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Assessment of Online Banking Service Quality on Customer Satisfaction: In the case of Awash Bank East Addis Ababa Regional branches

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St Mary's University
Addis Ababa, Ethiopia**

**Assessment of Online Banking Service Quality on
Customer Satisfaction in case of Awash Bank East
Addis Ababa Regional branches**

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**A Thesis Submitted to St. Mary's University School
of Graduate Studies in Partial Fulfillment of The
Requirements for the Degree of Masters of Business
Administration**

**June 2020
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Addis Ababa, Ethiopia**

St Mary's University

Department of Business Administration

CERTIFICATION

This is to certify that the thesis prepared by Ribka Abebe Alemu Assessment of online Banking Service Quality on Customer Satisfaction in Awash bank east Addis Ababa regional branches and submitted in partial fulfillment of the requirements for the degree of master in MBA complies with the regulations of the university and meets the accepted standards with respect to originality and quality.
Signed by the examining committee:

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Zemenu Aynadis (Ass.prof) All sources of materials used for the thesis have been duly acknowledged, the researcher further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Ribka Abebe Alemu

Signature_____

Date_____

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ACRONYMS

AB-----Awash bank

AIB-----Awash international bank

ATM-----Automated Teller Machines

IB-----Internet Banking

ICT-----Information Communication Technology

KYC-----Know Your Customer

KYE-----Know Your Employee

MB-----Mobile Banking

POS-----Point of Sales Transfer Terminals

SERVQUAL-----Service Quality

Abstract

*The aim of the study is to investigate online banking service quality on customer satisfaction in the case of Awash Bank east Addis Ababa region. The study applied explanatory research design to identify and evaluate the relationship online banking service and customers' satisfaction. Quantitative research approaches were used to collect data through the utilization of a questionnaire. A total of 310 bank customer respondents were participant in the study. Primary data were used to find out the research output. To generate the output of the study results the statistical software version 20.0 was used and analyzed and interpreted accordingly. The finding of the study revealed that the overall customer satisfaction levels of online service are found lower than level of customers' expectation (mean=2.08, SD= 0.59). Specifically, the result of the study using service quality dimension revealed that online banking service, attribute Assurance (mean=2.97, SD=0.6123) is rated as relatively the best area of customer satisfaction, followed by tangibility (mean=2.94, SD 0.601) and empathy (mean= 2.87, SD=0.66). Relatively cause of dissatisfied dimensions were responsiveness (mean=2.08 SD=0.59) and reliability (mean=2.67, SD=0.39). This shows the existence of slight variation on the satisfaction level of customers towards service quality dimensions. However, the level of satisfaction for all attribute is very low which is above the mean. Regarding their correlation all the service quality dimensions are positively correlated to customer's satisfaction. Particularly responsiveness($r=.565^{**}$), assurance($r=.467^{*}$) reliability($r=.673^{**}$) tangibility($r=.436^{*}$) empathy($r=.439^{*}$). This means a unit an improvement in service quality dimensions will have a percentage positive impact on customer's satisfaction. Based this fact Awash bank it is critical to build up a strategy bundle which centers around disagreeable improvement by giving uncommon consideration for staffs preparing, intermittent survey of items and administrations, setting up client's input framework*

and assessing its innovation stage with current mechanical headways. Thusly, the bank can improve its administration quality, in this manner find out its customers" fulfillment and win the firm market rivalry.

List of Tables

Table 1 Age of Respondent.....	31
Table 2 Educational level of respondents	32
Table 3. Starting to use online banking level respondents.....	32
Table 4. Starting to use online banking level respondents.....	33
Table 5. Responsiveness SERVIQUAL Score	35
Table 6. SERVIQUAL score of Assurance	36
Table 7. SERVIQUAL score of Reliability	38
Table 8. Tangibility SERVIQUAL score.....	39
Table 9. Empathy SERVQUAL score	40
Table 10. Summary of variables	41
Table 11. Skewness and Kurtosis	42
Table 12. Multicollinearity test.....	44
Table 13. Autocorrelation test.....	46
Table 15 Regression Model Summary and ANOVA	49
Table 17. Summary of hypothesis testing.....	52

List of figure

Figure 2.1 Conceptual Framework	21
Figure 1. Gender of Respondents.....	31
Figure 2. Data Distribution of independent variables.....	43
Figure 3. Frequency Distribution of Standardized Residual.....	44
Figure 4. Homoscedasticity test.....	45

Table of contents

	Pages
DECLARATION	i
ACKNOWLEDGMENTS.....	i
ACRONYMS	ii
CERTIFICATION	iii
LIST OF TABLES.....	V
Abstract	
CHAPTER ONE	
INTRODUCTION	1
1.1. Background of the Study	1
1.2. Statement of the Problem.....	3
1.3. Research Question	5
1.4. Objectives of the Study	5
1.4.1. General Objective	5
1.4.2. Specific Objective.....	5
1.5. Hypothesis of the Study	6
1.6. Significance of the Study	6
1.7. Scope and limitation of the Study	6
1.7.1. Scope of the study.....	6
1.7.1.1. Geographical scope.....	7
1.7.1.2. Conceptual Scope	7
1.7.1.3. Methodological Scope	7
1.8. Limitation of the Study	8
1.9. Organization of the Study	8
CHAPTER TWO	
2. REVIEW OF RELATED LITERATURE.....	10
2.1. Theoretical Literature Review.....	10
2.1.1. Concepts and Definition of Online Banking	10

2.2.Measuring Service Quality	11
2.3.Concepts of Customer Satisfaction	12
2.4.Measuring Customer Satisfaction	13
2.5.Factors Affecting Customer Satisfaction	14
2.6.Service Quality versus Customer Satisfaction	17
2.7.The SERVEQUAL Model	17
2.8.Empirical Literature Review	18
2.9.Conceptual Framework	21
CHAPTER THREE	
3.Research design and methodology.....	23
3.1.Research Design.....	23
3.2.Sample and Sampling Techniques	24
3.2.1.Target Population	24
3.2.2.Sample Size	24
3.2.3. Sampling Techniques	25
3.3.Source of Data.....	26
3.3.1. Primary source of data.....	26
3.4.Data Collection Instruments.....	26
3.4.1.Questionnaire.....	26
3.5.Validity and Reliability Test	27
3.6.Method of Data Analysis.....	28
3.7.Ethical Considerations.....	29
CHAPTER FOUR	
4. Data presentation, analysis and interpretation	30
4.1. Demographic Data.....	30
4.1.1. Gender of Respondents.....	31
4.1.2. Age of Respondent	31
4.1.3 Educational level	32
4.1.4. Relation of the respondents with the bank.....	32
4.1.5. Level of satisfied customer on online banking in general	33
4.2.Service Quality Dimensions on Customers' Satisfaction by SERVIQUAL model.....	34

4.2.1.Descriptive Analysis.....	34
4.2.1.1.Responsiveness Dimensions.....	34
4.2.1.2.Security or Assurance Dimensions.....	36
4.2.1.3.Reliability Dimension.....	37
4.2.1.4.Tangibility Dimension.....	39
4.2.1.5.Emphaty dimension.....	40
4.2.2.Inferential analysis.....	42
4.2.2.1.Testing the Skewness and Kurtosis of the Data.....	42
4.2.2.2.Multicollinearity.....	44
4.2.2.3.Homoscedasticity.....	45
4.2.2.4.Autocorrelation.....	46
4.2.3.Correlation of variables.....	46
4.2.4.Regressions Analysis.....	49
4.2.5.Hypothesis testing.....	51
CHAPTER FIVE	
5. Summary of Findings, Conclusion and Recommendation.....	54
5.1. Summary of Findings.....	54
5.2.Conclusion.....	56
5.3.Recommendation.....	58
REFERENCE 1	
Appendixes	

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Banking industry is a business that keeps money for individual people, companies, and exchange currencies, makes loans and offers other financial services. The role of banks in the economy of any country is crucial. They are the main intermediaries between depositors and those individual and business with viable projects that requiring money for their investment. The Banking industry of the 21st century operates in a complex and competitive environment characterized by these changing conditions and highly unpredictable economic climate. In general, banks have at least a function of lending money, depositing others money, transferring money locally or abroad and working as paying agent (Terefe, 2013).

Online banking is the provision of banking service to customers through the internet. It is the means in which customers can access their bank account via electronic [internet banking, mobile banking, ATM and POS] using a personal computer or mobile phone and web browser.

Online banking used various delivery platforms with different terminal devices such as personal computer, and mobile phone with browser or desktop software, telephone or digital television. Based on the above, therefore, online banking could be classified in to personal computer banking, internet banking, TV-based banking and telephone based banking.

The banking industry is experiencing change customer driven and technological advancement. Online banking is emerged as the most critical form of customer interaction and causing changes financial markets. Banks all over the world are struggling to decrease

costs and increase profit margins in order to sustain in this competitive environment. Internet is becoming a critical channel for selling virtually all goods and services.

Ethiopian Banks operated with some exceptions providing services to customers by using traditional using traditional system causing dissatisfaction to customers. Online Banking literature's states the problems related to Online Banking, to mention some, low level of internet penetration, under developed telecommunication infrastructure, lack of legal regulatory framework for Online Banking, risks related with security issue, low level of Online banking awareness, etc.

Service quality is one of the important attributes of service providers as they regard measuring the service quality from consumer's perspective as a top priority construct.

Service quality is an indispensable factor for customer satisfaction, cost reduction, customer loyalty, customer relationship and retention, profitability and so on. Many have suggested that quality results from a comparison of perceived performance with expected performance based on the so-called "disconfirmation theory". Indeed, this notion was the basis for the SERVQUAL model, which views service quality as the gap between the expected level of service and customer perceptions of the level received (Zekiri, 2011).

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).

Electronic banking systems allow financial institutions, businesses and the government to offer a variety of payment options to their customers. These systems include automated teller machines, debit cards, credit cards, mobile banking and payment of bills through the phone. Traditional business payment systems depend mainly on a limited number of the business outlets situated in different locations. This limits the client coverage. (IJRBM, Vol. 1, Issue 1, June 2013.)

Online banking systems result in reduced costs for both businesses and individuals. Businesses save on operational and processing expenses mainly due to reduction in technological costs, for example, the use of the Internet and the acquisition of computers and other machines. Expenditures in paper and postage are cut down along with time spent in executing personal transactions. Customers also save on time spent in dealing with personal transactions as in traditional payment systems.

