

**ELECTRONIC BANKING AND CUSTOMER SATISFACTION IN COMMERCIAL
BANKS IN BOSASO, PUNTLAND, SOMALIA**

BY

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DECLARATION A

"This Thesis is my original work and had not been presented for a Degree or any other academic award in any University or Institution of learning".

MOHAMED SAID ABDIRAHMAN 

Name and Signature of Candidate

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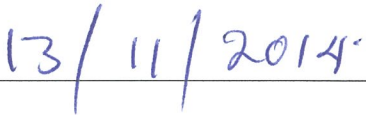
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DECLARATION B

"I confirm that the work reported in this Thesis was carried out by the candidate under my supervision".



Name Signature of the Supervisor



Date

DEDICATION

This thesis is dedicated to the whole of my family, especially my father and my mother and those who helped me to carry on my masters degree work in Kampala International University (KIU). also dedicated to my undergraduate university (EAU).

ACKNOWLEDGEMENT

First and foremost, I am indebted to the almighty Allah. Because of His full mercy, and Grace, I could complete my study. I am grateful to Dr. S. Kinyatta my supervisor, for his continuous encouragement and guidance.

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Finally I would like to thank Kampala international university.

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LIST OF ACRONYMS

FDIC Federation Deposit Insurance Corporation

ATM Automatic Teller Machines

EFT Electronic Funds Transfer

WAP Wireless Application Protocol

WOM Positive Word-of-Mouth

ABSTRACT

The study sought to establish the relationship between electronic banking and customer satisfaction among commercial banks in Bosaso, Puntland, Somalia. The study was guided by three specific objectives, which included. i) the extent of electronic banking among commercial banks in Bosaso, Puntland, Somalia; ii) the level of customer satisfaction among commercial banks in Bosaso, Puntland-Somalia; iii) the relationship between electronic banking and customer satisfaction among commercial banks in Bosaso, Puntland, Somalia. This research also employed descriptive correlation design to describe the relationship between relationship between electronic banking and customer satisfaction among commercial banks in Bosaso, Puntland, Somalia, it consisted a population of 500 and a sample size of 200 respondents. Simple random sampling was used to select respondents from those workers, to avoid biased information, and purposive sampling; the research instruments included the questionnaires and interview. The findings revealed the following: majority of the respondents in this sample were males (68.5%). Data analysis using means connoted that the extent of electronic banking among commercial banks in Bosaso, Puntland, Somalia was rated unsatisfactory on average (mean=2.34), implying that the financial Banks in Bosaso Puntland, Somalia don't allow their customers to conduct financial transactions electronically on a secured website operated by the institution, which can be a retail bank, virtual bank, credit union or building society, the level of customer satisfaction among commercial banks in Bosaso, Puntland, Somalia was found low (mean=2.13), and this therefore implied that the commercial banks in Bosaso, Puntland, Somalia always provide electronic services which don't meet customers' expectations and which in turn leads to low levels of company loyalty and product repurchase. The researcher found that there is a positive significant relationship between electronic banking and customer satisfaction among commercial banks in Bosaso, Puntland, Somalia. The researcher recommended that there is need to increase the quality of electronic banking services provided by the commercial banks in Bosaso, Puntland, Somalia. There is a need for the customer representatives for online services to improve on the response to client queries timely.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The chapter contains the background of the study, statement of the problem, research objectives, research questions, research hypothesis, significance of the study, scope of the study, operational definitions of key terms.

1.1 Background of Study

1.1.1 Historical prospective

The new millennium brought with it new possibilities in terms of information access and availability simultaneously, introducing new challenges in protecting sensitive information from some people while making it available to others. Today's business environment is extremely dynamic and experience rapid changes as a result of technological improvement, increased awareness and demands Banks to serve their customers electronically. Banks have traditionally been in the forefront of harnessing technology to improve their products and services. The Banking industry of the 21st century operates in a complex and competitive environment characterized by these changing conditions and highly unpredictable economic climate.

Electronic banking started in the early 1980s both in the United States and the United Kingdom. It really took off with the arrival of the World Wide Web, when traditional banks offered their clients account access online, while some new banks started operating on the Web only. Banking industry has traditionally operated in a relatively stable environment for decades. However, with the advent of Internet banking, the industry is characterized by dramatically aggressive competition. The shift from traditional branch banking to Internet banking has meant that new strategies to attract new customers and retain existing ones have become critical (Wong, 2005). Electronic Banking allows customers to access banking services 24 hours a day, 7 days a week. Like ATMs, electronic banking empowers customers to choose when and where they conduct their banking transactions.

According to Global Finance, electronic banking is not an option but a pre-requisite for all banks due to the growth in technology. Global Finance in 2012, listed Citi bank and HSBC banks as the

most prominent banks worldwide using electronic banking in the countries where they have branches. At a world level, electronic banking has greatly grown in Europe, America and some Asian countries which practice is impacting on the service delivery in the banking sector of the world.

According to Federation Deposit Insurance Corporation (FDIC), over 73.5% United States consumers by the year 2012 were paying their household bills through online banking while 76% of all French internet users were banking online. This kind of a trend gives a clear picture for the growth of electronic banking throughout the world which has also positively impacted on customer satisfaction (FDIC, 2012).

Electronic banking in Africa and some parts of Middle East is still lagging behind because of a number of challenges. Such areas lack a wired Internet infrastructure, depending instead on mobile wireless communications which practice has contributed less towards the development of electronic banking in the region. A survey carried out by the African Bank indicate that African banks are far away from achieving a standard electronic banking system because of the challenges faced at the continent like the poor leadership in some countries and unreliable banking policies.

1.1.2 Theoretical perspective

This study was based on disconfirmation theory of consumer satisfaction by Khalifa & Liu, 2002 which suggests that customer satisfaction/dissatisfaction is the difference that exists between the performance of a product/service and some cognitive or emotional standards of the consumer, such as desire and expectation of customers. If perceived performance exceeds or falls short of expectation or desire, there is positive disconfirmation or negative disconfirmation and the customer is satisfied or dissatisfied respectively.

The exchange of money for products or services rendered in just a commercial exchange (Suda,2001). The chances that the person supplying the products or services looks upon the individual handing the money over as a valuable 'commodity' in and of themselves is very, very rare indeed. The only time the term 'customer service' pop into the head of a supplier is when a customer reaches their breaking point. And that's the problem with Somalian as a whole. They

do not complain consistently. They hold it all in until they reach this 'breaking point', which is usually fascinating in its occurrence if you are blessed enough to be present. It is simply absurd that government-run organizations take customer service more seriously than private run ones, who one would think need the public's blessings to succeed.

Theory of customer service and satisfaction of Allan (2009) is about retaining customers and Loyalty remains the key element and it is an intensely practical theory.

1.1.3 Conceptual perspective

Daniel (1999) defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television

Electronic Banking offers different online services like balance enquiry, request for cheque books, recording stop payment instructions, balance transfer instructions, account opening and other form of transitional Banking services.

According to Saha and Zhao (2005), customer satisfaction is a collection of outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service. Customer satisfaction is a part of customer's experience that exposes a supplier's behavior on customer's expectation. It also depends on how efficiently it is managed and how promptly services are provided. This satisfaction could be related to various business aspects like marketing, product manufacturing, quality of products and services, responses customer's problems and queries, completion of project, post delivery services, complaint management etc. Buras (1995) defined electronic banking as the process whereby the customer is able to access, control and use his/her account over the Internet.

Ongkasuwan and Tantichattanont (2002) further noted that internet (electronic) banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their web enabled computers with internet connection to banks' web sites any time they wish.

Payne (2002) noted that SMS banking uses short text messages sent through the client's mobile phone, SMS text messages can be used for both passive and active operations similarly as with classic telephone banking.

Customer satisfaction is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is also defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products or its services (ratings) exceeds specified satisfaction goals (Farris, Paul W et.al.2010). And yet another definition of customer satisfaction is it refers to the extent to which customers are happy with the products and/or services provided by a business. Further definition of customer satisfaction is it is a term generally used to measure a customer's perception of a company's products and/or services. It's not a straight forward science however, as customer satisfaction will vary from person to person, depending on a whole host of variables which may be both psychological and physical. The usual measures of customer satisfaction involve a survey with a set of statements using a Likert Technique or scale (Westbrook, 1980).

Customer satisfaction in the business management is a very important factor which determines the growth of a business. In Somalia due to the past insecurity in the region, few business organizations have been able to put up proper structures that can support customer satisfaction and this is greatly contributing to the increasing number of unsatisfied customers in Somalia when it comes to business organizations.

1.1.4 Contextual perspective

Though there are few researches done about electronic banking in Somalia electronic banking is a useful topic to study how to make it applicable using the available Information Communication Technology infrastructures together with the existing financial and legal frameworks so that the quality of services in Somalia banking sector can be enhanced for the future. Moreover Internet banking has been widely studied in developed countries and also to some extent in developing countries but not in Somalia. Very few studies have been done in developing countries, and it has not been well investigated in Somalia. Customers in Somalia are late adopters of the Internet and its applications with regards to electronic banking. It looks that electronic banking is facing

difficulties in Somalia. Somalia banking system is still underdeveloped compared to the rest of the world and electronic payment systems are at an embryonic stage.

Somalia's banking sector has evolved over time from a period of "financial repression" during the 1970s and 1980s to a period of liberalization that started in the late 1980s. The reforms were initiated with a view to addressing major misalignments in the financial sector that were believed to impede economic growth through inefficient performance of the banking sector. Major concerns included inefficient allocation of credit and limited access to financial services by the larger population. While cognizant of these important concerns in the banking sector was critical, equally important was the need, on the part of the central bank, to ensure soundness of banks to guarantee security of depositors' money, among other things. Accordingly, the financial sector reforms Somalia implemented were aimed at achieving efficiency in financial intermediation on the one hand and strengthening the banking sector through efficient and effective supervision by the central bank study on the other.

To a lesser extent however, electronic Banking innovations in commercial banks in the Puntland state of Somalia seems not to have achieved its aims due to the unstable state in the country. Long Queues are still seen in the banking halls, bank customers still handle too much cash, and hardly do people talk about the electronic banking products that are available. The long queues and huge crowds are highly devastating and discouraging most times, especially when the weekend is near. Most times, these long queues are as a result of the breakdown of the computers used by the Bank tellers, sometimes it occurs as a result of the Bank tellers absolving them from duty and passing the bulk to someone else.

Business in puntland is generally characterized by unsatisfied customers which negatively impacts on customer retention in the business organization. Business organization like banks struggle to compete in the market due to poor service delivery to the customers. For example about 70% of the customers in the banks are not satisfied with the way they are served (Jareng, 2006).

1.2 Problem Statement

The insufficient Customer Satisfaction in commercial banks of Somalia has led many people in the country to lose interest in the services of the banks. The country's banking system is very poor with people lining up to withdraw or deposit money because of the undeveloped electronic banking sector in Somalia. According to the World Bank report (2012), most bank customers in Somalia were dissatisfied with the way the banking system in the country gives services to the people and most of them were uncomfortable with the poor service delivery in the country.

In Puntland of Somalia, Bank customers today are concerned about the safety of their funds and returns on their investments only. Customers demand efficient, fast and convenient services. Customers want a Bank that will offer them services that will meet their particular needs.

