

Research on Online Customer Satisfaction of Bank: A Case Study of Commercial Bank of Ethiopia

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Abstract: *The main aim of this research is to assess the level of customer satisfaction on E-banking, in relation with demographic characteristic, find out the major and main problems in online banking services to satisfy the customer in the study area on commercial bank of Ethiopia Addis Ababa city. For this research study structured questionnaire were developed by five point Linkert scales and some demographic questions have been also included. A total of 300 questionnaires were prepared and personally handed to online banking users of the commercial bank of Ethiopia in Addis Ababa. The researcher use SPSS version 21 software for further analysis. Both descriptive and regression analysis have been employed for the analysis. The test of significant impact on the dependent variable results shows that from seven variables three variables (customer support, service content, and ease of use) have a significant effect on online customer satisfaction of bank in the study area. The research analysis result shows that 46.2% of the variance is explained by the stated independent variables on the dependent variable which is online banking customer satisfaction and the remaining 53.8% is predicted by others. Therefore the bank should work on other variables which have direct relationship with online banking customer satisfaction and the stated variables too. The bank should also work with Ethiopian telecommunication authority and Ethiopian electric authority to avoid internet interruptions and power failures which have a great impact on providing the service and customer satisfaction.*

Keywords: online banking, customer satisfaction, Addis Ababa

1. Background Information

E-commerce allows consumers to electronically exchange goods and services with no barriers of time or distance. E-Commerce has expanded rapidly almost all over the world. While e-commerce can safely be said to be fast growing in Africa generally, we can safely say that there's a large room for improvement when it comes to closing the wide gap as compared to other countries in Africa such as Kenya and Nigeria. But even though Ethiopia's growth is slow technologically, with a population of 99 million people, it has big potential for the e-commerce market as a growing number of Ethiopians are now turning to online shops to purchase their goods from stores. Such as ethisouq.com, Abyssiniagiftz.com. Banking in Ethiopia began in 1905; however, introduction of information technology in to the banking industry is in the last decade. Commercial bank of Ethiopia has started providing technology-based services like internet banking, mobile banking and electronic fund transfer to the customer's. Commercial bank of Ethiopia is the leading bank in the country, established in 1942. It is Pioneer to introduce modern banking and ATM service for local users of the country. CBE head office is in Addis Ababa capital city of Ethiopia. Currently it has more than 1010 branches stretched across the country, total deposited 244.34 billion Ethiopian birr, close to 11 million customers and has opened four branches in South Sudan and has been in the business since June 2009. According to the report of the first half of the 2015/2016 reports the number online banking users in Ethiopia reached more than 1 million customers.

2. Statement of the Problem

Customers have expectations and criteria when they judge whether the provided banking services is satisfactory or not. Due to the high competition in a banking sector, the perception of customers and potential customers are also divided according to the services that they want to achieve.

The proper identification of customer satisfaction helps to retain customers and to increase awareness; profitability and effectiveness of online banking services and find out the factors affect online customer satisfaction. These are the major online customer oriented opportunities and challenges for the banking sector in Ethiopia, so the Ethiopian commercial. Commercial bank of Ethiopia has been launched online banking services in order to give good services and satisfy the customer by saving time, errors, and costs. But to expand the service better it requires knowing whether the customer is satisfied by the service or not. But in order to understand the customer satisfaction better, there are no such studies. More studies are required in order to understand the issue and try to know the basic problems indoor to improve the service. The study is focused on the factors affecting customer satisfaction on internet banking services in the case of commercial bank of Ethiopia. For the sake of the study e-banking includes mobile banking, internet banking and e-commerce.

3. Objective of the Study

3.1 General Objectives of the Study

The general objective of the study is to assess customer satisfaction of internet banking in the case of commercial bank of Ethiopia in Addis Ababa area.