1.2. Statement of the Problem

According to Roche (2014) Service quality is the main factor that determines the success of electronic commerce. There are various dimensions of service quality. Some of the dimensions of service quality can be categorized into functional dimensions (the process), technical (the outcome) and image. The functional dimensions are the most common dimensions that are discussed in the service quality models. The service quality models are reliability, assurance, tangible, empathy, and responsive.

In the today's world, service quality is the most important parameter that needs critical attention for an organization to exceed its competitors. This is especially true in the service sector where there is frequent interaction with customers which hold the highest stake in ensuring the organization exceeds its competitors and excel in the service it provides. In winning this

competition, it is obvious that customer satisfaction is a critical issue as it is highly correlated with the quality of services provided by competing organizations.

According to Daniel (1999) the introduction of electronic banking into the banking sector is to bring service quality and customer satisfaction thereby to enhance the bank's profitability. Unless this technology bring increased customer satisfaction than the traditional brick and mortar branches customer may perceive as the same as different branches rather than a new means of delivery channels.

Mols (1998) described that compared to ordinary banking system electronic banking is providing the competitive advantage by lowering the cost and providing best satisfaction of customer needs.

Banks operating in Ethiopia are consequently put into lot of pressures as a result of the increased competition in the industry. Various strategies are formulated to retain the customer and the key of it is to increase the service quality level by the introduction of electronic service delivery channels. Service quality is particularly essential in the banking services context because it provides high level of customer satisfaction, and hence it becomes a key to competitive advantage.

Since the adoption of Online Banking in the Ethiopian banking industry, some banks have gone through various technological advancements and the customer's expectation and demand for quality of service is increasing from time to time. So this research is tries to address this time gap and give special focus on Online (Internet) Banking Service Quality on Customers Satisfaction based on service quality measurement dimension.

Therefore, the main interest of this study is to measure the assessment of Online Banking on the perception of customers concerning the service quality provided by Awash Bank and find out whether the bank's Online (Internet) Banking service met the expectation of its customers under all the service quality dimensions and try to see whether the introduction of Online (Internet) Banking services has significantly contributed in increasing the banks service quality and customers satisfaction.

1.3. Research Question

1. To what extent do reliability of online banking relates with customer satisfaction.
2. To what extent do responsiveness online banking relates with customer satisfaction.
3. To what extent do assurance of online banking relates with customer satisfaction.
4. To what extent do empathy of online banking relates with customer satisfaction.
5. To what extent do tangibles of online banking relates with customer satisfaction.

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of this study is to assess Online Banking Service Quality on customer satisfaction in the case of Awash bank east Addis Ababa regional branches.

1.4.2. Specific Objective

The specific objective of the study is:

1. To identify the level of reliability of online banking on customer satisfaction
2. To investigate the level of responsiveness of online banking on customer satisfaction
3. To examine the level of assurance of online banking on customer satisfaction

4. To identify the level of empathy of online banking on customer satisfaction
5. To identify the level of tangibles of online banking on customer satisfaction

1.5. Hypothesis of the Study

H1. There is a positive impact of reliability on service quality of Online Banking.

H2. There is a positive impact of responsiveness on service quality of Online Banking.

H3. There is a positive impact of assurance on service quality of Online Banking.

H4. There is a positive impact of empathy on service quality of Online Banking.

H5. There is a positive impact of tangibles on quality service of online banking.

1.6. Significance of the Study

The results of the study may generate awareness of service quality on customer satisfaction in online banking and to make considerable effort for the improvement of online banking system implementation and service quality of Awash Bank sc. It attempted to assess drawbacks and problems encountered in the Online banking service quality on customer satisfaction. It also serve as there are several studies undertaken and pave the way for those who want to make further studies in the area.

1.7. Scope and limitation of the Study

1.7.1. Scope of the study

The scope of the study concentrates on Three major areas; conceptual, geographical & Methodological.

1.7.1.1. Geographical scope

To make the study specific and manageable; geographically, the scope of this study is delimited to Awash Bank Grade One to Grade Four branches which actively using and registered the banks online banking service and have an average of 7 online banking transaction per month. East Addis Ababa regional branches is chosen as study area, because of the researcher's affiliation to observe and get awareness about the issue and large number of customers and appropriateness of them to get the required data for the researcher and to properly manage the study.

1.7.1.2. Conceptual Scope

The research emphasizes on the assessment of online banking service quality in Awash banks SC. From numerous and emerging types of electronic banking such as Automated Teller Machine (ATM), internet banking, mobile banking, debit cards and Point of sell (POS. From those the study focuses only on online banking from the various E-banking services delivered by Awash bank.

There are a number of commercial banks operating in the Ethiopia banking industry. However, this study is conducted on Awash Bank S.C. This is due to limited financial resources, time and accessible information regarding other Commercial Banks with the given time period. Also the study is limited to Online Banking Service from the various E-banking services delivered by Awash bank S.C., which means ATM Banking, Mobile Banking and POS (Point of Sales) are not covered (included) in this research.

1.7.1.3. Methodological Scope

The researcher used explanatory research design to explain and understand the assessment of online banking service quality in the case of Awash banks SCEast Addis Ababa regional branches. To make the study methodological scope is delimited to used quantitative research method. Descriptive research method was used figure out what exists at the study area and the study was used primary sourceof data and also determined sample size from the customers was selected using convenience sampling techniques.

1.8. Limitation of the Study

There were some limitations observed in this study among this are; the study considers only the customer side of service quality satisfaction and it doesn't consider the perspective of bankers. The other limitation of this study was that the research sample didn't incorporate all the online banking users due to time constrained and current covid-19 epidemic virus happened in our country. As a result the study validly can be generalized only from the Awash bank East Addis Ababa region.

1.9. Organization of the Study

The paper is organized in five chapters i.e. the first chapter includes an introduction section which consists of background of the study, statement of the problem, objectives, hypothesis, significance, scope and limitation of the study. Chapter two include: review of related literature which has theoretical and empirical review part. Chapter Three: presents research design and methodology the researcher employed to investigate the problem under study and ethical considerations. Furthermore, data from respondents also presented, analyzed, interpreted and discussed in the fourth chapter. The last section of the thesis contains summary of results, concluding remarks and recommendations used for the bank.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Theoretical Literature Review

2.2.1. Concepts and Definition of Online Banking

According to Daniel (1999) the concept of online banking has been defined in many ways. He defines online banking as the delivery of banks information and services by banks to customers via different delivery plat forms that can be used with different terminal devices such as personal computers and mobile phone with browser or desktop software, telephone or digital television via the use of internet.

Online Banking Services Banking services delivered over the Internet. These include opening/closing of account, domestic/foreign money transfer, standing orders, direct debit, debit card application, loan application, credit card application, insurance investment, mutual funds investment, foreign/domestic equity investment, deposit account opening, life insurance contract, traffic insurance contract, etc. (Centeno, 2003).

Online banking is an improvement over traditional banking system because it has reduced the cost of transaction processing, improve the payment efficiency, financial services and improve the banker-customer relationship.

The relationship between online banking and service quality can be studied with the level of satisfaction. As the customer satisfaction is the function of customer expectation level and service quality level provided by the organization. Online banking plays a pivotal role in giving satisfaction to the customers because online banking fills the gap between the expected and perceived service quality. So in order to fill this gap, banks should find ways of making

electronic services more accessible and by allowing the customer to verify the accuracy of the online banking transactions.

2.2. Measuring Service Quality

Service providers must understand two attributes of service quality. Firstly, the quality is defined by the customer and not by the product seller. Secondly, customers evaluate service quality by comparing their expectations to their perception of how the service is performed. In this process, there is no guarantee that expectations will be reasonable, nor there any assurance that a customer's "perception of performance will be based on more than a single experience. However to deliver better quality services to the customers, it is required that services must be standardized and for standardizing the quality of a service, the delivery of the service must be substituted with machines wherever possible.

Measuring service quality in the service sector particularly in the banking sector is more difficult than measuring the quality of manufactured goods. The service sector as a whole is very heterogeneous and what is heterogeneous may hold true for one service and may not

The concept of customer satisfaction and service quality is interrelated with each other. Moreover satisfaction of customer depends upon service quality and service quality is increasingly offered as a strategy by marketers to position themselves more effectively in the market place (Cronin and Taylor 2004). Due to the era of e-banking quality of service has been improved a lot as compare to traditional banking services. Internet banking, Mobile banking, automated teller machine, electronic fund transfer has totally changed the way of providing services by the banks. However some banks like in private sector are providing it in a very efficient way while others are making efforts to adopt it.

2.3. Concepts of Customer Satisfaction

Kotler and Armstrong (1996) define customer satisfaction as “the person’s state of mind resulting from comparing a product’s perceived performance against his/her expectations”.

Customer satisfaction also refers to customer reaction to the state of fulfillment, and customer judgment of the fulfilled state. Accordingly, as service giving organizations are preoccupied with service quality, customer satisfaction can be directly observed from their profitability and sustainability in the business.

Angelova and Zekiri, (2011:233) explain customer satisfaction as the outcome felt by those that have experienced a company’s performance in fulfilling their expectations. They also indicated that customer satisfaction has a positive effect on organization’s profitability, loyalty and customer retention. Furthermore, they asserted that leading edge companies will find that the next competitive background lies in producing experiences. It is no longer the service alone that creates customer satisfaction it is rather the experience connected with the service. The idea here is to engage customers in a way that creates a memorable event. While prior economic offerings such as products and services are external to buyers, experiences are inherently personal, embedded in the customer’s emotional, physical, intellectual, or even spiritual levels.

Therefore, the concept of customer satisfaction is related to the concepts of value, quality, complaining behavior and loyalty of customers to an organization’s products/services. It is also a measure of how products and services supplied by a company meet customer expectation. Considering the availability alternatives and growing competition among banks, there is a need to know how their products and services are perceived and rated vis-a-vis others in the industry.

Cengiz, (2010) noted that assessing the performance of an organization's products or services on the basis of how they are perceived by the customer is critical, i.e. whether perceptions are misplaced, lag behind current expectation or are very accurate, because understanding these perceptions provide a critical understanding of future customer behavior. This shows that customer satisfaction is crucial for the success of any business. The question is then what factors contribute towards customer satisfaction.

