

**INVESTIGATING E-BANKING AND CUSTOMER SATISFACTION IN
TANZANIAN BANKS THE CASE OF AZANIA BANK LTD**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTERS OF BUSINESS
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2013

CERTIFICATION

The undersigned certify that I have read and hereby recommend for acceptance by the Open University of Tanzania a dissertation titled: **Investigating e-banking and Customer Satisfaction in Tanzanian Banks, A Case of Azania Bank LTD**, in partial fulfillment of the requirements of the degree of Masters of Business Administration of the Open University of Tanzania.

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I, **Nester Kawamala**, hereby declare that this work is entirely a result of my own work except acknowledged in the text. To the best of my knowledge the work in this dissertation has not and is not currently being submitted for any degree in any other University.

.....

Nester Kawamala,

.....

Date

DEDICATION

This dissertation is dedicated to TASIANA KAWAMALA, my mother.

ACKNOWLEDGEMENT

First, and foremost I would like to extend special thanks to Dr. SALUM MOHAMED my supervisor, for his advice, suggestions, comments and general guidance during the whole period of the study.

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Finally, I am grateful to my loving mother who is always praying for me so that I can succeed in whatever I do in life.

ABSTRACT

The study was on the E-banking and customer satisfaction in Tanzanian banks; the case of Azania Bank LTD. The study investigated the factors which enhances the adoption of E-banking in Tanzania, the Customers perception on E-banking in Tanzania, the impact of e-banking functionality on the satisfaction outcomes, risks of using of E-banking in Tanzania, the accessibility of E-banking to bank customers in Tanzania, on whether E-banking is convenient to ordinary bank customers in Tanzania and whether E-banking is secure enough for E-banking customers in Tanzania. The study involved (58.5%) Males and (41.5%) Females. Data collection methods were questionnaires and interview questions. The study revealed different factors causes Azania bank to adopt E-banking system such as Government support, availabilities of the equipments, customers satisfaction on their needs, competition, perceived ease of use and usefulness, trust and security, level of education and income level. It was also revealed that more than (60%) of customers were satisfied with e-banking system in the Azania Bank. The results indicated that (82%) of respondents stated that they actually spend less time using E-banking. Different risks of e-banking revealed such as operational risks: legal risks: reputation risks: security codes control. It was noted that accessibility, convenient and secure of e-banking are essential in e-banking system. It was concluded that customers prefer ATM among the E-banking products because of its effectiveness and user friendliness. It was recommended that Education and marketing of E-banking products should be encouraged in the bank to attract more customers.

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LIST OF ABBREVIATIONS

ATM	Automatic teller machines
e-banking	Electronic banking
QFD	Quality Function Deployment
TPB:	Theory of planned behaviour
TZS	Tanzanian Shillings
USD	United State of America Dollars

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background Information

One of the most recent channels of distribution used in the financial services organizations is electronic banking; this method was established in the mid 1990s, thereafter steadily becoming more important (Allen et al, 2001). The term electronic banking refers to "the provision of information or services by a bank to its customers, via a computer or television (Allen et al, 2001). A more developed service is one that provides customers with the opportunity to gain access to their accounts and execute transactions or to buy product online via the internet (Daniel, 1999). Moving towards an industrialization nation with knowledge economy as the backdrop, the personal computer and online approach of life is growing in Jordan. Public awareness of e-banking among users has been increased and thus people are ready to migrate to technology applications.

E-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels (White and Nteli 2004). E-banking includes the systems that enable financial institution, customers, individuals and businesses to access accounts, transact business or obtain information on financial products and services through a network including the internet (Siriluck and Speece 2003). Customers access e-banking services using an intelligent electronic device such as personal computer, Automated teller machine etc. There are five basic services associated with online banking: view account balances and transaction histories; paying bills;

transferring funds between accounts; requesting credit card advances; and ordering checks for more faster services that can be provide by domestic and foreign bank (Sharma and Ojha 2004). E-banking involves information technology based banking. Under this Information Technology system, the banking services are delivered by way of a Computer-Controlled System (Robinson, 2000). This system does involve direct interface with the customers. The customers do not have to visit the bank's premises. Internet banking allows customers to perform a wide range of banking transactions electronically via the bank's Web site (Park and Jun 2003). When first introduced, Internet banking was used mainly as an information presentation medium in which banks marketed their products and services on their Web sites (Kimery and McCord 2002). With the development of asynchronous technologies and secured electronic transaction technologies, however, more banks in Developing Countries like Tanzania have come forward to use Internet banking both as a transactional as well as an informational medium.

In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy (Gitman, *et al.*, 2005). To understand the economic problems and choices facing Banks, it is useful to regard them as firms, and apply the general principles of microeconomics which shape the environments of all firms (Tolga, *et al.*, 2006). However, Banks are firms of a specialized type not simply in terms of the services they provide, but in terms of how and by whom those services are provided (Joby, 2003). Customer satisfaction from Banks is a challenge facing many customers today (Sohail, 2003). Studies have shown that many international internet

users demonstrate similar behaviors and preferences across nations (Miyazaki and Krishnamurthy 2002; (Masukujjaman, 2010). Other researchers have studied the internet in the context of traditional cultures, and yet delimited by national borders (Park and Jun, 2003). Some studies have examined the issues on the evolution of e-banking (Sohail and Shanmugham, 2003) and investigated the success factors in various e-delivery channels in banking scenario (Ong and Cheng, 2003). Some have investigated customer preferences of e-banking (Suganthi *et al.*, 2001; Sohail and Shanmugham, 2003).

In Tanzania, Azania Bank Limited adopted E-banking on 2008. Azania Bank Limited, whose formal name is First Adili Bancorp Limited, and is commonly referred to as Azania Bank, is a commercial bank in Tanzania. It is one of 30 licensed commercial banks in the country. Azania Bank is a medium sized commercial bank that engages in retail banking, lease financing, foreign exchange transactions and import/export financing, as well the issuance of letters of credit. As of December 2011, the bank's total assets were valued at US\$120 million (TZS:190 billion). In December 2010, the bank's shareholders' equity exceeded US\$12 million (TZS:19 billion).

AZANIA Bank Limited plans to roll out a new product that seeks to enable Tanzanians in Diaspora manage their finance while away from home. The bank's internet banking product will help the bank attract more customers, adding that the product will offer Tanzanians abroad convenience in remitting money directly to their accounts at home. The product is a convenient and reliable way for Tanzanians

abroad to send money back home and directly manage their bank accounts. Internet banking offers stress-free banking services, with clients transacting at their own time. A part from good plans that the Azania Bank has, the Customers complains on E- banking increases. These complains from the Customers indicates that there are not satisfied with the services on e-banking from Azania Bank. This may lead to bad reputation of the Azania Bank as a result Customers may shift to other Banks which may think can satisfy them. To my knowledge, no study have been done to assess the e-bank regarding Azania Bank. From this background, this study is built. Therefore, this study aimed to assess the E-banking and customer's satisfaction on Retail Tanzanian Banks, the case of Azania Bank

1.2 Statement of the Research Problem

Banking practices have undergone significant changes since the advent of the Internet (Black et al, 2001). Banks provide many services online, which are extremely convenient for banking customers. Electronic banking (e-banking) has existed for decades, starting with automatic teller machines (ATM) in the late 1960s (Broerick and Vachirapornpuk 2002). Internet banking makes it possible for banks and their customers to do business from anywhere in the world. This greatly increases the bank's potential client base. Nevertheless, the global approach to banking that e-banking permit makes it extremely difficult for regulatory authorities to enforce finance laws (Dong-Her *et al.*, 2004).

Additionally, regulations differ from nation to nation and banks are not always proficient in the financial laws for every nation in which they have business (Flavián

et al, 2006). Over time, more and more concerns are associated with electronic banking, as the industry branched out to phone and on line banking. However, regardless of the benefits obtained from e-banking, e-banking in Azania Bank is passing into different challenges. E-banking poses some risks to the banks and banking customers who choose to use it. Customers have to weigh these risks against the potential benefits before they decide whether Internet banking is a good option. Electronic banking lacks one thing most bank institutes thrive on customer service.

Electronic banking is conducted by the customer instead of a bank teller, so there is no face-to-face interaction. The customers do not seek any additional services or help on by pro-actively contacting the bank. Some customers refuse to use these services because they feel they are entitled to in-person customer service. On the other hand, there are Customer's complains on the issues with security and accuracy. These complain have made some of the Customers not frequently use e-banks and consequently lead to an increase of queue inside a Bank. Queue inside a Bank has lead to unnecessary overcrowding of Customers inside a Bank which affects performance of the Bank. Therefore, this study aimed to answer a general question Are there any Customer satisfaction in Tanzanian banks on E-banking?

1.3 Objectives of the Research

The study was guided by the following general and specific objectives.

1.3.1 General Research Objective

The general research objective of this study is to investigate the Customer satisfactions in Tanzanian banks on E-banking focusing on Azania Bank Ltd as a case study.

1.3.2 The Specific Research Objectives

- (i) To examine the factors which enhances the adoption of E-banking in Tanzania
- (ii) To investigate the Customers perception on E-banking in Tanzania
- (iii) To investigate the accessibility of E-banking to bank customers in Tanzania
- (iv) To investigate whether E-banking is convenient to ordinary bank customers in Tanzania.
- (v) To investigate whether E-banking is secure enough for bank customers in Tanzania

1.4 The Research Questions

- (i) What are the factors which enhances the adoption of E-banking in Tanzania?
- (ii) What are the Customers perceptions on E-banking in Tanzania?
- (iii) Is E-banking accessible to all bank customers in Tanzania?
- (iv) Is E-banking convenient to all bank customers in Tanzania?
- (v) What are the risks involved in using E-banking in Tanzania?

1.5 Significance of the Study

The study is significant to the banks and financial institutions customers, stake holders and to the existing body of knowledge and literature related to e-banking in Tanzania. The result of this study will enable the supervision body- the Central bank, to understand the current issue on e-banking. This study also will be beneficial for the academic institutions and individuals who might be interested in carrying out related researches in the future. The findings also will help the policy makers to re examine regulations on e-banking in Tanzania

1.6 Scope of the Study

This study investigated E-banking and customer satisfaction in Tanzania by looking at the customer's perception on E-banking, the impact of E-banking in Tanzania and risks involved in using E-banking.

1.7 Organization of the Study

This study comprised with five chapters. Chapter one is contains background of the study, statement of the problem, research objectives and questions, significance of the study and limitation of the study. Chapter two contains literature review which is related to e-banking and customer satisfaction. Chapter three was research methodology which contains research design, tools of data collections and data analysis. Chapter four contains results and its discussion. Chapter five contains summary of the study, conclusion, recommendations and policy implications.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter comprises of conceptual definitions, theories, empirical studies and gap of the study.

2.2 Conceptual Definitions

2.2.1 E-Banking

The concept of electronic banking has been defined in many ways. Jamal, (2004), defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television. Pikkarainen *et al.* (2004) define internet banking as an "internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments". With the exception of cash withdrawals, internet banking gives customers access to almost any type of banking transaction at the click of a mouse (De Young, 2001).

2.2.2 Customer Satisfaction

Customer satisfaction, a business term, is a measure of how products and services supplied by an organization meet or surpass customer expectation. It is seen as a key performance indicator within business.

