



**ST. MARY'S UNIVERSITY
SCHOOL OF POSTGRADUATE STUDIES
DEPARTMENT OF INSTITUTION OF
AGRICULTURE AND DEVELOPMENT STUDIES**

**FACTORS AFFECTING AGENT BANKING SERVICE
OUTREACH IN ETHIOPIA: IN THE CASE OF ADDIS
ABABA CITY ADMINISTRATION**

BY

ESKINDER KEBEDE ERENA

**JUNE 2023
ADDIS ABABA, ETHIOPIA**

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**A RESEARCH SUBMITTED TO INSTITUTION OF AGRICULTURE
AND DEVELOPMENT STUDIES, ST MARY'S UNIVERSITY**

ADVISOR: SISAY DEBEBE (PhD)

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DECLARATION

I, Eskinder Kebede Erena, the undersigned declare that the thesis entitled “*Factors Affecting Agent Banking Service Outreach in Ethiopia: in The case of Addis Ababa City Administration*” is my original work submitted for the award of Master of Art Degree in Agriculture and Development from St. Mary University at Addis Ababa and it hasn’t been presented for the award of any other degree. Under this study, fellowship of other similar titles of any other university or institution of all sources of material used for the study has been appropriately acknowledged and noticed.

Eskinder Kebede Erena

Signature

Date

ENDORSEMENT

This is to certify that Mr. Eskinder Kebede Erena, has properly completed his research work entitled “*Factors Affecting Agent Banking Service Outreach in Ethiopia: in The case of Addis Ababa City Administration*” with my guidance through the time. In my recommendation, his task is appropriate to be submitted as a partial fulfillment requirement for the Master of art Degree in Agriculture and Development Studies.

Research Advisor

Sisay Debebe (PhD)

Signature and Date

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ACRONYM

| | |
|-----------|--|
| CBE | Commercial Bank of Ethiopia |
| E-banking | Electronic Bank |
| ICT | Information Communication Technology |
| PIN | Personal Identification Numbers |
| POS | Point-Of Sale |
| SCT | Social cognitive theory |
| TAD | Technology Acceptance Model |
| TAM | Technology adoption model |
| TOE | Technology-Organization-Environment |
| TPB | TPB-Theory of Planned Behavior |
| TRA | Theory of Reasoned Action |
| UTAUT | Unified Theory of Acceptance and Use of Technology |

ABSTRACT

Agent banking is a component of branchless banking that allows financial institutions to offer financial services outside the traditional brick-and-mortar bank premises. Accordingly, the general objective of the study was to identify the determinants that influence the adoption of agent banking in the peripheral urban areas of Addis Ababa, Ethiopia, and was conducted in Addis Ababa. Using a research approach with an explanatory and descriptive research design, the study found that the main agent banking problems included a lack of agent banking performance monitoring, insufficient understanding of existing data, applications, and IT across the organization in agent banking, and a failure to understand the customers' viewpoints in agent banking service outreach. In addition, there is a positive and significant relationship between awareness, attitude, ease of use, system excellence, information quality, location, agent quality, reliability, affordability, and technology in agent banking service outreach, and they have a statistically significant impact on the dependent variable "agent banking service outreach". Thus, this study concludes that the main determinates of agent banking service outreach included awareness, attitude, and ease of use, excellent system quality, information quality, location, agent quality, reliability, affordability, and technology. Thus, this study suggests that the bank may enhance and deploy more resources for use by agency banking agents to reduce information and system quality, and it may direct agency banking as a strategic resource for achieving higher efficiency, control of operations, and reduction of cost by replacing paper-based and labor-intensive methods with digital processes.

Key words: Addis Ababa Agent Banking, Banks, Customer, Peripheral Urban, Service Outreach

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Financial services provision in the developing nations has been impeded by the high costs characterized by conventional banking methods. Commercial banks provide a number of import financial and trading documents such as letters of credit, performance bonds, standby letters of credit, security underwriting commitments and various other types of balance sheet guarantees. They also take the responsibility for safeguarding such documents and other valuables by providing safe deposit boxes (Tindi and Bogonko 2017).

Competition amongst the commercial banks has pushed banks towards becoming more innovative. These innovations include ATMs, Credit Cards, Mobile Banking, Internet Banking, and Children Accounts and now most recently introduced within banking sector – Agency Banking (Maitra and Upadhyay, 2017). Therefore, this has triggered the emergence of new delivery models as a way to avail financial services to the poor or the unbanked population. This has triggered the emergence of agent banking or ‘cash merchants’ concepts which has been adopted by a number of banks. This has considerably changed the economics of banking for the poor which is a viable commercial way of reducing fixed costs and enticing the customers to use or access financial services readily which results into delivering additional revenue to the banks (Mujeri 2018).

In several countries, these branchless channels have made an important contribution to enhancing financial inclusion by reaching people that traditional, branch based structure would have been unable to reach. One of the main obstacles to financial exclusion is cost: both the cost to banks involved in servicing low value accounts and extending physical infrastructure to remote rural areas, and the cost (in money and time) incurred by customers in remote areas to reach bank branches. These agents have also penetrated into rural areas where offering banking services could be expensive for banks. Agent banking takes the form of mobile phone enabled model and Point of Sale (POS) enabled model. Agent banking may be classified according to

who takes charge of the relationship as; bank-initiated modality and non-bank initiated modality (Shah, 2018). The growing interest in agent banking is a consequence of the fact that it is very expensive for some of the banks to provide financial services in rural areas that are hard to reach but are littered with convenience stores, urban agriculture, pharmacy outlets, fuel stations, groceries coupled with new government policies that are more responsive, the upsurge in market drivers and the practice of trying new ways of doing things. Agent banking essentially takes services to where the very poor people live (Maitra and Upadhyay, 2017).

Ethiopia, located in East Africa, is chosen for this study because it contributes lower among the global unbanked population and has higher active bank agent numbers compared to some four other countries that have also introduced agent banking as shown in the recent study (Zerfie, 2021). In sub urban areas it is often excessively expensive for commercial banks since transaction numbers and volumes do not cover the cost of a branch. Also low income clients often feel more comfortable banking at their local store than walking into a marble branch). While figures can't match those of Africa, the extent of the populace which is totally barred is down in Kenya compared to other East African nations. It was noticed that 58.5% of clients of formal money related administrations and 56% of clients of other formal monetary administrations likewise utilize casual budgetary administrations. Then again in 2019, these countries were more averse to utilize formal saving money or other formal monetary administrations, however were still more prone to utilize casual budgetary administrations (Werkyantefu, 2020). Though the Ethiopian banks have continued to invest in rolling out various types of branches that are complimented by various channels, the challenge of access to formal financial services remains a big impediment to financial performance.

Customers (especially in remote areas) are forced to travel long distance and spend huge amounts on transport in order to access a branch. In addition to the cost of transport is the time spent commuting to and fro that could have been spent more productively. To curb these challenges, many developing nations have released a legislation that allows commercial banks to contract third party retail networks as agents. As said by Shah (2018), the key objective of all commercial banks is to increase their profitability through expansion of their branch network in order to reach many of their potential and existing customers who are in remote places where access to banking services is limited. Obviously, the set-up of agent banking is less costly and

more flexible than for traditional bank branches since it reduces the need to invest in staff and physical infrastructure Agent banking essentially takes services to where the very poor people live (Maitra and Upadhyay, 2017). Thus, this study was conducted in peripheral urban areas of Addis Ababa Particularly in southern part of the city namely Akaki Kality and Jemo Areas.

1.2. Statement of the Problem

The National Bank of Ethiopia is responsible for ensuring that financial institutions are delivering mobile and agent banking services based the Regulation of Mobile and Agent Banking Services (NBE Directives No. FIS /01/2012). This directive shall apply to financial institutions that conduct mobile and agent banking services as set out in these directives. This regulation stated that the uses of alternative and innovative financial services delivery channels are essential to encourage and enhance savings mobilization (National Bank of Ethiopia, 2020). Banks opened 956 new branches in 2022 thereby raising the total number of branches to 14,257 from 13,301 a year earlier. As a result, bank branch to population ratio increased from 1:27,932 people in 2021 to 1:28,164 people in 2022 (NBE, 2022). Despite the above, the contribution of agent banking as far as financial performance of commercial bank is uncertain (Zerfie, 2021). As the second highest populous nation in Africa, Ethiopia has the lowest financial inclusion rate (banked population) as compared to Sub-Saharan African countries and yet having alarmingly increasing mobile penetration rate which can be used as tool for financial inclusion. In the last few years Ethiopia made great efforts in improving access to financial services throughout the country. Financial inclusion has risen in recent years, with aggressive expansion and deposit mobilization strategies made by Ethiopian private and public banks. However, a lot still needs to be done to bring in more Ethiopian under financial inclusion.

Some studies have been done on the effect of agency banking on customers. Werkyantefu (2020) identified the determinants that influence the adoption of Agent banking (CBE Birr) in commercial bank of Ethiopia. Using research approach with explanatory and descriptive research design, then study found that contribution, trust, easy to use and challenges were rated as good performer and system excellence and information quality were rated as less performer and technological adaption has been not as much of .expected. Tindi and Bogonko (2017) studied how agency banking affects agent banking practices in 9 banks that offer agency banking in

Kenya and concluded that majority of the respondents were satisfied with accuracy of transactions and. Lotto (2016) studied the effect of agency banking on financial inclusion in Tanzania and concluded that the wider geographical coverage of agency banking is paramount to making more people have access to banking services.

This shows that there are inconsistency of the results of the previous studies for example, Werkyantefu (2020) recognized information quality were rated as less performer and technological adaption has been not as much of .expected while Tindi and Bogonko (2017) concluded on the role of with accuracy of transactions. On the other hand, Rahman (2016) explored how agency banking impacts on the development of small and medium enterprises sector in Bangladesh and found that agency banking improves the profitability of banks while at the same time providing an avenue to reach the small and medium entrepreneurs that are unbanked.

Further, the previous studies have looked at agency banking and relationship marketing separately but have not attempted to link agency banking and relationship marketing. These studies have ignored the factors affecting the agent banking service outreach particularly in sub urban and urban agriculture areas. As shown through review of literature and previous studies, agency banking outsources bank services, making banks lose some control over the customer service process to agents and yet they need to keep relating with these customers. Therefore, the purpose of this research investigated affecting the agent banking service outreach particularly in sub urban and urban agriculture areas of commercial banks in Addis Ababa.

1.3. Objective of the Study

1.3.1. General Objective

- The general objective of the study is to find out the determinants of agent banking service outreach by selected commercial banks in peripheral urban areas of Addis Ababa, Ethiopia.

1.3.2. Specific Objectives

The specific objectives of the study are the following:

1. To assess the existing agent banking outreach performance at selected commercial banks in peripheral urban areas of Addis Ababa
2. To identify agent banking constraints and opportunities in selected commercial banks related to peripheral urban areas of Addis Ababa,
3. To identify determinates of agent banking services outreach in peripheral urban areas of Addis Ababa

1.4. Research Questions

1.4.1. General Objective

1. How is agent banking being outreached by selected commercial banks in peripheral urban areas of Addis Ababa?
2. What are the current constraints and opportunities of agent banking in selected commercial banks related to peripheral urban areas of Addis Ababa?
3. What are the determinants of agent banking in peripheral urban areas of Addis Ababa?

1.5. Significance of the Study

Financial services can be provided profitably and sustainably to segments of the population that are poorer or more remote if we manage to drive financial services beyond banks' traditional "bricks-and-mortar" infrastructure and shifting them to a more scalable, variable cost channel. The study focused on determinants influencing customer's to adopt agent banking services practices in Ethiopia.

This study has a significant benefit for selected banks' customers mostly as identifying factors that influence the uptake of agent banking service outreach provided banks in coming up with better strategies of attracting new and retaining existing customers. It also helps banks to understand the challenging factors associated with adoption of new technology and customer attitude and awareness. In addition, customers will get better banking service demand in cost effective. In addition, the study fundamentally focuses on agent banking service outreach; so it is at the core of human experience and reflecting banking and financials business activities. In a country like Ethiopia with a number of unbanked traditional societies exist in remote rural areas branchless banking service and option is unquestionable.

In light of the above noble notion, the findings of the study will have practical importance through providing significant insight for decision makers at regulatory bodies as a policy implication to tackle the factors at government level. That it will shed light on areas to be improved in an effort to provide financial inclusion to the unbanked low income and rural population. It will also benefit commercial banks by bringing factors that they deem to be critical to the acquisition of customers to their attention and have a clear understanding of factors that would be important in embracing and adopting agency banking as a product through overcoming the challenges ahead. It means that the findings of this study can be compared with strategic management in other sectors to draw conclusions on various ways commercial banks can respond to competitive forces in the environment. The research also serves as a ground for further studies and the finding of the study will initiate other researchers to perform a better and in-depth study on the area. Scholars and researchers may wish to use the findings and carry out further research.

1.6. Scope of the Study

The study is set to find out the factors that affect the operation and use of agency banking in our country. The banking services are offered by agents and therefore it is important to find-out if the population is using agency banking and to study the driving forces affecting its implementation. The researcher is intended to identify & describe factors affecting agent banking service outreach among commercial banks in Ethiopia through questionnaires to be filled by sample branch managers, experts, workers, agents, recruiters and customers. It found out the existing agent banking service outreach and it identifies factors related to agent banking service outreach of commercial banks in sub urban areas predominantly widely known as urban agriculture areas of Addis Ababa. Therefore the study is limited to some selected samples in Addis Ababa among all banks, but it would have been more productive if the study includes customers/subscribers and agents of the service in rural out of Addis Ababa.

Besides, the data sources were both primary from questionnaires and secondary from commercial banks publications and reports. The researcher may face bottlenecks from the respondents who may not be willing to reveal information may be due to lack of trust and assumed lack of confidentiality. The respondents may feel they are going against the

organizations rules and ethics for example bank employees do sign secrecy codes. But they were reassured that the information is needed for research purpose only. The researcher may experience constraints of time and resource to carry out the research.

1.7. Limitation of the Study

The study is delimited to determine factors that affect agent banking service outreach in Ethiopia. Hence, any conclusion drawn from the finding merely reflects Agent banking service. The study does not address the demand (customers' side) as there are limited numbers of users due to infancy of the service as well as time and money shortage. Besides, there is a lack of research material the area under question and limited to a few or none at all since the introduction of agent banking is a new phenomenon in our country. Study was limited to the customers of sampled branches of selected commercial bank of Ethiopia and it does not take into account other banks and country side of commercial bank of Ethiopia.

1.8. Definitions of Terms

- **Agent Banking** is the conduct of banking business on behalf of financial institution through an agent using various service delivery channels (National bank of Ethiopia (NBE) directive, 2022).
- **Agent** is a contract where by a person, the agent, agrees with another person (the principal) to represent him and perform on his behalf one or several legally binding acts (NBE, 2022).
- **Bank** – a company licensed by the national bank to undertake banking business in Ethiopia or a bank owned by the government (Zerfie, 2021).
- **Customer** is an individual or entity who uses mobile and agent banking services of financial institutions offered through mobile devices (Zerfie, 2021).
- **Peri-urban areas** are zones of transition from rural to urban land uses located between the outer limits of urban and regional centres and the rural environment (Ícaro, 2019).

1.9. Organization of the Study

The research paper is organized into five chapters. The first chapter deals with introductory part consisting of background of the study, statement of the problem, basic research questions, objective of the study, significance of the study, scope and limitation of the study and organization of the paper.