2.4. Measuring Customer Satisfaction

Customer satisfaction is measured at the individual level, but it is almost always reported at an aggregate level. Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products (Garedachew, W, 2010)

Most researchers found that service quality is the antecedent of customer satisfaction(Parasuraman et al., 1988). Quality customer service and satisfaction are recognized as the most important factors for bank customer acquisition and retention. Service quality is considered as one of the critical success factors that influence the competitiveness of an organization. A bank can differentiate itself from competitors by providing high quality service. Service quality is one of the most attractive areas for researchers over the last decade in the retail banking sector (Johnston, 1997).

Zeithaml et al (2000) developed SERVQUAL for measuring e- service quality. They identified 11 dimensions: access, ease of navigation, efficiency, flexibility, reliability, personalization, security/privacy, responsiveness, assurance/trust, site aesthetics, and price knowledge.

Extensive study on service quality conducted by researchers have proposed that service quality can be measured using the SERVQUAL instrument. The basic attributes of initial SERVQUAL model were tangibles, reliability, responsiveness, competency, courtesy, assurance, credibility, security, access, and understanding. Later these ten dimensions are reduced into five by using a factor analysis (Parasuraman et al, 1988).

These five dimensions are tangibles, reliability, responsiveness, assurance and Empathy. The SERVQUAL instrument provides the computed disconfirmation approach whereby the difference between a customer's expectation and the actual performance is calculated.

2.5. Factors Affecting Customer Satisfaction

There are different factors that affect the perception of customers towards an organization. These factors are mainly attributed to either organization philosophy, characteristics of employee or products and services offered by a firm. The following section attempts to associate some of the factors that have a direct or indirect impact on customer satisfaction.

Marketing Philosophy: The marketing philosophy that a company adopts has important implication on customer satisfaction. The marketing philosophy has evolved overtime from product orientation through product and sales orientation to marketing era, signifying a shift from product and sales led to customer led (Rahaman, Abdullah &Rahaman, 2011). The difference lies on the way that a company sees customer satisfaction; as a goal or a means for profit. Those companies which emphasize customer satisfaction as a means for profit adopt

traditional organizational structure. This structure suggests that activities of a company are designed and flow from top to bottom.

On the other hand, organizations that see customer satisfaction as a goal and a marketing tool invert the above structure and adopt a more customer oriented organizational structure. Under this scenario, activities of a company are tailored to meet the needs and wants of customers. In this case, the structure of the organization gives more emphasis to the forefront employees as they have direct contact to customer and consequently determine the fate of a company.

Service Quality and Service Encounters: The success of service providers depends on the quality of relationship maintained with its customers, which brings customer satisfaction and loyalty, which in turn positively influence organizational outcomes such as performance superiority, increasing sales profit, improving customer relations, enhance corporate image and promote customer loyalty.

In a competitive environment, where banks are operating, there are nearly homogenous products delivered to customers. This fact usually forces banks to compete through the provision of quality services.

Expectation and Perception: Satisfaction can be seen as a person's feeling of pleasure or disappointment resulting from comparing perceived performance with outcome of one's satisfaction. The definition suggests that satisfaction is a function of perceived performance and expectation. Customers' expectation is explained as a match or mismatch of expected performance against what they actually experienced. At the time when actual performance (experience) exceeds expected performance, the result is positive and vice-versa.

According to Angelova and Zekiri,(2011:239) the extent to which a product or service fulfils customer's desire plays an important role informing feelings of satisfaction because of the impact of confirmation on satisfaction. Expectation is, therefore, a key factor in determining the level of customer satisfaction.

Perception is another factor that affects satisfaction positively or negatively. Angelova and Zekiri, (2011:240) define perception as “an opinion about something that is observed, and it varies from customer to customer, as every customer has different beliefs towards certain services and products that play an important role in determining customer satisfaction”.

Kotler and Armstrong, (1996) stated that customer satisfaction is the result of comparing perceived performance or outcome against his/her expectations. However, perception is subjective in that it can give insight for service providing organizations to develop and design their marketing strategy.

Loyalty: The concept of customer loyalty is understood as a combination of customer's favorable attitude and the behavior of repurchase. According to Kheng et al (2010), loyalty is developed over a period of time through a consistent service encounter. Loyalty refers to the extent to which a customer exhibits repeated purchase behavior, possessing a positive attitudinal disposition toward the service provider, and considers this provider when the need for this service arises. Service quality and customer satisfaction are often said to have relation with customer loyalty through repurchase intentions.

However, some researchers contended that while customer satisfaction positively enhances customer loyalty (Cohen, Gan, Yong & Choong, 2006), it is not always a sufficient condition, and, in some cases, fails to produce the expected effect. Hence, they suggest analyzing other

potential factors such as switching barrier. Their study confirmed that switching barrier as directly affecting customer loyalty, and its influence on customer loyalty through an interaction with customer satisfaction.

2.6. Service Quality versus Customer Satisfaction

Due to the dynamic nature of expectation, evaluations change over time from person to person and from culture to culture. What is considered quality service or the things that satisfy customers today may be different in any other time Customers perceive services in terms of the quality of the service and how satisfied they are overall with their experiences. The reason for the focus on quality of service and customer satisfaction is the belief that organizations can differentiate themselves by means of providing better service quality and overall customer satisfaction.

2.7. The SERVEQUAL Model

This model has five constructs that are antecedents to service quality, which is the basis for customer satisfaction. It measures the gap between customers' expectation and perceived service quality i.e. the satisfaction experienced. The five service quality dimensions of the SERVEQUAL model can be defined as stated below (Parasuraman & Zeithaml, 1988).

- ❖ **Tangibles:** Physical facilities, equipment and appearance of personnel.
- ❖ **Reliability:** Ability to perform the promised service dependably and accurately.
- ❖ **Responsiveness:** Willingness to help customers and provide prompt service.
- ❖ **Security:** It is freedom from danger, risk or doubt. It entails physical safety, financial security and confidentiality of customer's personal and financial information. It is found that secured and safe environment is preferred by clients

- ❖ **Empathy:** providing caring and individualized attention for customers to make them feel they are receiving caring services and individualized attention.

2.8. Empirical Literature Review

A study conducted by Milion (2013) on the impact of online banking on customer satisfaction in two private banks in Gondar city. The researcher employed descriptive and inferential statistics in analyzing this study and it was limited to customers of two private banks only. The results of the study implied that majority of users of online banking are the young, the educated, salaried and students, business men and women are not actively using the service of online banking, e-banking currently provided for saving and current accounts holders only, e-banking reduced frequency of bank hall for banking service, reduced waiting time for customers, there are customers who don't know the fee charged for being e-banking users, the bank customers satisfaction increased after being e-banking users, enabled customers to control their account movements and there is high opportunity to expand e-banking service in the city.

A study conducted towards effective implementation of online banking in Nigeria by (Pedro 2012), focused on issues of online banking as well as strategies that may help to strengthen customer-bank relations for a better public service delivery and to close the design-reality gaps and thus improve E-banking project success rate in Nigeria. The study concluded, for an effective online banking, the strategic response should be built on institutional, technological, data system's awareness and commitment, human legislative and leadership. The design-reality gap challenge associated with E-banking initiatives, western E-banking models and systems should be addressed by customizing the match between Nigerian reality and the design. Thus it will certainly reduce the failure rate and increase the success of online banking initiatives.

The study of (AlaEddin & Hasan, 2011) on online banking functionality and outcomes of customer satisfaction in Jordanian commercial banks, it aims to explore the adoption of online banking functionality and investigates the impact of online banking on the outcomes of customer satisfaction. A purposive sampling technique was employed to recruit 179 customers representing the desired range of demographic characteristics (e.g. gender, age, and computer use), previous internet experience levels and product-related knowledge. The research showed that adoption of online banking (accessibility, convenience, security, privacy, content, design, speed, fees and charges) had a positive effect on Jordanian Commercial Bank customers' satisfaction.

Jannatul (2009) in his study of online banking & customer satisfaction which focus on understanding the impact of variables of online banking, on customer satisfaction in Bangladesh, five service quality dimensions namely reliability, responsiveness, assurance, empathy, and tangibles are established based on the SERVQUAL model and the literature review. These variables are tested in e-banking to explore the relationship between service quality and the customer satisfaction. Data were gathered through survey interview by a structured questionnaire with 250 customers. The study shows that these factors are the core service quality dimensions for customer satisfaction in e-banking. It also explores that reliability, responsiveness, and assurance have more contribution to satisfy the customers of e-banking in Bangladesh.

Rahel (2015) conduct a study entitled on prospects and challenges of online banking, focused on prospects and challenges of online banking in Ethiopia from the banks perspective and aims to gain a deep understanding of the factors influencing the adoption of online banking by banks operating in Ethiopia. She used a model of perceived influential factors and tested using

questionnaire and a sample drawn from Ethiopian bank's officials who believed to have exposure to the subject matter. In her study she mentioned determinant factors of online banking in Ethiopia include technological and infrastructural requirement, customer's attitude, capacity of existing banks, capacity of regulatory and supervisory organs in relation to authorization and security and risk management capacity of banks. She also revealed benefits of online banking which includes reduction of transaction cost, perfect information about customer, increased profitability, variety of products enhancing cross selling, customer loyalty and wider geographical reach. And the risks involved includes strategic risk, compliance risk, and total reliability risk. Thus, she concluded the factors tested for the risks involved towards E-banking and the determinant factors of E-banking are found to be effective and recognized as the challenges of e-banking for its successful adoption in Ethiopian market.