2.3 Theoretical Review

On this chapter I will discuss different scholars who have dealt with the theory of e-banking especially the factors of adopting e-banking. Their accessibility, convenience, privacy and security.

2.3.1 Factors of Adopting e-Banking

It has been argued that for any service or technology to success it must be adopted by the users and accepted. Therefore on the following paragraphs I will discuss the factors leading to adopting of E-banking.

2.3.1.1 Accessibility

Accessibility is defined as the ability of users to access information and services from the web, this depends on many factors. They include: the content format; the user's hardware, software and settings; internet connections; the environmental conditions and the user's abilities and disabilities (Godwin-Jones 2001; Hackett and Parmanto, 2009). The term "web accessibility" generally relates to the implementation of website content in such a way as to maximize the ability of users with disabilities to access it. For example, providing a text equivalent for image content of a web page, allows users with some visual disabilities access to the information via a screen reader. The techniques and approaches that create more accessible web pages for people with disabilities also address many other access issues such as download speed and discoverability (Hackett *et al*, 2004; Hackett and Parmanto, 2009).

Jun *et al.*, (1999) revealed reliable/prompt responses, attentiveness, and ease of use had considerable impacts on both customers perceived overall service quality and

satisfaction. It also indicated that there is a significant positive relationship between overall service quality and satisfaction. Yang and Jun (2002) redefined the traditional service quality dimensions in the context of online services, and suggested an instrument consisting of seven online service dimensions (reliability, access, ease of use, personalization, security, credibility, and responsiveness). Joseph et al (1999) considered banking service quality with respect to technology use, such as ATMs, telephone, and the internet and identified six dimensions. They were convenience/accuracy; feedback/complaint management; efficiency; queue management; accessibility; and customization. Therefore, accessibility has positive effect on customer satisfaction.

2.3.1.2 Convenience

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

According to Ainscough and Lockett (1996), the provision of customer interactivity is an important criterion that attracts users in the delivery of e-banking. Gerrard and Cunningham (2003) also identify other factors of paramount importance in ensuring the success of e-banking, i.e. the ability of an innovation to meet users' needs using

different feature availability on the web site. For instance, the provision of interactive loan calculators, exchange rate converters, and mortgage calculators on the web sites draw the attention of both users and non-users into the bank's web site.

2.3.1.3 Privacy

Customers have doubts about the trust ability of the e-bank's privacy policies (Gerrard and Cunningham, 2003). Trust has striking influence on user's willingness to engage in online exchanges of money and personal sensitive information (Friedman *et al*, 2000). Privacy is an important dimension that may affect users' intention to adopt e-based transaction systems. Encryption technology is the most common feature at all bank sites to secure information privacy, supplemented by a combination of different unique identifiers, for instance, a password and Warren, 2003). Thus, a combination of smart card and biometric recognition using fingerprints offers a more secure and easier access control for computers than the password method. Zeithaml *et al.*, (2000) developed e-SERVQUAL for measuring e-service quality, identifying 11 dimensions: access; ease of navigation; efficiency; flexibility; reliability; personalization; security/privacy; responsiveness; assurance/trust; site aesthetics; and price knowledge.

2.3.1.4 Security

Assurance about security relates to the extent to which the web site guarantees the safety of customers' financial and personal information, an area which has witnessed a proliferation of research interest (Kimery and McCord, 2002). Security can be assured by providing a privacy statement and information about the security of the

shopping mechanisms and by displaying the logos of trusted third parties. For example, displaying trusted third party logo guarantees a certain level of security protection and has been shown to significantly influence how consumers regard the trustworthiness of e vendors (Jiang *et al*, 2008).

Internet banking is made possible by the creation of Web browsers. In this mode of online banking, consumers do not have to purchase additional software (all they need is the browser), store any data on their computer, backup any data, or wait for software upgrades or new versions (Dong-Her *et al*, 2004). All transactions occur on a secure server of a bank via the internet. The bank has all of the required data and software to execute the transactions. Customers go the bank's Web site, log in, and then take advantage of the bank's internet services. Typical bank services are account access and review, transfers of funds between accounts, bill payment, and then a widening variety of new services and products. Security plays an important role in internet banking and so there are several protocols for internet security of encrypted data packets (Kolsaker and Payne, 2002).

2.3.6 E-Banking and Customer Satisfaction

Arunachalam and Sivasubramanian (2007) contents that Internet banking is where customer can access his or her bank account via the Internet using PC or mobile phone and web-browser; and Ongkasuwan and Tantichattanon (2002) defined Internet banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their computers with Internet connection. Kim *et al*. (2006) predicted that 87% of community banks

would offer Internet banking in 2003 to meet consumers' needs, and asserted that, Internet banking has advantages for banks to maintain competition, to save costs, to enhance mass customization, marketing and communication activities, and to maintain and attract consumers.

Katri (2003) stated that the Internet banks serve also as gateways offering identification and authorization services to a number of third party service providers. Rationale for 'banks' to provide Internet banking services, Ongkasuwan and Tantichattanon (2002) indicate that internet banking helps banks in cost saving, increase customer base, enable mass customization for e-Business services, extend marketing and communication channel, search for new innovation services, and explore and development of non-core business. However, customers' ability to subscribe to the Internet-base banking services depend on several factors such as user-friendly interface, level of Internet experience, types of services provided, (for example e-mail, file transfer, news, online financial services, shopping and multimedia services), attitude and perception, access and delivery time and experience with the Internet.

Gao and Owolabi (2008) contend that the currently relevant factors determining the adoption of internet banking in Nigeria include the level of awareness or attention, the accessibility to computers and the Internet, convenience, privacy, costs, and the availability of knowledge and support concerning internet banking. The introduction of internet banking services is facilitated by the bank's reputation in terms of size, awareness and trust awareness of Service and its benefits in form of the amount of

information a customer has about Internet banking and its benefit may have a critical impact on the adoption of Internet banking (Jaruwachirathanakul and Fink, 2005; Al-Somali *et al.*, 2008).

On the other hand, Al-Somali *et al.* (2008) noted that low awareness of Internet banking is a critical factor in causing customers not to adopt internet banking and Katri (2003) concludes that most important factors discouraging the use of Internet banking are lack of Internet access and not having a chance to try out Internet banking in a safe environment, thus not being in a position to access account. According to Gan *et al.* (2006), the previous studies have identified that user input factors are a function of control, enjoyment and intention to use. Control could be described as the amount of effort and involvement required by consumers in electronic banking. Enjoyment is the perceived playfulness and intrinsic value that consumers experience from the utilization of electronic banking and this would also influence the level of satisfaction; as Gan *et al.*, (2006) indicate that when consumers are aware of the availability of electronic banking, they will use adopt, though some may not.

Lichtenstein and Williamson (2006) noted that several Musiime and Ramadhan converging reference domains and theories suggest numerous potential influences on consumer adoption of internet banking including theories of consumer behavior in mass media choice and use, gratification theories, innovation diffusion, technology acceptance, online consumer behavior, online service adoption, service switching costs and the adoption of internet banking. Davis (2003) proposed that customers' intentions to use internet banking can be affected by customers' attitudes toward

using internet banking. When customers have positive attitudes, they are more likely to adopt internet banking and vice versa (Lichtenstein and Williamson, 2006). Eriksson *et al.* (2005) found that customers' attitude are significant factor affecting customer behaviors in accepting or rejecting technology. It was found that the relationship between attitude towards using and usage was significant. Customers' attitudes are a significant factor affecting customer behaviors in accepting or rejecting technology (Davis *et al.*, 1989).

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

Raman *et al.* (2008) said that service as an intangible good appeal differently to each customer and certain extent of service should be achieved in order to satisfy the customer and that the resulting commitment, loyalty and retention are critical

indicators of customer satisfaction. Customer commitment; Power and Associates (2009) note that on average, highly committed customers use more products or services, give more referrals and are much less likely to switch to another bank, compared with customers who have lower commitment levels. Indeed, this view is supported by Casaló *et al.* (2008) who contends that higher levels of website usability might lead to higher levels of consumer's affective commitment to the website as well a direct, positive and significant relationship between.

2.3.7 Customer Satisfaction and its Consequences

Satisfaction has been considered as one of the most important theoretical as well as practical issues for most marketers and customer researchers (Jamal, 2004). Satisfaction reflects a post-purchase evaluation of product quality given pre-purchase expectations (Kotler, 1991). On one hand, within literature on services marketing, satisfaction has traditionally been defined as a cognitive-based phenomenon (Westbrook, 1987). Cognition has been studied mainly in terms of the expectations/disconfirmation paradigm; also known as the confirmation/ disconfirmation paradigm, which states that expectations originate from the customer's beliefs about the level of performance that a product/service would provide (Oliver, 1980).

Many marketing scholars (Tse and Wilton, 1988 Anderson and Sullivan, 1993; Patterson et al, 1997), indicate that customer satisfaction is related to the size and direction of disconfirmation, which is defined as the difference between the post-purchase and post-usage evaluation of the performance of the product/service and the expectations held prior to the purchase (Sharma and Ojha, 2004). On the other hand, other studies (Dube-Rioux, 1990; Homburg *et al*, 2006) have recognized that

the affect experienced during the acquisition and consumption of the product or service can also have a significant influence on satisfaction judgments (Homburg et al, 2006).

Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and product/service to product/service (André, *et al*, 2000). The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return and recommend rate. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products. Organizations of all types and sizes have come to realize that their main focus must be to satisfy their customers (Heskett *et al.*, 1994).

This applies to industrial firms, retail and wholesale businesses, government bodies, service companies, nonprofit organizations and every subgroup within an organization. There is a substantial body of empirical literature that establishes the benefits of customer satisfaction for firms (Heskett *et al.*, 1994). Organizations are increasingly interested in retaining existing customers while targeting non-customers; measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace.

2.3.4 Models of Customer Satisfaction

2.3.4.1 SERVQUAL Model (Service Quality Gap Model)

SERVQUAL is a multi-item scale developed to assess customer perceptions of service quality in service and retail businesses (Parasuraman, *et al.*, 1988). The

approach starts from the assumption that the level of service quality experienced by customers is determined by the gap between their expectations of the service and their perceptions of what they actually receive from a specific service provider (Parasuraman, et al., 1988). Parasuraman, Zeithaml, and Berry (1985) developed the "Gap Model" of perceived service quality. This model has five gaps: Gap 1. Consumer expectation - Management perception gap Gap 2. Management perception - Service quality specification gap Gap 3. Service quality specifications - Service delivery gap Gap 4. Service delivery - External communication gap Gap 5. Expected service - Experienced service Gap One--Positioning Between customer's expectation and management's perceptions of those expectations i.e. not knowing what customers expect The SERVQUAL model proposes five dimensions upon which customers evaluate service quality. These are:

Tangibles – the appearance of the physical facilities and materials related to the service

Reliability – the ability to perform the service accurately and dependably

Responsiveness – the willingness to help customers and provide prompt service

Assurance – the competence of the system and its security, credibility and courtesy

Empathy – the ease of access, approachability and effort taken to understand customers' requirements

The use of perceived as opposed to actual service received makes the SERVQUAL measure an attitude measure that is related to, but not the same as, satisfaction

(Parasuraman, *et al.*, 1988). It is arguably that if the service offered to customers constituents and meet the five dimensions of the service quality model, the customer perception towards the services offered will be positive. SERVQUAL can measure attitude of the customers towards services. Various studies have developed alternatives concepts for service quality, some state that services quality should include three dimensions, like technical quality, functional quality and corporate quality (Gronroos, 1982). Others propose that services quality may be evaluated on the functional dimension, described by five components: tangibility, responsibility, assurance, and empathy (Parasuraman, *et al.*, 1985, 1988). Service quality is determined by the differences between customer's expectations of the services and their perceptions of the service experiences (Parasuraman, *et al.*, 1988).

