

**CHALLENGES OF CONSUMERS' ADOPTION OF E-BANKING  
TECHNOLOGIES: A CASE OF SELECTED BANKS IN TABORA  
TANZANIA**

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**CERTIFICATION**

The undersigned certifies that he has read and hereby recommends for acceptance by the Open University of Tanzania a dissertation entitled: **“Consumer Adoption Challenges on E-Banking in the Tanzanian Banking System: A Case of Selected Banks in Tabora Tanzania”**, in partial fulfilment of the requirements for the degree of the Master of Business Administration of the Open University of Tanzania.

.....

Dr. France Shayo

(Supervisor)

.....

Date

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I, **Herick A Daniel**, do hereby declare that this thesis is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

.....

Signature

.....

Date

## **DEDICATION**

This study is dedicated to my lovely wife; Imelda Achayo, my children; Daniel, Diana Prisca and Gideon and to my late mother Dorina Daniel.

## **ACKNOWLEDGMENT**

I humbly bow to my creator, almighty God for his power that has sustained me through all this time until I got to accomplish this work. In a special way I would like to acknowledge Dr. France A. Shayo of the Open University of Tanzania, for a large part of the success of this Dissertation is accorded to him. He provided me with overall guidance, supervision and all valuable inputs at all stages of this study.

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I am hereby taking all responsibilities for all deficiencies or errors that may be contained in this document.

**ABSTRACT**

Increasing adoption of e-banking for the Tanzania consumers is considered to have impact on development of banking industry in the country by helping to increase efficiency, reduce cost, reduce risks, increase customer coverage, speed and prompt services. This study investigates factors that slow down the move to full adoption of e-banking. Data were collected from sixty eight (68) bank customers in Tabora region through purposive sampling technique. The factors tested originated from two models; the Theory of Reasoned Action (TRA) and the Technology Acceptance Model (TAM) then followed up by comparing with the findings of different scholars who performed similar study. Descriptive analysis was applied basing on social psychology of a consumer of which its aim is to predict his or her attitude towards adoption of the e-banking technology, which in turn predicts its acceptance. The study employed case study design collecting data using structured questionnaire as data collection tool. Findings show that factors affecting e-banking adoption on the part of consumers are largely external, ranging from regulatory requirements, poor internet signals, retail cash business, requirements of hard copy receipts and corporate payments through cheques. In this light therefore, it is essential that banks, governments, internet providers and all other stakeholders play their roles in promoting adoption of e-banking. The study concludes that, there are challenges hindering consumers' adoption of e-banking and that, vast amount of investment in education and infrastructure is needed for consumers to reap the benefits of this technology.

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**LIST OF ABBREVIATIONS**

ACCESS	Access Bank Tz Ltd
CRDB	CRDB Bank Plc
E – BANKING	Electronic Banking
NMB	National Microfinance Bank
TAM	Technology Acceptance Model
TRA	Theory of Reasoned Action
TCRA	Tanzania Communications Regulatory Authority
ICT	Information and Communication Technologies

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

Business atmosphere has become exciting and has undergone immense changes as a result of introduction of new technologies, innovations, and increased competitions among the service providers. E-banking is a result of these changes and its introduction in the business arena has imposed new challenges and opportunities for businesses and consumers (Romi; 2015).

Daniel (1999) defines E-banking as the provision of banking services to customers through internet technology. Karjaluo (2002) defines E-banking as a live banking that entails the provision for banking services such as accessing accounts, transfer of funds between accounts and giving online financial services. Daniel (1999); Karjaluo (2002), shows that banks have the option to provide their banking services through diverse electronic distribution channels technologies including internet technology, telephone banking technology, video banking technology and WAP technology. However, Asemanyiwaa (2012) indicates that internet technology is currently the main electronic distribution channel in the banking industry.

Banking system with strong and state of the art technology is important in supporting economic development in every country by providing efficient financial services. Riquelme and Rios (2010) argued that as technology widens; both financial institutions and consumers are taking advantages of their usefulness. Some of the importance of E-Banking include time saving, cost saving, convenience; that is,

transaction can be done anywhere anytime and with accuracy. As businesses become multifaceted with changing conditions and volatile economic environment, improvement is necessary for the businesses to remain competitive. The steps taken by the banking institutions to make these improvements through modernization of their banking activities and indulging into e-banking models will be a positive move when the consumers adopt with the invasions, Shah and Clarke (2009).

Banking activities are among of the business activities that affect different categories of economic activities happening across the whole world. Salehi and Alipour (2010). It is important therefore a research be made into assessing how consumers adopt E-banking in developing countries like Tanzania so as to address the challenges and suggest ways that can be used to resolve them. Park and Kang (2014). In conducting the investigation on the partial usage of the E-banking services in Tanzania, this study resorted into the use of the Technology Acceptance Model (TAM). This model was developed by Fred Davis as cited by Lai (2017), in response to researchers' problem of a reliable measure that could explain system acceptance or rejection. (TAM) is an information systems theory that models how users come to accept and use a technology.

The model suggests that when users are presented with a new technology, a number of factors influence their decision about how and when they will use it, notably: Perceived usefulness (PU) – This was defined by Davis (1989) as "the degree to which a person believes that using a particular system would enhance his or her job performance". And Perceived ease-of-use (PEOU) – Davis defined this as "the degree to which a person believes that using a particular system would be free from effort" (Davis 1989).



System (E-banking) adoption has been a problem facing most of the new technological inventions in the world, the difference only being in magnitude. In USA there is still a few considerable number of consumers who do not use E-Banking, we expected that because USA is a highly developed country almost all of consumers could have been using E-Banking services Kolodinsky et al, (2004). The challenge in adoption of e-banking is also evident in the developing countries for example in India and Kenya; the analysis shows that the type of the bank and level of education of the respondents had a lot to play in e-banking adoption. Nyangosi and Arora (2011).

In Tanzania as amongst African countries, the e-banking adoption challenge has also been shown with different consumers in banking industry, (Mkoka; 2014). This study aimed at understanding the factors that hinder the consumers' adoption and use of the E-banking services and therefore suggesting ways that will encourage widespread adoption of E-banking services in Tanzania.

## **1.2 Statement of the Research Problem**

Despite a number of studies being done in the area of banking, the number of unbanked people is still high. Burgess & Pande, (2005); Dupas, *et al.* (2016). One of the promising areas is the use of information and communication technology. In the banking case could be e - banking where a number of users in developing countries have access to. According to a quarterly communication Statistics by TCRA, the number of internet users rose from 22.99 Million in 2017 to 23.11 Million by 2018. These users in Tanzania accessed the World Wide Web in 2018 through their mobile phones, Zacharia (2019). Therefore usage of mobile phone could have made adoption of E-banking easy and consumers would have a means in simplifying and improving

their economic welfare. Tanzania has quite a good number of E-banking outlets ranging from, internet banking, on mobile phones and bank devices that have been set up through different agents located all over the country. Regardless of this set up and the benefits obtained from the usage of E-banking; customers are still using the traditional methods and the queues are still piling up on bank buildings and on the ATM kiosks, Mkoka (2014). Therefore this study aimed at investigating the factors that affect the adoption of E-banking in the banking system in Tanzania. The study has also looked at some of the other factors that have contributed in the failure of customers to adopt to E-banking services.

### **1.3 Research Objectives**

#### **1.3.1 General Research Objective**

The aim of this study is to assess consumer adoption challenges on e-banking in the Tanzanian banking system: A case of selected banks in Tabora.

#### **1.3.2 Specific Research Objectives**

- (i) To assess the Internal Factors that affect consumers' adoption of E-banking services.
- (ii) To examine the External Factors that affect consumers' adoption of E-banking services.

### **1.4 Research Questions**

#### **1.4.1 General research question**

What are the factors that may contribute to customers' slow adoption to E-banking services in Tanzania?

### **1.4.2 Specific Research Questions**

- (i) How does Internal Factors affect consumers' adoption of E-banking services?
- (ii) How does External Factors affect consumers' adoption of E-banking services?