3.2 Specific Objectives of the Study

The specific objectives of the study are,

- To explore and analyze critically the online customer satisfaction level of Commercial Bank of Ethiopia.
- To identify the level of online banking service dimensions that have impact on customer satisfaction
- To assess the level of customer satisfaction on e-banking in the study area on commercial bank of Ethiopia

Volume 6 Issue 7, July 2017

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- To find out the major and main problems in online banking services to satisfy the customer

3.3 Scope of the Study

The scope of the study is confined only to online banking customer satisfaction that are using internet banking, mobile banking and it does not include services like ATM and others except the defined once. It is limited to the commercial bank of Ethiopia in Addis Ababa, Ethiopia.

4. Research Design and Methodology

The research design used in this study is descriptive and analytical type. It includes survey and fact finding enquiries to fulfill different objectives. The questionnaires were developed by five point Linkert scales and some demographic questions have been also included. In this study customer is the single sampling segment which is purposive sampling technique. The sample size of 300 respondents will be the online banking customers of Commercial Bank of Ethiopia and it will be used by considering the budget and time constraints. The entire respondents to meet the determined sample size will be selected randomly in thirty days of data collection. The tool for analyzing the data is using the statistical software SPSS (statistical package for social sciences). The result will be shown in descriptive and multiple linear regressions.

5. Data Presentation, Analysis And Interpretation

The basic assumptions for this research study is that online banking service quality dimensions have a great impact of online customer satisfaction of bank in the commercial bank of Ethiopia in Addis Ababa. All of the distributed 300 questionnaires were returned and analysis was made based on the same.

5.1 Reliability Test of the questionnaires

To check the internal consistency of the questionnaire, this study has performed Cronbach's Alpha Test of Reliability. It is computed in terms of the average inter correlations among the items measuring the concept. Table 3.1

Reliability Statistics	
Cronbach's Alpha	N of Items
.910	30

A questionnaire to be consistent the alpha value should be greater than 0.7. In this case, $\alpha = 0.91$, which shows the questionnaire is reliable and have high internal consistency.

5.2 Factor analysis

The variables used in factor analysis should be linearly related to each other. With factor analysis the construct validity of a questionnaire can be tested. In order to conduct a reliable factor analysis the sample size need to be big enough (Costello & Osborne, 2005; Field, 2009; Tabachnik & Fidel, 2001). The recommended sample size is 200 to 300, in

our case it is 300 samples, so we can conduct factor analysis in our data set.

KMO and BARTLETTs test

Table 3.2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.783
Bartlett's Test of Sphericity	Approx. Chi-Square	1003.744
	Df	28
	Sig.	.000

KMO test is a statistics which tells whether you have sufficient items for each factor. It should be over 0.7. Our result is 0.783 which implies that the data set is suitable for factor analysis. BARTLETT's test is used to check that the original variables are sufficient correlated. This test should come out significant at $p < .05$ if not factor analysis will not be appropriate.

