

**THE IMPACT OF CONSUMERS' ATTITUDE ON INTERNET BANKING
ADOPTION IN UGANDA: A CASE OF PRIDE MICRO FINANCE,
KABALAGALA BRANCH KAMPALA.**

BY

**NAMUGALU FLORENCE
BBA/45500/143/DU**

**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND
MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR THE AWARD OF BACHELORS DEGREE IN
BUSINESS ADMINISTRATION OF KAMPALA
INTERNATIONAL UNIVERSITY**

JUNE, 2017.

DECLARATION

I declare that this research report a result of my own investigation and it has never been submitted to any other institution for any reward. Where it is indebted to the work of others, due acknowledgement has been made.

Signature.....N. Florence Date.....25/07/2017.....

NAMUGALU FLORENCE

APPROVAL

I certify that the candidate was under my supervision. This work was submitted with my approval as a supervisor for the partial fulfillment of the award of Bachelor of Business Administration Accounting and Finance of Kampala International University.

Signature.......... Date..........

DR. KIRABO K.B JOSEPH

SUPERVISOR

DEDICATION

I dedicate this work to my family members, Guardians and Friends for their moral, Financial and spiritual support towards my life while studying this Course. May the almighty God reward them for their good deeds.

ACKNOWLEDGEMENT

With heartfelt thanks, I wish to acknowledge the intellectual guidance accorded to me by my supervisor Dr Kirabo Joseph throughout the research process.

I also thank the administration of Pride Micro Finance Kabalagala Branch for their commitment to facilitate completion of this study by giving me the information as were required.

I also wish to thank my course-mates for the invaluable support rendered to me during my interaction with them through discussions on my study subject.

To my family, I really thank God for your support and patience during my absence while conducting this research and the rest of my academic assignments.

I would not wish to forget my friends for their timely advice rendered to me. May the Almighty God reward you all abundantly.

I am highly thankful to my for the guidance accorded to me may the Lord reward you richly.

TABLE OF CONTENTS

DECLARATION.....	i
APPROVAL.....	ii
DEDICATION	iii
ACKNOWLEDGEMENT.....	iv
TABLE OF CONTENTS.....	v
ABSTRACT.....	ix
CHAPTER ONE.....	ix
INTRODUCTION.....	1
1.0 Introduction	1
1.1.1 Historical perspective	1
1.1.2 Theoretical perspective.....	2
1.1.2.1The theory of reasoned action (TRA):.....	2
1.1.2.2The theory of planned behavior (TPB).....	3
1.1.2.3The Technology acceptance model (TAM).....	3
1.1.3 Conceptual perspective.....	3
1.1.4 Contextual perspective	4
1.2 Statement of the Problem	5
1.3. General Objective.....	6
1.4. Objectives of the Study	6
1.5 Research Questions	6
1.6. Scope of the Study.....	6
1.6.1 Subject Scope	6

1.6.2 Geographical Scope.....	6
1.6.3 Time Scope.....	7
1.7. Significance of the Study	7
1.8 Conceptual Framework	7
CHAPTER TWO.....	8
LITERATURE REVIEW	9
2.0 Introduction	9
2.1 Internet Banking Adoption.....	9
2.2 Consumers' Attitudes	9
2.3 Perceived Risk.....	11
2.4 Trust.....	14
2.5 Consumer Attitude and Trust	15
2.6 Consumer Attitude and Internet Banking Adoption.....	16
2.7 Consumer Attitude and Perceived Risk.....	19
2.8 Perceived Risk and Internet Banking Adoption	20
2.9 Trust and Internet Banking Adoption.....	22
CHAPTER THREE.....	24
METHODOLOGY	24
3.0 Introduction	24
3.1 Study design	24
3.2 Sampling Procedure	24
3.2 Sampling Techniques	25
3.3 Sample size.....	25

3.5 Data Collection Methods.....	26
3.5.1 Questionnaire.....	26
3.5.2 Interview Method	26
3.5.3 Research Instruments	27
3.5.4 Documentary Review	27
3.6 Measurements of variables.....	27
3.6.1 Validity of the instruments.....	27
3.7 Pre-testing.....	27
3.8 Reliability of Instruments.....	28
3.9 Data Validity	28
3.10 Data Analysis	28
3.11 Ethical considerations.....	29
CHAPTER FOUR	30
PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS	30
4.0 Introduction	30
4.1 Background characteristics of the respondents	30
4.1.1 Nature of the respondents who participated in the study	31
Source: Primary Data	32
4.1.2 Respondents' level of education.....	32
4.1.3 Number of years of service of respondents at Pride Micro Finance Kabalagala Branch.....	33
4.1.4 Nature of information technology used in Pride Micro Finance.....	34
4.1.6 Responses whether operational and managerial departments in the bank are computerized.	35

4.3 Effects of internet banking systems on management performance in Pride Micro Finance in terms of profitability	39
CHAPTER FIVE	43
SUMMARY OF KEY FINDINGS, CONCLUSION AND RECOMMENDATIONS	43
5.0 Introduction	43
5.1 Summary of Key Findings	43
5.1.1 Internet banking adoption.....	43
5.1.2 Different services offered through internet banking	43
5.1.3 The relationship between consumer attitude and internet banking	44
5.2 Conclusions	44
5.3 Recommendations	44
5.4 Areas of further study	45
REFERENCE	46
APPENDIX I.....	48
QUESTIONNAIRE TO THE MANAGEMENT AND STAFF OF PRIDE MICRO FINANCE ...	48

ABSTRACT

This study was carried out to assess the impact of consumers' attitude on internet banking adoption in Uganda: A case of pride micro finance, Kabalagala branch Kampala. The study objectively sought; to examine the relationship between consumer attitude and internet banking, to examine why there is low internet banking adoption and to find out the different services offered through internet banking. The study used a cross-sectional research design. Data was collected using questionnaires. A simple random sampling design was used to select respondents from the clients and purposive sampling was used to select staff respondents. The study covered 100 respondents all had information on internet banking. Data presentation was done using pie charts and bar graphs showing frequencies and percentages. Data analysis was done using a computer package of SPSS. The findings revealed that; establishing the effects of internet banking on management performance was one of the major objectives of the study.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter presents the background, problem statement, research objectives, research questions, scope of the study, significance of the study and the conceptual framework.

1.1.1 Historical perspective

Banks are important in every country and have a significant effect in supporting economic development through efficient financial services. They provide a mechanical system to group saving and convert them into investment. For over a decade, banks have been affected by changes associated with globalization and financial liberalization. Reacting to these changes, banks expand the choice of services offered to the customers and increase their reliance on technology (Al-Smadi and Al-Wabel, 2011).

Banks have been significantly affected by the evaluation of technology; competition between banks has forced them to find new market to expand, and the number of financial institutions that offer electronic banking products increased. Hence, banks have begun to offer electronic banking services to improve the effectiveness of distribution channels through reducing the transaction cost and increasing the speed of services. Recently, electronic banking has become the way for the development of banking system, and the role of electronic banking is increasing in many countries. It offers opportunities to create services processes that demand few internal resources, and therefore, lower cost. (Almazari and Siam, 2008)

Today's banking takes place increasingly online, financial institutions deliver their services via various electronic channels and the importance of a traditional branch network has declined. The tremendous advances in technology and the aggressive infusion of information technology had brought in a paradigm shift in banking operations (Gerrard, P. and Cunningham, J.B. (2004)). Ndiwalana, (2008) finds that the rate of adoption of internet banking has not risen as strongly as expected. Some researchers (Chiu, 2005; Schlosser, 2003) 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.

Nevertheless most Customers in Uganda do not pick ATM cards and over 80% of Pride Micro finance customers who are served at the counter have ATM cards and they make transactions which would have been done using internet banking. There is also increased queuing inside banks which wastes a lot of time and seems no different from the time before internet banking (Tabaza, 2006). Attitude has affected trust and perceived risk towards internet banking adoption (Wong, 2004). An obstacle to internet banking adoption has been lack of security and privacy over the internet (Bhimani, 1996; Cockburn and Wilson, 1996; Quench and Klein, 1996).

This has led many to view internet banking as a risky undertaking. Trust and perceived risk reduction is very critical factors in electronic banking since they reduce the social Complexity for the internet banking and drive to the achievement of electronic goals and without them, there is a failure of such goals and relations, (Morgan and Hunt, 1994). However trust and perceived risk in Uganda have been affected by the problem of electronic bank. The main objective of this study was to examine the impact of consumer attitude on internet banking adoption in Uganda using Pride microfinance as a case study.

1.1.2 Theoretical perspective

There are many theories explaining effect of consumer attitude on internet banking but for the purpose of this study only three theories were highlighted. The theory of planned behavior, theory reasoned action, and technology acceptance model.

1.1.2.1 The theory of reasoned action (TRA):

Fishbein and Ajzen (1975) the connection linking beliefs, norms, attitudes, behaviors of individuals and intentions. Based on their findings, they believe a person's behavior is as a result of the behavioral intention to perform it. They believe two factors come into play, one being, an individual's personal nature and one's social attribute be it social or subjective norms.

1.1.2.2 The theory of planned behavior (TPB)

Planned behavior theory is an expansion of TRA, gotten from the shortcomings of the original model towards behaviors in which individuals do not have complete power. Thus, behavioral intention is usually said to be shaped by a person's attitude together with subjective norm as well as their perceived behavioral control (PBC), showing the limitations on behavior, though its exact nature is still debatable.

1.1.2.3 The Technology acceptance model (TAM)

Davis (1986) established the TAM centered on the TRA, it is most based on the ability to forecast the acceptability level of an information system. The reason for the model was to be able to forecast the acceptability of an innovation and to be able to identify the adjustments if necessary, which needed to be done to the product in order to make it acceptable to the prospective users. Davis, Mathieson (1989, 1991) that TAM tends to view perceived usefulness (PU) as a level by which a person relies on in the possibility of the use of a system will add to his or her activity, and perceived ease of use (PEOU) refers to the effortlessness in using the product and would influence a person's attitude to use.

These two beliefs indicate one's intention. A social norm (SN) which tends to be perceived as a behavioral intention is exempted. According to Taylor and Todd (1995) the TAM can be likened to a certain degree to that of TRA and TPB. Notwithstanding its wide spread favoritism the TAM had faced some criticism by other researchers. One of the criticisms levied against it by Al-Sukkar and Hasan (2005) was its inability in applying it to a larger spectrum of users where it was deemed of high importance. It overlooked the factors that were seen as external and situational especially at a given condition. Nonetheless Mathieson (1991) believe TAM has been useful in other research in being able to help understand consumer attitude. Other researchers that favor the TAM are (Muniruddeen, 2007)

1.1.3 Conceptual perspective

It is obvious that culture has an effect in the way individuals behave and in some ways rubs off on our attitude. From the model cultural dimension, reveals different kinds of national cultures and might aid in comprehending the consumer actions of consumers towards the adoption of new

technological automated driven services channels. Consumers have strong uncertainty avoidances.. It is popular according to the research that countries that have a high level uncertainty tend to stick to a strict belief system and have no flare for change especially into the uncertain, innovation may be resisted'. This implies that there is a need for stringent regulations and legislations to guarantee narrow uncertainties.

