

An Assessment of E-Banking Practice: The Case of Nib International Bank (Lideta, Balicha Aba Nefso and Tekilehaymanot Branches)

Yonas Bekele St. Mary's University

Abstract

Despite the growth of e-banking adoption in Ethiopia, banks continue to conduct most of their banking transaction using traditional method. The general objective of this study was to assess e-banking practices in Nib International Bank from the angle of general driving force, level of infrastructure, network, acceptance by society etc. We used both primary and secondary data collection methods to collect data from customer service and IT management of the Bank. The collected data was analyzed using descriptive research methods such as tabulation of percentage. Among the different opportunities that initiate banks to adopt e-banking services: Improving customer services, Facilitating the work to be done fast, helping to facilitate work with minimum error, Simplifying the activity of employees of the bank in the delivery of services to customers, Enhancing the image of the bank, improving efficiency, reducing paper work, reducing queues in the hall, Increasing Revenues of the bank, reduction of cost, and improving relationship with customers. It also investigated the major challenges for the electronic banking services in commercial bank of Ethiopia as of infrastructural, legal and regulatory, socio-cultural, and illiteracy related challenges. To address various challenges identified on the study, the study suggests a series of measures which could be taken by government as well as NIB International bank of Ethiopia.

Introduction

There are considerable developments in the banking systems all around the world as a response to the changes in the people's current life style. One of the major changes introduced by the new technology into the system and accepted E- Banking.

Electronic banking is a form of banking in which funds are transferred through an exchange of electronic signals rather than through an exchange of cash, checks, or other types of paper documents. Transfers of funds occur between financial institutions such as banks and credit unions. They also occur between financial institutions and commercial institutions such as stores. Whenever someone withdraws cash from an automated teller machine (ATM) or pays for groceries using a debit card (which draws the amount owed to the store from a savings or checking account), the funds are transferred via electronic banking. (encyclopedia.com) This system which was first implemented in the United States in 1995(FFEC,2003), developed quickly among business units as a wave to bring convenience and economy for customers and such a new challenge for official security, inaccessibility to networks, due to faults, maintenance cost, updating databases, as well as planning and executing modern economic policies.

However, the rapid development of the market for electronic devices and tools led the researchers to create various definitions for E-banking. Although they don't differ in principle, they are based on the research topic and area of investigations.

Electronic banking is the use of computers and telecommunication to enable banking transaction to be done on telephone or computer rather than through human interaction. Its features include electronic funds transfer for retail purchase, automatic tell machine (ATM), automatic payroll deposits, and bill payment

The wide range of applicability of E-banking suggests an inclusive definition to cover all concerns in the system. It is an alternative method to traditional banking system through a process of running an electronic media by banks to conduct all possible services between them and their customers. This is to allow performing financial transactions inside and outside their institutions through the internet, wireless network, Automated Teller Machines (ATM), using debit cards, a direct deposit, a direct payment, computers, mobile phones, telephones or digital televisions.

The services include: access to their accounts, to take control of their money, to pay their bills and transfer money from one account to another account rather than by cash or checks. E-banking also includes the banking services based on the implementation of an electronic system (Azad, et al,2003a). It has become an important phenomenon in the banking industry and it will continue as more progress is made in information technology. The financial industry thus is gradually experiencing transformation from cash-based system to "paperless" system, which is more convenient and reliable (Gbadeyan and Akineyoseye-Gbonda,2001).

Despite such advantages, for individuals in countries with the E-banking system, the acceptance and adoption of the system is not easy or guaranteed just because they are in possession of electronic equipment or availability of secure access to the networks. There are a number of factors which have their impact on the acceptance of the system, such as attitude, trust, security, usage of use, and accordingly this study will try to understand the available factors and investigate to reveal the obscure factors behind the rapid development of E-Banking in Ethiopia, specifically in the case of Nib International Bank with supportive previous literatures on the area.

Background of the Organization

Almost all banks in Ethiopia were providing services to customers by using a traditional system. That is why every bank customer was dissatisfied by the disappointing status of financial development. Even the time wasted on traveling to look for a bank branch at different locations to access the bank account is really disappointing. But a few years ago, some commercial banks provided e-banking service. Nib International Bank is one of the banks which provide this service properly even if there is still problem of internet connection and low development of telecommunication infrastructure.