The second chapter reviews literatures related to the study. In this chapter various theoretical concepts that are related with Agent Banking and other related topics would be incorporated. So, relevant theoretical and empirical studies to each specific topic are discussed and reviewed to capture emerging themes and compared with those that have been studied previously so as to make the research work “good” and maintain “originality”.

Under the third chapter i.e. methods and design of the research; the research design, sampling and sampling techniques, the subjects/participant of the study; sources of the data, data collection tools/instruments employed; the procedures of data collection; and the methods of data analysis used is discussed.

The fourth chapter deals with the result and discussion part, data is analyzed; the findings are summarized and interpreted. And finally, the fifth chapter presents summaries of major findings, the conclusions and the possible recommendations.

CHAPTER TWO

Related LITERATURE REVIEW

This chapter provides a wider understanding of the concepts and variables of this study from previous research. The content of this chapter focuses on literature review on relevance of Agent banking services and practices, theories in agent banking service outreach, and the theoretical framework guiding this study.

2.1 Theoretical Literature Review

2.1.1 Concepts and Definition of Agent Banking

Agent banking refers to contracting of a retail outlet whether corporate or a small market enterprise by a financial institution or mobile network operator to process bank client's transactions. It is defined Agent banking as systems that enable bank customers to access accounts and common information on bank products and services through a personal computer or an intelligent device or any other banking activity held on internet. Agent banking is different from a bank cashier or teller in that the owner conducts the transactions such as cash deposit, cash withdrawal, electronic fund transfers, and payment of bills, account balance enquiry and loan referrals. Agents operate in supermarkets, pharmacies, retails shops and convenience stores (Tindi and Bogonko, 2017).

A banking agent is a retail or postal outlet contracted by a financial institution or a mobile network operator to process client's transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices and many more (Israt, 2019). In a growing number of countries, banks and other commercial financial service providers are finding new ways to make money delivering financial services to unbanked people. Rather than using bank branches and their own field officers, they offer banking and payment services through postal and retail outlets, including grocery stores, pharmacies, and gas stations among others. For poor people retail agents may be far more convenient and efficient than going through a bank.

Banking through retail agents uses information and communication technology through cell phones to transmit transaction details from the retail agent or customer to the bank (Stojković, Lovreta & Bogetić, 2016).

Banking agents help commercial banks to divert existing customers from crowded branches providing a complimentary often more convenient channel. Other commercial banks, especially in developing markets, use agents to reach an additional client segment or geography. Banking agents are the backbone of mobile banking, i.e., performing transactions over a mobile device, most often a mobile phone. To enable clients to convert cash into electronic money and vice versa which can be sent over their mobile phone, clients will have to visit a branch, automated teller machine (ATM), or banking agent. Especially in remote and rural locations, where cash is still the most important way to pay and transact, a mobile banking service is dependent on banking agents to enable clients to effectively use the service (Sunny & Abolaji, 2016).

Banking agents are usually equipped with a combination of point-of sale (POS) card reader, mobile phone, barcode scanner to scan bills for bill payment, personal identification numbers (PIN) pads, and sometimes personal computers that connect with the bank's server using a personal dial-up or other data connection. Identification of customers is normally done through a PIN, but could also involve biometrics. With regards to the verification, authorization, and settlement platform, banking agents are similar to any other remote bank channel (Taylor, Bogdan and DeVault, 2016).

Agent banking is a kind of branch less banking which is significantly cheaper alternative to conventional branch-based banking that allows financial institutions and other commercial players to offer financial services outside traditional bank premises (Hassan, 2011). Agent banking represents a significant opportunity to reduce transaction costs such as travel for clients by bringing financial services to hard-to-reach and geographically dispersed areas. This is especially true in Africa where some areas are sparsely populated leaving long distances between the customer and the bank. Moreover, in these areas overall literacy levels are fairly low. Also, banks and other financial institutions often do not have sufficient incentive or capacity to establish formal branches in these areas. Obviously, the set-up of agent banking is less costly and

more flexible than for traditional bank branches since it reduces the need to invest in staff and physical infrastructure (Ruswanti and Lestari, 2016).

2.1.1.1 Agent Banking in Ethiopia

In late 2012, National Bank of Ethiopia has issued a directive cited as “Regulation of Mobile and Agent Banking Services under Directives No.FIS-01-2012” with effective date of January1, 2013. The directive states about modes of business conduct, limits on mobile banking transactions, agent management, customer and agent due diligence requirements and so on. Following the directives several banks started to launch Agent banking services i.e. Commercial Bank of Ethiopia (CBE Birr), Lion International Bank (Hello Cash), United Bank (HibirWekil), Cooperative Bank of Oromia (Hello Cash), Wegagen bank (Hello Cash), Oromia International Bank (Oro-Cash), Awash Bank (Awash Mobile/Wallet), Dashen Bank (Ende Bank) And Abay Bank (Abay Bedeje). Agent banking defined under National Bank of Ethiopia directive no. FIS /01/2012 as means the conduct of banking business on behalf of a financial institution through an agent using various service delivery channels. Agency banking refers to the delivery of financial services outside conventional bank branches, often using non-bank retail outlets that rely on technologies such as point-of sale (POS) devices or mobile phones for real time transaction processing.

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financial services, to small lottery outlets and clients can receive their social payments and access their bank accounts (Zerfie, 2021). In line with National Payment System Proclamation No. 718/2011 and article 59 (2) of Banking Business Proclamation no. 592/2008, the National Bank of Ethiopia has issued directives of modality of Agent banking operations to deepening financial service accessibility to the wider section of the population at an affordable price; to encourage and enhance savings mobilization through the use of alternative and innovative financial services delivery channels; to set the minimum standards for risk management and customer protection on the delivery of mobile and agent banking services; for ensuring that financial institutions are delivering mobile and agent banking services without compromising the safety and soundness of the financial system of the country.

As per the directive no FIS-01-2012, National Bank of Ethiopia (NBE) only financial institutions that are licensed by the National Bank are allowed to engage in mobile or agent banking services. This directive has also clarified and framed the business modality of the agent and mobile banking services in Ethiopia. Mobile and Agent banking service shall be carried out only within Ethiopian geographic boundary and only with Ethiopian Birr. The directive has also articulates limits on Mobile Banking Transaction. Accordingly, the maximum balance that should be available in a mobile account of a person with a financial institution at any time shall not exceed Birr 25,000. Daily mobile banking transaction that involves debiting of an account by a person with a financial institution shall not exceed Birr 6,000. Moreover the directive also states about customer Due Diligence requirements. Financial institutions must ensure their agents fully comply with the requirements of “Prevention and Suppression of Money Laundering and the Financing of Terrorism Proclamation Number 657/2009” and “Customers Due Diligence of Banks Directives No. SBB/46/2010”. Notwithstanding the provision stated above, financial institutions shall train their agents on prevention of money laundering and financing of terrorism requirements and on the procedures to be followed to ensure same (NBE, 2022).

2.1.2 Theory Related to the Study

There are several theories evolved for explaining adoption of new technology. Researchers have been used different frameworks in the study of adopting new technological innovation. Among frameworks that have been developed in different studies includes, Theory of Reasoned Action, Technology Acceptance Model (TAM), Extended TAM Factors, Unified Theory of Acceptance

and Use of Technology (UTAUT), Theory of Planned Behavior, Diffusion of Innovation Theory, Social Cognitive Theory, Technology-Organization-Environment Framework (TOE) and Decomposed Theory of Planned Behavior. For purpose of this study the researcher will adopt UTAUT to describe factors influencing customer's intention to adopt Agent banking service in Ethiopia. The reason that the researcher selected UTAUT, it is considered to be the most important theory for IT adoption studies, integrate significant element of the rest models and the model has been empirically examined and found to outperform the above listed models (Santu, , Mawanza and Muredzi, 2017). The Theory of Reasoned Action (TRA) is probably one of the most influential theories used to explain human behaviour. According to this theory, the behavioural intention can be explained by the attitude towards behaviour and subjective norm. It was developed as a result of failure of the TRA when it was discovered that behavior was not voluntary. According to the model only those specific attitudes toward the behavior in question can be expected to predict a behavior. Basically TRA and TPB are similar, in both theories Behavior intentions is an important element in predicting the actual behavior while on the other hand the main difference between these two theories is that the TPB added more constructs to the model and thus Perceived Behavioral Control (PBC) as the determinant of Behavioral Intention and control beliefs that affect the perceived behavioral control. The reason for including the PBC is because the perceived behavior control is an external variable that has both direct and indirect effect on actual behavior intentions (Shah, 2018).

TAM proposes perceived usefulness (PU) and perceived ease of use (PEOU) as fundamental determinants of technological adoption where an individual's intention to use an application is predicted and explained by once perception of the technological usefulness and its simplicity. It was mentioned the term diffusion as it is influenced by five elements; an innovation characteristic, decision making process, individual characteristics, the product itself, communication channels and the effect of the innovation in the eyes of society. According to the model the determinants of adoption of an innovation are: *complexity* (is the level of difficulty in understanding and using the technology), *relative advantage* (is the extent to which the innovation is perceived as better than the technology it replaces, including technical performance, cost, risk, or other attributes), *trainability*(the ability to try or experiment with the performance of new technology on a limited basis), *Observable* (the extent to which the results of a new technology can be observed or visible to others) and *compatibility* (is the extent to

which an innovation is perceived as being consistent with the existing values, past experiences and needs of potential users). An innovation with relative advantage, with less complexity and compatible will be adopted easily and faster by an individual (Sheth, 2017).

2.1.2.1 Unified Theory of Acceptance and Use of Technology (UTAUT)

Unified Theory of Acceptance and Use of Technology (UTAUT) is a technology acceptance theory formulated by Venkatesh et al. (2003). The UTAUT aims to explain user intentions to use an information system and subsequent usage behavior. This theory is based on four core determinants of intention and usage (performance expectancy, effort expectancy, social influence, and facilitating conditions) and whereas gender, age, experience, and voluntariness moderate the impact of the four key constructs on usage intention and behavior (Shetty and Basri, 2018).

The model integrates significant elements across eight prominent user acceptance models (theory of reasoned action, technology acceptance theory, motivational theory, theory of planned behavior, a combined theory of planned behavior, theory of personal computer use, diffusion of innovations theory, and social cognitive theory) and formulates a unique measure with core determinants of user behavioral intention and usage. The theory establishes that variables such as PEOU and PU can influence adoption but also varied depending on age, gender and experiences of the individuals who are introduced to a new technology. The effect of core constructs is moderated by gender, age, experience, and voluntariness of use.

2.1.3 Summary of Theoretical Framework of the Study

The Agent banking is clearly an innovation that requires time to reach critical mass. With regard to communication channels, banks have done well to popularize the model with service names that resonate well with the target population. Banks are actually only eager to recruit well established businesses as agents for this reasons and the need to bolster their reputation and the much needed deposits from the agents who automatically become their customers. This is because bank agents must open Agent operations account with the bank they work for. The reluctance of the majority banks to engage in Agent banking despites its potential for cost saving could be explained by the different categories of adopters. Banks however need to come up with initiatives to popularize the Agent banking such as advertisements, road shows, pricing strategies

to create push and pull at the Agent as well as many more initiatives until the Agent banking has attained the critical mass.

2.1.4 Relationship between Factors and Agent Banking Service Outreach

2.1.4.1 Bank Side Factors

A distinction between the interconnected concepts of customer management, customer relationship management and relationship marketing is provided, observing that customer management addresses how to implement interactions with customers, customer relationship majorly focuses on managing relations with customers backed by technological resources and relationship marketing covers how all relevant stakeholders can be related with it (Grönroos, 2017). The foremost advantage of agent banking from the bank customers' point of view is significant saving of time by the automation of banking services processing and also enabling the customers to access the banking service any time at anywhere. Its benefits of e banking from customer's point of view are reduced costs in accessing and using the banking services, increased comfort and timesaving -transactions can be made 24 hours a day, 7 days in a week without requiring the physical interaction with the bank, quick and continuous access to information and better cash management. Generally, e-banking as already stated has greatly serviced both the public and the banking industry. This has resulted in creation of a better enabling environment that supports growth, productivity and prosperity (Shah, 2018).

2.1.4.1.1 Awareness of the Service on Agent Banking

The single most important variable to high privacy concerns was the overall trust in other people. If the respondents had high trust in others, they were less worried about misuse of personal information. The usage depends mainly on the ease of use and lack of other similar services, and not on the trust of the companies or their services. Awareness means being able to distinguish and recollect the brand; it also includes recognizing the brand even in odd circumstances and the ability to associate the logo, name and other such aspects of the brand to some specific relations (Shah, 2018). It includes knowledge, supremacy, and top-of-mind and brand estimation. The complete set of brand associations is brand knowledge about the brand. Awareness refers to whether consumers can recognize or recall a brand and it also defined as recognition as

“consumers’ ability to confirm prior exposure to the brand when given the brand as a cue” and brand recall as “consumers’ ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue”. A brand that is easily recalled has a deeper level of brand awareness than a brand that only comes to customers’ mind when seeing it. The breadth of brand awareness measures the range of purchase and usage situations in which the brand element comes to mind. The breadth depends on the organization of brand and product knowledge in memory (Mujeri, 2018).

- H₁: There is significant and positive relationship between awareness and agent banking in peripheral urban areas of Addis Ababa

2.1.4.1.2 Customer Attitude

Adoption of technologies in relationship marketing may be explained using the technology adoption model. According to the technology adoption model, whether a new technology is adopted depends on the attitude of the potential user towards the technology and the attitude is shaped by the potential usefulness and ease of use of the technology (Yaseen & El Qirem, 2018). Technology solutions for customer relationship marketing provide an interface between the front office and back office operations with the touch points through which customers’ access services, which includes the Internet, e-mail, sales, direct mail, telemarketing operations, call centres, advertising, fax, pagers, stores, and kiosks. Frequently, these touch points are controlled by separate information systems. agent banking service outreach is a key determining factor why customers leave or stay with a bank. However, keeping customers is also dependent on a number of other factors. These include a wider range of service choices, greater convenience, better prices, and enhanced income (Zerfie, 2021). Therefore, bank management tends to differentiate their firm from competitors through service quality. Service quality is a crucial element which impact customers’ satisfaction level in the banking industry. Generally in banking, quality is a multivariable concept, which includes differing types of convenience, reliability, services portfolio, and critically, the staff delivering the service (Werkyantefu, 2020).

- H₂: There is significant and positive relationship between customer attitude and agent banking in peripheral urban areas of Addis Ababa

2.1.4.1.3 Easy to use on Adoption of Agent Banking

Customers find it important that the service is fast and easy, and that if slow, the perceived usefulness of the service would be much lower. Agent banking is a win-win-win for all parties involved. The agents win since they are able to sell a greater variety of specialized products and services on behalf of the bank to customers in remote regions. The customers win by getting easy access to accredited financial services providers and the banks win since they are able to increase their market share (Bergström, 2015). Operating a bank branch entails having at least one teller at the front desk, a bank manager, bank employees specializing in e.g., loans, and securities. Nowadays, the trend changes from harder way to the more convenient way of making transactions by using the internet banking, mobile banking and the agent banking that are technology driven banking services (Tindi and Bogonko, 2017).

