

**ASSESSMENT OF THE IMPACT OF E-BANKING ON
PROVISION OF QUALITY SERVICE IN BANKS**

A CASE STUDY OF EXIM BANK (T) LTD, MWANZA BRANCH

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PROVISION OF QUALITY SERVICE IN BANKS**

A CASE STUDY OF EXIM BANK (T) LTD, MWANZA BRANCH

By

Bruno E Tarimo

**A Dissertation Submitted in Partial Fulfillment of the Requirements for the
Award of the Degree of Master of Business Administration in Corporate
Management (MBA-CM) of Mzumbe University.**

2013

CERTIFICATION

We the undersigned certify that I have read and hereby recommend for acceptance by the Mzumbe University, a Research dissertation entitled, The assessment of impact of e- banking on provision of quality service in banks ; A Case of EXIM Bank - Mwanza Branch in partial fulfillment of the requirements for Degree of Master of Business Administration in Corporate Management (MBA-CM).

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DEDICATION

This work is dedicated to my parents Mr. and Mrs. Tarimo who have never failed to give me guidance, financial and moral support throughout my life and education.

Secondly, to my darling wife Anneth Clara A. B. Tarimo who tirelessly spent most of her time praying for my success, May the Almighty GOD blesses her richly.

Lastly, to my family members Neema, Nora, Baraka and Boniface Tarimo who have always encouraged me towards my career goals.

LIST OF ABBREVIATION

| | | |
|-----------|---|-----------------------------------|
| ATM | - | Automated Teller Machines |
| CRDB | - | Commercial Rural Development Bank |
| E-banking | - | Electronic Banking |
| IT | - | Information Technology |
| MIS | - | Management Information System |
| MIS | - | Management Information System |
| NBC | - | National Bank of Commerce |
| NMB | - | National Micro finance Bank |

ABSTRACT

The study was about E-banking service quality and customer satisfaction in Tanzania taking EXIM Bank as the case study. It was intended at evaluating the usage of E-banking in Tanzania while addressing factors affecting the extent of customer satisfactions and adoption of E-banking at EXIM Bank.

The case study design was used to reveal the necessary and required data to answer the research questions. Questionnaires were used to collect data from different respondents which were then analyzed through simple table and frequency graphs.

The findings revealed that the usage of E-banking differ depending on the kind of the banking services, for EXIM bank the analysis showed that Automated Teller Machine were the most preferred e-banking services used by majority of customer; followed by Mobile-banking and then Internet banking. The usage of these services depended mainly on the accessibility, knowledge and awareness and the level of confidentiality of the services to the end users.

The results obtained from the study have implications to the management of EXIM bank and even to their customers on improving their services. The researcher therefore recommends that these service providers should increasingly play an educative role and embark on a vigorous campaign on these services. They should educate potential customers, at the same time, reduce their cost of transactions and also improve their technical aspects so as to make the transactions smooth.

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CHAPTER ONE

INTRODUCTION AND BACKGROUND OF STUDY

1.1 Introduction

This study seek to provide empirical evidence regarding the impacts of E-banking on service quality of commercial banks in Tanzania taking EXIM Bank as the case study while at the same time providing recommendations on the study. In this chapter consideration is given to background of the study, research problem, research questions, objective of the research, and justification of the research as well as few limitations of the study

1.2 Background of the Study

Tanzania has several banks and other financial institutions that deal in banking. Some among them include, CRDB, NMB, and NBC banks. Banks compete to provide better services for the customers through demanding and broader range of products and services at more competitive prices using efficient and convenient channel. It is essential for banking institutions to complement rich and more customized range of product offerings with higher levels of service performance. This recalls for electronic banking (e-banking) services on customer's perception of the service quality as a result the need to be conversant with Internet and web-related banking skill as in the case of Management Information system (MIS).

The banking industry in Tanzania experienced in few years back the use of ledgers and passbook which were modified to normal saving accounts and current accounts. But before the incorporation of technology in banking; there were long queue, lots of paper works and difficulties in storage of customer information. This created a demand for new technology to innovation of products and services provided by the e-banking industry.

According to Armstrong (2013) in the article on evolution of banking, the emergence of the banking system was an integral part in the development of civilization. Even

as the monetary system accelerated toward a metallic form during the Hellenistic era, the banking industry was needed for safekeeping as well as money changing.

Banks set monetary policy, issue currency, manage foreign exchange reserves, supervise the-banking system, and act as a banker and a financial adviser to the customer and the government as a whole. Banks provide financing activities to small and medium scale industries. The majority of the bank institutions extend standard individual banking facilities and most offer 24-hour access to account through Automated Teller Machines (ATM) and some through telephone (fixed and mobile), Internet banking or through call centers (Murphy, 1996).

The technology shift has allowed the developments of new and more efficient delivery and processing channels as well as more innovative products and services in banking industry. Most banking institutions today face competition not only from each other but also from non-bank financial intermediaries as well as from alternative sources of financing, such as the capital markets. This has made most banking institutions grow and adapt to the needs and expectations of consumers with increased education levels and growing wealth. Consumers on their part have increased and become more involved in their financial decisions. It is in this regard that the consumers are in demand of a broader range of products and services at more competitive prices through more efficient and convenient channels (Norizan, 2013).

Customers access service quality by comparing their expectations prior to their service met with the employee. The customers develop perceptions during the service delivery process and then compare their perceptions with the actual service received from the bank employee. E-banking services include Internet, Telephone, Short Messaging Service (SMS), ATM machines and services consist of instructions and personnel assistance in using the services (*Smith, 1992*).

Kassim (2001) argues that quality is differentiable and developed from the expectations of customers. This implies that it is necessary to identify and prioritize expectations for service and incorporate these expectations into a process for

improving service quality. Implementing and evaluating service quality is a very complex process where content and delivery should be taken with much care. Customers are in the best position to evaluate the quality of delivery, while the service providers are the best judges of the content of the message. Though there is a number of different aspects of services involved.

Through this study, the researcher will be assessing the impact of e-banking to service quality; the impact to which internet banking contribute to service quality and innovation of bank services based on whether the bank sector manage the Internet banking despite the fact that high operating charges, whether the innovations accepted by customers lead to the intended results.

1.3 Statement of the Problem

Technology advancement in recent years has had a significant impact on the operations management function in the banking industry. Information Technology (IT) has allowed collection of detailed customer data that meets the needs of individual customer. The increased use of automation and robots has permitted to improve service provision. ATMs provide 24 hours services that shorten queue and associated costs. It is objective that e-banking has not only provided a balance on customer's behavior but also enhanced efficient and effective in the provision of service. E- Banking in the market place leads to low cost, high speed of delivering and customization. In most businesses today, technology has raised the performance bar by allowing firms to compete on serving at competitive price (Chase, 2003).

As a challenge, EXIM Bank needs not to lay off from technology, in the form of e-banking, that enhances communication within various areas of the business; interactions between the service provider and customers. Customer satisfaction is the measure of customers' reaction to a specific service encounter while Customer expectation is customer's preconceived notions of what level of service they should received from a particular service business or organizations. If the perceived performance meet the expectations, then the customer is satisfied; If it exceeds expectations by a large amount then the customer is highly satisfied or delighted and

if the performance falls significantly short of expectations, then customers is dissatisfied. Then it is of the expectation that customers needs to be served as scheduled so as they can be satisfied (Buffa, 1983).

Despite the high operating charges banks would not shy away from Internet banking. Products of banks like depositing, drawing money, transferring money and other related activities are done in link to Internet. However, there are constrains in the electricity supply and Internet fibers that make bank transaction to be slow. Another constraint is the delay of time between the outgoing and the start in operation in service provision that results to long queue. The long queues in the banks are caused by lack of enforcing regulations which are based on costs, financial position and computer network. Banks have taken several strategies to have short queues but the problem still exists (Lumpkins, 2003).

1.4 Objective of the Study

1.4.1 General Objectives

The general objective of this study is the assessment of the impact of e-banking on provision of service quality.

1.4.2 Specific Objectives

- (i) To assess the e-electronic banking services offered by EXIM Bank and its benefits to customers
- (ii) To examine factors of Electronic banking that affect service quality at EXIM Bank.
- (iii) To explore the extent of customer's satisfaction with service delivery given the introduction of e-banking services at EXIM Bank

1.5 Research Question

- (i) What are the Electronic-banking services offered by EXIM Bank and their benefits to the customers?
- (ii) What factors of Electronic banking that affects service quality at EXIM Bank?

- (iii) To what extent does customer satisfaction relate to service delivery given the introduction of e-banking services at EXIM Bank?

1.6 Significance of the Study

The findings of this study provide direction in determining the optimum service quality attributes regarding to e-banking services.

The study also advises the EXIM Bank management and employees to strive to find out what customers expect in terms of procedure handling, efficiency, accessibility and updated information about products and services to enhance service quality.

To the employees of EXIM bank, the study provides an extensive and continuous training program to meet their needs in knowledge, attitude and skills.

The improved service quality increases competitiveness to bank at the same time provides proper ways in providing quality services in EXIM Bank.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of relevant literature that gives an overview of the research context – the-banking industry in Tanzania with a focus on EXIM Bank. It covers service quality, internet banking service quality, customer satisfaction, conceptual framework for the study and summary.

2.2 Theoretical Literature Review

2.2.1 Electronic Banking Services

E-banking has been defined differently by researchers partly because e-banking services vary (Daniel, 1999; Sathye, 1999). For instance, Salehi and Zhila, (2008) indicated that e-banking involves an electronic connection between bank and customer in order to prepare, manage and control financial transactions of the customer by the bank. This type of banking has been found to be driven through the following channels:

- (i) Internet banking (or online-banking),
- (ii) Telephone-banking,
- (iii) TV-based banking, and
- (iv) Mobile phone-banking (or offline-banking).

Applications of ICT within the-banking sector are the development of products and service such as: networked branches, ATMs, internet banking, SMS and Telephone-banking, Electronic Bill Payment among others. EXIM Bank has under their electronic banking models the following: Internet banking, Mobile-banking and Cards and ATM's (Master Card, E-Zwich and Ready Cash). These developments have enabled the bank to provide more diversified, secured and convenient financial service.

2.2.2 Reasons for Most Companies Adopting E-Banking

Different commercial banks had tried to adapt to new technology of E-banking. The following are the main reasons for the adoption of E-banking in most commercial banks in developing countries including Tanzania, namely;

(a) Customers Behavior on Long Waiting Lines

This is applicable to customers who queue for the ATMs and depositing systems. It works well in queuing situations where “first in, first out” (FIFO) which is the appropriate rule for queue discipline. However, in many situations customers may be ranked in order of importance and priorities allocated that way. (Maister, 1985)

(b) Causes of Long Waiting

Most banks have used technology to literally educate their customers. Technology has created the ability to provide service even after working hours. ATMs are often few. Banks also educate their customers about ATMs as simple as operating hours or as drastic as company closes working hours. Airlines and hotels also use technology to send customers reminders of flight check-ins or hotel reservations. This not only helps customers by helping them remember important events on behalf of the bank, but also helps the bank by providing a way to confirm the customer's initial request. ATMs keep the channels of customer communication updated. In reality customers arrive at random interval rather than at evenly spaced intervals. The system at times becomes temporary overloaded; giving rise to waiting lines at other times, the system is idle because there are no customers. And when customers arrive with high rate and service is as scheduled, and then the long queue will be seen and in return could cost the bank (Sweeney, 1988).

(c) Computer Technology

The hand held computer is just one of the technology tools that are used to improve operations interims of both increased efficiency and better customer service. Technology in the form of software allows using yielded management technique to maximize revenue schedule and workers and forecast demand for customer calls. Some of the computers are slow in working which causes the extension of time for

service. Some of the ATMs cards are distorted such that they fail to get into the machine. This may cause long queue, hence loss of the customers (Chase, 2003).