2.3.4.2 The Kano Model

The Kano model is a theory of product development and customer satisfaction developed in the 1980s by Professor Noriaki Kano that classifies customer preferences into five categories: Attractive, One-Dimensional, Must-Be, Indifferent, Reverse. The Kano model offers some insight into the product attributes which are perceived to be important to customers. Kano also produced a methodology for mapping consumer responses to questionnaires onto his model. The Kano model offers some insight into the product attributes which are perceived to be important to customers. The purpose of the tool is to support product specification and discussion through better development team understanding.

Quality Function Deployment (QFD) makes use of the Kano model in terms of the structuring of the Comprehensive QFD matrices. Mixing Kano types in QFD

matrices can lead to distortions in the customer weighting of product characteristics. For instance, mixing Must-Be product characteristics such as cost, reliability, workmanship, safety, and technologies used in the product in the initial House of Quality will usually result in completely filled rows and columns with high correlation values. Other Comprehensive QFD techniques using additional matrices are used to avoid such issues. Kano's model provides the insights into the dynamics of customer preferences to understand these methodology dynamics.

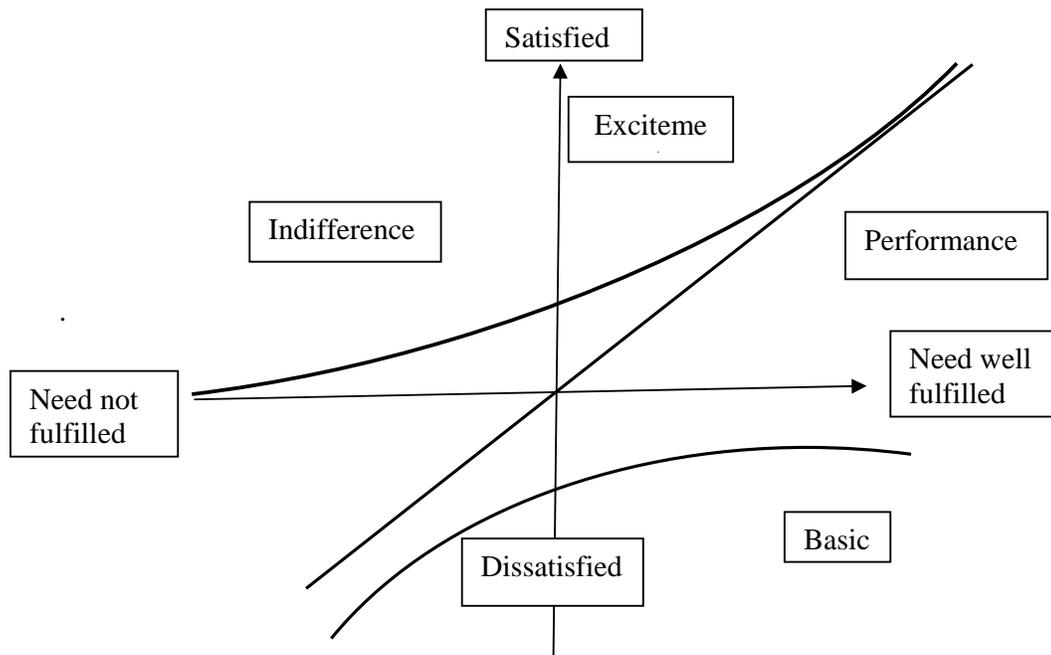


Figure 2.1: Product Development and Customer Satisfaction

Source: Kano Model (1980)

2.3.3 Theory of Planned Behaviour (TPB)

Theory of planned behaviour (TPB) has been successfully used to predict users' acceptance of IT (Amjad and Wood 2009). The theory of planned behavior is a

theory about the link between attitudes and behavior. The concept was proposed by Icek Ajzen to improve on the predictive power of the theory of reasoned action by including perceived behavioural control (Koger and Winter 2010). It is one of the most predictive persuasion theories. It has been applied to studies of the relations among beliefs, attitudes, behavioral intentions and behaviors in various fields such as advertising, public relations, advertising campaigns and healthcare. The theory states that attitude toward behavior, subjective norms, and perceived behavioral control, together shape an individual's behavioral intentions and behaviors (Sniehotta, 2009).

The Theory of Planned Behavior (TPB) helps to understand how the behaviour of people can change. The TPB is a theory which predicts deliberate behavior, because behavior can be deliberative and planned. TPB is the successor of the similar Theory of Reasoned Action of Ajzen and Fishbein (Koger and Winter 2010). The succession was the result of the discovery that behavior appeared not to be 100% voluntary and under control, which resulted in the addition of perceived behavioral control. With this addition the theory was called the Theory of Planned Behavior. According to TPB, human action is guided by three kinds of considerations:

Toward the behavior, subjective norm, and perception of behavioral control lead to the formation of a behavioral intention. As a general rule, the more favorable the attitude and subjective norm and the greater the perceived control, the stronger should be the person's intention to perform the behavior in question. Recently Stern, (2005) investigated Residual Effects of Past on Later Behavior. He came to the conclusion that this factor indeed exists.

- (i) Behavioral Beliefs (beliefs about the likely consequences of the behavior)
- (ii) Normative Beliefs (beliefs about the normative expectations of others)
- (iii) Control Beliefs (beliefs about the presence of factors that may facilitate or impede performance of the behavior).

Ajzen's three considerations are crucial in circumstances / projects / programs when changing behavior of people. In their respective aggregates, behavioral beliefs produce a favorable or unfavorable attitude toward the behavior, normative beliefs result in perceived social pressure or subjective norm, and control beliefs give rise to perceived behavioral control (Koger and Winter 2010). In combination, attitude t cannot be described to habituation as many people think. A review of existing evidence suggests that the residual impact of past behavior is attenuated when measures of intention and behavior are compatible and vanishes when intentions are strong and well formed, expectations are realistic, and specific plans for intention implementation have been developed.

2.4 Empirical Studies

The following is empirical study on different studies concerning the e-banking worldwide, in Africa and in Tanzania.

2.4.1 Empirical Study-Worldwide

Masukujjaman, (2010) conducted a study on quality of Categorized Service and Customer Satisfaction in Banking Industry. The main objectives of the study were to evaluate the customer satisfaction of the service quality and to assess whether bank

services provided by the institutions are satisfactory to Bangladeshi customers especially in term of service categories like general banking, credit banking and foreign exchange banking services. The study also examined empirically the determinants of service quality in Bangladesh. A questionnaire for such purpose was designed and different statistical methods were applied to analyzed the collected data. From the study it was found that the overall service quality in private commercial bank in Bangladesh is moderate, where service quality in general banking services was better than the credit banking services and foreign exchange services though its quality was not too bad.

In addition, top ranked banks had high service quality in all categories of services and the lower raked banks were struggling seriously with credit and foreign exchange services. It was recommended that banks especially the lower ranked banks should give more emphasis on both the credit and foreign exchange banking services. With all the potential of the study, the study failed to incorporate the concept of e-banking and customers satisfaction. However, the study was done in Bangladeshi. This study will be done in Tanzania, specifically to assess e-banking and customers satisfaction in Tanzanian retail banks, the case of Azania Bank.

Shamsuddoha and Alamgir (2010) conducted a study on Loyalty and Satisfaction Construct in Retail Banking in India. This study investigates customer satisfaction as the most important factor behind loyalty in retail banking. Various study showed that satisfaction plays an important role to establish loyal customer base. Their study points out that satisfaction and loyalty relationship was critical for retail banks. Understanding the factors behind loyalty as well as the antecedents of customer

satisfaction was an important issue for academic research as well as for marketing in financial services. The major aim of this study was to identify satisfaction as the major factor behind customer loyalty in retail banking.

The research has been carried out through secondary research and primary research. Survey method were used for primary research. Personal contact approach through questionnaire had been introduced to conduct the survey. The findings reveal that satisfaction and loyalty were related to each other. Moreover, satisfaction has a positive and direct impact on loyalty in banking. The study was loyalty based. The study was good, but failed to study the effects of e-banking on customers satisfaction. This study wants to fill a gap.

Jaspal and Gagandeep (2011) conducted a study on determinants of Customer Satisfaction. The study examine customer satisfaction had been a common practice among banking and finance researchers over the years. The main reason for continued interest in this area of research was the ever changing banking business environment across the world. The objective of the present paper was to investigate the determinants of customer satisfaction of Indian (Universal) banks. Data was collected from a sample of 180 respondents using convenience sampling technique. Factor analysis results revealed that responsiveness, tangibles, services innovation, reliability and accessibility, assurance, pricing and other facilities, problem solving capability and convenient working hours are the main determinants of customer satisfaction. With all the potential of the study, the study failed to incorporate the concept of e-banking and customers satisfaction. However, the study was done in

Bangladesh. This study will be done in Tanzania, specifically to assess e-banking and customers satisfaction in Tanzanian retail banks, the case of Azania Bank

Pikkarainen *et al.*, (2004) in India define internet banking as an "internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments". With the exception of cash withdrawals, internet banking gives customers access to almost any type of banking transaction at the click of a mouse (De Young, 2001). Indeed the use of the internet as a new alternative channel for the distribution of financial services has become a competitive necessity instead of just a way to achieve competitive advantage with the advent of globalization and fiercer competition (Flavián *et al.*, 2004; Gan and Clemes, 2006).

Deemas (2002) studied the satisfaction levels of a sample of customers of the Sharjah Co-operative Society (SCS). The primary part asked the respondents to provide universal background information (e.g., gender, age category, nationality and so on). The next part listed the 21 attributes and asked respondents to specify their satisfactions with each attribute using a 5-point Likert-type scale. The outcomes indicate that UAE nationals and Arabs are the most predominant in their contributions to overall satisfaction whereas non-Arabs are the lowest.

2.4.2 Empirical Studies in Africa

Jiaqin, Mike and Katja (2007) conducted a study on new issues and challenges facing e-banking in rural areas in Kenya. The study described an empirical study of investigation trend and development of the application of e-banking (banking though

internet) in rural areas and its economic impact on local financial institutions. The data were collected through a web-based questionnaire survey. The research objective was to investigate how those smaller and community banks located in rural areas have attempted to catch up with their counterparts in larger cities in terms of the application of e-banking, focusing on emerging issues and challenges. The results indicated that one of the challenges was unavailability of internet services and know how.

Dr. Jiaqin Yang, George College and State University, USA says that while the application of e-banking has advanced significantly during recent years, especially in the developed nations, in comparison, the development of e-banking application has lagged way behind in many developing nations, especially in rural areas. Isaac Awuondo-MD Commercial bank of Africa says that according to some analysts, customers still value personalized and responsive services from their bankers. While the problem of computer illiteracy among majority of the population is still significantly high.