- H₃: There is significant and positive relationship between easy to use and agent banking in peripheral urban areas of Addis Ababa

2.1.4.1.4 System Excellence on Adoption of Agent Banking

Banks should allocate greater chunks of resources for use by agencies as this would lower administration and operational costs, increase revenue, and enhance asset quality, ultimately enhancing the financial performance of the bank. System quality is conceptualized as desirable characteristics of an information system. Among different desirable characteristics, perceived ease of use is the most commonly employed measure of system quality (Momanyi, 2016). The system quality instrument proposed is among the most comprehensive instruments which includes many characteristics of an IS such as effectiveness, user-friendliness and portability.. The delivery of banking services via agents is undoubtedly a strategic resource enabling banks to achieve greater efficiency, better control of operations as well as reduce costs by ditching traditional paper based and labor intensive systems in favour of automated procedures that lead to increased productivity and profitability. Customers rely on the satisfaction of the quality of the system and its integration to gain better relation with the organization. Agent banking service outreach is a state of mind that the quality of the service has been met or exceeded over the life time of the use of service (Santu et al., 2017).

- H₄: There is significant and positive relationship between system excellence and agent banking in peripheral urban areas of Addis Ababa

2.1.4.1.5 Information Quality on Adoption of Agent Banking

Information is valuable data that have been processed in such a way as to increase the knowledge of the person who uses the data. Translating information into knowledge requires personal experience and reflection. Knowledge itself may be processed to generate decisions and new knowledge including the results of formal studies and also common sense facts, assumptions, heuristics (strategic rules of thumb), and models – any of which may reflect the experience or biases of people who interpret the initial data (Mujeri, 2018). Therefore, at the same time as the transformation of data into information is normally an explicit, repeatable and easily conveyed procedure, the further translation of information into knowledge often involves tacit processes that are much more difficult to capture and explain to others (Santu et al., 2017). High-quality data and derived information are needed to create institutional knowledge (stored information) plus reasoning processes that help an organization extract the maximum benefit from the resources.

- H₅: There is significant and positive relationship between information quality and agent banking in Sub Urban areas predominantly widely known as urban agriculture areas of Addis Ababa

2.1.4.2 From Firm Side

Electronic customer relationship management is beneficial to both a bank and its customers. Banks get access to important transaction data available to all people in the bank which can enable modeling of customer behavior, coordination between departments is eased, feedback from customers can be easily obtained and concerns addressed, improved service quality enhances trust in bank service. On the other hand, customers stay informed on their financial information, get feedback from the bank quicker, have virtual access to their data, enjoy faster transaction processing and access services more conveniently, among others (Israt, 2019).

2.1.4.2.1 Locational convenience

It refers to the site at which the agents are located. Though service knowledge of the agent is described as one determinant of convenience to the customer in a way that customers can get what the service they want right away, for the purpose of this study it is excluded due to the fact that customers are not in a position to evaluate knowledge of the agents. Electronic customer relationship management is beneficial to both a bank and its customers (Israt, 2019). Agent banking, also known as correspondent banking, is a model for delivering financial services whereby a bank partners with a retail agent or correspondent in order to extend financial services to locations for which bank branches would be uneconomical. It is delivery channel that holds high potential for closing the delivery gap (Aung, 2019).

- H₆: There is significant and positive relationship between location convenience and agent banking in peripheral urban areas of Addis Ababa

2.1.4.2.2 Agent Quality

Availability and timely service and cash availability when the customer is in need are agent quality determinants. It is sometimes impossible to expect flawless availability of service delivery at all times to customers due to the fact that technologies can sometimes fail to deliver as expected. Quality mentions to the desirable characteristics of the information system outputs. Accuracy, relevance, completeness, currency and dynamic content are examples of characteristics of desirable content. It is generally accepted that the measurement instrument of information quality should be developed according to the type of information system under study (Werkyantefu, 2020).

- H₇: There is significant and positive relationship between agent quality and agent banking in peripheral urban areas of Addis Ababa

2.1.4.2.3 Reliability

Once customers start using the service it is the responsibility of the agent respect and render the service with full and due attention consistently. Agency banking success largely depends on reliability. Agents use point-of-sale (POS) devices and/or mobile phones and must have access to the bank's core banking system so that the clients, transactions are reflected in real time as per the CBK guidelines. One of the major measurements of reliability is the system availability

(Zerfie, 2021). When one device is in use alone service disruptions are devastating as no customer can be served but when the two gadgets are in use together then the agent and the customer are able to switch from one to the other with a less repercussion on the customer experience. To be effective, banks should implement and continuously evaluate competence and effectiveness of their customer and agent service providers in application of technology whenever they are transacting. Methods to evaluate a program's effectiveness include tracking the number of customers who report fraudulent attempts to obtain their authentication credentials such as ID/password, the number of clicks on information security links on websites and the number of inquiries. By ensuring adequacy in skills will minimize on errors and therefore improving overall service quality, which in turn will build agent banking service outreach and reliability in the service (Werkyantefu, 2020).

- H₈: There is significant and positive relationship between reliability and agent banking in peripheral urban areas of Addis Ababa

2.1.4.2.4 Affordability

Agent banking is meant to be giving affordable service to customers through agents without going to the bank halls. The cost in connection with getting the service through agents and safety level will attract customers to use agent banking service and they are main determinants of satisfaction (Aung, 2019). Following the NBE directive agent banking considered as one of the competitive advantage by Ethiopian banks and has got a focus. The directive issued aiming the use of technology and innovative financial service delivery channels such as mobile devices and agents have significant contribution in deepening financial service accessibility to the wider section of the population at an affordable price (NBE regulation). The regulation is one factor that influences commercial banks to adopt agent banking (Zerfie, 2021).

- H₉: There is significant and positive relationship between affordability and agent banking in peripheral urban areas of Addis Ababa

2.1.4.2.5 Technology

Branchless banking which is one of the banking distribution strategies that provide financial services without relying on the existence of a bank branch office. Branchless Banking is a distribution network used to provide financial services outside branch offices of bank through

technology and alternative networks to be cost-effective, efficient and in safe and comfortable conditions (Ruswanti and Lestari, 2016). Agent banking is branchless banking model that allows financial institutions to use third party retail agents and leverage on ICT to provide financial services outside the traditional brick and mortar bank premises. It is a great opportunity for the banks to reach out more people in rural areas where they cannot open branches easily being a mechanism in reducing costs and boost their deposit mobilization (Aung, 2019).

- H_{10} : There is significant and positive relationship between technology and agent banking in peripheral urban areas of Addis Ababa

2.2 Empirical Literature Review

2.2.1 Global Empirical Studies in Agent Banking

Israt (2019) found that agent banking as a fairly new phenomenon relies on the integration of different functions within the bank with a strong emphasis on the role of technology, processes and personnel to deliver services that can be acceptable to the customers so as to create long lasting beneficial relationships. With a growing number of adult people in the world people not owning a bank account, efforts are being made to bring banking services to the unbanked populations. Relationship marketing plays a crucial role in establishing and sustaining beneficial relationship in the banking industry. This study explored the link between agent banking and relationship marketing through an exploratory qualitative approach. The decision by banks in Bangladesh to offer agent banking is driven by various reasons. Comparing the reasons with those identified in the literature reviewed indicates some similarities and differences. Empirical findings indicate that banks in Bangladesh offer agent banking so as to reach the underserved and unbanked populations in Bangladesh and support the government of Bangladesh efforts towards financial inclusion. Aung (2019) identified the agent banking services of CB Bank and to examine the customer perception on the agent services of the CB Bank. Descriptive method and both primary data and secondary data are used in this study. Current total number of CB agents countrywide is more than 2039 in April, 2019. The study only chose 9 agents which is the fifty percent of the total agent in related area in Tanintharyi. The study found that the mean values for all independents seem strongly agree. Among these variables, customers were agreed that the service charges were reasonable and customer's required information in free of charges. As these conditions, customers were satisfied on cost of CB agent banking services. Relating with the

agent quality, there is a positive impact on using agent banking services in the study. This shows that the customer was believed the agent quality. CB Bank has to raise the convenience by doing the agent locations and campaigns for its agent banking products.

Grace (2014) was conducted study in order to analyze the factors that influence consumer adoption of mobile banking in Tanzania. The study was based on primary data collected through questionnaire. The results of the study suggested that perceived risk, relative advantage and convenience are the determinant factors in influencing consumers' adoption decisions. Momanyi, (2016) also sought to identify factors influencing the adoption of digital banking services by customers among commercial banks in Kenya. The study was guided by Rogers's Diffusion of Innovations theory. The research was based on descriptive research design and collected Primary data through questionnaires. The study found out that demographic factors like age, level of education and occupation had an influence on the adoption of digital banking services.

2.2.2 Ethiopia Empirical Studies in Agent Banking

Studies have been conducted by different researchers in different part of the world about Agent banking. For example, Zerfie (2021) assessed agent banking service in the with respect to the assessment of agent banking service outreach in selected Commercial bank of Ethiopia in the case of Debresena, Seladingay, Shewa robit, Yifat and Kewot. The result of the study indicated that, the agent banking service industry faces in the provision of the service are, lack of awareness , be deficient in trust, lack of supportive training, lack of ICT infrastructure as well as be lack of trust. The study also identified perceived ease of use and perceived usefulness as a driver for the frequent use of agent banking system.

Werkyantefu (2020) identified the determinants that influence the adoption of Agent banking (CBE Birr) in commercial bank of Ethiopia and was conducted in Addis Ababa. Using research approach with explanatory and descriptive research design, then study found that contribution 3.83, trust 3.66, easy to use 3.77 and challenges 3.73 were rated as good performer and system excellence 3.14 and information quality 3.15 were rated as less performer and technological adaption (3.43) has been not as much of .expected. In addition, there is a positive and significant strong relationship between contributions .829, trust .839, easy to use .854 and challenges .855 and adaption; system excellence .719 and information quality .764 having relatively less r2 but

there is a positive and significant strong relationship with adaption. Further, there is a positive and significant effect of contributions .015, trust .014, easy to use .023 and challenges .0001, system excellence .046 and information quality .030 on adaption of agent banking.

Henos (2018) identified indicated that lack of awareness of both agents and customers, NBE regulations and limitations, lack of budget, poor advertisement, unavailability of new and additional services, illiteracy, dependability of the service and poor network quality were the major challenges presented. Similarly, Anwar (2015) revealed that the main challenges face the banking industry in adoption of agent banking and e-banking are lack of adequate national ICT infrastructure, lack of skilled IT personnel's, lack of government support, security risk, lack of legal and regulatory frameworks and lack of competition between local and foreign banks.

Afework (2015) recognized factors that affect the adoption of Agent banking with respect to the barriers and benefits derived from adopting the system. Technology Organization Environment (TOE) framework and Technology Acceptance Model (TAM) were used. The study found that the prospects of cost reduction and availing services beyond restriction of space and time were major driving factors in adopting Agent banking. The benefits were also classified as Perceived Ease of Use (PEOU) and Perceived Usefulness (PU). The barriers identified in this study came from the external environments like; lack of legal framework, under developed ICT infrastructure including poor network connectivity, lack of competition among banks and lack of sufficient government support, security risk and lack of customer trust towards the service. Laekemariam (2016) was also intended to identify factors affecting the adoption of mobile banking. The study revealed that performance expectancy, perceived risk, perceived cost, effort expectancy and trust, were the factors affecting users having intention to adopt mobile banking.

Elfagid (2015) tried to investigate the prospect and challenges of Mobile and Agent Banking in Ethiopia. The study found out that Mobile and Agent banking serves as a successful propagator of financial inclusion entailing an immense opportunities towards enhancing accessibility to financial services to the unbanked/under banked of the society and serving as an additional revenue generating mechanism, cost reduction and increasing customer base for financial institutions. The findings of the research also revealed that major challenges facing up the successful implementation of Mobile and Agent banking in Ethiopia were the infrastructural

problem associated with ICT and road network, lack of appropriate agent banking channels and low level of financial literacy in the Country.

2.3 Research Gap

In different parts of the world various research studies have been conducted on Agent banking service. In Ethiopia various research studies also have been conducted on factors influencing adoption of E-banking in general and Agent banking in particular like that of Ayana, (2012), Afework, (2015) and Anwar, (2015). However, none of these studies focused on determinants to adopt Agent banking services specifically in Ethiopian banking context. Different frameworks and theories are also used in different studies like Diffusion of Innovation theory, technology acceptance model (TAM). However this study employed the Unified Theory of Acceptance and Use of Technology (UTAUT). Most of previous studies also based on descriptive data analysis. Thus, this research study shed light on factors affecting customer's intention to adopt Agent banking service in Ethiopia to fill the research gap in this regard.

2.4 Conceptual Framework

A conceptual framework helps the reader to quickly see the proposed relationships between the dependent and independent variables in the study and depict the same graphically.

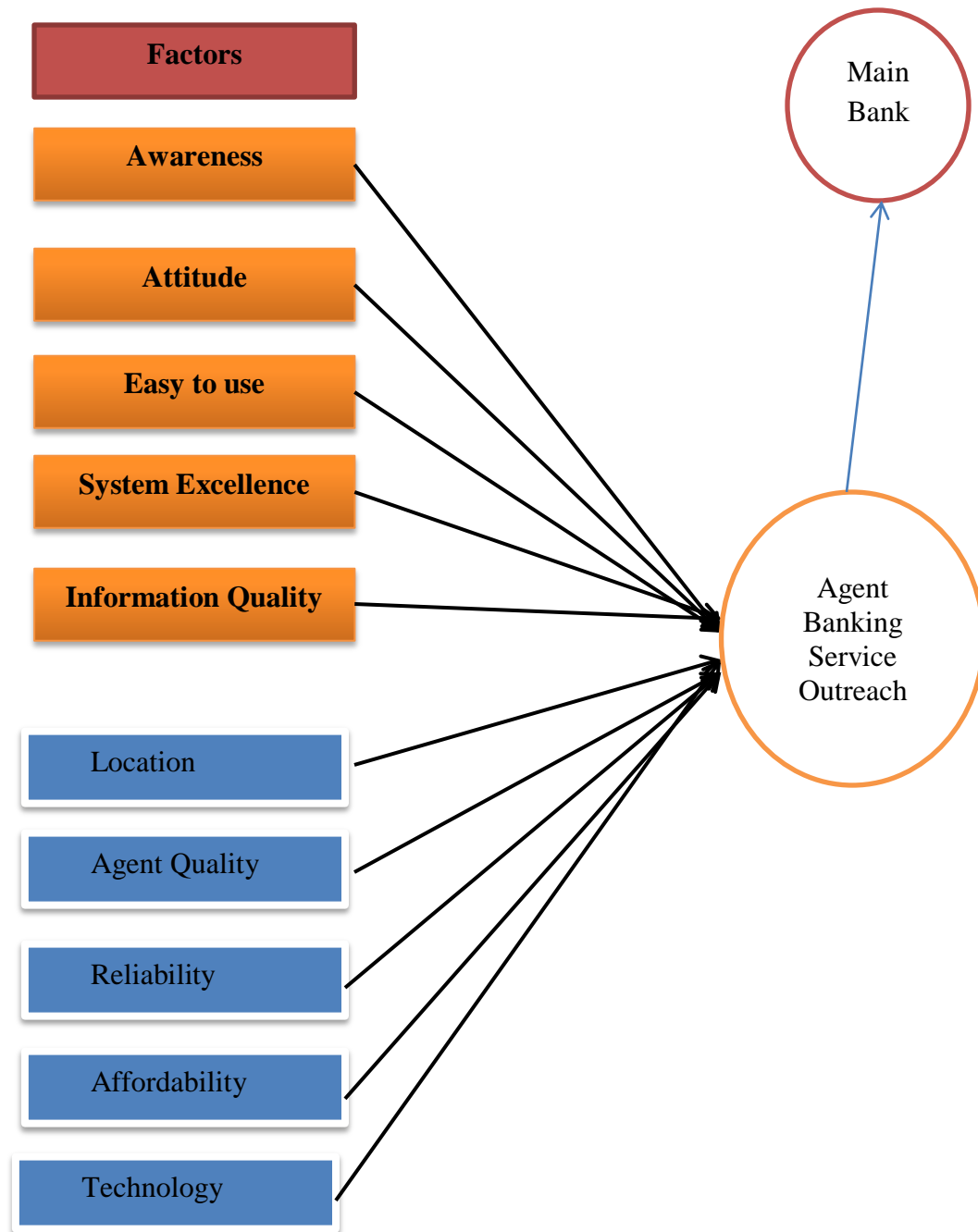


Figure 1 Conceptual Framework of the Study

Source and adapted from Zerfie (2021), Aung (2019) and Werkyantefu (2020)

