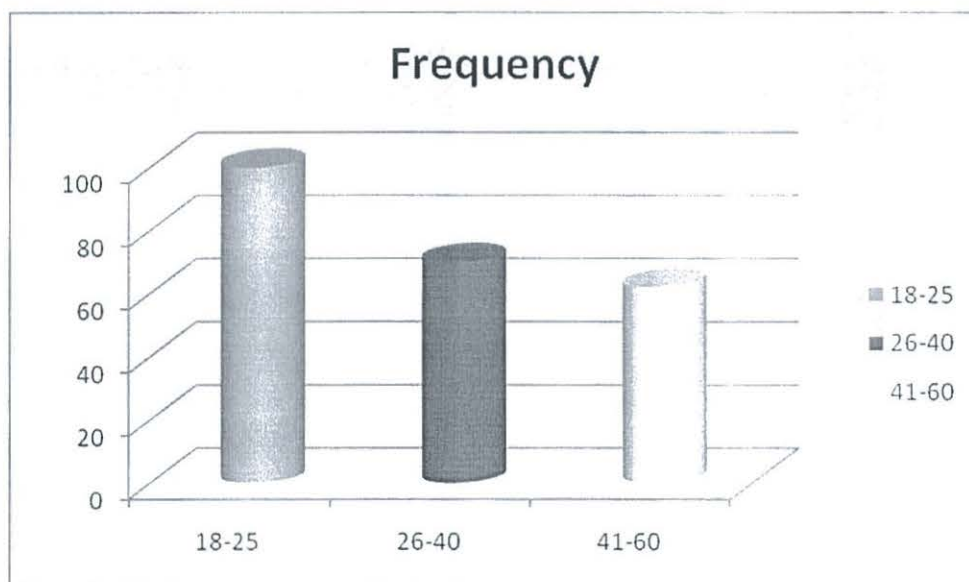


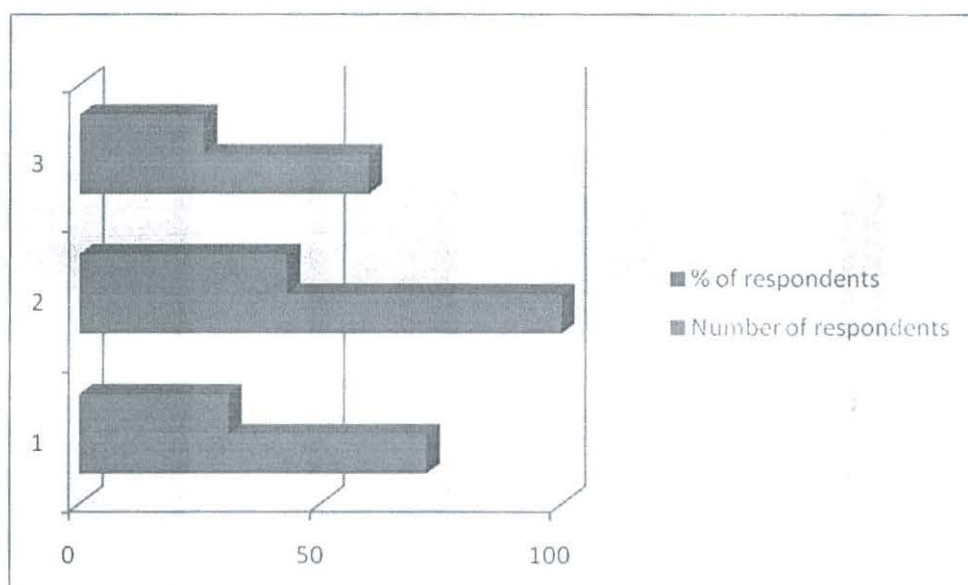
Table 3: Respondents work experience

Years	Number of respondents	% of respondents
1-5	72	31
5-10	100	43
10 and above	60	25.8
Total	232	100

Source: Centenary bank kabala gala

The results from the field study on years of work experience showed that 31% of the respondents ranged from 1-5 years and 43% of respondents ranged between 5-10 while 25.8% of the respondents had 10 and above years of work experience. This signifies that information was collected from respondents with long term experience represented by 71.8% of the sample

Figure 3 showing work experience



4.4. Products of E-banking

The research findings identified the following as the range of products /services available in E-banking.