1.14 Contextual perspective

Pride Micro Finance Limited was founded in 1995 as a non-governmental organization with the support of the Norwegian Agency for Development Cooperation. Its major objective was to offer credit to the poor, targeting those in the agricultural sector. In 1999, it was incorporated as a limited company and changed its name to Pride Africa Uganda Limited. In 2003, the Uganda government acquired 100 percent shareholding in the enterprise, changing the name to Pride Microfinance Limited. Sourced from World Heritage Encyclopedia (2016)

In 2005, it attained the status of an MDI according to the Banking Act of 2003. It is a member of the Association of Microfinance Institutions in Uganda. In February 2016, Ugandan media reported that the government was planning to merge PMFL with Post Bank Uganda, to form an agricultural bank. Sourced from World Heritage Encyclopedia (2016)

Pride Microfinance Limited maintains its headquarters in Metropole House on Entebbe Road, in the central business district of Kampala, Uganda's capital and largest city. As of present, the microfinance has 35 branches. The study will mainly focus on Kabalagala branch and the mobile banking that takes place at the branch. As of June 2014, the products offered included:

Deposit products: Pride Smart Savings Account, Pride Akiba Savings Account, Fixed Deposit Account, Minor's Savings Account, Group Savings Account and Loan Insurance Fund. Loan products: Group Guaranteed Loans, Individual Loans, Salary Loans and Asset Financing Loan. Other service Money Transfer Services - Through Western Union and Money Gram Death, disability, and catastrophe insurance products to loan clients offered through AIG Insurance.

PMFL Kabalagala branch has a number of internet banking services.

Pride Mobile “Let your phone do the banking” Pride Mobile is a mobile banking service that allows Pride customers to transfer funds between Pride and mobile money, check their bank account balance & recent transactions, and pay for goods directly from their bank account.

ATM Services Pride conveniently serves its customers through 19 ATMs spread across the country. This enhances convenience to customers because they can access their accounts 24hrs a day.

1.2 Statement of the Problem

Banking industry in Uganda plays a vital role in managing financial assets. Conventionally all the banking activities were carried out manually and always customers had to go to the branch. This has consumed lot of time as well as the cost to both customer as well as the bank. Internet banking is now capturing the banking industry at a rapid phase by eliminating and transforming the conventional banking activities to a web based online system. Even though this enhancement of new technology, recent finding in Uganda illustrates that customers were more resistance toward adopting such technology even it has more sufficient relative advantages.

It was found that only less than 1% of bank customers, in general, use online banking, mobile banking, telephone banking and internet payment gateway and although ATM services are extensively used, the usage of other IT driven services such as online banking, mobile banking, internet payment gateway and telephone banking is almost insignificant (Suraweera et al, 2011).

Although there has been introduction of new mobile devices by commercial banks in Uganda, internet banking services have not been widely adopted by bank customers (Maurer, 2008).

This may be due to lack of trust, poor customer's attitude and perceived risk towards the services. Customers have been complaining that reversing a transaction, stopping a payment after discovering a mistake, or a refund may not be possible. Customers have also reported that there is no real need for mobile internet-based banking services because it is associated with e-bank fraud where only a Username and password stand between your money and a fraudster. This

study was carried out to find out why there is still a poor attitude by consumers towards internet banking despite its introduction.

1.3. General Objective

The general objective of the study was to examine the impact of consumer attitude on internet banking adoption in Uganda.

1.4. Objectives of the Study

- i. To examine why there is low internet banking adoption
- ii. To find out the different services offered through internet banking
- iii. To examine the relationship between consumer attitude and internet banking

1.5 Research Questions

- i. Why is there low internet banking adoption?
- ii. What are the different services offered through internet banking?
- iii. What is the relationship between consumer attitude and internet banking?

1.6. Scope of the Study

1.6.1 Subject Scope

The study concentrated on consumer attitude and online banking adoption. These variables were mediated by trust and perceived risk reduction.

1.6.2 Geographical Scope

The study was carried out at Pride micro finance Kabalagala branch along Gabba road in Kampala district. This area was chosen because most of the micro finances are concentrated in Kampala and could be easily accessed.

1.6.3 Time Scope

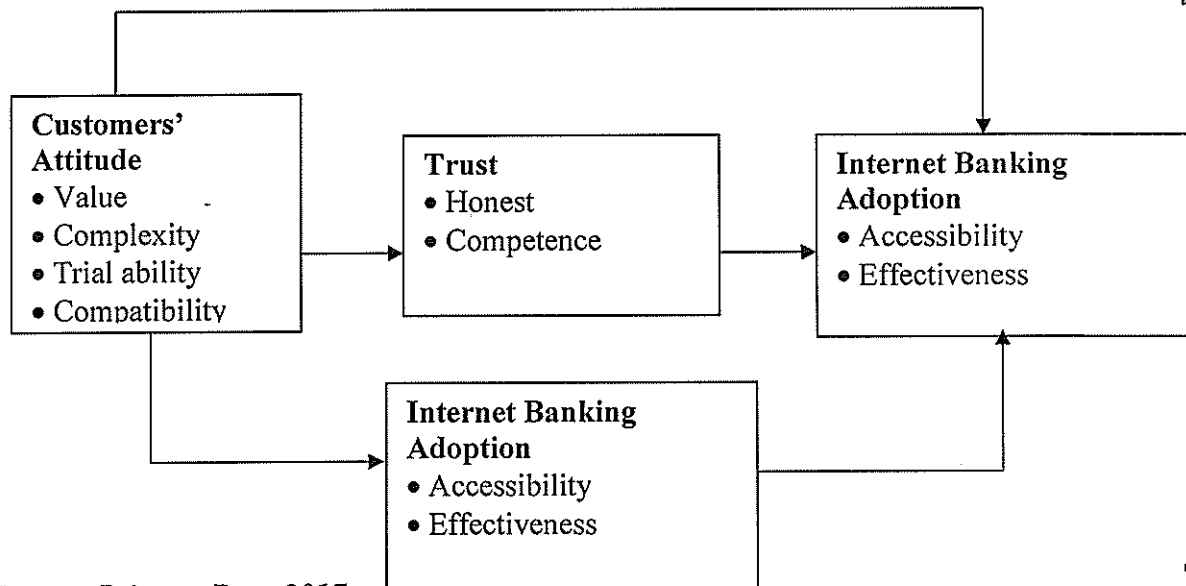
The study lasted for 4 months but covered the operations of consumer attitude and online banking adoption for the period between 2012 to date; this was intended in order to make valid conclusions.

1.7. Significance of the Study

- i) The study will contribute to the existing knowledge on customer attitude, perceived risk, trust and online banking adoption in Uganda.
- ii) It will help the government to promote and preserve competition by introducing competition to monopoly phone markets, and ensuring interconnection at fair prices.
- iii) It will help in modernizing the operation of the Central bank to support automated Clearing service and update supervisory and regulatory rules for absorbing ICT-based Banking.
- iv) It will help commercial banks in creating an awareness campaign through workshop and seminar on the importance and business value of internet banking in financial institutions
- v) It will help Bank of Uganda 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.

1.8 Conceptual Framework

The model below shows the relationship between customer attitude and internet banking adoption.



Source: Primary Data 2017

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the review of literature on the study variables of consumer attitude and internet banking adoption.

2.1 Internet Banking Adoption

According to Chou et al (2010), internet banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. Internet 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, et al 2013).

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 according to (Venkatesh, et al, 2013). 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.

2.2 Consumers' Attitudes

Attitude is a learned predisposition to behave in a consistently favorable or unfavorable manner with respect to a given object (Schiffman & Kanuk 2007). It can also be seen as an "overall

evaluation that expresses how much we like or dislike an object, issue, person or action. (Eze and Lee 2012) Fishbein and Ajzen (2015), argued that attitude towards behavior is made up of beliefs about engaging in the behavior and the associated evaluation of the belief. They defined attitude as an individual's positive and negative feelings (evaluative affect) about performing the target behavior.

The attitude theory suggests that the more favorable attitude a person has towards a given product or service, the more likely that person is to buy or use the product or service, (Ajzen and Fishbein, 2010). Attitudes are said to develop over time through a learning process affected by reference group influences, past experience and personality (Assael, 2011). Byers and Lederer (2001S) concluded that changing consumer behavior and attitudes rather than banks cost structure determine the adoption of internet banking. Research on consumer attitude and adoption of electronic banking shows there are several factors predetermining a consumer's attitude towards online and mobile banking such as a person's demographic, motivation and behavior towards different banking technologies and individual acceptance of new technology (Howcroft, 2002).

Taylor (2015), suggested that the different dimensions of attitudinal belief toward an innovation could be measured using the five perceived attributes (relative advantage, compatibility, complexity, and trial ability) of the innovation. These attributes were originally proposed in the diffusion of innovations theory (Rogers, 1983).

The importance of the internet to users banking needs relates to the advantages that accrue to the users of the technology in question. According to Tornatzky and Klein (1982), relative advantage is an important factor in determining adoption of new innovations. In general, perceived relative advantage of an innovation is positively related to its rate of adoption (Rogers, 1983). Agarwal and Prasad (1998) showed that relative advantage of an innovation is positively related to its rate of adoption. Similarly, as internet banking services allow customers to access their banking accounts from any location and at any time of the day, it gives advantage to customers to be able to manage their finances properly and in a more convenient way.

Compatibility is another important dimension of the innovation diffusion theory. In Tornatzky and Klein's (1982) meta-analysis of innovation, they found that an innovation was more likely to be adopted when it was compatible with the individual's job responsibilities and value system. Internet banking has been viewed as a delivery channel that is compatible with the profile of modern day banking customer, who is likely to be computer literate and familiar with internet (The Straits Times, 1997). Cheung (2000), defined complexity as the degree to which an innovation is considered relatively difficult to understand and use and found it to negatively influence the adoption of Internet. Complexity is also considered as the exact opposite of ease of use, which has been found to directly impact the adoption of the internet (Lederer et al., 2000). Cooper and Zmud (1990) pointed out that a system that requires less technical skills and operational efforts will be more likely to be adopted and in turn generate better performance.

On the importance of trial ability, Rogers (1983) and Agarwal and Prasad (1998) stated that potential adopters of new technology, who are allowed to experiment with it, would feel comfortable with it and thus be more likely to adopt it. According to Tan and Teo (2000), "if customers are given the chance to try the innovation, it will minimize certain unknown fears, especially when customers found that mistakes could be rectified and thus providing a predictable situation."

2.3 Perceived Risk

Consumer behavior studies define perceived risk (PR) in terms of the customer's perception of the uncertainty and potential adverse consequences of buying a product or services. The degrees of risk that customers perceive and their own tolerance of risk tacking are factors that influence their purchase decision (Nasri, 2011). On another hand, introducing a new technology may involve both benefits and risks to the user, and before deciding to adopt the technology, the individual may want to weigh risks and benefits. Electronic banking services will not be an exception to this general rule. A larger perception of risk will reduce the perceived benefit of the technology (Horst, Kuttschreuter, and Gutteling, 2007).

Previous research in countries with different levels of e-commerce adoption shows that perceived security risk is an important predictor of internet banking adoption. Sathye (1999) investigates internet banking adoption by Australian consumers and identifies security concerns

and lack of awareness as the main obstacles to adoption. Gerrard and Cunningham (2003) found security concerns over internet banking high in both adopters and non-adopters in Singapore. Lee, (2005) in his study on USA consumers showed greater concern among prospective adopters than current adopters over transaction security and monetary benefits when choosing an internet based banking service. Cheng (2006) found perceived web security to be a significant determinant of customer's acceptance of online banking. Customers tend to increase purchases only if they perceive that credit card number and other sensitive information is safe.