The study of (Bultum, 2014) aims to identify factors that affect adoption of online banking in the Ethiopian banking industry. The study was conducted based on the data gathered from four banks in Ethiopia; three private banks (Dashen Bank, Zemen Bank and Wegagen Bank) and one state owned bank (Commercial Bank of Ethiopia). A mixed research approach was used to answer the research questions that emerge through the review of existing literature and the experiences of the researcher in respect of the online banking system in Ethiopia. The study statistically analyzes data obtained from the survey questionnaire. A research framework developed based on technology-organization environment model (TOE) developed by Tornatzky and Fleischer. The result of the study indicated that, the major barriers Ethiopian banking industry faces in the adoption of electronic banking are: security risk, lack of trust, lack of legal and regulatory frame work, lack of ICT infrastructure and absence of competition between local and foreign banks. The study suggests a series of measures which could be taken by the banking

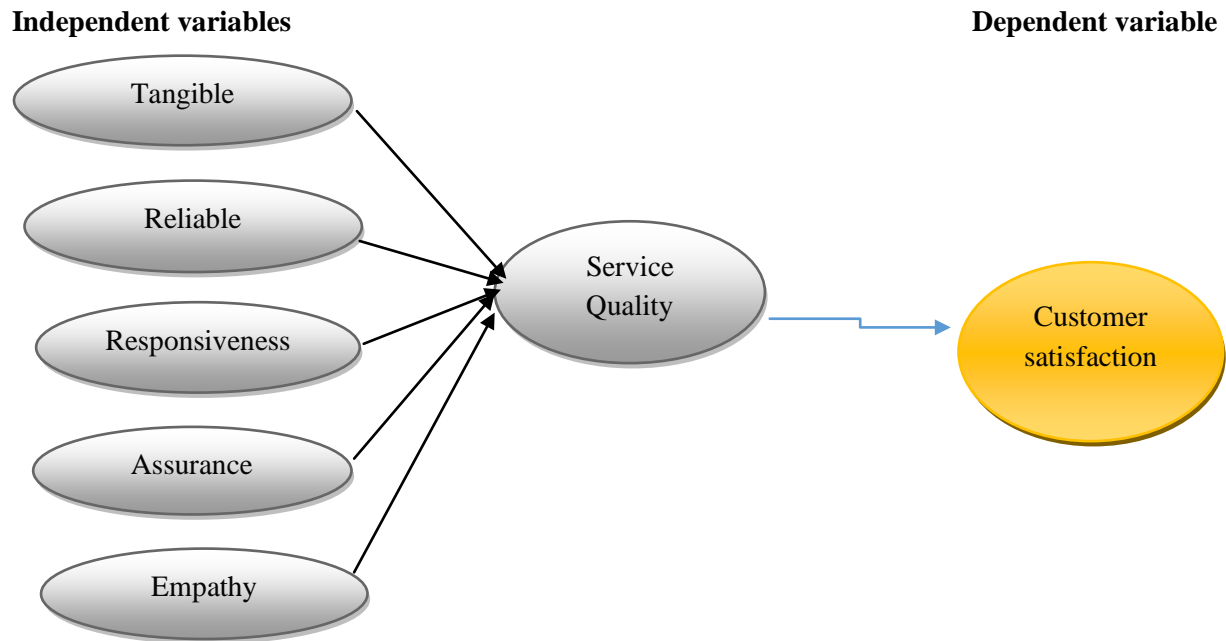
industry and by government to address various challenges identified. These measures include establishing a clear set of legal framework on the use of technology in banking industry, supporting banking industry by investing on ICT infrastructure and banks needs to be focused on technological innovation competition rather than traditional bases of retail bank competition.

As Online (Internet) Banking is a recent development for the Ethiopian Banking industry, most of the research works conducted in this area focus on evaluating the challenges and opportunities of adopting online banking in Ethiopia. Even if there are some researches were conducted on assessing the Impact of online banking service quality on Customers Satisfaction, (Milion 2013, Bultuma, 2013), these researches were done at the very earlier stage that some Banks started rendering the service and it was a new product to the customers. Since then some banks have gone through various technological advancements and the customer's expectation and demand on quality of service is increasing from time to time. So this research is expected to address this time gap and give special focus on Online (Internet) Banking Service Quality on Customers Satisfaction.

2.9. Conceptual Framework

Based on the above reviewed theoretical and empirical literature reviewed the researcher adopts the following conceptual framework. In the conceptual framework service quality dimensions (responsiveness, assurance, reliability, tangibles and empathy) are independent variable while customer satisfaction is dependent variables.

Figure 2.1 Conceptual Framework



Source: Adopted From (Parasuraman & Zeithaml, 1988)

CHAPTER THREE

3. Research design and methodology

In this part issues related to research design, research methodologies, sources of data, sample and sampling technique, data collection instruments, validity and reliability test, methods of data analysis, and ethical consideration were presented and discussed.

3.1. Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. The function of research design is to provide for the collection of relevant evidence with minimal expenditure of effort, time and money (Kothari, 2004).

Explanatory study is used to explain the relationship between the independent variables (service quality dimensions) and the dependent variable (customer satisfaction).

The purpose of this study is to explain the assessment of online banking service quality on customer satisfaction in the case of Awash banks found in Addis Ababa city East Regional branch. Data was collected on the service quality dimensions using SERVQUAL model as described by Kothari (2004), the methodology of a study using quantitative approaches.

Moreover, to describe the valuation of online banking service quality on customers' satisfaction of the bank, quantitatively the data collected through questionnaire; descriptive research method was considered and selected to figure-out what exist at present by determining the nature and existing situations of the issue in the study area.

In this regard, Cohen, et al. (2007) stated that, many social study research methods are descriptive that is, they set out to describe and to interpret the state of affairs of the issues understudy as it exists. It is concerned with conditions or relationships that exist; practices that prevail; beliefs and points of views that are held; processes that are going on; effects that are being felt; or trends that are developing. At times, descriptive research method is concerned with how, what is or what exists and is related to some preceding event that has influenced a present condition or event.

3.2. Sample and Sampling Techniques

3.2.1. Target Population

The population of the study was online banking users of Awash Bank found in Addis Ababa city East Regional branches. Based on year of year of service of the bank and by its place of the branchesthe researcher was selected for this study. According to the data obtained from Awash Bank East Addis Ababa region officethere are 754online banking user customers in its region.

The data obtained from those 52 branches under East Addis Ababa regional office on average about 7transaction online banking users. Accordingly, a total of 754 customers were actively uses online banking. (For more information see Table 3.1).So, those customers are considered as a population of the study; from which the required sample size was determined for this study.

3.2.2. Sample Size

To determine the number of sample respondents, a formula developed by Kothari (2004) was considered. It helps the researcher to correctly determine appropriate sample size from the respondents for the study.

$$n = \frac{Z^2 * p * q * N}{(e^2(N - 1)) + (Z^2 * p * q)}$$

Where:

n = the required sample size

N = the population size (754)

e = is the desired level of precision or margin of error (5% error or 0.05)

Z^2 = is the abscissa of the normal curve that cuts off an area α at the tails ($1 - \alpha$ equals the desired confidence level. The value for Z is found in statistical tables which contain the area under the normal curve. e.g., $Z=1.96$ at 95% confidence level; and $Z^2=3.841$).

p = the population proportion (assumed to be 0.5 since this would provide the maximum sample size)

$q = 1 - p$

Accordingly; using the above formula; out of 754 customers 310 of them were identified as a sample size for this study to respond a questionnaire. Then, the identified sample size was distributed to each branches included in this study as illustrated in Table 3.1

Table. 3.1. Population and sample size of the respondent customers

Bank name	Online banking customer of Awash bank east Addis Ababa regional office (52 branches)	Sample Size	Respondent rate	Remark
Awash	754	310	281	

3.2.3. Sampling Techniques

The main focus of this study is to evaluate the Online Banking service quality on Customer Satisfaction Awash bank by using SERVQUAL Model.

The determined sample sizes from the customers were selected using convenience sampling. Because, this study was conducted by collecting data from people who are available, volunteer, or can be easily engaged and included as a sample in the study area. In the process of selecting the respondent's due consideration was made to incorporate reasonable number of male and female customers from each bank.

3.3. Source of Data

The study used primary source of data

3.3.1. Primary source of data

Primary data are necessary in order to get relevant, original and reliable first-hand information about the topic under study. Thus, for this study the primary data was collected from customers through questionnaire.

3.4. Data Collection Instruments

To accomplish the research objective primary data were collected. In order to obtain reliable and sufficient information structured questionnaires were used as a data collection instrument. All the necessary data for this study were collected from the respondents through self-administered questionnaire.

3.4.1. Questionnaire

The researcher would deploy questionnaire to obtain primary data from customers. Therefore, the questionnaire were developed in the 5 Likert scale (namely agree, strongly agree, neutral, strongly disagree and disagree) questionnaire be used were asked to indicate their degree of agreement.

3.5. Validity and Reliability Test

In order to assure data quality, the questionnaire prepared for this study was validated and tested at pilot level for its reliability before distributed for sample respondents and used as data collection instrument.

The pilot testing was carried out at three branch found in the study area. In doing this, the questionnaire was distributed to 32 randomly selected customers of the banks. Then, to measure the reliability of the questionnaire, Cronbach's alpha coefficient was calculated for all parts the questionnaire.

Table 3. 1 Reliability Test

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
.758	.772	32

Cronbach's alpha reliability result of this study is 0.758 by using rule of the thumb of Kothari. According to Cohen, et al (2007), the reliability level is acceptable if it is 0.67 or above. And also suggested that, Cronbach's alpha results can be used on the basis of the following guidelines: >0.90= very high reliable; 0.80–0.89=highly reliable; 0.70–0.79=reliable; 0.60–0.69=marginally reliable; and <0.60=lowly reliable or unacceptable.

Concerning the acceptability level of Cronbach's alpha results most authors suggested 0.67 or above. The calculated Cronbach's alpha coefficients for all items of the questionnaire in this study and illustrated in the table above shows the reliability level of the questionnaire was highly acceptable ($r=0.755$ for all items in the questionnaire).

3.6. Method of Data Analysis

The data collected for this study was checked and organized with respect to basic research questions and objectives of the study. Then they were analyzed quantitatively. At the beginning the data collected from sample respondents through the questionnaire, was checked and organized for tabulation. The tabulation of the data was made using Statistical Package for Social Science (SPSS V.20) software.

Then, the tabulated data was analyzed and interpreted using descriptive statistics; like frequency, mean, mode, percentage, standard deviation, and range. The results of quantitative data were organized and illustrated using tables and graphs. And the inferential analysis were covers the regression and correlation analysis.

In this study Pearson's correlation coefficient was used to determine the relationships between service quality dimensions (Tangibility, reliability, responsiveness, assurance and empathy) and customer satisfaction.

Regression analysis was used to assess the effect of service quality dimensions (Tangibility, reliability, responsiveness, assurance, and empathy) on customer satisfaction. The equation of the regressions was generally built around two sets of variable, namely dependent variables (customer satisfaction) and independent variables (Tangibility, reliability, responsiveness, assurance, and empathy).The basic objective of using regression equation on this study was to make the study more effective in describing, understanding, predicting, and controlling the stated variables.