5.3 Descriptive statistics

5.3.1 Demographic characteristics of respondents

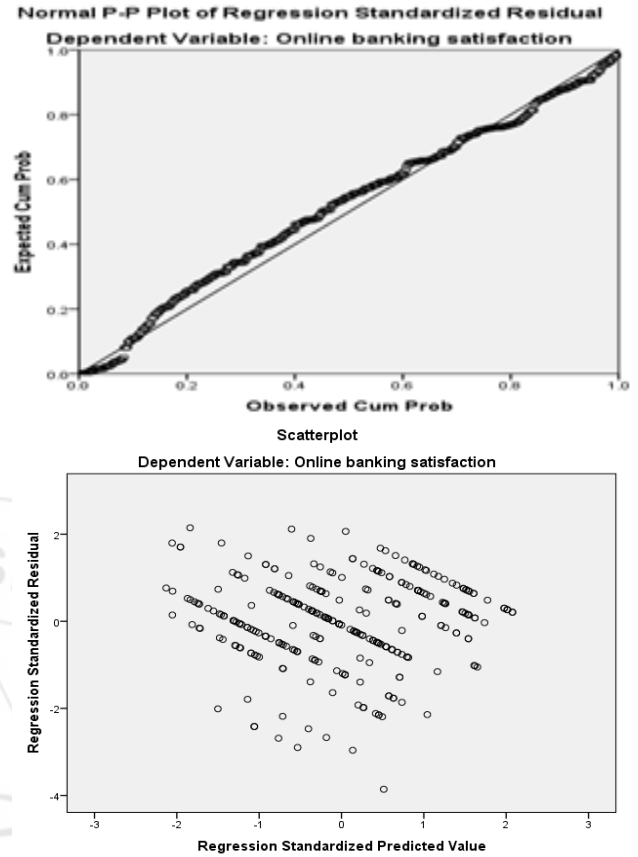
The total of 300 samples on assessing the factors that influence on online banking customer satisfaction on the commercial bank of Ethiopia in Addis Ababa included more males (65.7%) than females (34.3%). The result indicates that majority of the online banking users are males. Regarding the age group, majority of the online banking users are below the age of 30. More online banking Customers who have educational level of bachelors degree (54%), PHD (2.7%), master (20%), diploma (22%), up to grade 10 complete (1%) and illiterate (.3). The result implies that customers having the higher educational back ground are most of the online banking customers in the study area for the specified service. This shows that most of the online banking users have a good educational back ground. When we see the occupation of the respondents, majority of the online banking users are employed (60.7%), 26.7% of them are having own business, 9.7% are students, 2.3% are unemployed and .7% are from other categories which means that those from other categories may not have a job or don't want to mention their job.. From this result it is observed that most of the online banking users are employed occupation groups. Considering the monthly income out of the 300 respondents 299 answered the questionnaire for income and 1 missing which means that one respondent don't want to mention his/her monthly income, who did not respond to the income questionnaire. It is observed that 45.3% (the monthly income is in the lower middle category based on the Ethiopian income standard) of the, respondents have a monthly income from 5,000 to 10,000 BIRR who are majority of the online banking users. 21% of them have a monthly income of 10,000 to 15,000 BIRR which is in the middle level income category. 38% of the respondents use online banking daily, 31% use once a week, 17.7% use once a month and 13.3% twice a week. The result shows that 43.7% of the online banking users are satisfied by the service, 19.7% are dissatisfied, 18.7% are neutral, 16% are highly satisfied and 2% of them are highly dissatisfied of the online banking service.

5.4 Regression analysis

Regression is a technique that can be used to investigate the effect of one or more independent variables on dependent variable. In our case we are interested in investigating which variables in the online banking service quality dimensions are good predictors of online banking customer satisfaction in the study area, we could create a regression equation that would use several of the variables in the dataset to predict online banking customer satisfaction. By doing this we will be able to make statements about whether variables such as reliability, transaction efficiency, customer support, service security, ease of use, performance and service content are good predictors of the online banking customer satisfaction. These approaches will help us to figure out how much unique variance in the dependent variable which is online banking customer satisfaction is explained by the independent variables which are the service quality dimensions explained for the purpose of the research study. There are several assumptions of multiple regression analysis. One of the first is assumption is sample size typically, the larger the sample size the better to try to be the predictions of the outcomes. Our sample size is good enough. The next assumption is multi-co linearity among independent variables because it will be redundancy among the independent variables which means the same variables to measure the same thing. If the correlation coefficient value is 0.9 or higher we say there is multi-co linearity among the independent variables, therefore there is no multi-co linearity effect which implies that we can do theregression analysis. The other Assumption is to check for outliers, multiple regressions are very sensitive to outliers whether there is very high or very low scores. Therefore checking for extreme score should be our initial data screen process for both dependent and independent variables and we have to make sure that we have accurate and complete data. Therefore outliers can be deleted from the dataset. In the

analysis result there are no as such outliers which implies that there are no outliers.

Charts 1



The result shows there is linear relationship between the dependent and independent variables.

Table 3.3

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.680 ^a	.462	.450	.60619
a. Predictors: (Constant), service content, Ease of use, Service security, reliability, customer support, Performance, transaction efficiency				
b. Dependent Variable: Online banking satisfaction				

In the above table on the model summary it is observed that the coefficient of determination or the R square change is .462 which indicates that 46.2% of the variance is explained by the stated independent variables on the dependent variable which is online banking customer satisfaction and the remaining 53.8% is predicted by others.