Nib International Bank (NIB) was established on 26 May, 1999 under license no LBB/007/99 in accordance with the Commercial Code of Ethiopia and proclamation no84/1994 with paid up capital of birr 150 million and authorized capital of birr 150 million by 717 shareholders.

Other than rendering fulfilled domestic and international banking service, the Bank has implemented mobile and internet banking through which it issues NIB Card and ATMs at various locations throughout the country to provide its diversified products in convenient ways to customers. The Bank also provides competitive services by establishing a strategic partnership with Master Card, VISA and Union Pay branded cards which is online payment service. A full-scale preparation to upgrade the Bank's T24 application to the latest and robust release is completed.

Among others, the Bank has registered a steady growth and achievement in all aspects of its operation since its establishment. At the end of March 2018/19, its total deposit and loan and advance stood at about Birr25.1 billion and birr 17.5 billion, respectively. Total asset grew about birr 31.1 billion and paid-up capital 2.5billion. The level of net profit before tax reached about 673.1 million. The bank shareholders are close to 4,585 and total number of customers exceeds 812,627. The bank employees reached more than 4,797(www.nibbanksc.com).

Statement of the Problem

E-banking has a lot of benefits in delivering service to customers. In Ethiopia customers missed to enjoy the technological advancement in the banking sector which has been entertained elsewhere in Africa and the rest of the world. This is due to lack of awareness or competition among banking industries. The modern E-banking methods like ATMs, Debit cards, Credit cards, Internet banking, Mobile banking and others are new to the Ethiopian banking sectors. E-banking which refers to the use of modern technology that allows customers to access banking services electronically whether it is to withdraw cash, transfer funds, and to pay bills, or to obtain commercial information and advice are not well known in Ethiopia (Ayana, 2012).

Gardachew (2010:8) conducted research on the opportunities and challenges of E-banking in Ethiopia and found that lack of suitable legal and regulatory frame works for Ecommerce and E payments, political instability in neighboring countries, frequent power interruption, lack of trained personals in key organizations, high rates of illiteracy, and absence of financial networks that link different banks are the major challenges.

The research output showed opportunities offered by ICT through e-learning programs and commitment of the governments on development of ICT infrastructures is considered as drivers of using Ecommerce and E-payment systems.

Wondwossen and Tsegai (2005:44) found that the main obstacles to the development of E payments are lack of customers' trust in the initiatives, unavailability of payment laws and controlling system, especially for E-payment, lack of skilled manpower, and frequent power disruption. The issues raised with adoption of new technology are Perceived Risk or uncertainty about the outcome of the use of the innovation (Gerrard& Cunningham, 2003). Uncertainty arises from a predictive validity of the attributes (for example functionality and security) that is, how well users of new technology will predict future performance (Cox, 1967). Risk is a subjective determined expectation of loss; the greater the expected probability of loss, the higher the risk perceived (Mitchell, 1999), and thus the lower the motivation to adopt an innovation.

The main obstacles and barriers that oppose E-banking adoption are the concerns of security, privacy of information and technology investment cost. The literature also indicates that according to the customers, there are different factors that influence the adoption of E-banking such as, perceived advantages and other factors related to the services itself and how to be accepted and used by the customers, which differ from country to country, depending on the economic and technological development in each country. Thus, this study attempts to fill this gap and contribute to the literature on the electronic banking service in Ethiopia.

Therefore, with this study the student researchers will assess the E- banking practice in Ethiopia, specifically, the case of Nib International Bank with selected branches of Lideta, Balcha Aba Nefso and Tekelehaymanote which are applying the E-Banking technology in modernizing the services that the Rank renders to the various groups of its customers.