### **1.5 Relevance of the Research**

From the point of consumers, the study will help them obtain the benefits of using E-banking system as a way of saving time that can be allocated to other economical activities. It will also help them reduce the movement to the banking facility and hence saving cost and other movement risks. By knowing the reasons for slow adoption of E-banking, bankers can make improvements of their services and hence attract more customers. Aid the government on the formulations of the laws and regulations that will govern the use of E-banking services.

### **1.6 Organization of the Study**

After the completion of chapter one of this study, Chapter Two dealt with the literature review, analysing the theories that were used and empirical evidences from other literatures. The analysis had eventually been used to identify the research gap. Chapter Three outlines the research methodology encompassing strategies that have been used to arrive at the results. Chapter four is on presentation, analysis and discussion of findings. It explains in details what was found in this study and put discussions of those findings. Chapter five concludes the study and provides researcher's recommendations on what have been found in the study. The research work ends up with references to different literatures cited to this study and appended documents.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Overview**

This chapter deals with the theories used and empirical evidences from other literatures on the issue of consumer adoption challenges on e-banking in the Tanzanian banking system and the world at large. Examination was done on the relationship between internet knowledge illiteracy, low awareness and job requirements with the slow adoption on e-banking services. The chapter also defines key terms used in the study.

#### **2.2 Conceptual Definitions**

##### **2.2.1 Electronic Banking**

Electronic banking has several definitions. Timothy (2012) defines it as the use of the Internet as a remote delivery channel for supplying services, such as opening a deposit account, transferring funds from one account to another account and payment of bills such as water bills electricity bills etc. Jamal, (2004), defines electronic banking as the delivery of banks' information and services by banks to customers through different delivery platforms. The platform can be terminal devices such as a personal computer, mobile phones or other electronic devices with internet or simcards for mobile communication. Electronic banking can be operated by the given bank to establish a website giving their customers access to their operations. Banks can also form a set up where agents can be given access to conduct banking services such as giving customers allowance to deposit, withdraw and make payments to the third parties.

### **2.2.2 Customer/user Adoption**

This can be defined as the situation in which customers adopt a system that works to fill a given need. They move from an old system and adopt a system that is newer, better, faster, accurate, more comprehensive and more efficient (Pearson; 2019).

### **2.3 Theoretical Literature Review**

It is true that the same or similar problem has been researched from different perspectives and approaches. Different methods have been used; theories explaining the behaviour or adoption challenge have been developed. This section explains the relevance of these theories to this study, taking two most relevant ones which are; the Theory of Reasoned Action (TRA) and the theory of Technology Acceptance Model (TAM). TAM model is the primary basis of the study and has been dominantly used thought.

#### **2.3.1 Theory of Reasoned Action (TRA)**

Theory of Reasoned Action (TRA) was developed by Fishbein and Ajzen (1975). TRA originates from social psychology and it makes out the determinants of consciously intentional behaviour Ajzen and Fishbein, (1980). TRA assumes that individuals are rational and are constantly assessing relevant behavioural values in the processes of forming their attitude toward a given behaviour.

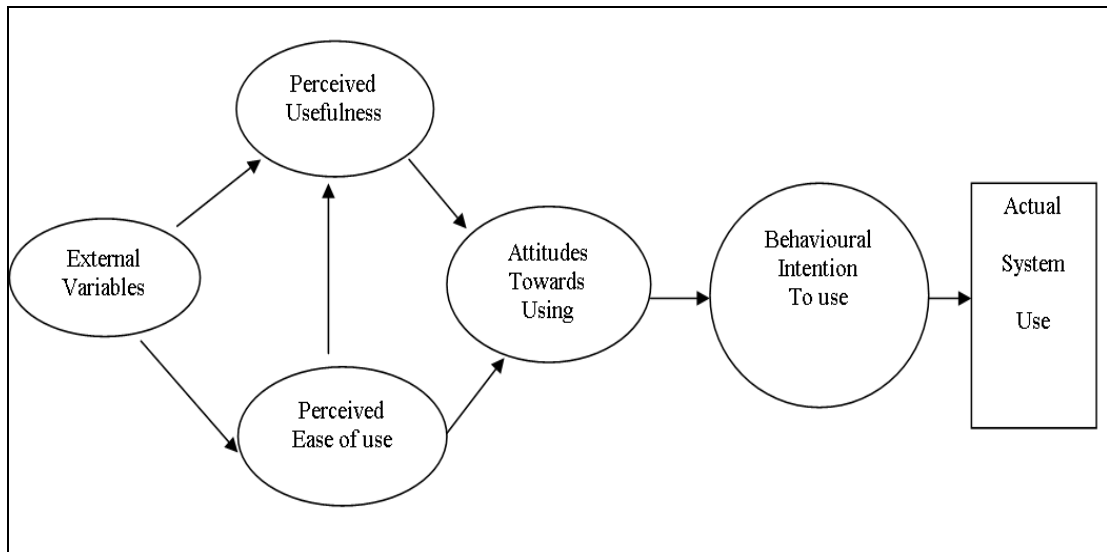
They divided the theory into three; behavioural intention, attitude and subjective norms. In summary they postulated that: an individual's attitude is the sum of beliefs about a particular behaviour when favorably or unfavorably evaluating that particular Behaviour.

Subjective norms would be the influence of people in one's social environment on his/her behavioural intentions. It is this intention that has been found to forecast one's actual behaviour. TRA can be used to suggest that intention to adopt or reject e-banking would be determined by subjective norms and personal attitude toward the e-banking. In order to improve the prediction of behavioural intention, another Theory of Planned Behaviour (TPB) was formed by adding the concept of Perceived Behavioural Control (PBC) to the constructs of attitudes and subjective norms of TRA. Empirically, the TRA and the TPB have been used worldwide to examine individual's acceptance and use of different technologies. Mwiya *et al.* (2017). TRA affirms that beliefs influence attitudes, which lead to intentions and therefore generate behaviour.

### **2.3.2 Technology Acceptance Model (TAM)**

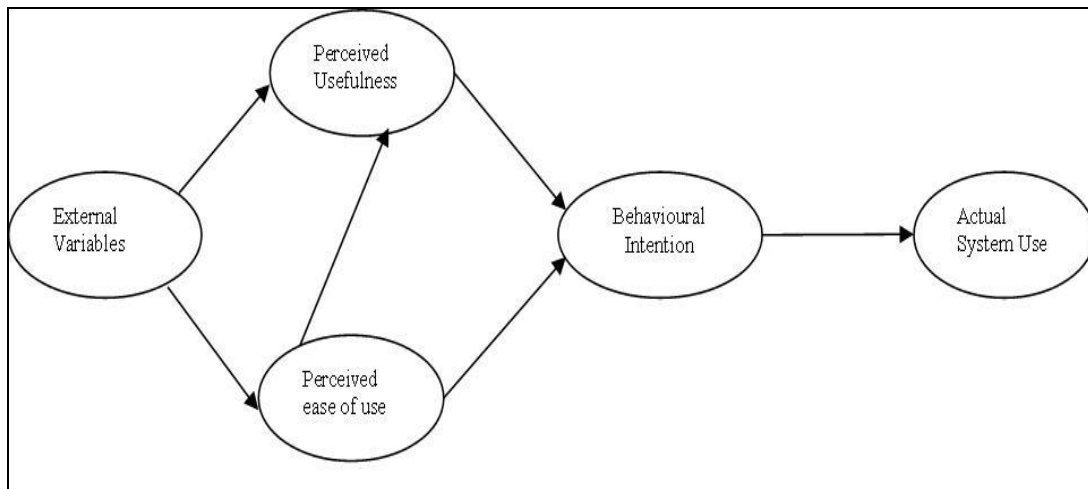
The Technology Acceptance Model (TAM), introduced by Davis (1986), is among the most widely used models to describe user acceptance behaviour. Davis *et al.* (1989) defined perceived usefulness as the degree to which an individual believes that using the particular systems would enhance his or her performance and perceived ease of use as the degree to which a person believes that using a particular system would be free of effort. This theory affirms that perceived usefulness and ease of use are primary determinants of system adoption and usage (Bankole, *et al.*, 2011). Generally this model is grounded in social psychology theory and in particular the Theory of Reasoned Action (TRA). Fishbein & Ajzen (1975). Respectively, Davis (1986, 1989) introduced the constructs in the original TAM (see Figure 2.1) as follows: perceived usefulness (PU), perceived ease of use (PEOU), attitude, and behavioural

intention to use. Among the constructs, PU and PEOU outline an end-user's beliefs on a technology thus predicting his or her attitude toward the technology, which in turn predicts its acceptance.