Regression result of the service quality dimensions on customer satisfaction

$$Y_i = \beta_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6$$

3.7. Ethical Considerations

Throughout this research process, the researcher was governed by the ethical principles of the research. Specially, the two most importantly emphasized ethical principles that was applied in this study are respecting the privacy of respondents and confidentiality of information revealed by the respondents. This requires, participants should be fully informed about the procedures and risks involved in research and give their consent to participate. Moreover, it required a researcher not to put participants in a situation where they might be at risk or harm both physical and psychological as a result of their participation. The researcher assures that the participant's responses should be treated confidentially and with anonymity of the respondents (Cohen et al., 2007).

Therefore, during data collection process of this study, a letter from the University was used as introductory means to get permission to collect data from the sample respondents of the banks included in this study. Accordingly, during the data collection processes, the researcher has informed the respondents about the purpose of collecting the data from them; in that it was only used for academic purpose: in order to fulfill the requirements for Master Degree. Moreover, the data collection processes were conducted by informing the respondents the right they have to participate or not in the research activities to respond the questionnaire. They were informed that they can withdraw from the study at any time without explaining their reasons. So, all the data required for this study were collected from sample respondents, if and only if they provided on their own interests.

Additionally, confidentiality of information about the respondents was secured; no personal detail of individual respondents was produced on any parts of the study documents. Furthermore, any confidential information revealed by the respondents was kept secret except used for academic purpose

CHAPTER FOUR

4. Data presentation, analysis and interpretation

This chapter covers the analysis and interpretation of the various data collected through the use of questionnaires as per objectives of the study .The crucial emphasis of the research was to assess Online Banking Service Quality on customer satisfaction in Awash bank east Addis Ababa region. Primary data was collected from the customers of the bank using questionnaire.

The collected data were described and analyzed using statistical tools: Descriptive and inferential statistics including linear regressions with the help of SPSS. Using convenience sample technique among those, 281 (90.6%) of them have appropriately filled. The remaining 29 (9.34%) respondents had not correctly filled and returned the questionnaires. Thus, the analysis and interpretation of the data in this study was based on appropriately filled and returned questionnaires.To investigate the level of online banking service quality on customer satisfaction on the service quality perspective of the banks understudy.

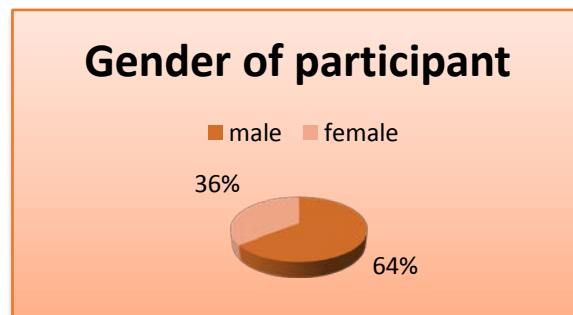
In order to attain these objectives attempt was made to answer basic research questions of the study; which includes: which service quality dimension is more important and have major influence on customer satisfaction of internet banking users.

4.1. Demographic Data

The demographic information of respondent gathered for the studies were gender, age, and education level.

4.1.1. Gender of Respondents

Figure 1. Gender of Respondents



Source: Survey Result, 2020

The study involved gender distribution of respondents in order to answer the questionnaires provided as shown on the following figure. The following table depicts that respondents of male and female answered the questionnaires distributed. Out of 281 respondents 180 (64 %) were male while 101 (36 %) were females. This indicates that majority of the Awash bank online customers are male. This implies that the male population of the bank’s customer has the chance to be represented in the study.

4.1.2. Age of Respondent

Table 1 Age of Respondent

No	Age of Respondents	Frequency	Percentages
1	Below 25 years	40	14.23%

Age	Between 26 - 35 years	191	67.97%
	Between 36 -50	50	17.79%
	above 50 years	0	0%

Source: Survey Result, 2020

In this investigation, age of the clients was viewed as significant in finding being used of web based banking at Awash Bank east Addis Ababa locale. From this outcome we can see that most of online clients (85.76%) of the bank are at their gainful age gathering.

4.1.3 Educational level

Table 2 Educational level of respondents

No	Educational level of respondents	Frequency	Percentages	
1	Education level	High School complete	35	12.45%
		Diploma Holder	96	34.16%
		First Degree holder	108	38.43%
		Master's Degree	34	12.10%
		PhD	8	2.85%

Source: Survey Result, 2020

Concerning respondents Education level all respondents were achieve their high school. Moreover, 38.43% of respondents were degree holder, 34.16% of respondents were diploma holder, 12.45% of respondents were secondary school, 12.10% of respondents were master's degree holders and the other respondents were PhD holders. Structure this present it's conceivable to construe that members were become effectively comprehended what the idea internet banking mean.

4.1.4. Relation of the respondents with the bank

Table 3. Starting to use online banking level respondents

No	When you start to use the online banking service?	Frequency	Percentages
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1	Starting the services	Less than 12 month	16	5.69
		Between 1 and 3 years	61	21.70
		Between 3 and 4 years	131	46.62
		Between 4 and 5 years	43	15.30
		More than 5 years	30	10.67

With regarding to respondents the time in which the customer have been started using online (Internet) banking services, the data of the table showed that, about 131of the respondents (46.62%) were start using online banking products before 3 to 4 years. Moreover, 61 respondents (21.70%) were started using the service between 1 to 3 years; and 43 respondents (15.30%) were found between 4 to 5 years. The number of respondents who start using the service for more than five years accounts only 10.67%. This implies that relatively large majority of the respondents had sound experience on the internet banking service.

4.1.5. Level of satisfied customer on online banking in general

Table 4. Starting to use online banking level respondents

No	How satisfied you are with the online banking service and the application provided by the bank?	Frequency	Percentages (%)	
1	Level of satisfied	Very dissatisfied	63	22.41
		Dissatisfied	151	53.74
		Neither satisfied nor dissatisfied	54	19.22
		Very satisfied	3	1.067
		Satisfied	10	3.56

In this study, customer responds in level of satisfied was considered to be important in finding general answer for use of online banking satisfaction at Awash Bank east Addis Ababa region. From this result we can observe that the majority of respondent regardingof the above question

(53.74%) of dissatisfied about online banking service and application provided by the bank. Therefore, this response helps for the researcher to easily know the gap.

4.2. Service Quality Dimensions on Customers' Satisfaction by SERVIQUAL model

4.2.1. Descriptive Analysis

4.2.1.1. Responsiveness Dimensions

Responsiveness dimension of a corporate entity is the willingness to help customers and provide prompt service. The customer's perception with regard to the service provider responds quickly and accurately to his or her specific needs and demand.

Johnston (1997) describes responsiveness as the speed and timeliness of service delivery. This includes the speed of throughput and the ability of the service to respond promptly to customer service requests, with minimal waiting and queuing time. Fitzsimmons (2001) argues that when the customer is kept waiting for no apparent reason creates unnecessary negative perceptions of quality. Conversely, the ability for the bank to recover quickly when service fails and exhibit professionalism will also create very positive perceptions of quality.

This dimension touched on subjects as information about the request by customers being responded promptly, knowledgeable staffs to solve Online (Internet) Banking service problems and fast online customer support. Responsiveness service quality gap score analysis is depicted here below:

Table 5. Responsiveness SERVIQUAL Score

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

	Item	5		4		3		2		1		Total	Mean
		RF	%	RF	%	RF	%	RF	%	RF	%		
1	Online banking Prompts service to customers.	22	7.82	24	8.54	59	20.99	64	22.77	112	39.85	281	2.21
2	Online banking has flexibility to help customers.	10	3.55	19	6.76	50	17.79	111	39.5	91	32.38	281	2.10
3	Online banking keeps customers informed about when a service is performed	12	4.27	26	9.25	50	17.79	64	22.77	129	45.90	281	2.03
4	Online Banking has readiness to respond to customers' requests.	11	3.91	16	5.69	51	18.14	78	27.75	125	44.48	281	1.98
Total frequency												100%	2.08

Source: Primary Data (2020)

Finding from the study indicated that, with regard to responsiveness the data illustrated in table 5 shows that relatively higher mean identified regarding, online banking service provide by bank, customers being responded promptly, knowledgeable staffs to solve Online (Internet) Banking service problems and fast online customer support when a problem occur mean of 2.21. Next to these respondents were rated almost similar mean score about the internet banking is easily flexible to use for users of the bank mean 2.10; and item that state about bank has keep their customers to inform when the service is performed this will be given (M=2.03). The least mean score was identified on the internet banking has readiness respond to the customer request

(M=1.98). This shows that over all means of responsiveness dimension 2.08 which indicates that the participant agree that the responsiveness of the bank were not established.

4.2.1.2. Security or Assurance Dimensions

Generally, security concept refers to the capability of protecting from possible fears. But in Internet Banking it means the capability of the online firm to protect the information and transaction of the consumer from being stolen (hacked). Apparent controls of the security show that up to what extent the website of the businesses is able to protect from possible threats and is thought to be secure (Hua, 2009).

Table 6. SERVIQUAL score of Assurance

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

	Item	5		4		3		2		1		Total	Mean
		RF	%	RF	%	RF	%	RF	%	RF	%		
5	Online Banking helps employees who are consistently courteous	19	6.76	34	12.09	57	20.28	76	27.04	95	33.81	281	2.52
6	Online Banking helps Employees and instills confidence in customers.	29	10.32	29	10.32	64	22.77	65	23.13	94	33.45	28	2.75
7	Online Banking helps customers feel safe in their transactions.	86	30.60	59	20.99	66	23.49	50	17.79	20	7.12	281	3.50
8	Online banking helps Employees who have the knowledge to answer customer questions.	79	28.11	61	21.70	58	20.64	58	20.64	25	8.89	281	3.39
Total frequency by%												100%	2.9725

Source: Primary Data (2020)

This study indicated that, with regard to assurance the data illustrated in table 6 shows that relatively higher mean identified regarding, Online Banking helps customers feel safe in their transactions mean of 3.5. Next to these respondents were rated almost similar mean score about the online banking helps Employees who have the knowledge to answer customer questions mean of (M=3.39) and item that state about bank has helps Employees and instills confidence in customers this will be given (M=2.75). The least means score was identified on the online banking helps employee who are reliable courteous this will be given (M=2.52). This shows that overall all means of assurance dimension. (M=2.9725). The result obtained designates that, customers of Awash Bank S.C do not think their overall expectations are fulfilled within this dimension. In other words, the security dimension has a gap from financial security and confidentiality of customer, danger for risk or doubt, which means that the bank fails to meet customer's expectation on security dimension.