Research Questions

1. What are the benefits of E-banking from the Bank's and customers' point of view in Nib International Bank in the selected branches of Lideta, Balcha and Tekelehaymanot?
2. What is the impact of low-level infrastructural developments on E-banking practice?
3. What are the challenges of illiteracy on the practice of E-banking in Nib International Bank of Lideta, Balcha and Tekelehaymanot branches?
4. What are regulatory and legal issues that challenge in these three branches?
5. What is the socio- cultural challenges to practice e-banking in Nib International Bank?

General Objective

The general objective of this study will be the assessment of E-banking practice, the case of Nib International Bank in Lideta, Balcha Aba Nefisso and Tekelehaymanot branches.

Specific objectives

1. To describe E-banking benefits from banks and customers' point of view in Nib International Bank, specifically in three branches (Lideta, Balcha and Tekelehaymanot branches);
2. To show the impact of low-level infrastructure in E-banking practice in Nib International Bank of Lideta, Balcha and Tekelehaymanot branches;
3. To describe illiteracy related challenges in Nib International Bank of Lideta, Balcha and Tekelehaymanot branches;
4. To describe the regulatory and legal issues related challenges; and
5. To describe the socio-cultural challenges in practicing E-banking in Nib international bank.

Significances of the Study

The outcome of this study will have potential value to Nib International Bank to understand the problem of e-banking and how they can follow the current technology. It also helps customers to identify opportunity related with practice of (internet) mobile banking. Furthermore, this study will help other researcher who will conduct future study regarding the issue.

Delimitation of the Study

The research is dependent on questionnaires to current employees of the Bank and its customers; hence, due to fear of confidentiality or to appraise their company's performance, employees may not give information to the expected level. Other than that reliable data source we seek from department such as IT and marketing may not give us confidentiality and reliable data because the bank is highly confidential to its customer's information and/or for marketing purpose. Moreover, the time frame may be affected due to busy schedule and availability of our respondents in the office.

Methodology

Research Design

The study will focus on describing the current situation of the practice of E-banking in Ethiopia, the case of Nib International Bank Lideta, Balcha & Tekelehaymanot branches. This research aimed at describing the past phenomena and to assess the current practice of E-banking. Therefore, using survey of descriptive research method to achieve the goal of the research, the researcher will use both quantitative and quantitative research approaches.

Population and Sampling Technique

In research method, population is the entire aggregation of items from which sample can be drawn (Yahiya, 2011). This study is based on population of NIB International Bank in Lideta, Balcha and Tekelehaymanot branches. From the population of wide customers with different background, literate and illiterate, 30 samples, most of them from customers, will be taken.

Sample Size

Survey sampling is the process of choosing, from a much large population, a group about which the researcher wishes to make statements so that the selected part will represent the total group (Leedy, 1989). For the purpose of executing this research all higher E-banking management of the Bank, considering their technical knowledge and support in relation to the service as well as their know how through the process of decision making and implementing of E-banking, will be considered.

Sampling Technique

The sampling technique will be simple random sampling. In random sampling, each individual in the population has an equal chance of being selected which is very important for the external validity of the study (Cresswell, 2009). The aim of the study is to make theoretical inference from the result of the study that are suitable for further empirical investigation. In any other context, random sampling is the most appropriate method.

Source of Data

In order to get sufficient and reliable data that represent the whole branches, the study will be conducted by collecting from both primary and secondary sources at the Head Office level of the Bank. By using structurally designed interviews, the primary data will be collected from customers and the Bank's employees working under managerial and clerical staff of different

departments such as, IT, management, marketing, customer service who have direct influence on the matter. Those personnel are expected to be users of e-banking services of the bank and are selected as respondents because they are believed to have adequate knowledge about the existing opportunities, challenges and acceptance in the use of e-banking services and could provide important perspective in addressing the research objectives. The interview includes both open ended and closed ended questions, which give the respondents an opportunity for adequate expression of their view on questions. From secondary data sources, different documents records and reports from web site, annual reports, magazines articles, and annual journals of the bank will be analyzed.

Research Data Collection Methods

In order to meet the objective of the study, both primary and secondary data collection methods will be used. As primary source of data questionnaires will be adequately distributed to the purposely selected groups of respondents. Secondary sources data will also be used, which may comprise articles, journals, books and different publications which are obtained from the library sources and the internet written on the area of the study.