Several studies undertaken on agent banking revealed that the most important factors influencing the usage of agent banking services are risk/security, liquidity, lack of legal and regulatory framework, Lack of ICT infrastructure, quality of service, cost. Zerfie (2021) reviewed various empirical and theoretical literatures in light of having an in-depth understanding on the subject matter to supplement the research construct. A research framework developed based on

technology acceptance model to guide the study. As the agent banking offers an alternative way of conducting banking transaction outside the banking halls, locational convenience of the agent site is also an important quality and satisfaction determinant. Though service knowledge of the agent is described as one determinant of convenience to the customer in a way that customers can get what the service they want right away, for the purpose of this study it is excluded due to the fact that customers are not in a position to evaluate knowledge of the agents. Agent banking is meant to be giving safe and affordable service to customers through agents without going to the bank halls. The cost in connection with getting the service through agents and safety level will attract customers to use agent banking service and they are main determinants of satisfaction. Werkyantefu (2020) adopted the Unified Theory of Acceptance and Use of Technology (UTAUT) model as a bench mark to propose a research model with some additional constructs. UTAUT is considered to be the most important theory for IT adoption studies. The model has been empirically examined and found to outperform the other eight preceding models. However, UTAUT is not perfect. To apply UTAUT in certain special IT applications such as mobile E-banking, modification and revision of constructs or variables in order to fit situations is needed (Aung, 2019). It consisted of the following constructs; contribution, easy to use, information quality, system quality, challenges and trust as a determinant factors affecting customer's intention to adopt Agent banking service in Ethiopia. Therefore, this study will use awareness, attitude, easy to use, information quality, system quality, challenges, technology, reliability, convenience, agent quality and trust as a determinant factors affecting customer's intention agent banking service outreach in Ethiopia.

CHAPTER THREE

METHOD OF THE RESEARCH

This section looks at the methods to be use in order to achieve the objectives of the study. It highlights research design, data source and the methods uses in data collection for the research. It also identifies the target population for the study, the sample size and frame, sampling technique and other method of study.

3.1 Description of the Study Area

This study was conducted in sub urban areas of Addis Ababa, the capital of Ethiopia. It is a unique city in East Africa. The city is located almost in the center of the nation in the foothills of Mount Entoto about 2,500 m (8,200 ft) above sea level. Addis Ababa, also spelled Addis Ababa, capital and largest city of Ethiopia. It is located on a well-watered plateau surrounded by hills and mountains, in the geographic center of the country. Addis Ababa is the educational and administrative center of Ethiopia.

3.2 Research Approach

Mixed methods research is a methodology for conducting research that involves collecting, analyzing, and integrating (or mixing) quantitative and qualitative research (and data) in a single study or a longitudinal program of inquiry. The purpose of this form of research is that both qualitative and quantitative research, in combination, provides a better understanding of a research problem or issue than either research approach alone (Creswell, 2014). The current study employed a mixed approach; it incorporates elements of both qualitative and quantitative approaches.

3.3 Research Design

Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group like describing their age, gender, educational level and whether they purchase or not, and analyzing the response on respondents agreement state on factors influencing users intention to adopt the service (Kothari, 2019). Explanatory designs try to establish cause-and-effect relationships. The primary purpose of explanatory research design is to determine how events occur and which ones may influence

particular outcomes, which looks for the relationship among the different factors influencing user's intention to adopt the service as per the conceptual model (ibdi).

This study was accomplished through summary statistics, which included the means and standard deviations for each variable in this study. Explanatory research design was also used to analyse the data that was collected from the customers because research design helps identify the relationship between independent and dependent variables. It was used to gather information about the status of the phenomenon. Based on this, an explanatory survey study was used in the study because it helps study a large number of people and merely explains what people say, think, and do. The purpose of this design is to enable the researcher to determine and explain the characteristics of the variables. Since the main objective of this study identified various determinants, which influence customers to adopt agent banking by commercial bank of Ethiopia, both explanatory type and descriptive type of research designs was employed in this study.

3.4 Data Source

The study used both primary and secondary data sources. Primary data was collected from sample customers of selected commercial banks in peripheral urban area by the using both close ended questionnaire. In addition, the study used journals and interview data as primary data source. Similarly, Secondary data was collected from selected banks in selected commercial banks' annual report, manual and strategic plan of the bank included in the study.

3.5 Data Collection Instrument

The study used two types of data collection methods; these are questionnaire and interview checklist.

3.5.1 Questionnaire

Primary data was collected through self-administered questionnaire to be distributed to different group of sampled customers of selected banks in the study area. The questionnaire sought information about the demographic inquiries of the customers, the service quality dimensions of agents and banks in selected commercial banks in peripheral urban area and its level of customers' satisfaction. In addition, the researcher translated for customers to easily

understanding the questionnaire. The questionnaire was adapted from Zerfie (2021) for agent banking service outreach and Werkyantefu (2020) for the determinants that influence the adoption of Agent banking in commercial bank of Ethiopia. The questionnaire was divided into two parts. The first section of the questionnaire was enabled the researcher to collect demographical data and general information about the respondents such as age, gender and background information while the second section contained respondent's perceptions on the various factors affecting adoption of Agent banking service which is useful in addressing the stated research questions and the hypothesis. Closed ended questions were rated on a five-point Likert scales ranging from '1' "Strongly Disagree" to '5' "Strongly Agree".

3.5.2 Interview

The semi – structure interview checklist was prepared for branch manager, customer service manager and staffs who are working in agent banking of the bank based on their reliability to the issue under investigation.

3.6 Population and Sampling

3.6.1 Target Population

Population refers to full set of groups from which a sample is taken. To take a population sample, we must use a formula to figure out what sample size we need to take (Creswell, 2014). Accordingly, the population of this study consisted of 200 respondents or top users of Agent Banking from a selected branch of the surveyed banks in Addis Ababa [35 users from Gelan Adama Road areas – Oromia International Bank, 29 Kality areas – Commercial Bank of Ethiopia and Akaki Branch – Awash International Bank and 27 Sebeta Furi Alemgena areas – Cooperative Bank] and 80 agents from 25 agents from Gelan Adama Road areas – Oromia International Bank, 20 agents Kality areas – Commercial Bank of Ethiopia and Akaki Branch – Awash International Bank and 15 agents from Sebeta Furi Alemgena areas – Cooperative Bank]

3.6.2 Sample Frame

The sample frame of the study which is the list of the customers or respondents were found from customer profile of each selected bank in March, 2023.

3.6.3 Sample Frame

The population of this study comprised of all customers of Oromia International Bank, Commercial Bank of Ethiopia, Awash International Bank and Cooperative Bank. Commercial bank of Ethiopia (CBE) is a public bank which officially commenced Agent banking service called ‘CBE birr on December, 2017 while others are recent emerged banks in the areas. However, due to cost and time limitations, it is impractical to collect data from each and every customer of all branches of commercial bank of Ethiopia. Therefore, the researcher targeted to consider four pillar branches based on their performance (to saving amount per year).

3.6.4 Sample Size

The formula to find out the sample size (n) of finite population is based on Yamane (1967) sample formula. According to Yamane (1967) simplified formula for sample size as follows:

$$n = \frac{200}{1 + 505 (0.05)^2}$$

$$n = \frac{200}{2.2625} = 133$$

Sample size was computed using single population proportion formula with assumptions of 95% confidence level, 5% margin of error and proportion of 50% for the study area. Therefore, the sample sizes for the study were 133 staffs.

Table 1 Sample Size Determination

| Branch | Target population | Proportion | Sample size |
|--|-------------------|------------|-------------|
| Gelan Adama Road areas – Oromia International Bank | 35 | 0.67 | 23 |
| Kality areas – Commercial Bank of Ethiopia | 29 | 0.67 | 19 |
| Akaki Branch – Awash International Bank | 29 | 0.67 | 19 |
| Sebeta Furi Alemgena areas – Cooperative Bank | 27 | 0.67 | 18 |
| Agents | 80 | 0.67 | 53 |
| Total | 200 | | 133 |

Source: Survey result, 2023

3.6.5 Sampling Technique

3.6.5.1 For Customers Survey

The sampling selection technique for this study was the non-probability sampling. The selection of the four branches was selected based on the annual higher revenue of the branches in 2022, proximity for data collection, and the willingness of branch managers to cooperate for data collection by liaising with customers at the counter. Accordingly, a total of 384 respondents were drawn using random sampling method based on their willingness in filling the questionnaire. The population of this study comprised of all users of agent banking in the selected branches and the researcher used random sampling to identify the customers of the studied private commercial bank in Ethiopia. Therefore, the researcher targeted to consider selected branches based on their performance (to saving amount per year). It is possible to collect data from the entire population to make the study manageable and because of resource constraint; the study did not be able to undertake census survey instead used sample survey.

3.6.5.2 For Interview and Branches

Non-probability sampling technique in which some units of population have zero chances of selection or where the probability of selection cannot be accurately determined rather samples are selected based on certain non-probability criteria. Therefore, this research used a non-probabilistic sampling technique. Among the non-probabilistic sampling methods, purposive sampling technique was preferable because it is extremely time and cost effective when comparing to other sampling method and also enables the researcher to squeeze a lot of information out of the data they have collected. This allows the researcher to describe the major impact their findings have on the population. Due to financial constraints, Addis Ababa was convenience and selected for collecting data.

3.7 Analysis of Data

Data analysis is a process used to make sense of the collected raw data. Statistical Package for Social Sciences (SPSS), data analysis software, was used to analyze the quantitative data. Both descriptive statistics and inferential analysis (regression and correlation) was employed to analyze quantitative data obtained from the distributed questionnaire of factors affecting

customer's intention to adopt Agent banking service. Descriptive statistics such as arithmetic mean, frequency distribution, standard deviation and percentages was used to assess the demographic profile of the respondents to make the analysis more meaningful, clear and easily interpretable. Descriptive statistics allow the researchers to present the data acquired in a structured, accurate and summarized manner while multiple regression was used to test determinates of agent banking outreach.

3.7.1 Study Model

The empirical model to be used in the study to test determinant of agent banking service outreach is presented as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} + e_i$$

Where:

- Y = Agent Banking Service Outreach
- X₁ = Awareness
- X₂ = Attitude
- X₃ = Easy To Use
- X₄ = System Excellence
- X₅ = Information Quality
- X₆ = Location
- X₇ = Agent Quality
- X₈ = Reliability
- X₉ = Affordability
- X₁₀ = Technology
- e = Error

3.7.2 Model Assumptions

The following diagnostic tests were carried out to ensure that the data suits the basic assumptions of classical linear regression model.

- **Normality:** To check the normality, descriptive statistics was used. A normal distribution is not skewed and is defined to have a coefficient of kurtosis of. Normality is defined as the "shape of the data distribution or an individual metric variable and its correspondence to the normal distribution, which is the benchmark for statistical methods" (Hair *et al.*). Violation of normality might affect the estimation processor the interpretation of results especially in Ordinary Least squared analysis (Brooks, 2008).
- **Tests for Autocorrelation:** Assumption that is made of the CLRM's disturbance terms is that the covariance between the error terms over time (or cross-sectional, for that type of data) is zero. In other words, it is assumed that the errors are uncorrelated with one another. If the errors are not uncorrelated with one another, it would be stated that they are "auto correlated" or that they are "serially correlated". A test of this assumption is therefore required (Brooks, 2008).
- **Heteroscedasticity** – It means that error terms do not have a constant variance. If heteroscedasticity occur, the estimators of the ordinary leastsquare method are inefficient and hypothesis testing is no longer reliable or valid as it underestimated the variances and standard errors. (Brooks, 2008).
- **Multicollinearity:** any correlation coefficient above 0.7 could cause a serious multi collinearity problem leading to inefficient estimation and less reliable results. A correlation matrix used to ensure the correlation (Brooks, 2008).

3.8 Data Reliability and Validity

3.8.1 Validity

Validity is the extent to which difference found with measuring instrument reflecting true differences among those being tested. To ensure the quality of the research design content and construct validity of the research was checked. Construct validity establishing correct operational measures for the concepts being studied (Werkyantefu, 2020). The literature review was conducted and thoroughly examined to make sure that the content of measuring is relevant to the study. Experts who are specialized knowledge and experience on marketing, internet services, customers' management and managers' opinion was taken.

3.8.1.1 Pilot Study

A pilot survey was conducted on 12 respondents prior to administering the questionnaire to the selected sample size. The pilot survey was conducted to check if the questionnaire is clear, easy to understand and straightforward to ensure that the respondents could answer the questions with no difficulty. Based on the feedback from the pilot survey, necessary changes were made on the questionnaire before administering to the selected sample size.

3.8.2 Reliability

This study used Chronbach's alpha to assess the internal consistency of variables in the research instrument.

Table 2 Chronbach's Alpha Score Analysis

| Variables | Reliability Statistics | |
|--|------------------------|------------|
| | Cronbach's Alpha | N of Items |
| Factors from Bank Side - Awareness, Attitude, Easy To Use, System Excellence and Information Quality | .893 | 20 |
| Factors from Firm Agent Side Location, Agent Quality, Reliability, Affordability and Technology | .798 | 20 |
| Agent Banking Service Outreach | .750 | 4 |
| Challenges | .790 | 10 |
| Opportunities | .864 | 5 |

Source: Survey result, 2023

Chronbach's alpha is a coefficient of reliability used to measure the internal consistency of the scale. According to Israt (2019), scale with coefficient alpha between 0.6 and 0.7 indicate fair reliability so for this study a Chronbach's alpha score of 0.70 or higher is consider adequate to determine reliability. This study found that Chronbach's alpha score of factors from Bank Side - Awareness, Attitude, Easy To Use, System Excellence and Information Quality was .893, 20, fFactors from Firm Agent Side Location, Agent Quality, Reliability, Affordability and Technology .798, 20; agent banking service outreach for .750 , 4; Challenges .790, 10 and Opportunities .864, 5. These Chronbach's alpha scores were evaluated as excellent and it concluded that the questionnaire was reliable.

3.9 Ethical Consideration

Research is the collection of information and material that is provided to the researcher on the basis of trust and confidentiality, and it is vital that the participant's feelings, interests and rights are protected at all times (Sunny and Abolaji, 2016). The study maintained the organizations policy in relation to any intellectual property rights of the organization. Regarding privacy of the respondents, their responses are strictly confidential and only used for academic purposes. It cannot be ethical to access some confidential documents of the organization. So, the organizations code of ethics taken in to account without significantly compromising the findings of the study. Concerning references, all the materials and sources are properly acknowledged.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents findings of the study, followed by their interpretations and discussion as compared and contrast to previous studies. It includes the frequency of response rate and respondents profile of customers as well as response analysis by descriptive statistics and qualitative data analysis to answer the research objective.

4.2 Response Rate

From February to April 2023, interested and voluntary participants were given two hours to answer to the survey questionnaire that was administered face-to-face. 120 sampled replies were eventually obtained. The table below provides more information on response rates.