The different types of perceived risk have a significant influence on the adoption of the channel, as they become a barrier to performing internet banking transactions (Gerrard & Cunningham, 2003; Hewer & Howcroft, 1999; Polatoglu & Etkin, 2001; Suganthi, 2001).

One of the important barriers to electronic transactions is consumer disappointment and frustration at violations of consumer privacy. Gerrard and Cunningham (2003) found that consumers worry that the bank may share customer profiles with other companies in the banking group and, thus use the information to try and sell additional products. E-banking users want to control all aspects of their personal data collection (Pikkarainen, 2004). User perceptions of the credibility of security and privacy may affect internet banking use intention (Mukherjee & Nath, 2003; Pikkarainen et al., 2004). Aladwan's study (2001), found that potential online banking customers ranked internet security and customers' privacy as the most important future challenges facing banks. Therefore, perceived fears of divulging personal information and feelings of insecurity have a negative influence on internet banking services uses (Howcroft et al., 2002).

Performance risk is concerned with how well the product will perform relative to expectations. Consumer's evaluation of performance risk is based on their knowledge and cognitive abilities in a certain product domain (Littler & Melanthiou, 2006). Asymmetry in online banking information and the lack of personal contact prevent the consumer from correctly evaluating the characteristics of the product, decreasing confidence (Ba, 2001). One of the problems with financial services is that customers are unable to try out them before adoption. Some banks have responded to this need by developing websites which allow potential users to try out internet banking services (Gerrard & Cunningham, 2003). The opportunity to conduct a trial may

confirm how easy it is to use internet banking and provides the necessary confidence to consumers with high perceived performance risk.

Social risk refers to the potential loss of status in one's social group as a result of adopting a product or service (Featherman MS and Pavlou PA, 2003). It is possible that one's social standing may be enhanced or diminished depending on how electronic banking services are viewed. Yang, Park, and Park (2007) found that social risk has a negative impact on attitude for consumers. Financial risk is defined as the potential for monetary loss due to transaction error or bank account misuse. Many customers resist using online banking because they fear from such losses (Kuisma et al., 2007)

Perceived risk arises from the uncertainty that customers face when they cannot foresee the consequences of their purchase decisions. This uncertainty regards the value of services, concerns about the reliability of internet and related infrastructure and the spatial and temporal separation between users and bank personnel (Flavian, 2005). Perceived risk on the use of internet banking may impair customers' perception of the consequences of adopting internet banking and thus negatively influences the adoption of such technology.

Internet provides a lot of information on the products and services offered, and a variety of financial websites where the web-user can carry out transactions. Despite the fact that internet lowers the cost of acquiring information, consumers also incur time costs from using online banking: the time of learning how to buy on a certain banking website, the time to wait for it to respond and the additional cognitive effort expended in this expanded search process (Littler & Melanthiou, 2006). Moreover, in the case of internet banking the time risk may be related to the time involved in dealing with erroneous transactions. Furthermore, website download speed is another factor influencing online banking adoption (Jayawardhena & Foley, 2000). The use of extensive high resolution graphics and an inefficient host server can also increase the perceived waste of time risk for current and future users of internet banking. Moreover, speed is also dependent on the user's computing hardware and method of connection.

2.4 Trust

In the organizational trust literature, trust is mostly defined as a belief or expectation about the other (trusted) party, or as a behavioral intention or willingness to depend or rely on another party, coupled with a sense of vulnerability or risk if the trust is violated (Mayer, 1995; Rousseau, 1998).

Online trust is defined as the consumer expectations of how the site would deliver expectations how believable the site's information is how much confidence the site commands (Bart, 2005). In essence trust is developed when consumers form positive impressions on electronic sites and are willing to accept vulnerability (McKnight & Chervany, 1996; McKnight, 2002). In the context of internet banking, the trust or is typically a consumer who has to decide whether to adopt internet banking or stay with more traditional ways to undertake her/his financial transactions.

The buyers and sellers normally complete the transaction through internet technologies and will not necessary meet each other face to face. The buyers will thus be worried that their personal information and money will be transferred to third party without their knowledge (Luarn & Lin, 2000) Trust is a multifaceted construct, which may have different bases and phases depending on the context; it is also a dynamic construct that can change over the course of a relationship

According to Wayne and Megan 2002, there are at least five facets of trust that can be gleaned from the literature on trust and these benevolence, reliability competence, honesty and openness are all.

Benevolence: This is perhaps the most common facet of trust is a sense of benevolence - confidence that one's well being or something one cares about will be protected and not harmed by the trusted party (Baier, 1986; Butter & Cantecell, 1984; Cummings & Bramily, 1996; Deutch, 1958; Frost, Stimpson & Maughan, 1978; Ganbetta, 1988; Hosner, 1995; Hoy & Kupersmith 1985; Mishra 1996) .Reliability at its most basic level trust has to do with predictability that is, consistency of behavior and knowing what to expect from others (Butter & Cantrell, 1984; Hosmer 1995). We can expect a person to be invariably late, consistently malicious, inauthentic, or dishonest when our well-being is diminished or damaged in a

predictable way, expectations may be met, but the sense in which we trust the other person or group is weak.

Good intentions are not always enough when a person is dependent on another but some level of skill is involved in fulfilling an expectation an individual who means well may nonetheless not be trusted (Baier 1986; Butter & Cantrell, 1984; Mishra, 1996). Competence is the ability to perform as expected and according to standards appropriate to task at hand, many organizational tasks rely on competence.

Honesty is the person's character, integrity and authenticity. Rotter (1967) defined trust as "the expectancy that the word, promise, verbal or written statement of another individual or group can be relied upon". Statements are truthful when they confirm to "what really happened" from that perspective and when commitments made about future actions are kept. A correspondence between a person's statements and deeds demonstrates integrity.

2.5 Consumer Attitude and Trust

The relationship between trust and Consumer attitude draws on the notion of perceived Consequences according to (Pavlou & Fygenson, 2006). Internet trust enables favorable expectations that the internet is reliable and predictable and that no harmful consequences will occur if the online consumer uses the internet as a transaction medium for financial transactions (Krauter & Faullant, 2008).

Davis (1989) identified two beliefs (perceived usefulness and perceived ease of use) as the basic determining factors in information system acceptance. Perceived ease of use has a positive influence on trust as it promotes a favorable impression towards the initial adoption of the service. Research by Koufaris and Hampton-Sousa (2002) also evidences the role of trust as a consequence of perceived ease of use. Geffen (2003) has demonstrated that perceived ease of use increases trust, because it increases the perception that e-vendors are investing in their relationship with customers.

Ease of searching, transaction interaction, broken links and navigation have all been associated with changes in online trust (Igbaria, 1997; Nielsen, 2000). Researchers warn that a lack of trust may be the most significant long-term barrier for realizing the full potential and attitude towards

internet banking adoption (Keen 1997; Hoffman, 1999). Lack of trust is a critical issue that needs addressing pertaining to the internet banking adoption (Commerce Net, 1997). Gummerus et al, (2004) mentioned that lack of trust has been one of the most significant reasons for customer not adopting online services involving financial exchanges. Researchers have suggested that online customers generally stay away from vendors whom they do not trust (Reich held & Schefter, 2000).

Customers' technology orientation and perception of the technological competency of the electronic communication system is very important in their information processing behavior and trust. The customers' orientation towards the technology of electronic communication and the Internet is frequently a proxy for their trust in Internet banking. The extent to which they trust the electronic system is likely to correlate with their overall trust when engaging in online banking (Lee & Turban, 2001). When customers are assessing this trust factor, several issues arise in their minds. One issue would be the expected competency of the electronic system. Customers use various performances measures such as network and download speed, navigability, reliability, connectivity and availability to evaluate electronic transactions (Lee & Turban, 2001). Of customers' main concern would be the reliability of the network. When customers are transmitting personal financial data over the electronic network, there are risks that unauthorized parties could intercept this information (Clay & Strauss, 2000).

2.6 Consumer Attitude and Internet Banking Adoption

The Technology Acceptance Model (TAM), suggests that a prospective users overall feelings or attitudes toward using a given technology-based system or procedure represent major determinants as to whether or not he/she will ultimately use the system (Davis, 1993).

Lockett and Litter (1997) presented a study of the adoption of direct banking services in the UK using a model of the perceived innovation attributes and the personal characteristics of adopters and non-adopters. Their results indicated that the most important perceived positive attribute of internet banking was its 24-hour-a-day availability, whereas complexity and risk of service were the two negative attributes. The main disadvantages associated with internet banking, however, included its complexity and the security risks involved in using it. The study also revealed that adopters of new technology generally earned higher incomes, worked longer hours, moved house

more frequently and also possessed more favorable attitudes towards change than no adopters. Daniel (1998) analyzed the adoption of computer banking through in-depth interviews with the bank personnel responsible for its implementation and development.

The main factors influencing adoption included the convenience aspects of the service, ease of use and its compatibility with consumers' existing lifestyles. Attitudes towards new technologies may also be linked to a set of personal characteristics. For instance, however; Croft (2002) revealed that younger consumers value the convenience or time saving potential of online and mobile banking more than older consumers. Younger consumers also regarded the lack of face-to-face contact as less important than older consumers. These authors further found the educational levels of respondents did not affect the use of telephone or online banking. However, Karjaluoto (2002) found a typical user of online banking in Finnish market highly educated, relatively young and wealthy person with good knowledge of computers and, especially, the internet. The results of their study proposed that, demographic factors have an impact on online banking behavior. He further found that attitude towards online banking and actual behaviors' were both influenced by prior experience of computers and technology as well as attitudes towards computers.

The new technology acceptance, points out that unless the specific need of a consumer is fulfilled, consumers may not be prepared to change from present familiar ways of operating, (Sathye, 1999). Attitudes towards electronic banking and actual behaviors' were also influenced by factors such as satisfaction/dissatisfaction with current banking services, reference groups, that is influence from families and others and computer attitudes these would strongly affect attitudes and behaviors towards online banking. Lewis (1991), pointed out that the reasons consumers switched delivery channel from traditional to electronic.

Self-service was the dissatisfaction with their present services. These might include the slow speed of service in branches, inconvenient branch opening hours or places and the small number of branch staff available to serve customers. While a number of recent studies focusing on customer satisfaction with bank services, indicate that early adopters and heavy users of internet banking were more satisfied with this service compared to other customers, (Polatoglu & Ekin, 2001). Others also argued that the delivery of technology services appears to be correlated with

high satisfaction where these services were most important to customers, (Joseph & Stone, 2003).

Research on consumer attitude and adoption of electronic banking showed there are several factors predetermining a consumer's attitude towards online and mobile banking such as a person's demographic, motivation and behavior towards different banking technologies and individual acceptance of new technology. Similarly, it has been found that attitudes towards online banking and actual behaviors were both influenced by prior experience of computers and new technology and, other possible factors discussed below. With regard to demographics factor, Howcroft (2002) revealed that younger consumers value the convenience or time saving potential of online and mobile banking more than older consumers. Younger consumers also regarded the lack of face-to-face contact as less important than older consumers. These authors further found the educational levels of respondents did not affect the use of telephone or online banking.

However, the wide use of geographic, demographic, socio-economic and psychographic Variables have not always been accepted as good predictors in predicting buying behavior in financial services by past and recent studies, which claimed that, the benefits customers seek for in banking services and/or the product attributes should be identified instead (Minhas and Jacobs, 1996; Lockett & Littler, 1997; Machauer & Morgner, 2001). For instance, Machauer and Morgner' study focused on segmenting the consumer in bank marketing by expected benefits and attitudes. Using cluster analysis, these authors separated customers into four groups the "transaction oriented" group, who have a strong technology but weak information attitude; the "generally interested", who have a positive technology and online and strong information attitude; "service oriented" who have both, weak information and technology attitudes; and the "technology opposed" group, have strong information but weak technology attitudes. But this argument contradicts with a recent study by Sarel and Marmorstein (2003), showing that household income and education had a significant effect on the adoption of electronic banking among mature Finnish consumers.