4.2.1.3. Reliability Dimension

Reliability refers to the ability to deliver expected standard at all time, how the organization handle customer services problem, performing right services for the first time, providing services within promised time and maintaining error free record. Reliability dimension of a corporate entity is the ability to perform the promised service dependably and accurately, in this study, the researcher deals with the promise of executing a task, solving customer's problems and taking sincere interest in the problems solving and others. Reliability service quality gap score analysis is depicted here below:

Reliability is the ability to perform the promised service dependably, accurately and consistently (Hinson, 2006). This means that the firm performs the service right the first time. It also means that the firm honors its promises.

Table 7. SERVIQUAL score of Reliability

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

	Item	5		4		3		2		1		Total	Mean
		RF	%	RF	%	RF	%	RF	%	RF	%		
9	Online Banking provides services at the promised time	39	13.87	63	22.41	61	21.70	87	30.96	31	10.68	281	2.98
10	Online Banking user dependable handling customers' service problems	77	27.40	65	23.13	51	18.15	47	16.73	41	14.59	281	3.32
11	Online Banking performs services for the first time	29	10.32	50	17.79	76	27.05	96	34.16	30	10.68	281	2.83
12	Online Banking Provides services as promised	6	2.14	4	1.42	36	12.81	71	25.27	164	58.36	281	1.63
13	Online Banking maintains error-free records	18	6.40	37	13.16	81	28.82	106	37.72	39	13.87	281	2.61
Total frequency by%											100	2.67	

Source: Primary Data (2020)

As can be seen from the data of Table 7, respondents were more agreed on the item of reliability that focuses on ‘when the online banking service users has problems, the bank is sympathetic, reassuring, and has a sincere interest to solve the problem which has got the highest mean (M=3.32). Next to this the availability of Online Banking provides services at the promised time had 2.98 mean score; followed by when the online banking service of the bank

promise to do something by a certain time, it does so (M=2.83); and the online banking of the bank keeps error free records and (M=2.61).

On the other hand, the online banking of the bank provide the service at the time the bank promised to do so (M=1.63) was found at a lower level than other service quality dimensions. . In other words, this dimension touch on subject as information about ability to perform the promised service dependably, accurately and consistently the firm not perform it or the bank didn't keep their promise.

4.2.1.4. Tangibility Dimension

Tangibles are about physical facilities, equipment, personnel and communication materials of a service delivery organization. Grönroos, (2007) mentioned that service quality can be divided into two parts, functional quality and technical quality. Tangibles can be connected to the functional quality (Grönroos, 2007). Tangible service quality gap score analysis is depicted here below:

Table 8. Tangibility SERVIQUAL score

	Item	5		4		3		2		1		total	Mean
		RF	%	RF	%	RF	%	RF	%	RF	%		
14	Online banking is visually appealing materials associated with service	29	10.32	50	17.79	76	27.05	96	34.16	30	10.68	281	2.83
15	Online banking is visually appealing facilities.	95	33.67	55	19.73	62	22.11	39	13.95	30	10.54	281	3.52
16	Online banking employs who have a neat, professional appearance.	50	17.69	63	22.45	87	30.95	56	20.07	25	8.84	281	3.20
17	Online banking is modern future of the	14	4.76	21	7.48	63	22.45	100	35.71	83	29.60	281	2.22

application													
Total frequency %											100	2.94	

Source: Primary Data (2020)

In accordance with the results presented in Table 8, regarding from tangibility dimensions the highest mean score (M=3.52) was rated with the visually appealing facilities of the online banking. Next to these respondent were rated high mean (M=3.20) score about employs of the bank has looking are neat, and professional. The other item that state about online banking is visually appealing materials associated with service and modern equipment occur problem mean of (M=2.83) and (M=2.22) respectively. And the overall means shows that 2.9425. This indicated that, those Awash Bank were not successfully delivering the appropriate materials related with e-payment tools for their customers.

4.2.1.5. Empathy dimension

Empathy entails caring and provision of individualized attention to customers by personnel of the firm (Zeithaml et al., 2006). In this respect, the customer feels unique and special. The caring individualized attention that the firm provides its customers including accessibility, communication and understanding the customer. Service empathy characterizes both the service provider willingness and capability to respond to individual customer desires. In his study, (Zaim, 2010) find out that tangibility, reliability and empathy are important factors for customer satisfaction. Empathy service quality gap score analysis is depicted here below:

Table 9. Empathy SERVQUAL score

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Item	5		4		3		2		1		Total	Mean
	RF	%	RF	%	RF	%	RF	%	RF	%		
Empathy												

18	Online banking employees who understand the needs of their customers	64	22.77	52	18.5	53	18.86	44	15.65	68	24.19	281	2.99
19	Online banking helps employees who deal with customers in a caring fashion.	14	4.76	21	7.48	63	22.45	100	35.71	83	29.60	281	2.22
20	Online Banking helps to have the customer's best interest at heart.	54	19.21	49	17.43	55	19.57	40	14.23	83	29.53	281	2.83
21	Online banking gives customers individual attention.	71	25.27	71	25.27	57	20.28	33	11.74	49	17.35	281	3.29
22	Online banking has convenient business hours	63	22.41	60	21.35	52	18.51	39	13.88	67	23.84	281	3.05
Total frequency %												100	2.87

Source: Primary Data (2020)

The clients show generally desires in this measurement at a mean of 2.876. The outcome got assigns that, clients of Awash Bank S.C don't think their general desires are satisfied inside this measurement. As it were, the empathy measurement which demonstrates that the members or clients concur with no high contrast in filling the administration in other word it shows the bank neglects to meet client's desire on compassion measurement.

Table 10. Summary of variables

No	Variables	Mean	Standard deviation
1	Responsiveness	2.08	0.590
2	Assurance	2.97	0.6123
3	Reliability	2.67	0.390
4	Tangibles	2.94	0.601
5	Empathy	2.87	0.668

	Overall result	2.706	0.5723
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Source: Survey Result, 2020

Overall mean score (M=2.706, SD=0.5723) illustrated in the Table further showed less than moderate level of customers’ satisfaction with the online banking service rendered by the bank understudy. This implies that online banking services in the banks understudy had not sufficiently satisfying their respective customers. All the dimensions show a gap on all service quality measurement and this therefore means that Awash Bank S.C need to make improvements in all dimensions in order to close gaps that could lead to increased customer satisfaction.

4.2.2. Inferential analysis

Diagnosics of Assumptions in Regression

Before conducting a regression analysis, the basic assumptions concerning the original data must be made. This is a mandatory prerequisite in explaining the relationships between dependent and explanatory variables. Five major assumptions have to be checked and proved to be met reasonably well. In this study these important least square assumptions were checked and explained as below.

4.2.2.1. Testing the Skewness and Kurtosis of the Data

Table 11. Skewness and Kurtosis

the Skewness and Kurtosis of the Data					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Responsiveness	32	.381	.414	-.331	.809
Assurance	32	-.675	.414	.052	.809
Reliability	32	.092	.414	-.944	.809
Tangibility	32	-.159	.414	-.570	.809

Empathy	32	.635	.414	.153	.809
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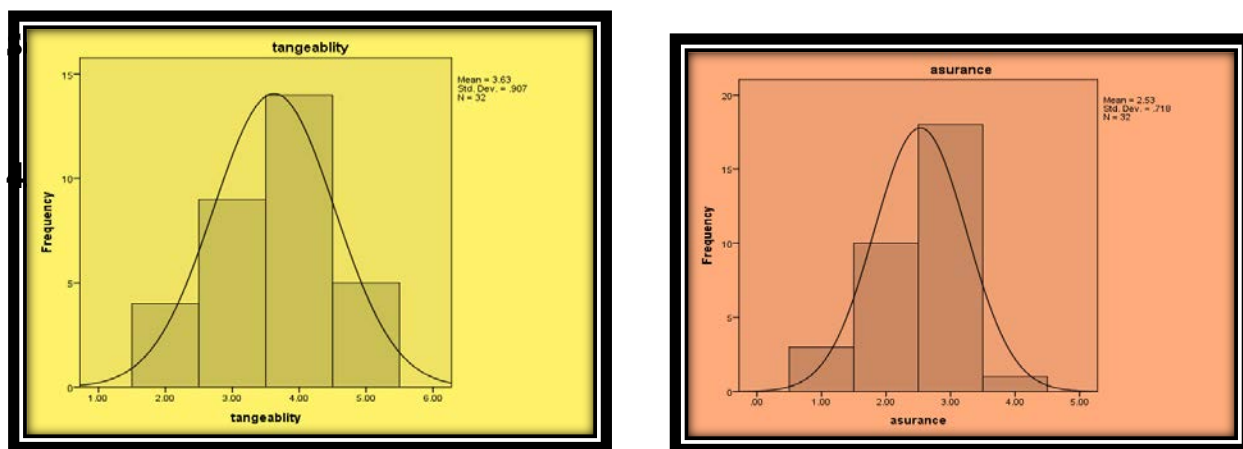
Source: Survey Result, 2020

The values within the range of +1.96 and -1.96 are the said to be acceptable. Beyond these limits can be called skewed data (Hair et al.,2010) and Bryne (2010) argued that data is considered to be normal if Skewness is between -2 to +2 and Kurtosis is between -7 to +7. From rule of the thumb the researcher's data is normally distributed.

Normality Test

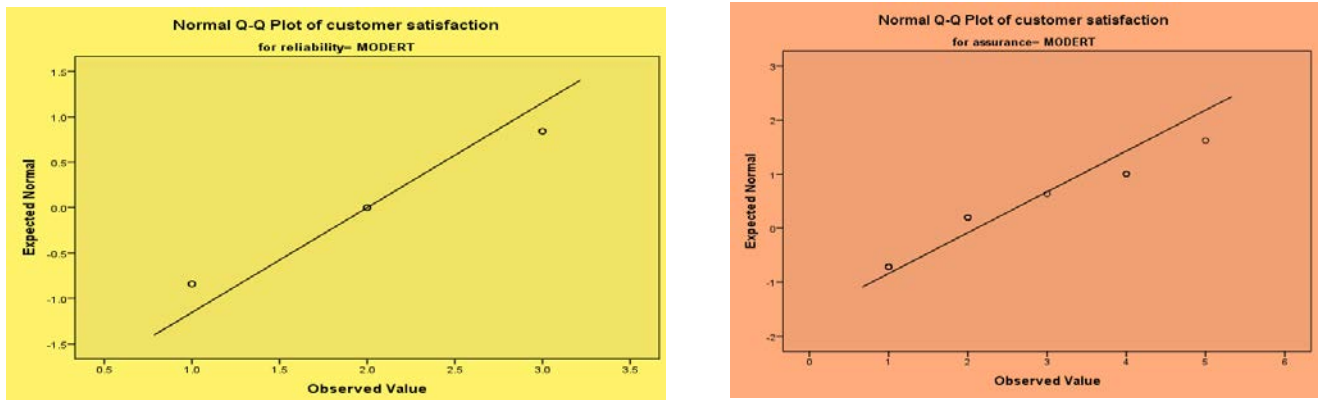
Once the data were collected a very useful thing to do is to plot a graph of how many times each score occurs. This is known as a frequency distribution or histogram. In an ideal world the data would be distributed symmetrically around the center of all scores. As such, if a vertical line was drawn through the center of the distribution, then it should look the same on both sides. This is known as a normal distribution.