(d) Inefficient Network System in Banks

Most banks are concentrating of opening new branches as well as many automatic teller machines countrywide for customer easy access into banking facilities but successive network failure has been a major hindrance towards achieving efficient service. It has been seen within cities that customers have been spending a lot of time to get banking services like depositing and withdrawing. The time wasted at the waiting line could be utilized somewhere else in making certain amount of money. Then infrastructures must be made effective to avoid unnecessary costs that could be incurred. These views are supported by Sharma (2006) who argues that customers waiting for a service for long time can earn more money since they waited for more than the scheduled time.

(e) Few Counters

an experience indicates that banks with many customers tend to make more counters so as to fulfill the needs of the customers. If counters are less then long queues are experienced resulting in long waiting hours. On the contrary if counters are many, they remain unoccupied for quite some time this is because customers often arrive randomly as they are governed by hours, season and day. Managers must open extra counters if there are long queue which implicates increase in costs. This will bring a balance in the cost of service facility and cost of waiting. The uses of self operating machines like ATMs are to be implemented and in large number to enable customers have a wide choice of concern service (Lewis et al, 2004).

(f) Unit time in Queue

This implies that the banks provide services at the same time customers get satisfied by that service; the customer is served and the company serves many customers to gain money for service charge. Customer service is the lifeblood of any organization, and it is not just a department but must be the attitude of the entire company. Employees can be trained to provide the best service possible to the customer.

However, if technology is not adequate both customers and employees will quickly become disheartened and frustrated. A frustrated customer or employee can lead to lower company revenues through lost sales or lost productivity. If Technology is used properly, it can help employees to work more efficiently and effectively thus avoiding customer frustrations. And once service is provided out of scheduled costs then customers are supposed to be paid as per unit time (Sasser et al, 1979).

2.2.3 Importance of E-banking

E-banking provide different important service quality to most of the banks, the following are the importance of E-banking

(a) Increased Automation

There is an increment in automation whereby the contact centers are increasingly using voice recognition and call-routing technologies. The customer can speak to a computer or press keys that will route him or her to the appropriate department to handle the request. Call routing improves customer service by allowing the customer to go straight to the person that can handle his or her needs. This saves the customer from repeating the request to numerous representatives and ultimately saves time for the customer and saves money for the organization (Lumpkins, 2003)

(b) Customer Empowerment

E-Banking empowers the customer with technology. In this case, the customer gets what is needed from the company. There are also self-checkout lines that have become popular in retail outlets. The customer goes to the ATM machine to get what is needed and can check out without interacting with the bank's associates. The customer is satisfied because he or she can quickly get exactly what is needed, procure and pay for the item without a long wait. The customer may also choose not to self-checkout and prefer to use a cashier line. This, again, increases customer service because he or she has an option. The customer has control over how he or she interacts with the organization (Doob, 1960).

(c) Channels of Servicing

The internet, telephone and even social media have helped provide customers with increased, more efficient ways of getting a service. Customers can have a service when it is convenient for them. If the customer cannot get the service by telephone anytime, other channels of getting service can be provided such as the bank's website, blog or even through social media. This will ensure that the customer payment information is secure via the internet and telephone. If the customer gets service via mail or fax, it will ensure that the organization keeps customer payment information secure (Sharma, 2006).

(d) New technology drives computerization

For many operators, automation is the key to delivering better service at a lower cost. This is done through reducing the number of calls at their calls centre, due to the cost of handle the calls. ATMs aim at reducing costs while hoping that the automated self-service options will please customers (Chase, 2003).

Recent advances in technology have enabled operators to automate many processes that were previously dealt with by people. Improvements in voice recognition and call-routing technologies have led to the creation of voice-activated portals, allowing customers to perform a range of tasks, from simple bill enquiries to more complex line-fault diagnosis and reporting. Rising levels of Internet and broadband penetration have led to a parallel evolution of online self-serve solutions, from bill analysis to technical support. Indeed, many operators view a future in which next-generation networks will enable them deliver next-generation operations where customer interfaces are integrated with back-end systems, therefore giving them the ability to directly configure complex services (Lumpkins, 2003).

2.2.4 E-banking Drives Complexity

Although majority of customers will undoubtedly appreciate the convenience of automated systems for routine enquiries, many will still require the reassurance that if they experience a problem someone will take ownership to resolve it.

There is also a belief that the number of problems are likely to escalate drastically over the next few years as in the case with consumer market; for example, ATMs extend their reach beyond the line socket into the heart of the home, with new services at home networking. The same applies to the enterprise market where ATMs move up the value chain towards managed network and IT services (Buffa, 1983).

2.2.5 Service Quality

Service quality (SQ) has received a great deal of attention from both scholars and practitioners in business. Many studies have established that SQ is a crucial driver of satisfaction (Grönroos, 2000), profitability and a key competitive advantage for modern business firms (Kotler & Keller, 2006). Indeed SQ is not just a corporate offering, but a competitive weapon which is necessary for corporate profitability and survival. Many authors agree that in today's dynamic market place and market space, organizations no longer compete only on cost but more importantly on service/product quality (Joseph M, 1999).

The nature of SQ is abstract and elusive construct because of three features that are unique to service: intangibility, heterogeneity, and inseparability of product and consumption (Grönroos, 2000). SQ has been defined as the difference between customer expectations for service performance prior to service encounter and their perception of the service received (Asubonteng et al., 1996). Gefen (2002) defined SQ as the subjective comparison that customers make between the quality of service that they wish to receive and what they actually get.

Regarding the dimensions and aspects of SQ of firms, many past studies such as Grönroos (1984) and Parasuraman et al. (1988) have established different conceptualizations of the SQ construct. This has resulted in different instruments for measuring SQ. Grönroos (1984) maintains that SQ has both process and outcome dimensions that are critical to service context, which have been verified in some previous studies.

Parasuraman et al. (1985, 1988) developed the dimensions of SQ in their GAP and Extended GAP analyses based on which they developed that popular SERVQUAL model. The widely used SERVQUAL model consisted of five dimensions that were measured using a 22-item SERVQUAL scale. The five SERVQUAL dimensions are: Tangibles, Empathy, Assurance, Reliable, and Responsiveness: Tangibles are the physical facilities, equipment, and appearance of personnel. Empathy refers to the caring, individualized attention the firm provides its customers. Assurance means knowledge and courtesy of employees and their ability to inspire trust and confidence. Reliability is the ability to perform the promised service dependably and accurately while responsiveness refers to willingness to help customers and provide prompt service. The items for each of the dimensions have been modified in many previous studies to suit a particular context as noted by Parasuraman *et al.* (1988, that the SERVQUAL instrument could be “adapted or supplemented to fit the characteristics or specific research needs of a particular organization”). However, due to the differences between traditional service and electronic service, obviously SERVQUAL scale is not suitable for measuring SQ in electronic or internet environment due to the absence of staff, absence of traditional tangible elements, and self-service of customers. It has been argued in many past studies that new scales need to be developed for e-service quality (Ho and Lin, 2010).

2.2.6 E-service Quality

E-service has been defined as a web-based service or an interactive service that is delivered on the internet. The development of the internet has resulted to the growth of internet-based services. Internet based services has changed the way firms and consumers interact (Zeithaml et al., 2000).

Generally e-service can be defined as an interactive content-centered and internet-based customer service that is driven by customers and integrated with the support of technologies and systems offered by service providers, which aim at strengthening the customer-provider relationship. Rowley (2006) conceptualizes e-service as deeds, efforts, or performances whose delivery is mediated by information technology. Given the technology quality dimensions of e-service quality that are different from

the traditional service context, e-service quality has been regarded having the potential to not only deliver strategic benefits but also to enhance operational efficiency and profitability (Cronin, 2003).

A review of existing literature indicates that many past studies have found different dimensions for e-service quality that are useful for different research contexts (Ho and Lin, 2010). Dabholkar (1996) found the following Web these e-service quality aspects: site design, reliability, delivery, ease of use, enjoyment and control in the context of E-service. Zeithaml et al. (2000) found Efficiency, reliability, fulfillment, privacy, responsiveness, compensation, and e-service quality dimensions in the online retailing context.

In Yoo and Douthu (2001) ease of use, aesthetic design, processing speed, and security were the e-service quality found in online retailing context. Cox and Dale (2001) identified six eservice quality aspects, while Wolfinbarger and Gilly (2002, 2003) found these four e-service quality aspects: web site appearance, communication, accessibility, credibility, understanding and availability in online retailing. Again, Lee and Lin (2005) developed eservice model including web site design, reliability, responsiveness, trust, and personalization in the online retailing context. Furthermore, Field, Heim, Sinha (2004) identified web site design, reliability, security, and customer service e-service quality dimensions.

Kim et al (2006) identified 9 e-service quality items, being: efficiency, fulfillment, system availability, privacy, responsiveness, compensation, contact, information and graphic style in online retailing. Moreover, Zeithaml et al., (2000, 2002) proposed a 7-dimension instrument for measuring eservice quality called E-S-QUAL, using the SERVQUAL in the traditional distribution channels in a study on internet service quality.

Zeithaml et al (2002) again conducted a study in which they compared the SERVQUAL and the E-S-QUAL and concluded that though some traditional SERVQUAL dimensions can be applied to e-service quality, there are other unique

dimensions of the e-service quality that related to technology. The original E-SQUAL consisted of 11 dimensions and later condensed into 7 by Parasuraman et al. (2005), which were split into core dimensions and the recovery dimensions. The core dimensions, termed E-S-QUAL, are: efficiency, system availability, fulfillment and privacy. The recovery dimensions termed E-RecS-QUAL are: responsiveness, compensation and contact (Parasuraman et al., 2005).

Recent studies show a combination of traditional SERVQUAL and the web-interface quality dimensions. Li and Suomi (2009) proposed eight dimensions of e-service quality, which are: website design, reliability, responsiveness, security, fulfillment, personalization, information and empathy. Past studies on determinants of e-service quality adoption also indicate that e-service experience has impact on customers' perceptions and evaluation of e-service quality (Yang and Jun, 2002). Yen (2005) maintains that the importance of attributes of online customer satisfaction depends on technology readiness. Cristbal et al. (2007) opine that the perceived web site quality and customer satisfaction is relevant to customers' loyalty to the web site. In view of the above, e-service quality dimensions would be explored in the internet or e-banking context.

2.2.7. Service Delivery and Customer Satisfaction

The impact of e-banking on service delivery to customer has also been noted by researchers. In Tanzania, for example, long queues which used to be the norm in most banks appear to have reduced drastically due to e-banking.

The advancement in Technology has played an important role in improving service delivery standards in the banking industry. In its simplest form, Automated Teller Machines (ATMs) and deposit machines now allow consumers carry out banking transactions beyond banking hours. With online-banking, individuals can check their account balances and make payments without having to go to the-banking hall. This is gradually creating a cashless society where consumers no longer have to pay for all their purchases with hard cash. For example: bank customers can pay for airline tickets and subscribe to initial public offerings by transferring the money directly

from their accounts, or pay for various goods and services by electronic transfers of credit to the sellers account. As most people now own mobile phones, banks have also introduced mobile-banking to cater for customers who are always on the move. Mobile-banking allows individuals to check their account balances and make fund transfers using their mobile phones (Amedu, 2005).

Customer expectation, in terms of service delivery and other key factors have increased dramatically in recent years, as a result of the promise and delivery of the internet. The growth in the application and acceptance of internet-driven technologies means that delivering an enhanced service is more achievable than ever before. However it is also more complex and fraught with potential costs and risk. The internet introduces customers to a new perception of business time as always “on available 24/7, and demanding an urgent and rapid response. The challenge for managers is to reconcile their business and their own personal perceptions of time with the perceived reality of internet time. The internet has decisively shifted the balance of power to the customer (Shittu, 2010).