Consumer's motives also predetermine consumer's attitudes and behaviors towards different banking technologies. Barczak (1997), studied consumer's motives in the use of Technological-

based banking services and found motivational clusters for people's money management philosophies, security conscious, maximisers, and instant gratification and hassle avoiders. These four motivational segments had different attitudes and behaviors towards different banking technologies.

With regard to new technology acceptance, the literature points out that unless, the specific need of a consumer is fulfilled, consumers may not be prepared to change from present familiar ways of operating (Sathye, 1999). In the context of online and mobile banking in China banking and traditional retail branches, whether consumers would adopt new technology-based delivery channels depends on their attitudes towards each of these Channels. Research showed that consumers are not generally predisposed to change their behavior radically and adopt widespread usage of telephone and online banking.

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

2.7 Consumer Attitude and Perceived Risk

The influence of risk perception on consumer attitudes and behavior may be different in situations that are dominated by different types of risks, e.g. either by high social risk or high financial risk (Mandrik & Bao, 2005). Previous research suggested perceived risk as an important factor influencing online consumer behavior (Cunningham, 2005; Pavlou, 2003; Salam, 2003; Schlosser, 2006). To process economic transactions on the internet presents numerous risks for consumers, over and above the transaction process itself being perceived as risky (Einwiller & Will, 2001). In the online environment criminal acts can be performed with extremely high speed, and without any physical contact (Cheung & Lee, 2006). If an unauthorized individual is able to get access to the online banking portfolio of a user, a

considerable amount of financial information may be jeopardized and there might be considerable financial losses.

Perceived fears of divulging personal information and feelings of insecurity have a negative influence on internet banking services use (Howcroft, 2002). This is because user perceptions of the credibility of security and privacy may affect internet banking use intention, (Mukherjee and Nath, 2003; Pikkarainen, 2004). Aladwani (2001), found that potential online banking customers ranked internet security and customer's privacy as the most important future challenges facing banks and thus concluded that customer's attitude towards internet banking adoption has been affected by the perceived security risk.

Performance risk has to do with concerns that products and/or services will not perform as anticipated. Consumer's evaluation of performance risk is based on their knowledge and cognitive abilities in a certain product domain, (Littler & Melanthiou, 2006). Asymmetry in online banking information and the lack of personal contact prevent the consumer from correctly evaluating the characteristics of the service, thereby decreasing confidence, (Ba, 2001).

2.8 Perceived Risk and Internet Banking Adoption

The issue of perceived risk adoption arises because economic transactions involve risk, (Humphrey & Schmitz, 1998). This is particularly true in the case of online banking, where the bank and the customer are physically separated, contingencies are difficult to predict and incorporate into terms and conditions, relationships are difficult to monitor, and cyber-laws are not well-defined. The heightened risk perceptions of customers affect the level of internet banking adoption. When processing online information, customers may often perceive that there is a high level of risk even though the risk level may be actually low. More experienced online customers have more information about online banking, and therefore they perceive the risk to be less and thus have more trust in online transactions.

Clay and Strauss, (2000) said one of the customer main concerns would be reliability of the network. When customers are transmitting personal financial data over the electronic network, there are risks that unauthorized parties could intercept this information.

Therefore, customers' technology orientation and perception of the technological competency of the electronic communication system is very important in their information processing behavior and perceived trust.

The reputation of the bank is a very important factor of trustworthiness. Ba (2001) concluded that when customers feel that an online bank has a poor or bad reputation, they would be discouraged from using that Web site. While assessing the reputation, customers also assess the innovative abilities of the bank, which is based on the customers' expectations of the skills and competencies that the bank possesses in electronic transactions, (Lee & Turban, 2001).

Perceived risk reduction proves critical in an uncertain and risky environment, (Mayer, 1995) and, as pointed out by Krauter and Kaluscha (2003), online transactions always take place in that risky environment where anonymity, lack of control and potential opportunism are always involved. Online trust can reduce the levels of perceived risk associated with transaction processes, (Pavlou, 2003; Koufaris & Hampton-Sosa, 2004).

In terms of perceived security, web sites could increase consumers' online trust by decreasing perceived environmental risks or by raising security (Warrington, 2000). Also Consumers may disclose their private information to web sites when reliability and credibility are recognized; this subsequently reduces consumers' concerns of privacy and security and helps to build online trust toward the web sites (Culnan & Armstrong, 1999).

Perceived risk can also cause customers to reject new technology-based service delivery. Perceived risk is related to reliability and system failure (Mols, 1998; Walker, 2002). Customers are also worried that technology-based service delivery systems will not work as expected, and lack confidence that problems can be solved quickly (Walker, 2002). Westland (2002), found that transaction risk occurs when online markets fail to assure that service will be delivered with adequate quality. Frequently, slow response time after the Internet interaction leads to a delay of service delivery and causes customers to be unsure that the transaction was completed (Jun & Cai, 2001).

Bradley and Stewart, (2002); Mukherjee and Nath, (2003) and Wang, (2003) found the risk associated with possible losses from the online banking transaction is greater than in traditional

environments. Although studies showed perceived risk as an important factor that influences online banking adoption (Gerrard & Cunningham, 2003; Hewer & Howcroft, 1999; Polatoglu & Etkin, 2001), only limited work has been carried out to identify risk dimensions in this context (Littler & Melanthiou, 2006). Moreover, it is also crucial for managers to understand the barriers to internet banking adoption in order to assign resources effectively to obtain competitive advantages and increase efficiency in the banking system. Accepting the key role of perceived risk in online banking adoption, finding an operational segmenting variable that could both reduce consumers risk perception and positively influence internet banking adoption, would be of great managerial interest (Lassala-Navarr, 2008).

2.9 Trust and Internet Banking Adoption

Many studies have proved the significant relationship between trust and electronic banking or any e-commerce adoption. Trust occurs when one party has confidence in an exchange partner's reliability and integrity, (Morgan & Hunt, 1994). For example, Chen and Barner, (2007) found that trust significantly important on online purchasing intention, web site loyalty Flavian and Guinaliu, 2006, online banking commitment(Mukherjee & Nath, 2003), electronic banking adoption (Rexha, 2003) and behavior intention to adopt online information service.

When people trust others, they assume that those they trust will behave as they are expected to, reducing the complexity of the interaction. Studies of online banking (Kassim & Abdulla, 2006; Kim & Prabhakar, 2000; Mukherjee & Nath, 2003) have shown that trust is a critical factor in stimulating online banking operations.

The uncertainty that an individual often assumes makes trust a necessary component (Gerrard & Cunningham, 2003; Pikkarainen, 2004). Otherwise the consumer is reluctant to use online banking services (Kassim & Abdulla, 2006; Mukherjee & Nath, 2003).Ratnasingham (1999), proposes the term technology trust and suggests that dimensions of security services such as confidentiality mechanisms, authentication mechanisms, and access control mechanisms contribute to the enhancement of technology trust from a capability process that serves to support the privacy, accuracy, authenticity of authorized Parties, and accountability. Mukherjee and Nath, (2003) view the customers' orientation towards e-commerce technology and the extent to which they trust the electronic system as a proxy for their trust in internet banking.

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

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

Customer attitudes towards Internet banking are driven by trust, which plays an important role in increasing usability within the internet banking environment. The issue of trust is more important in online as opposed to offline banking because transactions of this nature contain sensitive information and parties involved in the financial transaction are concerned about access to critical files and information transferred via the Internet (Alsajjan & Dennis, 2006; Suh & Han, 2002).

The role of trust in the development and maintenance of successful relationships is likely to be of particular significance in the financial services sector because of the complexity of many of the products (Bejou, 1998; Diacon and Ennew, 1996). The degree to which a customer trusts the internet banking will be negatively influenced by the belief that he/she is operating in a high level of risk even though the risk level may be actually low (perceived risk). The existence of trust in a relationship is a kind of insurance against risks and unexpected behavior.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter provides data about the procedure ways, and tools that were used in the research. It explained where the study was carried out from, who the respondents were, their selection, the process of data collection and analysis

3.1 Study design

The study used a descriptive analytical research design which employed both quantitative and qualitative methods for the purpose of making valid conclusion. The quantitative method examined the impact of consumers' attitude on e-banking adoption as inter-linked variable where as qualitative design involved the use of questions to obtain views from the respondents.

3.2 Sampling Procedure

The study used both simple random sampling and purposive sampling procedures. Purposive sampling was used to select key officers in the area of investigation in order to get first hand information from the key informants. Simple random sampling was used in order to give all the respondents equal chances of being selected.

The sample size was determined using Slovin's formula;

$$n = \frac{N}{1 + Ne^2}$$

Whereby; n=Sample Size

N=Population

e=0.05

In this particularly case, the formula when worked out yielded the figure for the sample size as indicated here under:

$$N = 15000$$

$$e = 0.1$$

$$n = \frac{15000}{1 + 60791 \times 0.01}$$

$$n = \frac{15000}{1 + 607.91}$$

$$n = \frac{15000}{608.91}$$

$$n = 25$$

$$n = 25 \text{ respondents}$$

3.2 Sampling Techniques

The respondents were randomly selected and categorized. They comprised of both sexes but of different marital statuses and age groups and the study used 25 respondents that is; managers, accountants, tellers, supervisors and other authorized employees. This was intended in order to get a variety of views and unbiased response which made the study a reality.

3.3 Sample size

For this case, the sample comprised of 25 respondents and the study population ranged from the 5 Bank officials, 5 supervisors, 5 other authorized persons, 10 customers with knowledge about the study.

3.5 Data Collection Methods

To obtain data about the research variables, primary and secondary data sources were used as elaborated below;

a) Primary Source

This involved the use of first hand information that was obtained from the field using interviews and questionnaires. The types of data included the social- demographic characteristics of the respondents (age, gender, level of education etc), and e-banking.

b) Secondary Source

This included the already existing literature about the impact of consumers' attitude on internet banking adoption in commercial banks. This information was collected from reports, circulars, newspapers, magazines and internet.

3.5.1 Questionnaire

A comprehensive questionnaire covering all the aspects of the study variables was designed. The first section of the questionnaire covered general information (gender, age, education, marital status). Section B covered the questions which are set in line with the objectives of the study. The questionnaires were first pre-tested before being administered to the respondents. The questionnaires were self administered to ease data collection. The questions were both open and close ended. This enabled the respondents to express their opinion about the implication of reward competitiveness.

3.5.2 Interview Method

Interviews with the target respondents were conducted to interview all the categories of respondents mentioned above. A separate interview was used for the key informants. This involved first making an appointment with the targeted respondents after which an interview meeting between the researcher and respondents to discuss the issues concerning the effects of internet banking systems on the performance of commercial banks.

3.5.3 Research Instruments

The researcher used questionnaires and an interview guide as the main tools for collecting data. The selection of these tools was guided by the time, objectives and the nature of data to be collected. The researcher was interested in capturing the views, perceptions, feelings, attitudes and opinion of respondents towards solid waste management.

3.5.4 Documentary Review

This involved the researcher revisiting existing literature on the study variables by reading news papers, journals, text books plus the already existing on internet and magazines among others.