Figure 2. Data Distribution of independent variables



Liner regressions assume that variables have normal distributions (Darlington, 1968). This implies that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve (Keith, 2006). This assumption can be tested by looking at the P-P plot for the model together with histogram of the standardized residuals. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed.

Figure 3. Frequency Distribution of Standardized Residual



Source: Survey Result, 2020

In the above figure data distribution looks normal and in the P-P plots also the dots are reasonably closer to the normal line. The combination of both inspections support that the residuals are normally distributed

4.2.2.2. Multicollinearity

Strong relationship between explanatory variables is a problem of multicollinearity and not acceptable for ordinary list square regression analyses.

Table 12. Multicollinearity test

Model		Coefficients ^a	
		Collinearity Statistics	
		Tolerance	VIF
1	Responsiveness	.966	1.035

	Assurance	.933	1.072
	Reliability	.951	1.052
	Tangibles	.919	1.088
	Empathy	.933	1.072
a. Dependent Variable: customer satisfaction			

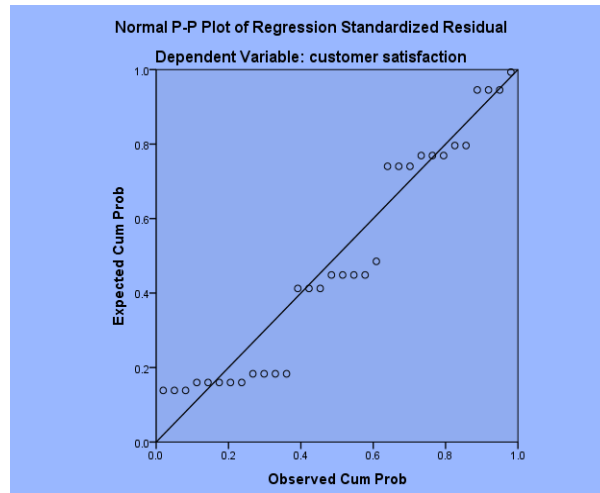
Source: Survey Result, 2020

Variance-inflation factor (VIF) has also been checked and values are found smaller, which supports that multicollinearity is not a problem. Moreover, tolerance statistics in regression analysis helps to detect collinearity problem. Tolerance value runs from 0 to 1 and values closer to 1 indicates no multicollinearity problem (Keith, 2006). In this study all the tolerances are above 0.9 and, therefore, the amount of variation in that construct is not explained by other predictors. All the two tests indicated that there is no multicollinearity problem.

4.2.2.3. Homoscedasticity

This assumption requires even distribution of residual terms or homogeneity of error terms throughout the data. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (Osborn & Waters, 2002). If the error terms are distributed randomly with no certain pattern then the problem is not detrimental for analyses. The following figure below shows that the standardized residuals in this research are distributed evenly indicating heteroscedasticity is not a serious problem for this data.

Figure 4. Homoscedasticity test



Source: Survey Result, 2020

4.2.2.4. Autocorrelation

Autocorrelation or independence of errors refers to the assumption that errors are independent of one another, implying that subjects are responding independently (Stevens, 2009). Durbin-Watson statistic can be used to test the assumption that our residuals are independent (or uncorrelated). This statistic can vary from 0 to 4. For this assumption to be met, the DW value needs to be close to 2. Values below 1 and above 3 are problematic and causes for concern.

Table 13. Autocorrelation test

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.984 ^a	.967	.886	.05987	2.010
a. predictors: (constant), responsiveness, assurance, reliability, tangibles, empathy					
b. dependent variable: customer satisfaction					

4.2.3. Correlation of variables

The Pearson's Product Movement Correlation Coefficient was computed to determine the relationships between responsiveness, assurance, reliability, tangibles, empathy with customer satisfaction. Correlation analysis is a useful way of exploiting relation (association) among

variables. The value of the coefficient (r) ranges from -1 to +1. The value of coefficient of correlation (r) indicates both the strength and direction of the relationship. If $r = -1$ there is perfectly negative correlation between the variables. If $r = 0$ there is no relationship between the variables and if $r = +1$ there is perfectly positive relationship between the variables. For values of r between +1 and 0 or between 0 and -1, the different scholars have proposed different interpretations with slight difference. For this study the rule given by Bartz (1999) was used. Bartz (1999) described the strength of association among variables as mentioned in following table

Description of Correlation

No	Description	Description
1	0.80 or higher	Very high
2	0.6 to 0.8	Strong
3	0.4 to 0.6	Moderate
4	0.2 to 0.4	Low
5	0.2 or lower	Very low

Table 4. The Correlation customer satisfaction and Independent Variables.

		Correlations					
		Responsiveness	Assurance	Reliability	Tangibility	Empathy	Customer Sats.
Responsiveness	Pearson Correlation	1	.365*	-.026	.135	.485**	.565**
	Sig. (2-tailed)		.040	.886	.463	.005	.285
Assurance	Pearson Correlation	.365*	1	.130	.167	.574**	.467*
	Sig. (2-tailed)	.040		.480	.360	.001	.431

Reliability	Pearson Correlation	-.026	.130	1	.311	.106	.673**
	Sig. (2-tailed)	.886	.480		.084	.565	.716
Tangibility	Pearson Correlation	.135	.167	.311	1	.124	.436*
	Sig. (2-tailed)	.463	.360	.084		.499	.175
Empathy	Pearson Correlation	.485**	.574**	.106	.124	1	.439*
	Sig. (2-tailed)	.005	.001	.565	.499		.012
Customer Satisfaction	Pearson Correlation	.565**	.467*	.673**	.436*	.439*	1
	Sig. (2-tailed)	.285	.431	.716	.175	.012	
*. Correlation is significant at the 0.05 level (2-tailed).							
**. Correlation is significant at the 0.01 level (2-tailed).							

Source: Survey Result, 2020

Significant correlation existed between Responsiveness and customer satisfaction ($r=.565^{**}$), strong correlation relationship existed between reliability and customer satisfaction ($r=.673^{**}$, $p<0.01$). This implies that increase or decrease in the adjustment of responsiveness and reliability is associated with similar change in customer's satisfaction in the bank.

There was also significant relationship between Assurance and customer satisfaction ($r=.467^{*}$, $p<0.05$). This implies that increase or decrease in Assurance is associated with similar change in customer's satisfaction. The correlation analysis indicates that there is a positive correlation exist between tangibility and customer satisfaction ($r=.436^{*}$, $p <0.01$). In addition to this there is a positive correlation between customer satisfaction and ($r=.439^{*}$).

Generally, all variable in study has a positive significant relations at ($p< 0.05$) with customer satisfaction but the degree of their relation is varies from one variable to the other.

4.2.4. Regressions Analysis

Multiple regression analysis applied to find out whether there was statistically significant relation surfaced between customer satisfaction and the five dimension (responsiveness, assurance, reliability, tangibles, empathy) of online banking control variables or not.

Moreover, it helped to devise a formula that shows the relation between the dependent variable that is customer satisfaction and the independent variables (responsiveness, assurance, reliability, tangibles, and empathy).

Table 14 Regression Model Summary and ANOVA

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.718a	.515	.501	.70432		
a. Predictors: (Constant), empathy, reliability, tangibility, responsiveness, assurance						
ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.443	5	2.489	3.529	.071 ^b
	Residual	27.776	26	1.068		
	Total	40.219	31			
a. Dependent Variable: customer satisfaction						
b. Predictors: (Constant), empathy, reliability, tangibility, responsiveness, assurance						

Source: Survey Result, 2020

The determination R-square has the value 0.515 and expresses that 51.5% of the variation of customer satisfaction be explained by the practices of dimensions of service quality variables taken into consideration. The adjusted correlation ratio also shows that .501 of the total variation is due to the regression line, given the number of degrees of freedom. From the ANOVA table it

has been determined that $f=3.529$ and significant at 0.01 level, confirms that service quality dimensions have significant effect on customer satisfaction.

Regressions coefficient analysis

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.334	1.282		1.821	.000
	Responsiveness	.045	.226	.387	.199	.000
	Assurance	.508	.321	.431	.649	.001
	Reliability	.613	.276	.434	.770	.001
	Tangibility	.421	.219	.335	1.927	.000
	Empathy	.574	.235	.523	2.444	.000
a. Dependent Variable: customer satisfaction						
R=.718,R ² =.515,Adjusted R ² =.501						

Source: Primary data (2020)

The results of coefficient regression analysis of service quality dimensions on customer satisfaction presented in showed that, among the five dimensions of service quality; reliability, tangibility, responsiveness, assurance and empathy are statically significant to influence the status of service quality in the commercial banks.

The findings further showed that, the coefficient of all Service Quality dimensions are significant at 0.01levels, suggesting a positive relationship between customer satisfaction and Tangibility, Responsiveness, Reliability, Assurance and empathy. The findings confirm the literature that, improvements in service quality is beneficial to the banks as it helps to increase customer satisfaction.

More specifically, among the Service Quality dimensions, reliability obtained the highest coefficient (0.613). This means, a 1% increase in the level of Reliability may lead to 61.3% rise in Customer satisfaction. Furthermore, a 1% increase in empathy will lead to 57.4% increase in customer satisfaction; a unit rise in assurance leads to 50.8% increase in the level of customer satisfaction and Tangibility leads to 42. . The coefficient of responsiveness 0.045 also indicated a 1% increase in Assurance will result in 4.5% rise on customer satisfaction of the banks.

4.2.5. Hypothesis testing

H1. There is a positive relationship of reliability on service quality of Online Banking.