**Figure 2.1: Original Technology Acceptance Model Proposed by Davis (1989)**

In the last decade, TAM has received considerable interest and empirical support e.g., Davis, (1989); Lai (2017), Chuttur (2009). It is estimated that there are more than 100 studies, published in journals, proceedings, or technical reports, related to TAM since 1989. Lai (2017). In these studies, TAM was comprehensively tested using different sample sizes and user groups within or across organizations, analyzed with different statistical tools, and compared with competing models. Regardless of the extensive usage of the model, it has weaknesses that make its use to require careful considerations from the researcher. Final version of TAM (TAM3 Figure 2.2) was found after passing through intermediate versions, each time after adding new variables so as to see how parts of the model work the way they do. (Venkatesh & Davis 2000).



**Figure 2.2: Final Version of Technology Acceptance Model (TAM)**

Source: Venkatesh & Davis, 1996

The model is based on individual beliefs which have psychological effect that lead to decisions to use a given technology. Beliefs can be affected by individual's age, gender, level of education, experience with the technology, geographical set ups, reasons for using the technology, overall technical advancement surrounding the individuals and personal character of the individuals. Bagozzi (2007). Again perceived ease of use and usefulness cannot explain the user's behavior toward newly emerging ITs as such a researcher needs to make an extension of TAM so as to take in these newly emerging factors. (Moon and Kim 2001).

Overall, researchers tend to propose that TAM is valid, parsimonious, and robust. Venkatesh & Davis (2000). Therefore this study took these advantages of the TAM for those successful studies and their promising results to suggest and determine the reasons causing partial adoption of E-banking in Tanzania. The study has taken new variables relative to the area of study so as to compare the results with the other literatures. This study suggests that, TAM should be revisited to guarantee that its



usage is being measured in the best feasible way, both from the standpoint of developing more sophisticated conceptualizations of what systems usage means in specific research contexts as well as from the standpoint of avoiding/estimating common methods bias. In future, a dispassionate consideration of the real contribution of TAM variables will allow the IS to move ahead with a parsimonious model of technology acceptance, (Straub and Burton 2007).

## **2.4 Empirical Analysis of Relevant Studies**

This section deals with some practical studies of this kind that have been done either in Tanzania or elsewhere in the world. It determines how relevant these studies are in comparison with this study leading to research gap identification.

### **2.4.1 Studies in the World**

Kolodinsky. *et al*, (2004), when writing for US consumers' adoption in their study, the Adoption of Electronic Banking Technologies by US Consumers, their paper applied the theories of technology acceptance and the diffusion of innovations to the adoption of three e-banking technologies: automatic bill payment, phone banking, and PC banking. They included adoption as well as intentions to adopt. They found out that income and education levels play a strong role in the adoption of a variety of technologies. Again some of government policies also encourage consumers to migrate toward e-banking. One of these is the provisions of the Debt Collection and Improvement Act of 1996 required federal benefit recipients to receive their benefits electronically instead of via a paper check. Security and Privacy was also a major factor for US consumers' adoption to e-banking, Improved customer service that cut

across personal versus electronic services include accuracy, prompt correction of errors and being able to talk to a real person. By providing consumers with more satisfactory experiences, banks can make these services more compatible with consumers' beliefs and habits and hence increase consumer adoption.

In Iran, Saeidipour *et al.*, (2013) conducted a study on Adoption of Internet banking, they mentioned that Internet Banking, Home Banking and Mobile Banking have gained popularity among users in a relatively small period of time, The internet distribution channel can add value to banking franchises in a number of ways, such as low-value-added transactions, reduction of costs of running bank branches, etc. regardless of the above benefits, on studying customer attitudes towards Internet banking, several factors had influence on adoption. The first factor is awareness of e-banking services and its benefits was a main factor for early adoption. Again, security and reliability of transactions over the internet is a crucial issue and it is an important factor that customers consider before adopting Internet banking. Other factors included Quality of the internet connection, demographic characteristics, cost, and reluctance to change as well as accessibility to computer and the internet.

Identifying the influence of innovation characteristics on online banking adoption among young users in India, Kalaiarasi and Srividya (2013), conducted a study; an investigation on online banking adoption. They found out the following about these young users; the result of the study demonstrated that, the young online banking users are significantly influenced by the compatibility, trialability, and complexity characters of the innovation. The extent of complexity such as user friendliness of the

website, simplicity and ease to operate, influence online banking adoption to these young users. The interactiveness of the website, hedonic features of website that draws users to spend long hours exploring a variety of features available, the features of trialability, also had influence on online banking adoption. After these findings they went on giving out their recommendations to managers that; banks can take a hand from this study and ensure offering technology features that are compatible, user friendly, less complex and attractive to users when introducing innovative services. The move can make e-banking adoption easy for users.

#### **2.4.2 Studies in African Countries**

Karungu (2014) carried out a research in Kenya similar to this study in aiming to find out Factors hindering consumer adoption of internet banking in commercial banks in Kenya. She applied Technology acceptance model (TAM) and Theory of planned Behaviour (TPB) theories and the research methodology applied was descriptive survey. In her study, the main hindrance to adoption was on consumer's trust. She explained that consumers do not have experience with the Internet banking prior to its adoption; as a result they are likely to draw upon their trust in the physical bank to infer about the operations of the Internet banking. Therefore, having considerable trust in the physical bank could guide the consumer to have high trust in adopting Internet banking.

Perkins and Jonathan (2013) conducted a research on; Factors affecting the Adoption of Online Banking in Ghana: Implications for Bank Managers. They found out that four factors; Perceived Usefulness (PU) Perceived ease of use (PEOU), Trust and Security and Government support have a significant influence on Ghanaian

customers' intention to use internet banking. They gave out their recommendations for managers and the government on the ways to improve adoption of online banking. One of the recommendations for the government was to provide free ICT and internet education and to incorporate them in the educational sector especially at the basic level.

In South Africa, Maduku (2014), also studied; Customers' adoption and use of e-banking services: The South African perspective. The result of his study indicated that trust in the e-banking system remains a significant concern among Internet banking and cell-phone banking users and non- users. Customers' low level of trust in the e-banking system is therefore a major setback to the widespread adoption and use of Internet banking and cell-phone banking services in South Africa. This study followed a cross sectional descriptive design that is quantitative in nature.

### **2.4.3 Studies in Tanzania**

In his study on the Factors affecting the adoption of e-banking in Tanzania banking industry, Mkoka (2014), used descriptive as well as diagnostic studies approach to his research work. Basing on the Theory of Reasoned Action, Theory of Planned Behaviour and Theory of diffusion of innovations and also on the empirical data collections, he came into conclusion that the factors affecting adoption of E-banking in Tanzania were due to the difficulties in using technology, trust, security, risk and reliability of the technology. Also the empirical evidence points to inadequacy of services offered by banks which results to customers continue using traditional distribution channel models of banking.

The study made by Rumanyika (2012), obstacles towards adoption of mobile banking in Tanzania, he asserts to factors such as poor network coverage (78.6 %), lack of knowledge of mobile banking users (57.1%), lack of enough floats, ATMs breakdown and theft (50%), and poor security of mobile network (57.1%), as critical obstacles towards the adoption of mobile banking in Tanzania. To examine obstacles towards the adoption of mobile banking in Tanzania in his study, he used Diffusion of Innovation Theory, and methodology employed a quantitative approach in which descriptive analysis was implemented.