Table 3 Response Rate

| Branch | Distributed Questionnaires | Returned | Response Rate |
|--|----------------------------|------------|---------------|
| Gelan Adama Road areas – Oromia International Bank | 23 | 20 | 87% |
| Kality areas – Commercial Bank of Ethiopia | 19 | 18 | 95% |
| Akaki Branch – Awash International Bank | 19 | 17 | 89% |
| Sebeta Furi Alemgena areas – Cooperative Bank | 18 | 16 | 89% |
| Agents | 53 | 49 | 92% |
| Total | 133 | 120 | 90% |

Source: Survey result, 2023

Table 3 shows that 133 usable questionnaires were returned from the total of 120, with a response rate of 90%. For that reason, it shows 120 respondents appropriately filled out and returned the questionnaires in suitable form, and they were used for analysis. It shows that an almost higher rate of collection of questionnaires was achieved from the total targeted sample of respondents that contributed to the study. In addition, eight interviewees were interviewed over the phone based on the prepared interview checklist, and the results of their responses are discussed accordingly. According to Zerfie (2021), a response rate of 50% is adequate for a study, 60% is good, and 70% and above is excellent. As a result, a response rate of 90 % was appropriate and consistent for the study, as shown in the above table. Consequently, it can be said that the study attained a well-thought-out data response rate.

4.3 Respondents' Profile

This part of the study presents the study data as indicated in chapter three and this study attempted to present demographic profiles of the respondents, i.e. distribution of respondents in sex, age, and educational, marital status as well as their contact years with surveyed branches of commercial bank. For that reason, their responses are presented in the following table, followed by the implication of the responses.

As exposed in the below table, out of 120 the total of customer respondents of this study, 51 in number of the respondents are females and 69 individual respondents are male. The above table shows that the sex characteristic of study sampled bank customers or research participants was also considered. The results indicate that the two genders were satisfactorily represented in the study since there is none which was more than the two-thirds. Nevertheless, the statistics show that the male gender could be controlling the bank industry and business sector in developing countries (Werkyantefu, 2020). Consequently, the percentages stipulate an increase in the number of men customers engaging in banking services activities as per the study. This could be attributed to further benefit educational and capacity support to female customers through various women focused projects.

Table 4 Demographic Profile of sampled Respondents

| Variables – Category | | N | % |
|---|---|----------|----------|
| Gender of Respondent | Male | 69 | 57.5 |
| | Female | 51 | 42.5 |
| Respondent age | Less than 20 years | 2 | 1.7 |
| | 20 to 30 years | 26 | 21.7 |
| | 31 to 40 years | 27 | 22.5 |
| | 41 to 50 years | 32 | 26.7 |
| | 51 to 60 years | 22 | 18.3 |
| | 61 years & above | 11 | 9.2 |
| Education Level | Diploma and Below | 59 | 49.2 |
| | First Degree | 40 | 33.3 |
| | Second Degree (Master’s Degree) and above | 21 | 17.5 |
| Marital Status | Single | 39 | 32.5 |
| | Widowed | 22 | 18.3 |
| | Divorced | 13 | 10.8 |
| | Married | 46 | 38.3 |
| Occupation | Government Organization | 24 | 20.2 |
| | Private Organization | 30 | 25.2 |
| | Business Person | 22 | 18.5 |
| | Student | 31 | 26.1 |
| | Others | 12 | 10.1 |
| Do you recommend Agent banking service before for others? | Rarely | 3 | 2.5 |
| | Sometimes | 5 | 4.2 |
| | Most frequently | 108 | 90.0 |
| | Always | 4 | 3.3 |
| How often do you use Agent banking services? | Rarely | 3 | 2.5 |
| | Very frequently | 9 | 7.5 |
| | Frequently | 108 | 90.0 |

Source: Survey Result, 2023

According to the same table, only 28 (23.4%) of the respondents were under the age of 30, 27 (22.5%) of the sampled respondents were between the ages of 31 and 40, 32 (26.7%) of the banking respondents were between the ages of 41 and 50, 18.3% between the ages of 51 and 60, and 9.2% of them participated in the study at the age of 61 or older. This demonstrates that the majority of customers are at their productive and mature ages. The respondents' ages ranged from 20 to 66, with 20 being the youngest and 66 being the oldest. The data show that after turning 18, both adults and young people are more likely to engage in financial activities.

The educational profile of respondents indicates that the majority of respondents sampled from customers lie within the educational category of diploma and within the educational category of first degree holders participating in this study. As established by the similar table 4 above, 49.2% of sampled employees or respondents had a diploma or below-level education, but 33.3% of diploma and within the educational category of first degree holders participating in this study. As established by the similar table 4 above, 49.2% of sampled employees or respondents had a diploma or below-level education, but 33.3%, or half of them, had a first-degree education level, and 17.5% of them held a master's degree. This shows that the majority of the sampled employees of the surveyed organization were well-educated. This meant these employees had a good plan for self-education and needed to enhance their capacity. This shows that more than the majority of the respondents participated in this study, and the well-educated personnel have participated in financial transactions or banking systems.

The above table shows that the sampled respondents have extensive contact with the study case bank. Almost 20.2% of the customers' respondents were working in governmental organizations, 25.2% in private organizations, 18.5% were business people, and 26.1% were students. In this study, the majority of the respondents indicated that 90% of them most frequently recommend agent banking services to others. In addition, 90% of them most frequently use agent banking services before others. This indicates that the study fortunately included those customers who have extensive experience with private commercial banks and get a better picture of the private commercial banks' banking services from their experience. The majority of customers who worked for private businesses or organizations have not benefited from salaries; instead, they obtain commissions and other charges. Generally, data collected on the respondents was obtained

in the areas of gender, age, education, and frequency of bank visits. The purpose of this profile was to obtain a visualization of the bank customers responding to the questionnaire.

Overall, these customers were well educated, and the age group shows that the majority of respondents sampled from customers lie within the active age group. It shows that most of the respondents are active and at an age of maturity where they can feel more responsible to appropriately play the roles expected of them with a sense of accountability. This may be related to the fact that this age group may be frequent users and have faced this kind of problem in the banking system. Out of the total respondents, the majority of them were satisfied with the services provided by the surveyed bank.

Overall, these consumers were generally well educated, and the age distribution indicates that the bulk of the respondents who were sampled from customers are in the active age bracket. The majority of the respondents in total expressed satisfaction with the services offered by the bank that conducted the study. This may be because people in this age bracket use banks frequently and may have encountered issues of this nature there. Most of the respondents in total expressed satisfaction with the bank being surveyed services.

4.4 Response Analysis (Descriptive Analysis)

In relation to the agent banking service offered by private commercial banks, targeted respondents were asked to share their thoughts on security and privacy, relative benefit, information quality, system quality, agent banking service outreach, and agent retention. According to this answer analysis, respondents' degrees of agreement with each dimension are rated: Werkyantefu (2020) indicated more than 4.51 as excellent, 3.51- 4.50 very good, 2.51 – 3.50 good or satisfactory and below 2.50 poor.

4.4.1 Bank Side Factors

The agent banking is relatively well-organized and it is comfortable application system. The agent banking helps to transit money particularly in regional transaction.

Table 5 Responses on Bank Side (N= 120)

| Items | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | |
|--|-------------------|-----|----------|-----|---------|-----|-------|-----|----------------|-----|
| | N | % | N | % | N | % | N | % | N | % |
| I aware of using Agent banking benefits | 7 | 6% | 12 | 10% | 20 | 17% | 54 | 45% | 27 | 23% |
| Agent banking service is convenient | 6 | 5% | 10 | 8% | 14 | 12% | 60 | 50% | 30 | 25% |
| Agent banking is useful in my business | 12 | 10% | 21 | 18% | 26 | 22% | 41 | 34% | 20 | 17% |
| Agent banking service is more accessible | 16 | 13% | 18 | 15% | 32 | 27% | 42 | 35% | 12 | 10% |
| Awareness Grand Mean 3.48 SD 1.002 | | | | | | | | | | |
| I frequently visit banks to get the service. | 13 | 11% | 18 | 15% | 28 | 23% | 52 | 43% | 9 | 8% |
| Agent banking service attracts customers | 4 | 3% | 13 | 11% | 11 | 9% | 80 | 67% | 12 | 10% |
| I prefer to use agent banking service | 1 | 1% | 7 | 6% | 13 | 11% | 82 | 68% | 17 | 14% |
| willing to accept agent banking Service | 1 | 1% | 12 | 10% | 12 | 10% | 86 | 72% | 9 | 8% |
| Attitude Grand Mean 3.63 SD 1.0001 | | | | | | | | | | |
| flexible service | 3 | 3% | 12 | 10% | 12 | 10% | 86 | 72% | 7 | 6% |
| I comfortable t use agent banking of banks | 8 | 7% | 11 | 9% | 14 | 12% | 78 | 65% | 9 | 8% |
| technology user friendly | 10 | 8% | 15 | 13% | 14 | 12% | 75 | 63% | 6 | 5% |
| Easily adaptably technology | 4 | 3% | 12 | 10% | 12 | 10% | 75 | 63% | 17 | 14% |
| Easy To Use Grand Mean 3.60 SD 1.0011 | | | | | | | | | | |
| agents banking is reliable | 9 | 8% | 13 | 11% | 31 | 26% | 49 | 41% | 18 | 15% |
| get error-free records service | 15 | 13% | 29 | 24% | 29 | 24% | 45 | 38% | 2 | 2% |
| modern-looking equipment | 22 | 18% | 34 | 28% | 21 | 18% | 39 | 33% | 4 | 3% |
| Banks have unique technology regarding to agent banking | 14 | 12% | 37 | 31% | 31 | 26% | 37 | 31% | 1 | 1% |
| System Excellence Grand Mean 2.97 SD 1.231 | | | | | | | | | | |
| I get correct information when I use agent banking | 6 | 5% | 21 | 18% | 40 | 33% | 47 | 39% | 6 | 5% |
| I get pertinent information when I use agent banking | 3 | 3% | 33 | 28% | 48 | 40% | 33 | 28% | 3 | 3% |
| I get complete information when I use agent banking | 13 | 11% | 16 | 13% | 34 | 28% | 41 | 34% | 16 | 13% |
| Banks' agent banking format or application has my favourite design | 12 | 10% | 34 | 28% | 25 | 21% | 33 | 28% | 16 | 13% |
| Information Quality Grand Mean 3.13 SD 1.145 | | | | | | | | | | |
| Grand Mean 3.36 SD 1.121 | | | | | | | | | | |

Source: Survey Result, 2023

The above table shows the grand mean score for one of the five dimensions from bank side (awareness, attitude, easy to use, system excellent and information quality variables. Sampled respondents indicated their level of satisfaction on each of the five variables and the grand mean

(3.36) is scored by bank side in agent banking electronic system facility. Likewise, the standard deviation scores were less than two, which is a small standard deviation and therefore recommends that respondents had similar opinions. It shows that the bank's agent facilities are responsive, assertive, easy to use, system outstanding and information quality. The majority of them are interested in this bank system as it is easy for transacting. Zerfie (2021) mentioned that how electronic system and its surroundings impacted and related to both customers and employees. This shows that there is much effort needs to improve the technology, equipment and train employees.

The grand mean score for awareness was 3.48 and it was rated as good. In the same way, the standard deviation scores were less than two, which is a small standard deviation and therefore recommends that respondents had similar opinions. This means that the majority of them are aware of using Agent banking benefits them to complete their transactions and tasks more quickly. They aware of using Agent banking service is convenient in terms of time and cost saving and they relatively aware of using Agent banking is useful in their business. Finally, they comparatively aware of using Agent banking service is more accessible to them than visiting a bank premise.

This shows that the majority of the respondents viewed that their level of agreement regarding contribution to agent banking in this bank. The majority of of them have at least agree indicating customers are benefited using Agent banking to complete their transactions and tasks more slowly and they believe that agent banking service is convenient for them in terms of time and cost saving. As per previously sated bench mark, the gram mean was rated as good with less variable data. Similarly, Israt (2019) found the same results and conduced that it reduces costs in accessing and using the banking services, increased comfort and timesaving and others.

In this study, the grand mean was 3.63 for attitude and t was rated as good. Alike, the standard deviation scores were less than two, which is a small standard deviation and so it mentions that respondents had similar opinions. The majority of the respondents had frequently visit banks to get the agent banking service. The experience of the agent banking service attracts customers and they prefer to use agent banking service in their transactions other than deposit and withdrawal. In addition, they are willing to accept agent banking Service. It shows that believe that agent banking service providers have the required skills and expertise, capable of handling banking

transactions, are fair and open and receptive to customer needs. But interviewees complained that it is their secondary job and they give less priority to the service. Stojković et al., (2016) exhibited that the single most important variable to high privacy concerns was the overall trust in other people.

Regarding the variable Easy To Use, the grand mean 3.60 was rated as very good. On the contrary, the standard deviation scores were less than two, which is a small standard deviation and hence acclaims that respondents had similar opinions. The study showed that respondents think that service provided by banks and agents is flexible. They strongly agreed that they comfortable to use agent banking of banks and they prefer to agent banking as its technology user friendly. In addition, most of the respondents indicated that banks' agent banking is easily adaptably technology. It shows that this service is flexible, comfortable, user friendly technology and this bank's easily adaptably technology. Sunny and Abolaji (2016) found the same result and found the system is fast and easy, and that if slow, the perceived usefulness of the service would be much lower. It was rated as good having less variability of data.

The grand mean of system excellent (2.97) was rated as good and observing less variability of data. The above table show that the majority of the respondents think that service provided by banks & agents is reliable, they always get error-free records service in using agent banking, they prefer to agent banking as it has modern-looking equipment and technology and believes that the study banks had unique technology regarding to agent banking. It meant that the service is somewhat reliable; get error-free records service in using agent banking, uses modern-looking equipment and technology and applied unique technology. Similar study was also conducted by Ruswanti and Lestari (2016) and found that system quality is conceptualized as desirable characteristics of an information system. But one of the interview sessions indicated that

This system must assign responsibilities and it should provide procedures for system effectiveness as those who work within or with this system faced inconsistent results and we faced several problems. It may be due to lack of system management processes dealing with inconsistency, unreachable, unpredictability etc (R 2).

Interviewees commented as the system as customer interface is flexible and appropriate for banking transaction. User friendliness relates to the personnel's ability to deliver the service in a user sociability and approachability manner. Respondents were requested about bank promise, problem solving mechanisms, error free financial records and others. one of the interview sessions indicated that

The main reason for an unsatisfactory outcome in agent banking services encounters is the bank side or employee's response to service delivery system failures. Inadequate response to service failures also increases the likelihood that dissatisfied customers will complain about the incident. The majority of the customers complaining episodes end with even more dissatisfaction (R3).

The issue is connected to information quality that holding dynamic i.e financial transaction content. In this study, its grand mean (3.13) was rated as good. This variable was also rated as agree or good but has less mean value like system Excellency. The majority of them preferred the category of agree to correct information when they use the agent banking factor, sampled respondents get pertinent information when they use agent banking, they get complete information when they use agent banking and The majority of them said that agent banking format or application has their favourite design. It predestined that the information provided by agents are correct, pertinent, complete when they use agent banking and agent banking format or application has appropriate design. Ruswanti and Lestari (2016) got similar results as agent banking has relevance and complete information. One of the interview responses stated that,

Agent banking system is good and it relies on performing as per the promises and designated time, just ability to render unfailing and reliable service. In its place, it may also focus on technology expansion has had a great impact on the choice of service delivery standard and services marketing strategies (R1).