Jayawardhena and Foley (2000) posits that e-banking as a new service delivery channel has provided banks with a clear cut solution to the inherent disadvantages of traditional bank service delivery practices. Specifically, large volumes of transactions are successfully carried out because of e-banking in contemporary times. Further, Birch and Young (1997) intimated that the internet may be exploited as a new delivery channel by the financial services industry to completely reorganize the structure of banks.

Similarly, Agboola (2006) investigated electronic payment systems and tele-banking services in Nigeria. The findings revealed that there has been very modest move away from cash. Payments are now being automated and absolute volumes of cash transactions have declined. The result of the study revealed that tele-banking is capable of broadening the customer relationship, retain customers loyalty and enable banks to gain commanding height of market share if their attendant problems such as, ineffectiveness of telecommunications services, epileptic supply of power, high

cost, fear of fraudulent practices and lack of facilities necessary for their operation were taken care of. This translates to the fact; tele-banking has change service delivery patterns of banks positively as direct cash transactions have reduced significantly as a result.

In a study conducted online most customers still chose pure internet-based suppliers with basic customer services yet demanded various services available through conventional channels (Yang and Fang, 2004). Various researches have been carried out in order to identify conventional service quality dimensions that may significantly impact upon quality assessments (Parasuraman et al., 1985, 1988; Pitt et al., 1995; Zeithaml et al., 1985).

Oghenerukevbe, (2008), internet banking provides alternatives for faster delivery of banking services to a wider range of customers. The increasing popularity of internet banking has attracted the attention of both legitimate and illegitimate online-banking practices. Criminals focus on stealing user's online-banking credentials because the username and password combination is relatively easy to acquire and then relatively easy to use to fraudulently access internet banking account and commit financial fraud. To alert users, many banking sites are now including Security Indicators (SI) to their sites. Hua (2009) conducted an experiment to investigate how user's perception about online-banking is affected by the perceived ease of use of website and the privacy policy provided by the online-banking website. In this study, it also investigated the relative importance of perceived ease of use, privacy, and security. Perceived ease of use is of less importance than privacy and security. Security is the most important factor influencing user's adoption.

Wise and Ali (2009) also argued that many banks in Bangladesh wanted to invest in ATMs to reduce branch cost since customers prefer to use them instead of a branch to transact business. The financial impact of ATMs is a marginal increase in fee income substantially offset by the cost of significant increases in the number of customer transactions. The value proposition however, is a significant increase in the intangible item customer satisfaction. The increase translates into improved customer

loyalties that result in higher customer retention and growing organization value. Internet banking is a lower-cost delivery channel and a way to increase sales. Internet banking services has led to the increased retention of highly valued customer segments.

Despite the positive effect of e-banking on service delivery and banking services in general, some major setbacks have been noted by researchers. For instance, Chiemeké et al. (2006) conducted an empirical investigation on adoption of e-banking in Nigeria. It was observed that, negative effects following adoption of internet banking, a component of e-banking are insecurity, inadequate operational facilities including telecommunications facilities and electricity supply, and made recommendations on how Nigeria banks can narrow the digital divide. Also, the report revealed that Internet banking is being offered at the basic level of interactivity with most of the banks having mainly information sites and providing little Internet transactional services.

Within the arena of marketing research, a plethora of literature on customer satisfaction exists. Customer satisfaction is referred to as an evaluative judgment a customer makes before making a choice on purchase decision (Oliver, 1980; Churchill & Surprenant, 1982). Following from the above definition, customer satisfaction is perceived to be an attitude customer form by making comparison in their pre-purchase expectation to their subjective perceptions of actual performance (Oliver, 1980).

Theory of Central to the satisfaction literature is the disconfirmation which has been used extensively in marketing research to explain the subject matter of satisfaction. The theory posits that, satisfaction is established when the customer evaluates the gap between suppose performance and his/her cognitive standards such as wishes and expectation of the product or service delivered (McKinney et al., 2002; Liu & Khalifa, 2003).

According to Robinson (2000), online-banking ensures customer satisfaction as it extends financial services to customers outside the-banking hall. Similarly, e-banking has provided banks with a large customer base as it has resulted in increased customer loyalty and satisfaction (Oumlil & Williams, 2000). Iranian based study investigated the impact of e-banking. Chi-square analysis from the customer's perspective showed that, e-banking contributed positively to Iranians. Further, the result revealed that, Iran banks provided services that the customers are deriving satisfaction from with particular reference to e-banking (Mahdi & Mehrdad, 2010).

2.3 Theories Guiding the Studies

The e-banking theories include behavioural adoption theories, the theory of Planned Behavior (TPB), Theory of Reasoned Action (TRA), and The Technology Acceptance Model (TAM). These are forwarded by Sweeney, (1988). The arguments are shown below as follows:

Behavioral Adoption Theories calls an online-banking user to performs at least one overview of behavioral adoption models, following transactions online: similarities and differences between them and discuss based on pay bills, beliefs about the outcome of the behavior, evaluation of expected outcomes normative beliefs, motivation to comply attitude towards action subjective norms, behavioral and intention Behavior. The theories discussed that variables not included reasoned action. Theory of Planned Behavior in the model can affect intention and then behavior and Technology Acceptance Model (TAM).

The Theory of Planned Behavior (TPB): The theory suggests that actual behavior is declared through Planned Behavior (TPB) the most widely used intention toward the behavior. Intention is influenced by models in explaining and predicting individual Behavioral attitude and subsequently salient beliefs influence Intention and acceptance of e-banking attitude. TPB is an attitude-intention-behavior model, with more focus on the context posits that an individual's behavior is determined by of computer use perceived behavioral control and intention.

The Technology Acceptance Model (TAM): Researchers beliefs, however, actually influence attitude and practitioners have widely used the Technology. Subjective norm is beliefs about what others will Acceptance Model (TAM) to help to predict and make think about the behavior; in other words, the perceived sense of user acceptance of information technologies, influences of social pressure on an individual to perform TAM.

2.4 Empirical Literature Review

A comparative study refers to studies made by other authors in other countries based on the related topic. In Nigeria, Bangudu (2011) postulated that, Bank customers have complaints of longer time spent in performing transactions since the commencement of the ongoing banking reforms were instituted. Customers expressed worry that perhaps the resurfaced queues might not be unconnected with the recent massive layoffs in the-banking industry. The sight of the queues has actually forced some customers to leave one-banking hall for another. The sights of the queue branch in the heart of Lagos actually make to opt for another branch to make many transactions. There are not enough members of staff to attend to the same number of customers, not to speak of the new ones joining the banks. This is because even though things are tight out there, the marketers still do their jobs and bring in more customers.

Akinbamidele (2011) argues that long queues are not necessarily due to shrinking staff in banks or the capacity of the present staff strength. Even where there was one million staff, there were still queues. However, said no bank would be laying off staff to the detriment of their operational efficiency and maintaining high standard of customer services. Further banks need to ensure that they organize strong information technology facilities to support an increase in customers' activities in the-banking halls and adequate human capital development for its staff in terms of skill set. Long queues disappear in the near future as high standard customer service is what would become a distinguishing factor especially for end users of banking products and services.

Loonam and O'Loughlin (2009) in an explorative study in Irish online-banking context found ten dimensions of online retail banking, which are: web usability, security, information quality, access, trust, reliability, flexibility, responsiveness, self-recovery, and personalization/customization.

In the empirical work of Ho and Lin (2010) in an emerging economy of Taiwan Internet banking sector, they developed and validated a five dimension internet banking service quality with 17-item measurement scale for measuring the service quality in internet banking.

Gerrard and Cunningham (2003) found a positive correlation between convenience and online-banking and remarked that a primary benefit for the bank is cost saving and for the consumers a primary benefits is convenience. Multi-functionality of an IT based services may be another feature that satisfies customer needs (Gerson, 1998).

A reduction in the percentage of customers visiting banks with an increase in alternative channels of distribution will also minimize the queues in the branches (Thornton and White, 2001). Increased availability and accessibility of more self-service distribution channels helps a bank's administration in reducing branch network and its associate staff overheads. Bank employees and office space that are released in this way may be used for some other profitable ventures (Birch & Young, 1997). This ultimately leads towards improved customer satisfaction and the institution's bottom line (Thornton & White, 2001).

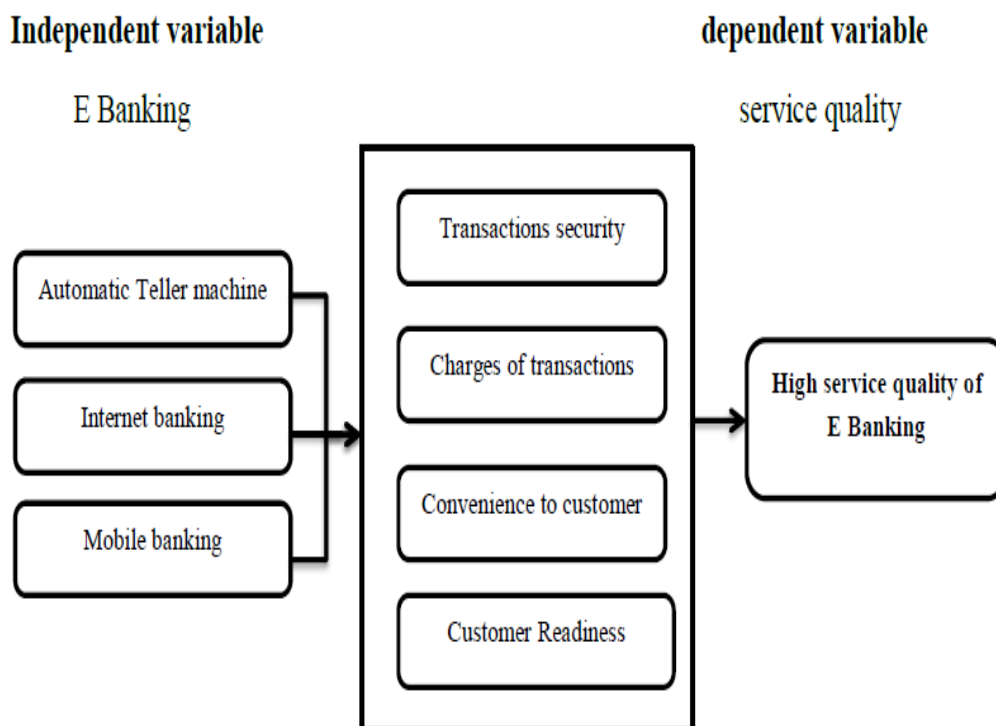
Although, electronic banking provides many opportunities for the banks, it is also the case that the current banking services provided through Internet are limited due to security concerns, complexity and technological problems (Sathye, 1999; Mols, 1999). Hewer and Howcroft (1999) used the term trust to describe a measure of risk. Suganthi et al., (2001) viewed risk in the context of security concerns and risk in the context of trust in one's bank. Finally, a number of studies found that trust and perceived risks have a significant positive influence on commitment (Bhattacharjee, 2002;

Reputation of a service provider is another important factor affecting trust. Doney and Cannon (1997) defined reputation as the extent to which customers believe a supplier or service provider is honest and concerned about its customers. Tyler and Stanley (1999) argued that banks can build close and long lasting relationships with customers only if trust, commitment, honesty and cooperation is developed between them.

2.5 Conceptual Framework

A conceptual model or logically developed, described and elaborated network of association among variable that have been identified through such processes as interviews observations and literature survey upon which an entire research project is based (Sweeney, 1988).

Figure 2.1: The Model of Conceptual Framework



Source: Researcher findings, 2013

From the above conceptual framework the independent variable includes the e banking while dependent variable included the Service quality.