Kato, (2019). In his study; Legal framework challenges to e-banking in Tanzania, has as findings that the paper confirms that, the prevailing laws guiding electronic banking in Tanzania do not sufficiently attend to the challenges the banks and customers face during e-banking business. He recommends that, there is a need to revise the Tanzanian laws guiding banking sector so as to put in place legislation capable of aiding the development of e-banking whilst addressing the associated challenges the users face. The paper employed comparative analysis methods by analysing different policies and laws of Tanzania in line with attendant laws of other countries such as the USA, Malaysia, South Africa, Kenya and Rwanda, and international instruments in a move to establish the best approach pertaining to controlling and containing legal challenges brought by developments in e-banking.

## **2.5 Research Gap Identified**

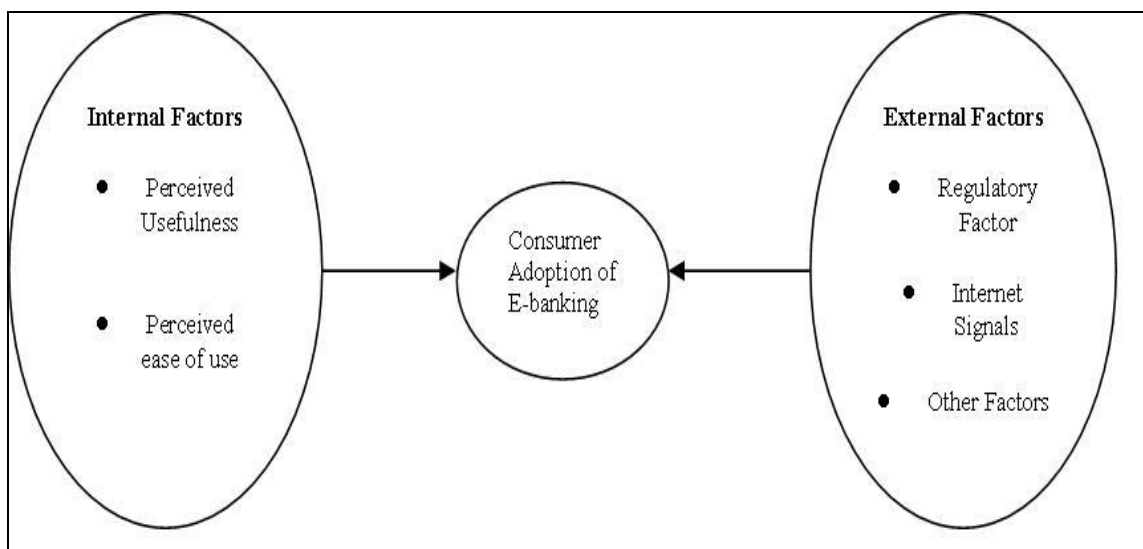
E - Banking service has become an important subject in the current existing financial system environments. Almost every bank and other financial institutions have adopted e-banking approach to customer service. Romi (2015). Because of this trend, a

considerable number of research studies have been conducted worldwide on consumer adoption of e – banking. Empirical studies from different scholars in Tanzania as cited and referenced through literature review above, have been basing on external factors such as institutions capability, legal/regulations requirements and technological factors. which could not cover all attributes to the cause of low adoption. Therefore the difference in this study is the use of TAM theory attributes to show how consumer behaviour affect adoption challenges.. To be precise, the study is based on external factors that have effects on consumers’ perceived usefulness, perceived ease of use, which affect attitude and Behaviour of consumers, compelling users of e-banking to resort into old ways of banking as such making queues on the banking floors. Some of these external factor may be new to TAM model hence may help in further studies. To the best knowledge of researcher, the study basing on these attributes have not been conducted in Tanzania specifically in Tabora region environment.

## **2.6 Conceptual Framework**

Conceptual framework has been explained differently; Regoniel (2015) defined it as a representation of the researcher’s synthesis of literature on how to explain a phenomenon. It sets out the actions required in the course of the study given researcher’s previous knowledge of other researchers’ point of views and his observations on the subject being researched. In other words, the conceptual framework is the researcher’s understanding of how the given variables in his study connect with each other. Thus, it identifies the variables necessary in the research investigation. It is the researcher’s “map” in conducting the investigation. As explained before, e-banking has become popular in most of financial dealings in

majority of institutions. Banking industry has the leading in the use of the same, taking advantage of its network, presence of scattered representatives and agents and technological improvements in general. Customer adoption is very important in order to make the whole move to the success of the e-banking services meaningful. There are factors, independent variables that make the outcome, the dependent variable to be affected. In this study the conceptual frame work looks as in Figure 2.2 as conceptualized by the researcher.



**Figure 2.3: The Researcher's Conceptual Framework of E-banking Adoption in Tanzania Banking System**

Source: Researchers Model (2019)

## 2.8 Summary

This chapter dealt with the literature review; analysing the theory used and empirical evidences obtained from other scholars. The chapter also identified the research gap and finally ended up with researcher's conceptual frame work. Chapter Three outlines the research methodology detailing strategies that have been used to arrive at the results.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Overview**

This chapter presented research methodology and its overall design including research approach, area of the research, sample size, sampling design and procedures, variables and measurement procedures, validity and reliability, methods of data collection that were used to collect appropriate information to the study and data processing and analysis.

#### **3.2 Research Philosophy**

Research philosophy is a set of fundamental assumptions and beliefs as to how the world is perceived which then serves as a thinking framework that leads the behaviour of the researcher. Wahyuni (2012). Research philosophy can be classified differently and one of the classifications is ontology, epistemology and axiology. From these philosophical approaches a decision can be made by a researcher on which approach is to be used Saunders *et al.*, (2009). This research is based on epistemology approach, specifically positivism. Epistemology is a term that has a meaning of ‘what is known to be true’ that is acceptable knowledge of a particular area of study. Through epistemological questions the researcher had assumptions about the true reality and so found out what things are in reality and how they occur, Denzin & Lincoln (2011).

This research is quantitative in nature and is based on social psychology of a consumer of which its aim is predicting his or her attitude towards adoption of e-banking technology, which in turn predicts its acceptance. The attitude may have



been affected by consumer's perception on ease of use and usefulness of the e-banking. Therefore data were collected, analyzed and presented basing on quantifiable and observable social entity which created the statistical analysis.

### **3.3 Research Design and Strategies**

This study follows descriptive design. According to Kothari (2014) descriptive research studies are the ones that have objectives in view of portraying accurately the characteristics of a particular individual, situation or a group. In this study the researcher was interested in obtaining information concerning the challenges on customers' adoption on E-banking and suggesting ways of how to mitigate the problem. The case study method is a very popular form of qualitative and quantitative analysis and it involves a careful and complete examination of a social unit, be that unit a person, a family, an institution, a cultural group or an entire society. Kothari (2014). The use of a case study technique has been applied in order to achieve the objectives. A case study is designed to describe a unit in detail on context and holistic. It is an approach of organizing data and looking at the object on study as a whole; the result can be taken from few cases of the phenomena understudy. Therefore, the study selected Tabora Region to be single case design.

### **3.4 Population of the Study**

The population of this study was the customers of the ACCESS, CRDB and NMB banks. It was difficult to obtain the list of customers with these banks as due to advancement of technology and customers mobility, these customers include those that opened accounts on particular banks, those that have been migrated to the area, those that pass by (on transit) and even those that use banks services as consumers but

not specifically members of these banks. Therefore the population is large and unknown. These customers were found at the relevant banks coming and those waiting for services. The individual customers are those who have one or more characteristics in common (Kothari, 2004).

### **3.5 Area of the Research**

The area selected for this study was Tabora Municipality with three bank branches; ACCESS, CRDB and NMB. The Tabora Region was selected due to the fact that this kind of study has never been done. This is according to the best knowledge of the researcher. Never the less it has all the branches of major banks in the country. Other factors in considerations are availability of time and resources (funds). The completion time planned for this study is very limited to allow conducting comprehensive study. Also there is a shortage of resources in terms of money for bigger location coverage. Researcher believes that this case study is a representative of a bigger picture. Kothari (2014). Therefore, a decision to select a single case deems fit in terms of locations of banks, time and resources for obtaining actual data, analysis and for better results.