This system has a cost-related benefit and it is also an advantage of customer responsiveness within banking services. This means that efficiency improvements are achieved through best delivery or online service delivery. This may be generated several prospective competitive

advantages including augmenting of productivity and enhanced revenue creation from new services (Aung, 2019) It means that the firm particularly in banking sector, banks performs the service right the first time and the firm honours its promise. It is the ability to perform the promised service dependably and accurately. This dimension is particularly fundamental for services such as banks, buses, building societies, insurance companies, delivery services and trade services, e.g. carpet fitters, plumbers, car repair. Many social media is capable of connecting. It gives links to many sites, sources, and people due to its user friendliness, advertisement or any other reasons (Israt, 2019). The fundamental premises are too complex and do not combine to form a meaningful whole, it does not constitute a systematic scheme or a framework for thinking, it does not have a systematic description of value, and there is an internal inconsistency of the premises (Schembri 2006).

4.4.2 Factors from Firm (Agent) Side

Table 6 Responses on from Firm Side (N= 120)

| Items | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | |
|--|-------------------|-----|----------|-----|---------|-----|-------|-----|----------------|-----|
| | N | % | N | % | N | % | N | % | N | % |
| Agents are located at convenient place. | 15 | 13% | 16 | 13% | 31 | 26% | 50 | 42% | 8 | 7% |
| Agents can be found easily. | 9 | 8% | 21 | 18% | 29 | 24% | 56 | 47% | 5 | 4% |
| Agents are located in business area. | 7 | 6% | 27 | 23% | 30 | 25% | 52 | 43% | 4 | 3% |
| Located around public roads. | 2 | 2% | 31 | 26% | 26 | 22% | 55 | 46% | 6 | 5% |
| Location Grand Mean 3.20 Sd 1.231 | | | | | | | | | | |
| makes clients feel valued customer. | 1 | 1% | 4 | 3% | 10 | 8% | 83 | 69% | 22 | 18% |
| Customers always get the best services. | 4 | 3% | 25 | 21% | 19 | 16% | 71 | 60% | 0 | 0% |
| acceptable time to get service | 35 | 29% | 36 | 30% | 16 | 13% | 21 | 18% | 12 | 10% |
| Enough cash is available at the agents shop | 1 | 1% | 0 | 0% | 71 | 59% | 48 | 40% | 0 | 0% |
| Reliability Grand Mean 3.30 Sd 1.1061 | | | | | | | | | | |
| Agents keep customers information secrets | 1 | 1% | 18 | 15% | 64 | 53% | 37 | 31% | 0 | 0% |

| | | | | | | | | | | |
|--|----|-----|----|-----|----|-----|----|-----|----|-----|
| Whenever customers went to the agents shop they are getting same quality service | 10 | 8% | 4 | 3% | 14 | 12% | 66 | 55% | 26 | 22% |
| Every time customers make transaction through agents it is correctly reflected in their services. | 5 | 4% | 8 | 7% | 10 | 8% | 68 | 57% | 29 | 24% |
| The service customers are getting through agents is similar with that of the bank branches as promised. | 7 | 6% | 17 | 14% | 26 | 22% | 57 | 48% | 13 | 11% |
| Agent Quality Grand Mean 3.56 Sd 1.218 | | | | | | | | | | |
| Customers can get banking services at cheap priced. | 14 | 12% | 12 | 10% | 25 | 21% | 57 | 48% | 12 | 10% |
| The cost of accessing financial services using agent banking service would be affordable as compared to other banking options. | 8 | 7% | 21 | 18% | 24 | 20% | 59 | 49% | 8 | 7% |
| There is affordable agent banking schemes available at the time. | 4 | 3% | 9 | 8% | 14 | 12% | 62 | 52% | 31 | 26% |
| Agents provides agent banking schemes at affordable prices. | 3 | 3% | 10 | 8% | 7 | 6% | 67 | 56% | 33 | 28% |
| Affordability Grand Mean 3.63 Sd .9798 | | | | | | | | | | |
| Agents use advanced agent banking technology. | 3 | 3% | 16 | 13% | 3 | 3% | 66 | 55% | 32 | 27% |
| The quality of internet connection significantly facilitates agent banking. | 4 | 3% | 10 | 8% | 9 | 8% | 68 | 57% | 29 | 24% |
| There is adequate ICT infrastructure that helps to effectively administrate agent banking. | 4 | 3% | 18 | 15% | 24 | 20% | 66 | 55% | 8 | 7% |
| The development levels of ICT infrastructure significantly impacts agent banking. | 5 | 4% | 12 | 10% | 36 | 30% | 61 | 51% | 6 | 5% |
| Technology Grand Mean 3.67 Sd .9671 | | | | | | | | | | |
| Total Grand Mean 3.47 SD 0.9996 | | | | | | | | | | |

Source: Survey Result, 2023

The below table shows the grand mean overall grand mean 3.47 was rated as good. By the same token, the standard deviation scores were less than two, which is a small standard deviation and therefore recommends that respondents had similar opinions. It shows that these agents are located in good condition and there is separate service Window in the banks that acted as agents. Essentially, this bank may be very cautioning negative wordings. Basically, negative wording in the request for a customer response caused the customer to misinterpret this particular determinant. It can be concluded that this bank has an ability of a company to perform the services accurately. As per the majority of the respondents, these agent use technology that is easy to find what customers require on the website of online banks. This meant that there is an adequate delivery of the basic level of service, and then peripheral performance leads consumers to evaluate the service encounter as satisfactory. It is easy to get anywhere on the website of online banks and the online banking is operative easily. Similarly, Stojković et al., (2016) found similar result on his study on agent banking service outreach banking sector. Because of intangibility, the service firm may find it difficult to understand how consumers perceive their services and evaluate service quality and this may be related to the efficiency of its employees.

The above table illustrates that the grand mean score 3.20 for location of agent was rated as good. Alike, the standard deviation scores were less than two, which is a small standard deviation and consequently mentions that respondents had related opinions. It was observed most of the respondents to be somewhat satisfied with regard to banks give customers' individual attention. This banking system or the agent banking service system is available 24/7 days. It shows that agents are located at convenient place and they can be found easily. In addition, they are located around business area and they are located around public roads.

The grand mean score for reliability was 3.30 that were rated as good. Just as, the standard deviation scores were less than two, which is a small standard deviation and as a result this study acclaims that respondents had similar opinions. It means that these agents have ability to perform the promised service dependably and accurately. But they had system or infrastructure problem, the network problem is massive and it difficult to solve at agent level. Even if convenience is the main characteristics of online system, this weak system created a weak online connectivity and it created delayed on payment transaction and unable to facilitate customer requirements. It is

associated to both the number of possible connections and connection times at online system. In addition to other service qualities, assurance has been identified as significant dimension of service quality. It refers to the knowledge and courteousness of the staff and their ability to trust and confidence. Assurance is significant for services that customers perceive as high risk or where they feel doubtful about their ability to measure outcomes. One of the interview responses indicated that

Agent makes clients feel valued customer and they job is easy to best for customer. Out of and during the working hour, customers continuously get the best services if network is working properly. The time customers spent to get the service is acceptable and enough cash is available at the agents shop (R4)

The above table shows the grand mean for agent quality 3.56 was rated as very good. Just as, the standard deviation scores were less than two, which is a small standard deviation and therefore recommends that respondents had similar opinions. It shows that these agents are best and they can provide this service effectively. They frequently face cash out but they keep customers information secrets. In addition, they are getting same quality service when customers went to the agents shop. Banking customers make transaction through agents it is properly reproduced in their services. Sampled customers can effortlessly access the agent banking service system of this bank and agent banking service system of this bank can be always achieved within network efficiency. One of the interview responses indicated that

Agent banking service system can be certainly obtained when the network is working effectively and the service customers are getting through agents is similar with that of the bank branches as promised (R5).

Agent banking system operates in convenient hours to customers' need at the same time as at the same time they were the most dissatisfied group in respect of considerate their financial transaction needs. This creates employees of this bank could not able to understand customers' specific needs. This shows that the majority of the customers dissatisfied about network and internet connectivity but they are satisfied in 'location/distance to bank is convenient to customers'.

The above table demonstrates the grand mean for affordability 3.63 was rated as very good. Just as, the standard deviation scores were less than two, which is a small standard deviation and therefore recommends that respondents had similar opinions. It shows that they can get banking services at cheap priced. The cost of accessing financial services using agent banking service would be affordable as compared to other banking options. There is affordable agent banking schemes available at the time. Agents provides agent banking schemes at affordable prices. This consequently established that customers did not treat emphatically. This bank somewhat creates an emotional relationship with customer, providing customer a touch of importance for business. This leads to retention and creation of new customer's pool. In addition, as banking transaction is a high at branches, customers need such kind of services and they get cheaper prices in Addis Ababa particularly in peripheral urban areas. It means they can get quality banking services at affordable prices and pricing policy of the country banking gives value for money to customers. There is a variety of banking product/service collection up to the customers' expectations in Ethiopia. The city as well as country has an opportunity to develop new product/service development that enhances the business.

The grand mean for technology 3.67 was rated as very good. Just as, the standard deviation scores were less than two, which is a small standard deviation and therefore recommends that respondents had similar opinions. It shows that agents use advanced agent banking technology. The quality of internet connection significantly facilitates agent banking. There is adequate ICT infrastructure that helps to effectively administrate agent banking. The development levels of ICT infrastructure significantly impacts agent banking. The above table shows the mean score for the technology dimension of service quality. Sampled respondents indicated their level of satisfaction on each of the items of assurance dimension of service quality. One of the interview responses indicated that

Due to agent banking, they somewhat sense this bank is near to them. Agent banking service can be maintained virtually. In addition, this study found that agent banking helps to transact may finance need virtually and it slightly creates opportunities for my needs (R6).

This means that customers do not feel safe in all their transactions at the bank and employees are inconsistently courteous with them in the bank. This means that there are less courteous employees who inspire confidence and trust from their customers establishes assurance. The grand mean was rated as satisfactory. This may be related to the fact that employees spend much of their time on infrastructure shortage, inconsistency of internet system, light or power disconnection or bureaucratic and administrative issues as per the majority of the interviewees' responses.

4.4.3 AGENT BANKING SERVICE OUTREACH

Respondents were asked to rate their opinion about satisfaction level as satisfied with the service quality provided by agent banking service outreach. Service quality is often notable as a critical precondition and determinant of competitiveness for establishing and sustaining satisfying relationships with customers.

Table 7 Responses on agent banking service outreach (N= 120)

| Items | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | |
|--|-------------------|----|----------|-----|---------|-----|-------|-----|----------------|----|
| | N | % | N | % | N | % | N | % | N | % |
| I like to use Agent banking service | 11 | 9% | 21 | 18% | 34 | 28% | 47 | 39% | 7 | 6% |
| I consider agent banking is less security risk involved in Agent banking rather than other modes of banking services | 8 | 7% | 25 | 21% | 39 | 33% | 38 | 32% | 10 | 8% |
| I always eager to use agent banking | 8 | 7% | 19 | 16% | 29 | 24% | 55 | 46% | 9 | 8% |
| I will continue to use agent banking | 10 | 8% | 22 | 18% | 39 | 33% | 46 | 38% | 3 | 3% |
| Agent Banking Service Outreach Grand Mean 3.17 Sd .9917 | | | | | | | | | | |

Source: Survey Result, 2023

Consequently, the above table states that the gran mean (3.17) was rated as good and the lowest score is related to agent banking service outreach and customers' level of satisfaction. It shows that agent banking service outreach has been practiced moderately and customers need other factors rather than quality services. Alike, the standard deviation scores were less than two, which is a small standard deviation and therefore recommends that respondents had similar opinions. The highest mean (3.43) is followed by 3.32 that show that Internet banking service (Oro Click) is simple to use and they would like to say positive things about internet banking service (Oro Click) to other people. It meant that this bank endowed with quick services at branches and it provides friendly services at branches. The majority of the respondents relatively like to use Agent banking service. They moderately consider agent banking is less security risk involved in Agent banking rather than other modes of banking services. They sometimes eager to use agent banking and will continue to use agent banking. It showed that they are somewhat or slightly satisfied with overall agent banking products and services. This meant that there is lack of quick services at bank side or branches and lack of network or system availability of branches at same area. This shows that branches did not provide fully support and they are located randomly instead of satisfying the customers need. This may think that the business development practices of the bank may be weak. Customers keep silent for banking presence as it is more related to overall country's level information system and connected infrastructure development. This shows that the bank my loss much of its customers at increasingly rate. The above table shows the mean score for the overall level of satisfactions that included in addition to dimensions of service quality. Sampled respondents indicated their level of satisfaction on each of the items of corporate image of other than service quality. It shows that customers think that this bank's brand does not help them to better fit in to their social group brand and help them feel acceptable & gave them recognition. This shows that this bank has been evaluated as moderately creating customer its image on customers when they hear the name of a firm.

It may also be related to buying behaviour such as culture, peer group influence, price, and brand experience and brand awareness as per interviewees' recommendations. The result indicates that most of the respondents have at least "Yes" or agree indicating that customers are glad to recommend their bank to their friends. This shows that customers are satisfied with provided banking products and services. It also shows that customers do not as much plan to continue to use the services of their current bank in the next three years.

4.4.4 Constraints

Table 8 Responses on Constraints (N= 120)

| Items | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | |
|---|-------------------|----|----------|-----|---------|-----|-------|-----|----------------|-----|
| | N | % | N | % | N | % | N | % | N | % |
| There is several untrained staff in agent banking system. | 3 | 3% | 17 | 14% | 32 | 27% | 52 | 43% | 16 | 13% |
| There are several untrained agents in agent banking system. | 2 | 2% | 10 | 8% | 50 | 42% | 44 | 37% | 14 | 12% |
| There are inadequate cash in the agents in agent banking system. | 6 | 5% | 20 | 17% | 40 | 33% | 47 | 39% | 7 | 6% |
| There is insecurity problem in agent banking system. | 10 | 8% | 31 | 26% | 28 | 23% | 38 | 32% | 13 | 11% |
| The major problem in agent banking system included regulation of agency related law. | 10 | 8% | 22 | 18% | 41 | 34% | 39 | 33% | 8 | 7% |
| Network inaccessibility is a major hindrance in service delivery | 4 | 3% | 15 | 13% | 39 | 33% | 52 | 43% | 10 | 8% |
| There is lack of top management support in agent banking. | 2 | 2% | 21 | 18% | 53 | 44% | 36 | 30% | 8 | 7% |
| There is insufficient understanding about existing data, applications, and IT across the organisation in agent banking. | 3 | 3% | 12 | 10% | 22 | 18% | 66 | 55% | 17 | 14% |
| There is difficulty in establishing performance improvements goals for agent banking. | 8 | 7% | 25 | 21% | 15 | 13% | 63 | 53% | 9 | 8% |
| Failure to understand the customers' viewpoints in AGENT BANKING SERVICE OUTREACH s. | 2 | 2% | 18 | 15% | 16 | 13% | 68 | 57% | 16 | 13% |
| Agent Banking Constraints or Challenges- Grand Mean 3.37 Sd .9900 | | | | | | | | | | |

Source: Survey Result, 2023

The above table shows the grand mean score of agent banking constrains was 3.37 and it was rated as serious problem. In this study, 61 % of the respondents indicated that there is difficulty in establishing performance improvements goals for agent banking. In addition, almost 70 % of them indicated that there is insufficient understanding about existing data, applications, and IT across the organisation in agent banking and there is a failure to understand the customers' viewpoints in agent banking service outreach. Other problems included there is several untrained staff in agent banking system. There are several untrained agents in agent banking system. There are inadequate cash in the agents in agent banking system. There is insecurity problem in agent banking system. One of the interview responses indicated that

Banking technology (network, system and infrastructure including electrify) was also considered as banking marketing challenge in Addis Ababa that included having sluggish ICT facilities development, slow-moving banking digital advertisement, lack of banking information Network and weak banking technology (technologist) expertise.