Sonja (2010) did research on the effects of computerization on saving and credit cooperatives in Uganda and found out that technology is likely to increase the efficiency outreach and sustainability of microfinance institutions. Amaoko (2012) in his research on the impact of ICT on banking operations in Ghana, ICT has contributed positively to the provision of banking services and growth of the Ghanaian banking services and growth of the Ghanaian banking industry. Internet banking and e-banking is not yet developed in Ghana. The study recommended that

banks should develop user friendly systems and applications for general population Government and banks should play a key in enhancing ICT infrastructure, put in place incentives like tax reduction, make PC available and affordable for every Ghanian. Financial institutions should offer programs to reassure customer's safety with regards to ICT through sensitization, workshops and support the skills be a central monitoring unit permanently manned by personnel to the operations of all the bank's ATM's so that shortage of funds, occasional shut downs, seizure of electronic cards etc are handled with dispatch. Lastly the banking institutions should also come out with more electronic products and services to reduce the turnaround time of customers, such products will give them the opportunity to sit at the comfort of their homes, workplaces and transact business with the banks.

2.4.3 Empirical Studies in Tanzania

Wise and Ali (2009) argued that many banks in Tanzania want 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 loyalty that in 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 become one of the most important factors in the business economy today.

Bank of Tanzania says that E-banking is revolution by changing the way poor people are spending what they earn by providing them with secure banking. It is also profitable for the companies, known as microfinance institutions, which run the banking systems. The most popular vehicle through which customers can utilize banking services electronically is via mobile phone. The technology allows customers to check and manage their accounts, pay utility bills such as gas and electricity and transfer money between accounts either their own or someone else all on their phone.

2.5 Research Gap of the Study

Despite the growing interest and importance of Internet banking in many financial institutions in Tanzania and the implementation of such innovations in some banks like Azania bank LTD, there has remained low adoption rates among clients and its usage has not brought significant outputs in the way clients become happy with the services offered, and indeed literature indicates that despite such growing interest, no significant studies that have focused on e-banking and more so, customer satisfaction (Baraghani, 2007, Duggirala, Rajendran and Anantharaman 2008). With technology implementation, a new phenomenon in Tanzania's banking sector and many customers has not yet embraced it. This study will be conducted to investigate customer satisfaction on E-banking in Tanzanian banks the case of Azania bank LTD.

2.6 Conceptual Framework

Conceptual framework explained in different ways as follows; a set of coherent ideas or concepts organized in a manner that makes them easy to communicate to others or

an organized way of thinking about how and why a study takes place and about how we understand its activities (Kaplan, 1964). Other author defined conceptual framework as the basis for thinking about what to do and about what it means, influenced by the ideas and research of others (Botha, 1989). A framework can help to explain why a study can be doing a in a particular way. It can also help us to understand and use the ideas of others who have done similar things (Dewey, 1938). Framework can be used like a travel map. In this study a conceptual framework will be designed which derived from customers satisfaction.

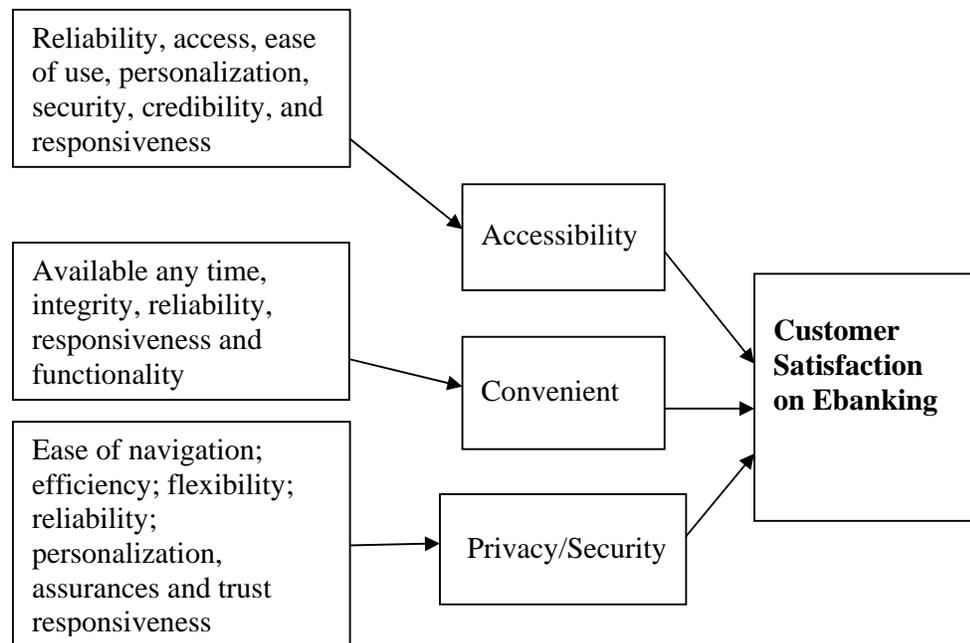


Figure 2.2 Factors Contributes to Customer’s Satisfaction on E-banking

Source: Author’s construction

2.7 Theoretical Framework

This conceptual framework shows a relationship that existing between variables used in the present study. To understand customers satisfaction on E-banking, the

following variables Reliability, access, ease of use, personalization, security, credibility, and responsiveness; Available any time, integrity, reliability, responsiveness and functionality; Ease of navigation; efficiency; flexibility; reliability; personalization, assurances and trust responsiveness.

(i) Dependent Variable

Customer satisfaction on E-banking

(ii) Independent Variable

Reliability, access, ease of use, personalization, security, credibility, and responsiveness; Available any time, integrity, reliability, responsiveness and functionality; Ease of navigation; efficiency; flexibility; reliability; personalization, assurances and trust responsiveness.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents research design that was used in the research process as well as providing the reasons why the selected methods were used. It starts with the introduction, the chapter continues with the research design, area of study, the target population sample as well as sampling methods and sample size. Furthermore, the chapter covers the types of data and data collection procedures and goes on present the data management strategy and data analysis and interpretation.

3.2 Research Design

Research is the study of materials, sources, and data in order to get conclusions (Kothari, 1990). Research Design is the conceptual structure within which research is conducted, the basic plan guides collections, measurement and analysis of data (Botha 1989). It is the framework that specifies the types of information to be collected, source of data and data collection procedure. A good design will make sure that the information gathered is consistent with the study objectives and data are collected by accurate and economical procedure (Kothari, 1990). This study was conducted using technique of qualitative and quantitative research. The study used various instruments of data gathering such as questionnaires, documentary review and interview questions in order to collect quality and reliable data.

3.2 Area of the Study

The study was conducted at Azania Bank. Selection of Azania Bank was based on the fact that Researcher is aware with Azania Bank, so it was easy for data

collection. Additionally, selection of Azania Banks is also based on the fact that the Bank is among the Tanzanian Banks which is fully computerized with modern E-banking facilities modules and that has adopted e-banking system for years now.

3.4 Target Populations

Population is a group of individual who have one or more characteristics in common (Kothari, 2000). The targeted population in this study was management and customers of Azania Bank. The management and customers of Azania Bank were the key population of this study.

3.5 Sampling Methods and Sample Size

The convenient sampling procedure was employed. A convenience sample is a sample of study subjects taken from a group which is conveniently accessible to a researcher. The advantage of a convenience sample is that it is easy to access, requiring little effort on the part of the researcher. The disadvantage is that it is not an accurate representation of the population, which can skew the results quite radically.

In fact, convenience sampling is regarded as a form of sampling bias, meaning that the results from this study conducted with such a sample cannot be generalized to the population as a whole or to other retail banks in Tanzania or in other Countries. The study involves 3 managers and 200 Customers of Azania Bank. In total, (50) fifty questionnaires were administered to different respondents. However, from the selected sample size and questionnaires distributed only 48 respondents completed and returned the questionnaires.

Table 3.1: Sample Distribution

Category of Respondents	Sample Size	%	Sampling Method
Managers-E-banking, ICT and Customer relationship	3	1.5	Purposive
Middle Level staff involves in E-banking operations	12	6.0	Purposive
Head office (Azania) E-banking operative staff	5	2.5	Random
Customer relationship officers attending walk-in-customers	5	2.5	Purposive/Random
Customers who come for services	100	50.0	Purposive/Random
Other stakeholders	75	37.5	Purposive/Random
TOTAL	200	100	

Source: Researcher data

3.6 Data Collection Methods

This study employed both secondary as well as primary data. Primary data was gathered by means of questionnaires and semi structured interview questions. Semi structured interviews was conducted for the management, middle level and operative staff of Azania Bank who directly involved in facilitating E-banking services. Also customers and other stakeholders were approached for the same. Secondary data was obtained from document review. Also, the use of Internet was of great help in obtaining some information. However, documentary analysis was used to collect data for the study. A number of other sources were received including past research

papers, published reports, and journals, textbook, and international reports. This helped to see what others say about the subject matter, what are their findings and recommendations. A number of interview questions was used to collect data through oral or verbal communication between researcher and respondents. These questions include structured and unstructured questions. This instrument is quite flexible, adaptable and can be applied to many people and information can be obtained in detail.

3.7 Data Collection Tools

3.7.1 Interviews Questions

Interview is a method of collecting information through oral or verbal communication between the researcher and the respondents. Interviews were facilitated by interview research question instruments. Interview method was chosen because it is quite flexible, adaptable and can be applied to many people and information can be obtained in detail and well explained. Data which was collected from interviews was regarded as primary data for the study.

3.7.2 Questionnaires

A questionnaire is a research instrument and consists of a group of questions designated to elicit information from an informant to a respondent. Questionnaires are inexpensive way of gathering data from large number of respondents and are only feasible way to reach a number of reviewers large enough to allow a statistically analysis of the results. A well-designed questionnaire can gather information well from the organization and as well as specific information on specific matter studied.

3.7.3 Documentary Review

Documentary review is a process of reading various extracts found in offices or places dealing with or associated with the issue related to what the researcher is investigating (Botha 1989). Documentary review schedule was designated in order to ensure that all important documents are available for the exercise. Documentary analysis was taken as secondary data for the study.

3.8 Analytical Tools of the Research

Data analysis was conducted using qualitative and quantitative approach. Descriptive data analysis is a systematic process involving working with data, organizing and dividing them into small manageable portions. Analysis was done based on the research objectives which are being presented according to the research objectives. Quantitative data was analyzed using simple descriptive statistics in terms of percentages and frequencies. Qualitative data analysis was done using matching of information, explanation building and comparison to establish reasons on what has been observed at the case. Data was presented using table, figures and diagram

3.9 Reliability and Validity of Data

Validation was done so as to ensure if instruments to be used in collecting data enabled to collect the information needed. The validation was done by collecting list fisting and opinions from my supervisors. The questionnaires which are drafted were piloted in Azania Bank. Therefore the collected data was trustworthy because respondent involved was either from those who directly working in respective departments, who supervises the operations and customers who uses the services.

Not only that, but also the OUT Supervisors was involved to the field critique and corrects the tools to be used in the field.