4.4.1. Automated teller machines card.

They allow bank customers to perform basic routine transactions without having to visit a bank. In Uganda, there are over 10,000 ATM holders. ATM are being used to withdrawal money in money point where every account holder of any bank can cash money

4.4.2 Electronic fund transfer system.

It is used for transferring values between banks on behalf of customers with in Ugandan interbank exchange arrangement ETF system is used as a facility for processing payments electronically via the automated clearing house between Ugandan banks ,values is given on the same day basis while finality and irrevocableness of the payment is guaranteed.

4.4.3 Other electronic banking services.

Commercial banks in Uganda also provide other electronic banking services such as office banking, internet banking, or tel-banking. these are electronic services where the customers can instantly access their accounts balances and other information on an on line basis using telephone and a personal computer.(pc).

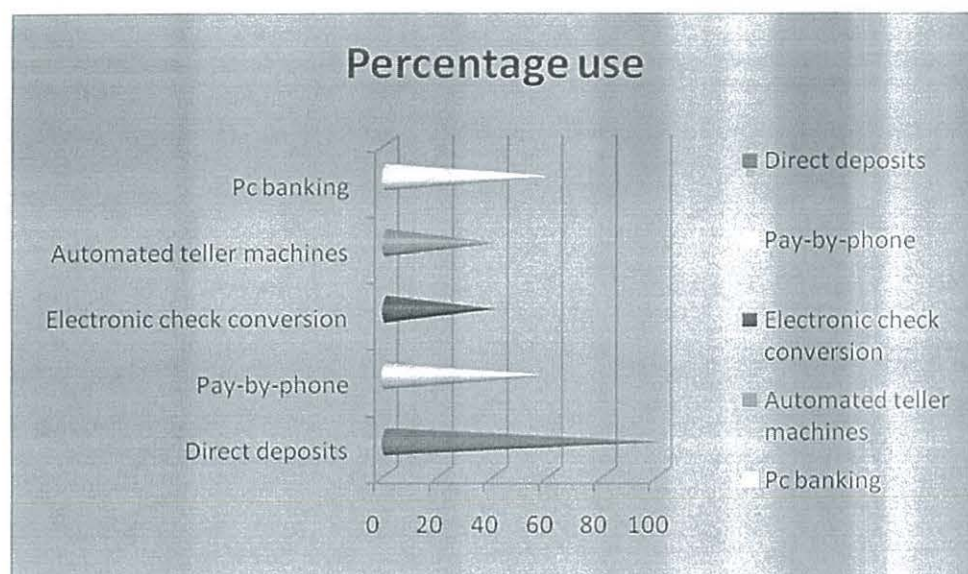
Table 4: The following table shows the percentage of electronic products available from the banks

Common E-banking products

No	Products	Percentage use
1	Direct deposits	100
2	Pay-by-phone	60
3	Electronic check conversion	40
4	Automated teller machines	40
5	Pc banking	60

Source: primary data

Figure 4: showing common E-banking products and their % use



4.5 Attitude of employees

Table 5: showing the attitude of employee towards the use of E-banking

Attitude	Frequency	Percentage
Negative	32	13.7
Positive	200	86.2
Total	232	100

Most of the respondents had a positive attitude towards the use of e-banking and 13.7% had negative attitude because of lack of knowledge to use e-banking