(personalized Banking) and support their business goals for instance; businessmen want to travel without carrying cash for security reasons. They want to be able to check their balance online to find out if a cheque is cleared, transfer funds among accounts and even want to download transaction records into their own computer at work or home. Customers want a preferential treatment and full attention by their chosen Bank. All these are only achievable through electronic Banking.

According to the central bank of Somalia report (2001), many business people in the country resorted to moving with their cash in bags while others were comfortable keeping it at home instead of taking it to the bank.

If this problem could not be addressed properly it will lead to many consequences which are undesirable. Therefore, the purpose of this research was to find out why such dissatisfaction exist and how it can be solved to enable Banks satisfy their customers.

1.3 Research Objectives

1.3.1 Main objective

The researcher aimed at investigating the relationship between electronic banking and customer satisfaction, and wanted to find out whether customer satisfaction would be achieved by electronic banking.

1.3.2 Specific objectives

1. To examine the extent of electronic banking in commercial banks in Bosaso Puntland, Somalia.
2. To determine the level of customer satisfaction in commercial banks in Bosaso Puntland, Somalia.
3. To establish whether there is a significant relationship between electronic banking and customer satisfaction in commercial banks in Bosaso Puntland, Somalia.

1.4 Research questions

1. What is the extent of electronic banking and customer satisfaction in commercial banks of Bosaso Puntland, Somalia?
2. What is the level of customer satisfaction in commercial banks in Bosaso Puntland, Somalia?
3. Is there any significance relationship between electronic banking and customer satisfaction in commercial banks in Bosaso Puntland, Somalia?

1.5 Hypothesis

There was a significant relationship between electronic banking and customer satisfaction in commercial banks in Bosaso, Puntland, Somalia.

1.6 Scope of study

1.6.1 Geographical scope

The study was carried out in commercial banks of Bosaso, Puntland Somalia including Dahabshiil bank, Amal bank, Iftin bank, salama bank and Tawakal bank. The research concentrated on customers, employees, managers and other experts who were knowledgeable about electronic banking.

1.6.2 Content scope

The study intended to examine electronic banking and customer satisfaction, the strengths and weaknesses of these aspects, significant relationship in electronic banking and customer satisfaction among commercial banks of Bosaso, Puntland, Somalia.

1.6.3 Time scope

This study was conducted from July 2013 up to July 2014

1.6.4 Theoretical scope

This study was based on disconfirmation theory by Khalifa & Liu, 2002 that suggests that customer satisfaction/dissatisfaction is the disparity that exists between the performance of a product/service and some cognitive or emotional standards of the consumer, such as desire and expectation of customers. If perceived performance exceeds or falls short of expectation or desire, there is positive disconfirmation or negative disconfirmation and the customer is satisfied or dissatisfied respectively.

1.7 Significance of the study

1. The findings of the study may assist service providers (commercial banks) to identify service quality dimensions that predict customers' satisfaction, in order to concentrate on them according to their degree of importance.
2. The study may be significant to the Somali economy. A sound financial sector contributes a lot to the GDP and it is hoped that the study will establish the causes of the sector's dismal performance and make appropriate remedial recommendations.
3. This in turn may assist policy makers to put in place appropriate policies to restore the banking sector.
4. The study may provide a basis for subsequent researchers to carry out further research in the electronic banking fraternity.
5. It may also add on the existing knowledge about electronic business companies in Somalia.

1.8. Operational Definitions of Key Terms

Mobile Banking - is a product that offers Customers of a Bank to access services as you go. Customer can make their transactions anywhere such as account balance, transaction enquiries, stop checks, and other customer's service instructions, Balance Inquiry, Account Verification, Bill Payment, Electronic fund transfer, Account Balances, updates and history, Customer service via mobile, Transfer between accounts etc. according to Thomson in 2011)

Daniel (1999) defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television.

According to Buras (1995) electronic banking is characterized by the use of data communication networks to establish electronic connections between banks and customers/clients in preparation, management and control of financial transactions.

Ongkasuwan and Tantichattanon (2002) defines Internet banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their web enabled computers with Internet connection to banks' web sites any time they wish.

Customer satisfaction is an "evaluation of the perceived discrepancy between prior expectations and the actual performance of the product or service according by Erikson (2012)

According to Saha (2005), customer satisfaction defined as a collection of outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service

Customer service is a system of activities that comprises customer support systems, complaint processing, speed of complaint processing, ease of reporting complaint and friendliness when reporting complaint (Kim, Park and Jeong, 2004).

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter comprised theoretical review, concept frame work and related literature.

2.1 Theoretical review

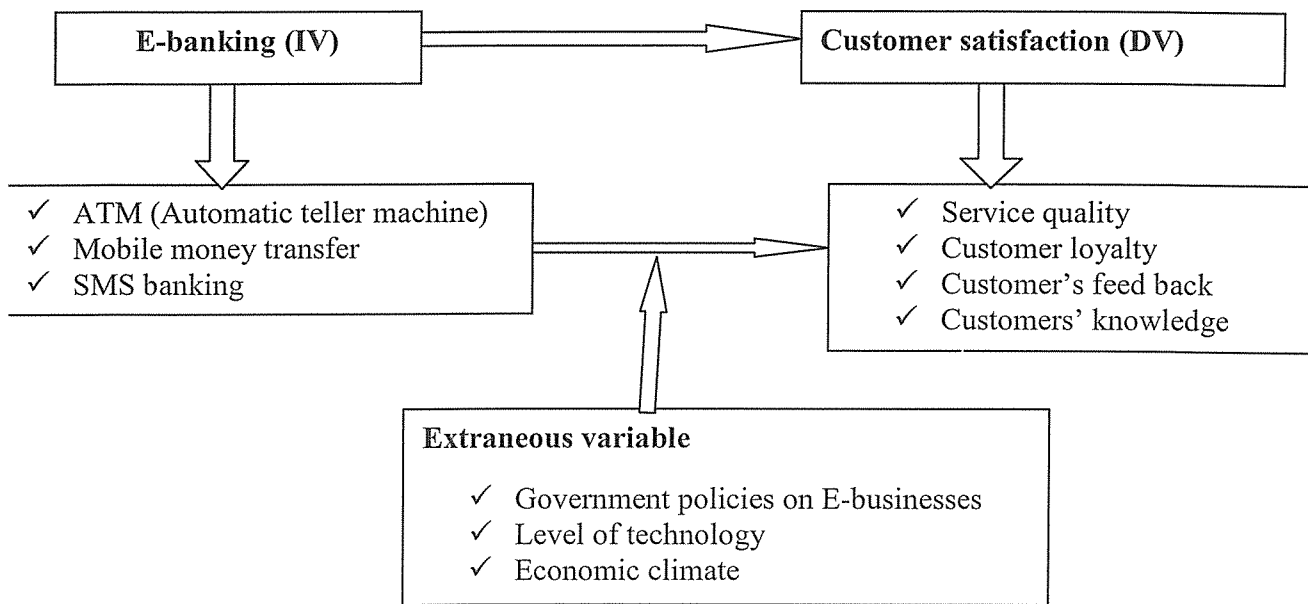
The study was based on disconfirmation theory of consumer satisfaction by Khalifa & Liu (2002) who suggest that customer satisfaction/dissatisfaction is the difference that exists between the performance of a product/service and some cognitive or emotional standards of the consumer, such as desire and expectation of customers. If perceived performance exceeds or falls short of expectation or desire, there is positive disconfirmation or negative disconfirmation and the customer is satisfied or dissatisfied respectively.

The exchange of money for products or services rendered in just a commercial exchange (Suda,2001). The odds that the person supplying the products or services looks upon the individual handing the money over as a valuable 'commodity' in and of themselves is very, very rare indeed. The only time the term 'customer service' pops into the head of a supplier is when a customer reaches their breaking point.

The theory of customer service and satisfaction of Allan (2009) is about retaining customers and Loyalty remains the key element and it is an intensely practical theory. Without a firm take hold off on the best principles of customer care through customer services, a firm cannot survive and cannot make profits. Few want to do business without a firm that cares little about customers, their comfort and concerns. If a firm owner or manager wants to gain profits (being successful), that person needs to be very involved in with meeting customer needs, or the customer will go elsewhere. Therefore, profit seeking firms, regardless of their true motivation, are forced by the nature of the market place to treat customers with respect and seek their royalty and return business. Customer care is almost synonymous with customer loyalty and customer satisfaction. They are links in a broader chain. Customer care is that which creates customer satisfaction, and in turn, the firm gains higher levels of profits.

2.2 Conceptual Framework

A Conceptual framework showing the relationship between E-banking and Customer satisfaction



Source: primary data, 2014

Figure 1: A Conceptual frame work

A functional regression model derived from the conceptual frame work

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

Where Y= Dependent variable

α = level of significance (0.05)

β = Beta

X= Independent variables

A conceptual framework in figure 1 illustrates that e-banking influences the level of customer satisfaction. E-banking was conceptualized/ broken into small constructs such as use of ATM, mobile money transfer and SMS banking. Customer satisfaction was conceptualized in terms of service quality, customer loyalty, and feedback and customer knowledge. The framework still illustrates that e-banking directly affects the level of customer satisfaction. However the

relationship can be modified by nature of Government policies, level of technology and economic climate.

2.3 Related literature

Electronic banking

Electronic banking, also known as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another, rather than by check or cash. Clients use modern communication media for remote communication with the bank: a modem, telephone, computer or payment card. A characteristic feature of these services is the client's uninterrupted round-the clock account access, i.e., independent of banking business hours and the ability to execute local and international payments directly from the comfort of the home or office. This reduces cash handling and transport costs, lowers the risk of theft or accepting counterfeit bank notes, it increases speed and enhances the comfort of making payments (Cronin & Mary, 1997).

Buras (1995) defined electronic banking as the process whereby the customer is able to access, control and use his/her account over the Internet. According to Burras (1995) electronic banking is characterized by the use of data communication networks to establish electronic connections between banks and customers/clients in preparation, management and control of financial transactions. Pardon (1977) observed that a variety of electronic banking technologies in recent years had expanded. With financial institutions, technologies like direct deposit, automated teller machines and credit/debit cards have been the key investments and innovations. He however observed that these innovations and creations need an environment that is customer friendly and likely to improve on their satisfaction. He noted that in a clientele world, the customer is the king so if these technologies are meant to improve on service delivery and satisfaction, electronic banking possess a better future (Burras, 1995).

The concept of electronic banking has been also defined in many ways, Daniel (1999) defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television. According to Arunachalam and Sivasubramanian (2007), Internet (electronic) banking is where a

customer can access his or her bank account via the Internet using personal computer (PC) or mobile phone and web-browser.

In addition, Ongkasuwan and Tantichattanont (2002) further noted that internet (electronic) banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their web enabled computers with internet connection to banks' web sites any time they wish. Internet banking service also enables bank customers to perform transactions such as transfer and payments, access of latest balance, statement viewing, account detail viewing, customization, print, downloading of statements and obtaining a history statement on all accounts linked to the bank customers" Auto Bank (ATMs). According to Khan (2007), Internet (electronic) banking includes the system that enables financial institution customers, individuals or businesses, access accounts, transact business, or obtain information on financial products and services on public or private network including Internet. Internet (electronic) banking is the act of conducting financial intermediation on the Internet (Kim, 2006).