It was indicated that research and development in banking activities was not properly expanded and having inadequate banking related research and research investment in Ethiopia with insufficient banking technology research centres in Ethiopia. Further, the study found that customers, banking agents and operators and employees responded similar marketing challenges in economic, technology, research and development and resource availability aspects.

Internet has become widespread and an integral part of our daily life in the information age with social media which has communication and sharing channels. Social media with its functions is an equivalent of a term which facilitates communication and sharing. The individuals take part actively on social media, but also it is possible that they may be suppressed because there is a mutual communication and interaction between the individuals which causes them to be influenced from each other. Regarding technology, more than 80 of them preferred to the category of agree for all factors indicating that high internet, sluggish ICT facilities development, sluggish banking digital advertisement spreading out, lack of banking Information Network, slow internet connection and technologically unsupported physical assets exhibited in Ethiopian as well as A.A banking marketing situation and they assets negatively affects banking services in Addis Ababa.

4.4.5 Opportunities

Table 9 Responses on Opportunities (N= 120)

| Items | Strongly Disagree | | Disagree | | Neutral | | Agree | | Strongly Agree | |
|---|-------------------|----|----------|-----|---------|-----|-------|-----|----------------|-----|
| | N | % | N | % | N | % | N | % | N | % |
| Less cost of services | 1 | 1% | 18 | 15% | 19 | 16% | 60 | 50% | 22 | 18% |
| Electronic commerce, especially on line | 2 | 2% | 12 | 10% | 28 | 23% | 60 | 50% | 18 | 15% |
| Increased service quality expected | 0 | 0% | 10 | 8% | 26 | 22% | 65 | 54% | 19 | 16% |
| Integration of technology adoption | 0 | 0% | 9 | 8% | 34 | 28% | 59 | 49% | 18 | 15% |
| Service time reduction expected | 1 | 1% | 10 | 8% | 20 | 17% | 65 | 54% | 24 | 20% |
| Agent Banking Opportunities Grand Mean 3.73 Sd .9822 | | | | | | | | | | |

Source: Survey Result, 2023

The above table displays the grand mean score of agent banking opportunities was 3.73 and it was rated as very good. In this study, the majority of the respondents indicated that there is an opportunity of using agent banking as it has less cost of services implies when implementing agent banking. Electronic commerce, especially on line marketing trading service can easily realized when implementing agent banking. It will enhance service quality expected as a result of implementing agent banking. Integration of technology adoption with finance concepts simplify agent banking. This service will reduce unnecessary banking time as a result of implementing agent banking

4.5 Correlation Analysis

This study employed Pearson’s correlation coefficient (r) which measures the strength and direction of a linear relationship between two variables. Values of Pearson’s correlation coefficient are always between -1 and +1. A low correlation coefficient; 0.1 - 0.29 suggests weak; r is between 0.3 and 0.69 the relationship is moderate and a high correlation coefficient i.e. > 0.7 indicates a strong relationship (Zerfie, 2021).

Table 10 Result of Pearson Correlation Analysis (N=120)

| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|--|---------------------|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| Awareness 1 | Pearson Correlation | 1 | .302** | .379** | .330** | .239** | .215* | .383** | .379** | .312** | .433** | .584** |
| | Sig. (2-tailed) | | .001 | .000 | .000 | .008 | .018 | .000 | .000 | .001 | .000 | .000 |
| Attitude 2 | Pearson Correlation | | 1 | .407** | .441** | .555** | .395** | .343** | .406** | .458** | .443** | .683** |
| | Sig. (2-tailed) | | | .000 | .000 | .000 | .000 | .000 | .000 | .000 | .000 | .000 |
| Easy To Use 3 | Pearson Correlation | | | 1 | .491** | .372** | .387** | .420** | .394** | .403** | .287** | .681** |
| | Sig. (2-tailed) | | | | .000 | .000 | .000 | .000 | .000 | .000 | .001 | .000 |
| System Excellence 4 | Pearson Correlation | | | | 1 | .297** | .486** | .542** | .347** | .349** | .279** | .684** |
| | Sig. (2-tailed) | | | | | .001 | .000 | .000 | .000 | .000 | .002 | .000 |
| Information Quality 5 | Pearson Correlation | | | | | 1 | .347** | .166 | .208* | .313** | .563** | .614** |
| | Sig. (2-tailed) | | | | | | .000 | .071 | .023 | .000 | .000 | .000 |
| Location 6 | Pearson Correlation | | | | | | 1 | .625** | .483** | .512** | .286** | .677** |
| | Sig. (2-tailed) | | | | | | | .000 | .000 | .000 | .002 | .000 |
| Agent Quality 7 | Pearson Correlation | | | | | | | 1 | .483** | .470** | .323** | .706** |
| | Sig. (2-tailed) | | | | | | | | .000 | .000 | .000 | .000 |
| Reliability 8 | Pearson Correlation | | | | | | | | 1 | .641** | .416** | .691** |
| | Sig. (2-tailed) | | | | | | | | | .000 | .000 | .000 |
| Affordability 9 | Pearson Correlation | | | | | | | | | 1 | .410** | .672** |
| | Sig. (2-tailed) | | | | | | | | | | .000 | .000 |
| Technology 10 | Pearson Correlation | | | | | | | | | | 1 | .674** |
| | Sig. (2-tailed) | | | | | | | | | | | .000 |
| Agent Banking 11 | Pearson Correlation | | | | | | | | | | | 1 |
| | Sig. (2-tailed) | | | | | | | | | | | |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | | | | | | | | | |
| *. Correlation is significant at the 0.05 level (2-tailed). | | | | | | | | | | | | |

Source: Survey Result, 2023

The study employed correlation analysis to check the intensity of relation of agent banking service outreach with dimensions of service quality and site organization. These dimensions included site organization, efficiency, user-friendly, availability, and convenience. The study found that five dimensions and agent banking service outreach is positively correlated with customers' satisfaction.

A correlation analysis with Pearson's correlation coefficient (r) was conducted on the modified and adopted model in the research to explore the relationships between service quality and satisfaction with overall service. Therefore, the correlation analysis illustrates the relation between awareness and agent banking service outreach, there is moderately correlated as $r=0.584$ with statistically significant (*Sig. (2-tailed) = 0.000*). Similarly, Zerfie (2021) also found that the same result. This may be related to the ability to perform the promised electronic service dependably and accurately.

In the same way, the correlation analysis illustrate the relation between attitude and agent banking service outreach, and it is moderately correlated as $r=0.683$ with statistically significant (*Sig. (2-tailed) = 0.000*). Similarly, Aung (2019) also found that the same result as SERVQUAL described efficiency, individual attention the firm provides its customers. This dimension was viewed as 'competent system.

Likewise, the correlation analysis illustrate the relation between easy to use and agent banking service outreach, and it is moderately correlated as $r=0.681$ with statistically significant (*Sig. (2-tailed) = 0.000*). In the same way, Werkyantefu (2020) also found that the same result as it describes easy system as long with as knowledge and courtesy of employees and their ability to inspire trust and confidence.

This study also found that there is a relationship between system excellence and agent banking service outreach and it is moderately correlated as $r=0.684$ with statistically significant (*Sig. (2-tailed) = 0.000*). Similarly, Zerfie (2021) also found the same findings and this dimension was viewed as this bank display (positioning) for banking transactions, that is the customer is convenient to move around the branches to get the needed items with regards to the bank display.

In the same way, the correlation analysis illustrate the relation between information quality and agent banking service outreach, and it is moderately correlated as $r=0.614$ with statistically

significant (*Sig. (2-tailed) = 0.000*). In the same way, Israt (2019) also found that this fills of services gaps between employees and customers by creating a positive image of the whole company.

This study also found that there is a relationship between location and agent banking service outreach and it is moderately correlated as $r=0.677$ with statistically significant (*Sig. (2-tailed) = 0.000*). Similarly, Werkyantefu (2020) and Tindi and Bogonko (2017) also found the same findings and this dimension was viewed as location and agent banking service outreach are greatly related.

Also, the correlation analysis illustrate the relation between reliability and agent banking service outreach, and it is moderately correlated as $r=0.677$ with statistically significant (*Sig. (2-tailed) = 0.000*). In the same way, Shah (2018) also found that the same result as it describes the relation between reliability and agent banking service outreach is positive.

Likewise, the correlation analysis illustrate the relation between affordable and agent banking service outreach, and it is moderately correlated as $r=0.672$ with statistically significant (*Sig. (2-tailed) = 0.000*). Similarly, Tindi and Bogonko (2017) also found that these two variables are correlated positively.

Similarly, the correlation analysis illustrate the relation between agent quality and agent banking service outreach, and it is moderately correlated as $r=0.706$ with statistically significant (*Sig. (2-tailed) = 0.000*). Similarly, Israt (2019) also found that these two variables are correlated positively.

Finally, the correlation analysis illustrate the relation between technology and agent banking service outreach, and it is moderately correlated as $r=0.674$ with statistically significant (*Sig. (2-tailed) = 0.000*). In the same way, Israt (2019) also found that these two variables are positively correlated.

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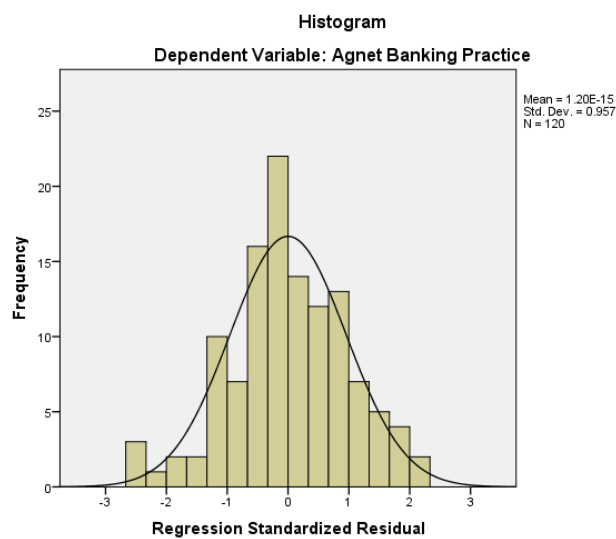
4.6 Multiple Regression Analysis

4.6.1 Assumptions and Diagnostic Test

The test results show that the normality, multicollinearity, autocorrelation and test for average value of the error term were met the assumptions of regression analysis. It includes the data was normally distributed with no multicollinearity and autocorrelation problems.

Normality Test

This study used the descriptive statistic of Kurtosis and Skewness statics calculation and demonstrates that the distribution is normal because Kurtosis and Skewness are in between -2 and +2, thus data is normally distributed and had a reasonable variance to use subsequent analysis.



Source: Survey Result, 2023

Figure 2 Result of Normality Test Analysis (N=120)

From the finding on the histogram test on normality, the study found that significance in both test were less than 0.05 which is leads to the rejection of the null hypothesis that that data on the all variables were not normally distributed this is an indication that data on the variables were normally distributed.

Test for Linearity

The residuals (errors) are approximately normally distributed (explain these terms in our enhanced multiple regression guide). The best common methods was used to check this assumption include using a histogram descriptive statistic of all dimensions. Figure shows that the data is normally distributed. Skewness with its type of distribution like positive skew as the right tail is longer; the mass of the distribution is concentrated on the left of the figure. The distribution is said to be right-skewed.

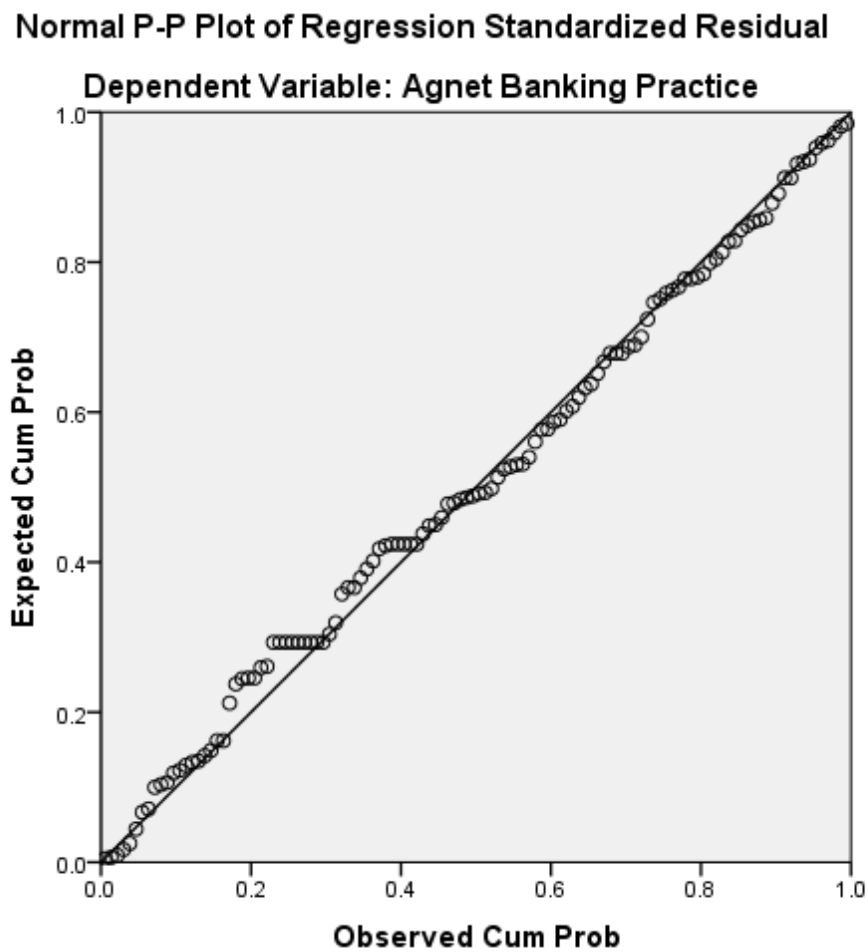


Figure 3 Result of pnorm Test Analysis (N=120)

Source: Survey Result, 2023

The mean value of response variable (Y) is a straight line function of the independent variables, X'. A violation of this assumption may indicate that there is a non-linear relationship between the response and explanatory variables. In consequence, the linear regression model may not be applicable or fitted to the data under consideration. Therefore, the graph below shows that the regression can run.

Multicollinearity Test

Problem may arise when two or more predictor variables are correlated. The VIF detects multicollinearity by measuring the degree to which the variance has been inflated. A VIF greater than 10 is thought to signal harmful multicollinearity as suggested by Frost (2017)

Table 11 Summary of Collinearity Statistics

| Model | Collinearity Statistics | |
|---------------------|-------------------------|-------|
| | Tolerance | VIF |
| 1 (Constant) | | |
| Awareness | .684 | 1.462 |
| Attitude | .542 | 1.844 |
| Easy To Use | .615 | 1.625 |
| System Excellence | .569 | 1.759 |
| Information Quality | .481 | 2.078 |
| Location | .473 | 2.116 |
| Agent Quality | .454 | 2.201 |
| Reliability | .486 | 2.058 |
| Affordability | .493 | 2.028 |
| Technology | .520 | 1.922 |

Source, SPSS Output, 2023

The Variance inflation factor (VIF) was checked in all the analysis which is not a cause of concern according to Stephanie (2018) who indicated that a VIF result showed below 5 and it was assessed as less a cause of concern. The basic assumption is that the error terms for different observations are uncorrelated (lack of autocorrelation).