Figure 5 showing the attitude of respondents towards the use of e-banking

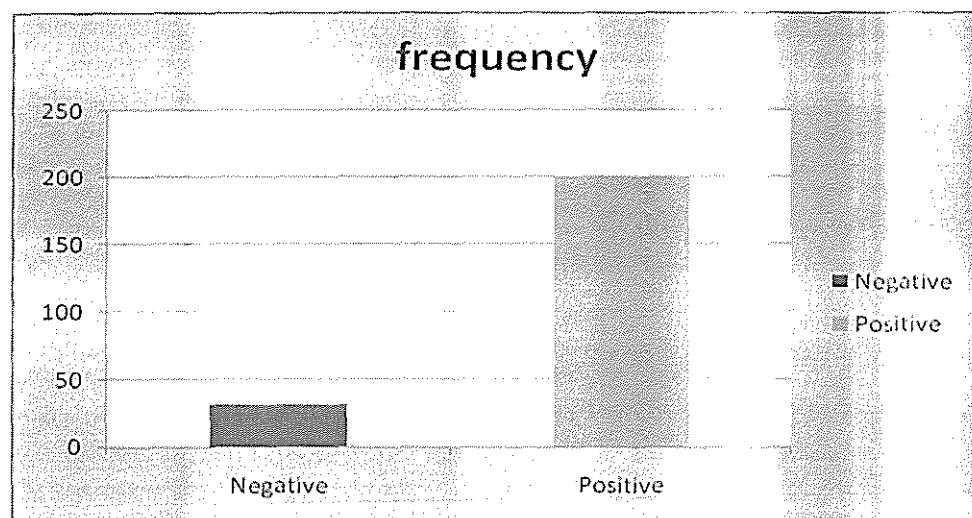


Table 6: Information about electronic banking can be obtained from

Source	Frequency	%percentage
Bank	100	43.1
Radio adverts	20	8.6
Television	32	13.8
News paper	30	12.9
Other customers	50	21.6
Totals	232	100

Source: primary data

Figure 6 showing the source of information about electronic banking

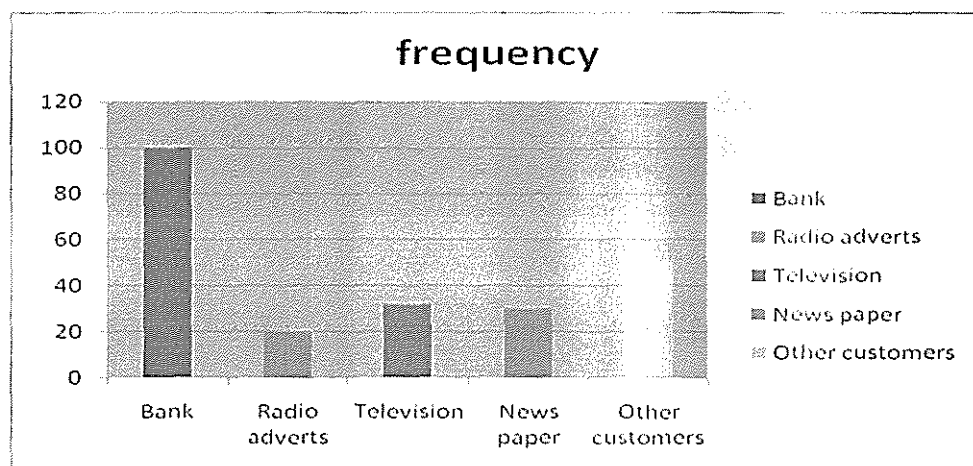


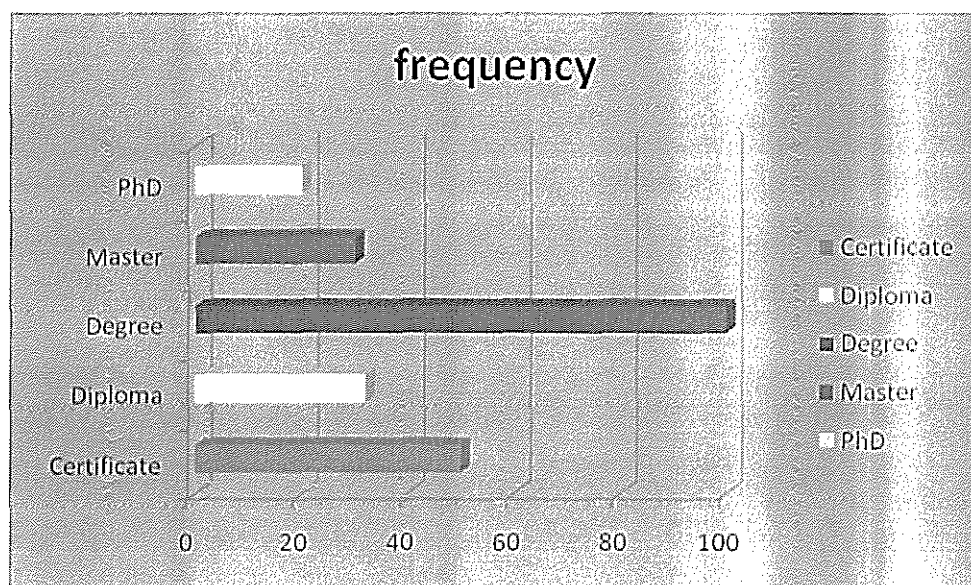
Table 7: Education bank ground

Status	Frequency	%percentage
Certificate	50	21.6
Diploma	32	13.6
Degree	100	43.1
Master	30	12.9
PhD	20	8.6
Total	232	100

Source: primary data

From the above table, this indicated that most people who use E-banking are educated.

