SCHOOL OF GRADUATE STUDIES

ASSESSMEMNT OF CUSTOMERS INTENTION OF INTERNET BANKING ADOPTION IN COMMERCIAL BANKS THE CASE OF UNITED BANK S.C

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Approved by the board of examiners

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ENDORSEMENT

This Research has been submitted for examination with my approval as Candidate's advisor.

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List of Abbreviations and Acronyms:

ATM	Automated teller machine
DIT	Diffusion of innovation theory
E-banking	Electronic banking
E-payment	Electronic payment
IB	Internet Banking
ICT	Information communication technology
IT	Information technology
PC	Personal computer
PEOU	Perceived ease of use
POS	Point of sale
PU	Perceived usefulness
SMS	Short message service
SPSS	Statistical package for social science
TAM	Technology acceptance model
TOE	Technology organization environment
TPB	Theory of planned behavior
WAP	Wireless application protocol

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ABSTRACT

This study assesses customer's intentions of adopting internet banking (IB) in United Bank S.C The study adopted the Technology Acceptance Model and Theory of Planned Behavior as the theoretical framework. A mixed research approach was applied to answer the research questions that materialize through the review of existing literature and the experience of the researcher in respect of the internet banking system in United Bank S.C. The study was used purposive an convenience sampling techniques for the selection of branch and non internet banking users customers and statistically analyzed by using SPSS the data obtained from 129 survey questionnaires within the twenty selected branches. The results of the study reveal that, , security risk, lack of trust, ,Lack of ICT infrastructure ,lack of awareness, perceived usefulness, and perceived ease of use, significantly influenced intention of the customers to adopt internet banking. The study suggests a series of measures which could be taken by the United Bank and by government to address various challenges identified in the thesis. These measures include: supporting banking industry by investing on ICT infrastructure and United Bank to be focused on technological innovation competition rather than traditional bases of retail bank competition. It is therefore recommended that United Bank should intensify efforts to improve the security of internet banking platform as well as continue to create awareness for its customers on the perceived benefits of internet banking in addition to making the platform more user-friendly and easy to use.

Keywords: ***Adoption; Intention; Internet banking.***

CHAPTER ONE

INTRODUCTION

1.1 Back Ground of the Study

The recent developments have created a totally new service concept and service environment. Technology has changed the very nature of selling and buying financial services. One of the most fundamental changes in the banking industry has been the consumer movement from traditional branch banking to more stand-alone banking. In other words, a move towards using electronic delivery channels such as the Internet, telephone and mobile phones in private banking Lu, J., Yu, C.S., Liu, C. and Yao, J.E. (2003), Internet banking is a new type of information system that uses the innovative resources of the Internet to enable customers to effect financial activities in virtual space Shih and Fang, (2004). Internet banking in this study is defined as an Internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments. Therefore banks' Web sites that offer only information on their pages without possibility to do any transactions are not qualified as Internet banking.

The emergence of Internet banking has prompted many banks their IT strategies in order to stay competitive. Customers today are demanding much more from banking services. They want new levels of convenience and flexibility Birch and Young (1997), on top of powerful and easy to use financial management tools and products and services that traditional retail banking could not offer. Internet banking has allowed banks and financial institutions to provide these services by exploiting an extensive public network infrastructure Ternullo (1997). Despite the many potential benefits, many teething problems will need to be addressed before Internet banking can become widely adopted. It is believed that, in the future, Internet banking will recede in importance as a strategic application to become a competitive necessity that must be adopted by most if not all banking and financial institutions.

Internet banking (IB) is a distant service, where access to account information and any transactions is granted at any time from any computer with an Internet connection. Internet banking is a type of banking service delivery by using networked computers via internet. In the face of rapid expansion of electronic-payment (E-payment) systems throughout the developed

and the developing world, Ethiopian's financial sector cannot remain an exception in expanding the use of the system (Gardachew, 2010). Technological innovations play a crucial role in banking industry by creating value for banks and customers, that it enables customers to perform banking transactions without visiting a brick and mortar banking system. On the other hand E-banking has enabled banking institutions to compete more effectively in the global environment by extending their products and services beyond the restriction of time and space (Turban 2008). However, mirroring the development of E-commerce, the adoption and diffusion of electronic banking (E-banking) system is not well developed in Ethiopia.

All most, all banks operated in Ethiopia with some exceptions provide service to customers by using traditional systems, even the time wasted in travelling. An important question is how the conversion from simple ordinary banking to online one affects the bank customer's behavior. The rapidly growing information and communication technology (ICT),technological innovations play a crucial role in banking industry by creating value for banks and customers, that enable customers to perform banking transactions without visiting a banking system. E-banking has enabled banking institutions to compete more effectively in the global environment by extending their products and services beyond the restriction of time and space (Turban 2008). E- Banking is the means in which customers can access their bank account via electronic internet banking, mobile banking, SMS,ATM, Agent banking and POS using a personal computer or mobile phone and web browser Nimakoetal,(2013).

With the rapid diffusion of the Internet, banking in cyberspace is fast becoming an alternative channel to provide banking services and products. The Internet is now being considered as a strategic weapon and will revolutionize the way banks operate, deliver, and compete against one another, especially when competitive advantages of traditional branch networks are eroding rapidly Seitz, (1998).

Internet is becoming a critical channel for selling virtually all goods and services. Because of this, internet sector, internet banking becomes and most effective channel for the banks as well as for customers Roche, (2014).With the advancement in telecommunication, electronic banking systems are rapidly replacing the traditional modes of payment that involved personal contact between buyers and sellers. Electronic banking systems entail online financial transactions that utilize some form of a digital financial device, such as e-tokens, e-cash and checks Stefan et al, (2000).

E-Service quality is any banking service which is rendered by employing computer controlled systems based on the application of IT without involvement of banks usual branch. Allen and Barr (1996) cited in Zaman and Chowdhury (2012). The technology provides arrays of opportunities to customers such as checking balance, transferring funds and thereby reduces time and costs. Also it enables service providers to customize their offering and make available with superior delivery. In Ethiopia still cash driven and the monetary transactions are performed via the exchange of bank notes, and coins for goods and services. To curve this and arm itself with such technology United Bank S.C uses Internet-Banking.

1.2 Statement of the problem

When compared with the banking industry operated in developed country, without hesitation the banking industry in Ethiopia is not fully formed. Therefore, there is an immediate need on capacity building arrangements and modernize the banking system by employing modern technology being used by other developed country. Current Ethiopian Bank industry is characterized by dramatically aggressive competition. These competitions have made banks in Ethiopia adopt new technologies such as internet banking, to make the banking process faster and easier whilst satisfying the needs of the customers .With a growing number of business activities like import-export businesses, and increased international trades and international relations, the current banking system has short of providing efficient and dependable services.

In E-banking system, information is electronically transmitted over wireless communication channels and the internet. These processes raise issues of how users are authenticated, how integrity of data is maintained and importantly the confidentiality of this data.

Introduction of new technologies in the banking industry has led to the introduction of E-banking and other modern banking services in the Ethiopian banking industry. One of these new channels of service outlets is Internet Banking (IB), and banks are compete each other by investing large amounts of money to enhance their technological infrastructure in order to provide these types of services to their customers. Internet Banking is a way to keep existing customer and attract new ones to the bank, the transaction costs of providing these services are lower than the traditional approach.

Moreover, using the Internet Banking Services customers can use the following services. Transfer funds from one of their account to another or to other customer’s account, Effect local remittances, Set standing instructions on certain recurrent transactions and upload bulk payments

such as salary of employees, Viewing loan balance, Loan Repayment Amount and LC's Outstanding, Cheque Stop Payment Request, Cheque Book Request, Cheque Status Request, Utility Payment, PIN management and authorization, Branch or ATM location information, Account alerts, security alerts and reminders, and Balance and Transaction notifications, Internet Banking Service will enable customers to access and print a bank statement free of charge (real time) without coming to the branches.

However, in United Bank in focus, As of June 2017, united bank have 643,978 customers, weekly branch deposit report (July 2017). When we see the overall E-Banking customers number indicates that Debit card users 119,093, Mobile banking users 106,826 and Internet Banking Users 14,833.When we see relatively with other E-Banking ,the number of active internet banking users as of June 30, 2017are only 14,833 that means almost 2.3% of the customer's use internet banking, this figure shows that there is still a large group of individuals who are not using this internet banking service when we see relatively with other E-Banking customers.

Although Internet banking may help banks to reduce costs, there are important considerations, such as, the extent to which retail bank customers use new forms of banking, that is, the factors that influence intention toward using another form of banking and adoption differences between different forms of banking.

In spite of the increasing adoption of internet banking and its relevance towards customer satisfaction in the Ethiopian banking industry, this study would try to fill this empirical gap in research by conducting a study on Assessment of customer's intention of internet banking adoption in United Bank S.C.

1.3. Basic Research Questions

Based on the problem stated in this study, researcher develops the following research questions.

- What are the antecedents of customer's intentions to use/adopt internet banking?
- What are the technological risks for internet banking adoption in United Bank?
- What are the perceived benefits on using of internet banking in United Bank?
- What is the perceived ease of use of using of internet banking in United Bank?
- What is customer's intention toward internet banking of United Bank S.C?

1.4. Objectives of the study

1.4.1. General Objectives

The objective of this study is to assess the customer's intention of adopting internet banking service in United Bank S.C.

1.4.2 Specific Objectives

Specifically the study will intended to:

- To find out the antecedents of customers intention on the usage of internet banking service.
- To assess the major technological risks that hinders the customers to adopt internet banking.
- To describe the perceived benefits when using internet banking service.
- To assess the perceived ease of use of using internet banking.
- To assess customers intention on internet banking practice of United Bank

1.5 Definition of terms

1.5.1. Conceptual definition terms

The framework postulates that a person's intention to adopt Internet banking is determined by three factors. They are

(1) **Attitude**- Attitude is defined as an individual's positive or negative feelings about performing a target behavior Fishbein and Ajzen(2005). It is related to behavioral intention because people form intentions to perform behaviors toward which they have positive effect, which describes a person's perception towards Internet banking;

(2) **Subjective norms**, Subjective norms refer to "the person's perception that most people who are important to him think he should or should not perform the behavior in question" FishbeiN et al. (2005). In terms of a consumer-oriented service, the consumer-relevant groups around the individual may influence the individual's adoption. It describe the social influence that may affect a person's intention to use Internet banking; and

(3) **Perceived behavioral control**, Perceived behavioral control refers to the factors that may impede the performance of the behavior. This definition encompasses two components. The first component is self-efficacy and is defined as an individual's self-confidence in his or her ability to perform a behavior Bandura (1982). The second component is "facilitating conditions" and it reflects the availability of resources needed to engage in the behavior Triandis (1999). Perceived

behavioral control describes the beliefs about having the necessary resources and opportunities to adopt Internet banking. Intention to adopt Internet banking services, in return, is expected to affect the actual adoption of Internet banking. . In the context of the framework, intention to adopt Internet banking services is thus the dependent variable, while the independent variables comprise attitude, subjective norms, and perceived behavioral control.