3.6 Measurements of variables

3.6.1 Validity of the instruments

Validity is the efficiency or the degree to which a method, a test or a research tool actually measures what is supposed to measure. It refers to the accuracy of the research data. For this case, the validity of the questionnaire will be tested using the Content Validity Index test (CVI). This will involve item analysis to be carried out by the supervisors and an expert who is knowledgeable about the theme of the study. The process will involve examining each item in the questionnaire to establish whether the items bring out what it is expected to be brought out. Item analysis was conducted using the scale that runs from Relevant (R), Neutral (N), to Irrelevant (I).

3.7 Pre-testing

In order to ensure and maintain a high level of consistency in this study, the researcher did the following: Questionnaires were pre-tested where leading questions had to be deleted to avoid hostility among the respondents. Ambiguous questions were made clear and irrelevant questions were deleted. The researcher used accurate questions which are closed ended questionnaires. The questions which were set had enough space to give appropriate responses.

3.8 Reliability of Instruments

Reliability means the degree of consistency of the items, the instruments or the extent to which a test, a method, or a tool gives consistent results across a range of setting or when it is administered to the same group on different occasions. The reliability of research questionnaire will be tested using Cronbach's alpha coefficient test for its internal consistency to measure the research variables.

3.9 Data Validity

An introduction letter was obtained from the faculty by the researcher to solicit approval to conduct the study from respective departments in Pride Micro Finance. When approved, the researcher secured a list of the qualified respondents from the Micro Finance authorities in charge and select through systematic random sampling from this list to arrive at the minimum sample size.

3.10 Data Analysis

Data analysis included editing the findings, coding and tabulation in the computer Statistical Package for Social Sciences (SPSS) for analysis. Main ideas in quantitative data were clearly recorded. The data filled in the questionnaires were copied and analyzed by tallying it and tabling it in frequency tables identifying how often certain responses occurred and later evaluation was done. This yielded the primary data which is raw in nature. Both qualitative and quantitative methods were used for data analysis as the study generated both qualitative and quantitative data. The Pearson product correlation Co-efficient analysis was used to test the relationship among the variables and regression coefficient models to determine the extent to which the independent variables will impacts on the dependent variable. The results were presented inform of tables and charts then discussed in relation to existing literature. Conclusion and recommendations were drawn in relation to the set objectives of the study.

3.11 Ethical considerations

It were important during the process of research for the researcher to make respondents understand that participation will be voluntary and that participants are free to refuse to answer any question and to withdraw from participation at any time they are chosen.

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

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

Personal **confidentiality and privacy** was very important since the report had to be public. If individuals have been used to provide information, it is important for their privacy to be respected. If private information has been accessed then confidentiality has to be maintained (Stephen,2002). **All respondents were** therefore, re-assured of this before being involved.

CHAPTER FOUR

PRESENTATION, INTERPRETATION AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents the facts, which the research discovered. The findings were presented in line with the objectives of the study whereby the raw data in form of questionnaires was edited and interpreted which ensured uniformity, legibility and consistency. The data-filled questionnaires were copied and analyzed by tallying and tabling in frequency polygons while identifying how often certain responses occurred and later evaluation was done. The information was then recorded in terms of percentages. Also, interview results were coded on frequency tables which were calculated in terms of percentages and presented in this study as illustrated below.

4.1 Background characteristics of the respondents

The background information of the respondents was important because they comprised of both sexes but of different marital status and age groups from various settings. This was intended in order to get a variety of views and unbiased responses which made the study a reality. The respondents were divided into the administrative and general staff of Pride micro finance Kabalagala Branch. The findings are shown in the figures and tables that follow;

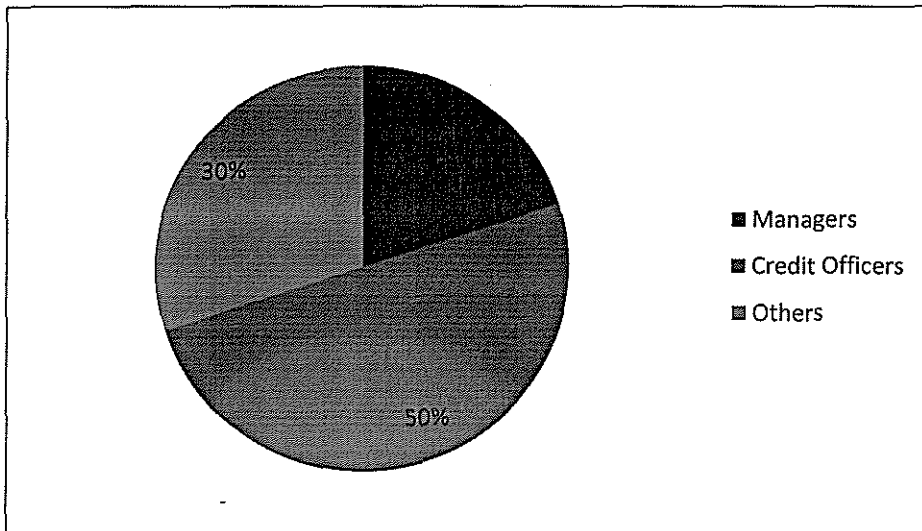
Departments' respondents who work in Pride Micro Finance where the study was confined

Table 4:1 Showing the Different Departments at Pride Micro finance

Department	Female	Male	Total
Manager	1	1	2
Customer Care	3	2	5
Credit	2	2	4
Supervisory	4	4	8
Private Client Banking	2	2	4
Retail Banking Department	1	1	2
TOTAL STAFF	13	12	25

Source: Primary data 2017

Figure 4.1; Respondents' job title at Pride Micro Finance



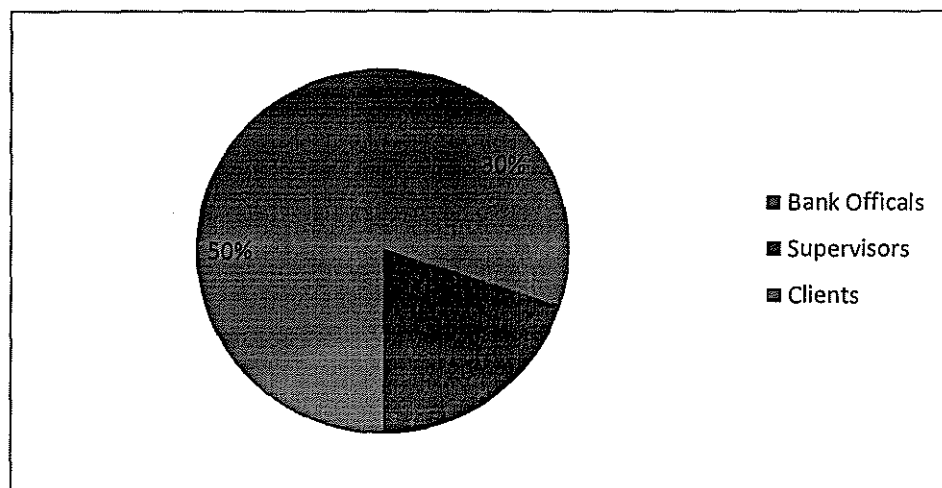
Source: Primary Data, 2017

During the field survey, it was found out that; the biggest percentage of the respondents were credit officers as represented by 50% followed by 30% who portrayed others who included; tellers and authorized bank staff then 20% of the respondents were managers, implying that; credit officers to a greater participated in the study because they are the ones concerned with credit facilities in these banks as illustrated in figure 4.1 above.

4.1.1 Nature of the respondents who participated in the study

An assessment of the nature of the respondents who participated in the study was as follows; clients took a bigger percentage as far as the field survey was concerned as showed by 50% this was because they are the ones where the study was concentrated on since the researcher's interest was find out whether the access financial services from these banks, followed by bank officials represented by 30% and supervisors were showed by 20% as portrayed in the figure 4.1.

Figure 4.2; Nature of the respondents who participated in the study

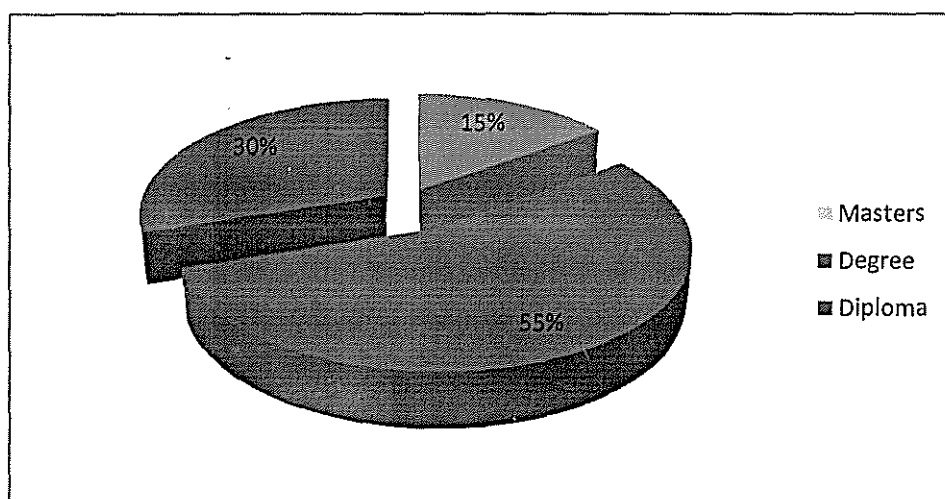


Source: Primary Data, 2017

4.1.2 Respondents' level of education

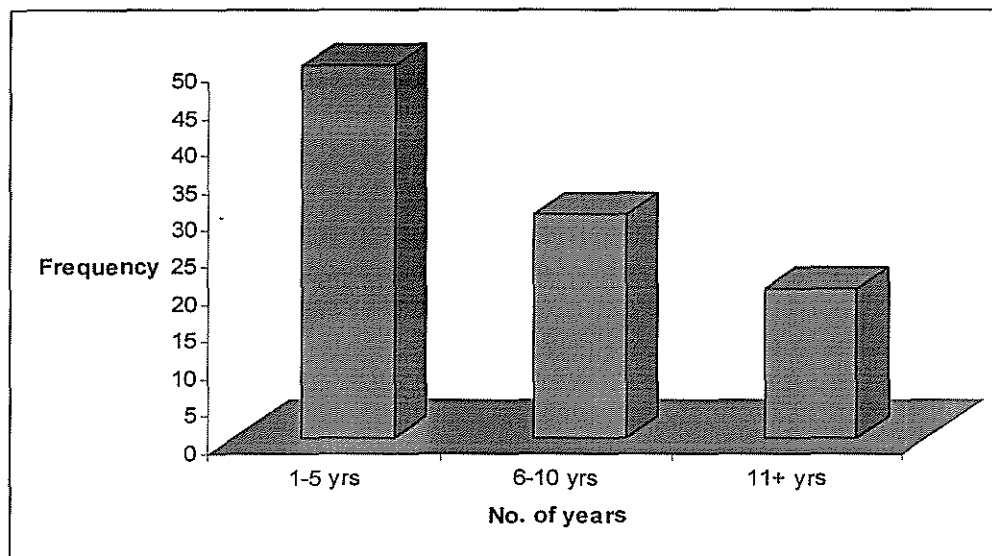
The biggest percentage of respondents had completed bachelors' degree in different fields as it was revealed by 55% of the respondents, then 30% represented respondents who had completed diploma education in different fields associated to sales as 15% of the interviewees were Masters' holders, as showed in the figure 4.2.