Data Analysis Methods

Data will be analyzed and interpretation of results will be made. Findings which have qualitative and qualitative data will be analyzed to combines or to seek convergence among the result using percentage.

In this chapter, data gathered through questionnaire are presented, analyzed and interpreted using percentages and frequencies. To collect relevant data, 30 questionnaires were distributed to employees and customers of NIB in Lideta, Balcha Aba Nefso and Tekelehaymanot branches. 28 properly filled questionnaires, 12 from employees and 18 from the Bank's customers were collected. But two questionnaires from customers are missed because the respondents failed to return back their filled questionnaire to the researcher. Distribution and Categories of respondents are summarized in Table 1 below.

Table1: Distribution of questionnaires and categories of respondents

	No. of Questionnaire Distributed	No. of Questionnaire collected	Obtained Response Rate
Bank Employees	12	12	100%
Customers	18	16	88%
Total	30	28	93.3%

Source: Own survey (2022)

To find the major output of the study and to give important recommendations, the collected data will be analyzed and discussed. Accordingly, the analysis and important findings from the collected data are discussed below.

Demographic Characteristics of Participants

The first part of the questionnaire consists of the demographic data of the respondents. The variables include age, gender, educational level, occupation and experience with the Bank. Accordingly, these variables of the respondents are summarized and described in the table below.

Table 2: Demographic characteristics of participant

NO	Variable	Classification of variable	Frequency	Percentage
1	Gender	Male	13	46.4%
		Female	15	53.6%
2	Age	20-30	9	32.15%
		31-40	17	60.71%
		41-50	2	7.14%
		51-60	0	0%
3	Educational level	Diploma	1	3.57%
		First degree	17	60.71%
		Master degree	10	35.72%
4	Monthly income	Below 2000	2	7.14%
		2001-4000	1	3.57%
		4001-6000	1	3.57%
		6001-8000	2	7.14%
		8001-1000	6	21.43%
		Above 10000	16	57.15%

Source:
Own survey (2022)
As it is shown on Table 2, the highest

percentages of participants in this study were female with 53.6%, and the remaining 46.4% were male. This shows the gender respondents of female are very large than the male respondents. In the case of classification of respondents by age 32.15% of the respondents are young (20-30 years old), 60.71% of the respondents under (31-40 years old) and the remaining 7.14% of respondents are between (41-50 years old). This indicates that majority of respondents age lies between 31-40 years. Regarding the educational level, 3.57% of the respondents is diploma holder, 60.71% of the respondents are First degree holders and the remaining 20.67% of the respondent are master degree holders. This shows that the highest percentages respondents are degree holders. In relation to monthly income of respondents, the table shows that 7.14% of the respondents earns below 2000, 3.57% of respondents earns between 2001-4000, 3.57% respondents earn between 4001-6000, 7.14% of the respondents earns between 6001-8000, 21.43% of the respondents earns between 8001-10000, and the

remaining 57.15% of the respondents earns above 10000. This indicates that majority of respondents income is above 10000.

Benefits of E-banking for Banks

It should be noted that E-banking can bring about various benefits for banks as well. According to some literature, the basic benefits of E-banking for banks are cost savings, efficiency, gaining new segments of customers, improvement of the bank's reputation and better customer services and satisfaction (Jayawardhena & Foley, 2000).

Table 3: Benefit of E-banking for banks

Item	SA		A		N		DA		SD	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Improves relationship with customers	12	42.86%	8	28.57%	5	17.87%	2	7.14%	1	3.57%
Enables the bank to make its service provision easy	13	46.43%	13	46.43%	1	3.57%	0	0%	1	3.57%
E-banking enables 24-hour accessibility to the bank service	18	64.29%	7	25%	2	7.14%	0	0%	1	3.57%
Increases efficiency of the bank.	16	56.14%	11	39.29%	0	0%	0	0%	1	3.57%
Enhances the image of the bank	13	46.43%	12	42.86%	1	3.57%	1	3.57%	1	3.57%
Increases revenues of the bank	10	35.71%	8	28.57%	8	28.57%	2	7.14%	0	0%
Helps to perform transaction at lower cost	10	35.71%	10	35.71%	3	10,71%	2	7.14%	3	10,71%
Increases the productivity of the bank	7	25%	16	56.14%	3	10,71%	2	7.14%	0	0%
Reduces paper work	16	56.14%	7	25%	2	7.14%	1	3.57%	2	7.14%
Reduce queues in the banking hall	12	42.86%	8	28.57%	4	14.29%	3	10,71%	1	3.57%