1.6. Significance of the Study

The study is intended to assess the customer's intention of internet banking and the adoption and In addition to the academic importance, the significance of the paper is:

- The findings and result of this research has a potential value for the bank, branch managers, for the customers as well as it will help other researchers who will be interested on this area. The finding will assist the bank in understanding the key factors that influence the adoption of Internet banking services and will provide a signal for bank managers how to correct problems and provide better service and hence satisfy their customers, in addition it will also provide information on the needs and preferences of the potential customers. United Bank can then make informed decisions, thereby providing better services to the customers. to conduct further study regarding the issue under investigated by providing information
- The outcomes and results of this research would to have potential value to united banks to understand the challenges and opportunities related with adoption of new technology and its advantages in providing service to the customers.
- The study also providing recommendations for banks about changes needed to accelerate adoption of the system to deliver service to customers through technological innovation.
- In turn it may help the Bank to design and execute better services and marketing strategies that will help improve its customer's perception to better customer retention, loyalty and trust.

1.7. Scope and Limitation of the study

1.7.1. Scope of the study

The study was used mixed research method in which it limits itself to questionnaire survey on customers of United Bank S.C that are in Addis Ababa city within twenty branches. The research

was only focus on non-internet banking users of united bank customers to collect the necessary data.

1.7.2. Limitation of the study

While conducting the research, the samples were taken only from one private commercial bank and doesn't include the remaining commercial banks that operating in the industry. Since Internet banking is relatively new in Ethiopia Banking Industry, the pool of non-internet banking user may be quite big .However, as including all non-internet banking users customer in this study is practically impossible the study was delimited itself to selected United Bank in Addis Ababa city branches who have an account & don't use internet banking only. The samples of non-Internet users for this study were mostly those who tend to be less knowledgeable about the Internet and are thus non experienced Internet banking users, so the results may not be generalize to all non-Internet banking users.

1.8 Organization of the Research

The study is organized in to five chapters. The first chapter deals with the body of paper that include background of the study, statements of the problem, objective of the study, the research questions, scope of study, significant of study, limitations of the study, and organization of the research. Chapter two presents the literature review regarding the definition of E-banking, Evolution of Internet-banking system, frameworks for the research and sets out some empirical studies regarding the issues under investigated. The third chapter would explain types and source of data employed in the study, method of statistical data analysis tools and collection. The fourth chapter presents the result and analysis along with discussion of the study. The last chapter will present conclusion and recommendation of the study.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1 E-banking

E-banking is a form of banking service where funds are transferred through an exchange of electronic signal between financial institutions, rather than exchange of cash, checks, or other negotiable instruments (Kamrul, 2009). E-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 (Malak, 2007)**.**

The term of E-banking often refers to online banking/Internet banking which is the use of the Internet as a remote delivery channel for banking services Furst & Nolle (2002), With the help of the internet, banking is no longer bound to time or geography.

The terms PC banking, online banking, internet banking, telephone banking and mobile banking refer to a number of ways in which customers can access their banks without having to be physically present in the bank branch (Leow, 1999). E-banking services have provided numerous benefits for both banks and customers. From the bank's perspective, the main benefits for who offer e-banking services are cost savings, reaching new segments of the population, efficiency, enhancement of the bank's reputation and better customer service and satisfaction (Brogdon, 1999). But, the most important driving force behind the implementation of full e-banking services by banks is the need to create powerful barriers to customer exiting or leaving the bank. (Sheshunoff, 2000).

E-banking also offers new values to customers. From customers' perspectives, the greatest benefit of e-banking is that it is cheap or even free to customers (Sathye, 1999). E-banking in general is not tied to time or place. It has also been argued that e-banks are more likely to change in response to customers' demands (Brogdon, 1999). E-banking has the advantage that the customer avoids traveling to and from a bank branch. In this way, e-banking saves time and money, provides convenience and accessibility, and has a positive impact on customer satisfaction (Mols, 1998). Customers can manage their banking affairs when they want, and they can enjoy more privacy while interacting with their bank. It has been claimed that e-banking offers the customer more benefits at lower costs (Mols, 1998). But these benefits are not without risks.

2.2 Forms of banking in electronic banking

According to Adriana Chovanová (2006) there are different forms in electronic banking:

Phone banking- is the provision of banking services using a classic telephone line. A bank client can obtain the necessary information on dialing a telephone number specified in advance-

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**.**

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. Operator's 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.

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 firms. 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.

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. Personal computers can be divided into home banking, internet banking and mail banking.

- **Home banking-**Home banking is a service that enables a bank client to handle his accounts from a computer from a place selected in advance, at home or in the office.
- **Internet banking-** can be used from the home or the office, as well as an internet café, although the latter is not recommended for security reasons. In order to handle his account a user just needs an internet browser (such as MS Explorer or Netscape Navigator).
- **Mail banking-** is another electronic banking service makes it possible to communicate with the bank by electronic mail or e-mail. The most frequently used service is sending account statements at agreed periodicity to the client's mailbox. E-mail is not used for more complex operations'.

2.3 Diffusion of innovation

Diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system. It is a special type of communication, in that the messages are concerned with new ideas. Communication is a process in which participants create and share information with one another in order to reach a mutual understanding. This definition implies that communication is a process of convergence (or divergence) as two or more individuals exchange information in order to move toward each other (or apart) in the meanings that they ascribe to certain events. We think of communication as a two-way process of convergence, rather than as a one-way, linear act in which one individual seeks to transfer a message to another Rogers and Kincaid (1981).

This model views Internet Banking adoption as a social construct and it moves through the population over time. Individuals have different degrees of willingness to adopt an innovation as Internet Banking Hanafizadeh et al. (2014).

Diffusion is a kind of social change, defined as the process by which alteration occurs in the structure and function of a social system. When new ideas are invented, diffused, and are adopted or rejected, leading to certain consequences, social change occurs. So diffusion is a special type of communication, in which the messages are concerned with a new idea. It is this newness of the idea in the message content of communication that gives diffusion its special character. The newness means that some degree of uncertainty is involve.

2.3.1Elements of diffusion

The four main elements of diffusion are the innovation, communication channels, time, and the social system.

- **An innovation -**is an idea, practice, or object that is perceived as new by an individual or other unit of adoption**.**
- **Communication Channels**- is the means by which messages get from one individual to another. The nature of the information-exchange relationship between the pair of individuals determines the conditions under which a source will or will not transmit the innovation to the receiver, and the effect of the transfer.
- **Time**-Time is an important element in the diffusion process. In fact, most other behavioral science research is timeless in the sense that the time dimension is simply ignored. Time is an obvious aspect of any communication process, but most (non-

diffusion) communication research does not deal with it explicitly. Perhaps it is a fundamental concept that cannot be explained in terms of something more fundamental Whitrow (1980).

- **A social system**- is defined as a set of interrelated units that are engaged in joint problem solving to accomplish a common goal. The members or units of a social system may be individuals, informal groups, organizations, and/or subsystems.

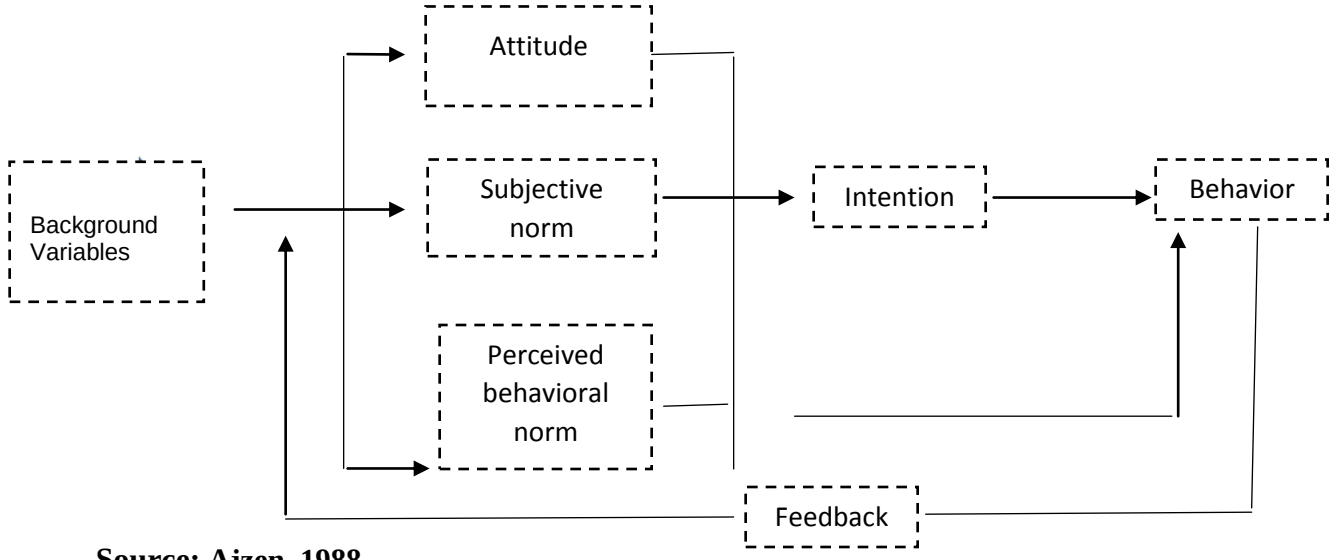
2.4. Theory of Planned Behavior (TPB)

The Theory of Planned Behavior is one of the models most frequently used in the literature to explore pro-environmental behavior including recycling, travel mode choice, energy consumption, water conservation, food choice, and ethical investment (Staats, 2003). Armitage and Conner (2001) identified its application in 154 different contexts. The Theory of Planned Behavior (Ajzen, 1988) assumes that the best prediction of behavior is given by asking people if they are intending to behave in a certain way. Here we note that the intention will not express itself in behavior if it is physically impossible to perform the behavior or if unexpected barriers stand in the way.

Assuming intention can explain behavior, how can intention be explained? According to Azjen, three determinants explain behavioral intention:

1. The attitude (opinions of oneself about the behavior);
2. The subjective norm (opinions of others about the behavior);
3. The perceived behavioral control (self-efficacy towards the behavior).