3.10 Ethical Consideration

This study was conducted in a good manner while considering personal values. A researcher only deals with the subject matter whereas it observed and keeps all issues outside the study at the field. The responsibility of ensuring that a respondent is respected was the order of the day and thus personal matters were avoided to the great extent.

CHAPTER FOUR

4.0 PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter presents a detailed discussion of the study and interpretation around them in line with the specific objectives. The chapter presented description of the respondents' profile. The chapter also presents the factors which enhances the adoption of E-banking in Tanzania, the Customers perception on E-banking in Tanzania, the impact of e-banking functionality on the satisfaction outcomes, risks of using of E-banking in Tanzania, the accessibility of E-banking to bank customers in Tanzania, on whether E-banking is convenient to ordinary bank customers in Tanzania and whether E-banking is secure enough for E-banking customers in Tanzania

4.2 The Profile of Respondents

4.2.1 Sex

Respondents were asked to indicate their gender. Researcher was interested in collecting information on gender issue in order to know gender balance. Results were presented in Table 4.1.

Results shows that, it involved Students, Businessmen and other Customers. Results shows that (38%) of Respondents were Students, (28.7%) were Businessmen and (33.5%) were other customers. In general there were (58.5%) males and (41.5%) females. These findings show that Azania Bank had different customers include

students, businessmen and other customers. This implies that user of Azania Bank varies regardless of their status. These findings as well were supported by the study done by Gakure on factors affecting women entrepreneurs. The findings of his study discovered that businessmen uses bank accounts to facilitate their activities in business.

Table 4.1: Distribution of Respondents by Region and Sex (N=200)

Category	Sex				Total	
	Male		Female		n	%
	N	%	n	%		
Students	46	23	30	15	76	38
Businessmen	27	13.5	30	15	57	28.5
Other Customers	44	22	23	11.5	67	33.5
Total	117	58.5	83	41.5	200	100

Source: Field data

4.2.2 Respondent's Education Level

Respondents were asked to state their highest level of education they had attained. Particularly they were to select from a given list comprising various level of education as per the Tanzanian education system. A researcher was interested to know the bank individual customers' education level. The results is presented in Table 4.2.

Results revealed that respondents had different level of education results showed that (28.5%) had less or equal to standard seven, (10.5%) had secondary education, (19%) had certificate in any training, (16.5%) had diploma, (10.5%) had first degree, (8.5%) had master degree and (6.5%) had PhD. The highest levels were observed to be those with less or equal to standard seven followed by those with certificate in

any training. The lowest number were those with PhD. These findings show that customers differ in education level from those with high level of education to lower ones. These findings were supported by the study done by Chi, Yeh and Jang (2008) on the effects of service quality, customer perceived value, and customer satisfaction on behavioral intentions. Findings of their study revealed that user of e-banking in Tanzania different level of education.

Table 4.2: Distribution of Respondents by Level of Education (N=200)

Category	Frequency	Percentage
Less or equal to standard seven	57	28.5
Secondary Education	21	10.5
Certificate in any training	38	19
Diploma	33	16.5
First degree	21	10.5
Master degree	17	8.5
PhD	13	6.5
Total	200	100

Source: Field Data

4.2.3 Respondent's Ages

Age of respondents in using banks services is an important factor this study. Therefore, respondents were required to state their ages from the given options which include; 18 – 25, 26 – 35, 36 – 45, 46 – 55 and above 56. The results were presented in table 4.3.

Results in table 4.3 indicates that age of respondents differs. It was revealed that out of 200 Respondents, (36.5%) were between 18 – 25 of age, (18.5%) were between 26 – 35 of age, (19%) were between 36 – 45 of age, (12.5%) were between 46 – 55 of age and (13.5%) were above 56 of age. These findings show that the lowest ages

were observed to be between 46-55. However, the highest age were observed to be of those with 18-25. Furthermore, these findings show that the highest ages were between 18 to 35 years that are the ages of most students. These findings were supported by the study done by Thomas, Teneketzis and Mackie (2002) on Market-Based Approach to Optimal Resource Allocation in Integrated-Services Connection Oriented Networks. Findings of their study confirm the findings of this study that students a major user of banks.

Table 4.3: Distribution of Respondents their Ages (N=200)

Interval of ages	Number of the respondents	Percentages of the respondents (%)
18 - 25	73	36.5
26 - 35	37	18.5
36 - 45	38	19
46 – 55	25	12.5
Above 56	27	13.5
Total	200	100

Source: Field Data

4.2.4 Experience with the (Azania) Bank

Respondents were asked to state their experiences on working in Azania Bank. They were asked to choose from the range of experiences in years such as; less than a 5 years; 6 - 10 years; 11 to 20 years and above 21 years. Results were presented in Figure 4.1 where by Y axis represent percentages of respondents and X axis represent experiences in years.

Results in Figure 4.1 revealed that out of 200 respondents; (18%) had experience of less than 5 year, (16%) had experience between 6-10 years, (46%) had experience between 11-20 years and (20%) had experience above 21 years. The highest numbers of respondents were observed to be those with experience between 11-20 years followed by those above 21. However, the lowest numbers of Respondents were observed to be those between 6-10 years. These findings show that customers have enough experiences with the bank. This implies that researcher will be working with experiences respondents of the bank. Therefore, there is a possibility of getting reliable data.

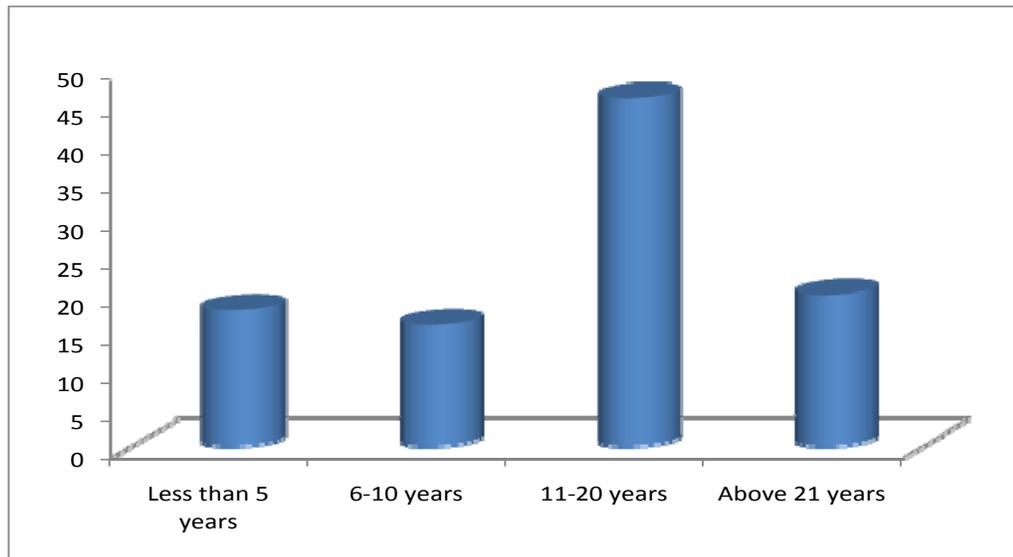


Figure 4.1: Respondent's Ages

Source: Field Data

4.3 Factors which Enhances the Adoption of E-banking in Tanzania

Under objective one, study sought to investigate the factor which enhances the adoption of E-banking in Tanzania. Respondents were asked to indicate their feeling

on the factors which enhances the adoption of E-banking in Tanzania. Results were clustered and presented in Figure 4.2 where by Y axis represent percentages of respondents and X axis represent different opinions.

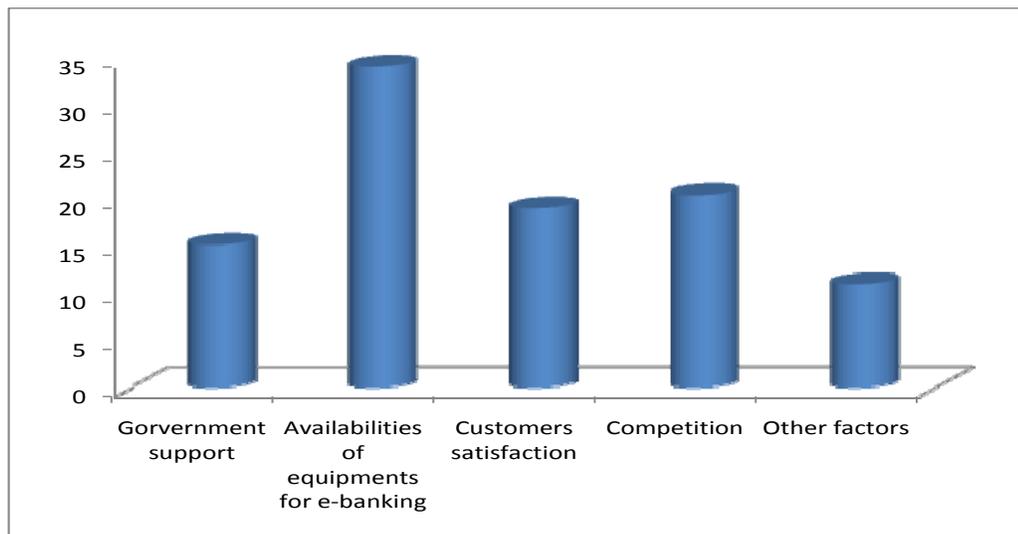


Figure 4.2: Factors causes Azania Bank to Adopt E-banking

Source: Field Data

Results in Figure 4.2 revealed that Customers has different feelings on the factors causes Azania bank to adopt E-banking system. It was noted that out of 200 Respondents (16%) indicated that it was Government support which made Azania bank to adopt E-banking. (34%) indicated that it was availabilities of the equipments for E-banking which made Azania bank to adopt e-banking system, (19%) indicated that it was customers satisfaction on their needs made Azania bank to adopt, (20%) indicated that competition with other bank motivates Azania bank to adopt e-banking and (11%) indicated other factors such as perceived ease of use and perceived usefulness have a direct influence on the adoption of internet banking in Tanzania.

Results have also indicated that both trust and security aspects are deemed crucial factors to explaining internet banking adoption in Tanzania. Further level of education and income level of respondents may be a major determinant in influencing the adoption of internet banking. These findings show that Government support, availabilities of equipments which supported e-banking, customers satisfaction on needs, competition with other Banks and other factors such as perceived ease of use and perceived usefulness, trust and security and education and income level of respondents are the main factors causes Azania bank to adopt e-banking system. These imply that competition with other Bank on introduced E-banking would make more customers to go to other banks if Azania Bank has not introduced the system.

These findings were supported by the study done by Al-Ani kotabi (2005) on Electronic banking and the most important applications. The findings of their study revealed the same results. The findings of their study revealed these two main factors were also identified as an E-banking adoption influencing factors in Tanzania. Their results indicated that only competitive forces as a factor driving their banks to adopt E-banking.

4.4 The Customers Perception on E-banking in Tanzania

Under objective two, study sought to investigate the customers perception on E-banking in Tanzania. Respondents were asked to indicate their feelings on customer perception of E-banking in Azania bank. Results were clustered and presented in Figure 4.3 where by Y axis represent percentages of Respondents and X axis represent level of satisfaction.