### **3.6 Sampling Design and Procedures**

#### **3.6.1 Sample size**

Sample is a sub set or some part of the larger population. According to Saunders *et al* (2009), the purpose of sampling is to reduce expenses in term of money, effort and time. Therefore regardless of gender, marital status, age, profession or social status, customers have been chosen randomly as they walk into the bank hall. Haphazard or convenience sampling is a non-probability sampling method where some elements of

the population have no chance of selection, or where the probability of selection cannot be accurately determined. It involves the selection of respondents based on assumptions regarding the population of interest, which forms the criteria for selection. Kothari (2004). This strategy is chosen because it is difficult to obtain a list of customers of which sampling participants can be picked. Therefore a participant who was selected is the one who has been available at an arms' length, on the time and duration of data collection. In this study, the participants were approached as they entered the banking hall on a business day and for those who agreed to participate in answering the questions on the questionnaires, Kothari (2004).

Sample size determination for descriptive studies is based on confidence intervals; that is, the level of precision required in providing estimates of the rates, proportions and means, Kothari (2004). Regarding the number of respondents, the study adopts the formula by Scott Smith (2013) for estimating sample size when the population is unknown but believed to be large as follows:

$$\text{Sample Size} = (Z\text{-score})^2 * \text{StdDev} * (1 - \text{StdDev}) / (\text{margin of error})^2$$

Using confidence level of 90%, confidence interval of 10%, standard deviation of 0.5 the sample size was 68.

### **3.7 Variables and Measurement Procedures**

#### **3.7.1 Types of Data**

The study used data collected from both primary and secondary sources. Data were in the nature of demographic data, consumer profile data, data on consumers' behavioural intention to use e-banking, data on consumers' attitude towards e-

banking, data on consumers' perceived usefulness of e-banking and data on consumers' perceived ease of use of e-banking, which have determined their e-banking adoption.

### **3.7.2 Source of Data**

Primary data were collected from the customers of ACCESS, CRDB and NMB bank branches during working hours. Secondary data were collected from different sources those which are published and those that are unpublished. The sources included but not limited to the internet journals, various research reports and textbooks.

### **3.8 Methods of Data Collection**

Method of primary data collection was by means of structured questionnaires. Data collection was cumbersome as it included people with different characters and understanding that had affect on the data quality, but the researcher used relationships with banks' management and personal close participation and follow ups so that errors were minimized.

### **3.9 Data Processing and Analysis**

The data were quantitatively processed and analyzed after collection. Processing involved; editing, coding, classification and cross tabulation of collected data so that they are open to analysis. In addition computer program; Statistical Package for Social Sciences (SPSS), was used to aid in the analysis of the data. Descriptive statistics were used to describe the basic features of data in this study. They provided simple summaries about the sample through frequency tables, and percentages.

### **3.10 Data Cleaning**

Every questionnaire was carefully administered for the purpose of omitting expected errors as well as obtaining clean data prior to coding. This was done directly on the field whereby data were collected with close supervision so as to detect the most obvious omissions and inaccuracies in the data. List wise deletion method was used for questionnaires that had missing values and outliers which were detected using visual inspection. Thus after data cleaning exercise, 50 questionnaires were considered satisfactory for subsequent analysis.

### **3.11 Validity and Reliability of Data**

Validity is the most critical principle which indicates the level to which an instrument measures what actually should be measured, while reliability is concerned with consistency of responses when repeated measure produces the same results regardless of time and observers. Saunders *et al.*, (2009). To ensure reliability, data collected through questionnaires were subjected to pretesting prior to conducting the main study.

Content validity is concerned with whether the measures represent the significances of the concept. Thus information gathered in this work had scales that were able to capture the intended information. To ensure the intended information is captured, the researcher used subject matter expert to proof read the questions so as to ensure they capture what the study intended to capture.

## CHAPTER FOUR

### PRESENTATION, ANALYSIS, AND DISCUSSION OF FINDINGS

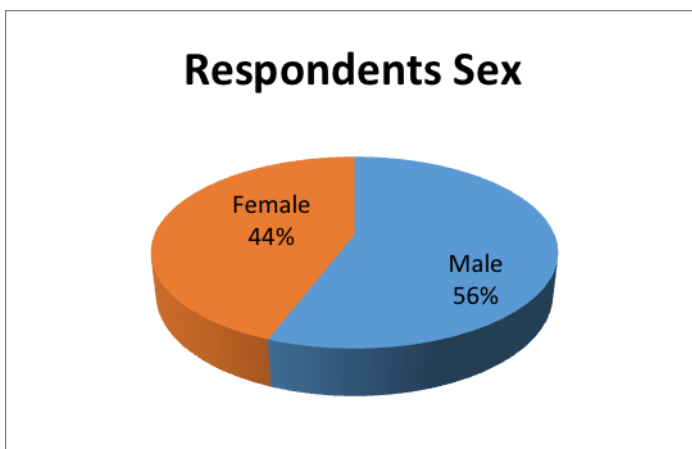
#### 4.1 Introduction

This chapter analyses the findings and discusses the results obtained on the collected data through questionnaire and interviews. The chapter has information on the respondents' profile, and respondents' opinions on the factors that cause slow adoption of e-banking in Tanzania a case study of selected banks in Tabora Region. The presentation has taken into consideration on the specific research objective and research questions. The analysis of data was aided by SPSS package, a Statistical Package for Social Sciences.

#### 4.2 Description of the Variables Used in the Analysis

##### 4.2.1 Sex /Gender of Respondent

One of the factors to be filled in forms for opening a bank account is customer's sex. Therefore, respondents were requested to indicate their gender in order to know gender balance on banking activities. Figure 4.1 shows the results of the respondents gender balance.



**Figure 4.1: Respondent's Sex**

Source: Field Data, 2019

Results in Figure 4.1 show 56% of respondents were males and 44% respondents were females. These findings show that most of banking activities are male dominated. The indication is that commercial banks mostly deal with people with maximum participation. Male's dominancy was due to the fact that most of people who are participating on economic activities of a given country are males. These findings were supported by the study done by Van Staveren (2002).

In her study; 'Global Finance and gender', she points out that there are factors that limit or creates biasness in global finance on gender participation. She discusses four gender biasness to include; under-representation of women in financial decision-making, increased gender gaps in the economic positions of women and men, the gender-based instability of financial markets and inefficient resource allocation in financial markets due to gender discrimination. Limitations come from institutions, the society and also from the governments through property laws that discriminate women in owning properties. So women are less participating as they have less to bank (banking activities).

#### **4.2.2 Age of the Respondents**

Age is an important aspect for customers of banking industry. Various laws regard a person less than 18 years of age as minor, and hence can't get into contract without an aid of an adult. Respondents were requested to mention their age so as to remove the minors and to determine the participation of different age groups in the banking activities. Results in Table 4.1 revealed that Respondent's ages differ. The highest numbers of Respondents were between 25 - 34 years of age, taking 34% of total number of respondents.

**Table 4.1: Age of Respondents (N = 50)**

<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
18 – 24	8	16%
25 – 34	17	34%
35 – 44	13	26%
45 – 54	7	14%
55 - Plus	5	10%
<b>Total</b>	<b>50</b>	<b>100%</b>

Source: Field Data, 2019

The lowest number of Respondents were between 55 - plus years old. These findings imply that there are more consumers of banking services at a productive age than at an old age. In his study; The impact of customer demographic variables on adoption and use of internet banking in developing economies, Ameme (2015) indicated that the young are more attracted to internet banking services than the middle aged persons and elderly. At this age, most of the people are at their last years in colleges or have recently left colleges, new jobbers as well as new family people. The results also have conceded with findings of Alwan & Al-Zubi (2016).