Figure 4.3; Respondents' level of education



4.1.3 Number of years of service of respondents at Pride Micro Finance Kabalagala Branch

Figure 4.4: Number of years of service of respondents

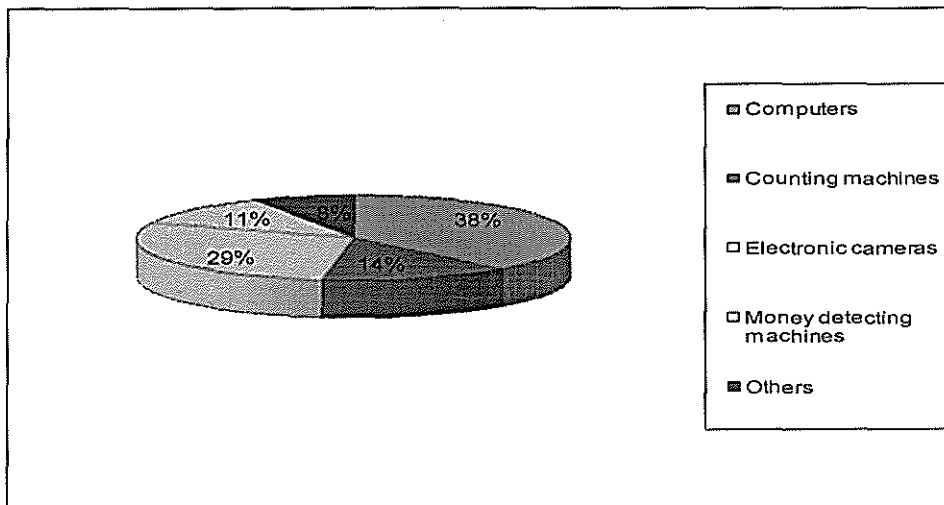


Source: Primary Data, 2017

From the figure 4.5, it was found out that the biggest percentage of the respondents had worked with the bank for a period between 1-5 years as represented by 50% whereas 25% shows respondents who had worked with the bank the period between 6-10 years, 15% represents interviewees who had worked with Pride Micro Finance Kabalagala Branch for the period of 11 years and above, implying that they have been employees for a long time, thus possessing a lot of experience.

4.1.4 Nature of information technology used in Pride Micro Finance

Figure 4.5; Nature of information technology used in Pride Micro Finance Kabalagala Branch

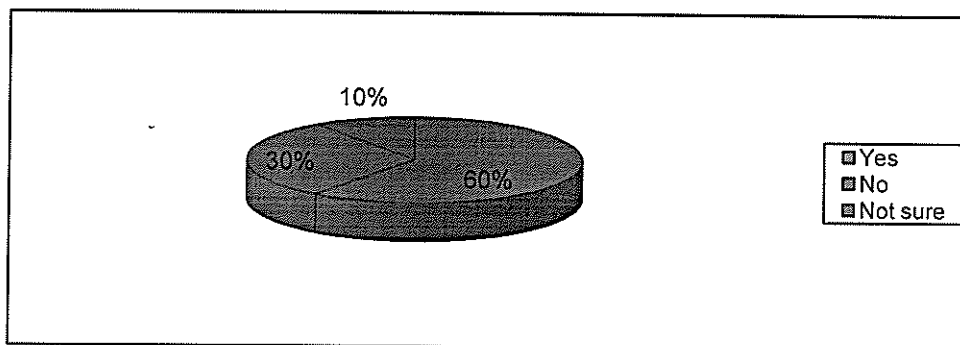


Source: Primary Data, 2017

Numerous responses were put forward when respondents were asked nature of information technology used in Pride Micro Finance Kabalagala Branch and they were as follows; 38% of the respondents revealed that computers were the most information technology machines used in Pride Micro Finance these were followed by 29% of the respondents who said electronic cameras are used in whereas 14% of respondents said counting machines are also used in the bank, 11% of respondents alleged that money detecting machines are used in the bank mostly to avoid fake notes to circulate around and lastly 8% represented with others implying the machines like calculators which are also used in the bank as shown in figure 4.5.

4.1.6 Responses whether operational and managerial departments in the bank are computerized.

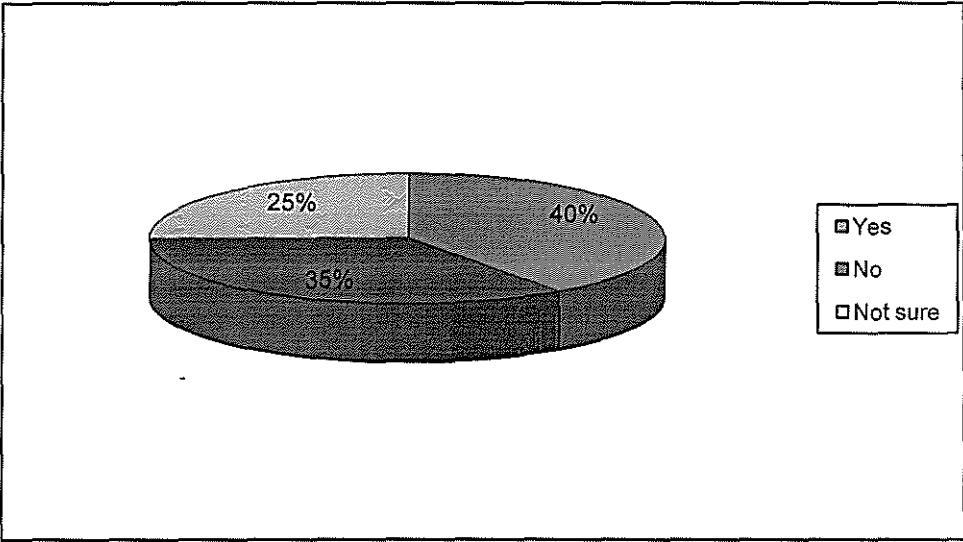
Figure 4.6: Responses whether operational and managerial departments in the bank are computerized.



Source: Primary Data, 2017

The biggest of respondents represented by 60% said yes they are sure whether operational and managerial departments in pride micro finance are computerized whereas 30% of the respondents said they didn't know whether operational and managerial departments in the bank are computerized especially the clients and lastly 10% of respondents said they are not sure operational and managerial departments in Pride Micro finance are computerized implying that almost all employees

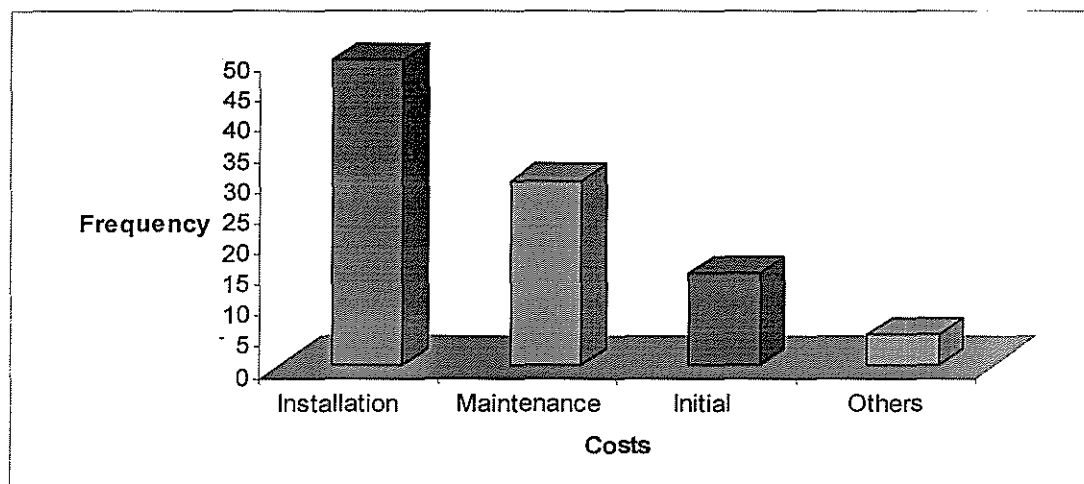
Figure 4.7; Responses on whether the costs of information technology are so high



Source: Primary Data, 2017

According to figure 4.7 above, majority of the respondents represented by 40% said yes that the costs of information technology are so high these were followed by 35% of the respondents who said that they didn't know anything concerning the costs of information technology and lastly surprising only 25% of the respondents said they were not sure of the costs of information technology whether they are high implying that most respondents are aware

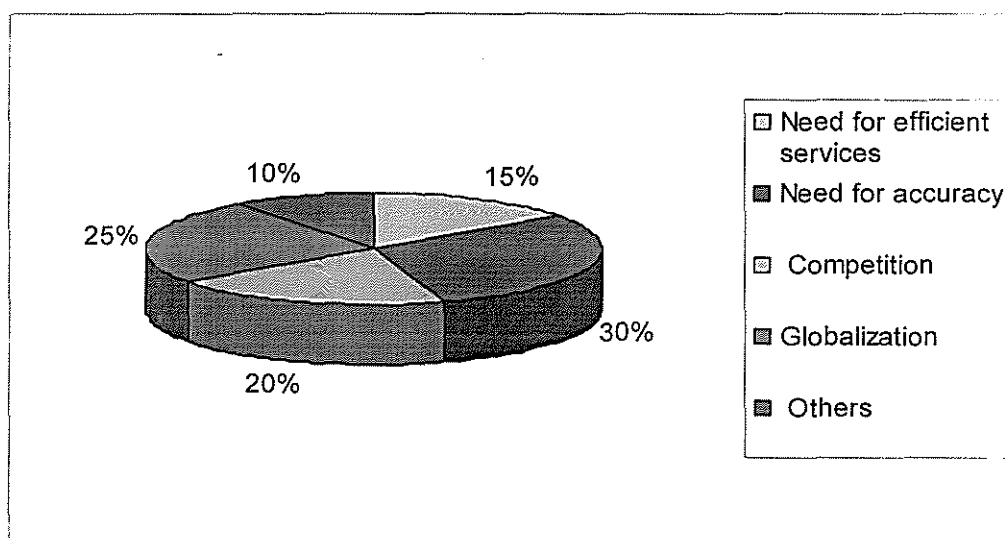
Figure 4.8; The following costs are incurred in the process of internet banking by Pride Micro Finance



Source: Primary Data, 2017

From the figure 4.8 50% of the respondents said that the costs are incurred in the process of installation then, 30% attributed to maintenance, 15% represented those said costs are incurred in initials during internet banking by Pride Micro Finance

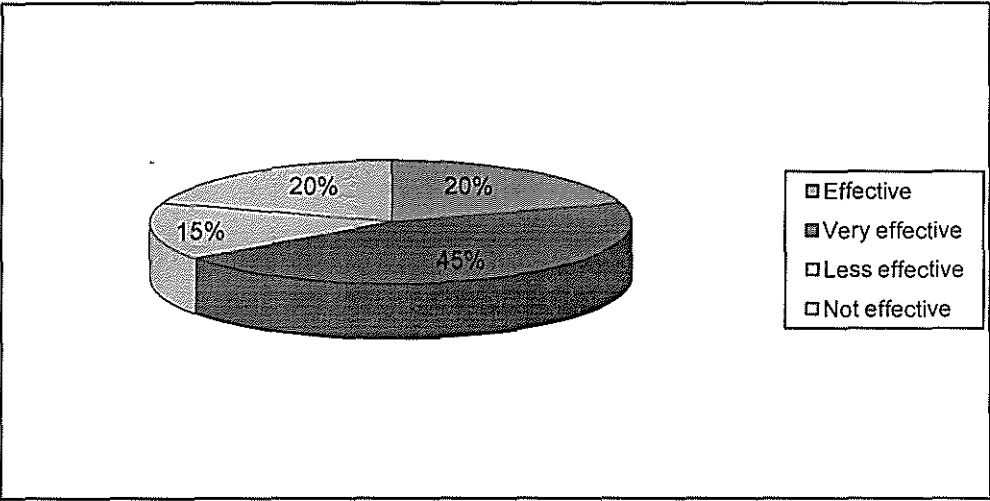
Figure 4.9; Forces that led to the usage of internet banking in Pride Micro Finance



Source: Primary Data, 2017

The biggest percentage said that; among the forces that led to the usage of internet banking in Pride Micro Finance Ltd was need for accuracy as showed by 30% , 25% attributed to the issue of globalization and 20% said that need for efficient services.