Figure 2.1.The Theory of Planned Behavior



Source: Ajzen, 1988

2.5 Technology Acceptance model (TAM)

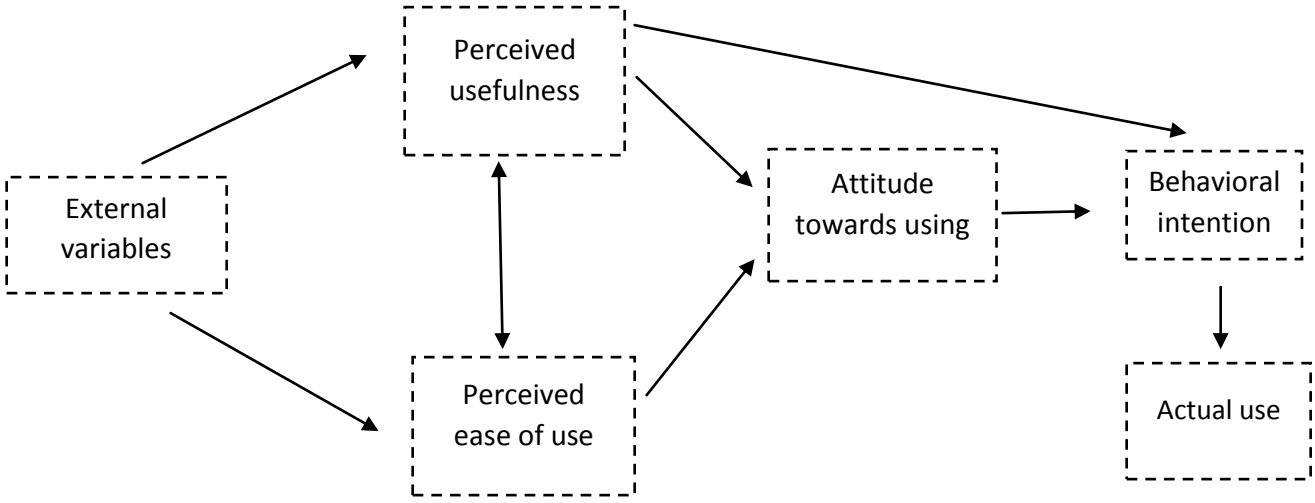
TAM was developed by Davis (1986) to explain the computer-usage behavior. According to the model, in explaining the adoption of any information system, perceived ease of use (PEOU) and perceived usefulness (PU) are the two most important determinants.

1. Perceived ease of use: - refers to the degree to which a person that using a particular system would be free from effort (Davis, 1986).

2. Perceived usefulness: - refers to the degree to which an organization that using a particular system would enhance or improve its job performance.

According to Masrom and Hussein (2008), the adoption of whether to use an information system for a particular individual is very much dependent on the perceived usefulness and perceived ease of use of the information system. Figure 2.2 shows the links between all the factors found in TAM.

Figure .2.2. Technology Acceptance Model (TAM)



Source: Davis (1986)

2.6 Trust and User's Satisfaction with E- Banking

Customer satisfaction and trust in e-banking services has been considered important theoretical and practical issues Ala`Eddin and Hasan, (2011). Customer's satisfaction is partly a measure of product and service size via online transaction and is seriously affected by lack of trust. Therefore, trust is central to e-banking transaction and of paramount importance in satisfying users need Crumlish and Malone, (2009).Trust is importantly needed in e-banking services as all transactions are conducted with little or no face to face interaction. Owing to the impeding dangers to lack of trust in online transaction, customer knowledge on e-banking services is of great value in conducting e-banking transaction (Alrawahdeh, 2010). Thus Trust in e-banking transaction is very important so as to ensure safe transaction that maximizes user's satisfaction. Concern has grown over lack of trust in e-banking services owing to its enormous potentially risk to users satisfaction (Siam, 2006).

E-trust will therefore be defined as the degree of confidence customers have in online exchanges, or in the online exchange channel. Electronic exchanges are believed to present numerous risks to customers Grabner and Kalusha, (2003), while trust appears to be especially important for creating loyalty when the perceived level of risk is high Anderson and Srinivasan, (2003).

2.7 The risks related with E-banking

The risks associated with e-banking activities include.

- **Strategic risks**-are the risks that are associated with board and management decisions Basel Committee on Banking Supervision, (1998).
- **Operation risk**- arises from fraud, processing errors, system disruptions, or other unanticipated events resulting in the institution's inability to deliver products or services.
- **Technology risks**-which are the risks that are associated with systems failures, processing errors, software defects, operating mistakes, hardware breakdowns, capacity inadequacies, network vulnerabilities, control weaknesses, security shortcomings, malicious attacks, hacking incidents, fraudulent actions, and inadequate recovery capabilities Basel Committee on Banking Supervision,(1998).
- **Reputation risk**- this is the risk of significant negative public opinion that results in a critical loss of funding or customers Basel Committee on Banking Supervision, (2000). It may arise when systems or products do not work as expected and cause widespread negative public reaction.

- **Legal risk**-which arises from violations of, or non-conformance with laws, rules, regulations, or prescribed practices, or when the legal rights and obligations of parties to a transaction are not well established Basel Committee on Banking Supervision, (1998).

2.8 E-service Quality

According to Hong and Goo (2004), Service quality is "more difficult for consumers to evaluate than product quality; this is due to a lack of tangible evidence associated with the service" .Studies show that the age of e-business has been breaking out unconventional way of performing business and one of such astonishing techno-based service delivery this e-banking. Over the past decade, there has been a growing body of work focusing on conceptualizing, measuring, and managing service quality and its effects in electronic environments. The Conception of e-service emerged upon the growth of the internet Loonam and O'Loughlin, (2008).

Accordingly in the past decade the banking industry has been highly affected by the advancement of information and communication technology by which banks and other financial institutions have made improvement on their services through the implementations and application of IT. In so doing technology has become as one of the essential tool which facilitates banks' organizational structures, business strategies, customer's services and related functions Zaman and Chowdhury, (2012).

According to Saleem and Rashid (2010), the banking industry is driven by technological innovations and market uncertainty and competition, which in turn forced the business firms to shift from traditional banking to technology based banking. Accordingly the technological innovation has provided an astonishing plate form in such a way that to remove obstacles and limitations in the traditional service setting. Simply put the astonishing innovations is in a position to cutoff the requirements of office set up and other utilities, reduced numbers and cost of staff customers at the branch ,save firms investment on staff employee and thereby allow firms to carry out the required activities under the supervisions offer skilled IT professionals Saleemet al.(2010).

Moreover, the E- services are revolutionizing the way business is performed in the banking industry. Accordingly the techno based business models have replaced the traditional banking system and banks are re-evaluating the business process designs and customer relationship management strategies (Kumbhar, 2011).

The reason behind the difficulties and complication of measuring the quality of E-service quality in light of e-retailing is that unlike the traditional retailing, e-retailing is not a single uniform marketing activities Francis and White, (2004). Swaid and Wignad,(2009) came out with six dimensions regarding the e-service quality measurement such as website usability, information quality, reliability, responsiveness, assurance and personalization. Accordingly they found out that with the exception of personalization e-service quality dimensions are related to the various types of customer's loyalty. Furthermore, they sate that the perception of reliability and assurance are the essential factors which have effect on favorable loyalty aspects including repurchase intentions, communicating positive word of mouth and loyalty.

2.9 The concept of internet

The Internet is often referred to as the network of networks – a communication medium made possible by computers and networks. People exchange all kinds of information in innumerable social contexts on the Internet (Pitter, 1995). The Internet is a communication system that utilizes a computer and a modem to gather information from all over the world. It is composed of tens of millions of computers all connected allowing a person to get information that previously was inaccessible or took a long time to access Norris, et al.(2000).

Firms communicate with their customers through various media. Traditionally, these media follow a passive one-to-many communication model, whereby a firm reaches many current and potential customers, segmented or not, through marketing efforts that allow only limited forms of feedback from the customer. The Internet revolution has dramatically altered advertising and communication media. According to Wang (2002) the Internet as a marketing medium has the potential to radically change the way firms do business with their customers

2.10 History of Internet

The Internet has existed since the late 1960s when a limited number of computers were connected in the United States from the ARPAnet (Advanced Research Project Agency). This was used mainly to enable academics and military personnel to exchange defense information (Chaffey, et al., 2000:10). Until the advent of the World Wide Web (www) in 1990, the Internet was almost entirely unknown outside universities and corporate research departments and was accessible mostly via command line interface such as Telnet and FTP (File Transfer Protocol) (Anonymous, 2004). Griffiths (2002) indicates that the recent dramatic growth in the use of the Internet has occurred because of the development of the World Wide Web. The World Wide Web changed the Internet from a difficult-to-use tool for academics and technicians to an easy-to-use tool for

finding information for businesses and consumers. Since then the Internet has grown to become an almost ubiquitous aspect of modern information systems, becoming highly commercial and a widely accepted medium for all sorts of - 15 - customer relations such as advertising, online sales and services (Anonymous, 2005). The Internet can be considered as an interlinked publishing medium for displaying graphic and text information.

Service industries are playing an increasingly important role in the overall economies of the countries of developed and developing countries. The 21st century is considered to be as the service industry. Researchers have tried to define service and to explain what service constitutes.

Services can be defined as " any activity or benefits that one part can offer to another that is essentially intangible and dose sot necessarily result in the ownership of anything". That is " services are a form of product that consist of activities, benefits or satisfactions offered to, for that are essentially intangible and does not result in the ownership of anything" including banks, hotels ,airlines Kotler and Armstrong,(2006).

2.10 .1In the internet Age

Technology, in particular the Internet, has been a key driving force behind the changes in the banking industry. Electronic banking is the newest delivery channel in many developed countries and there is wide agreement that this will affect the banking market significantly (Daniel, 1999). According to De Kare-Silver (2001), the growth in electronic technology, especially the Internet, could lead to many of today's well-established banking institutions being replaced. With the development of the Internet, the role of the bank branch is under increasing threat. Consumers and providers can deal directly with each other over the Internet, which can make it easy to carry out transactions from home or office.

Every bank tries to get as much share of the market as it can. In today's competitive world, success of a bank lies in customer focus, segmentation, positioning and target marketing used in conjunction with information technology (IT). Because of technology such as the Internet, banks are facing competition on an international scale and cannot afford to ignore the demands of their clients. Customers now have enough options available to choose the type of service they want at the price they are prepared to pay. It is therefore important for banks to develop suitable Internet products which identify with their customers and meet their specific needs (Wang, 2002:3).

2.10.2 Internet banking

Internet banking is a process which allows a consumer to perform banking functions online. Online banking is accomplished through the Internet with specific information and a consumer password (Ongkasuwan, 2002). Internet banking allows consumers to access their bank accounts to undertake banking transactions. According to Sathye (1999) at an advanced level, internet banking is called transactional online banking, because it involves the provision of facilities such as accessing accounts, transfer of funds, and buying financial products or services online. The terms internet banking and online banking are often used to refer to the same things. Presently, the Internet is the main channel for electronic banking. Internet banking, unlike person-to-person banking, is available 24 hours a day, 7 days a week. Internet banking also offers other advantages, such as providing an easy means to keep track of your cheque book, transferring money between accounts, and even paying bills online.

Internet banking refers to the utilization of the Internet for performing transactions and payments by accessing a bank's secure website. It also pertains to the application of financial services and markets through the use of electronic communication and computation Humphrey et al. (2004). The developments can be subdivided into two main areas.