There is positive and significant relationship between reliability and customer satisfaction. The $P < 0.01$ and the Value of Beta value .434 which shows that 43.3% variance in customer satisfaction is due to reliability of the online banking service. Thus reliability has positive and significant relation with customer satisfaction. Therefore H1 is supported.

H2. There is a positive impact of responsiveness on service quality of Online Banking.

There is positive and significant relationship between responsiveness and customer satisfaction. The $P < 0.00$ and the Value of Beta value .387 which shows that 38.7% variance in customer satisfaction is due to responsiveness of the online banking service. Thus responsiveness has positive and significant relation with customer satisfaction. Therefore H2 is supported.

H3. There is a positive impact of assurance on service quality of Online Banking.

There is positive and significant relationship between assurance and customer satisfaction. The $P < 0.05$ and the Value of Beta value .431 which shows that 43.1% variance in customer

satisfaction is due to assurance of the online banking service. Thus assurance has positive and significant relation with customer satisfaction. Therefore H3 is supported.

H4. There is a positive impact of empathy on service quality of Online Banking.

There is positive and significant relationship between empathy and customer satisfaction. The $P < 0.00$ and the Value of Beta value .523 which shows that 52.3 % variance in customer satisfaction is due to empathy of the online banking service. Thus empathy has positive and significant relation with customer satisfaction. Therefore H4 is supported.

H5. There is a positive impact of tangibles on quality service of online banking.

There is positive and significant relationship between tangibles and customer satisfaction. The $P < 0.00$ and the Value of Beta value .335 which shows that 33.5 % variance in customer satisfaction is due to tangibles of the online banking service. Thus tangible has positive and significant relation with customer satisfaction. Therefore H5 is supported.

Table 15. Summary of hypothesis testing

No	Hypothesis	Remark
H1	There is a positive impact of reliability on service quality of Online Banking.	accepted
H2	There is a positive impact of responsiveness on service quality of Online Banking.	accepted
H3	There is a positive impact of assurance on service quality of Online Banking	accepted
H4	There is a positive impact of empathy on service quality of Online Banking.	accepted
H5	There is a positive impact of tangibles on quality service of online banking.	accepted

Source: Survey Result, 2020

CHAPTER FIVE

5. Summary of Findings, Conclusion and Recommendation

5.1. Summary of Findings

The examination planned to research Online Banking Service Quality on consumer loyalty in Awash bank east Addis Ababa locale dependent on the poll. Comfort test 310 client become member of the examination and 281 were returned and the reaction rate 90.6 % which satisfactory for information investigation and conversation of the investigation. Based on the evaluation results acquired through quantitative, the accompanying significant discoveries are recognized.

The overall customer satisfaction levels of online service are found in the lower level of customers' satisfaction (mean=2.08, SD= 0.59). It indicates the existence gap for improvement through proactive and reactive measures.

Moreover, the effect of service quality dimensions on customer satisfaction in the Awash Bank was identified using the regression results obtained from SPSS outputs. The results of correlation coefficient also showed strong positive relationship between service quality and satisfaction of customer in the Awash Bank but the degree of their relation is varies from one variable to other. That is, as services quality in the banks increases; satisfaction of customers also significantly increases. This implies focusing on quality of the services and making an improvement on the dimension of service quality of the banks could greatly contributed for enhancement of the status of customer satisfaction.

In addition, the determination coefficient R-square has the value .515 and expresses that 51.5% of the variation of customer satisfaction can be explained by the practices of dimensions of

service quality variables taken into consideration. The adjusted correlation ratio also showed that 501 of the total variation is due to the regression line, given the number of degrees of freedom.

From the ANOVA results it has been determined that $f = 3.529$ and significant at 0.01 level, confirms that service quality dimensions have significant effect on customer satisfaction.

Furthermore the result of test made to identify the presence of strong correlation between two or more predictors in the regression model also confirmed that there is no Multicollinearity among predictor variables. A regression is therefore, fitted between customer satisfaction and the five service quality dimensions. Accordingly the results of regression analysis of service quality dimensions on satisfaction of customer identified that, among the five dimensions of service quality; reliability, tangibility, responsiveness and empathy are statically significant to influence the status of service quality in the Awash bank.

Reliability factor: the data of reliability shows the overall satisfaction level is at unsatisfactory level. The Online service of the bank is not executed as promised. Moreover, the bank maintains error-free records, inaccuracy and dependable handling customers' service problems.

Assurance: The survey result ($M=2.975$) revealed that the respondents have below moderate satisfaction level. In other words, the security dimension has a gap from financial security and confidentiality of customer, danger for risk or doubt, which means that the bank fails to meet customer's expectation on security dimension

Tangibility factor: In accordance with the overall results the means shows that 2.9425, this depicts that, the customers do not think that the Bank fulfills their expectations about use of modern looking equipment (delivering appropriate material) and visual appealing materials

Responsiveness: Finding from the study indicated that, with regard to responsiveness over all means of responsiveness dimension 2.08 which indicates that the participant agree that the responsiveness of the bank were not established.

Empathy quality: The overview result with respect to, respondents have below moderate fulfillment level of individual consideration for client to cause them to feel they are getting conveying administration and individual consideration

5.2. Conclusion

Customer satisfaction is the blood and soul of every service organization. In order to satisfy customers providing quality of service incontestable and delivering the service as per the expectation of customers need and wants is very essential. This is particularly true in the online banking service. The present study has been undertaken to explain online banking service quality on customer's satisfaction in the case of Awash bank East Addis Ababa regional branches. Based on analysis of the data and findings the following conclusions were drawn:

- According to the findings of this study, overall customer satisfaction towards online banking service was rated below moderate level. From the five service quality dimensions: Assurance, were more important for online banking customers of the banks under study than Empathy, Tangibility Reliability and Responsiveness. This indicates that, the knowledge and courtesy of the bank's employees and their ability to convey trust and confidence; plays a major role in customers' satisfaction. However, the Awash Bank couldn't meet the overall satisfaction regarding responsiveness, reliability, tangibility and empathy respectively.

- All the service quality dimensions are positively correlated to customer's satisfaction. Responsiveness($r=.565^{**}$), assurance($r=.467^*$) reliability($r=.673^{**}$) tangibility($r=.436^*$)empathy($r=.439^*$). This means a unit an improvement in service quality dimensions will have a percentage positive impact on customer's satisfaction.
- Regression coefficient R-square has the value .515 and expresses that 51.5% of the variation of customer satisfaction can be explained by the practices of dimensions of service quality variables taken into considerationand making an improvement on the dimension of service quality of the bank could greatly contributed for enhancement of the status of customer in online banking service.The adjusted correlation ratio also showed that 501 of the total variation is due to the regression line, given the number of degrees of freedom. The conclusion that can be drawn from those results is that, Awash bank operating in east Addis Ababa regional branch should try to improve their service quality on online banking service in order to achieve greater status of their customers' satisfaction.

5.3. Recommendation

Based on the assessment results of the survey, the study proposed the following general and specific recommendations so as to help the online banking service achieve desired level of improvements.

Awash bank and other stakeholder to hold the current internet banking clients and to improve the administration quality, the bank ought to consistently keep up blunder free exchanges through web based financial assistance, since ledgers and figure are exceptionally touchy for every single clients of web based banking. Additionally the bank needs to focus on web based financial client grievances so as to fulfill the client desire.

It is advisable for the bank to plan and allocate resources according to relative impact of service quality dimensions on customers' satisfaction. In other words, more attentions and resource should be allocated for improving the service quality dimension that highly affects the customers' satisfaction. It should also increase the availability of networks at all levels.

Ensuring that bank administrators feel secure about the security and confidentiality of their personal and financial information of their customers also to maintain the level of customer satisfaction online banking services, the bank management regularly conduct research activities.

The bank and other stakeholders further study conduct to investigate the impact of online banking service quality dimensions on technological trust and usage by customers of Awash bank. This will helps to assess the level of customers satisfaction and continuously improve the service quality based on the customers feedback.

The study confirmed that there is low level of satisfaction in all attributes i.e. empathy, reliability, responsiveness, tangibility and security. In order to solve this gap, it is a must to provide continuous staff training, especially to those engaged in customer handling in relation online banking product and service, aggressive awareness and promotional activities about the product is also required.

At last, the analyst suggests that, even with elevated level rivalry in the financial business and likeness of items offered by business banks, it is critical to build up a strategy bundle which centers around disagreeable improvement by giving uncommon consideration for staffs preparing, intermittent survey of items and administrations, setting up client's input framework and assessing its innovation stage with current mechanical headways. Thusly, the bank can improve its administration quality, in this manner find out its customers" fulfillment and win the firm market rivalry.

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Appendixes



DEPARTMENT OF BUSINESS ADMINISTRATION

Dear respondents:

The main objective of this questionnaire is to conduct an assessment on online banking service quality on customer satisfaction in Awash Bank Sc. The data and opinion gathered will be used for partial fulfillment of the requirement for Master's Degree in Business Administration at saint Marry University. Your faithful and quick response will make the research fruitful. The information you provide will be kept confidential. Thank you in advance for your collaboration. If you have problems in completing this form, please do not hesitate to contact.

Ribka Abebe Alemu

Mobil No: 0913873326

Part Two: Please Indicate Your Appropriate Response by Marking (√) in the Boxes Provide

No	Questions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	Responsiveness					
1	Online banking Prompts service to customers.					
2	Online banking has flexibility to help customers.					
3	Online banking keeps customers informed about when a service is performed					
4	Online Banking has readiness to respond to customers' requests.					
	Assurance					
5	Online Banking helps employees who are consistently courteous					
6	Online Banking helps Employees and instills confidence in customers.					
7	Online Banking helps customers feel safe in their transactions.					
8	Online banking helps Employees who have the knowledge to answer customer questions.					
	Reliability					
9	Online Banking provides services at the promised time					
10	Online Banking dependable handling customers' service problems					

11	Online Banking performs services right to do something by a certain time, it does so.					
12	Online Banking Provides services as promised					
13	Online Banking maintains error-free records					
	Tangibles					
14	Online banking is visually appealing materials associated with service					
15	Online banking is visually appealing facilities.					
16	Online banking employs who have a neat, professional appearance.					
17	Online banking is modern future of the application					
	Empathy					
18	Online banking employees who understand the needs of their customers					
19	Online banking helps employees who deal with customers in a caring fashion.					
20	Online Banking helps to have the customer's best interest at heart.					
21	Online banking gives customers individual attention.					
22	Online banking has convenient business hours					

Thank you in advance!