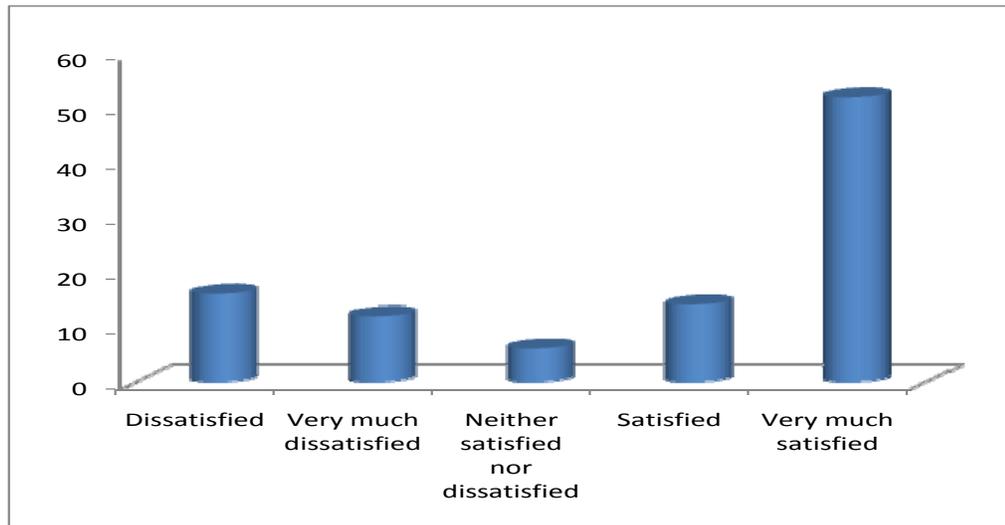


Figure 4.3: Level of Satisfaction of Customers on e-banking

Source: Field Data

Results in Figure 4.3 revealed that Respondents differ on the level of satisfaction on e-banking. It was revealed that (12%) of Respondents indicated very much dissatisfied, (52%) very much satisfied, (16%) dissatisfied, (14%) satisfied and (6%) were neither satisfied nor dissatisfied. These findings show more than 60% of customers were satisfied with e-banking system in the Azania Bank. However, it was discovered that Comfortability of customers is also another factor associated with the use of E-banking products. The study indicated that (90%) of respondents were very comfortable with the use of E-banking products. However, (10%) of respondents mentioned that they do not. The comfortability derive from E-banking usage lessen time spend for banking. Customer satisfaction is a key to a development of a facility. Azania bank has customer service department where the needs of customers are channeled and address. This applies to all the E- banking products. Therefore it is not surprising to show that customers were very satisfied with the E-banking products they are using.

Electronic Banking reduce workload on banks and enable banks to improve customer services, the latter has served as a relief to bankers in providing services to its customers, instead of having all individuals into the bank for inquiry or deposit of cheques, customers can now discharge all these duties through electronic banking. Ones electronic banking accounting provides a room to view a number of cheques that one has written in a month. With this access it is easier to catch fraudulent activity in ones account before much of damage is caused to funds in the account. Electronic banking offers a great deal more convenience than someone could get from a conventional bank: this is to mean an individual or customer is not bound by 'banker's hours'. Time is not wasted when have work to do because he can do the office's banking without leaving the office. No matter where he are or what time it is, can easily manage your money.

Electronic Banking cost less than a normal bank in which much of labour and a number of facilities are required to meet expected demands by the customer, by electronic banking lesser building are needed as transaction are carried out via mobile phones, ATMs. Inculcate a saving culture in the society; most banks have designed and continue to design various savings products tailor-made for specific market segments. The introduction of Mobile banking, the m-banking/mobile phone banking such as M-Pesa and Tigo Pesa have increased the speed of money deposits and transfers via the use of electronic banking run by these companies both in urban and rural areas.

The data analysis on e-banking service quality showed, that the tangibles aspect, which is related to the physical facilities and appearance of the website to provide

the service, and the empathy aspect, that is related to the caring and individualized attention of the service provider, have little positive influence on customers satisfaction to continue dealing with e-banking services. The findings show that the reliability aspect was shown to have the highest value with an average, indicating its positive influence on the customers' satisfaction. This result is consistent with the findings of Al-Ghamdi, (2009) on investigating Factors Affecting Customers of Using Internet Banking.

Overall, the results of the current study indicated that that e-service quality with its five dimensions has an influence on customers' satisfaction and their continuity to deal with such services, which was previously, confirmed by ALSamydai, Mahmud , jasim and Rudaina ,Othman Yousif (2005) on Electronic banking: Appearance, development and applications findings. Regarding to the personal factors, it was found that the personal needs, trust and experiences have a positive impact on the customers' satisfaction and their continuity to deal with e-banking service, which is consistent with previous research conducted by Beh Yin Yee and Faziharudean (2010) on A Study on the Determinants of Customer Loyalty using Internet Banking Websites in Malaysia. As for the habit factor, the result of the current study found that the respondents have considered such factor to have no positive influence on their satisfaction and continuity to deal with e-banking services, which is inconsistent with Beh *et al.*, (2010) findings. That is, Beh *et al.* (2010) found that the habit factor has a positive influence on customers' satisfaction.

Finally and regarding the personal experience on customers' satisfaction and continuity to deal with e-banking services. The current study also found that the

perceived usefulness has a positive impact on the customers' satisfaction and their continuity to deal with e-banking services, and this result is consistent with Beh and Faziharudean (2010) assertions. Moreover, customers' satisfaction was found to have a positive influence on consumers' continuity to deal with e-banking services and this is consistent with ALSamydai, Mahmud , jasim and Rudaina ,Othman Yousif (2005). The findings of the current study showed that the continuity to deal with e-banking services is a result of the customer's satisfaction with the banks as well as the ease of use and minimizing the time and efforts which result from using e-banking services.

In conclusion, this study is considered valuable to the Tanzanian banking sector as it provides a unique and significant managerial and practical contribution as it has not only focused on the quality of services of e-banking as the only factor influencing customer satisfaction and continuation to deal with such services, but it also incorporated different personal factors including knowledge, needs, trust, habit and the personal experience as well as perceived usefulness as major factors influencing Tanzanian consumers' satisfaction and continuity to deal with Tanzanian e-banking services.

4.5 The Impact of E-Banking Functionality on the Satisfaction Outcomes

Under objective three, study sought to investigate the impact of e-banking functionality on the satisfaction outcomes. Respondents were asked to indicate their feelings on the impact of e-banking functionality on the satisfaction outcomes. Results show that the times spent by individual respondents with regards to the use

of E-banking facilities were differing. The results indicated that (60%) of respondents stated that they actually spend less time using E-banking whiles (18%) mentioned they rather spend more time using the E-banking system. Nevertheless, less time is actually spent using E-banking products. For instance requesting account details from Microfinance Bank requires only a few minutes (less than 5 minutes) for the information to be deliver onto the customer's phone. According to the result, most respondents (22%) said they spend less time and the service provision using E-banking was of the satisfaction in comparison with the manual one. Customers do not require a lot of time using E-banking products.

Table 4.4: Responses on E Banking Functionality and Customer Satisfaction

Response	Number of Respondents	Percentage
The time spent was relatively low comparing with their outcomes (1-5 minutes)	30	60
The time spent was relatively longer comparing with their outcomes (10 minutes and above minutes)	9	18
The service provision are in conformity of customer service satisfaction	11	22
CALCULATED SCORES	50	100

Source: Researcher Data

Financial industry is a heart of every robust economy, if it collapses so will the economy and it is absolutely evident from current recession in UK, and in turn, Information Technology has become the heart of banking sector. Investment and reliance in e-banking innovation by its providers to offer their services makes it essential to understand how various aspects of consumer behaviour affect the

innovation and respond to service quality. Since increased adoption of internet as a delivery channel contributes a gradual reduction in overhead expenses Marketing, IT and Staff. These findings of the impact of e-banking on banks' performance to examine if banks have successfully achieved customer's satisfaction, by providing high level of quality service through online delivery channel, besides operating cost minimization and revenue maximization.

These findings were supported by the study done by Guriting and Ndubisi (2006) on Borneo online banking: evaluating customer perceptions and behavioral intention. The findings of their study revealed that e-banking has effects on time saver. These also were supported by the findings done by Hinson, Mohammed and Mensah (2006) on Determinants of Ghanaian bank service quality in a universal banking dispensation. These findings as well were supported by the findings done by Hume, Margee and Sullivan Mort, Gillian (2008) on Satisfaction in performing arts: the role of value? The findings of their study revealed that satisfaction of customers depends on the attainment of the customers needs. These were also supported by Jun and Cai, (2001) on the key determinants of Internet bank service quality: a content analysis', International Journal of Bank Marketing. These findings were also supported by Khalifa and Shen (2005) on the effects of Electronic Customer Relationship Management on Customer Satisfaction.

4.6 Risks of using of E-banking in Tanzania

Under objective four, study sought to investigate the risks of using of E-banking in Tanzania. Respondents were required to provide their opinions on risks of using of E-banking in Tanzania. Results were clustered and presented as follows;

Table 4.5: Respondent on Risks related to E-banking

Risk Level	Operational Risks		Legal Risks		Reputation risks		ICT risks	
	Frequency	Percent	Frequency	Percent	Frequency	percent	Frequency	percent
High risk	43	90%	39	81%	38	80%	40	83%
Average/Normal risk	5	10%	7	15%	5	10%	8	17%
Less risk	-	-	2	4%	3	6%	-	-
Tolerable risks	-	-	-	-	2	4%	-	-
Total	48	100%	48	100%	48	100%	48	100%

Source: Field data

Operational risks: E-banking has some special characteristics that lead to increased and changing risks considered traditional banking activities. These characteristics are extraordinary speed of change in technology; open and global nature of electronic networks; integration of electronic banking with the core of banking; increasing dependence of banks from third parties, which develops software applications necessary to run the e-banking. Due to rapid changes occurring in technology, banks are faced with specific risks of electronic banking and electronic money activities

Legal risks: Appears through the non compliances with the laws, rules, regulations or practices prescribed or where the rights and legal obligations of the parties participating in a transaction are not set correctly. Non divulgence or secrecy is the duty of the banker to his customers account; if electronic banking is misused by its agents or employees who are at the exposure of one's account status and disclose such information to the public or his competitors then the bank shall be liable. As

such involvement of independent contractor who are equipped with ICT knowledge is the other legal challenge, such personnel at times tend to use such knowledge to steal from various accounts.

Reputation risks: Is the risk due to a significant and negative public opinion which consists of a critical loss of the funds or bank's customers. Reputation risk can occur when the bank fail to fulfill critical functions. Continuous loss of money by fraud via internet or through the use of the Automated Teller Machines may cause destruction of the banks reputation henceforth its demise, as customers would always wish for a secured place to trust for the deposit of their funds. The pending case at kisutu involving Two Bulgarians Nedko Lazarov Stancev and Stella Peteva Nedelcheva, the accused are said to have been nabbed in the process of stealing a total of 70m/- from various customers' accounts through ATMs in Dar-es-Salaam banks. The incident is believed to be part of a rising wave of similar cases of cyber crime that has hit banking institutions in different parts of Tanzania in recent months.