According to Foley (2000), automated teller machines work 24 hours a day, and are located in many different places especially in the most populated places, which makes them easy to find. Using an ATM requires an ATM card and a personal PIN allowing customers secure 24 hour access to banking services such as deposits, withdrawals, transfers, inquiries about account balances, requests for cheque books, account statements, direct deposits, etc. Electronic communication means are particularly coming to the forefront. These are more convenient, faster, and often cheaper for clients. Banking experience shows it is suitable to use combinations of several communication means, depending on individual segments, clients, and types of operations, products and situations. Electronic banking is a service that specifically uses electronic communication forms. Electronic banking can be divided on the basis of the instruments used: telephone connection, personal computers, means of payment (bank cards) and self service zones Forms of electronic banking (Foley, 2000).

Foley (2000) claim that content on online banking on the web site is one of the factors influencing online-banking acceptance. On the other hand, quality designs, graphics or colors

and the propensity to portray good image of the bank would enhance efficient use of navigation. In the context of internet banking, there is a growing body of research that has looked at influences on customer satisfaction. Jayewardene and Foley (2000) illustrated that such web site features as speed, web site content and design, navigation, interactivity and security all influence user satisfaction whereas Broderick and Vachirapornpuk (2002) found that the level and nature of customer participation had the greatest impact on the quality of the service experience and issues such as customers' zone of tolerance, the degree of role understanding by customers and emotional response potentially determined, expected and perceived service quality (Foley, 2000).

Payne (2002) noted that SMS banking uses short text messages sent through the client's mobile phone, SMS text messages can be used for both passive and active operations similarly as with classic telephone banking. A client can automatically receive information about his account balance: an SMS is sent to the client immediately after a certain operation is performed, or on request: a client sends the bank a correctly formatted message which processes it and answers the client's request by SMS. Information sent on request mostly concerns current interest rates or currency exchange rates. Providing these is simple for the bank because this is publicly accessible information that needs no protection. A client however can request information about the balance in his account, which is not public information and must be protected when it is provided. Passwords are used for this purpose or technologies based on the principle of an electronic key. A client however is required to know the code of every transaction including constant and variable symbols (Payne, 2002).

Kim (2006) asserted that, internet banking has advantages for banks to maintain competition, to save costs, to enhance mass customization, marketing and communication activities, and to maintain and attract consumers, where as Katr (2003) stated that the internet banks serve also as gateways offering identification and authorization services to a number of third party service providers. Rationale for „banks“ to provide internet banking services, Ongkasuwan and Tantichattanont (2002) indicated that internet banking helps banks in cost saving, increase customer base, enable mass customization for e-business services, extend marketing and communication channel, search for new innovation services, and explore and development of non-core business. However, customers' ability to subscribe to the Internet-based banking

services depend on several factors such as user-friendly interface, level of Internet experience, types of services provided, (for example e-mail, file transfer, news, online financial services, shopping and multimedia services), attitude and perception, access and delivery time and experience with the Internet (Kim, 2006).

a) Telephone banking

Telephone banking and the first banking services using classic telephone lines for communication date back to the turn of the sixties and seventies of the last century. These services grew very rapidly and at the close of the 20th century mobile phones also started to be used in banking with the development of information and communication technologies. In this period banks quickly responded to the dawning of a new era in using mobile telephones worldwide and began communicating with their clients by SMS messages, with GSM banking later becoming a natural component of electronic banking.

Each financial institution offers this under a different name, but the essential product remains the same. A mobile phone can be used to communicate with a so-called telephone banker or an automated telephone system, just as well as a fixed line. However, opportunities for mobile phone usage in communication with a bank are much greater. Mobile phone use represents a direct communication channel that spread on a massive scale through which clients have immediate access to typing a bank operation, ordering services or working with accounts. Electronic banking using a telephone connection can be divided into phone banking (ATS, client advisor) and mobile banking.

b) SMS Banking

SMS banking uses short text messages sent through the client's mobile phone. SMS text messages can be used for both passive and active operations similarly as with classic telephone banking. A client can automatically receive information about his account balance: an SMS is sent to the client immediately after a certain operation is performed, or on request: a client sends the bank a correctly formatted message which processes it and answers the client's request by SMS. Information sent on request mostly concerns current interest rates or currency exchange rates. Providing these is simple for the bank because this is publicly accessible information that

needs no protection. A client however can request information about the balance in his account, which is not public information and must be protected when it is provided. Passwords are used for this purpose or technologies based on the principle of an electronic key. A client however is required to know the code of every transaction including constant and variable symbols.

c) Mobile money transfer

Mobile payment, also referred to as mobile money, mobile money transfer, and mobile wallet generally refer to payment services operated under financial regulation and performed from or via a mobile device. Instead of paying with cash, or credit cards, a consumer can use a mobile phone to pay for a wide range of services and digital or hard goods. Although the concept of using non-coin-based currency systems has a long history it is only recently that the technology to support such systems has become widely available.

Mobile payment is being adopted all over the world in different ways. In 2008, the combined market for all types of mobile payments was projected to reach more than \$600B globally by 2013, which would be double the figure as of February, 2011. The mobile payment market for goods and services, excluding contactless Near Field Communication or NFC transactions and money transfers, is expected to exceed \$300B globally by 2013.

In developing countries mobile payment solutions have been deployed as a means of extending financial services to the community known as the "unbanked" or "under banked," which is estimated to be as much as 50% of the world's adult population, according to Financial Access' 2009 Report "Half the World is Unbanked". These payment networks are often used for micropayments.

d) GSM SIM Toolkit

The GSM SIM Toolkit service can only be used from a mobile phone supporting this technology. GSM SIM Toolkit is a software interface that enables arbitrary changes to the mobile phone menu. Operators supporting this technology can use it to personalize mobile phone menus. This means that only functions activated and paid for will appear on the user menu. This technology dates back to 1998. Among the first companies to use it in banking applications based on the

GSM SIM Toolkit standard were RadioMobil and Expandia Bank in the Czech Republic. Most mobile phones now on the market support for the GSM SIM Toolkit. To use this service the client needs to be using services of an operator supporting this standard in its network, be a client of a bank that offers handling of accounts through the GSM SIM Toolkit, have a mobile phone supporting GSM SIM Toolkit technology and use a special SIM card for banking services.

After buying a special SIM card and activating it at the pertinent bank branch the client can begin using this service. The mobile phone menu will be widened to include the Banking Services item, through which it is possible to carry out active or passive banking operations. The precise structure differs from one financial institution to another. Security is what is important here.

e) WAP (Wireless Application Protocol)

WAP is often compared to web pages, although this is a simplification. Unlike pages appearing on a computer monitor, WAP presents its output on a small mobile phone display, therefore concentrating on text information. It is a form of gateway to various services prepared by a mobile network operator or another firm. One condition for using the service is that the client must have a mobile phone supporting WAP technology. Security is again provided by an electronic key. WAP banking has not caught on very well so far, some banks however continue to offer it despite the relatively low number of users, by Boating and Molla, (2006)

f) Electronic Banking using Personal Computers

Along with significant growth in the usage of mobile phones in banking practice, personal computers have also come to the fore, which to an even greater extent facilitate and modernize banking service provision. In an information society this communication instrument plays an irreplaceable role and is indispensable for the present day banking sphere. The area of electronic banking realized through personal computers can be divided into home banking, internet banking and mail banking, by Anderson, E.W., & Sullivan, M.W. (1993).

g) Internet banking or E-banking)

Allows customers of a financial institution to conduct financial transactions on a secured website operated by the institution, which can be a retail bank, virtual bank, credit union or building society. To access a financial institution's online banking facility, a customer having personal Internet access must register with the institution for the service, and set up some password (under various names) for customer verification. The password for online banking is normally not the same as for [telephone banking]. Financial institutions now routinely allocate customers numbers (also under various names), whether or not customers intend to access their online banking facility. Customer's numbers are normally not the same as account numbers, because number of accounts can be linked to the one customer number. The customer will link to the customer number any of those accounts which the customer controls, which may be cheque, savings, loan, credit card and other accounts. Customer numbers will also not be the same as any debit or credit card issued by the financial institution to the customer. source Arunachalam and `Sivasubramanian, (2007).

h). ATM (Automatic Teller Machine)

Automated teller machines work 24 hours a day, and are located in many different places especially in the most populated places, which makes them easy to find. Using an ATM requires an ATM card and a personal PIN allowing customers secure 24 hour access to banking services such as deposits, withdrawals, transfers, inquiries about account balances, requests for cheque books, account statements, direct deposits, etc (FTC FACTS For Consumers, 2009). Computerized machine that permits bank customers to gain access to their accounts with a magnetically encoded plastic card and a code number. It enables the customers to perform several banking operations without the help of a teller, such as to withdraw cash, make deposits, pay bills, obtain bank statements, effect cash transfers. Also called automated Banking machine, automatic till machine, or remote service unit.

Using an ATM, customers can access their bank deposit or credit accounts in order to make a variety of transactions such as cash withdrawals, check balances, or credit mobile phones. If the currency being withdrawn from the ATM is different from that in which the bank account is denominated the money will be converted at an official exchange rate. Thus, ATMs often

provide the best possible exchange rates for foreign travellers, and are widely used for this purpose.

Advantages of E-Banking

Kim et al. (2006) asserted that, Internet banking has advantages for banks to maintain competition, to save costs, to enhance mass customization, marketing and communication activities, and to maintain and attract consumers. Katr (2003) stated that the Internet banks serve also as gateways offering identification and authorization services to a number of third party service providers. Rationale for „banks“ to provide Internet banking services, Ongkasuwan and Tantichattanont (2002) indicate that internet banking helps banks in cost saving, increase customer base, enable mass customization for e- Business services, extend marketing and communication channel, search for new innovation services, and explore and development of non-core business. However, customers“ ability to subscribe to the Internet-based banking services depend on several factors such as user-friendly interface, level of Internet experience, types of services provided, (for example e-mail, file transfer, news, online financial services, shopping and multimedia services), attitude and perception, access and delivery time and experience with the Internet.

Factors Influencing the Adoption of Electronic Banking

Accessibility

Accessibility defines as the ability of users to access information and services from the web is dependent on many factors. These include the content format; the user's hardware, software and settings; internet connections; the environmental conditions and the user's abilities and disabilities (Godwin-Jones 2001; Hackett and Parmanto, 2009). The term "web accessibility" generally relates to the implementation of website content in such a way as to maximize the ability of users with disabilities to access it. For example, providing a text equivalent for image content of a web page, allows users with some visual disabilities access to the information via a screen reader.

The techniques and approaches that create more accessible web pages for people with disabilities also address many other access issues such as download speed and discoverability (Godwin-

Jones 2001; Hackett et al, 2004; Hackett and Parmanto, 2009). Jun et al (1999) revealed reliable/prompt responses, attentiveness, and ease of use had considerable impacts on both customers perceived overall service quality and satisfaction. It also indicated that there is a significant positive relationship between overall service quality and satisfaction. Yang and Jun (2002) redefined the traditional service quality dimensions in the context of online services, and suggested an instrument consisting of seven online service dimensions (reliability, access, ease of use, personalization, security, credibility, and responsiveness).

Joseph et al (1999) considered banking service quality with respect to technology use, such as ATMs, telephone, and the internet and identified six dimensions. They were convenience/accuracy; feedback/complaint management; efficiency; queue management; accessibility; and customization. Therefore, it is hypothesized that accessibility has positive effect on customer satisfaction.