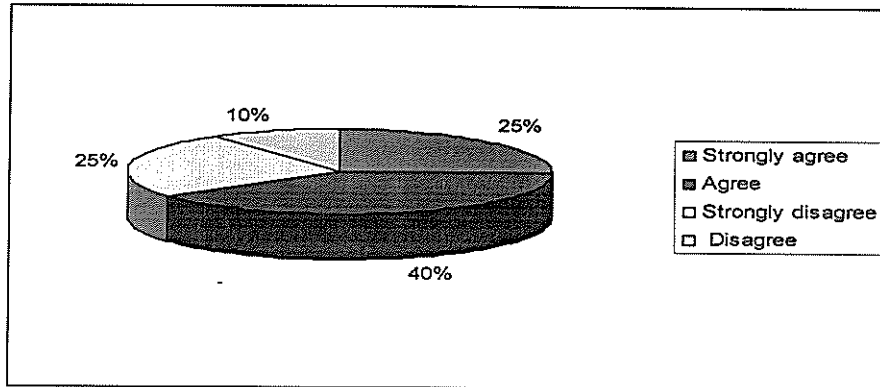
Figure 4.10; Rankings of internet banking in Pride Micro Finance kabalagala Branch



Source: Primary Data, 2017

The results in the figure 4.10 indicate that; 45% of the respondents said that; internet banking in Pride Micro Finance is very effective then 20% of the respondents attributed to it is effective whereas 20% again said the process is not effective implying that it depends on how a consumers use a specific service.

Figure 4.11; Internet Banking systems has significant effects on the financial performance of the bank

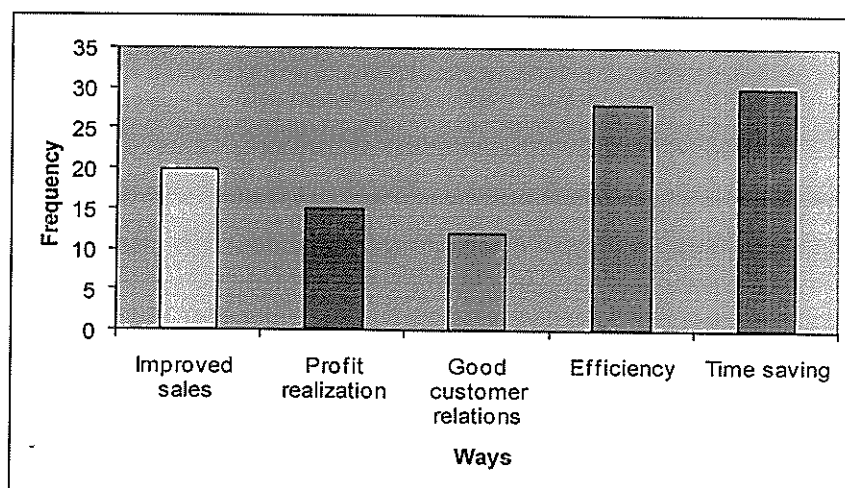


Source: Primary Data, 2017

The biggest percentage of the respondents said that Internet banking systems has significant effects on the financial performance of the bank as showed by 40% in the figure, followed by 25% respectively who attributed to strongly agree and strongly disagree about the system.

4.3 Effects of internet banking systems on management performance in Pride Micro Finance in terms of profitability

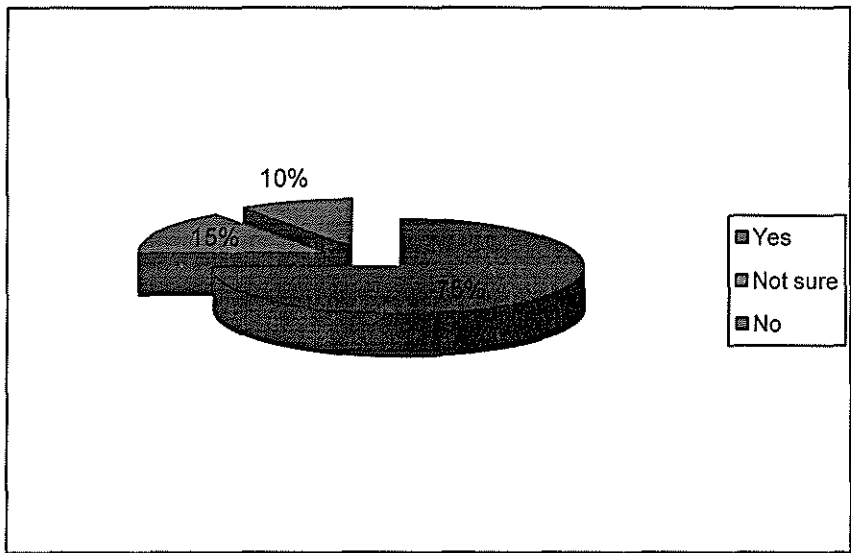
Figure 4.12; Internet Banking systems has increased the financial performance of Pride Micro Finance



Source: Primary Data, 2017

The biggest percentage showed by 30% attributed that; internet banking systems has reduced time wasting the financial performance of Pride Micro Finance followed by 28% said that internet Banking systems has increased the financial performance of Pride Micro Finance is efficient 20% said that it has improved on sales.

Figure 4.13; Respondents' view on whether internet banking and managerial departments in Pride Micro Finance are computerized



Source: Primary Data, 2017

The biggest percentage of the respondents attributed to yes, that accounting systems and managerial departments in Pride Micro Finance are computerized as represented by 75% where as 15% of them was not sure and the least percentage disagreed with the statement as showed by 10% in figure 4.13.

Table 4.2; Showing type of bank account held by respondent

Types of bank account	Frequency	Percentage
Current	23	28.33
Saving	29	48.33
Fixed deposit	-	-
Investment	2	3.33
Other(s)	6	10.00
Total	60	100.00

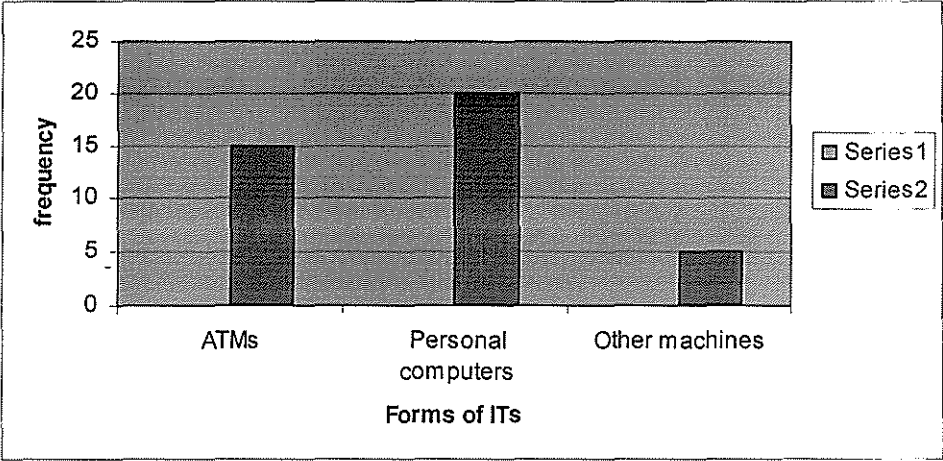
Source: Primary Data, 2017

Table 4.2 reveals that saving account holders use computerized facilities quite often, however no customer on fixed deposit account use computerized accounting, this is because of the reason or purpose of the type of account its self. Fixed deposit accounts are supposed to be accessed after a certain point of time not regularly as other account types.

Going by this explanation, then it is inconsistent for the point for the table to reveal that saving account holders accessed their accounts more often than current account holders.

Most respondents had one account in Pride Micro Finance which accounted for over 90% and the rest had more than one bank account in this very bank. When asked about the number of accounts respondents owned elsewhere, the study established that most people did not have accounts elsewhere, which revealed the confidence or loyalty they had in this bank. The reason for asking this question was to establish how frequently they (respondents) visited other banks as well.

Figure 4.14; Major devices used to internet banking



Source: Primary Data, 2017

Among the interviewees ,20% of the interviewees said that, personal computers are the common devices used in banking system, where as 15% of the employees emphasized on the usage of ATMs especially the clients with saving accounts and 10% of the respondents said other machines like the ones used for counting money and detect fake notes.

These results, therefore shows that internet banking systems have led to fewer saving because people now keep on their bank balances than they can do. To supplement the above findings, it was important to find out the number of times, people accessed their bank accounts in a month using their internet banking systems to establish if it was worthwhile.

CHAPTER FIVE

SUMMARY OF KEY FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter mainly deals with summary, conclusion and recommendation related to the effects of consumers' attitude on internet banking adoption in Uganda using Pride Micro Finance Kabalagala Branch as a case study all was being drawn from the findings and analysis made after conducting the study. The effects of internet banking systems' aspect were characterized by accessibility to Information technology usage such as; ATMs, computers, money counting machines among others while financial performance was characterized by profitability, employees' willingness to work among others.

5.1 Summary of Key Findings

5.1.1 Internet banking adoption

Examining why there is low internet banking adoption was one of the major objectives of the study. The findings on the low internet banking adoption established that internet banking systems has proved to the cornerstone of modern banking sector in developed and developing countries. With the introduction of computerized systems in Pride Micro Finance Kabalagala Branch, general organizational performance has tremendously improved as indicated in chapter four. Findings showed that efficiency, accuracy and effectiveness were all achieved while paperwork; time wastage and losses were also cut down. Computer technology in the banking sector has helped banks establish new banking services, which have improved on service delivery to clients. These include use of ATM and international banking among other services.

5.1.2 Different services offered through internet banking

Finding on the different services offered through internet banking systems established that the bank uncounted different kinds of costs, These include; initial costs, installation, maintenance costs, systems failure and resistance from other stakeholders among other costs. It was established that in the short run computerization costs were very high as evidenced by a multiple of costs listed above however in the long run computerized systems have proved to be much

cheaper than before when all banking systems were manual. With computerization all kinds of expenditures such as expenses on employees have been cut down as the number of employees needed in banking has reduced.

5.1.3 The relationship between consumer attitude and internet banking

Also the research wanted to establish the relationship that existed between computerization and performance of the bank under study. Finding discovered that the relationships that existed between the two variables were strongly positive. Computer technology and performance of banks in the modern competitive financial sector are inseparable if banks are achieving their set objectives. There is no doubt that internet banking systems have improved on the general performance of Pride Micro Finance Kabalagala branch.

5.2 Conclusions

Computer technology is here to stay. Since its upcoming in the global scene of all forms of human activities especially in the banking sector, rapid transformations have been experienced. Tradition and all upcoming small banking institutions' respective stakeholders response to this modern computer are in an unpredictable environment in developing countries has of recent been to adopt and cope with the changes so as to improve on the organizational performance of their institutions.