Figure7 below showing education back ground of respondents



CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter presents the summary of the major findings, conclusions and recommendations based on the findings of research and areas of further research

5.1 Summary of findings

In summary, it can be concluded that new regulation, security threats, cost containment concerns, and productivity pressure will be offset by cheque processing, efficiency gains, electronic transaction growth, community bank success, online activity increase, multi-channel integration, improved retail delivery and better IT risk management

Currently almost all banks in Uganda transact through electronic banking services including micro finance deposit taking institutions and consolidated banks. Hence banks are longer conservative when it comes to implementing and employing e-banking services.

As internet banking is gaining ground, banks are increasing operations over through which customers are able not only to inquire about account balances and interests plus exchange rates but also to conduct arrange of transction. However data on internet banking are scarce and differences in definitions makes comparison of products and services between quite different,

Building consumer confidence remains critical for the bank to deal with if business with local clients is to grow. In general majority of Banks, as well as clients

Are ready and eager to embrace e-banking service and products.

However majority clients of e-banking services come from corporate sector. In the final consumer market, growth of e-banking is quite inadequate. There is

reticence in using these electric facilities due to un familiarity with the technology as well as security concerns

5.2Conclutions

E-banking has become necessary survival weapon and is fundamentally changing the banking industry worldwide. Today the use of e-banking offers customers services at much lower cost and also empowers them with unprecedented freedom in choosing vendors for their financial services needed.

Banks have to upgrade and constantly think of new innovation customer package and services to remain competitive .This invasion of banking by the technology has created an information age and prioritization of banking services.

Banks have come to realize that survival in the new economy depends on delivery of some or all their banking services on the internet while continuing to support their traditional infrastructure.

The rise of e-banking is redefining business relationship and the most successful banks will be those that can truly strengthens their relationship with their customers and without doubt, the international scope of e-banking provides new growth perspectives and internet business is a catalyst for a new technology and new business process.

With rapid advance in telecommunication system and digital technology, e-banking has become a strategic weapon for banks to remain profitable .It has been transformed beyond what anyone could have foreseen 25years ago into a strategic competitive tool for business operations. Indication from the users is that electronic banking can reduce costs and increase the number of clients.

5.3 Recommendation

The decision to offer e-banking programs should be justified by apposite business plan. In developing the business plan, management should conduct research consult with qualified technical, legal, economic, audit, regulatory and other experts to evaluate pertinent issues.

The financial institutions should clearly defines the goals and objectives in the area of strategic technological planning and allocate sufficient resource

The availability and cost of addition resources example internal and external should be evaluated to determine their sufficiency relative to the demands of the pc banking programs .The sources should be sufficient to provide adequate training ,adequate support staff, maintain soft ware up date ,and establish adequate insurance coverage.

They should be aware of technological developments. The dynamic nature of technology makes it hard for financial institution to maintain secure systems that meets customer needs. An institution information system or technology plan should include consideration of future system upgrades as more sophisticated security techniques and user options are developed.

The exisistng regulatory frame work remains applicable in the electronic environment but may require new interpretations, management should consider ramification of an expanded customer base, residing in distant locations which may have no physical contacts with thee institution. At a minimum management should update policies and procedures access control and secure data storage.

5.4 Planning, testing and monitoring.

Financial institution should evaluate the risk associated with e-banking and implement sound controls. Management and board should implement comprehensive programs to manage the inherent risks prior to implementation of e-banking activities.

Planning testing and monitoring of power computers banking activities should be conducted as part of the system development methodology and risk management process .E-banking involves an open and dynamic environments that requires continuous testing and monitoring.

5.5 Limitation of the study

The research was subjected to various problems ranging from,
Lack of enough financial resources to carry out the research adequately.
Obtaining information from the bank involved was difficult due to fear that the information might be leaked to their competitors

The time factor was not inadequate owing to the bulky information needed.