### **4.2.3 Education Level of the Respondents**

Respondents were asked to state their highest level of education so as to determine the effect of one's level of education in consumption of banking services. The list of level of education provided the lowest level i.e. Primary School to the highest which is PhD. The collected data were analyzed using statistical methods and the results are depicted in Table 4.2.



**Table 4.2: Education Level of the Respondents (N = 50)**

<b>Education</b>	<b>Frequency</b>	<b>Percent</b>
Primary School	8	16%
Secondary School	13	26%
Certificate Holder	1	2%
Diploma Holder	9	18%
Undergraduate	18	36%
Postgraduate	1	2%
<b>Total</b>	<b>50</b>	<b>100%</b>

Source: Field Data, 2019

The results from Table 4.2 revealed that the level of education with the highest respondents were undergraduate with (36%) while certificate holders and postgraduate having low respondents at (2%), Secondary School had (26%) respondents, (18%) for Diploma holders while Primary School holders stood at (16%). From the above findings, it is evident that customers of commercial banks are averagely literate and hence have considerable knowledge which is very important for creation of a knowledge based society.

This is supported by Ranis, et al., (2005), in their observation that; person's level of education does have an effect on his or her Behaviour and so identifies the ways of dealing with the problem at hand. The quality of life is also dependent by an individual's level of education, career and the earnings he/she derives from it. Education level of an individual characterizes him or her in a particular fashion which in turn reveals his or her behavioural pattern and his/her level of understanding of particular subject, Psacharopoulos and Woodhall (1993). In general terms, person's

response to a problem or question can possibly be determined by the level of education he/she has attained.

#### 4.2.4 Respondents Experience with banking

Respondents were asked to state their experiences on Banking. They were requested to pick from the range of experiences in years such as follows; less than 1 year, 1 - 5 years and more than 5 years. The reasons for enquiring Customers experiences on Banking was to find how well these consumers may have been informed on e-banking services among several other services that are being offered by their banks. Results are presented in Table 4.3

**Table 4.3: Respondents Experience (N = 50)**

	<b>Frequency</b>	<b>Percent</b>
Less than 1 year	3	6%
1 – 5 year	16	32%
More than 5 years	31	62%
<b>Total</b>	<b>50</b>	<b>100%</b>

Source: Field Data, 2019

Results in Table 4.3 show that out of 50 Respondents; (62%) had experience of more than 5 years, (32%) had experience between 1 - 5 years, while only (6%) had experience less than a year. These results indicate that most of the customers are well experienced with banking as such, they have or should have enough information of the services offered by their banks including e-banking service. Their experience with banking should make them have enough bases for making informed decisions on

services offered by their banks. This is very important for the study as the researcher seemed to have worked with experienced Respondents. Therefore, there was a high possibility of getting reliable data.

#### 4.2.5 Respondents Reasons for Banking

Respondents were asked to show their reasons for Banking. They were requested to choose from the range of choices such as follows; Deposits, Deposits and Drawings, Money transfers and other reasons. The reasons for enquiring Customers on their reasons for banking was to find out why, regardless of developments on e-banking but still we have queues on banking halls. With reasons identified, solutions could be suggested to curb the slow adoption of e-banking. This part is also very important for the study. Results are presented in Table 4.4

**Table 4.4: Respondents Reasons for Banking (N = 50)**

<b>Banking</b>	<b>Frequency</b>	<b>Percent</b>
Deposits	8	16%
Deposits and Drawings	31	62%
Money transfers	3	6%
Other	8	16%
<b>Total</b>	<b>50</b>	<b>100%</b>

Source: Field Data, 2019

Results in Table 4.4 show that out of 50 Respondents; (62%) visit at the banks for Deposits and Drawings, (16%) visit the banks for Deposits and again (16%) for other reasons. Most of these other reasons were for payments made to other parties (75%), while only (6%) go to the bank for Money transfers. These results indicate that most

of the customers perform most of their business and other activities on cash basis. They need cash for paying their transactions with other parties also other parties pay them on cash. Other reasons had payments obligations that require evidence of bank deposit slips. One example was on paying children school fees. Another business man put it on the questionnaire that they are mostly paid on cheques that can only be cleared at bank counters.

### 4.3 Challenges Facing Consumers' Adoption of E- banking (Internal Factors)

The study investigated challenges facing bank consumers in adoption of e-banking services. There were two specific research objectives to study. These were; the effect of consumers' perceived ease of use on the adoption of E-banking services and the effect of consumers' perceived usefulness on the adoption of E-banking services. These two factors effect consumers' attitude on adoption of e-banking services and hence affect their Behavioural intention to use e-banking services. These objectives are addressed in the questionnaire from question 14 through 29 and hereunder are the analysis of the findings:

**Table 4.5: Challenges Facing the Adoption of E- banking (Internal)**

	SA		AG		NT		DA		SD		TOTAL	
Ease of use	6	12%	24	48%	5	10%	14	28%	1	2%	50	100%
Usefulness / Benefits	5	10%	19	38%	10	20%	15	30%	1	2%	50	100%

Source: Research Analysis 2019

#### 4.3.1 Ease of use of E-banking Services/Customers

The questionnaire had questions that requested respondents to tick on how easy they feel with the use of e-banking. Table 4.5 depicts the results of respondents' response.

Results in Table 4.5 portrays that those who strongly agree (SA) and those who agree (AG) constitute (60%) of all respondents while those who disagree (DA) and those who strongly disagree (SD) add up to (30%). (10%) of respondents are undecided. These results show in general terms that, respondents have considerable knowledge on e-banking and it seems/perceived to them that e-banking is easy to use. These results can be supported by the TCRA report on an increased number of internet users in Tanzania and the report by Internet world Stats – Usage and population Statistics.

Tanzania is estimated to have a population of 60,913,557 (2019) with 23,000,000 internet users in Dec/2018 equivalent to 37.8% of the population, per IWS. According to TCRA, users of internet were 7.52 million in 2012 and by 2018 there were 23.14 million internet users. With such big number of internet users, all the stake holders related to e-banking adoption have to work out ways to promote usage of e-banking.

#### **4.3.2 E-banking for Customer's Usefulness/Benefits**

Respondents were generally asked to show how they feel/perceive the benefits obtained by the use of e-banking. Results in Table 4.5 portrays that those who strongly agree (SA) are (10%) those who agree (AG) are (38%), while those who disagree (DA) are (30%) and those who strongly disagree (SD) are (2%). (20%) of respondents are undecided.

It explains that consumers know the benefit available with the use of e-banking services at least to a reasonable scale. With these results it is equally likely to comment that perceived usefulness is enabler in e-banking adoption. It is therefore the work of the relevant bodies to make adoption viable.

### **4.3.3 Consumer Attitude and Behavioural Intention to use E-banking**

Consumers' Behavioural intention to use E-banking is very much affected by their attitudes towards the technology. According to Business Dictionary, attitude is defined as a predisposition or a tendency to respond positively or negatively towards a certain idea, person, object, or situation. Attitude influences an individual's choice of action, and responses to challenges, incentives, and rewards (together called stimuli). (TRA) Model defines individuals' Behaviour in terms of attitudes, norms, and intentions, TAM model integrates two antecedents variables "perceived usefulness and perceived ease of use" determining the acceptability of an information system in this case; e-banking. It is employed to realize the variables affecting the degree of internet usage in financial services (Davis et al., 1989).

Attitude is therefore a product of customers' perceived ease of use and perceived usefulness. A customer who believes that using e-banking would ease his/her job and that, by adopting the technology would provide him/her with several benefits as explained earlier, will eventually respond positively towards the technology, otherwise negativity will be raised. From the findings of this study, a greater number of consumers believe that e-banking is easy to use and that it has evident benefits attached to it. We can therefore conclude that customers have intentions to use e-banking and that banks, governments, internet providers and other stake holders are required to define ways that can remove/reduce factors affecting adoption.