Source: Own survey (2022)

As reported in Table 3 above, most of the respondents believe that adoption of e- banking services has the benefit of improving relationship with customers, enables the bank to many its service provisions easy, enables 24 hour accessibility to the bank service, improvement of organizational performance through cost reduction (by avoiding paper work) and adopting E-banking service as a means of service to customers' needs and preferences, desire to improve organizational performance, desire to reduce transaction cost, desire to build organizational reputation and desire to satisfy customers and reduce queues in the banking.

Therefore, from this it is possible to conclude that almost all respondents strongly agreed and agreed with that of the above listed benefits of e-banking to the bank. As a result, all are

considered as the benefit of the bank resulting from provision of e-banking services in Nib International Bank.

Benefits of E-banking for customers

The benefit of E-banking for customers can be seen in respect with its easiness to use, convenience, and accessibility, using the service with low cost, speed, and getting information in real time.

Table 4: Benefit of E-banking for customers

Item	SA		A		N		DA		SD	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
E-banking enables 24-hour accessibility to the bank service	14	50%	10	35.71%	2	7.14%	0	0%	2	7.14%
E-banking enables customers to use bank services conveniently	7	25%	16	56.14%	2	7.14%	2	7.14%	1	3.57%
E-banking system saves time of customers	15	53.57%	11	39.29%	1	3.57%	0	0%	1	3.57%
E-banking services enable users to complete banking activities more easily	17	60.71%	7	25%	2	7.14%	1	3.57%	1	3.57%
E-banking banking service increase customer satisfaction	13	46.43%	10	35.71%	3	10.71%	1	3.57%	1	3.57%

Source: Own survey (2022)

As indicated in the above table, majority of the customers responded strongly agree or agree about the benefits of E-learning. Moreover, payment cards can make life easy for people who want to travel abroad as it minimizes the volume of cash one needs to carry and the associated risk of theft.

From the open-ended questions, some respondents suggested that since the customers' knowledge related to technology is low, updating oneself from manual to computerized system helps the society to run the technology.

Challenges of Adoption of E-Banking Services

Although there are many associated benefits with the practice of E-banking, there are many reasons which obstruct implementation of the system. In case of Ethiopian banking industries, many private banks are using old banking system and do not have access to take advantage from electronic banking facilities. Wondwossen & Tsegai (2005) observed the following reasons which may be considered as hindrance factors for the use of electronic payment system in Ethiopia. These hindrance factors include lack of appropriate infrastructure for E-payment, lack of internet facilities with customer, and learning how to interact with bank website.

Technological, organizational, and environmental factors that can affect practice of E-banking in the country were analyzed in the following sections:

Table 5: Infrastructural challenges of E-banking

Item	SA		A		N		DA		SD	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Frequent power interruption	5	17.875%	13	46.43%	8	28.71%	0	0%	2	7.14%
Low level of internet penetration	4	14.29%	16	56.14%	6	21.43%	1	3.57%	1	3.57%
Poorly developed Telecommunication infrastructure	6	21.43%	12	42.86%	7	25%	2	7.14%	1	3.57%
Interrupted and slow internet connection	5	17.87%	15	53.57%	7	25%	1	3.57%	0	0%
Limitation in ICT infrastructure	7	25%	14	50%	3	10.71%	2	7.14%	2	7.14%

Source: Own survey (2022)

According to the results reported on Table 5, broken and slow internet connection, frequent power interruption, low level of internet penetration and poorly developed infrastructure affect the smooth practice of E-banking services. Largest number of respondents agreed that low level of internet penetration and poorly developed infrastructure affect the practice of E-banking services. This implies that ICT infrastructure in Ethiopia for internet access is not sufficient to use E-banking service. The respondents indicated that the poor quality of telecommunication network service is a major obstacle for all banks in Ethiopia to effectively deliver E-banking service. Therefore, one of the major obstacle factors identified in this study is lack of ICT infrastructure to use E-banking service, such as internet banking, mobile banking, ATM and others.