According to the conceptual framework the independent variables E banking such as Automatic teller machine, internet banking and mobile banking had several impacts to the users. This includes security of all transactions, charges of the transactions, convenience to customer, and even customer readiness. These variables normally depend on the electronic banking.

On the other side the service qualities stand as dependent variable as it depends on the service or quality of electronic banking. This means if the Electronic banking is not secure to the user, the charges are high or not convenient to customer or even if customers are not ready then the level of service quality will be low

2.6 Research Gap

The objective of the e- banking is to achieve a good economic balance between the costs and optimum solution where sum of waiting and service costs is minimized.

In the research study, the researcher aims at bridging the gap between e- banking and service quality gap by examining internet banking, innovations in banking systems and suggests the proper ways in providing quality services in banking for banking competitiveness.

This is because even with the introduction of e-banking in EXIM Bank there are still Customers found in long queues that can cause customers to seek better service elsewhere, thus proving costly in terms of lost future sales. Furthermore various studies have shown that the e- banking is well addressed but the innovations and improvement in the products provided are not timely paid.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter examines the area of study, research design, sample and sampling techniques, data collection techniques, methods of data collection and methods employed to analyze data.

3.2 Area of the Study

The area of study was being EXIM bank in Mwanza region. The reasons of conducting this study in this area were; the area had enough required residents to cover the study. Also, the area had significant sources of data to be collected sufficient to cover the study such as internet documentary information that could be accessed easily. Since the study focused on the financial institution, therefore the field of this study was chosen because it is among the financial organizations.

3.3 Research Design

A research design is a plan which shows the approach and strategy of investigation conceived in order to obtain the relevant data which will fulfill the studies' objectives and answer the set of research questions (Sweeney 1988). The research design used in this study was a case study design since it takes short time in gathering relevant information to be used in presentation and recommendation purposes.

3.4 Units of Analysis

The units of analysis were individual who were customers of EXIM Bank and some workers of bank organizational level so as to aggregate the data during data analysis stage.

3.5 Population

The larger group from which the sample is drawn is referred to as the population (Kothari, 1990). It reflects a group of people or elements that a researcher has in

mind from which sample and data can be obtained. The study involved bank customers and officers as a whole at EXIM Bank-Mwanza branch those were approximately 5000 to 6000.

3.6 Sampling Technique

3.6.1 Sample Size

A group of any number of observations selected from a population as long as it is less than the total population is defined as sample (Sprinthall, 1987). For the purpose of this study a sample of 50 respondents were selected by the researcher of which researcher use data from 40 (forty) respondents considering data cleaning and coding. This was because they were manageable and were to make it easy in generalization of the study.

3.6.2 Sampling Procedures

In this study the researcher did not deal with the whole population specifically, rather sampling were conducted to enable the researcher to study sufficient respondents not only that represented the total population, but also that effectively were enabled the researcher to control the area of study very effectively and efficiently. The sampling procedure included purposive and random stratified sampling methods.

(a) Purposive Sampling Methods

A purposive sampling is a non-representative subset of some larger population, and is constructed to serve a very specific need or purpose (Kothari, 1990). This method is also known as a judgmental sampling where as selective or subjective sampling that focuses on the units that are investigated are based on the judgment of the researcher. The study used 2 officers who were selected purposely since they are the ones who dealt with operation of the machines where computers and ATMs were marked.

(b) Random Sampling

This is a sampling method in which each element has an equal chance of being selected independent of any other events in the selection process. Sampling methods

are classified as *either* probability *or* non probability. Stratified sampling is a subset of the population that shares at least one common characteristic (Babbie, 2004: 190). The study involved 15 male respondents and 15 female respondents who were selected randomly. Also 8 EXIM Bank officers were selected 4 male respondents and 4 female unless otherwise. The study had a grand total of forty (40) respondents. In order to arrive to sample of 50 people the research invited two to three customers a day who will be available during lunch hours, in consecutively six weeks time. Therefore this gave a room for respondents to relax and enable smooth means of data collection. Random sampling helped to avoid biasness in selection of the respondents especially customer's respondents that were used in the study.

3.7 Methods of Data Collection

The researcher collected data by using four methods which are questionnaire, interview, documentary review, and observation (Field survey).

3.7.1 Questionnaire

Questionnaire refers to a series of questions asked to individuals to obtain statistically useful information about a given topic. When properly constructed and responsibly administered, questionnaires become a vital instrument by which statements can be made about specific groups or people or entire populations (Babbie, 2004). By virtual of their position and being able to read and write the self administered questionnaire to customers, and bank staff members were given for collection of data.

3.7.2 Interview

An interview is a conversation between two or more people (interviewer and interviewee) where questions are asked by the interviewer to obtain information from the interviewee (Mason, 2004). The researcher used face to face interviews to avoid the problem of respondent (customers) who are not skilled in reading and writing, to probe deeper into a response given by an interviewee, and produce a higher response rate. During interview the research use the advantage of queue management system whereas the customer sat down and waiting for their turn to obtain services rather

than queue while standing. This simplify researcher's means of gather the said information from interviewee while sit down and waiting for their turn. The method helped to adapt the questions as necessary, clarify doubt and ensure that the responses were properly understood, by repeating or rephrasing the questions basing on the improvement of services in banks processes.

3.7.3 Documentation

Documentation is the process of collecting data from existing literature on the same study. This is easy methods as it provide clear existing information on the matter in table. In this study documentation method was used to collect data of average number of customers getting services in bank monthly comparing before and after the ATM machines were incorporated. Some of the data were collected from the internet. Data from EXIM bank annual report, journals, magazine from EXIM academy library and also strategic plans were reviewed by the researcher for the finding.

3.7.4 Observation

Observations were used to collect data basing on those failed to operate the ATM machine. The observation conducted by research at ATM point when the customer don't adhere with ATM language and instructions provided ends up failed operating the machine and call for assistance from bank officers. These can e easily signifies via a number of times whereas the customers unable to operate the ATM machine. During the observation on mobile banking, the researcher observed that many customers failed to follow the instructions given by the mobile operations, which signifies by blocking of pin mailers time to time due to entering the wrong pin mailers.

3.8 Administration of Instrument

The questionnaires were administered by the researcher. Although some of the bank's officers assisted to ensure the questionnaire were filled at the bank properly and as expected.

3.9 Data Collection

3.9.1 Primary Data

Primary data are data that are collected afresh and for the first time, and thus happen to be original in character (Kothari, 2004). They are data collected by the researcher himself or herself or by research assistants from the field for the purpose of answering the research question or issue, (Adam and Kamuzora, 2008). Primary data are data that are collected for the first time in the field that includes opinions of people interviewed, and behaviour.

The researcher collected primary data by observing number of customers attending at the machine and those responding to the call, through interviews and questionnaires.

3.9.2 Secondary Data

Secondary data are those data which have already been collected and analyzed by someone else. They may either be published or unpublished data (Kothari, 2004). Secondary data are data obtained from literature sources or data collected by other people for some other purposes. These are data which have already appeared in other documents and probably already filtered and interpreted in some ways (Adam and Kamuzora, 2008). The researcher collected secondary data through documentation. In this technique, data basing on the number of documentations especially on the number of customers attended the services on previous days were taken.

3.10 Data Analysis

The qualitative and quantitative data were analyzed regarding to differences between customers being attended before the use of advanced technology of e- banking and after the introduction the ATM machines. Data preparation involved classification of data by checking accuracy, entering the data into the computer, transforming, developing and documenting a database structure that integrate various measures by providing simple summaries about the sample and the measures where simple bar graphs will be used. Analysis of data was done and results informed refined the policy and determine intervention strategies for reducing long waiting lines. The researcher uses the Statistical Package for Social Science (SPSS) and Microsoft

Excel where different statistical measures like range, mean, standard deviation, variances and graphs were treated.

3.11 Limitations of the Study

The major research limitation found associated with research methodology being used, whereas thru the use of case study the research concentrated with a single population even though provides sufficient information to the researcher but limits the some respondent who may respond differently,

Other limitation involved with the overall banks rules and regulations that bank information are always confidential, whereby the duty of secrecy is highly practiced. Example it was very difficult to ask the respondents how often they draw money through ATM or transact on mobiles, which would result to intervene customer privacy. This hinders the researcher to collect the data to some respondent who could not distinguish the confidentiality of the information, whereas they refused to be interviewed and fill the questionnaires.

CHAPTER FOUR

STUDY FINDINGS, ANALYSIS AND DISCUSSION

4.1 Introduction

The chapter presents the findings of the study; the findings are analyzed in relation to the objectives of the study and formulated research questions which guided the study. Data presented in this study were analyzed so as to examine the extent of customer satisfaction on mobile phones financial transactions.

In this chapter, the data collected for the study were analyzed and interpreted. The data was presented in tables beginning with demographic variables then followed by research objectives that were formulated to guide the research. The first part of the chapter considered the demographic background of the respondents, focusing on sex, level of education and numbers of years with the bank. The second part presented the findings from the study in relation to the research objectives. Regarding the nature of the data collected, majority of items were closed ended with some measured on a 5-point likert scale

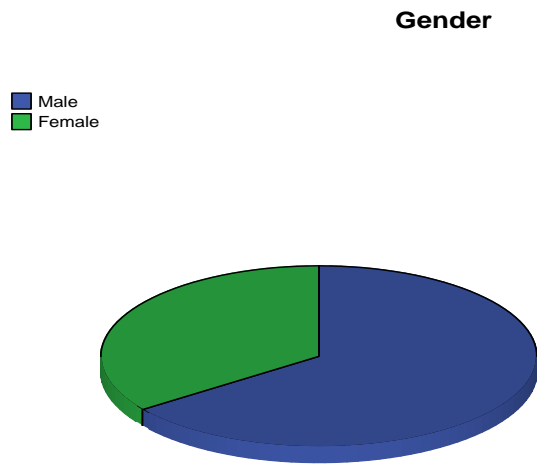
4.2 Demographic Characteristics of Participants

The study collected information on demographic characteristics. Detailed results on each of the demographic characteristics are presented.

4.2.1 Sex of Respondents

The analysis revealed that most of the respondents were men. Specifically, the data showed that 26 of the respondents representing 65.0% were men while a total of 14 representing 35.0% were female. Figure 4.1 below presents the result. This shows that the researcher was not biased on the gender when data was collected, even though the big more males were responding than female.

Figure 4.1: Distribution of the respondents by their Gender



Source: Field Data analysis (2013)

4.2.2 Age of the respondents

The age of all respondents were analyzed so as to find the distribution of the respondents based on their age. Tables 4.1 analyze the distribution of the respondents based on their age.

Table 4.1: Distribution of the Respondents on Their Age

| | Frequency | Percent | Cumulative Percent |
|----------------|-----------|--------------|--------------------|
| 18 to 39 years | 22 | 55.0 | 55.0 |
| above 39 years | 18 | 45.0 | 100.0 |
| Total | 40 | 100.0 | |

Source: Field Data analysis (2013)

The table 4.1 above show the distribution of the respondent (banks customers) based on their age. It shows that most of the respondents 55.5% were aged from 18 to 39

years old, while the rest of the respondents under the same group 45.0% were aged above 39 years old. These respondents were distributed in this range as it separate youth from adults. So in general the analysis shows that most of the respondents attain the age of maturity which gives much confidence on the data obtained. Since many respondents of that age seems to be the banked society.

4.2.3 Educational Level of Respondents

The next sample characteristic examined was the educational level of the respondents. Analysis showed that, the majority of the respondents were Diploma holders. There were 16 Diploma holders representing 40.0 per cent while 12 representing 30.0 per cent were First Degree holders. In addition, 22.5 per cent were secondary school leavers and 3 representing 7.5 per cent were Second Degree holders. This is shown in **Table 4.2** below.