### **4.4 Challenges Facing Consumers' Adoption of E- banking (External Factors)**

Apart from two variables (Rules/regulation and availability of Internet Signals) that were included for the study as external factors affecting adoption of e-banking,

objective of the study was also to find from consumers, other factors that affect their adoption of e-banking that were external to the part of consumers. The aim was thereafter to suggest ways of overcoming these challenges. When collecting primary data on the interview and through the questionnaires, the open questions picked out some factors that contributed to low adoption of e-banking that may or may not have affected consumer's behaviours. The question asked "are there any factors hindering you in receiving your service via E-banking system?" The findings were that these factors included; corporate payments through cheques, requirements of hard copies as evidence of payments to other parties and retail cash business. The results were as in Table 4.6 and Table 4.7.

**Table 4.6: Challenges Facing the Adoption of E- banking (External)**

	SA		AG		NT		DA		SD		TOTAL	
Regulatory Factor	8	16%	25	50%	4	8%	12	24%	1	2%	50	100%
Availability of Internet Signals	9	18%	22	44%	6	12%	10	20%	3	6%	50	100%

Source: Research Analysis 2019

#### **4.4.1 Legal, Rules and Regulations Requirements**

Results in Table 4.6 portrays that those who strongly agree (SA) are (16%) those who agree (AG) are (50%), while those who disagree (DA) are (24%) and those who strongly disagree (SD) are (2%). (8%) of respondents are undecided. The results may be attributed to the fact that there are regulations and laws that in some ways slow adoption of e-banking. For example BoT requires transfer of money more than 10M/ to be made through TISS. Some of the respondents were from corporate firms paying their monthly dues such as Social Security payments through TISS which required

them to visit bank counters for this exercise. (Tanzania Interbank Settlement System Operating Rules, 2018).

#### **4.4.2 Low internet Signals in Some of Remote Areas**

Tabora Municipality a research area, is a town that has some of locations in remote areas and also is neighbored with villages that follows their requirements including banking services in this town. The questionnaires captured some of these people who responded that there is unstable or low signal of internet at their locations. This prohibits them to full and all the time access to internet service as a result could not get to full usage of e-banking. Results in Table 4.6 portrays that those who strongly agree (SA) are (18%) those who agree (AG) are (44%), while those who disagree (DA) are (20%) and those who strongly disagree (SD) are (6%). (12%) of respondents are undecided. The results is supported by GSMA whereby in their report headed, ‘‘ Tanzania rural coverage pilots Performance report’’ published in February 2018, GSMA points out that, areas that have no coverage often miss basic infrastructure such as roads and electricity meaning it is considerably more expensive for mobile operators to deploy, power and sustain base stations and for installing the backhaul capacity needed to provide end users with fast data connections. Therefore per user spend on mobile phone services does not march with higher operating and capital costs of investments.

**Table 4.7: Challenges Facing the Adoption of E- banking (External – Other Factors)**

	<b>Respondents</b>	<b>Percentage</b>
Corporate Payments	8	16%
Requirements of hard copies	6	12%
Retail Cash Business	11	22%

Source: Research Analysis 2019



#### **4.4.3 Corporate Payments through Cheques**

Respondents doing business with corporate firms explained that the requirements for corporate payments are through cheques. This is in accordance with internal firms regulations as a control measure and because most of these payments are large amounts. Therefore all other parties that have business relationships with these corporate bodies receive payments from their services and business with these firms through cheques. Cheques can only be paid on bank counters. This necessitates visiting bank buildings for clearance of these cheques. Results in Table 4.7 portray a considerable concern on payments through cheques to slow adoption of e-banking (16%).

#### **4.4.4 Requirements of Hard Copies as Evidence of Payments to other Parties**

Business gets two or more parties into different transactions including payments for services and products sold. Some of these relations require hard copies as evidence of payments made to them. For example a parent pays school fees and is required to bring with him or her hard copies of bank slips stamped by relevant banks evidencing payments made. This also affects the use of e-banking and traditional method of queuing at the bank counters is practiced. Some of respondents who visited bank halls and who filled the questionnaires put this as one of the factors affecting adoption of e-banking. Results in Table 4.7 suggest that the need of hard copy as evidence of payments that have been made contribute to slow adoption of e-banking.

#### **4.4.5 Retail Cash Business**

The questionnaire also captured some entrepreneurs who buy and sell on cash basis. They explained that their clients buy from them on cash basis and some also on

cheques. These payments cannot stay in their cash drawers for security purposes and so are banked early next day. Businesses such as groceries, bars, hotels, home products shops, transportation, spare parts, building materials stores, technical companies/individuals such as electricity, plumbing etc and so many other receive payments from their sells and services on cash terms. They also buy on cash terms. This is considered also as a factor contributing to low adoption of e-banking. Results in Table 4.7 show that cash business necessitate of buying and selling affect the adoption of e-banking in Tanzania.

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Overview**

This chapter provides conclusion for this work based on the findings. The chapter also contains recommendations of the researcher for future reference on issues related to under adoption of e-banking in Tanzania. At the end of the chapter, the study puts attention to areas that may need further research.

#### **5.2 Summary of the Findings**

The study aimed at investigating factors that cause slow adoption of e-banking services. In this study it was found that most of the commercial banks in Tabora are male dominated (Male 56% and female 44%). It was revealed that the highest number of customers were at the age between 25 – 34 years (35%) and the lowest at the age above 55 years (9%). The findings show that the production age is coming up in preference of using banking services.

The study also has findings that customers have different level of education and most of them are considered literate with considerable knowledge. The highest level of education was Postgraduate/masters and the lowest was Primary education. Most of the respondents were first degree holders at (36%) and the least were postgraduate/masters and those who hold certificates at (2%). It was also found that the highest number of customers had experience with banking of more than 5 years. This shows that the young adults have started using bank services at an early age.

This study shows that most respondents agreed that e-banking has benefits that are associated with its adoption (48%) against (30%), and that customers believe that the system is easy to use (60%) against (30%). Their attitude towards e-banking and Behavioural intention shows intention and continued use of e-banking. They even show intention to recommend to family and friends to adopt the use of e- banking services.

Consumers continue using traditional distribution channel models of banking and hence slow in adoption of E-banking was due to the different reasons mostly caused by reasons outside customers' will. These factors included but not limited to poor internet signals in some of remote areas, clearance of cheques, payments to other parties that need bank slips, entrepreneurs with selling and buying on cash; which require deposits and drawings of cash and rules and regulations.

### **5.3 Conclusion**

Business environment has very much been changed by the introduction of new technologies, innovations, and increased competitions among the service providers. Banking industry is also one of these businesses that new technologies have turned managers haunting to pace up with the technological advancements. E-banking is a modern banking distribution channels acquired through Information and Communication Technologies (ICT). With innovation of e-banking, new challenges and opportunities for businesses and consumers have been addressed.

According to the findings of this study, E-banking is a technology that is easy to use and is useful as commented by most of the respondents. With introduction of Cell phones with high speed network, modem, mini laptops and other devices that can

connect to internet with ease, the use of e-banking services has been made practical. Telephone providers have made it even easier by making available signals for some places even in remote areas that can receive internet connections.

Regardless of these developments, challenges have also been facing the e-banking users. Findings also show that less availability of services like cheques conversion, slow advocate of e-banking to retail businesses and replacing electronic receipts as payments methods in place of hard copies, have left other consumers to go on using traditional banking distribution models.

Banks, Government agencies such as TCRA, mobile phone companies, mobile phone service providers and all other stake holders are required to make possible, full adoption of E-banking in order to serve different benefits that are attached with the use of e-banking. Law makers should also find ways of forming regulations that may aid into making the use of e-banking lawful for legal payments transactions.

Under the globalization, international business has grown enormously and that, with the innovation of Information and Communication Technologies (ICT), e-banking is essential. E-banking needs vast amount of money for education, infrastructure and intense investment on installation and maintenance of systems, the recent increased benefits for the users, have positive impact of the adoption of e-banking. In general terms positive impact of e-banking overrides the cost of investments and maintenance. Therefore we can conclude that, under these circumstances, full adoption of E-banking is vital.