Convenience

E-banking provides higher degree of convenience that enables customers to access internet bank at all times and places. Apart from that, the ease of access of computers is perceived as a measure of relative advantage (Daniel, 1999, Black et al, 2001; Polatoglu and Ekin, 2001; Gerrard and Cunningham, 2003). Johnston (1995) revealed that there are some service quality determinants that are predominantly satisfiers and others that are predominantly dissatisfies with the main sources of satisfaction being attentiveness, responsiveness, care and friendliness. The main sources of dissatisfaction are integrity, reliability, responsiveness, availability and functionality.

According to Ainscough and Luckett (1996), the provision of customer interactivity is an important criterion that attracts users in the delivery of e-banking. Gerrard and Cunningham (2003) also identify other factors of paramount importance in ensuring the success of e-banking, i.e. the ability of an innovation to meet users' needs using different feature availability on the web site. For instance, the provision of interactive loan calculators, exchange rate converters, and mortgage calculators on the web sites draw the attention of both users and non-users into the bank's web site. A UK study uncovered five key service quality attributes, such as security

related issues, convenience, speed and timeliness of the service, and product variety/diverse features (White and Nteli, 2004). Therefore, it is hypothesized that convenience has positive effect on customer satisfaction.

Privacy

Customers have doubts about the trust ability of the e-bank's privacy policies (Gerrard and Cunningham, 2003). Trust has striking influence on user's willingness to engage in online exchanges of money and personal sensitive information (Friedman et al, 2000; Wang et al, 2003). Privacy is an important dimension that may affect users' intention to adopt e-based transaction systems. Encryption technology is the most common feature at all bank sites to secure information privacy, supplemented by a combination of different unique identifiers, for instance, a password, mother's maiden name, a memorable date, or a few minutes of inactivity automatically logs users off the account. Besides, the Secure Socket Layer, a widely-used protocol use for online credit card payment, is designed to provide a private and reliable channel between two communicating entities; the use of Java Applet that runs within the user's browser; the use of a Personal Identification Number., as well as an integrated.

Security

Assurance about security relates to the extent to which the web site guarantees the safety of customers' financial and personal information, an area which has witnessed a proliferation of research interest (Kimery and McCord, 2002; Miyazaki and Krishnamurthy, 2002). Security can be assured by providing a privacy statement and information about the security of the shopping mechanisms and by displaying the logos of trusted third parties. For example, displaying trusted third party logo guarantees a certain level of security protection and has been shown to significantly influence how consumers regard the trustworthiness of e vendors (Jiang et al, 2008). Internet banking was made possible by the creation of Web browsers. In this mode of online banking, consumers do not have to purchase additional software (all they need is the browser), store any data on their computer, backup any data, or wait for software upgrades or new versions (Kolsaker and Payne, 2002; Dong-Her et al, 2004). All transactions occur on a secure server of a bank via the internet.

Design

The goal of aesthetic design is to make a web site visually attractive and enjoyable. Proctor et al (2002, 2003) discussed content preparation in a broad sense and identified its four aspects: knowledge elicitation, information organization and structure, information retrieval, and information presentation. During design, and prior to implementation, it is strongly recommended that users of different ages, and with a range of capabilities and limitations be engaged to trial the new service and provide feedback. Financial institutions should test accessibility of their customer websites with both automated tools and user accessibility trials. Therefore, it is hypothesized that design has a positive effect on customer satisfaction.

Content

Jayewardene and Foley (2000) and Pikkarainen et al (2004) claim that content on online banking on the web site is one of the factors influencing online-banking acceptance. On the other hand, quality designs, graphics or colors and the propensity to portray good image of the bank would enhance efficient use of navigation. In the context of internet banking, there is a growing body of research that has looked at influences on customer satisfaction. Jayawardhena and Foley (2000) illustrated that such web site features as speed, web site content and design, navigation, interactivity and security all influence user satisfaction whereas Broderick and Vachirapornpuk (2002) found that the level and nature of customer participation had the greatest impact on the quality of the service experience and issues such as customers' zone of tolerance, the degree of role understanding by customers and emotional response potentially determined, expected and perceived service quality.

Speed

Hoffman and Novak (1996) find that there is a significant correlation between download speed and user satisfaction. Speed of download depends on the nature of the site downloaded content, the computing hardware and method of connection used to download information (Jayawardhena and Foley, 2000). Most sites demonstration is small snapshots, and some users have to download the program in order to view the demonstration. Most people perceive downloading may import unwanted viruses, and consume hard disk space. Very often, slow response time after any e-

interaction leads to a delay of service delivery and makes consumers unsure about whether or not the transaction is completed (Jun and Cai, 2001). Johnston (1997) illustrates that certain actions, such as increasing the speed of processing information and customers, are likely to have an important effect in terms of pleasing customers; however other activities, such as improving the reliability of equipment, will lessen dissatisfaction rather than delight customers and suggests that it is more important to ensure that the dissatisfies are dealt with before the satisfiers. Thus, it is hypothesized that speed has positive effect on customer satisfaction.

Fees and Charges

Service quality attributes in e-banking industry are important since human-internet interaction is the main service delivery and communication channel. Offering high quality services to satisfy consumers' needs, at lower costs, are potential competitive advantage of e-banking. Some studies show that e-banking has successfully reduced operating and administrative costs (Devlin, 1995; Siriluck and Speece, 2003). Cost savings have helped e-based banks offer lower or no service fees, and offer higher interest rates on interest-bearing accounts than traditional banks (Gerlach, 2000; Jun and Cai, 2001). Therefore, it is hypothesized that fees and charges have positive impact on customer satisfaction.

Customer satisfaction

According to Saha (2005), customer satisfaction is defined as a collection of outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service. In other words, Saha and Zhao further defined customer satisfaction as a result of a cognitive and affective evaluation where some comparison standard is compared to the actually perceived performance. If the performance perceived is less than expected, customers will be dissatisfied. On the other hand, if the perceived performance exceeds expectations, customer will be satisfied. Boating and Molla (2006) contend that operational constraints related to customer location, the need to maintain customer satisfaction and the capabilities of the Bank's main software are influential factors in motivating the decision to enter electronic banking services and consequently influencing the usage experience and thus affecting the level of satisfaction. Raman et al. (2008) said that service as an intangible good appeal differently to each customer and certain extent of service should be achieved in order to satisfy the customer and

that the resulting commitment, loyalty and retention are critical indicators of customer satisfaction. Customer commitment; Power and Associates (2009) note that on average, highly committed customers use more products or services, give more referrals and are much less likely to switch to another bank, compared with customers who have lower commitment levels.

It is a measure of how products and services supplied by a company meet or surpass customer expectation. It is also "the number of customers or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals." It is seen as a key performance indicator within business and is often part of a Balanced Scorecard. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy (Jereng 2006).

Customer satisfaction is defined as an "evaluation of the perceived discrepancy between prior expectations and the actual performance of the product. Satisfaction of customers with products and services of a company is considered as most important factor leading toward competitiveness and success (Hennig-Thurau and Klee, 1997). Customer satisfaction is actually how customer evaluates the ongoing performance (Gustafsson, Johnson and Roos, 2005). According to Kim, Park and Jeong (2004) customer satisfaction is customer's reaction to the state of satisfaction, and customer's judgment of satisfaction level. Customer satisfaction is very important in today's business world as according to Deng et al., (2009) the ability of a service provider to create high degree of satisfaction is crucial for product differentiation and developing strong relationship with customers.

Customer satisfaction makes the customers loyal to business organization. Previous researchers have found that satisfaction of the customers can help the brands to build long and profitable relationships with their customers (Eshghi, Haughton and Topi, 2007). Though it is costly to generate satisfied and loyal customers but that would prove profitable in a long run for a firm (Anderson, Fornell and Mazvancheryl, 2004). Therefore a business organization should concentrate on the improvement of service quality and charge appropriate fair price in order to

satisfy their customers which would ultimately help the firm to retain its customers (Gustafson, Johnson and Roos, 2005).

It is a common phenomenon that the services a brand offers and the price it charges actually determine the level of satisfaction among its customers, than any other measure (Turel et al. 2006). Customer's involvement is also important as when buyer consider the product important and invests time to seek information then it ultimately enhances the satisfaction level (Russell-Bennett, McColl- Kennedy and Coote, 2007). This satisfaction may influence the concerned company by repurchase, purchase of more products, positive word of mouth and willingness of customer to pay more for the particular brand. Any business is likely to lose market share, customers and investors if it fails to satisfy customers as effectively and efficiently as its competitors is doing (Anderson, Fornell, and Mazvancheryl, 2004).

a) Service quality

Service quality is the extent to which the company achieves the following: Reliability: how trustworthy and helpful they are in providing service when needed to their customer.

Dimensions of service quality

Customer's expectation of a particular service is determined by factors such as recommendations, personal needs and past experiences. The expected service and the perceived service sometimes may not be equal, thus leaving a gap. The service quality model or the 'GAP model' developed by a group of authors- Kevin, Kristine and Berry at Texas and North Carolina in 1985, highlights the main requirements for delivering high service quality. It identifies five 'gaps' that cause unsuccessful delivery. Customers generally have a tendency to compare the service they 'experience' with the service they 'expect'. If the experience does not match the expectation, there arises a gap. Ten determinants that may influence the appearance of a gap were described by Parasuraman, Zenithal and Berry.

b) Customer loyalty

Customer loyalty is both an attitudinal and behavioral tendency to favor one brand over all others, whether due to satisfaction with the product or service, its convenience or performance,

or simply familiarity and comfort with the brand. Customer loyalty encourages consumers to shop more consistently, spend a greater share of wallet, and feel positive about a shopping experience, helping attract consumers to familiar brands in the face of a competitive environment. To understand customer loyalty one must recognize there are different types and degrees of loyalty. There is monogamous loyalty and there is polygamous. There are also behavioral and attitudinal aspects. A look at these concepts will clarify what “customer loyalty” really is, and this is important because having a solid understanding of the concept is critical if one hopes to design a reward program where loyalty enhancement is the primary objective.

c) Customer feedback

Customer feedback is the process or specific instance of providing information to businesses about products, services and customer service. Management, marketing and sales departments can all use customer feedback to streamline processes and improve profitability by Thomson (2004)

Information coming directly from customers about the satisfaction or dissatisfaction they feel with a product or a service. Customer comments and complaints given to a company are an important resource for improving and addressing the needs and wants of the customer. The information is procured through written or oral surveys, online forms, emails, letters, or phone calls from the customer to the company according by Wikipedia.

d) Customer knowledge

Customer knowledge refers to understanding your customers, their needs, wants and aims. It is essential if a business is to align its processes, products and services to build real customer relationships. It includes intimate and tacit knowledge such as that of key account managers, and distant or analytic knowledge including database information about sales, web-behaviour or other analytical piece of data.

Customer knowledge can be approached from two viewpoints. Firstly, you could say that customer knowledge is the "collection of information and viewpoints that an organization has about its customers". Said by'buras 1999, the role of customer knowledge management is to

Capture and organize this data to allow it to be shared and discussed throughout organization". This can include sales and Customer Relationship Management (CRM) systems, account reports, but also include detailed analysis of more quantifiable factors such as purchasing patterns or contact activity.

An alternative definitive of customer knowledge is that it is the "collection of information and insight that you need to have to build stronger customer relationships". From this point of view what you currently know about your customers may not be sufficient. You may need to put in processes and systems to gather more information and data about who your customers are, what they do and how they think. It is likely that the business only has a partial view of customer activity. You may know what the customer spends with you, but not what they spend with competitors for instance.