According to the findings established by research, the introduction and implementation of these computer based systems is very costly in the short run. However in the long run, computerized systems in a bank will create efficiency, accuracy, convenience, cut down work overloads thus cutting down all operational and managerial costs leading to improve performance. There is no doubt therefore to conclude that the effects of consumers' attitude on internet banking adoption in Uganda have greatly improved on the organizational performance of Pride Micro Finance Kabalagala Branch.

5.3 Recommendations

Computer technology in the banking sector is here to stay. Traditional and upcoming small banks that have not yet responded to this must accept this fact and take relevant action towards

computerization. It's therefore sought important by the researcher that the following recommendations be studied and followed by respective people at management levels in the banking sector. Banking management should always invest in research to find out new developments in computer technology such as new banking packages and if discovered be established internally as they could value on service delivery. Calculated investment in computerization should be emphasized so as not incur too much costs that could put the bank's liquidity at risk.

Routine upgrading of these systems should be emphasized, as they are very sophisticated and delicate. Through training has been in place, it was found out that it was not adequate. So adequacy in training should be put in place for all stakeholders in the bank including clients like on use of ATM to reduce on card retention. Computer security should be observed and intrusion to avoid as puts the bank at high risk.

On recruitment of new employees, management should always put emphasis on those with some computer knowledge to cut down training costs. Management should be aware of the environmental, social economic challenges association with computer use and attempts to overcome such challenges laid down in advance.

5.4 Areas of further study

The researcher has not been able to comprehensively and sufficiently cover all the areas of study about the subject due to limited resource which were both social and economical. Therefore the research show it crucial to note down the following recommended areas for further study.

Limitations to full internet banking systems in the Ugandan perspective together with the recommended way forward.

The effectiveness and adaptability of various computer packages and managerial challenges in the banking sector.

The relationship between computer availability, internet and development together with all associated evils of internet in the Ugandan perspective.

REFERENCES

- Almazari and Siam (2008). *Perceptual mapping and electronic Banking channels in India*.
- Al-Smadi and Al- Wabel , (2011). *Journal of internet Banking and commerce*.
- Bihmani, Cockburn and Wilson (1996), *Understanding Internet Banking Adoption and use Behaviour*.
- Boggs, (1999). *Computerization process in the banking system, Longman publishers*.
- Boockholdt, J (1999), *Accounting Information Systems Transaction Processing and Control. The Mac-Graw-Hill companies, London*.
- Boston, A. (1975). *Element of accounts, Great Britain, Cassel Publishers Biddles Ltd*.
- Bryan and Toney. (1997). *Effective Banking and Performance, Oxford: Longman publishers*.
- Chiu and Schlosser(2006).*Environment health perspectives*.
- Choe, JM (1998), *The Effects of User Participation on Design of Accounting Information Systems*. Information & Management, Vol. 34.
- Christiansen, JK & Mouritsen, J (1994), *Information Resource Management: A Critical Analysis of New Intellectual Technology*. Proceedings from the Second European Conference on Information Systems, Nijenrode University Press.
- Frank wood, (1995). *An introduction to Accounting* (6th ed.) Pitman.
- Gerrerd and Cunningham, (2003). *"The diffusion of Internet Banking among Singapore consumers"*.
- Ian Eron. (1988). *Prudential Regulation and Banking Supervision*. World Bank.
- Kibuuka. (2001). *Effects of Internet on Banking Institutes*. Unpublished.

- Laudon, C.K. and Laudon, P.J.(2002). *Management Information Systems*, New Jersey: Cambridge University.
- Lumala (2004). *Banking in the early age*, book press, Netherlands
- Meigs & Meigs (1986). *Financial Accounting* (5th ed), United States, Mc Graw Hills.
- Morgan and Hunt (1994) “*The commitment trust theory of relationship marketing*” Journal of marketing Vol.58, No3 pp.20-28.
- Mugisha, J.B. (2003). *Computerized Accounting Systems*. Unpublished.
- Mukasa, H. (2000). *Effect of computers in financial institutions*
- Muniruddeen (2007) *Journal of Internet Banking and commerce*.
- Omunuk. J.B. (1999). *Fundamental Accounting for Business*, Entebbe printing and Publishing Corporation.
- Roger,H.& Harmanson et al (1973). *Financial Accounting*, (4th ed.) United States, Von Haffman Press.
- Sajady, H, Dastgir, M & Hashem, H 2008, *Evaluation of the effectiveness of Accounting Information Systems*, International Journal of Information Science and Tecnology, Vol.6, No.2,July/December.
- Sukkar and Hassan (2006). *The effects of foreign Direct Investment on economic growth*
- Tabaza, (2006) Jordan /American – Cardiology, Medical college of Wiscosin, Miwaukee, Wisconsin, USA.
- Taylor and Todd (1995). *An integrated Model of waste management behavior*.
- Venkatesh, M, Morris, G, Davis, & F. Davis. (2003), „User acceptance of information technology: Toward a unified view. MIS Quarterly 27 3 (September): 425-478.
- Wahab, M.A (2000); *A straight Approach to Accounting*, (2nd ed.), Kampala, The New Vision Printing and Corporation.
- Whitehead, G. (1974); *principles of Accounting*, John Murray publishers Ltd.

APPENDIX I

QUESTIONNAIRE TO THE MANAGEMENT AND STAFF OF PRIDE MICRO FINANCE

My name is Namugalu Florence a student at Kampala International University Uganda. I am carrying out a study about **the impact of consumers' attitude on internet banking adoption in Uganda: A Case of Pride micro finance, Kabalagala Branch Kampala**. The study is aimed at establishing how computerized accounting systems affect financial performance in micro finance institutions. The outcome of this study will be for academic purpose only. You have been selected to participate in this study. Kindly spare some time to answer these questions.

SECTION A: BACKGROUND INFORMATION

Please tick the most suitable answer.

(1) Gender

Male ☐

Female ☐

(2) Age (i) 20 to 29 ☐

(ii) 31 to 40 ☐

(iii) 41 to 50 ☐

(iv) 51 and above ☐

(3) Marital status

Single ☐

Married ☐

(4) Education level held

(i) Certificate ☐

(ii) Diploma ☐

(ii) Degree ☐

(iv) Others ☐

5. How long have you worked with Pride micro finance?

(a) Less than 1 year

(b) one year

(c) 1-2 years

(d) More than 2 years

SECTION B: INTERNET BANKING IN RELATION TO MANAGEMENT PRACTICES AT PRIDE MICRO FINANCE

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

Strongly agree	Agree	Not sure	Disagree	Strongly disagree
1	2	3	4	5

	Particulars	1	2	3	4	5
1	That all internet banking and managerial departments in Pride micro finance are computerized.					
2	That computerization costs are so high.					
3	The process involves the following costs.					
4	Computerization also involves staff training which increases the costs.					

5	Pride micro finance's computerized accounting systems so highly because most of its clients are computer literate.					
6	ATMs and personal computers are the major devices used to computerize banking services					
7	All staff is involved in the internet banking systems					

SECTION C: RELATIONSHIP BETWEEN INTERNET BANKING SYSTEMS AND CONSUMERS' ATTITUDE IN PRIDE MICRO FINANCE

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

Strongly agree	Agree	Not sure	Disagree	Strongly disagree
1	2	3	4	5

	Particulars	1	2	3	4	5
1	Timely Service delivery has greatly improved due to computerization of accounting systems					
2	I have a positive attitude towards computerization of accounting systems					
3	Deposit taking and withdrawal of cash has been eased as a result of computerization of accounting systems					
4	Computerization has save time as a vital resource in this bank					
5	Pride micro finance now has a wider market share than before Computerization.					
6	Internet banking systems has increased profits of the bank.					
7	On the whole computerization of accounting systems has improved the					

	performance in Pride micro finance.					
8	Computerization of accounting systems has reduced questions at banks					
9	A good number of clients are joining the bank.					
10	That all Bank records are updated once by merely clicking a button on the server computer.					
11	Bank computations today are so efficient and accurate.					
12	Computerization has created customer Loyalty.					

(6) That bank Profitability in Pride micro finance is positively related to computerization

Yes ☐ No ☐ Not Sure ☐

Thank you very much for your participation

APPENDICES: II

BUDGET SHOWING EXPENDITURE INVOLVED WHEN CARRYING OUT THE RESEARCH PROJECT.

Items	quantity	Unit cost (shs)	Total cost (shs)
Stationary	1 ream	15000	14000
Communication cost	Lumpsum	10000	15000
Pilot study (preliminary study to select sample, piloting questionnaires)	Lumpsum	100000	100000
Typing, printing, and photocopying of questionnaires and draft reports	Several	50000	100000
Travel		27000	54000
Food and Drinks			30000
miscellaneous	Lump sum		150000
TOTAL			

**COLLEGE OF ECONOMICS AND MANAGEMENT
DEPARTMENT OF ACCOUNTING AND FINANCE**

JUNE, 5TH 2017

To whom it may concern

Dear Sir/Madam,

**RE: INTRODUCTORY LETTER FOR NAMUGALU FLORENCE, REG NO.
BBA/45500/143/DU**

This is to introduce to you the above named student, who is a bonafide student of Kampala International University pursuing a Bachelor's Degree in Business Administration, Third year Second semester.

The purpose of this letter is to request you avail her with all the necessary assistance regarding her research.

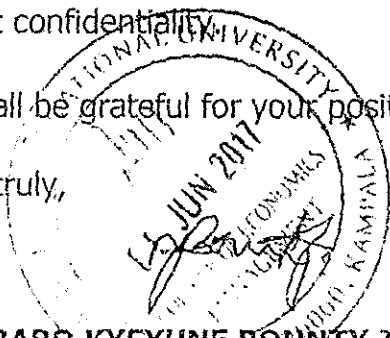
**Topic: - THE IMPACT OF CONSUMER ATTITUTDE ON INTERNET
BANKING ADOPTION IN UGANDA.**

Case Study: - PRIDE MICRO FINANCE KABALAGALA BRANCH.

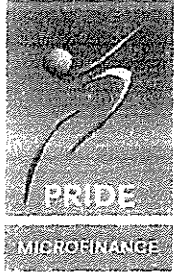
Any information shared with her from your organization shall be treated with utmost confidentiality.

We shall be grateful for your positive response.

Yours truly,



**Dr. KIRABO KYEYUNE BOUNTY JOSEPH
HOD – ACCOUNTING & FINANCE
0772323344**



PRIDE MICROFINANCE LIMITED (MDI)

Victoria Park, Block B, Bukoto, Plot 6-9
Ben Kiwanuka Okot Close,
P.O. Box 7566 Kampala-Uganda
Tel: +256 414 346297 / 346930 / 258150
+256 312 262365 / 6
Fax: +256 414 346 147
Email: pml@pridemicrofinance.co.ug
Web: www.pridemicrofinance.co.ug

29th May, 2017

TO WHOM IT MAY CONCERN

Dear sir / madam

RE: ACCEPTANCE FOR STUDY OF NAMUGALU FLORENCE

This is to confirm acceptance of the above named student to carry out A CASE STUDY ON THE IMPACT OF CONSUMER ATTITUDE ON INTERNET BANKING ADOPTION IN UGANDA AT OUR KABALAGALA BRANCH.

We are willing to provide the necessary information that is going to help her in the study.

Yours faithfully,

Branch operations manager