Table 4.2: Distribution of the respondents by their Education Level

| | Frequency | Percent | Cumulative Percent |
|-----------------------------|-----------|---------|--------------------|
| Secondary school leavers | 9 | 22.5 | 22.5 |
| Certificate/diploma holders | 16 | 40.0 | 62.5 |
| First degree graduates | 12 | 30.0 | 92.5 |
| Second degree and above | 3 | 7.5 | 100.0 |
| Total | 40 | 100.0 | |

Source: Field Data analysis (2013)

4.2.4 Operation Experience with EXIM Bank

The EXIM Bank customers were also asked to mention their experience with the bank so as to understand the general e-banking knowledge they have. The results showed that, 25 respondents representing 69.3 per cent have been customers of the bank for the period of 5 years and below while a total of 12 representing 22.3 per cent have been with the bank for the periods ranging from 6 to 10 years. It was also

found that, 3 respondents representing 8.4 per cent have been customers of the bank for the past 11 years and beyond. See Table 4.3 below for details.

Table 4.3: Distribution of the Respondents by Their Experience to Transacts EXIM Bank

| | Frequency | Percent | Cumulative Percent |
|---------------------|-----------|---------|--------------------|
| 0 - 5years | 25 | 62.5 | 62.5 |
| 6 - 10years | 12 | 30.0 | 92.5 |
| 11years plus | 3 | 7.5 | 100.0 |
| Total | 40 | 100.0 | |

Source: Field Data analysis (2013)

4.3 Findings as per Study Objectives

This section analyzes the findings of the study in relation to the research objectives and questions presented in the first chapter of this study.

4.3.1 Electronic Banking Services Offered by EXIM Bank

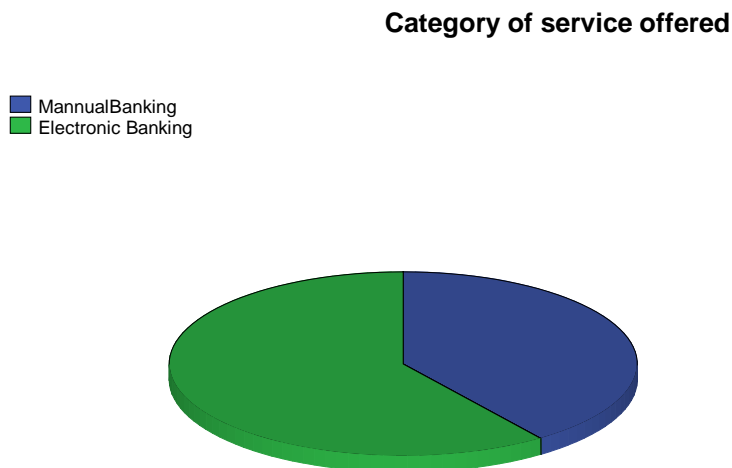
Further examination revealed that, the EXIM Bank provides electronic banking services in the form of ATM services, SMS (mobile) banking and internet banking. The data revealed that 36 respondents, representing 90.0 per cent use the ATM services while 4 respondents, representing 10.0 per cent do not use ATM services. Further, it was observed that the use of other Electronic Banking services provided by the bank is equally high. That is, the use of internet banking and SMS (mobile) banking, are equally highly patronize by customers. Specifically 33 respondents, representing 82.5 per cent did not use internet banking services, 17.5 represented 86.1 per cent of those who used it. In addition, 9 respondents representing 22.5 per cent did use SMS banking services. From the results obtained it could be concluded that majority of the bank's customers used Electronic Banking service and are highly patronized by the electronic banking products offered by EXIM Bank. The results are presented in Table 4.4 below

Table 4.4: Distribution of the Respondents by Kind of Service Used

| | Frequency | Percent | Cumulative Percent |
|-----------------------------|------------------|----------------|---------------------------|
| Use ATM Machine | | | |
| Yes | 36 | 90.0 | 90.0 |
| NO | 4 | 10.0 | 100.0 |
| Total | 40 | 100.0 | |
| | | | |
| Use Mobile-banking | | | |
| Yes | 9 | 22.5 | 22.5 |
| NO | 31 | 77.5 | 100.0 |
| Total | 40 | 100.0 | |
| | | | |
| Use Internet Banking | | | |
| Yes | 7 | 17.5 | 17.5 |
| NO | 33 | 82.5 | 100.0 |
| Total | 40 | 100.0 | |

The researcher in this section embarked in find out the banking services provided by EXIM Bank, Electronic Banking services available and that were patronized by customers. It was observed that EXIM Bank provided both manual and electronic banking services. Regarding the usage of these services, the result revealed that 16 respondents representing 40 per cent use manual banking services while 24 respondents representing 60 per cent use Electronic Banking service provided by the EXIM Bank. Figure 4.2 below summarizes the details of the findings.

Figure 4.2: Distribution of the Respondents According to Category of Services Offered



Source: Field Data analysis (2013)

4.3.4 Benefits of using E-banking

The study investigated the benefits of electronic banking to customers. E-banking services were found to contribute significantly to the service delivery of EXIM Bank. This is evident in the areas of its usefulness, convenience, time saving and quick service among other benefits.

(a) Electronic Banking Saves Time

At first, it was revealed that e-banking services save time. It drastically reduces time that would have been spent in the-banking hall to transact business. In the table below, 8 respondents were 20.0 per cent of those who strongly agreed with the statement that “Electronic Banking services saves time” while 16 represented 40.0 per cent of respondents agreed to the statement. In sum 60.0 per cent of the respondents accepted that electronic banking saved time much more than manual

banking. On the other hand, 7 respondents representing 17.5 per cent disagreed with the statement with 22.5 per cent remaining neutral. See **Table 4.5** below.

Table 4.5: Distribution of the Respondents on Time Saved

| | Frequency | Percent | Cumulative Percent |
|--------------------------|-----------|---------|--------------------|
| Strongly agree | 8 | 20.0 | 20.0 |
| Agree | 16 | 40.0 | 60.0 |
| Indifference | 9 | 22.5 | 82.5 |
| Disagree | 6 | 15.0 | 97.0 |
| Strongly disagree | 1 | 2.5 | 100.0 |
| Total | 40 | 100.0 | |

Source: Field Data analysis (2013)

(b) Customer Readiness

In examining the benefits of electronic banking to customers, the research sought to find out whether the services have been useful to customers at all. From the responses, it was observed that the introduction of e-banking services have been very useful to customers who patronize the service. The results showed that a total 33 respondents representing 82.5per cent agreed and strongly agreed that the services offered by e-banking have been useful to them. On the other hand, a total of 5 participants representing 12.5 per cent disagreed and strongly disagreed while 5.0 per cent remain neutral. Given the result, it is evident that e-banking services have been useful to customers of EXIM Bank; especially customers who patronize the service. See details in **Table 4.6** below.

Table 4.6: Distribution of the Respondents on E-banking Services is usefully

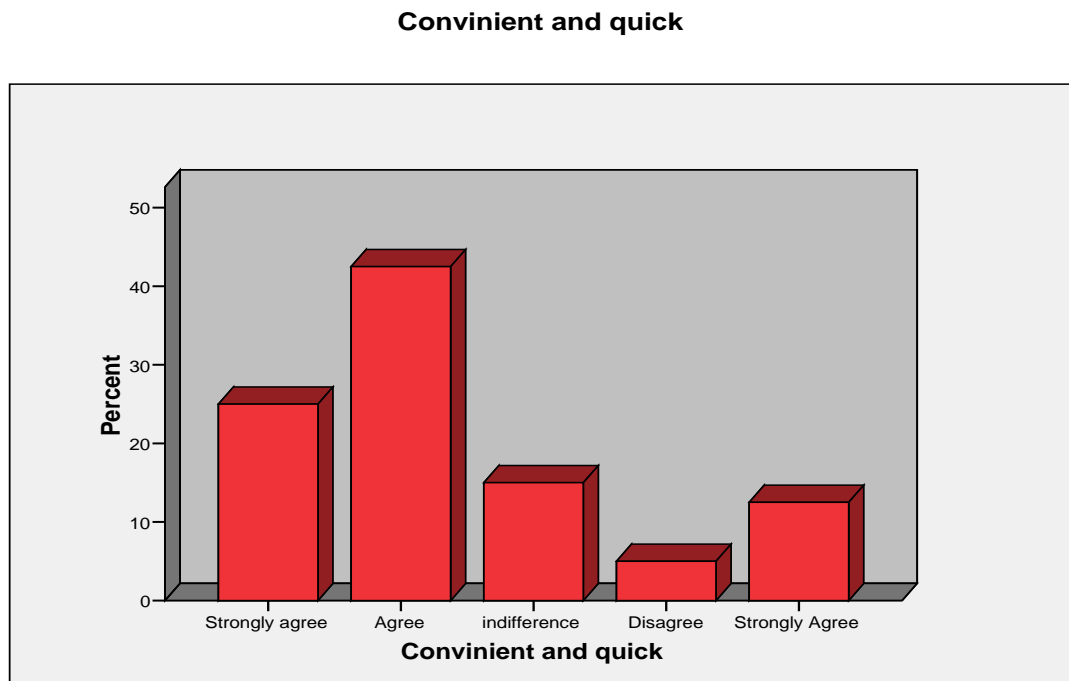
| | Frequency | Percent | Cumulative Percent |
|--------------------------|------------------|----------------|---------------------------|
| Strongly agree | 12 | 30.0 | 30.0 |
| Agree | 21 | 52.5 | 82.5 |
| Indifference | 2 | 5.0 | 87.5 |
| Disagree | 3 | 7.5 | 94.5 |
| Strongly disagree | 2 | 5.0 | 100.0 |
| Total | 40 | 100.0 | |

Source: Field Data analysis (2013)

(c) E-banking Services are convenient and quick

In the research study, it was found that e-banking services provided by EXIM Bank are very convenient to customers. This view was expressed by majority of respondents. The result showed that 27 respondents representing 67.5 per cent agreed that electronic banking had been convenient while 7 respondents representing 17.5 per cent disagreed that the services had been useful and 15 per cent could not tell whether the services had been convenient or not. In sum, it is evident that electronic banking services have been convenient to customers. See Figure 4.5 below.