The aim of building up a strong body of customer knowledge is to develop and manage customer relationships now and over the longer term. Customer knowledge should be determining what to offer, when to offer it and how much for.

Factors affecting customer satisfaction

a) Friendly atmosphere

Friendly atmosphere meant the styles and appearance of physical environment for service giving and the part experienced by customers on the occasion of service transferring (Bitner, 1992). The atmosphere, smell and music expressed by the physical environment would affect customers' perception and behaviors. The overall atmosphere filled with inspiring delight affected customers to stay in longer organization. It could enhance the willingness for customers' to interact and to communicate with service providers and business performance of stores could be improved (Donavan and Rossiter, 1982; Donovan, Rossiter, Marcoolynn and Nesdale, 1994). Thus, when customers implemented touch with service providers, the service providers' service quality to

customers included manual attitude and behaviors. Also, the atmosphere of service environment would affect customers' perception of service performance.

The service environment includes numerous dimensions that can be classified into two main themes and they are internal environment and external environment. Literature on the internal environment primarily focuses on organizational culture and the overriding philosophy brought to service provision by management. The external theme focuses primarily in the physical ambience of service setting. Fisk, Brown and Bitner (2000) stated that, correct workplace conditions are important factors for health and performance and are profitable and beneficial in every way. Meanwhile, Rust and Oliver (1994) stated that, improving workplace conditions and health standards would assure employees' performance. To create a physical infrastructure to satisfy internal and external customers and to obtain higher workplace performance and profit will have a direct impact on an organization's success and on the wealth of the community.

b) Customer Services

Customer service is a system of activities that comprises customer support systems, complaint processing, speed of complaint processing, ease of reporting complaint and friendliness when reporting complaint (Kim, Park and Jeong, 2004). Customer services are the opportunities provided to the bank users to enable them reach their expectations. The improved customer services are the focal point of the bank service providers for social as well as for economic reasons. From a social point of view, services should be available to the customers on reasonable terms. As far as economic factor is concerned, services should satisfy the needs of the customers (True and Serenko, 2006; Melody, 1997).

For developing satisfaction among customers, the banking service providers need to be extra careful for the customer services they provide. Satisfaction of customer is determined by his evaluation of service provided by a brand (Gustafsson, Johnson and Roos, 2005). The study of Ahn, Han and Lee (2006) shows that when the customers, do not get their complaints considered properly, they start looking for other brands. It happens because either the customer service centers do not handle the complaints or the customers are not able to address them properly.

Furthermore, the friendly attitude and courteous behavior of the service workers at service firms leaves a positive impression on the customer which lead towards customer satisfaction (Soderlund and Rosengren, 2008). On the other hand, if a business organization provider lacks in providing services to its customers it experiences customer churn. Kim, Park and Jeong (2004) argued that service provider should provide customer oriented services in order to heighten up customer satisfaction. It was also found that the customers get satisfied to a brand more if they get all the needed services accumulated in that very brand (Ahn, Han and Lee, 2006).

c) Price Fairness

According to Kotler and Armstrong (2010) price is the amount of money charged for a product or service, or the sum of the values that customers exchange for the benefits of having or using the product or service while Stanton, Michael and Bruce (1994) defined price as the amount of money or goods needed to acquire some combination of another goods and its accompanying services. But the marketing literature showed researchers' inclination towards price fairness in relation with customer satisfaction (Hermann et al., 2007; Kukar-Kinney, Xia and Monroe, 2007; Martin-Consuegra, Molina and Esteban, 2007). Price fairness refers to consumers' assessments of whether a seller's price is reasonable, acceptable or justifiable. Price fairness is a very important issue that leads toward satisfaction. Charging fair price helps to develop customer satisfaction and loyalty. Research has shown that customer's decision to accept particular price has a direct bearing at satisfaction level and loyalty and indirectly. In another study of Herrmann et al., (2007), it was concluded that customer satisfaction is directly influenced by price perceptions while indirectly through the perception of price fairness. The price fairness itself and the way it is fixed and offered have a great impact on satisfaction.

d) Speed of feedback

Time spent in communications between the service worker and the customer in the service encounter is the first element. Time of the encounter was conceptualized in the original customer contact model (Chase & Tansik, 1983) as a key ingredient. Time is an absolute measure and represents some active behavior of the service employee. Communications time alone captured 71% of the variability that the service experts felt differentiated one episode from another on a magnitude dimension (Kellogg & Chase, 1995).

The amount of feedback provided sends messages about the importance of the customer survey to everybody in the organization. Rather than providing superficial feedback through newsletters, notice boards or e-mail, the results should be personally presented via feedback workshops, preferably to all employees but at least to those who have a role in delivering satisfaction. For large organizations, feedback workshops may be costly, but will be less expensive than the cost of failing to improve customer satisfaction (Nigel Hill,1999).

Relationship between e-banking and customer satisfaction

According to Tomiuk and Pinsonneault (2001), it was found that electronic banking usage had a considerable effect on customer loyalty among the electronic banking users, while it had a negative impact on non-users. It was concluded that customer care and customer retention should be taken into consideration, because the convenient, easy and fast banking services is associated with the human and technology based delivery processes so that they are linked with the customers' perceptions of how these bank services are delivered to them. Customer retention; Power and Associates (2009) note that retention is defined as the degree to which a customer exhibits repeat purchasing and price tolerance behavior to a service provider, and possesses a positive attitudinal and cognitive disposition, and Keiningham (2007) said that customer retention is defined as customers' stated continuation of a business relationship with the firm.

Al-hawari and Ward (2005) indicate that internet banking is positively related to customer retention. Boateng and Molla (2006) contend that operational constraints related to customer location, the need to maintain customer satisfaction and the capabilities of the Bank's main software are influential factors in motivating the decision to enter electronic banking services and consequently influencing the usage experience and thus affecting the level of satisfaction. Raman et al. (2008) said that service as an intangible good appeal differently to each customer and certain extent of service should be achieved in order to satisfy the customer and that the resulting commitment, loyalty and retention are critical indicators of customer satisfaction. Customer commitment; Power and Associates (2009) note that on average, highly committed customers use more products or services, give more referrals and are much less likely to switch to another bank, compared with customers who have lower commitment levels. Indeed, this view



is supported by Casaló et al. (2008) who contends that higher levels of website usability might lead to higher levels of consumer's affective commitment to the website as well a direct, positive and significant relationship between satisfaction in previous interactions and the consumer's commitment to a financial services website.

Customer loyalty; Power and Associates (2009) define customer loyalty as a deeply held commitment to frequently rebuy or repatronize the same product or service, and though multidimensional in nature, it includes rebuy, repurchasing and resistance towards price increase (Wangenheim and Bayón, 2004). Michael (2007) notes that loyalty equates to a willingness to sacrifice on the part of the customer: a loyal customer may forgo a lower cost solution from a competitor or give you time to improve capabilities because they value other aspects of doing business with you. According to Tcmiuk and Pinsonneault (2001), it was found that electronic banking usage had a considerable effect on customer loyalty among the electronic banking users, while it had a negative impact on non-users.

It was concluded that customer care and customer 16 retention should be taken into consideration, because the convenient, easy and fast banking services is associated with the human and technology based delivery processes so that they are linked with the customers' perceptions of how these bank services are delivered to them. Customer retention; Power and Associates (2009) note that retention is defined as the degree to which a customer exhibits repeat purchasing and price tolerance behavior to a service provider, and possesses a positive attitudinal and cognitive disposition, and Keiningham (2007) said that customer retention is defined as customers' stated continuation of a business relationship with the firm. Al-hawari and Ward (2005) indicate that internet banking is positively related to customer retention.

2.4 Related Studies

A study conducted by Hwang (2001) examined the impact of customer satisfaction on customers' behavioral responses, and the findings of the study indicated that when customers assessed customer satisfaction to be high, they either decided to stay with the existing service provider or subdue their negative behavioral intensions. Customer satisfaction is also found to have strong positive association with word-of mouth communication. The research results

confirm prior research and indicate that the customer satisfaction dimensions are not industry specific, but also country specific. The authors suggest developing strategies to enhance behavioral responses to customer satisfaction and prohibit negative ones. Such strategies can include meeting customers desired service levels, preventing service problems from occurring, dealing effectively with dissatisfied customers, solving service problems effectively when they occur and dealing with customer complaints positively.

A study by Kumbhar (2011) on customer Satisfaction towards E-banking services of ICICI bank in Chennai City, India which considered factors affecting customers' satisfaction: an empirical investigation of ATMs service and examined that the cost effectiveness of ATM service were core service quality dimension and it was significantly affecting on overall customer satisfaction in ATM service provided by commercial banks. However, result of factor analysis indicates that cost effectiveness, easy to use and security & responsiveness were also influence customer satisfaction. Therefore, banks should concentrate their efforts on these dimensions for cater better ATM service to satisfy their customers.

Hazra et.al.(2011) attempted to examine a contribution of various dimensions of service quality in customers' satisfaction. A result of the study indicates that, all 13 variables were found significant and were good predictors of overall satisfaction in e-banking. However, A result of principle component analysis indicates that, perceived value, brand perception, cost effectiveness, easy to use, convenience, problem handling, security/assurance and responsiveness are important factors in customers satisfaction in e-banking it explains 48.30 per cent of variance. Contact facilities, system availability, fulfillment, efficiency and compensation are comparatively less important because these dimensions explain 21.70 per cent of variance in customers' satisfaction. Responsiveness, easy to use, cost effectiveness and compensation are predictors of brand perception in e-banking and fulfillment, efficiency, security/assurance, responsiveness, convenience, cost effectiveness, problem handling and compensation are predictors of perceived value in e-banking. Therefore, banker and e-banking service designers should think over these dimensions and make possible changes in the e-banking services according to the customers' expectations and need of the time. It will help to enhance service quality of e-banking and increase the level of customers' satisfaction in e-banking.

An empirical study according to Mohammad Rahimuddin in (2010) he was conducting it electronic banking systems in Pakistan and he found that data gathered from the questionnaire shows the attachment of the bank customers with computerized banking system instead of manual banking system.

And author called Nakanjakko (2012) talked about electronic banking system and consumer satisfaction in Uganda especially commercial banks. His findings revealed that electronic banking has satisfied most clients banking needs, most bank clients enjoy using e-Banking, this results into a high level of satisfaction. The few break downs in ATM machines and the long queues lowers the level of satisfaction. Findings revealed that there is a weak positive relationship between Electronic banking and customer satisfaction. The Pearson's correlation between Electronic banking and customer satisfaction stood at 38.8% which is a weak direct relationship between the two variables. It is therefore true to say that Electronic banking has a significant effect on customer satisfaction.

Research gaps

Research conducted by a thanassopoulou et.al (2001) examined the impact of customer satisfaction on customer's behavioral responses. His findings indicated that when customer satisfaction is high. They either decide to stay with the existing service provider or subdue to Their negative behavioral intentions. Customer satisfaction is also found to have strong positive association with word- of mouth communication.

The theory did not talk about the relationship between electronic banking and customer satisfaction the theory did not focus on service quality effects on customer satisfaction, and that is why the researcher intended to study the electronic banking and customer satisfaction to find out the relationship and to fill the gap .