The first is the impact of Internet banking on financial services. Most economists perceive that the existence of the Internet and other electronic communication processes has significantly changed many aspects of the banking industry. A majority of the services normally provided by banks can already be provided by other financial entities Jayaratne et al. (2001).

The second main area is the major transformation that occurred on most financial markets. Nowadays, these no longer need to be related with a physical place. In effect, trading systems for foreign exchanges are gradually becoming global. All these changes have gained significance for public policy towards the improvement of the financial services industry and markets. They are able to consider the implied information for the safety of regulations and global public policy (Keeton, 2002).

There are three main important trends in Internet Banking which have been hastened through the emergence of the Internet. These are the improvements in terms of price transparency, differential pricing and transformation of distribution channels. Economists greatly consider the impact of these trends on the financial services industry Loughran et al. (2004). Improved price transparency has the capability to increase the level of competition and reduce the margins of profit. Evidences from other marketable industries that use the internet services extensively,

however, suggest that there are also limitations to this process. It appears that costs of search transactions remain significantly high that makes differential pricing possible, and this will further become important in financial services (Mester, 2000). Since the increased utilization of the internet services leads to the promotion of disintermediation, there will undoubtedly be a transformation of distribution channels and restructuring of the industry.

The impact of e-finance technologies on financial services firms is broad. Online banking began in the mid-1990s and is increasingly becoming more important until today. In contrast to banks, however, a majority of insurance companies have used the internet in a relatively small amount. Electronic brokerage services have been an important economic development in recent years. While the internet is bound to be new and exciting to use, other e-finance technologies which have been existing much longer than the internet, have also done their part in reshaping the financial services industry, particularly the banking sector. For instance, in the 1970s, Automated Teller Machines (ATMs) began to change the ways that consumers used to process their transactions with banks. In the 1980s, the extensive utilization of electronic computation and data analysis altered the way in which credit decisions are made; these innovations have helped to reduce the lending costs on average and enhanced the liquidity of loans McAndrews et al (2001).

The utilization of electronic communication in finance, in fact, goes back much further than the 1970s. As early as 1918, the Fed wire payment system made use of the electronic settlement of payments among banks over the telegraph Mishkin et al. (2002). This particular use of electronic communications in payment systems has gradually increased through time. Now, almost all huge payments among banks and corporations are being done electronically. In some countries, especially in Scandinavia, electronic payments systems are gradually becoming widely used at the consumer level. In the United States, however, the paper-based check clearing system is still widely used (O'Hara, 2004).

Internet banking leads to more customer initiated transactions and higher amounts on balances. The effect can arise through several channels: Since clients are able to do transactions online, more money can remain on the account while the number of transactions done through the bank can increase .And also internet banking customers may monitor money on their accounts day and night, the sense of control over the account will increase, which can imply more trust. According to Montier (2007), easy monitoring will lead to the illusion of control over the uncontrollable performance of banks.

2.10.3 Advantagesand Disadvantages of Internet Banking

Internet banking offers certain advantages in comparison with traditional banking methods. According to Wang (2002), internet banking is time saving and convenient since a customer can bank seven days a week and twenty-four hours a day without physically visiting a branch, and transactions are executed and confirmed almost immediately. Martins, et al., (2001) indicate that internet banking offers clients security as they can choose their own secret PIN (Personal Identity Number), thereby, preventing unauthorized access to their accounts. Client safety is also improved by reducing the need to carry around large amounts of cash. However, Wang (2002) argues that internet banking also has disadvantages, the main one being the cost of purchasing and maintaining suitable computer equipment, or obtaining access to such equipment. This is an additional cost which is not present when using traditional banking or other online banking services such as ATMs. Pahnila (2002) points out that cash can neither be deposited nor withdrawn with internet banking, and so inevitably there is the inconvenience of having to visit the local branch or ATM. Another disadvantage of internet banking is the possibility that security may be threatened by computer hackers and fraudsters.

2.11 Factors Influencing Acceptance of Internet Banking

Many factors are seen to be influencing the acceptance of Internet banking and it is important to take these factors into account when studying customer attitudes towards Internet banking. Awareness of Service and its benefits Pikkarainen (2004), has reported that the amount of information a customer has about Internet banking and its benefit may has a critical impact on the adoption of Internet banking. Moreover, Sathye (1999) note that low awareness of Internet banking is a critical factor in causing customers not to adopt internet banking. In addition Howcroft et al. (2002) find that lack of awareness of Internet banking services and its benefits are found to be reasons for consumers' reluctance to use Internet banking services. Security and reliability of transactions over the internet is a burning issue and it is an important factor that customers consider before adopting Internet banking. Some customers avoid electronic banking as they perceive it as being easily susceptible to fraud. Moreover, Sathye (1999) found that consumers will not be ready to change from present familiar ways of banking to Internet banking unless their specific need is satisfied.

2.11.1Quality of the Internet Connection

Quality of the Internet connection is seen to be an essential component for any Internet-based application. According to Sathye (1999) used Internet access as one of the factors affecting the

adoption of Internet banking. Without a proper Internet connection the use of Internet banking is not possible. Pikkarainenet. al. (2004) identifies the importance of a decent Internet connection and its quality in adopting Internet banking and he concludes that without a proper Internet connection, the use of Internet banking is not possible.

2.11.2Demographic Characteristics

Demographic factors are frequently used as a basis for understanding consumer characteristics. The popularity of using demographic factors is attributable to the observed relationship between the consumption of certain products and certain demographic factors. The demographic characteristics include age, sex, income, occupation, education. In Murillo and Roesman's (2004) report, the authors indicate that a bank's decision to provide Internet banking depends on the characteristic of the market the bank serves, such as the demographic characteristics of potential customers, as well as whether the bank is located in a metropolitan area. Demographic characteristics also play a vital role in understanding the buying behavior of consumers in different segments, and when the characteristics are identified, they enable companies to develop products and services according to customers" specific requirements, tastes, and preferences (Sakkthivel, 2006). In addition, for Internet banking service adoption, banks must consider a user's demographic characteristics to offer the correct range of service products. Hewer (2002), demographic characteristics that describe typical electronic banking customers include young, affluent, and highly educated. A Finnish study (Mattila, 2003) reveals Internet banking users are relative wealthy, highly educated, and are in higher professions.

2.11.3 Impact of Internet Banking On Customers

Customers are expected to enjoy several benefits as a result of the implementation of Internet banking. Chan (2001) stated convenience as one of them. Johnson et al. (1995) agrees that convenience is an important factor to customers. Baldock (1997) found that the implementation of Internet banking would remove the constraints of time, place and form. The reason is that transactions can be conducted from anywhere and anytime as long as they have access to a computer and connection to the Internet as banks would be "open" 24 hours a day and 7 days in a week. As a result of a wider choice of Internet bank service providers, the costs searching, negotiating and concluding deals will be lower as the comparison of products and services would be made easier over the Internet (Peters, 1998). Information on pricing and returns is also far easier to gather Birch and Young, (1997). Chan (2001) also quoted that customers will be able to save of traveling to the branch and other intangible factors like avoiding the aggravation of traffic

jams and long queues as the advantages of Internet banking. He also stated that with certain browsers, the "auto fill" feature will help save time because frequently visited website addresses, login names and passwords need not be typed over and over again. Indeed Birch et al. (1997) highlighted, customers will be able to conduct their banking transactions at ease, because they would not be subjected to high-pressure sales tactics.

2.11.4 Awareness

Adoption can be defined as the acceptance and continued use of a product, service or idea. According to Rogers and Shoemaker (2001), consumers go through "a series of process in knowledge, conviction, decision and confirmation" before they are ready to adopt a new product or service. The adoption or rejection of an innovation begins when "the consumer becomes aware of the innovation" Rogers et al. (2001). Howard and Moore (2002) emphasized that adoption "consumers must become aware of new brand." Lack of awareness is the most important factor that negatively affects Internet banking adoption (Sathye, 1999). In this same context we are able to argue that if the average consumers not adopting Internet banking services due to the unawareness of the availability of such a service and / or benefits it offers. Ease of Use Cooper (1997) identifies "ease of use" as one of the three important characteristics from customers' perspective for adoption of innovative service.

2.11.5 Cost

Price/costs are one of the single most important factors that influence the consumer adoption of innovation. Suganthy et al (2001) found that cost as a characteristics of Internet banking. Two types of costs are involved in the Internet banking, i.e. normal costs associated with Internet activities and second is the bank charge and cost (Sathye, 1999). If consumers are to use new technologies, the technologies must be reasonably priced relative to alternatives (Willis Report, 1997). Otherwise, the acceptance of the new technology may not be viable from the standpoint of the consumer. Virtual Society Project researcher (Buzz, 2000), point out that millions of users are now turning their backs on the Internet due to its limitations and high access charges.

2.11.6 Reluctance to Change

Quinn and Mueller (2002) found that human beings try to resist change, especially towards technological innovations. According to Daniel (1999) also stated that there is a high level of customer inertia in changing their established banking arrangements. Sathye (1999) emphasized

that customers, particularly the senior citizens, prefer personal interaction and that they have technology phobia.

2.11.7Accessibility

Availability of access to computers/Internet is a prerequisite for adoption of Internet banking (Sathye, 1999). The more widespread the access to computer/Internet the greater the possibility of use of Internet banking adoption. O, Connell (1996) study found that lack of access to computers as one of the reason for slow adoption of Internet banking. Daniel (1999) study in UK reveals that lack of customer access to suitable PCs as the main reason for low usage of electronic banking. In the same view Ramsay and Smith (1999) found that accessibility as one of the main reasons for non-adoption of Internet banking.

2.12 Benefits of Internet Banking To Banks and Customers

2.12.1 Benefits to banks

- **Cost saving**

Internet banking offers many benefits to banks and their customers. The main benefits to banks are cost savings, reaching new segments of the population, efficiency, enhancement of the bank's reputation and better customer service and satisfaction (Brogdon, 1999). The more those clients convert to internet banking, the greater the monetary saving will be. According to Robinson (2000), the cost of an electronic transaction is dramatically lower than the cost of a face-to-face branch transaction. Robinson adds that internet banking strengthens the relationship between the service provider (e.g. bank) and the customer because it brings banking services directly to a customer's home, office or mobile phone. This creates customer loyalty. The new technology offers a whole new possibility to the banking sector. Furthermore, banking is no longer tied to time and place. As a result global competition is expected to broaden. Sheshunoff (2000) says that the single most important driving force behind the implementation of full-service internet banking by banks is the need to create powerful barriers to customers exiting. Burns (2000) argues that electronic banking customers are more valuable to banks than traditional customers. Through electronic banking, banks can achieve better cross-channel productivity and performance. Burns (2000) indicates that the Internet will not replace other delivery channels, but will offer increased flexibility and the opportunity for improved service. Internet banking customers are found to be more loyal to their bank than non–internet banking customers (Mols, 1998).