Security codes control challenges, it is argued that electronic banking ubiquitous thus anyone can transact at any time from any place, this in turn is a challenge on the whole question of protection of customers account or information, a mere knowledge of ones code which serves as ones identity transacting via electronic means entail if someone else has your codes, they can transact on your account as if they were you. Electronic Banking is challenged by cyber crimes, as one can maneuver the whole aspect form a distance and become unrecognized acts of phishing in which one creates an email in the name of the financial Institution and deliver it to customer,

would cause a serious challenge by giving out information which are used to draw money from a person's account. The latter challenge is with individuals who would steal by creating website resembling that of ones bank and attain data that enable him take someone money as if he is the real owner.

A legislative Framework appropriate for electronic banking; the other challenge is with the current legal system on electronic banking, it does not provide for adequate safeguards to create an environment of trust for electronic banking. And consequently institutions cannot set up related provisions to support electronic transactions of their own. In the words of (Mambi) "while one would expect the accused to face cyber crimes or computer crime charges, the accused faced three counts of economic sabotage". All this is the result of lack of cyber laws in the country to address cyber crimes.

Traditional Market Mechanism as a challenge; the continued use of traditional market mechanism such as the use of actual currency remains a challenge in the country on electronic banking, various literatures support that the promise of electronic commerce, banking swinging in has been recognized in Tanzania, but the fact is that it has not been realized at the rate which policy documents of the country claim.

Convertibility of electronic currency as challenge: Electronic banking is faced by the challenge on its payment mechanism, electronic payment system operation which suffers from lack of convertibility of electronic currency. The balance in any electronic cash account is not convertible like cash without the help of an

intermediating third party. In Tanzania consumer's response on the use of e-banking is low as compared to the developed countries, transactions are still carried in terms of cash payment, at Institutional and large office cheques have continued to dominate payments. Much of risks associated with the use of electronic banking, lack of sufficient and guaranteed technology, absence of a great deal of statutory protection on these transaction such as electronic payments, electronic transfers have remained unreliable in the country, of a great impact is lack of enough knowledge on electronic banking as the largest part of the country's population cannot meet the costs of technology neither do they have the fundamental links to the use of the latter and how risk of spishing and spoofing could be avoided.

4.7 The Accessibility of E-banking to Bank Customers in Tanzania

Under objective five, study sought to investigate the accessibility of E-banking to bank customers in Tanzania. Respondents were asked to indicate their feelings on the accessibility of E-banking to bank customers in Tanzania. It was discovered that an accessible product or service is one which can be used by all its intended users, taking into account their differing capabilities. A user's ability to make inputs and perceive outputs may be impaired. This can be either permanent or temporary and may be due to various physical, mental or environmental conditions. The majority of respondents (94%) show ability on using the system without problems.

It was further revealed that a service delivered through information technology will be accessible to the widest possible audience if the following conditions are met: all users are able to perceive and understand the controls, instructions and output, all

users are able to reach and manipulate the controls, inputs and outputs, the user interface is consistent across functions, devices and repeated use, for users who still cannot use the service, an equivalent alternative service is available. The controls, instructions, inputs and outputs might include such things as buttons and keys, the labels that indicate their function, identification cards, menus and prompts, displayed information, delivered outputs such as money or tickets, audible warning beeps and indicator lights. There few responded to have thorough knowledge and commands only 4% of the total response.

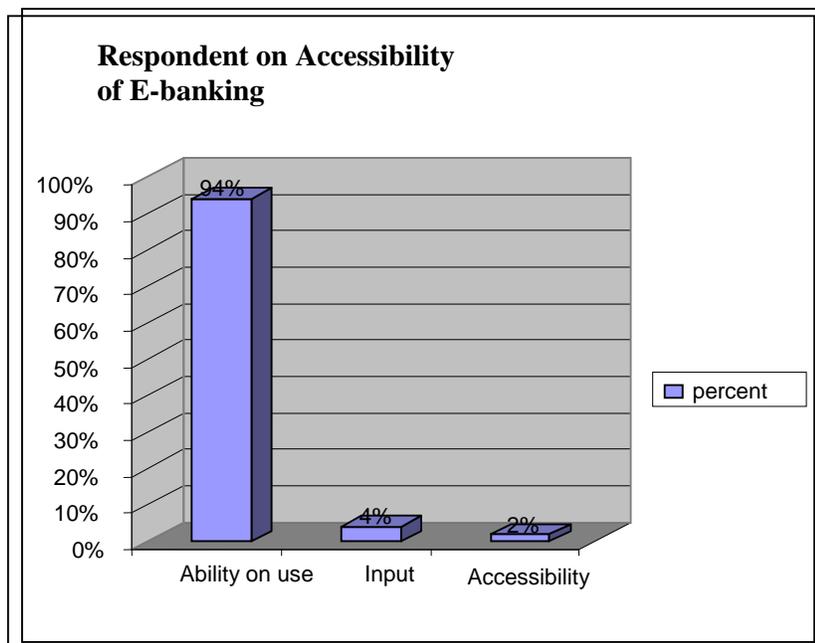


Figure 4.4 Accessibility of E-banking

Source: Field data

The findings further revealed that increased accessibility brings benefits for users, producers, service providers and society at large. Users benefit from being able to use the product or service more effectively, increased independence, inclusion in

society and better employment prospects. Producers benefit from compliance with the purchasing requirements of public and corporate customers, additional selling points for end users. Service providers benefit from maximizing the number of customers and reducing the need to provide expensive alternative channels for customers who do not have access. Society at large benefits through the inclusion of more citizens in the democratic process, increased numbers in the workforce and less spending of public money on care services. Accessibility is inclusive. By focusing on the needs and abilities of all users in all situations, it aims to include more of the users more of the time.

In this study the general term accessibility has different meanings. Web accessibility means that people can use the Web. More specifically, Web accessibility means that people can perceive, understand, navigate, and interact with the Web, and that they can contribute to the Web. Also few would be able to differentiate and this entails a knowledge gap by users and it had only 2%. Web accessibility also benefits others, including older people with changing abilities due to aging. First of all, it must be clear that many people can be led to read from the average Web user as he is usually seen.

4.8 E-banking is Convenient To Ordinary Bank Customers in Tanzania

Under objective six, study sought to investigate whether E-banking is convenient to ordinary bank customers in Tanzania. Respondents were asked to indicate whether E-banking is convenient to ordinary bank customers in Tanzania. Results revealed were presented as follows:

Table 4.6: Contributory Factors to Convenient E-banking

Response	Position of percentage	Position
Location/Access	15	4
Speed of services	20	3
Assortment/availability	25	2
Associated price and business Environment	40	1

Source: Researcher Data

Location/Access; location is obviously the key convenience success factor and for the customers the location must be close to where they live, where they work, or on their normal route to and from home or work. In addition, the location, to be really convenient, must have easy access and egress, and convenient parking spaces for customers who to get the money by also to and to get in and out quickly. The right location provides both convenience and value. Location of most of ATM are close to the people and the Bank is continue trying to outlet more.

Speed of Service: In an environment where the consumers are always pressed for time, convenience and value are both provided when the Bank is easy to get the money, where the customers can easily locate what they what to buy, and they can get fast, efficient and friendly service. The speed of the services where money can be taken is higher:

Assortments/Availability; for most product categories consumers have sure of the availability of sizes that they want to purchase and that they expect a good convenience to carry. In any case, to provide convenience they must not only carry

these best selling but they must be in-stock at all times. Inconsistency in with in-stock position is as damaging as not carrying the products at all. The availability of money in ATM is limited. Customers were not allowed to take more than the required money settled by the Bank.

Price; Price is a key component of value, but value for money spent is probably a more important consideration. Generally, most research on consumer attitudes on the convenience business has shown that consumers expect to spend a little more when they purchase products in a convenience store, and for the most part they do not mind. They can justify a small convenience premium because it is close, convenient, they are saving precious time, and if the store is clean, friendly and has the products they want. If however they feel that they are being gouged by high prices then they are turned off and value disappears. In this case the charges of E-banking must be reduced to copy with challenges facing customers on facing e-banking.

Environment; Increasingly today the store environment plays an important role in the consumer's perception of value, as more and more up-dated and modern convenience stores appear in the marketplace. If the store is clean, bright, uncluttered and easy to shop, the staff appears friendly and interested, and the store offers a wider range of convenience products and services, the consumer is more willing to patronize it more frequently. If however, the store is old, tired, dirty, cluttered, etc., the store will probably only be used for emergency purchases. For the case of ATM, there is a need to be in clean environment, situated in good environment and easy to reach. The reality is that convenience are tightly linked where convenience is more

than just location, value is more than just price, and making the best use of precious time is a consumer imperative.

With an increasing number of consumers utilizing the global marketplace of the E-banking, convenience has become one of the primary factors for spending digitally. Shoppers are forsaking brick-and-mortar retailers where they have to scour through racks and shelves while often dealing with insolent salespeople in favor of just typing a few keywords and instantly having the ability to make purchases from anywhere in the world. When designing and developing e-commerce site, the assumption should be that the customers are online because they have limited time; they want to find items quickly and easily; and they often have a specific need for a certain product. Accept credit cards and as many other forms of payment as possible. There is little to be gained if they launch a great site and then ask for payments to be mailed to them in the form of a check or money order. It is better to wait for the merchant account to be approved before going live prematurely.

4.9 E-banking is Secure Enough for E-banking Customers in Tanzania

Under objective seven, study sought to investigate the whether E-banking is secure enough for E-banking customers in Tanzania. Respondents were asked to state whether E-banking is secure enough for E-banking customers in Tanzania. Results were presented as follows; the finest benefit of Internet banking possibly is based on the truth that clients are no more needed to hold back in individuals lengthy and wearisome queues from the banks to request an economic transaction or statement. Another essential benefit of Internet banking is it makes the opening of the account

quite easy and simple and with little documents. Exactly the same versatility could be observed whilst closing a merchant account. Customer may also make an application for bank financial loans without personally going to any nearby branch of the bank.

Table 4.7: Response on Advantage and Disadvantages of using E-banking

Item	ADVANTAGE		RISKS		Remarks
	Scores	Percentage	Rank	Percent	
Time management	10	13.0%	4	0	Maintain
Easy to operate	7	9.0%	5	0	Advance
Convenient in processing	15	19.5%	2	0	Improve
Fast and reliable	30	39.0%	1	0	Improve
Real time services	15	19.5%	2	0	Maintain
Computer hackers	0	0	High	55%	Improve
Cyber crime/terror	0	0	High	45%	Improve
Total	77	100%	48	100%	Above average

Source: Field data

It was also found that conventional banking happens to be slow and time intensive, a lot to ensure that sometimes have to wait several hours to process an easy transaction like clearing a cheque. But, e-banking banking has greatly reduced time needed to process banking transactions, therefore making banking faster and convenient. It was also noted that for those bankers this technique is cost-effective, since it has substantially reduced the administrative costs and documents associated with the

transactions. Besides, banks may also focus on the requirements other clients simultaneously. Each one of these factors has considerably elevated the income of business banks by lowering their operating costs. It has enabled these phones offer acceptable rates of interest on checking account and charge cards.