Another study conducted by Hazra et.al.(2011) attempted to examine the contribution of various dimensions towards service quality in customers' satisfaction. The result of the study indicated that, all 13 variables were found significant and were good predictors of overall satisfaction in e-banking. However, the result of principle component analysis indicated that, perceived value, brand perception, cost effectiveness, ease to use, convenience, problem handling,

security/assurance and responsiveness are important factors in customers satisfaction in e-banking.

This theory did not talk about, banks in Somalia and that is why I wanted to carry out a research in Bosaso, Puntland, Somalia. This topic on electronic banking and customers satisfaction, was to fulfill the missing gap.

Nakanjakko (2012) conducted a research on electronic banking system and consumer satisfaction in Uganda commercial banks. The Findings revealed that Electronic Banking has satisfied most of peoples banking needs. Most Bank clients enjoy using e-Banking, which results into a high level of satisfaction. However there are few break downs in ATM machines and the long queues which lower the level of satisfaction. Again, this was on Uganda Banks and not in Banks in Bosaso, Somalia.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presented the research design, the research population, and sample size, sampling procedures, research instruments, validity and reliability of instruments, data gathering procedures, data analysis, ethical considerations and limitations of the study.

3.1 Research Design

This study followed a descriptive research design, descriptive correlation and cross sectional research designs. It was descriptive in that it described the characteristics of respondents. The descriptive correlation design was used to determine significant relationship between the extent of electronic banking and customer satisfaction. It was cross-sectional in that data was collected from all respondents at once.

3.2 Research population

The study primarily focused, on 500 people from five commercial banks, in Bosaso, Puntland, Somalia. Hence, the target population of the study was employers, customers, managers of banks, using random sampling and purposive sampling.

3.3 Sample size

The sample size consisted of two hundred twenty (222) subjects selected from the following categories: Table 1 below shows the respondents of the study using Slovenes formula

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

Where: n=sample size
N=target population
e=level of significance/marginal error (0.05)

$$n = \frac{500}{1 + 500(0.0025)}$$
$$= \frac{500}{1 + 1.25}$$

$$= \frac{500}{2.25}$$

$$n = 222$$

Table 1: Respondents of the Study from each bank

No	District	Target population	Sample size
1	Dahabshil bank	107	53
2	Amal bank	100	40
3	Iftin bank	85	45
4	Tawakal bank	95	38
5	Salama bank	113	46
	Target population	500	222

Source: Primary data 2014

3.4 Sampling procedure

Simple random sampling was used to select respondents from those Banks to avoid biased information. This ensured that the respondents selected were represented in the study and all had equal chance of being respondents. And also researcher was used purposive random sampling techniques. Purposive sampling was used for managers. Purposive sampling was used for inclusion and exclusion criteria.

3.5 Research instrument

This study used questionnaire and interview as the main tools for collecting data. The questionnaire consisted of structured questions for the collection of the required data in this study. The reason of selecting the questionnaire for respondents was that the researcher believes that the questionnaire would be most reliable instrument to get essential information from the respondents without fear or hesitancy. The first part of the questionnaire involved face sheet and other sections was mainly based on study variables. These included: electronic banking and customer satisfaction in commercial banks of Bosaso, Puntland, Somalia. It is also less costly as compared to the other instruments. Each respondent was provided a chance to express his or her

idea, options, views freely in a space provided without any excessive influence of the researcher or his assistant interviewers.

3.6 Validity and Reliability of the Instruments

The questionnaire was given to three lecturers to judge the validity of questions according to the objectives. After the assessment of the questionnaire, the necessary adjustments were made bearing in mind the objectives of the study. Then a content validity index (CVI) was computed using the following formula,

CVI =
$$\frac{\text{No. of questions declared valid}}{\text{Total No. of questions in questionnaire}} = \frac{24}{28} = 0.857$$

A minimum of 0.75 of CVI was used to test validity.

To ensure the reliability of the instrument, the researcher used pretest method. The questionnaire was given to 10 people and after two weeks the questionnaire was given to the same people. Cronbach Alpha was used and computed using SPSS. The minimum Cronbach Alpha to declare an instrument reliable was 0.75.

To determine validity of instrument

Reliability Statistics	
Cronbach's Alpha	24
0.857	28

Reliability test results

Reliability Statistics	
Cronbach's Alpha	N of Items
865	40

Overall Cronbach's Alpha=0.865

3.7 Data Gathering Procedures

Before the administration of the questionnaires

1. An introduction letter was obtained from the College of Higher Degrees and Research for the researcher to solicit approval to conduct the study from respective heads of commercial banks.
2. When approved, the researcher secured a list of the qualified respondents from the commercial banks.
3. The respondents were explained about the study and were requested to sign the Informed Consent Form.
4. Selected research assistants who would assist in the data collection; brief and orient them in order to be consistent in administering the questionnaires.
5. When 222 questionnaires were distributed I have received back 200 were 22 questionnaires unanswered, so I used my study 200 questionnaire

3.7 Data Analysis

The statistical package which was used for analyzing data in this study was SPSS version 16.0. Different statistical tools were used namely: Data on objective 1 and objective 2 was analyzed using means; where as data on objective 3 was analyzed using P.L.C.C.

The following mean ranges were used on electronic banking

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

The following mean ranges were used for level of customer satisfaction

Mean range	Response range	Interpretation
3.26 - 4.00	strongly agree	Very high
2.51 - 3.25	Agree	High
1.76 - 2.50	Disagree	Low
1.00 - 1.75	strongly disagree	Very low

The Pearson's Linear Correlation Coefficient (PLCC) was used to determine the significant relationship between electronic banking and the level of customer satisfaction.

3.9 Ethical consideration

The data which the researcher collected from the respondents were kept as confidential. The respondents were informed of the contents of the research and its aims. Some of the key ethical issues that were to be given due attention in this study were privacy of the participant and right to withdraw partially or completely from the process, consent and possible deception of participants, maintenances of the conditionality of the data provided by individuals or identifiable participants and their secrecy.

3.10 Limitations of study

These were some limitations which could be pointed out as follows:

Extraneous variables which were beyond the researcher's control such respondent 'honesty, personal biases and uncontrolled setting of the study.

Instrumentation: The research instruments on electronic banking and customer satisfaction were not standardized. Therefore a validity and reliability test was done to produce a credible measurement of the research variables. Not to leave any item in the questionnaires unanswered this was closely followed up at the date of retrieval.

Attrition/morality: not all questionnaire were returned neither completely answered nor or even retrieved back due to circumstances on the part of the respondent such as travels, sickness, hospitalization and refusal/withdrawal to participate. The total questionnaire was 222 researcher received back 200 questionnaire.

The most limitations that encountered during my research were to interact between at different people who have different educational background. Majority of my target customers they did not have concept of electronic banking. There was lack of understanding some of the customers had language barriers. After realizing the situation, the researcher was tried to convert English language to Somali initially. Some staff companies had busy work schedule e.g. attending to customers and clients but this was solved by sticking to the allocated time and appointments where necessary. Other limitations where workers are suspicious of a possible investigation by the fellow workers and consumers.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

4.0 Introduction

This chapter presented the analyzed data and interpretations made there of following the study objectives. It specifically showed data on profile of respondents, level of electronic banking, level of customer satisfaction and the relationship between electronic banking and customer satisfaction in commercial banks of Bosaso, Puntland, Somalia.

4.1 Profile of Respondents

Respondents in this study were described according to their age, gender, level of education qualification and work experience. In each case, respondents were asked through a questionnaire to provide their respective profile information to enable the researcher classify and compare them accordingly. Their responses were analyzed using frequencies and percentage distributions as summarized in table 1 below;

Table 1: Profile of respondents

Category	Frequency	Percent
Gender		
Male	137	68.5
Female	63	31.5
Total	200	100
Age		
20 – 30 years	55	27.5
31 – 40 years	73	36.5
41 – 50 years	57	28.5
51 and above years	15	7.5
Total	200	100
Education qualification		
Certificate	22	11.0
Diploma	51	25.5
Bachelor	65	32.5
Master	49	24.5
PH.D	13	6.5
Total	200	100
Working experience		
Less than one year	49	24.5
1 - 3 years	82	41
4 - 6 years	54	27
7 - 9 years	9	4.5
10 Years and above	6	3
Total	200	100

Source: primary data, 2014

The results from the above table indicated that majority of respondents in this sample were male (68.5%) and yet female respondents were 31.5%. This therefore implies a gender gap among both employees and customers of banks in Bosaso, Puntland, Somalia.

The findings of the study showed that 27.5% of the respondents were less than 20-30 years, while 36.5% were between 30-40 years, 28.5% were 40-50 years, and also finally 7.5% of the respondents were 51 years and above, this therefore implied that majority of respondents in this sample were in their middle adulthood.

With respect to education background, 11% of the respondent were certificate holders, the second group of the respondents were diploma holders (25.5%), 32.5% of the respondents were bachelors 'degree holders, 24.5% were master's degree holders and finally 6.5% of the respondents were PhD holders. This implies that the majority of respondents in this sample were relatively qualified in academics.

In the case of working experience 4.5% of the respondents was worked less than one year, 41% had an experience of 1 to 3 years, 27% of the respondent worked for 4-6 years, 24.5% had an experience 7 to 9 years, while 3% of the respondent had a working experience of 10 years and above in the same field, hence implying that the respondents in this sample were relatively experienced in this same field of E-banking.

4.2 Extent of electronic banking

The independent variable in this study (electronic banking) was broken into three constructs and these were; ATM (Automatic Teller Machine) (measured with four questions or items), Mobile money transfer (measured with four items) and SMS banking (with four questions or items). All these questions were based on a four point Likert scale, in which respondents were required to show the extent to which they agree or disagree with each question or item. The SPSS software was used to analyze their responses using means and ranks as indicated in table 2.

Table 2: Extent of electronic banking

Items on electronic banking	Mean	Interpretation	Rank
ATM (Automatic Teller Machine)			
You always use ATM card when depositing and withdrawing money	2.62	Satisfactory	1
All your bank ATM machines located in Bosaso Somalia work 24 hours	2.51	Satisfactory	2
The ATM machines of your Bank are also located remote areas of Bosaso	2.47	Unsatisfactory	3
You have the knowledge and skills of using ATM machines	2.35	Unsatisfactory	4
Average mean	2.48	Unsatisfactory	
Mobile money transfer			
You always find it easy to transfer money from one account to another	3.04	Satisfactory	1
There are charges imposed to customers by the bank when transferring money from one account to another	2.48	Unsatisfactory	2
You bank provides mobile money transfer services 24 hours	2.17	Unsatisfactory	3
The bank always emphasizes its customers to choose mobile money transfer because of saving time	1.53	Unsatisfactory	4
Average mean	2.31	Unsatisfactory	
SMS banking			
The SMS banking system provides high degree of convenience to customers	2.69	Satisfactory	1
Many customers of this bank have always managed to carry out SMS banking after being trained by the Bank	2.52	Satisfactory	2
The use of SMS banking system is reliable to all groups of customers	2.09	Unsatisfactory	3
The SMS baking is always error free	1.61	Very unsatisfactory	4
Average mean	2.23	Unsatisfactory	
Overall mean	2.34	Unsatisfactory	

Source: Primary data, 2014

Key to interpretation of means

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

Results in table 2 indicated that the extent of electronic banking is generally unsatisfactory and this was indicated by the overall mean of 2.34, implying that the financial Banks in Bosaso Puntland, Somalia don't allow their customers to conduct financial transactions electronically on a secured website operated by the institution, which can be a retail bank, virtual bank, credit union or building society.