- **Attract New Customer**

Sheshunoff (2000) admit that the bank introduced internet banking with an attempt to reach new customers and to make exist difficult. As consumer is the most important asset of an organization financial institutions provide personalized banking service to cater their needs. It is said that once a consumer moved to electronic banking the risk that the consumer changed it financial institution reduced literally. Switching from bank to another requires much time and effort by individual consumer. Internet banking is attractive because consumers are more satisfied with all the facilities it offer and it is also said to create positive word of mouth. (Essays, UK. November 2013).

2.12.2 Benefits For Customers

Internet banking makes available to customers a full range of services including some services not offered at branches. The greatest benefit of internet banking is that it is cheap or even free to customers. However, price seems to be one factor influencing against internet banking (Sathye, 1999).

Internet banking, in general, is not limited by time or place. It has also been argued that the electronic banks are more likely to change in response to customers' demands (Brogdon, 1999). Internet banking has the advantage that the customer cuts down on traveling to and from a bank branch. In this way, internet banking saves time and money, provides convenience and accessibility, and has a positive impact on customer satisfaction. Customers can manage their banking affairs when they want, and they can enjoy more privacy while interacting with their bank. It has been claimed that internet banking offers the customer more benefits at lower costs (Mols, 1998).

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

The aim of this study was to assess the customers intention of internet banking adoption in the case United Bank S.C (Selected Addis Ababa branches).To achieve such objective the research design, research methods, data Collection tools, data collection methods, sampling, target population, data analysis methods and validity and reliability analysis briefly discussed which the essential components for the thesis.

3.1 Research Design

The research design that was applied for this study was a descriptive research design in order to gather as much information as possible concerning the intention of customers on adoption of internet-banking in the case of United Bank S.C. In addition, this research was explaining the phenomenon and assesses the current situation of internet-banking. Therefore, Descriptive research was applied.

In order to achieve the objective of this study and answer the research questions, researcher adopts mixed research approach to examine the intentions of customers on adopting internet banking the case of United Bank S.C. This approach was used to neutralize or cancel the biases of applying any of a single approach and a means to offset the weaknesses inherent in a single method with the strengths of the other method.

3.2 Sample and Sampling Techniques

3.2.1 Target Population

The target population of the study was United Bank customers who are not currently using internet banking service in Addis Ababa selected branches .Those customers of respondents were selected because they are homogeneous and directly related to the subject and it help to know their intention toward internet banking and in addition it would helpful to get valuable information about their intention of adopting Internet-banking service.

3.2.2Sampling Technique

Sampling techniques that employed for this study was purposive and convenience sampling techniques. From a total of ninety four branches, twenty branches were selected purposely based on their transaction and as sample units, because it is often impossible or too much expensive to collect data from all the potential units.

Purposive sampling method used for the respondent customers those who are not using internet banking among those who conveniently available at the branch (convenience followed by purposive).

3.2.3 Sample Size

The sample size of the study was determined by the National Education Association (NEA) Research Bulletin (1960), Vol 38:99.This can help researchers avoid the formulas altogether. The table used to determine the appropriate sample size for almost any study. Due to the homogeneous nature of the respondent, the sample population for the study was 220, based on the NEA table; the researcher sample size was 140 respondents. With regard to survey, a total 140 questionnaire was distributed to the customers who are conveniently available at the selected branches when they are using the service of withdrawal or deposit service at a specific period of time. A total of 140 bank customers of non-internet banking users were sampled to assess their intention on the adoption of internet banking service. From the total of 140 questionnaires, 129 questionnaires were properly answered and returned to the researcher.

3.4 Source and Tools of Data Collection

The researcher collected the data needed to accomplish the research through gathering primary as method of data collection. To undertake this research, the specific methods of data collection will through distributing self-administered questionnaires and then customers were requested to reply the questionnaires and return back to the branch staff.

Secondary Data: were collected from the secondary resources i.e. referring various studies related to the subject matter, and referring various documents of the organization, this sources support the primary resource by adding something valuable.

3.5 Data Analyzing Techniques.

Data were analyzed through a descriptive data analyzing techniques. The primary data collected through questionnaire were analyzed with descriptive statistics using statistical package for social scientists (SPSS) like table, figures and percentages. After the data required for the study were collected, and tables were used to present the data and statistical figures like percentages used for data presentation and analysis.

CHAPTER FOUR

4. RESULT AND DISCUSSION

4.1 Introduction

In the previous chapter, the overall methodology, which was focused on research purpose, research approach, research strategy and the specific method of data collection and data analysis used in the study, have been presented. On the other hand this chapter presents the results and analysis of data collected via questionnaire, and document analysis.

As it is discussed in the methodology part of this study, data collected by using different techniques were analyzed in this chapter. A total of 140 questionnaires were distributed to twenty branches .Out of the total 140 questionnaires, 129 functional questionnaires were obtained (92% response rate). All the respondents were non-users of internet banking customers of United Bank S.C. The results of the statistical analysis as reported here were obtained using the SPSS version 20 computer program. Appropriate mean score were inserted for clear illustration**.**

4.2 Demographic Information of the Respondents

The study participants on survey questionnaire have different personal information; besides these differences they introduce different responses towards internet-banking, and the intention of internet-banking adoption. The following discussion shows these differences. The demographic profile of respondents, participated in this study shown in table 4.1 as follows.

Table 4.1, Respondents' Demographic Profile

Variable	Classification of variables	Frequency	Percentage
Gender	Male	67	52
	Female	61	47
	Missing	1	1
	Total	129	100
Age	18 - 25 years	53	41
	26 - 30 years	51	40
	31 – 40 years	20	15
	41 – 50 years	4	3
	51 – 60 years	0	0
	Above 60 years	0	0
	Total	129	100
Education	High school	21	16
	Diploma	43	33
	Degree	54	42
	Master's Degree	11	9
	Total	129	100
Monthly income (in Ethiopian birr)	up to 10000	45	35
	10000 to 15000	12	9
	15001to20000	36	28
	25001to30000	26	20
	above30000	9	7
	Total	129	100

Source: Survey Result, 2017

As it is shown on the above table, the highest percentages of participants in this study were males who form 52% of respondents the rest 61(47%) were female respondents. Table 4.1 shows the age groups into which respondents' categorizes. Almost the respondents 41 % fall into the 18 to 25 age group, with 40 % in the 26 to 30 age group, 15 % in the 31 to 40 age group and only 3%

in the 41-50 age group. The demographic age profile of the study participants shows that 18 to 25 age group are dominant. With regarding to the status, the majority of respondents were holding bachelor degree that form 42% of total participants the data indicates that respondents were capable of responding to the queries with the good know how, further it indicate that United Bank can take advantage of the middle age group. Thus, United Bank can be targeting that age group to make interface, advertisement or any modification on the part of internet banking.

Lastly when we see the income level of the respondent, the majority of the target study were within the income level of up to 10,000.00 Eth birr per month; their percentage in participation were 35%, followed by respondents with the income level between 15001 to 20,000 Eth birr per month. is suggest that United Bank has to promote internet banking to increase potential customers of the service that can afford to use internet banking service.

Table 4.2.Respondents' Relation of Customers With The Bank

Status of relation with the bank	Less than one year	1to5 years	6 to ten years	11 to15years	Total
Frequency	15	68	34	7	129
Percentage	13	53	26	5	100

Source: Survey Result, 2017

As it is displayed on the above table 4.2, the highest percentage of 68(53%) of the participants in this study have a relation with the bank as customer between 1 to 5 years. Table 4.2 also indicates that 34(26 %) of the respondents fall into the 6 to 10 years with the bank as a customer, and 15(3 %) the respondents falls less than one year. The total number of customers from the respondent indicates that 5 % responses that they have a relation with the bank 11 t0 15 years and only 5(4%) respondent response shows that on the above table they have a relation with the bank as a customer above 15 years. This indicates that, the highest percentage of the respondent customers has 1 to 5 year's relation with the bank.

Table 4.3 Attributes Of The Bank

Which attribute of the bank do you value the most?	Classifications of variables													
	Strongly Agree		Agree		Neutral		Disagree		Strongly disagree		Missing		Total	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%
Quality of Service	56	43	65	51	5	4	3	2	0	0	-	-	129	100
Technology used	54	42	45	34	5	4	20	16	5	4	-	-	126	100
Trust	90	70	39	30	0	0	0	0	0		-		129	100
Location	16	12	84	65	15	12	14	11	0	0	-		129	100
Type of the bank	9	7	39	30	42	33	34	27	3	2	2	2	129	100

Source: Survey Result, 2017

The result presented in the above tables shows that, the respondents asked that which attribute of the bank that they value the most, and the descriptive statistics result gives the large number of respondents 90 (70%), strongly agreed with the idea that trust is one of the attribute of the bank that they value the most than the other attributes .Therefore trust is one of the factor that the customers most valuable element from the rest of the attributes. On the other hand 84(65%) of the respondent agreed that location is their most attribute of the bank. Similarly the result shown on the above table revealed that quality of service 65 (51%) of the respondents agreed with the issue. In addition the result shown on the above table indicated that 54(42%) of respondents strongly agree with that the technology used by the bank.

Finally 42 (33%) of the respondent response was neutral on the types of the bank that they most values on the attributes. This result indicates that trust has a significant effect on intention to use banking service. This shows that the disposition to trust is important in the initial stages of a relationship, and that is what leads consumer to adopt banking services.

Table 4.4 Familiarity with the computer

How familiar are you with computer usage level of your bank?	No knowledge of computer	Beginner	Average knowledge	Advanced computer knowledge	Expert	Total
Frequency	-	49	58	22	-	129
Percent	-	38	45	17	-	100

Source: Survey Result, 2017

The result shown on table 4.4 illustrates that 45%that is 58 of the respondents has an average knowledge on computer usage, 49(38%) were beginner, and 22(17%) were have an advanced knowledge on computer, and none of the respondent responses that they don't have a computer knowledge. The result revealed that the majority of customers have average knowledge on computer.

Table 4.5 Factors Promote to Use Bank Service

Variable	Classification of variables	Yes	Percent	No	Percent
Which factors promote you to use bank service	Reduce time transaction	86	67	43	33
	Cost effectiveness	79	61	50	39
	Ease of use technology	54	42	75	58
	Safety	96	74	33	26

Source: Survey Result, 2017

The purpose of this question was to establish some of the factors that would promote the customers to use the banking service, and they were have a chance to select more than one options, the result indicates from the above table that out of the total respond, 96(74%) response shows that safety promotes them to use the bank service, with regard to reduce time transaction, the result revealed that 86(67%) the respondent response reduce transaction time promotes them to use the bank service. In addition with that the result shown on the above table 79(61%) stated that cost effectiveness promote them to use the bank service. Finally concerning with the ease of use technology, the result indicates on the above table that 75(58%) respondent also the ease of using technology doesn't promote them to use bank service. The results shows most of the customers promoted by the safety, this implies that safety has a significant effect on the intention to use banking service.