Figure 4.3: Distribution of the respondents by the kind of services offered



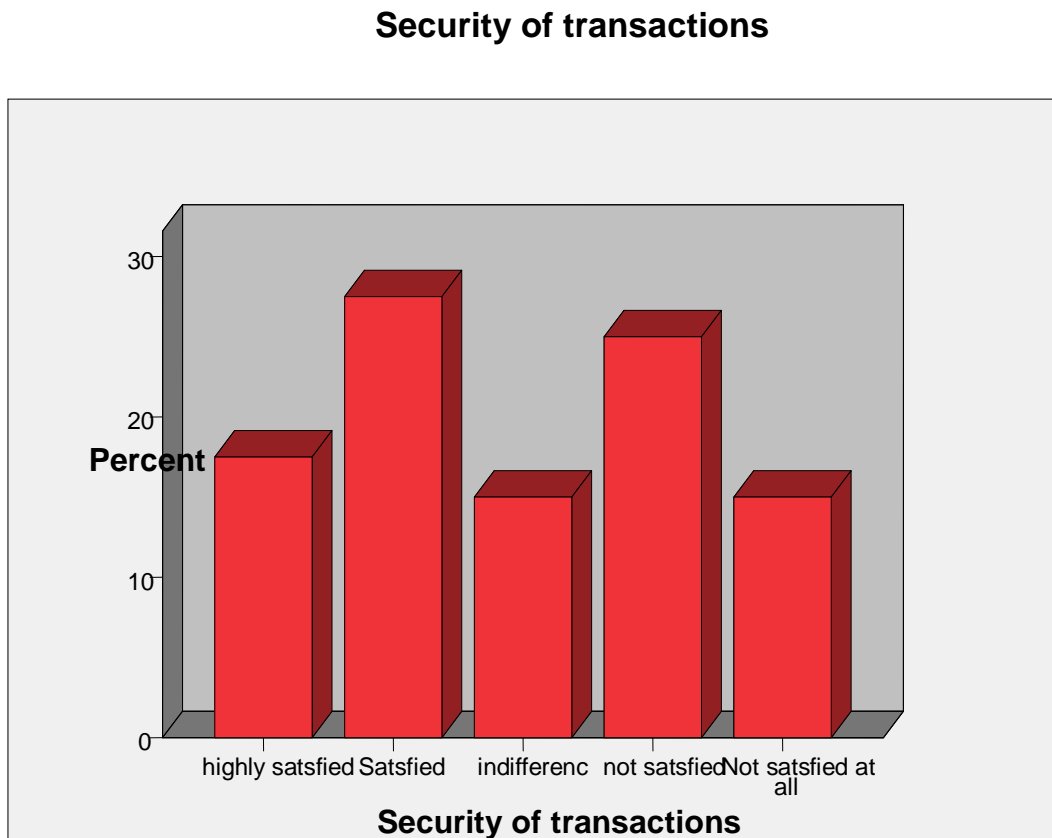
Source: Field data Analysis (2013)

4.3.5 Factors of E-banking Affecting Service Quality

(a) Security on Financial Transactions

The respondents were asked to mention on the level of security on the financial transactions, majority of the respondents said the level of security is not satisfying for their operations. The following graph summarizes the results of the findings

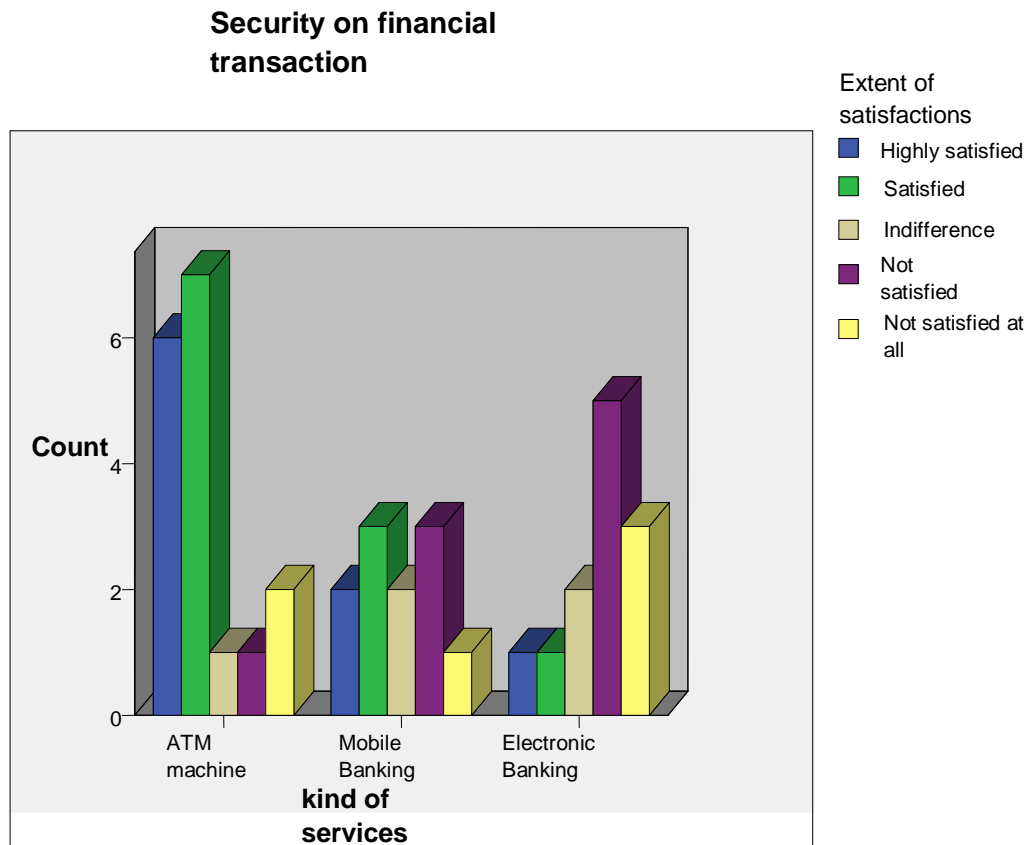
Figure 4.4: Distribution of Respondents on Security of Financial Transactions



Source; Field Data analysis (2013)

From the above graph the analysis shows the extent of satisfactions and dissatisfaction is almost the same, this opened the room for further analysis where by the researcher compared the extent of satisfactions between the kinds of E-banking. The results were as follows

Figure 4.5: Distribution of respondents on security of Financial Transactions



Source: Field Data analysis (2013)

From the figure 4.7 above the analysis from cross tabulation shows that the extent of satisfaction varies based on the kind of E-banking services used, the analysis shows that for those customer using ATM machine majority of them 76.5% are satisfied with the service provided (35.3% highly satisfied, 41.2% just satisfied), 5.9% of the respondents were indifference and the rest of the respondent were not satisfied 17.7%. The analysis further reveal that for those using Mobile-banking the extent of satisfaction is decreasing, the analysis shows that 45.5% of the respondent were satisfied (18.2% highly satisfied and 27.3% just satisfied). 18.2% of the respondents were indifference with the findings, and 36.4% of the respondents were not satisfied with the level of services.

Furthermore the analysis show that for those using E-banking most of them are not satisfied with the level of security, the analysis shows that 66.7% of the respondents were not satisfied with the level of security, 16.7% of the respondents were indifference and only 16.6% of the respondents were satisfied with the services. The figure above summarizes the results of the findings.

(b) Language on the mobile E-banking Applicability

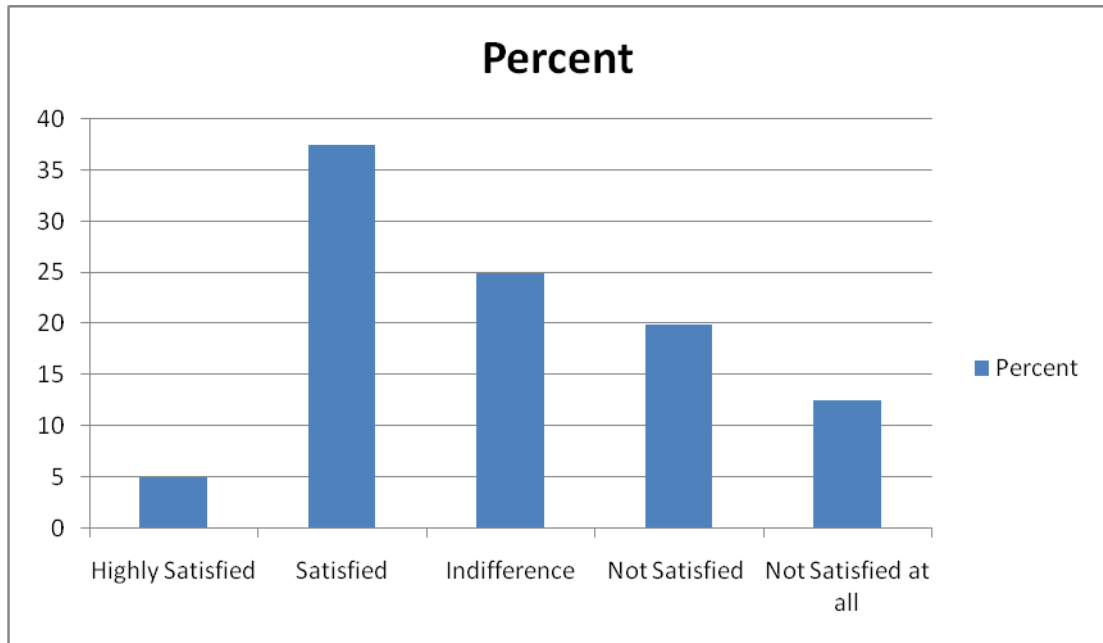
As it is known high percentage of the Bank customers in Tanzania are Tanzanians so majority of them understand well Swahili. The respondents were asked on the language on applicability in these E-banking transactions, the following Table 4.7 summarizes the results of the findings,

Table 4.7: Distribution of Respondents on Language of E-banking Applicability

| | Frequency | Percent | Cumulative Percent |
|-----------------------------|------------------|----------------|---------------------------|
| Highly satisfied | 2 | 5.0 | 5.0 |
| Satisfied | 15 | 37.5 | 42.5 |
| Indifference | 10 | 25.0 | 67.50 |
| Not satisfied | 8 | 20.0 | 87.5 |
| Not satisfied at all | 3 | 12.5 | 100.0 |
| Total | 40 | 100.0 | |

Source: Field Data analysis (2013)

Figure 4.6: Distribution of Respondents on Language of E-banking Applicability



The analysis shows that 42.5% were satisfied, 25.0% of the respondents were indifference with the findings, 20.0% of the respondents were satisfied, and the minority was not satisfied with the applicability of the mobile banking. This means that the use of mobile banking has to be given priority in terms of educating customer on it's advantages and it's effective use.

4.3.6 Charges of Transactions

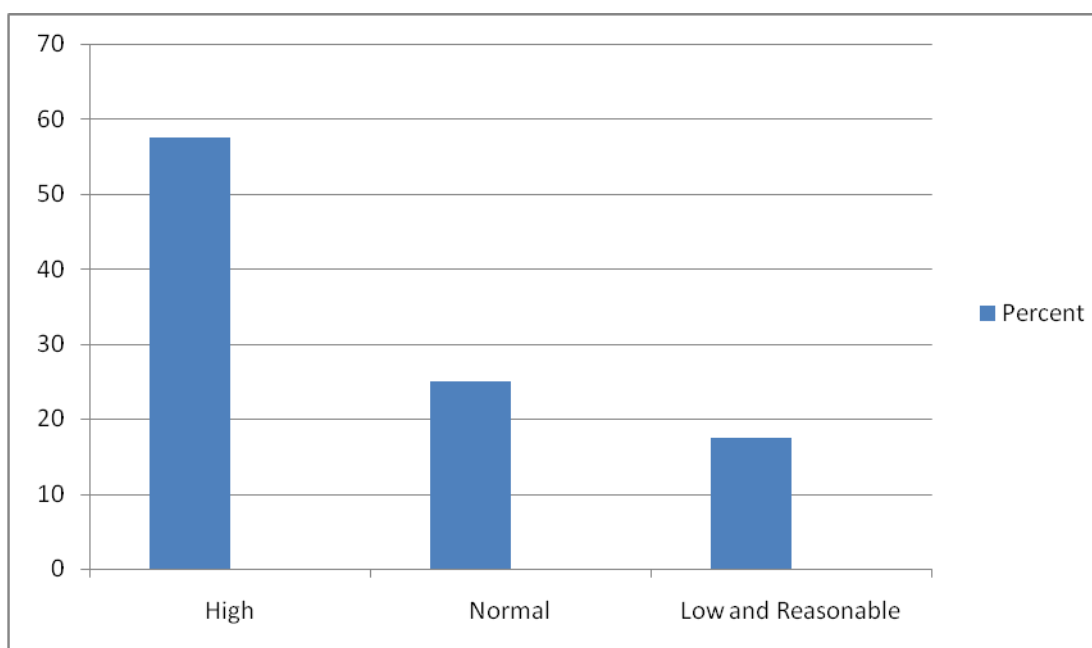
The respondents were asked to explain on the transaction charges for each transaction they marked online. The table 4.8 below summarizes the case:

Table 4.8: Distribution of Respondents on Transaction Charges

| | Frequency | Percent | Cumulative Percent |
|--------------------|-----------|---------|--------------------|
| High | 23 | 57.5 | 57.8 |
| Normal | 10 | 25 | 82.2 |
| Low and reasonable | 7 | 17.5 | 100.0 |
| Total | 40 | 100.0 | |

Source: Field Data analysis (2013)

Figure 4.7: Distribution of Respondents on Transaction Charges

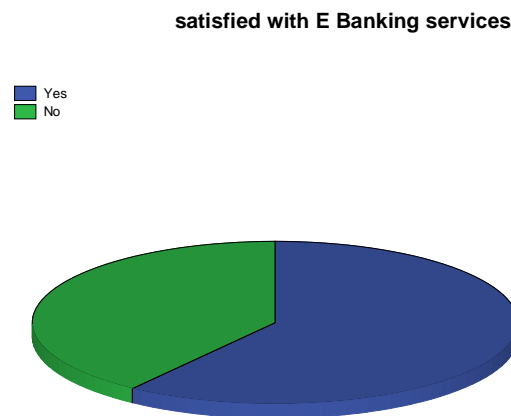


The analysis shows that majority of the respondents were not satisfied with the transaction charges charged by the service providers. The charges seem to be high to both kinds of E-banking. According to the survey the charges ranges from 500 to 10000 per transactions based on the kind you transacts. From the table above these responses, 57.5% of the respondents said High, 25% of the respondents said its normal, and only 17.5% of the respondents said its low and is affordable.