Results further indicated that the extent of electronic banking differs on different items and in different perspectives; for example, regarding ATM (Automatic Teller Machine), the respondents rated this construct as generally unsatisfactory (average mean=2.48), implying that majority that few bank customers have the knowledge and skills of using ATM machines.

With respect to mobile money transfer; results in Table 2 indicated that of the four items used to measure the extent of mobile money transfer among commercial banks of Bosaso, Puntland-Somalia; only two items were rated unsatisfactory and two were rated satisfactory. However, the average mean of 2.31, falls under unsatisfactory on the interpretation scale, implying that the customers of commercial banks in Bosaso, Puntland-Somalia don't always emphasize their customers to choose mobile money transfer because of being unstable.

Concerning SMS banking ; on average this construct was rated unsatisfactory and this was indicated by the average mean of 2.23, hence implying that the SMS banking system does not provide high degree of convenience to customers.

4.3 Level of customer satisfaction

In this study, customer satisfaction is the dependent variable and was broken into three parts and these are; Service quality (with 4 questions in the questionnaire), customers' feedback (with four items), customers' knowledge (with 4 questions in the questionnaire) and customer loyalty (with four questions in the questionnaire). All these questions were based on a four point Likert scale and respondents were asked to rate the extent to which customer satisfaction is high or low by

indicating the extent to which they agree or disagree with each question or item. Their responses were analyzed using SPSS and summarized using means and ranks as indicated in table3 below;

Table 3: Level of customer satisfaction

Items on customer satisfaction	Mean	Interpretation	Rank
Service quality			
The Commercial banks always provide products/services which customer satisfaction	1.23	Unsatisfactory	4
The top management of this bank always spend time in customer- contact areas, both observing and working in customer service jobs	2.89	Satisfactory	2
The quality of service you always receive through the internet banking is always better	1.42	Unsatisfactory	3
Your bank has enough service resources which help them during customer relationship management	3.08	satisfactory	1
Average mean	2.16	Unsatisfactory	
Customers' feed back			
This bank without delay responds to clients' problems, suggestions, and complaints.	2.49	Unsatisfactory	1
This bank actively responds to customers' enquiries of our services.	2.41	Unsatisfactory	2
This bank uses phone calls, e-mails, and personnel visits to communicate with customers.	1.85	Unsatisfactory	3
Average mean	2.25	Unsatisfactory	
Customers' knowledge			
The bank has different means of teaching customers about new products/ services.	2.68	Satisfactory	1
The practice of flexibility always depends on customers' knowledge and requirements.	2.51	Satisfactory	2
The bank actively solves the problem of customers' ignorance regarding e-banking services.	1.66	Very unsatisfactory	3
They are able to use customers' ideas to develop a new market.	1.35	Very unsatisfactory	4
Average mean	2.05	Unsatisfactory	
Customer loyalty			
The bank provides a direction to the customers as in where they can access services depending on location.	2.47	Unsatisfactory	1
You are extremely satisfied by the staff about new innovations and creativity made in the Bank so that you are served better.	2.37	Unsatisfactory	2
The bank always provides reliable information to the customers	1.55	Very unsatisfactory	3
This bank can be a point of reference according to your services	1.41	Very unsatisfactory	4
Average mean	1.95	Unsatisfactory	
Overall mean	2.13	Unsatisfactory	

Source: primary data, 2014

Results in table 3 indicated that the extent of customer satisfaction is generally rated unsatisfactory and this was indicated by the overall mean of 2.13, implying that the commercial banks in Bosaso, Puntland-Somalia always does not provide high service quality which don't meet customers' expectations which in turn leads to low levels of company loyalty and product repurchase.

Regarding service quality; results indicated that this construct was rated unsatisfactory and this was indicated by the average mean (mean=2.16), hence implying that the commercial banks in Bosaso, Puntland-Somalia doesn't have high service quality which can satisfy to the customers.

Customers' feedback- four items were used to measure this variable and respondents were asked whether they agreed with the statements. Responses indicated that customers' feedback was rated unsatisfactory on average (mean=2.25), implying that the commercial banks in Bosaso, Puntland-Somalia rarely respond to clients' problems, suggestions and complaints as early as possible.

With respect to customers' knowledge; results in table 3 indicated that four items were used to measure this construct and it was also rated unsatisfactory on average and this was indicated by the average mean of 2.05, hence indicating that the commercial banks in Bosaso, Puntland, Somalia always don't use customers' ideas to develop a new market.

Customers loyalty; results in table two indicated that customers loyalty as the third construct on the independent variable was measured using four items (questions) and it was rated Unsatisfactory on average (mean=1.95), implying that the commercial banks in Bosaso, Puntland-Somalia always don't provide a direction to the customers as in where they can access services depending on location.

Relationship between electronic banking and customer satisfaction

The last objective in this study was to establish whether there is a significant relationship between electronic banking and customer satisfaction among commercial banks in Bosaso, Puntland-Somalia. The researcher stated a null hypothesis that there is a significant relationship between electronic banking and customer satisfaction, but to achieve this objective and to test

this null hypothesis, the researcher used the Pearson's Linear Correlation Coefficient as indicated in table 4;

Table 4: Significant relationship between electronic banking and customer satisfaction

Variables correlated	r-value	Sig	Interpretation	Decision on Ho
Electronic banking Vs Customer satisfaction	.395	.000	Significant correlation	Rejected

Source: Primary Data, 2014

Table 4 revealed a positive significant correlation between the extent of electronic banking and level of customer satisfaction ($r=.395$; $Sig=0.000$). The null hypothesis was rejected meaning that the extent of electronic banking and customer satisfaction are significantly related, this also leads to a conclusion that improvement in electronic banking services, and it will also increase the level of customer satisfaction among commercial banks in Bosaso, Puntland-Somalia.

Regression Analysis

Table 5: Regression Analysis between the Dependent and Independent Variables

Variables regressed	Adjusted r^2	F-value	Sig.	Interpretation	Decision on H_0
Electronic banking VS Customer satisfaction	0.674	16.545	0.000	Significant effect	Rejected
Coefficients	Beta	t-value	Sig		
(Constant)		3.944	0.001	Significant effect	Rejected
ATM (Automatic Teller Machine)	0.427	7.683	0.020	Significant effect	Rejected
Mobile money transfer	0.357	5.081	0.000	Significant effect	Rejected
SMS banking	0.275	2.060	0.042	Significant effect	Rejected

Source: Primary Data, 2014

Regression analysis results in table 5 revealed that electronic banking accounted for 67.4% on customer satisfaction and this was indicated by adjusted r-squared of 0.674 leading to a conclusion that electronic banking significantly affects the level of customer satisfaction. The coefficients section of this table denoted that of all the aspects on electronic banking, use of ATM (Automatic Teller Machine) accounted for the biggest influence on customer satisfaction ($\beta=0.427$, $Sig=0.000$).

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the findings, conclusions, recommendations and suggested areas that need further research following the study objectives and study hypothesis.

5.1 findings and Discussion

This study was set to find out the relationship between electronic banking and customer satisfaction among commercial banks in Bosaso, Puntland, Somalia. It was guided by three objectives, that included determining the i) the extent of electronic banking among commercial banks in Bosaso, Puntland, Somalia; ii) the level of customer satisfaction among commercial banks in Bosaso, Puntland, Somalia; iii) the relationship between electronic banking and customer satisfaction among commercial banks in Bosaso, Puntland, Somalia.

The study findings indicated that majority of the respondents in this sample were males (68.5%), 36.5% aged between 31-40 years of age and these had bachelors 'degree as their highest academic qualification (32.5%), and had a working experience between 1 - 3 years (41%).

Data analysis using means indicated that the extent of electronic banking among commercial banks in Bosaso, Puntland, Somalia was rated unsatisfactory on average (mean=2.34), hence implying that the financial Banks in Bosaso Puntland, Somalia don't allow their customers to conduct financial transactions electronically on a secured website operated by the institution, which can be a retail bank, virtual bank, credit union or building society. The findings indicated that people doesn't have enough knowledge and skills of using ATM machines. Banks should not provide mobile money transfer services 24 hours for the customer always there is error and also it's not secure.

This finding is in line with Payne (2002) who denoted that SMS banking uses short text messages sent through the client's mobile phone, SMS text messages can be used for both passive and active operations similarly as with classic telephone banking. A client can automatically receive information about his account balance: an SMS is sent to the client immediately after a certain operation is performed, or on request: a client sends the bank a

correctly formatted message which processes it and answers the client's request by SMS. Information sent on request mostly concerns current interest rates or currency exchange rates. Providing these is simple for the bank because this is publicly accessible information that needs no protection. A client however can request information about the balance in his account, which is not public information and must be protected when it is provided.

The level of customer satisfaction among commercial banks in Bosaso, Puntland, Somalia was found to be low and this was indicated by the overall mean (mean=2.13). This therefore implies that the commercial banks in Bosaso, Puntland, Somalia always provide electronic services which don't meet customers' expectations and which in turn lead to low levels of company loyalty and product repurchase. And most customers have not satisfied bank needs. This finding disagrees with Daniel (1999) who noted that E-banking provides higher degree of convenience that enables customers to access internet bank at all times and places. Apart from that, the ease of access of computers is perceived as a measure of relative advantage (Daniel, 1999, Black et al, 2001; Polatoglu and Ekin, 2001; Gerrard and Cunningham, 2003). However in Johnston (1995) had revealed that there are some service quality determinants that are predominantly satisfiers and others that are predominantly dissatisfies with the main sources of satisfaction being attentiveness, responsiveness, care and friendliness. The main sources of dissatisfaction are integrity, reliability, responsiveness, availability and functionality. This finding revealed That the banks doesn't actively responds to the customers' enquiries on timely fashion and also commercial banks of Bosaso, Puntland, Somalia should not use phone calls, e-mails, and personnel visits to communicate with customers.

The findings indicated a positive significant relationship between electronic banking and customer satisfaction among commercial banks in Bosaso, Puntland, Somalia, since the sig. value (0.000) was less than 0.05 and which is the maximum level of significance required to declare a significant relationship in social sciences. This implied that better electronic banking increases the level of customer satisfaction among commercial banks in Bosaso, Puntland, Somalia, and ineffective electronic banking services reduce it. The findings further indicated that electronic banking accounted for 67.4% on level of customer satisfaction and this was indicated by adjusted r squared of 0. 674 leading to an implication that electronic banking significantly

affect the level of customer satisfaction among commercial banks in Bosaso, Puntland, Somalia, and the coefficients table further indicated that among all the aspects of electronic banking system, ATM (Automatic Teller Machine) accounted for the biggest influence on customer satisfaction ($\beta=0.427$, $\text{Sig}=0.000$). This finding is not in line with Hoffman and Novak (1996) who found out that there is a significant correlation between download speed and user satisfaction. Speed of download depends on the nature of the site downloaded content, the computing hardware and method of connection used to download information.

5.2 Conclusions

From the findings of the study, the researcher concluded that majority of the respondents in this sample were males (68.5%), 36.5% aged between 31-40 years of age and these had bachelors' degree as their highest academic qualification (32.5%), and had a working experience between 1 - 3 years (41%).

The extent of electronic banking was rated unsatisfactory on average (mean=2.34), hence concluding that the financial Banks in Bosaso Puntland, Somalia don't allow their customers to conduct financial transactions electronically on a secured website operated by the institution, which can be a retail bank, virtual bank, credit union or building society.