Table 4.6 Customer's Level of Usage Service Per Month

How frequently do you use the following banking services per month?	I don't use		1 to 3 times		4 to8 times		9 to12 times		Over12 times		Total	
	F	%	F	%	F	%	F	%	F	%	F	
Branch banking	2	2	50	39	10	10	42	8	25	19	129	100
Automated teller machine (ATM)	13	10	14	11	34	26	23	18	45	35	129	100
Internet banking	129	100	-		-		-		-		129	100
Mobile banking	26	20	39	30	20	16	10	8	34	26	129	100

Source: Survey Result, 2017

As it is displays on Table 4.6 about the respondents' practices with regard to the levels of services usage per month at United Bank, the result illustrates that the majority 50(39%) of the respondents use branch banking 1 to 3 times per a month, this implies that the respondents feel better when using service through personal contact with the bank officer, and none of the respondents use internet banking per month. The data collected from respondents indicated on the above table shows that 45(35 %) use ATM (automated teller machine) over 12 times per month by using their debit card , finally with regard to mobile banking, the response level approaches to 39(30 %) of the respondents response that they are using mobile banking 3 to 8 times monthly. This result indicated that most customers of United Bank were not further than entertaining through the seamless of the traditional bank, cash payment system.

Table 4.7 Perceived Risks (Technological Factor)

Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly disagree		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Customer's fears internet banking service?	29	22	64	50	36	28	0	0	0	0	129	100
Internet banking can be interfered with by others	20	16	81	63	24	19	2	1	2	1	129	100
Lack of Confidentiality /Privacy of the bank with the security aspects	16	12	64	50	42	33	2	2	5	3	129	100
Internet banking has enough safeguards to make me feel comfortable using it	5	4	52	40	17	13	47	36	8	6	129	100
Customers do not trust the technology provided by the bank	19	14	46	36	41	32	18	14	4	3	129	100
Protection of banking transaction	5	4	38	30	41	31	45	35	0	0	129	100
Lack of access to computer / Internet / cell phone that can perform internet banking	10	8	28	22	12	9	73	57	6	4	129	100
Perceived high charges / hidden costs	12	9	60	46	20	15	31	24	6	5	129	100
Perceived difficulty / complexity of using internet banking	21	16	76	59	17	13	9	7	6	5	129	100

Source: Survey Result, 2017

The result presented in the above table shows that, the respondents asked whether customers of the bank fear risk to use internet banking. The descriptive statistics result shows that the largest number of respondent that 64 (50%) of the respondents were agreed on the issue, 29(22%) of the respondent strongly agree and 36(28%) of the respondent neutral. The result states that the perceived risk associated with banking on the Internet is a major barrier for the adoption of Internet banking. Therefore fear of risk is one of the factors that hinder adoption of internet banking.

With regard to respondent's perception about Internet banking can be interfered with by others, the response level was indicated as on the above table shows 81(63 %) of the respondents agree, 20(16%) of the respondents strongly agree, 24(19%) of the respondents are neutral, 2(1%) of the respondents disagree and 2(1%) of the respondents strongly disagree. The table shows that most of the customers perceived that internet baking can be interfered by others; this implies that interference by the other is considered as barrier for the adoption internet -banking service.

In addition, customers of the bank replied about the perception of the privacy of the bank with the security aspect, the result shows that 64(50%) of the respondents agreed that there is no confidentiality for using internet banking system 16(12%) of the respondents strongly agree, 42(33%) respondent are neutral, 2(2%) respondents disagree and 5(3%) of the respondent strongly disagree. The result states that the perceived security and privacy risk associated with banking on the Internet is a major barrier to the adoption of Internet banking.

Concerning about Internet banking has enough safeguards to make them feel comfortable when they are using it; the result revealed that 5(4%) of the respondents strongly agree, 52(40%) agreed that they don't feel comfortable to use internet banking service, 17(13%) of the respondents are neutral, 47(36%) of the respondents disagree and 8(6%) of the respondents strongly disagree. The overall result implies that customers perceived there is no guarantee when they are using the internet banking service.

The result indicates that 46 (36%) of the respondents agrees that they don't trust the technology that provided by the bank 19(14%) of the respondents strongly disagree, 41(32%) of the respondents neutral, 18(14%) of the respondents are disagree and 4(3%) of the respondents strongly disagree. This shows that the greatest challenge of adopting internet banking is winning the trust of customers in the issue of security or perceived security risk as a key inhibitor in the adoption of internet banking. Moreover, the result shown on the above table indicated that lack of trust on the use of technological facility provided by bank is another factor that can hinder adoption of technological innovation. The implication of this result is that, when peoples have good attitude towards technology, there is high likelihood to adopt the technology. In the same vein, when United Bank customers have good attitude towards internet banking, there is the likelihood of them adopting the usage in the future.

In addition on the above table the descriptive statistics on protection of the bank transaction result shows that the majority respondents 45(35%) are disagree with the question; 41(31%) of the respondent neutral, 38(30%) of the respondents are agree and 5(4%) of the respondents are strongly agree. The result implies that the respondent perceived that there is no assurance for the financial loss when they perform transaction.

This question asked to the customer's lack of access to computer or cell phone to perform the internet banking the majority of the respondents response shows that 73(57%) disagree on the issue, 6(4%) of the respondents strongly disagree, 12(9%) of the respondents are neutral, 28(22%) of the respondents are agree and 10(8%) of the respondents strongly agree. This implies that lack of access to computer or cell phone doesn't have an impact on adopting internet banking.

With regard to the perceptions of the cost-effectiveness of internet banking influence their willingness to accept internet banking, the respondent response reflected in above table on the issue of perceived high charges, the result of the table shows that a total of 60(46%) of the respondents agree that internet banking service fees are too expensive,12(9%) of the respondents strongly agree, 20(15%) of the respondents are neutral, 31(24%) of the respondents are disagree and 6(5%) of the respondents strongly disagree. The result indicates that customers perceived internet banking has a high charge.

Finally concerning with respondents perception about the simplicity of using the internet banking process, the result indicated on the table shows that 76(59%) agreed on the complexity of using internet banking,21(16%) of the respondents strongly agree,17(13%) of the respondents are neutral, 9(7%) of the respondents disagree and 6(5%) of the respondents strongly disagree. This implies that customers perceived the operation of using internet banking is difficult, perceived complexity of the internet banking operation influences customers' acceptance of adopting internet banking.

Table 4.8 Environmental Factor

Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly disagree		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Internet connection is not good enough to perform online transactions in current situation	35	27	79	61	10	8	5	4	0	0	129	100
Lack of available Information Communication Technology infrastructure	42	32	80	62	2	2	5	4	0	0	129	100
Internet banking services not perform well because of network problems	69	53	37	29	14	11	9	7	0	0	129	100

Source: Survey Result, 2017

Results reported on table 4.8, shows that the largest number of respondents 79(61%) out of the total respondents were agreed that Internet connection is not good enough to perform online transactions in current situation, 35(27%) of the respondents strongly disagree, 10(8%) of the respondents are neutral and 5(4%) of the respondents disagree. This implies that customers perceived that internet banking service cannot easily available and it's difficult to get the service within a short period of time when they need it.

As it is depicted on the above table, respondents were asked with regard to lack of available ICT infrastructure, the majority of respondents 80(62%) were agreed that lack of available information communication technology infrastructure, 42(32%) of the respondents strongly disagree, 2(2%) of the respondents are neutral and 5(4%) of the respondents disagree. The result implies that the respondent perceived that the infrastructure facility as not as fulfilled by the United Bank and other stake holders for the effective adoption of internet banking system, and this will have a great impact on the adoption of new technological innovation like internet banking.

Similarly, result reported on the above table for the question regarding with internet banking services not perform well because of network problems, the majority numbers of the respondents 63(53%) were strongly agree on internet banking services not perform well because of network problems, 37(29%) of the respondents are agree, 14(11%) of the respondents neutral and 9(7%)

of the respondents are disagree. Lack of the above environmental factors for the implementation of internet-banking system is one of the basic barriers to adopt internet banking.

Table4.9. Respondent Response on Perceived Self-Efficacy

Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly disagree		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
I feel confident understanding the three stages of data processing namely: input, processing and output	23	18	61	47	37	29	4	3	4	3	129	100
I feel confident using the user's guide when help is needed	16	12	35	27	51	40	23	18	4	3	129	100
I feel confident using the Internet banking	5	4	41	32	12	9	68	53	3	2	129	100
preference for traditional modes of banking	16	12	69	54	25	19	19	15	0	0	129	100
Internet banking Create better relationship among banks and clients	55	43	49	38	23	18	0	0	2	1	129	100

Source: Survey Result, 2017.

As it is shown on the above table, respondents were asked their confidence on understanding the basic computer data processing, the result implies that 61(47%) of the respondent agreed that they understand the basic computer process, 23(18%) of the respondents strongly agree. 37(29%) of the respondents are neutral and 4(3%) of the respondents are disagree and strongly disagree respectively. This result implies that the respondents have basic know how, how to operate the computer. This can be taken as an advantage for the bank to adopt internet banking.

With regard to felling confident with the user guide line that provided by the bank the result shows that 51(40%) of the respondent neither agree nor disagree, they are neutral, 35(27%) of the respondents agree, 16(12%) of the respondent s are strongly agree, 23(18%) of the respondent disagree and 4(3%) of the respondents were strongly disagree. This implies that the bank don't

well use the printing media to promote internet banking in order to create an awareness about the product.

As it is depicted on the above table, respondents were asked with regard to the perceived perception toward using of internet banking; the respondent response shows that 68 or 53% of their response shows that they are disagree, 41(32%) of the respondents are agree, 5(4%) of the respondents strongly agree, 12(9%) of the respondents are neutral and 3(2%) of the respondents strongly disagree. This implies that lack of confidence from customers to use internet-banking system is considered as barrier for the adoption of technological innovation.

The question aims to investigate customers' beliefs about the safety of banking at a traditional branch banking, 69(54%) of the respondents agreed that it is safe to bank at a branch, 16(12%) of the respondents strongly agree, 25(19%) of the respondents are neutral and 19(15%) of the respondents are disagree. This result shows that most of the respondent agreed on the issue of the respondent perceives that banking in the branch is safe.

Finally, with regarding with the perceived interest of the respondent on their interest of using internet banking service 50 (39%) of the respondent respond that they are agreed on they don't have an interest to use the internet banking service, 23(18%) of the respondents strongly agree, 21(16%) of the respondents are neutral and 35(27%) of the respondents disagree. The overall result indicated that Internet users who are confident of their abilities to use Internet banking services are more likely to adopt such services. This shows that self-efficacy has a significant influence on intentions to adopt new innovations like internet banking.