4.3.2 Satisfaction with E-banking Services

The satisfaction of customers with electronic banking services provided by EXIM Bank was also investigated. The study found out that, majority of respondents was satisfied with the services provided by the bank. From the analysis 24 respondents representing 60.0 per cent expressed their satisfaction with the e-banking services provided by EXIM Bank while 16 respondents representing 40.0 per cent expressed contrary views. The result is shown in **Figure 4.3**

Figure 4.8: Distribution of the Respondents by Extent of Satisfaction

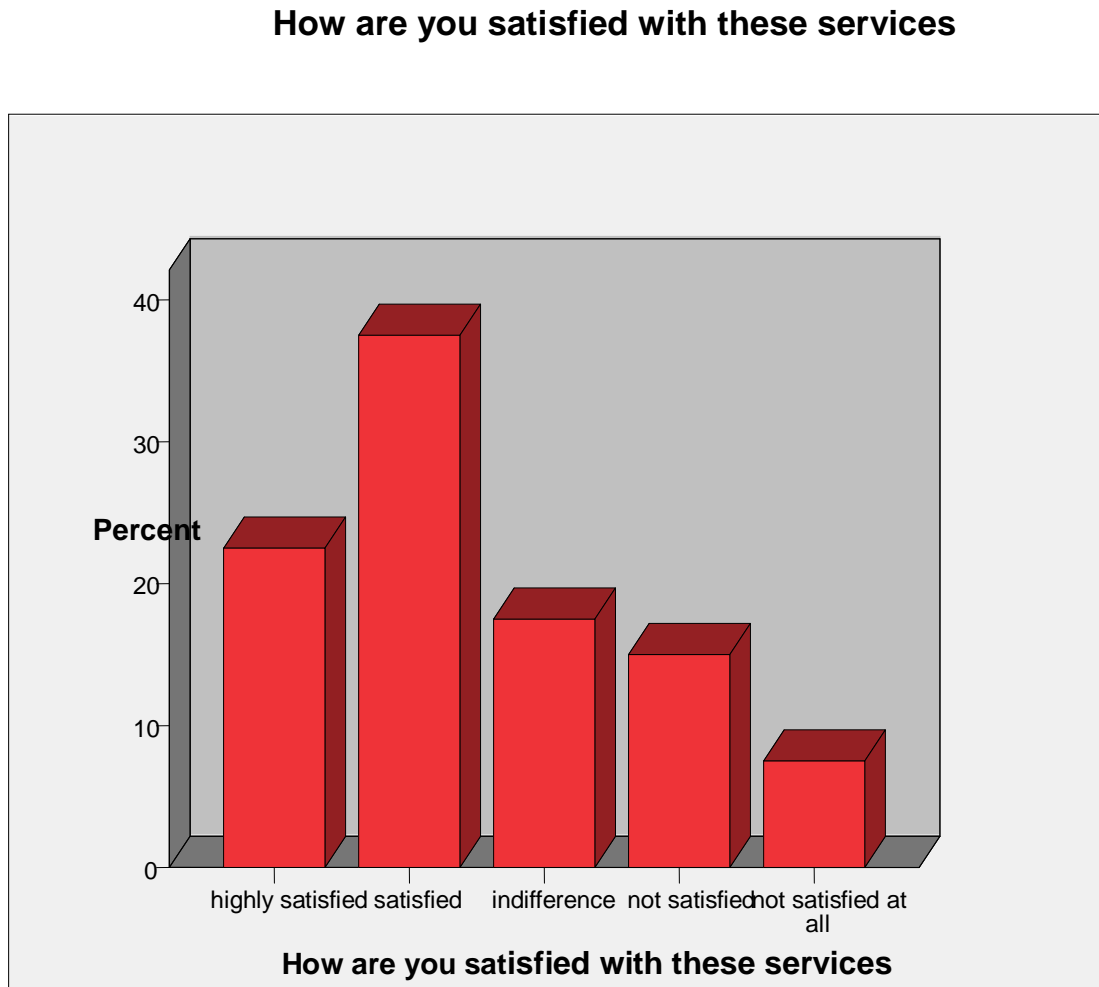


Source: Field Data analysis (2013)

4.3.3. Extent of Satisfaction

In this part, respondents were asked to mention the extent of their satisfaction with E-banking services provided by EXIM Bank as shown in the table below, the analysis shows that 60.0% of all respondent were satisfied with these services, (22.5% highly satisfied, and 37.5% were just satisfied, 17.5% of the respondents were indifference with the findings, 15.0% were not satisfied and the rest of the respondents 7.5% were not satisfied at all.

Figure 4.9: Distribution of the Respondents on Extent of Satisfaction



Source: Field Data analysis (2013)

The extents of customer's satisfaction with service delivery are:-

(a) Electronic Banking Quickens Service Delivery

The study revealed that e-banking services ensured quick banking services delivery. Majority of respondents representing 60.0 per cent mentioned that the availability of e-banking products led to quick banking services while some of the respondents,

about 20.0 per cent said it did not lead to quick banking services. Network failure which is unpredictable could account for the few who mentioned that the Electronic Banking did not lead to quick service delivery. However, with increase investment in technology this could be addressed. See Table 4.7 below

Table 4.9: Distribution of the Respondents on E-banking quickens Delivery

| | Frequency | Percent | Cumulative Percent |
|--------------------------|-----------|---------|--------------------|
| Strongly agree | 8 | 20.0 | 20.0 |
| Agree | 16 | 40.0 | 60.0 |
| Indifference | 8 | 20.0 | 80.0 |
| Disagree | 3 | 7.5 | 87.5 |
| Strongly disagree | 5 | 12.5 | 100.0 |
| Total | 40 | 100.0 | |

Source: Field Data analysis (2013)

(b) Customer Loyalty

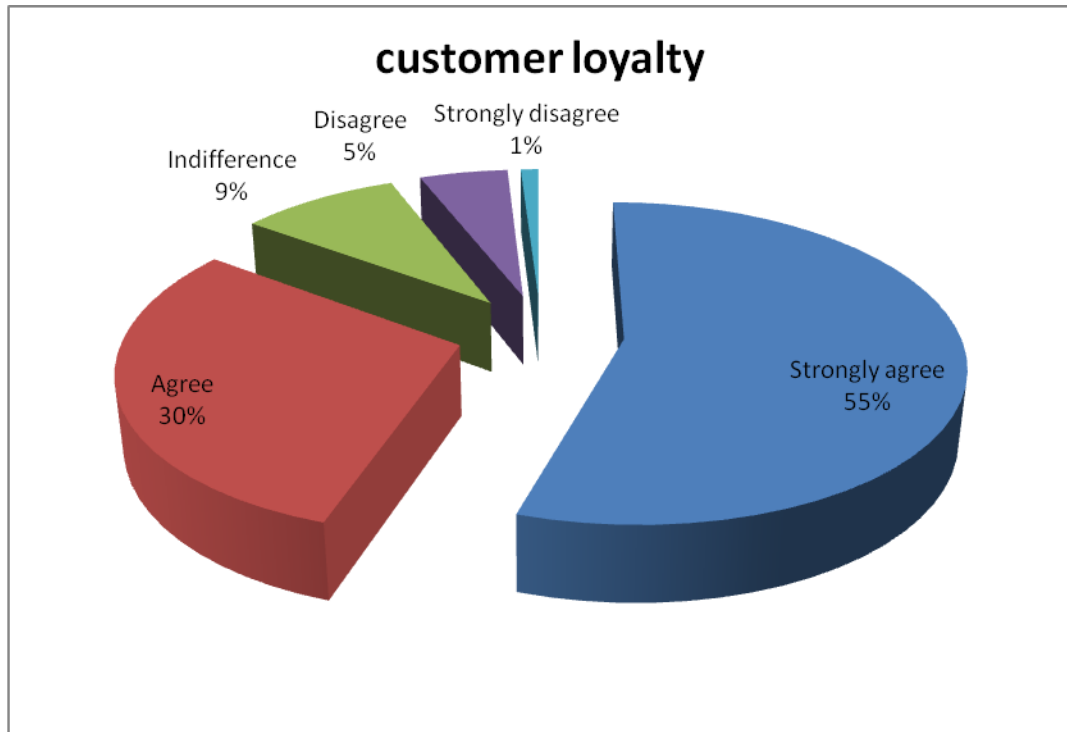
The establishment of e-banking has brought about customer loyalty on service delivery. This can be defined as the tendency of regularity of bank transactions accomplished by customers.

According to the research done, it was found out that with the use of e-banking 55% of respondents were strongly agreed, followed by 30% who agreed, 9% being indifference, 5 % disagree and 1% strongly disagree.

This signifies that majority of respondents interviewed agreed due to the favorable attitude towards e-banking services and use them repeatedly. due to easier accessibility and efficiency of the service provided by EXIM Bank. This can be vivid especially during the non-banking hours whereby bank are closed and customer acces their cash and transferes through ATMs, mobile banking and internet based

services whichever available. Also a customer's willingness to recommend a service provider is often presumed to be a surrogate indicator of customer loyalty.

Figure 4.10: Customer Loyalty



4.3.7 The impact of MIS on implementation of E-banking

The analysis revealed that majority of the respondents agreed that effective Management Information System (MIS) results into good and proper record which can lead to introduction of new technologies. According to the management of EXIM Bank, a good records management program provides an organization with the capability to assimilate new technologies and take advantage of their many benefits. Investments in new computer systems whether this is financial, business or otherwise, don't solve filing problems unless current manual recordkeeping or bookkeeping systems are analyzed (and occasionally, overhauled) before automation is applied. Normally the management of EXIM Bank uses effective records of E-banking to help embrace new technologies.

According to the management of EXIM Bank, Management Information System in organizations reduces the risks associated with litigation and potential penalties. This

can be equally true in Government agencies. For example, a consistently applied E-banking records management program can reduce the liabilities associated with document disposal by providing for their systematic, routine disposal in the normal course of business.