Table 6: Illiteracy related challenges

Item	SA		A		N		DA		SD	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Lack of educated and efficient staff in E-banking context	6	21.43%	10	35.71%	5	17.87%	3	10.71%	4	14.29%
Lack of customers' awareness with E-banking product	6	21.43%	15	53.57%	4	14.29%	2	7.14%	1	3.57%
Customers' disability to	7	25%	14	50%	4	14.29%	2	7.14%	1	3.57%

access e-banking services										
Customers' low levels of computer literacy	10	35.71%	11	39.29%	5	17.87%	0	0%	2	7.14%
Lack of demand from the customers' side	5	17.87%	14	50%	5	17.87%	1	3.57%	3	10.71%

Source: Own survey (2022)

As shown on the Table 6, the majority of respondents agreed and strongly agreed with the above listed illiteracy related challenges, but there is a little bit lack of educated and efficient staff in E-banking context. Lack of customer awareness with E-banking product, customer low levels of computer literacy, lack of demand from the customer's side and customer's disability to access E-banking services are major illiteracy related challenges that hinder adoption of e-banking services in NIB.

Table 7: Regulatory and legal issues related challenges of E-banking

Item	SA		A		N		DA		SD	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Lack of suitable legal and regulatory framework for E-banking.	8	28.71	10	35.71%	6	21.43%	4	14.29%	0	0%
Lack of law mandating the bank to adopt E-banking technology	4	14.29%	9	32.14%	11	39.29%	4	14.29%	0	0%
Cross-country legal and regulatory differences	7	25%	12	42.86%	7	25%	1	3.57%	1	3.57%
Lack of sufficient government support affects customers' willingness	7	25%	13	46.43%	6	21.43%	2	7.14%	0	0%
Consumers' willingness	4	14.29%	11	39.29%	5	17.87%	2	7.14%	0	0%

Source: Own survey (2022)

As shown on the Table 7, the majority of respondents strongly agreed and agreed with lack of suitable legal and regulatory framework for E-banking, cross-country legal and regulatory differences, and lack of sufficient government support to enhance customers' willingness were considered as regulatory and legal issue related challenges that Nib International Bank faces. Based on the above table, it is safe to conclude that electronic payments are not currently covered in Ethiopian legal system. Lack of such legal framework may thus hinder the

introduction of cost effective modern electronic payment instruments such as ATMs, credit and debit cards, mobile/telephone/internet banking.

Table 8: Socio-Cultural related challenges of E-banking

Item	SA		A		N		DA		SD	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Level of development of the society	9	32.14%	14	50%	3	10.71%	1	3.57%	1	3.57%
Consumer's confidence and trust in the traditional payment system	6	21.43%	10	35.71%	6	21.43%	6	21.43%	0	0%
Cultural and historical differences in attitudes	4	14.29%	15	53.57%	5	17.87%	3	10.71%	1	3.57%
Resistance to changes	6	21.43%	15	53.57%	4	14.29%	3	10.71%	0	0%
Difference in efficiency among people	4	14.29%	15	53.57%	6	21.43%	2	7.14%	1	3.57%

Source: Own survey (2022)

The result in Table 8 imply that e-banking services are challenged by socio-cultural related problems as of level of development of society, and customers' trust in the traditional banking system and resistance to change. These challenges are created as a result of low level of awareness in the society, low level of urbanization rate, and high illiteracy rate of the society. During the open-ended questions, some respondents suggested that the government infrastructural facilities, the peoples' attitude and poor awareness using the service, and the ability of professionals to safeguard cyber-attacks are the challenge.