Table 4.10 Perceived Ease of Use

Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly disagree		Missing		Total	
	F	%	F	%	F	%	F	%	F	%	F	%	F	%
Internet banking makes it easier to do banking activities	43	33	50	39	30	23	4	3	2	2	-	-	129	100
The bank provide guidelines on the use of internet banking facility	27	21	74	57	17	13	8	6	2	2	1	1	129	100
Internet banking system helps to perform banking task in a simple way	29	23	57	44	34	26	8	6	1	1	-	-	129	100
Online customer service site provide the language that I understand	11	9	39	30	13	10	61	47	5	4	-	-	129	100
User friendly system	10	8	39	30	25	19	50	39	5	4	-	-	129	100

Source: Survey Result, 2017

Regarding ease of use as a benefit of adopting internet -banking system, respondents were asked whether they `strongly agreed, Agreed, Neutral, and Disagreed or strongly disagreed‟ based on five questions shown in the above table 4.10. The result for the question regarding with Internet banking makes it easier to do banking activities, the response shows that 50(39%) of the sampled respondents agreed with the idea that perceived ease of use in terms of, simplifying banking activity, 43(33%) of the respondents strongly agree, 30(23%) of the respondents are neutral, 4(3%) of the respondents disagree and 2(2%) of the respondents strongly disagree.

Table 4.10 shows that 74 (57%) of the respondents agreed on that the guide lines that the bank provides on the use of internet banking, 27(21%) of the respondents strongly agree, 17(13%) of the respondents are neutral, 8(6%) of the respondent disagree and 2(2%) of the respondents strongly disagree.

More over with regards to performing bank task in simple way 57(44%) agreed that with the issue. This implies that the respondents are aware of the significance of internet banking system,

so this is a good factor for the ability to adopt internet-banking system, 29(23%) of the respondents strongly agree,34 (26%) of the respondents neutral and 8(6%) of the respondents disagree.

Regarding with the language respondents were asked online customer service site provide the language that they understand, 61 (47%) of the respondent disagrees, 39(30%) of the respondents agree, 11(9%) of the respondents strongly agree, and 5(4%) of the respondents are strongly disagree.

Finally with regard to the respondent perceive perception about the system user friendly, majority respondents 50(39%) of the respondent disagree on the issue. This implies that the respondent perceived that the website interface language and the operating system is not friendly to use internet banking service, it indicates that for the respondent it is difficult to operate the internet banking technology provided by the bank. In relation to the findings of this study, the significance of perceived ease of use and intention to adopt and use internet banking is significant impact on adopting the system.

Table 4.11 Perceived Usefulness

Statements	Strongly Agree		Agree		Neutral		Disagree		Strongly disagree		Total	
	F	%	F	%	F	%	F	%	F	%	F	%
Internet banking , enables users to complete banking activities more quickly and easily	35	27	47	36	7	5	37	29	3	2	129	100
Internet banking is more convenient in terms of time saving	41	32	74	57	14	11	0	0	0	0	129	100
The transactions in Internet banking are at a lower price, or at no cost	4	3	26	20	33	26	66	51	0	0	129	100
Reduce number of customers come to the banking hall	33	26	41	32	26	20	29	22	0	0	129	100
Internet banking Create better relationship among banks and clients	55	43	49	38	23	18	0	0	2	1	129	100
No time limit to access bank account and information capable of solving complaints adequately	52	40	70	55	3	2	4	3	0	0	129	100

Source: Survey Result, 2017

Regarding respondent's perception about Internet banking enables users to complete banking activities more quickly and easily, the result shown on the table 4.11, shows that 47(36%) respondent agreed that Internet banking enables users to complete banking activities more quickly and easily,35(27%) 0f the respondents strongly agree, 37 (29%) of the respondents disagree and 3(2%) of the respondent strongly disagree .the result implies that customers can get banking services without visiting bank office.

With regard to the respondent perception about the question related with Internet banking is more convenient in terms of time saving, the result implies that 74(57%) of the respondents are agreed on Internet banking is more convenient in terms of time saving, 41(32%) of the respondents strongly agree and 14(11%) of the respondents are neutral. These result implies, that using internet banking system helps to perform banking activities within a short period of time. Customers can simply check their balance, transfer funds and pay their bills on line.

Moreover, the result shows with regard to the question about the transactions in Internet banking are at a lower price, or at no cost and using internet banking the respondents response shown on the above table that 66(51 %) disagree, 33(26%) of the respondent neutral, 26(20%) of the respondents are agree and 4(3%) of the respondents strongly agree. The result implies that the respondent perceived that there is high additional service charge when they are making a transaction through internet banking.

In addition, from respondent's response the result shows on the above table about the question on Reduce number of customers come to the banking hall the respondent's response shows that 41 (32%) agree,33(26%) of the respondents strongly agree, 26 (20%) of the respondents are neutral and 29(22%) of the respondents disagree. This result implies that if banks can use sufficient technological tools like, Internet banking, it would not be limited by geographical location to get banking service. This indicates that, it can reduce number of customers come to banking hall compared with traditional banking system.

Regarding respondent personal perception toward creating better relations between the bank and the customer, the result shows that majority of the respondent 55 (43%) respondent strongly agreed on the other benefits gained from using of internet-banking system is that it creates better relationship among banks and clients, 49(38%) of the respondents agree, 23(18%) of the respondents are neutral and 2(1%) of the respondents strongly disagree

Finally, respondent perception concerning with internet -banking service were not limited by time, the respondent response shows on the above table that the majority of the respondent 70 (55%) agreed, 52(40%) of the respondents strongly agree, 3 (2%) of the respondents neutral and 4(3%) of the respondents disagree. This implies that Customers of the bank who uses internet banking can get 24 hours a day, 7 days a week and 365/6 days a year banking service,

Generally, the result implies that perceived usefulness is a very important factor to determine Internet banking usage.

Table 4.12 Contribution of New Technology

Variable	Classification of variables	Frequency	Percent
The contribution of new technology to the success of the bank in your opinion is?	Very high	87	67
	High	21	16
	Average	15	12
	Low	6	5
	Very low		
	Total	129	100

Source: Survey Result, 2017

Regarding with the respondents perception toward the contribution of new technology to the success of the bank, the result shown in the above table 4.12, shows that the majority of the respondent response shows that the contribution of new technology to the success of the bank is important.

Moreover, 87 (67%) of the respondent respond implies that the contribution of new technology for the success of the bank is very high, 21 (16%) respondent response high.

However, despite such momentum there are some respondents who respond as average15 (12%) and respondent response that shows low 6(5%) responds that the contribution of new technology for the success of the bank is low. This implies that the process of banking by using latest technology is an important for the success of the bank.

In addition, as the respondent respond to the open ended question provided to the customers, if they have any suggestion to the development of technology to the bank, they suggest that:

- The bank should develop mobile browsing application, in order to easily browse internet banking on smart cell phones.
- Increase network quality to use internet banking and
- Establish controlling system, and make it clear to its customer in order to make them feel confident when they want to use internet banking.

CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of findings

This chapter details the results of the statistical analysis and establishes the customer's intention to adopt internet banking through mixed research approach. It's also identifies those factors which influence the use of internet banking and those factors which hinder the use of internet banking. These factors concern technological barriers identified in this study were fears of using internet banking, security risks, and customers perceived that it is not safe to use internet banking and lack of trust on the technological innovation used by the bank.

The results of this study indicate that non-internet banking users perceived that internet banking service is more complex. As a result, their perceived complexity of using internet banking services significantly influences them to adoption of internet banking. Interestingly Lack of access to computer cell phone that can perform internet banking was not taken as a barrier for the adoption of internet banking.

Most barriers to internet-banking adoption identified in this study were come from external Environments; specifically those are lack of ICT (information communication technology) infrastructure, and Internet connection is not good enough to perform online transactions in current situation. Infrastructure has a significant influence on customers on the adoption of internet banking.

The results from this study have also shown that there are other factor besides the external environment, self-efficacy toward using Internet banking services like lack of interest and confidence for using internet banking and preference of traditional mode of banking found to significantly affect intentions to adopt Internet banking services. Generally perceived risk negatively influences customers to adopt internet banking services.

The study also identified basic benefit customers could get from the adoption of internet-banking system. Those benefits were considered as a driving force for the adoption of internet banking system. The benefits were classified based on as perceived ease of use and perceived use fullness. Perceived ease of use is taken as a major benefit of using internet-banking system. In relation to the findings of this study identified ease of use as the most significant factor affecting the adoption of internet banking revealed that there is a positive relationship between perceived ease of use and acceptance of internet-banking by customers. This makes it very important for relevant

stakeholders to design more user friendly internet banking hardware and software to increase internet banking adoption and use.

The other benefit found in the study were based on its usefulness .Internet banking is more convenient in terms of time and cost saving, reduce the number of customers come to banking hall, increase reliability and accessibility of banking service, creating good relationship between clients & bank and also No time limit to access bank account and information. This study found that perceived usefulness influenced intention to adopt internet banking by perceived groups. Perceived usefulness is one of the important antecedents to internet banking initial trust.

5.2 Conclusion

This study has specified the relationships between United Bank S.C customers' intention to use internet banking on perceived ease of use, perceived usefulness, self-efficacy, security, trust and cost. It focused through which the study attempted to understand the customers' intentions of adopting internet banking. The factors identified to provide a comprehensive view of the key drivers influencing internet banking usage intention. The intention of United Bank S.C customers perceived that internet banking operation is not easy, convenient, flexible, and efficient and it is not secured to conduct banking transactions, they aren't likely to adopt Internet Banking. The following are the conclusion from the result:

- Internet banking is not well adopted by United Bank S.C customers as compared with the number account holders. This is due perceived risk, such as fears of privacy and security risks and lack of trust on the technological innovation used by the bank are the barriers for the customers to adopt internet banking system, so that customers can't have trust in using the internet banking service. Trust is important in the initial stages of a relationship, and that is what leads customers to adopt internet banking services .This implies that when consumers trust the security and privacy of Internet Banking, they are likely to adopt it. Trust in internet banking is very important because of some risk involved in using electronic media for financial transaction. As security is the main concern in online transactions, commitments and promises such as keeping private information and transactions safe and secure must be fulfilled. The level of security risk associated with internet-banking service, pose a challenges to adopt the system, customers perceived that it is not safe to use internet banking and lack of trust on the technological innovation used by the bank, they believe that it is unsafe to disclose personal information on a bank websites.