Every organization, public or private, needs a comprehensive program for protecting its vital records and information from catastrophe or disaster, because every organization is vulnerable to loss. Operated as part of a good management information system, vital records programs preserve the integrity and confidentiality of most important records and safeguard the vital E-banking information assets according to a "Plan" to protect the records. This is especially the case for financial information whereby Enterprise Resource Planning (ERP) systems are being deployed in large companies.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a conclusion of the study and provides some recommendations based on the findings analyzed in the preceding chapter. The results of the study are summarized below, and recommendations provided, and a conclusion provided for the study.

This chapter comprises the summary and conclusion of all that have been discovered and findings from the study. It also contains important recommendations that would further enhance quality service delivery in EXIM Bank in the competitive financial service market.

5.2 Discussion and Summary of the Findings

On the whole, the study sought to examine E-banking and service quality on Tanzanian Commercial banks using EXIM Bank-Mwanza branch as a case study. The first aim of this study was to identify and assess the usage of e-banking products as patronized by customers of the EXIM Bank. The analysis revealed that a number of electronic banking products have been introduced by EXIM Bank and were being used by customers. These products include, Automated Teller Machine (ATM), Internet banking and SMS banking or Mobile-banking.

From the analysis, widely patronized products are the ATM and SMS banking. These results are presented in Table 4.6 on efficient usage of e-banking. Another objective of the study was to determine the effect of electronic banking on service delivery in EXIM Bank. In this case, the relationship between service delivery and electronic banking usage was computed. The result showed a significant positive relationship. This implied that as more investment was being made into the provision of electronic

banking products, service delivery by EXIM Bank equally increased. This is clearly depicted in Table 4.9. In addition, there was a specific question the respondents were asked regarding their satisfaction with the electronic banking products they patronized. The result indicated that majority of the customers were satisfied with the usage of the electronic banking products. In fact majority of the respondents confessed their satisfaction with the products and judged the services as very good. This in hand with the literature review supports the notion that introduction of technology into the-banking business promotes efficiency of service delivery. From the findings the researcher can conclude that customers are satisfied with the electronic banking products of EXIM Bank.

The research study also tried to determine the perception of customers prior to the introduction of electronic banking services, whether it has changed for the better. The results pointed a significant positive shift in the perception held by customers before the introduction of electronic banking products. The result displayed that majority of the respondents agreed that their perception about service delivery had changed drastically. The researcher therefore concluded that the negative perception regarding service delivery, that customers have of the bank had now changed with the introduction of electronic banking services.

Finally the study sought to identify the benefits of electronic banking to customers. The analysis revealed that, the provision of electronic banking products saved customers time, making banking more convenient and quick for them. These results were presented in figure 4.9. furthermore regarding loyal customers, EXIM Bank benefited due to their repeatedly attitude of banking to the same bank resulting to steady income for the business as per figure 4.10 portrays that majority are loyalty customers who recommend their favorites bank of choice to family and friends which brings in more business. In sum, the introduction of electronic banking products has brought a great relief to the-banking public and banking industry. From the finding, the researcher came to find out that if financial institution should continue investing into Information Technology, there would be a time when most

banking transactions will take place outside the-banking hall as such banking halls would thus be free of queues.

5.3 Recommendations

5.3.1 Influence Customer Satisfaction through Web Page Design

From the research, two most important factors that significantly influenced the overall customer Satisfaction in EXIM Bank were observed. In this case, the management of EXIM Bank could influence customer overall satisfaction by focusing attention on these two items, which are:

- (i) Easy completion of online transactions and,
- (ii) Ability of the internet portal in helping customer to complete a transaction quickly

These two factors are both web design factors. The management need to keep improving upon the web design of the internet banking portal to make it more easy for customers complete online transactions and do so as quickly as possible in order to avoid wasting customers' time.

5.3.2 Reduce Customer Dissatisfaction through Improved Customer Service

Since the study found that more EXIM Bank customers were dissatisfied with five dimension items, three of which are related to customer service and two relate to preferential treatment for online charges; it is recommended that management of EXIM Bank focus attention on improving these important quality items for their internet banking services:

(a) Quickness of the Web page on Bank's Portal Site Loading

This has to do with the speed of the online system, so management would need to increase the speed of their bandwidth so as to enhance for effective browsing and opening of pages; especially pages, also for mobile quickly reply needed to be made to customer so as to ensure their services

(b) Prompt Responses to Customer Request

This relates to customer relationship. This requires training more responsible and efficient customer service staff that would be able to handle customer request promptly. Also for that transaction on Mobile-banking which need feedback the responds must be made quickly and on time.

(c) Internet Banking System's Ability to Guide Customer to Resolve Problems

Customer may have many problems in accessing and utilizing E-banking portals, it is the responsibility of the management to ensure that all diverse customer problems are attended to by technicians with expert knowledge that resolves the problems for customers.

(d) Offering Preferentially Lower Fees/ Rates and Charges

This is very important as customers would expect that with advancement in technology, the cost of online transaction would be moderately cheap to encourage them to continue online-banking in an emerging economy like Tanzania. Management should make e-banking rates/fees and charges lower to attract more online customers.

(e) Reasonability of the Transaction Fee for This Banking Portal Site

This item also relates to the price paid for e-banking services. Customers expect to have a reasonable transaction fees. Reasonability is perceived in terms comparability of the cost benefit analysis of the customer for the overall online-banking services. Management of EXIM Bank should ensure that the transaction fees are more reasonable. This could be achieved by involving customers in pricing decisions as this may help reveal many reasonable considerations that customers may expect from the bank regarding online transaction fees.

(f) Focus on Customer Priority for Assurance and Information Provision

Since the study showed that customer priority of E-banking service quality was high for some variables, it implies that the management should pay more attention to these items that received the highest ratings among the customers. In this regard,

management of EXIM Bank should focus and give priority to these items in providing ATM internet banking services to its customers:

- (i) Relief of customers to transact on the internet banking portal
- (ii) Thus make customer more relief to transact business on the internet portal.
- (iii) Accuracy of online transaction and completeness that ensure that online transactions are free from mistakes and errors.
- (iv) Sufficient information on internet banking portal

(g) Segmenting Customers Based on Income Earned

Since the study revealed that satisfaction differences exists among different income groups it implies that customers could be segmented based on distinct income earning groups. Again, it is recommended that management of EXIM Bank should do further research and development studies to gather more information on income differences among their customers to have other distinct groups among the customers that could be used as basis for market segmentation.

(h) Use E-banking service quality as competitive advantage

The management of EXIM Bank can use E-banking service quality as competitive advantage. As customers become more and more conscious of their internet banking needs and requirements and which banks to get them from, delivering high E-banking service quality could be used to entice potential and/or prospective customers to the E-banking services of the EXIM Bank.

One way to attract new customers is by promoting viral marketing among the bank's existing customers. Thus, it is recommended that the management of EXIM Bank initiates and promote and sustains viral marketing strategies that ensure that existing customers communicate the E-banking service quality they experience to other prospective online and offline customers.

5.4 Conclusion

In conclusion, this study sought to evaluate and describe E-banking customer satisfaction with service quality in Tanzania using EXIM Bank. Through existing

marketing literature and empirical evidence, the study concludes that more customers are satisfied with some dimensions of internet banking service quality in EXIM Bank. Typically, overall customer satisfaction differs between customers.

Relief of customers to transact using ATM machine appears to be highest priority of the customers in engaging in electronics transaction in internet banking in Tanzania online banks. The study also concludes that, collectively E-banking service quality predicts overall customer satisfaction (OCS) in E-banking services.

5.5 Areas for Further Research

This study was a case study used self-administered questionnaire to collect empirical data and analyzed data using descriptive and quantitative methods. It is recommended that future research could use different methodology such as critical incidence technique and focus on extending the study across many similar banks in different countries and different service contexts. In this regard the following areas could be studied:

- (i) Customer perception of internet banking service quality of universal and community/rural banks in Tanzania.
- (ii) The impact of internet banking service quality on customer satisfaction and behaviour intentions: A comparison of public and private banks.

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APPENDICES

Appendix 1: Questionnaire for Bank Officials

Preamble

Dear respondent, this questionnaire is designed to collect information regarding your feelings about the E-banking service quality you receive from EXIM Bank.

All information you give will be used for only academic purpose. So please be sincere with your responses. It will take about 5 to 10 minutes to complete this questionnaire.

Thank you for your understanding, time and cooperation.

{A} PERSONAL DETAILS:

Please tick (√) where appropriate:-

1. Position
2. Gender:
 - (i) Male
 - (ii) Female
3. Age:
 - (i) Below 18 years
 - (ii) Between 18- 40 years
 - (iii) Above 41 years
4. Your Education Level
 - (i) Ordinary/Advanced Diploma
 - (ii) First Degree
 - (iii) Masters/PHD

5. Your position

6. For how long you have been working with this EXIM Bank
.....
.....

7. Which category of services preferred most by EXIM bank to its customers?

(i) Manual banking

(ii) Electronic banking

8. What are the customer's feedbacks on e-banking services?
.....
.....
.....

9. Are you satisfied with E banking services provided by EXIM bank

(i) Yes

(ii) NO

10. If YES then in what aspects they are highly satisfied? And if NO what do you think are the reason for this?

.....
.....
.....

11. What do you think are the main challenges for the development of E-banking in your bank?

.....
.....
.....

12 What do you think are the main strategies by your bank to overcome these challenges?

.....
.....
.....

13 Please state how MIS help in implementation of E-banking and customer satisfactions

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.....
.....

Appendix 2: Questionnaire for Customer

Preamble

Dear Customer, this questionnaire is designed to collect information regarding your feelings about the E-banking service quality you receive from EXIM Bank All information you give will be used for only academic purpose. So please be sincere with your responses. It will take about 5 to 10 minutes to complete this questionnaire.

Thank you for your understanding, time and cooperation.

{A} PERSONAL DETAILS:

Please tick (√) where appropriate:-

1. Position

2. Gender:

(i) Male

(ii) Female

3. Age:

(i) Below 18 years

(ii) Between 18- 40 years

(iii) Above 41 years

4. Your Education Level

(i) Ordinary/Advanced Diploma

(ii) First Degree

(iii) Masters/PHD

5. For how long have you been a customer of EXIM Bank

6. For the past 12 months have you used the E-banking services of EXIM Bank

(i) Yes

(ii) No

7. If YES, which of the e-banking services do you use, please tick on the box provided

| | Yes | No |
|------------------|-----|----|
| ATM | | |
| Mobile Banking | | |
| Internet banking | | |

8. To what extent does customer satisfaction relate with E banking services provided by EXIM bank?

(i) Highly satisfied

(ii) Satisfied

(iii) Indifference

(iv) Not satisfied

(v) Not satisfied at all

9. The following are statements about the internet service quality provided by the internet banking portal site of EXIM Bank. For each of the questions tell how the internet banking:

1. Strongly agree 2 Agree 3. Indifference 4. Disagree 5. Strongly disagree

| Statement | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| It is easy to complete online transactions? | | | | | |
| e-banking save time compared to manual system | | | | | |
| e-banking services are usefully | | | | | |
| e-banking are convenient and quick to users | | | | | |
| e-Banking quickens service delivery | | | | | |
| e-banking beneficial | | | | | |
| e-banking services offered cause customer loyalty | | | | | |

10. The following are statements about the extent of satisfactions on E banking services provided by EXIM Bank.
For each of the questions tell the extent of satisfactions of the internet banking by ticking on the appropriate box where by

1. Highly satisfied 2 Satisfied 3 Indifference 4 Not satisfied 5 Not satisfied at all

| Variable | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| E-banking transactions are protected and secured | | | | | |
| E-banking rates and charges are highly reasonable and acceptable to the users | | | | | |
| The language on E banking are highly applicable | | | | | |
| The information on e banking are clear and on time | | | | | |

11. What do you think are other factors affecting the performance and growth of E-banking at EXIM Bank?

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.....

.....

12 What do you think EXIM bank should do so as to improve E-banking services?

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