Benefits of E-Banking

An advantage that is expected to be gained from the practice of E-banking covers both direct and indirect benefits for the banking industries, customers and for the economy. Direct benefits include savings on operational cost, improved organizational functionality, productivity gain improved efficiency, saving of time and increased profitability. Indirect benefits include the opportunity or intangible benefits such as improved customers' satisfaction through improved services, improved banking experience and fulfillment of their changing needs and lifestyle (Lu 2005; Kuan 2001 &Iacouou 1995). In order to access E-banking services, it is important that banks should have ICT infrastructure and internet facility available to facilitate their customers with all kinds of E-banking services. Pikkarainen et al. (2004) argued that banks must have an official website which facilitates customers to perform all kinds of E-banking transaction so that to save cost and time by adopting E-banking system. Customers can make transactions from their home. Polatoglu et al. (2001) suggest that many benefits are associated with E-banking. Customers can pay their bills, can pay their loans, and use credit and debit card facilities. In other words, it saves time and cost.

Summary

This study assesses the practice of E-banking in Nib International Bank, Lideta, Balcha Aba Nefso and Tekelehaymanot branches. The study was conducted by using descriptive study through data collected by questionnaires. Based on the analysis and interpretation made in the previous chapter, the major findings are summarized as follows:

- The study revealed that e-banking has benefits for both banks and customers.
- The study also revealed that e-banking practice has been challenged by low level of internet, poorly developed infrastructure and slow internet connection.
- The study also proved that lack of educated and efficient staff in e- banking, customer disability to access e-banking service, customers' low level of computer literacy, and lack of demand from customer's side is the illiteracy related challenges to practice E-banking.
- Lack of suitable legal and regulatory framework for e-banking, lack of sufficient government support, lack of a law mandating the bank to adopt e-banking are regulatory and legal issue challenges of e-banking practice.
- The study shows that the level of development of the society, customers' confidence and trust in the traditional payment system, and resistance to changes are the socio-economic challenges NIB, Lideta, Balcha and Tekelehaymanot branches faced.

Conclusion

Based on the findings of the study, the following conclusions are made:

- The Majority of respondents agreed that E-banking has benefits to banks by increasing efficiency. According to the respondents, E-banking improves relationship with customers; increases revenue, productivity, and accessibility; and enhance the image of the bank. E-banking also reduces paper work and helps to perform transaction at lower cost.
- Most of the respondents agreed that E-banking has benefit to customers manifested in speed, saving time and enabling customers to complete banking activities more easily and increasing satisfaction.
- The study proved that banks get different challenges to practice efficiently because of high rate of literacy, poorly developed ICT infrastructure, lack of suitable legal and regulatory frame work for E-banking, low level of penetration, and socio-cultural related challenges.
- The finding of the study revealed that customers' attitude towards trust for applying electronic banking is not good enough; they rather preferred traditional payment system due to various socio- cultural reason, such as resistance to change and security.

Recommendations

From the analyzed data, the following recommendations are forwarded in order to increase E-banking service in Nib International Bank Lideta, Balcha Aba Nefso , and Tekelehaymanot branches.

- To get benefits from practice of E-banking, NIB should create awareness to customers about the product through promotion, brochures, etc on how to use and benefit from electronic banking (E-banking)
- Security issue is one of the reasons that decrease customer confidence in using E-banking service. Therefore, NIB needs to take serious security measures to protect customers' account, bio- data and personal records by using the latest computer programs, and win the confidence of their customers.
- The finding revealed that poor ICT infrastructure and legal framework are the challenges for using E-banking services. The government and the National Bank of Ethiopia should issue laws that govern electronic payments. This will motivate banks to promote, create awareness and provide the service efficiently and effectively. Furthermore, the ICT infrastructure should be improved to support banks to practice E-banking services.

In general, to strength the practice of E-banking in Nib international Bank, Lideta, Balcha Aba Nefso and Tekelehaymanot branches, the Bank needs to create awareness about the accessibility, easiness, speed and other benefits of using E-banking to their customers. The Bank also needs to create a strong security measure to bring trust and motivation to using E-banking service. The government also needs to support banks to practice E-banking by providing legal and regulatory framework and developing improved ICT infrastructure for the better use of E-banking practices.

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