Table 3.4

ANOVA ^a						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	92.290	7	13.184	35.878	.000 ^b
	Residual	107.301	292	.367		
	Total	199.591	299			
a. Dependent Variable: Online banking satisfaction						
b. Predictors: (Constant), service content, Ease of use, Service security, reliability, customer support, Performance, transaction efficiency						

On the ANNOVA which is analysis of variance result in the above table, the P value is .000 which is less than 0.05 implies that there is statistical significance for this model that means there is a significant relationship between the predictor variables which are the service quality dimension

of the bank and the outcome variable which is the online customer satisfaction of Bank.

Table 3.5

Coefficients													
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B		Correlations			Co linearity Statistics		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF	
1	(Constant)	1.826	.148		12.350	.000	1.535	2.117					
	Reliability	.046	.052	.062	.890	.374	-.056	.148	.224	.052	.038	.378	2.643
	transaction efficiency	-.001	.052	-.002	-.029	.977	-.103	.100	.205	-.002	-.001	.396	2.527
	customer support	.224	.037	.351	6.008	.000	.151	.297	.596	.332	.258	.538	1.859
	Service security	.010	.026	.019	.407	.684	-.040	.061	.216	.024	.017	.839	1.192
	Ease of use	.187	.045	.252	4.158	.000	.098	.275	.552	.236	.178	.501	1.996
	Performance	-.064	.052	-.076	-1.228	.221	-.166	.039	.233	-.072	-.053	.486	2.059
	service content	.201	.044	.262	4.603	.000	.115	.287	.435	.260	.198	.569	1.758

a. Dependent Variable: Online banking satisfaction

The beta coefficients indicated that how and to what extent the independent variables have an impact on online customer satisfaction of bank. In the SPSS result indicates that reliability (beta= .062, t=.89, p=.374 which is greater than .05), transaction efficiency (beta= -.002, t=-0.029, p=.977 which is greater than .05), customer support (beta= .351, t=6.008, p=.000 which is than .05), service security (beta=.019, t=.407, p=.684 which is greater than .05), ease of use (beta= .252, t=4.158, p=.00 which is less than .05), performance (beta=-.076, t=-1.228, p=.221) and service content (beta= .262, t=4.603, p=.00 which is less than .05). Therefore from the SPSS result customer support, service content and ease of use have a significant effect on online customer satisfaction of bank in the study area. The rest like reliability, transaction efficiency, service security and performance have no significant impact on the dependent variable which is online customer satisfaction of bank. we can also develop an equation indicating the regression model of dependent and independent variables like;

$$\text{Online customer satisfaction of bank} = 1.826(\text{which is the constant}) + .062(\text{reliability}) + -.002(\text{transaction efficiency}) + .351(\text{customer support}) + .019(\text{service security}) + .252(\text{ease of use}) + -.076(\text{performance}) + .262(\text{service content}) + \text{the error term}$$

Therefore the above equation can be written only by considering these independent variables which have a significant effect on the dependent variable.

$$Y = 1.826 + .351x_1 + .252x_2 + .262x_3$$

Where, y= online customer satisfaction of bank

X1= customer support

X2=ease of use

X3= service content

The above equation can be interpreted that, for a unit change in customer support there will be .351 or for 100% change in customer support there will be 35.1% increment in online customer satisfaction of bank, For a unit change in ease of use there will be .252 increase level of satisfaction in online banking. Or for 100% increase in ease of use there will be 25.2% increase in online banking satisfaction. And For 100% increase in service content there will be an increase of 26.2% in online banking customer satisfaction in the commercial bank of Ethiopia online banking users

participated in this research study.

6. Conclusion

Studying major service quality dimensional factors for Customer satisfaction is a critical in today's competitive business environment. By analyzing the impact of the service quality dimensions on online customer satisfaction of bank in the commercial bank of Ethiopia in Addis Ababa, it is observed that out the seven predictor service quality dimensions, only three have a significant impact on the online customer satisfaction of bank in the study area. Those service quality dimension are ease of use, service content and customer support, the remaining four which are transaction efficiency, reliability, performance and service security don't have a significant impact on online customer satisfaction of bank. From the model summary, all in all service quality dimensions have a significant impact on online customer satisfaction of bank.

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