- In addition to the above basic factors affecting adoption of internet -banking in United Bank, result of the study also shows that low level of ICT infrastructure development and lack of internet connection has a significant effect on adoption internet banking. With regard to perceived environmental factor and self –efficacy. Both self-efficacy and Environmental factor are found to be important. Particularly, self-efficacy toward using Internet banking services and the perceived environmental factors for Internet banking, were both found to significantly affect intentions to adopt Internet banking services.
- When customers believe that IB is easy, convenient, flexible, and efficient and secured to conduct banking transactions, they are likely to adopt it. But the results of this study indicate that the respondent perceived that internet banking involves complex procedures. The more complex internet banking is perceived to be, the less likely that internet banking will be adopted. However, negative perceptions of complexity, risk and cost were indications of negative attitudes towards adopting internet banking. Negative perceptions and attitudes influence the decision-making process, resulting in negative customers behavior outcomes no to use internet banking. Hence, the perception of complexity is a significant factor influencing the use of internet banking. This indicates an established perception in the mind of the respondent, making it difficult to convince customers to try new innovations.
- On the other hand, the study reveals that the benefits of technological innovation are well known to the banks and represent a tough force to drive adoption of the system. The findings show that Ease of use is one of the basic benefits for adopt internet-banking, in which it enables bank to perform banking activities in a simple way. The other driving force for the adoption of the system is perceived usefulness, in which, it is used for time saving and cost reduction. This and the other benefit identified in the study were considered as a very great potential for banks to increase the number of customers to use internet banking service. This means that the more the benefits perceived by bank customers of the use of internet banking, the greater the likelihood of adoption. This therefore, makes it very important for banks to educate and enlighten their customers of the benefits associated with internet banking adoption and use so as to increase its rate of adoption.

- Finally based on the finding the researcher can conclude that United Bank is not effectively working on its customers in the adoption of internet banking system, as a result the number of internet banking users were limited.

5.3 Recommendations

Internet-banking system is a new financial evolution in Ethiopia, but it's an important issue, because it has a great impact on the whole banking system, at the same time it's difficult and need a lot of efforts to be adopted and accepted by the customers. The implications of these findings and conclusions were that United Bank need to play a leading role in influencing the perception of potential customers to adopt internet banking. The outcomes of this study have practical implication and recommendation for bank based on the above conclusion, the researcher recommends the following points:

- Awareness of internet banking services is essential in early adoption stages. The bank should employ more promotional activities to promote the use of Internet banking among its customers. Promotional activities such as advertisement and referral plan could be used to target potential customers; this will be useful to introduce the services to a wider about benefits of internet banking.
- The bank should launch campaigns to create awareness to potential customers who fears of privacy and security risks together with relative advantages and familiarize them with the processes and benefits of the system of using internet banking.
- To increase confidence and enhance self-efficacy in using Internet banking services, demonstrations through video presentations should be made at bank branches to showcase the user-friendliness of such services. It is therefore recommended that efforts be made by the bank to improve on the security of the IB interface, so that customers can have trust in using the service.
- The usefulness of IB service to customers should also be constantly communicated to the customers by the banks teller and bank assistants at branches.
- The Bank should not only make Internet Banking more secure, but also put in place policies, and infrastructure that will further increase customer confidence and the bank need to move away from traditional bases of retail bank competition to a new technology based form of competition

- Information and instructions on the web should be provided in both English and Amharic in order to make the adopter comfortable.
- Governments should encourage the use of Internet Banking by ensuring that the resources such as internet access, internet facilities, power supply needed to gain access to the internet are available and affordable and Government should encourage ICT companies to invest in Ethiopia.

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APPENDICES

Appendix A

Questionnaires

I am a St. Mary's University student conducting this survey as my part of dissertation. This questionnaire should take five minutes to complete it. The purpose of this survey is to examine your opinion about internet banking.

I would like to assure you that the information you provide will be used only for the purpose of achieving academic award. Your involvement is regarded as a great input to the quality of the research results. Hence, I believe that you will enlarge your assistance by participating in the study. Your honest and thoughtful response is precious. The objective of the study is to identify and analyze the factors influencing the customer's adoption/usage of internet banking in banking services in united Bank S.C. Please be assured that your responses will be strictly confidential. Please put a **(**√)mark to indicate your preference.

Thank you for your participation.

Section I: Questions regarding on Demographic profile of respondents

Please indicate the following by ticking (√) on the spaces in front of the response options

1. Gender: Male ☐ Female ☐

2. Age: 18 - 25 years ☐ 26 - 30 years ☐ 31 – 40 years ☐

41 – 50 years ☐ 51 – 60 years ☐ above 60 years ☐

3. Education: High school ☐ Intermediate ☐ Degree ☐

Master's Degree ☐ others (please specify) _____

4. Monthly Income: Up to 10,000 ☐ 10,000- 15,000 ☐ 15,001-20,000 ☐

20,001-25,000 ☐ 25,001-30,000 ☐ above 30,000 ☐

5. Status of usage: Less than 1 year ☐ 1 – 5 years ☐ 5 – 10 years ☐

10 – 15 yeas ☐ above 15 years ☐

Section II: Questionnaires regarding with antecedents of customer intentions to use internet banking.

Instruction: Below are lists of statements pertaining to Adoption of internet-banking. Please indicate whether you agree or disagree with each statement by ticking (√) on the spaces that specify

your choice from the options that range from ""strongly agree" to „"strongly disagree" .Each choice was identified by numbers ranged from 1 to 5.

	Which attribute of the bank do you value the most?	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Quality of Service					
2	Technology used					
3	Trust					
4	Location					
5	Type of the bank					

6. How familiar are you with computer usage level of your bank?

No knowledge of computer ☐ Beginner ☐ Average knowledge ☐

Advanced computer knowledge ☐ Expert.☐

7. Which factor promotes you to use the new technologies in banking? (Tick all that are applicable)

Reduced time of transactions☐ Cost effectiveness☐Ease of use Technology☐ safety☐

8. Customer level of usage of service (Tick all that are applicable to you)

How frequently do you use the following banking services per month?		1 to 3 times	3 to8 times	8 to12 times	Over12 times
1	Branch banking				
2	Automated teller machine (ATM)				
3	Internet banking				
4	Mobile banking				

Section III: Questionnaires related with barriers on adopting internet banking system.

Instruction: Below are lists of statements pertaining to Adoption of internet-banking. Please indicate whether you agree or disagree with each statement by ticking (√) on the spaces that specify your choice from the options that range from ""strongly agree" to „"strongly disagree" .Each choice was identified by numbers ranged from 1 to 5.

The following are some barriers the bank faces, when adopting internet banking system, please indicate level of your choice		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.Perceived risk(technological factor)						
1	Customers fear risk to use internet banking service					
2	Internet banking can be interfered with by others					
3	Lack of Confidentiality /Privacy of the bank with the security aspects					
4	Internet banking has enough safeguards to make me feel comfortable using it					
5	Customers do not trust the technology provided by the bank					
6	Protection of banking transaction					
7	Lack of access to computer / Internet / cell phone that can perform internet banking					
8	Perceived high charges / hidden costs					
9	Perceived difficulty / complexity of using internet banking					
2.Environmental factor						
10	Internet connection is not good enough to perform online transactions in current situation					
11	Lack of available Information Communication Technology infrastructure					
12	internet banking services may not perform well because of network problems					
3.Perceived self-efficacy						
13	I feel confident understanding the three stages of data processing namely: input, processing and output					
14	I feel confident using the user's guide when help is needed					
15	I feel confident using the Internet					
16	Lack of interest					
17	Preference for traditional modes of banking					

Section IV: Questions regarding with the advantages of adopting internet-banking system

The following are some of the perceived benefits the bank derived from the adoption of internet-banking system, please indicate your choice.		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.Perceived Ease of Use						
18	Internet banking makes it easier to do banking activities					
19	The bank provide guidelines on the use of internet banking facility					
20	Internet banking system helps to perform banking task in a simple way					
21	Online customer service site provide the language that I understand					

22	User friendly system					
2.Perceived Usefulness						
23	Internet banking , enables users to complete banking activities more quickly and easily					
24	Internet banking is more convenient in terms of time saving					
25	Internet banking is more accessible to users than visiting a bank					
26	The transactions in Internet banking are at a lower price, or at no cost					
27	Reduce number of customers come to the banking hall					
28	Internet banking Create better relationship among banks and clients					
29	No time limit to access bank account and information capable of solving complaints adequately					

30. The contribution of new technology to the success of banks in your opinion is:
A. Very high
B. High
C. Average
D. Low
E. Nil
32. What suggestions you can give to the development of technology to the United Bank S.C?

THANK YOU VERY MUCH FOR YOUR VALUABLE TIME, COOPERATION, PATIENCE & INFORMATION.

Appendix B

Descriptive statistics SPSS result

Table4.6. Perceived risks (technological factor)

		customers fears internet banking service	Internet banking can be interfered with by others	Lack of Confidentiality /Privacy of the bank with the security aspects	Internet banking has enough safeguards to make me feel comfortable using it	Customers do not trust the technology provided by the bank	Protection of banking transaction	Lack of access to computer / Internet / cell phone that can perform internet banking	Perceived high charges / hidden costs	Perceived difficulty / complexity of using internet banking
N	**Valid**	129	129	129	129	128	129	129	129	129
	Missing	0	0	0	0	1	0	0	0	0
Median		2.00	2.00	2.00	3.00	2.00	3.00	4.00	2.00	2.00
Mode		2	2	2	2	2	2	4	2	2

Table 4.7 Environmental factor

		Internet connection is not good enough to perform online transactions in current situation	Lack of available Information Communication Technology infrastructure	internet banking services not perform well because of network problems
N	Valid	129	129	129
	Missing	0	0	0
Median		2.00	2.00	1.00
Mode		2	2	1

Table 4.8 Respondent response on Perceived self-efficacy

		I feel confident understanding the three stages of data processing namely: input, processing and output	I feel confident using the user's guide when help is needed	I feel confident using the Internet banking	preference for traditional modes of banking	Lack of interest
N	Valid	129	129	129	129	129
	Missing	0	0	0	0	0
Median		2.00	3.00	4.00	2.00	2.00
Mode		2	3	4	2	2

Table 4.9 perceived ease of use

		Internet banking makes it easier to do banking activities	The bank provide guidelines on the use of internet banking facility	Internet banking system helps to perform banking task in a simple way	Online customer service site provide the language that I understand	User friendly system
N	Valid	129	129	129	129	129
	Missing	0	0	0	0	0
Median		2.00	2.00	2.00	4.00	3.00
Mode		2	2	2	4	4

Table 4.10 perceived usefulness

		Internet banking , enables users to complete banking activities more quickly and easily	Internet banking is more convenient in terms of time saving	The transactions in Internet banking are at a lower price, or at no cost	Reduce number of customers come to the banking hall	Internet banking Create better relationship among banks and clients	No time limit to access bank account and information capable of solving complaints adequately
N	Valid	129	129	129	129	129	129
	Missing	0	0	0	0	0	0
Median		2.00	2.00	2.00	2.00	2.00	2.00
Mode		2	2	2	2	1	2

DECLARATION

I, the undersigned, declare that this student research paper is my original work, prepared under the guidance of Zemenu Aynadis (Ass. Prof.).All sources of materials used to this paper have been duly acknowledged.

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Signature: _____

Place of Submission: **St. Mary's University School of graduate studies**

Date of Submission: **January, 2018**