The level of customer satisfaction was rated low on average (mean=2.13), hence leading to a conclusion that the commercial banks in Bosaso, Puntland-Somalia always does not provide service and products with customer satisfaction and also electronic banking services which don't meet customers' expectations and which in turn leads to low levels of company loyalty and product repurchase. The findings revealed most commercial banks were not encouraging people to use electronic banking system. The customer representatives for online services fail to respond client's queries on timely fashion.

There is a positive significant relationship between electronic banking and customer satisfaction among commercial banks in Bosaso, Puntland-Somalia, hence the researcher concluding that better electronic banking increases the level of customer satisfaction among commercial banks in Bosaso, Puntland, Somalia, and ineffective electronic banking system reduces it, and among all the

aspects of electronic banking system, the use of ATM (Automatic Teller Machine) accounted for the biggest influence on customer satisfaction ($\beta=0.427$, $\text{Sig}=0.000$).

5.3 Recommendations

From the findings and the conclusions of the study, the researcher recommends that there is a need to increase the quality of electronic banking services provided by the selected commercial banks in Bosaso, Puntland-Somalia, the staff of the commercial banks in Bosaso, Puntland, Somalia should be able to help the customers whenever they experience any problem with electronic banking system, and it should be handled in a constant manner.

The staff of the commercial banks should be able to help the customers that whenever they request for any service in these banks, they render it so fast to the customers in order for these commercial banks in Bosaso, Puntland, Somalia to improve on customer satisfaction, these Banks should have different branches for customers to access the services.

There is a need for the customer representatives for online services to improve on the response to client queries timely. Commercial banks have to open more serving hence bringing it closer to the customers.

The management of the commercial banks have to increase methods employed for electronic banking services and must insure the security for the services. Commercial banks should provide customers for online services management of the banks should ensure and continue to encourage the idea of computerizing the system, by creating awareness of them. Commercial banks of Bosaso, Puntland, Somalia must use phone calls, e-mails, and personnel visits to communicate with customers.

Commercial banks should reduce charges imposed on customers by the bank when transferring money from one account to another.

5.4 Areas for further research

1. Use of ATM (Automatic Teller Machine) and customer satisfaction among commercial banks in Bosaso, Puntland, Somalia.
2. Mobile money transfer and customers' knowledge among commercial banks in Bosaso, Puntland, Somalia.
3. SMS banking and customer satisfaction among commercial banks in Bosaso, Puntland-Somalia.
4. Electronic banking and customer adoption in commercial banks of Bosaso, Puntland, Somalia
5. Electronic banking and customer loyalty

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APPENDICES
APPENDIX I A
RESEARCH INSTRUMENT

A) DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Fact Sheet

Code# _____ **Data Received by Respondent** _____

Direction: please tick one

A1. Your sex; ___ 1. Male ___ 2. Female

A2. Education level ___ 1. Certificate 2. ___ Diploma

3. ___ Bachelors 4. ___ Masters

5. ___ PhD

A3. Qualification under their sector;

___ 1. Health

___ 2. Education

___ 3. Environment

___ 4. Human right

A4. Number of years of experience.

___ 1. Less than one

___ 2. 1 year- 3 years

___ 3. 4 years- 6 years

___ 4. 7 years- 9 years

___ 5. 10 years and above

SECTION B: QUESTIONNAIRE TO DETERMINE THE EXTENT OF ELECTRONIC BANKING

DIRECTION: rate your ability, knowledge or skill on the following item by ticking the right number corresponding with each question. Key; 1=strongly disagree; 2 = Disagree; 3 = Agree; 4 = Strongly agree.

ATM (Automatic Teller Machine)

- 1 ____ Your bank ATM machines located in Bosaso Somalia work 24 hours
- 2 ____ The ATM machines of your Bank are also located remote areas of Bosaso
- 3 ____ You have the knowledge and skills of using ATM machines
- 4 ____ You always use ATM card when depositing and withdrawing money

Mobile money transfer

- 1 ____ You bank provides mobile money transfer services 24 hours
- 2 ____ The bank always emphasizes its customers to choose mobile money transfer because of saving time
- 3 ____ You always find it easy to transfer money from one account to another
- 4 ____ There are charges imposed to customers by the bank when transferring money from one account to another

SMS banking

- 1 ____ Many customers of this bank have always managed to carry out SMS banking after being trained by the Bank
- 2 ____ The SMS baking is always error free
- 3 ____ The use of SMS banking system is reliable to all groups of customers
- 4 ____ The SMS banking system provides high degree of convenience to customers

SECTION C: THE LEVEL OF CUSTOMER SATISFACTION

Service quality

- 1___ The Commercial banks always provide products/services which customer satisfaction
- 2___ Your bank has enough service resources which help them during customer relationship management
- 3___ The quality of service you always receive through the internet banking is always high
- 4___ The top management of this bank always spend time in customer- contact areas, both observing and working in customer service jobs

Customers' feed back

- 1___ This bank actively responds to customers' enquiries of our services.
- 2___ This bank uses phone calls, e-mails, and personnel visits to communicate with customers.
- 3___ This bank without delay responds to clients' problems, suggestions, and complaints.

Customers' knowledge

- 1___ The bank actively solves the problem of customers' ignorance regarding e-banking services.
- 2___ They practice of flexibility always depends on customers' knowledge and requirements.
- 3___ They are able to use customers' ideas to develop a new market
- 4___ The bank has different means of teaching customers about new products/ services.

Customer loyalty

- 1___ The bank always provides reliable information to the customers
- 2___ This bank can be a point of reference according to your services

3 ____ The bank provides a direction to the customers as in where they can access services depending on location.

4 ____ You are extremely satisfied by the staff about new innovations and creativity made in the Bank so that you are served better.

Thank you so much

APPENDIX I B
INTERVIEW GUIDE:

1. Did you use internet banking system? If yes which internet banking system?
.....
2. Do you get any customer satisfaction when you are dealing with commercial bank?
.....
3. Would you respond customer enquiries and requests in real-time? Explain it?
.....
.....
4. Do you have any competitive advantage based on building and maintaining long-term customer relationships? If yes explain?
.....
5. Does your bank have a clear business goals related to customer acquisition and retention?
.....
.....
6. According to the manager How would you solve transaction error for internet banking?
.....
7. Does your bank encourage using electronic banking system? If yes explain
.....
8. Have you met any challenge when you are using mobile banking transferring money from one account to another account electronically? If there is challenge tell us?
.....
.....

APPENDIX II A TRANSMITTAL LETTER



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P.O. Box 20000, Kampala, Uganda.
Tel: +256-414-266813, +256-41-267634
Fax: +256-414-501974. Cel: +256-706-251084
E-mail: admin@kiu.ac.ug,
Website: www.kiu.ac.ug

COLLEGE OF HIGHER DEGREES AND RESEARCH DEPARTMENT OF ECONOMICS, BUSINESS AND MANAGEMENT

June 6, 2014.

INTRODUCTION LETTER FOR MOHAMED SAID ^{ABDIRAHMAN} REG.NO. MBA/39928/131/DF TO CONDUCT RESEARCH IN YOUR ORGANISATION

The above mentioned candidate is a bonafide student of Kampala International University pursuing a Master's of Business Administration .

He is currently conducting a field research for his dissertation entitled "**Electronic Banking and Customer satisfaction in ^{IN} commercial Banks Bosaso Puntland Somalia**".

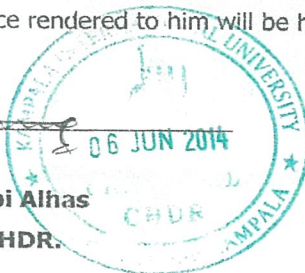
Your organization has been identified as valuable source of information pertaining to his research project. The purpose of this letter then is to request you to avail him with pertinent information he may need.

Any information shared with him will be used for academic purposes only and shall be kept with utmost confidentiality.

Any assistance rendered to him will be highly appreciated.

Yours truly,

Prof. Maicibi Alhas
Principal, CHDR.



"Exploring Heights"

APPENDIX II B
TRANSMITTAL LETTER FOR THE RESPONDENTS

Dear Sir/ Madam,

Greetings!

I am a Masters Degree of business administration (banking and finance) candidate from Kampala International University. Part of the requirements for the award is a Thesis. My study is entitled, **ELECTRONIC BANKING AND CUSTOMER SATISFACTION IN COMERCIAL BANKS IN BOSASO, PUNTLAND, SOMALIA**. Within this context, may I request you to participate in this study by answering the questionnaires? Kindly do not leave any option unanswered. Any data you will provide shall be for academic purposes only and no information of such kind shall be disclosed to others.

May I retrieve the questionnaire within seven days (7)?

Thank you very much in advance.

Yours faithfully,

Mr. MOHAMED SAID ABDIRAHMAN

APPENDIX II C
CLEARANCE FROM ETHICS COMMITTEE

Date _____

Candidate's Data

Name _____

Reg.# _____

Course _____

Title of Study _____

Ethical Review Checklist

The study reviewed considered the following:

- ☐ Physical Safety of Human Subjects
- ☐ Psychological Safety
- ☐ Emotional Security
- ☐ Privacy
- ☐ Written Request for Author of Standardized Instrument
- ☐ Coding of Questionnaires/Anonymity/Confidentiality
- ☐ Permission to Conduct the Study
- ☐ Informed Consent
- ☐ Citations/Authors Recognized

Results of Ethical Review

- ☐ Approved
- ☐ Conditional (to provide the Ethics Committee with corrections)
- ☐ Disapproved/ Resubmit Proposal

Ethics Committee (Name and Signature)

Chairperson _____

Member's _____

APPENDIX III
INFORMED CONSENT

I am giving my consent to be part of the research study of Mr. MOHAMED SAID ABDIRAHMAN that will focus on electronic banking systems and how they operate.

I shall be assured of privacy, anonymity and confidentiality and that I will be given the option to refuse participation and right to withdraw my participation anytime.

I have been informed that the research is voluntary and that the results will be given to me if I ask for it.

Initials: _____

Date _____

APPENDIX IV
TIME FRAME

ACTIVITY	DURATION						
Months	MAY 2013	JAN 2014	JUN 2014	AUG 2014	SEPT 2014	OCT 2014	NOV 2014
Proposal writing							
Proposal editing							
Data collection							
Data arrangement							
Data analysis and presentation							
Editing and final submission							
Graduation							

APPENDIX V
STUDY BUDGET

Particular	Quantity	Amount
Stationary	Paper 7 Reams	\$100
	Ink 1 cartridge	\$50
	Binding materials 10	\$100
Research assistants	25@4	\$100
Transport costs		\$650
Miscellaneous		\$200
	Total	\$1200

APPENDIX VI RESEARCHER'S CURRICULUM VITAE

To document the details of the researcher, his competency in writing a research and to recognize his efforts and qualifications, this part of the research report is thus meant.

Personal Profile

NAME : MOHAMED SAID ABDIRAHMAN
DATE OF BIRTH : 1/1/1991
GENDER : MALE
NATIONALITY : SOMALI

Educational Background

Candidate master of business administration in (K.I.U) (2014)
Postgraduate social work studies (UISW) (2013)
Bachelor of business administration (east Africa university) (2012)
Diploma of business administration (pidam) (2010)

Work Experiences

1 year experience assistant administrator and finance (DRC)
2 Year experience logistic manager al maqsuud general trading group of companies



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2014