It was further noted that by using e-banking, someone have access to any specifics of the bank account and transactions, whenever during the day; which means that they have no more need to rely on the work hours of the bank to acquire information. Therefore, they are able to regularly monitor the bank account in addition to keep an eye on financial transactions, which may be of immense assist in discovering any fraudulent transaction. Additionally for this, fund transfers, both national and worldwide, also have become faster and convenient with Internet banking.

Nowadays, they are able to transfer funds in one account to a different inside a couple of minutes. It is simple to execute stock buying and selling, swapping bonds along with other opportunities by using Internet banking. All of these features make e-banking ideal for those who make numerous financial transactions every day. Additionally to availing banking facilities for twenty-four hour each day, may also receive other information regarding banking guidelines, interest rates offered on various kinds of accounts and thank for needed in performing various transactions. With information they are able to compare the expertise of different banks and choose the one which satisfies the own needs and needs.

However, there might be some serious disadvantages of Internet banking, of that the safety of the money is an essential one. So while availing the facilities of Internet

banking, they need to be careful to guarantee the security of the computer and private information such as the password, user title and flag of the money. Otherwise, they might be a victim of computer hacking, be responsible for unauthorized utilization of the bank account by computer cyber-terrorist. Though banks have developed several safety measures, the clients will also be needed to become a little careful to make sure safety and security of Internet banking.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter is organized into five major sections. Section 5.1 provides introduction to the chapter, section 5.2 highlights the summary of study findings and section 5.3 provides the overall conclusion to the study. Section 5.4 highlights the recommendations and last section 5.5 points out suggestions of areas for further studies.

5.2 Summary of the Main Findings

The findings of this study revealed that there were (58.5%) Males and (41.5%) Females. It was observed that the highest levels were observed to be those with less or equal to standard seven followed by those with certificate in any training. The lowest number were those with PhD. These findings show that Customers differ in education level from those with high level of education to lower ones. However, the highest age were observed to be of those with 18-25. Furthermore, these findings show that the highest ages were between 18 to 35 years that are the ages of most students.

The highest numbers of Respondents were observed to be those with experience between 11-20 years followed by those above 21. However, the lowest numbers of Respondents were observed to be those between 6-10 years. These findings show that Customers have enough experiences with Microfinance Bank. This implies that Researcher will be working with experiences Respondents of the Bank. Therefore, there is a possibility of getting reliable data.

It was revealed that there were different factors causes Azania bank to adopt E-banking system such as Government support, availabilities of the equipments, customers satisfaction on their needs, competition with other bank perceived ease of use and perceived usefulness, trust and security aspects are deemed crucial factors to explaining internet banking adoption in Tanzania and level of education and income level of respondents may be a major determinant in influencing the adoption of internet banking. It was also revealed that more than (60%) of customers were satisfied with e-banking system in the Azania Bank. However, it was discovered that Comfortability of customers is also another factor associated with the use of E-banking products. The study indicated that (90%) of respondents were very comfortable with the use of E-banking products. The introduction of Mobile banking, the m-banking/mobile phone banking such as M-Pesa and Tigo Pesa have increased the speed of money deposits and transfers via the use of electronic banking run by these companies both in urban and rural areas.

The findings as well noted that there was impact of e-banking functionality on the satisfaction outcomes. The results indicated that (82%) of respondents stated that they actually spend less time using E-banking whiles (18%) mentioned they rather spend more time using the E-banking system. Nevertheless, less time is actually spent using E-banking products. Different risks of e-banking revealed such as operational risks: legal risks: reputation risks: security codes control challenges, Electronic banking is challenged by cyber crimes, a legislative Framework appropriate for electronic banking; traditional market mechanism as a challenge; convertibility of electronic currency as challenge.

The findings of this study also revealed that the accessibility of E-banking to bank customers in Tanzania. It was discovered that an accessible product or service is one which can be used by all its intended users, taking into account their differing capabilities. A user's ability to make inputs and perceive outputs may be impaired. It was further revealed that a service delivered through information technology will be accessible to the widest possible audience if the following conditions are met: all users are able to perceive and understand the controls. The findings further revealed that increased accessibility brings benefits for users, producers, service providers and society at large.

It was also noted that location of the services speed of Service, availability, price and environment made the services to be convenient for Customers. It was noted that with an increasing number of consumers utilizing the global marketplace of the E-banking, convenience has become one of the primary factors for spending digitally. It was further revealed that the finest benefit of Internet banking possibly is based on the truth that clients are no more needed to hold back in individuals lengthy and wearisome queues from the banks to request an economic transaction or statement. Another essential benefit of Internet banking is it makes the opening of the account quite easy and simple and with little documents. Customer may also make an application for bank financial loans without personally going to any nearby branch of the bank.

5.3 Implications of the Findings

There are some people who do not use e-banking because of their own lack of knowledge. They may be resistant to technology. They feel that it is too difficult to

learn because young people are exposed to computers at an early age, people who have this problem are usually older.

Some people fear using the internet, others who will use computers offline will not use them to go on the internet. They fear for the loss of their privacy. Many of these people have exaggerated fears in their minds for them, internet banking will be impossible, unless they come to terms with their fears.

Security is a problem for many users of internet banking, as well. The user names and passwords are often complex. This is good, for the most part because no one else would guess them. However, it can be a problem if you cannot remember them. You might not be able to access your account when you want to, without going through an intense security procedure.

Many people have trouble remembering their user names and passwords for internet banking, hence they write them down and keep them near their computers. This makes it easy for thieves to get in and steal money from their accounts.

5.4 Conclusion

This study showed that customers of Azania Bank patronize E-banking products such as ATM. They derive certain benefits from the use of these products predominantly time saving, easy access to cash and convenient in the use of the products. However, customers prefer ATM among the E-banking products because of its effectiveness and user friendliness. The average operating time of E-banking products is less than 5 minutes. Furthermore, E-banking products have security features such as username and passwords which are used to protect the products from easy theft.

Adoption of E-banking products has influencing factors. Predominant factors are customer satisfaction and competition from other banks. Increasing competition among banks to increase or retain their customer base is driving the banks to continue to adopt E-banking technologies. Despite the benefits of E-banking, it is associated with some challenges. The study shows that network failure from internet connection is the major challenge facing customers using E-banking products from Microfinance Bank. However, respondents believed that considerable education and marketing of E-banking products from the bank could attract more customers.

5.5 Recommendations

Based on the findings of this study, the following are the recommendations. As information and communication technology grow so rapidly and bear an impact on each aspect of life, to successfully implement electronic banking in Tanzania the following should be carried forward;

- (i) Education and marketing of E-banking products should be encouraged in the bank to attract more customers
- (ii) Electronic Banking should be featured into the laws governing it, as such will ensure the bankers and customers of their status, rights and obligation over the use of such technologies, since electronic banking entail electronic payments and purchase it also essential all laws covering commercial activities be featured with its aspects for various purposes.
- (iii) There is a need to adopt various laws to regulate electronic banking, the good reflection can be on the USA and UK laws which set examples of the new laws to be considered for enactment in Tanzania for the purpose of facilitating easy

implementation of electronic banking to mention but a few these include Electronic Funds Transfer Act, (USA); Data Protection Act, (UK); Computer Fraud and Abuse Act, (USA); Consumer Protection Act, (UK).

- (iv) Discouraging traditional mechanisms of payments, for efficient implementation of electronic banking and coin notes should be discouraged, in place the use of electronic cash, smart cards come in place for effecting various transactions.

5.6 Limitations of the Study

While undertaking this research I faced some limitations and challenges, this included financial challenge. This was caused by the lack of finance because I was paying from my own pocket and not from any sponsor.

Another problem was the lack of cooperation from the bank and customers. Some bank officials were hesitant to cooperate because they feared that by doing so they would be breaching the duty of secrecy.

Some customers also claimed that they did not have enough time to seat down and reply to the questionnaires.

5.7 Suggested Area for Further Studies

The study was on investigation of e-banking and customer satisfaction in Tanzanian banks, the case of Azania bank LTD. Another study could be studied on the same topic but for Banks in Tanzania.

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APPENDICES

Appendix I: Questionnaires

Questionnaires for Customers

I am studying a Master of Business Administration at the Open University of Tanzania I have designed the following questionnaire for the study on E-banking and customer satisfaction in Tanzanian banks; the case of AZANIA BANK LTD, which required for research work as an integral part of my study. The purpose of this questionnaire is to give you a chance to tell how you fee on E-banking and customer satisfaction in Tanzanian banks; the case of AZANIA BANK LTD. On the basis of your answers, I hope to get a better understanding of the things concerning the E-banking and customer satisfaction. The information that will be gathered will be used for academic purpose only. Your response will be totally anonymous and the highest degree of confidentiality and will be maintained. I therefore request you to answer the following questions as honestly and as openly as you can.

Thank you

1.1 Personal particulars

1. Gender
 - (a) Male { }
 - (b) Female { }

2. Level of Education
 - (i) Certificate in Accountancy { }
 - (ii) Diploma { }
 - (iii) First degree { }
 - (iv) Master degree { }

3. Experience on using Azania Bank
 - (i) Less than 1 year { }
 - (ii) Between 2-3 { }
 - (iii) 3- 4 years { }
 - (iv) More than 5 years { }

4. Have you ever used E-banking services of other banks?
 - (a) Yes { }
 - (b) No { }

5. To what extent are you satisfied with E-banking? Tick the appropriate
 - (a) Very much satisfied { }
 - (b) Satisfied { }
 - (c) Neutral { }
 - (d) Dissatisfied { }
 - (e) Very much dissatisfied { }

6. Do you think E-banking is good? Tick the appropriate
 - (a) Yes { }
 - (b) No { }

7. How often do you use the E-Banking?
- (i) Everyday { }
 - (ii) Twice a week { }
 - (iii) Once a week { }
 - (iv) Once a month { }
8. How would you rate your skills in using E-Banking?
- (i) Advanced { }
 - (ii) Very Advanced { }
 - (iii) Average { }
 - (iv) Basic { }
9. Choose the option that most closely matches your option on the following statement.
- The advantages of the E-Banking outweigh the disadvantages
- (i) Strongly agree { }
 - (ii) Agree { }
 - (iii) Neutral { }
 - (iv) Disagree { }
10. Choose the option that most closely matches your option on the following statement
- The E-Banking simplifies your everyday life
- (i) Strongly agree { }
 - (ii) Agree { }
 - (iii) Neutral { }
 - (iv) Disagree { }
11. Do you think there are risks of using E-banking
- (a) Yes { }
 - (b) No { }

- 12. Do you think E-banking is good? Tick the appropriate
 - (a) Yes { }
 - (b) No { }

- 13. Provide your perceptions on utilization of E-banking in your Bank?
 - (a)
 - (b)
 - (c)
 - (d)

- 14. Do you think e-banking have any impacts in your daily life?
 - (a) Yes { }
 - (b) No { }

- 15. If YES provide the impacts of e-banking functionality on the satisfaction outcomes
 - (a)
 - (b)
 - (c)
 - (d)

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- 1. What are the factors enhances the adoption of e-banking in your Bank?
- 2. Are there challenges facing you on implementation of e-banking system in your Bank?
- 3. Do you think that your customers are satisfied with E- banking in your Bank?
- 4. If not, what are strategies are normally used to satisfy customers on using e-banking system?