5.6 Areas for further research

Due to time constrain, the project could not reflect the issue of interest as relates to all banks in the banking industry hence there is need for further research that will accommodate other banks as well as the e-banking products utilized. The following are areas for further research

- 1, Adoption of electronic banking in corporate sector than in consumer market.
2. How conduit institution like insurance firms and pension scheme benefits from e-banking
3. Opportunities and challenges of electronic banking facing commercial banks

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APPENDICES

APPENDET I.RESEARCH INSTRUMENTS

(A)Questionnaire

Instruction: Please **TICK** from the choices below which best describes the statement and suggest where necessary.

Demographic characteristics of the respondents

Gender (Please **Tick**) _____(1) Male
_____ (2) Female

Age:

18 – 25 years _____

26 – 40 years _____

41 – 60 years _____

1. Qualification under banking discipline (please specify)

Certificate _____

Diploma _____

Degree_____

Masters_____

Ph.D_____

2. Other qualification other than banking discipline

Occupation (Please specify)

Student_____

Professional employee_____

Businessman _____

3. Annual income (please specify)

Below 1,000,000m

Between 1,000,000 & 3,000,000m

Above 10,000,000

Your response is highly appreciated

Electronic banking

Direction 1: Please use the rating guide provided below with reference to the electronic banking and service delivery in Kampala Uganda.

Kindly write your scoring on the space provided before each option.

Rating	Response mode	Interpretation	Description
4	Strongly agree	You agree with doubt	High
3	Agree	You agree with some doubt	Moderate
2	Disagree	You disagree with some doubt	Low
1	Strongly disagree	You disagree with no doubt	Very low

1.1. Use different channels of electronic banking used in your transactions.

ATMs

Mobile money

Internet

1.2. Have enough information about use of e-banking

1.3. Information about electronic banking can be obtained from;

Bank

Radio advert

Television

Newspapers

Other customers

1.4. Indicate the extent you agree or disagree with the use of electronic banking.

1.5. Was it proven that the following are the main reasons why people have not opened an internet Bank account yet

Under age

Never heard of e-banking

Concerned about security

Have not taken time to open an Account

Not available in many banks

1.6. Are the following factors contribute to the motivation of a person to use electronic banking services

Speed compared to branch banking

Reasonable fee and charge

Security

Accessibility

Your response is highly appreciated

Direction 2: Please use the rating guide provided below with reference to the service delivery of e-banking usage.

Kindly write your scoring on the space provided before each option.

Rating	Response mode	Interpretation	Description
4	Strongly agree	You agree with doubt	Very satisfactory
3	Agree	You agree with some doubt	Satisfactory
2	Disagree	You disagree with some doubt	Fair
1	Strongly disagree	You disagree with no doubt	Poor

1. **Responsiveness:** Do you agree our responsiveness in dealing with you?
2. **Professionalism:** Do you agree our professionalism in dealing with you?
3. **Technical support:** If you received any technical support, do you agree the technical competence of our engineers and their response?
4. **Service quality:** Do you agree our services and products met your needs and expectations regarding quality and delivery.
5. **Competitiveness:** Do you agree the competitiveness of our products and do they represent best value for total cost of life time?
6. I trusted all transactions I did via electronic banking?
7. Do you agree that electronic banking adds value to your business?
8. Do you agree to use your account for transactions?
9. Are you committed to continuously use electronic banking?
10. Do you agree to refer to any other customer?
11. Do you agree to remain using electronic banking services even after changes increased gradually?

"Please your response will be of great value"

(B)

Interview Guide

This is an instrument which involves a researcher asking direct questions from the respondents face to face. The researcher used this interview guide to ask the following question.

How does electronic banking affect service delivery activity in centenary Bank

What are the main importance of e-banking to customer of centenary Bank?

What are the challenges that banks and customers face when addressing the issue of electronic banking

What are some of the e-banking instruments or tools used in centenary bank?

APPENDIX II Estimated research budget

Typing services	Amount
report writing (3 chapters)	50000
1. Questionnaires 3 papers	1,500/=
2. Data collection	10000
3. Binding and printing	50000
Internet	10000
Total	121500

APPENDIX III TIME FRAME

Activity	Duration (2012/2013)
Proposal writing	Aug 14 – 20
Familiarizing with the research area and the people	Sept 21 – 26
Collecting data	Nov 27 – 31
Analyzing the data	Dec 26 – 29
Documenting the data	Feb 20 th - 20 th March