## **5.4 Recommendations**

### **5.4.1 Awareness, Promotions and Marketing**

Banks and all other stake holders should continue to create awareness to customers on the use of E-banking and related services. This can be done by continued marketing and promotions to the society. Retail traders, especially small entrepreneurs should also be the main target of these promotions. Stake holders should make it simple for business transactions to be performed online by the use of mobile phones and other internet gadgets. These gadgets should also be made available, less expensive and easy to use with smart cards. This will promote and increase adoption of e-banking, especially in rural areas where they do not have banking services. Awareness should also be extended to corporate bodies those that make and receive payments through cheques. They have to be seduced and driven to perceive ease of use of the e-banking technologies and benefits that can be obtained from the use of e-banking so that they can be motivated into full usage of the internet banking. This will drive other related parties to increased use of e-banking. Consumers of bank services should also be encouraged to use electronic bank statements and mobile phone messages as evidence of payments made to them. This will reduce the need of hard copies of bank slips and hence increase full usage of e-banking.

### **5.4.2 Regulations and Legislation**

Government bodies such as BOT and TCRA should issue guidelines or policies that will motivate adoption of E-banking in Tanzania. The Banking and Financial Institutions Act of 2006 does not address the issue of E-banking practices, as such the use of e-banking is very much affected legally. Physical documents and signature

recognition are still insisted as documentary evidence while under E- banking other means such as PIN usage can be used for recognition and electronic receipts as recognition for payments. Therefore, Tanzania's laws should help boost activities over the internet especially the internet banking. The law will be expected to safe guard the interest of all parties engaged in internet banking. The laws should also recognize the issuance of electronic receipts as legal evidence of payments made through different business transactions.

### **5.4.3 Network Accessibility**

Currently network availability is increasingly growing through the use of mobile telephone service providers. Banks should take advantage of this and hence expand their business models with application simplicity. Some of the banks have taken initiatives to have mobile apps that are user friendly and aid customers with banking transactions. In this way, customers will adopt E-banking and more customers will enroll with banking services so as they can benefit from what e-banking offers. On the other hand internet service providers should have programs with low cost, high speed and modern technological devices that will facilitate the use of e-banking.

### **5.5 Adoption of E-banking Technology**

Under the theoretical frame works discussed above; TAM theory and TRA, we saw that these theories received considerable interest and empirical support e.g., Davis, (1989); Lai (2017), Chuttur (2009). Various studies related to TAM have been conducted, published in journals, proceedings, or technical reports, since 1989. Lai (2017). Overall, researchers tend to propose that TAM is valid, parsimonious, and robust Venkatesh & Davis (2000), over the wide range of IS innovation, therefore, all

these theories have been adopted as underpinning theory for this research. However, some modifications are required so that these models can work out for developing countries due to social, cultural and economic environment challenges. Molla and Licker (2005). This study has findings that, factors affecting e-banking are mostly external, on the part of consumers. They are not on what is perceived or what is not on their part. This study has recommended different approaches that explain and aid the adoption of E-banking in Tanzanian Banking Industry.

### **5.6 Limitations of the Study**

Due to time and financial constraints the study was concentrated solely in Tabora Region and to be clearer Tabora Municipality. Also due to time and financial constraints the researcher selected only three commercial banks of NMB, ACCESS and CRDB, providing their customers with research questionnaires and conducting interviews at their bank places. Some bank officials had to double check with their head office before authorizing interviews with their customers. This even squeezed a little time that was available. Some respondents were either negligent or fearful to cooperate in providing answers to the questionnaires. It was kind of a strange thing to them.

### **5.7 Delimitations**

The results of this study could be generalized to consumers for developing countries taken from Tanzania environment and that, full adoption of e-banking can be delimited to banks which offer different banking services to consumers such as deposits and withdraws of cash using various other means like cash cheques, ATMs, and Letter of credits (LCs).



### **5.8 Areas for Further Study**

Further research is still needed on the adoption of E-banking by customers; especially small entrepreneurs and corporate customers. Also it is important to study the impact of laws and regulations on e-banking adoption. The study of e-banking adoption in social and economic development is critical. Conversely, evaluation research on the adoption E-banking is needed. This will help in providing information on whether the inhibitors have been addressed.

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## **APPENDICES**

### **Appendix I: Questionnaire**

My name is Herick Achayo and I am currently a student at Open University of Tanzania undertaking my Masters in Business Administration (MBA)

The purpose of my Research is to identify and assess factors that contribute to the slow adoption of Electronic banking in Tanzania. To this end, the study intends to assemble information from Commercial Banks.

The results will be reported concealing the anonymity of respondents. The questionnaire takes a few minutes to complete. I would appreciate your positive consideration in completing the enclosed questionnaire and assisting me in the research Endeavour.

Herick D. Achayo

Thanking you in advance



**Part I: (DEMOGRAPHIC DATA). PLEASE TICK/FILL AS APPROPRIATE.**

1. Sex                      Male ( )      Female ( )

2. Which age group do you fall under?

18 – 24 years ( ) 25 – 34 years ( ) 35 - 44 years. ( ) 45-54 years ( ) 55 years plus ( )

3. What is your highest level of education?

Primary Education ( )      Secondary education ( )      Certificate ( )  
Diploma ( )      Degree ( )      Post graduate/Masters ( )      PhDs ( )

4. Do you have knowledge of Internet?

No ( )      Medium ( )      Yes ( )

**Part II: CONSUMER PROFILE: PLEASE TICK/FILL AS APPROPRIATE**

5. For how long have you been a customer to this bank?

Less than a year ( )      One to 5 years ( )      More than 5 years ( )

6. What services do you always come for at the bank?

Deposits ( )      Deposits and Drawings ( )      Money transfers ( )

Other (specify) .....

**Part III: E- BANKING SERVICES: PLEASE TICK/FILL AS APPROPRIATE**

7. Have you ever heard about E-Banking?

No ( ) Not sure ( ) Yes ( )

8. Have you ever used E-Banking services?

No ( ) Not sure ( ) Yes. ( )

9. From whom did you learn about E-banking?

From a friend ( ) From a bank staff ( ) From media ( )

Others (specify).... ..

10. If yes, how many times do you use the service?

Once ( ) Few Times ( ) Always ( ) All the time ( )

11. If Not why?

Don't like ( ) Not sure ( ) Cannot use internet ( )

12. Are there any factors hindering you in receiving your service via E-Banking system?

NO ( ) YES ( )

If YES, Mention them

(i) .....

(ii). .....

(iii). .....

13. Suggest ways that could be used to overcome the challenges in using e-banking.

(i). .....

(ii). .....

(iii). .....

**Part IV: CONSUMER ADOPTION: PLEASE TICK/FILL AS APPROPRIATE**

Please, express your agreement with the statement below (put a cross in one box only):

1	2	3	4	5
Strongly agree	Agree	Neutral	Disagree	Strongly disagree

14. I have easy access to Internet facilities.	1	2	3	4	5
15. Using e-banking makes me to accomplish my tasks more quickly	1	2	3	4	5
16. I am using the e-banking with easy	1	2	3	4	5
17. Learning to operate new features on e-banking is easy for me	1	2	3	4	5
18. Using e-banking facility saves time and money (resources)	1	2	3	4	5

19. I don't use the system due to low network signals	1	2	3	4	5
20. I am satisfied using e-banking	1	2	3	4	5
21. I get help quickly when stuck with the system (technical assistance)	1	2	3	4	5
22. Security plays a vital role in e-banking adoption and continued use	1	2	3	4	5
23. E-banking services are adapted to disabled people, elderly and people who are lacking Computer experience	1	2	3	4	5
24. E-banking services is suited with every banking activity	1	2	3	4	5
25. My job description/type of business forces me to use e-banking services	1	2	3	4	5
26. If it wasn't for mandatory requirements, I wouldn't be using e-banking	1	2	3	4	5
27. I intend to use e-banking in every of my tasks	1	2	3	4	5
28. I intend to keep using e-banking in future	1	2	3	4	5
29. I will recommend to family and friends to adopt the use of e-banking services	1	2	3	4	5

THANK YOU FOR YOUR TIME