4.6.2 Assumptions and Diagnostic Test

Table 12 The Result of Regression

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .920 ^a | .847 | .833 | .396 |

a. Predictors: (Constant), Technology , System Excellence , Affordability , Awareness , Easy To Use , Attitude , Location, Information Quality , Reliability , Agent Quality

ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 94.414 | 10 | 9.441 | 60.350 | .000 ^b |
| | Residual | 17.052 | 109 | .156 | | |
| | Total | 111.467 | 119 | | | |

a. Dependent Variable: Agent Banking Practice

b. Predictors: (Constant), Technology , System Excellence , Affordability , Awareness , Easy To Use , Attitude , Location, Information Quality , Reliability , Agent Quality

Coefficients^a

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|---------------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -2.277 | .277 | | -8.231 | .000 |
| | Awareness | .494 | .071 | .314 | 6.926 | .000 |
| | Attitude | .175 | .064 | .139 | 2.739 | .007 |
| | Easy To Use | .196 | .046 | .205 | 4.285 | .000 |
| | System Excellence | .012 | .050 | .012 | .247 | .005 |
| | Information Quality | .069 | .051 | .073 | 1.343 | .002 |
| | Location | .226 | .062 | .200 | 3.673 | .000 |
| | Agent Quality | .040 | .053 | .042 | .747 | .050 |
| | Reliability | .204 | .062 | .177 | 3.295 | .001 |
| | Affordability | .139 | .063 | .118 | 2.208 | .029 |
| | Technology | .067 | .051 | .068 | 1.309 | .013 |

a. Dependent Variable: Agent Banking Practice

Source, SPSS Output, 2023

Model Summary

The above table depicts the result of multiple regression tests and its measurement is made by inferring the value of R^2 to explain the magnitude of the effect of the independent variable on the dependent variable. Here below exemplified are the linear regression of five independent variables and dependent variable. As exposed in the above table, the overall bundle of determinant factors of the six independent variables were 84.7 % ($R^2 = .847$) explained the dependent variable. This suggests that 84.7 % of dependent variable in depends on the independent variables while the remaining 15.3 % is determined by other unaccounted factors in this study.

ANOVA

As the second table shows the result $F= 60.350$, it can be concluded that the combination of determinant factor have positive effect on 60.350 which is statistically significant. Thus, this study rejects the null hypothesis.

The regression equation gives us two unstandardized slopes, both of which are partial statistics. OLS unstandardized coefficients can be interpreted as a one unit increase in X is associated with a coefficient sized increase (decrease) in Y. Standardized coefficients are the estimates resulting from an analysis carried out on variables that have been standardized so that their variance is 1. This means that they are in “standard deviation” terms or units and can be compared to each other. Whereas unstandardized coefficients literally tell us the change in Y for every 1 unit change in X. He also stated that the model summary table reports the strength of the relationship between the dole and the dependent variable.

The regression was employed to answer the research question that to what extent determinant factors affect or predict the agent banking service outreach both independently and jointly. Accordingly, the results of the regression analysis indicated that, all the three determinant factors positively affected or predicted the agent banking service outreach. It can specify five link functions as well as scaling parameters. We have a statistically significant result for all variables ($p\text{-value} < .05$). We also have a statistically significant result for all ten variables ($p\text{-value} < 0.0$). On the other hand, the fact that the all the ten variables awareness, attitude, easy to use, system

excellent, information quality, location, agent quality, reliability, affordability and technology have statistically significant impact on the dependent variable “agent banking service outreach”.

This study intended to investigate the determinants of agent banking service outreach in banking sector. Particularly, awareness, attitude, easy to use, system excellence, information quality, location, agent quality, reliability, affordability and technology determine agent banking management. This study found awareness (B=.494, .000), attitude (B= .175, .007), easy to use (B= .196, .000), system excellence (B= .012, .005), information quality (B=.069, .002), location (B= .226, .000), agent quality (B=.040, .05), reliability (B= .204, .001), affordability (B= .139, .029) and technology (B= .067, .013) has a positive and significant effect on agent banking outreach. Furthermore, regression model were employed to estimate the agent banking management. The results of the econometric model estimation revealed that awareness, attitude, easy to use, system excellence, information quality, location, agent quality, reliability, affordability and technology had significant effect on agent banking service outreach, whereas, no factor didn't show significant relationship with agent banking service outreach. This means that in agent side and firm side factors are necessary for agent banking service outreach .

As Tilahun (2020) in agent banking service outreach management, factors that can be used to improve operational efficiency are the minimization of banking transactions and the maximization of technology utilization while still meeting required service levels. Also this finding support that as long as the banking system become good and sustainable the operational efficiency more likely to be at the highest level of efficiency and the same is true in banking management the more financial management becomes good the more will be the operational efficiency. This study revealed that perceived trust was the strongest predictor of Agency banking adoption among commercial banks customers; this was followed by perceived usefulness and lastly perceived ease of use. Pauline (2017) evaluated role of agent banking services in promoting financial inclusion in Kenya by analyzing the extent to which geographical coverage and liquidity affect agency banking as a financial inclusion strategy. The study adopted a cross-sectional survey design and found that location or geographical coverage) and liquidity (p=0.028) were found to be statistically significant at a 95% confidence level. The study concluded that location or geographical coverage is the most important benefit and therefore the most significant driver of financial inclusion. Israt (2019) identified knowledge, empowerment

and technology as some of the important attributes of relationship marketing in banks. This means the banks need to ensure that they provide enough information and technical competence to those that offer agent banking since they will be the ones that deal directly with customers. Zerfie (2021) indicated that, the agent banking service industry faces in the provision of the service are, lack of awareness , be deficient in trust, lack of supportive training , Lack of ICT infrastructure as well as be lack of trust. The study also identified perceived ease of use and perceived usefulness as a driver for the frequent use of agent banking system. Agent banking is the most significant shift/enhancement in banking policy in recent times. An agent bank is a form of organization commonly used by an already established and formal financial banking institution to access the un-banked population. The main institutions closely supervise their agents, have full and round the clock access to internal systems, documents, reports, records, staff and premise of the agent as far as the agency is concerned. The agent banking business means the business carried out by an agent on behalf of an institution as permitted under some outlined guideline.

4.7 Qualitative Analysis

The majority of interview responses indicated that agent banking challenges included network problems when customers used agent banking services, and they feared a considerable security risk involved in agent banking rather than other modes of banking services. The respondents said that there are minimal payment errors that would lead to a loss of convenience, and agent banking workers are responsive to my complaints. They think workers are helpful to address problems related to agent banking services, and agent banking applications have simple instructions to perform banking transactions. Israt (2019) found that the basic barriers the banking industry faces in the adoption of electronic banking are security risk, lack of trust, lack of legal infrastructure, and lack of ICT infrastructure. Maitra and Upadhyay (2017) indicated that lack of awareness among both agents and customers, unavailability of new and additional services, illiteracy, dependability of the service, and poor network quality were the major challenges presented.

The interview responses show that the majority of the customers are aware of agent banking properly, are always eager to use agent banking, and would continue to use agent banking if

banks implemented similar agent banking technology. The respondents are aware of agent banking, eager to use it, and would continue to use it if it was implemented similarly to agent banking technology. Similarly, Werkyantefu (2020) and Israt (2019) revealed the need to be aware of agent banking before using it. It was revealed that adoption of electronic banking helps to create confidence and encourages bankers to apply more technological services.

This study found that we have already been informed that diffusion is influenced by innovation characteristics, the product itself, and communication channels. In the eyes of the respondents, the system and information are as outstanding as the mean values indicated. It shows that the bank has been using innovation to solve customers' banking transactions' complexity. Unquestionably, it is the level of difficulty in understanding and using the technology, particularly in financial services. It is to be noted that agent banking contributions or benefits are perceived as better than technology. Based on the above data and interviewees, the study came to the conclusion that technical performance and the ability to try or experiment with the performance of new technology are limited in banks. Agent banking is not preferred by many customers, as they were marching during adverse situations.

4.8 Discussions

This study found that the major problems indicated that there is difficulty in establishing performance improvements goals for agent banking. In addition, almost there is insufficient understanding about existing data, applications, and IT across the organisation in agent banking and there is a failure to understand the customers' viewpoints in agent banking service outreach.

On other hand, customers greatly expected that agent banking has several advantages including less cost of services implies when implementing agent banking. Electronic commerce, especially on line marketing trading service can easily realized when implementing agent banking. It will enhance service quality expected as a result of implementing agent banking. Integration of technology adoption with finance concepts simplify agent banking. This service will reduce unnecessary banking time as a result of implementing agent banking. Maitra and Upadhyay (2017) found that the main benefits of e banking from customer's point of view are reduced costs in accessing and using the banking services, increased comfort and timesaving. The customers

win by getting easy access to accredited financial services providers and the banks win since they are able to increase their market share (Israt, 2019).

A correlation analysis with Pearson's correlation coefficient (r) using SPSS was conducted on the modified and this study found that there is a positive correlation between awareness and agent banking service outreach as $r=0.584$, attitude and agent banking service outreach as $r=0.683$, between easy to use and agent banking service outreach as $r=0.681$, between system excellence and agent banking service outreach as $r=0.684$, between information quality and agent banking service outreach as $r=0.614$, between location and agent banking service outreach as $r=0.677$, between reliability and agent banking service outreach as $r=0.677$, between affordable and agent banking service outreach as $r=0.672$, between agent quality and agent banking service outreach as $r=0.706$ and between technology and agent banking service outreach as $r=0.674$ with statistically significant (*Sig. (2-tailed)* = **0.000**). Israt (2019) found creation of a better enabling environment that supports growth, productivity and prosperity. This study also found that there is significant and positive relationship between contribution and adoption of Agency banking. Werkyantefu (2020) proposed is among the most comprehensive instruments which includes many characteristics of an IS such as effectiveness, user-friendliness and portability.

We have a statistically significant result for all variables (p -value < .05). We also have a statistically significant result for all ten variables (p -value < 0.0). On the other hand, the fact that the all the ten variables awareness, attitude, easy to use, system excellent, information quality, location, agent quality, reliability, affordability and technology have statistically significant impact on the dependent variable "agent banking service outreach". This study found awareness ($B=.494, .000$), attitude ($B= .175, .007$), easy to use ($B= .196, .000$), system excellence ($B= .012, .005$), information quality ($B=.069, .002$), location ($B= .226, .000$), agent quality ($B=.040, .05$), reliability ($B= .204, .001$), affordability ($B= .139, .029$) and technology ($B= .067, .013$).

In line with this study, Shah (2018) exhibited that the single most important variable to high privacy concerns was the overall trust in other people. Accordingly, this study found that there is significant and positive relationship between trust and adoption of agency banking. Maitra and Upadhyay (2017) accepted that the measurement instrument of technological system excellent

should be developed according to the type of information system under study. The most important barriers banking industry faces in the adoption of electronic banking are, security risk, lack of trust, lack of legal and regulatory frame work, lack of ICT infrastructure and absence of competition between local and foreign banks (Maitra and Upadhyay, 2017). It found that by combining site organization attributes of premium quality in products and services provided by banks, they may create a strong and long-term relationship with their customers. Similarly, Mujeri (2018) found the same findings and viewed as this bank display (positioning) and convenient to move around the branches to get the needed items with regards to the bank display. Nushrat (2018) found a significant relationship between consistencies of services on the satisfaction level of customers. The potential benefits of the Internet are acknowledged through the highest standards of e-service quality. Virtual users can recognize the potential advantages of the internet through the eservice's outstanding efficiency (Nushrat, 2018). Further, it was investigated the role of user-friendly in service quality and its impact on agent banking service outreach as like Werkyantefu (2020) who explored the service environment impact with user-friendly on loyalty. In consequence, this study conducted that empathy has a positive and significant effect on consumer satisfactions in banking industry. This is because availability is associated to knowledge and courtesy of employees and their ability to inspire trust and confidence. Availability is essentially involved in the knowledge and courtesy, politeness of employees and their ability to inspire trust and confidence (Israt, 2019). In banking studies, it was determined that a substantial level of trust in the bank and its abilities was necessary to make the consumer comfortable enough to establish a banking relationship. It comprised actions by employees such as always courteous behavior instills confidence and knowledge as prime elements of assurance (Grönroos, 2017).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter of the study presents study's findings, conclusion and recommendations about the study's findings.

5.2 Summary of Major Findings

The study was conducted in Addis Ababa, the capital city of Ethiopia, using both descriptive and explanatory research designs and a mixed research approach. In this study, both primary and secondary data were used. Customers of the studied case bank were the study's target populations. Respondents were of both genders, of an active age group, and had more work experience and education. Accordingly, this study found that

- The main Agent banking practical problems included lack of agent banking performance monitoring, insufficient understanding about existing data, applications, and IT across the organisation in agent banking and there is a failure to understand the customers' viewpoints in agent banking service outreach.
- On other hand, it is importantly anticipated that agent banking will reduce cost of services and it will facilitate business transaction through electronic commerce, will enhance service quality, and will integrate technology adoption with finance concepts simplify agent banking. This service will reduce unnecessary banking time as a result of implementing agent banking.
- This study found that that there is a positive correlation between awareness $r=0.584$, attitude $r=0.683$, easy to use $r=0.681$, system excellence $r=0.684$, information quality $r=0.614$, location $r=0.677$, reliability $r=0.677$, $r=0.672$, agent quality $r=0.706$ and technology $r=0.674$ with agent banking service outreach statistically significant (*Sig. (2-tailed) = 0.000*). We have a statistically significant result for all variables (p-value < .05). We also have a statistically significant result for all ten variables (p-value < 0.0).

- This study found awareness (B=.494, .000), attitude (B= .175, .007), easy to use (B= .196, .000), system excellence (B= .012, .005), information quality (B=.069, .002), location (B= .226, .000), agent quality (B=.040, .05), reliability (B= .204, .001), affordability (B= .139, .029) and technology (B= .067, .013) have statistically significant impact on the dependent variable “agent banking service outreach”.

5.3 Conclusions

The success of agent banking is also based on the ease of banking by the agent. The available technological network allows any agent to deposit cash received in any bank to be transferred to his own bank at no fee. It is therefore not necessary for an agent of one bank to travel long distances to deposit cash in his own bank branch. Availability of agent channels is vital in ensuring a wide reach by the bank through its retail agents especially in rural areas. Urban areas have numerous delivery channels for example shops, supermarkets and pharmacies. As a result, this study concluded that awareness, attitude, easy to use, system excellent and information quality will enhance agent banking service outreach from bank side.

A bank without a large network of branches faces a challenge of failure to bank with another bank due to associated charges. Eventually, scale and ubiquity are best achieved by tapping into shared or interoperable networks of agents that serve multiple banks; much like a POS enabled store today can accept cards from Visa or MasterCard issued by any bank in their respective associations. It is described a system whereby the agent has a contract with at least one bank but may service customers of other banks with which it does not have a direct contract as long as the agent transactions for these other issuing banks are governed by the contract between the agent and its own acquiring bank and a separate agreement between the issuing bank and acquiring banks. Consequently, this study concluded that location, agent quality, reliability, affordability and technology will increase agent banking service outreach from firm agent.

5.4 Recommendations

- This study recommends that banks should be innovative, and they provide an innovation decision process that categorizes the steps an individual takes from awareness of an innovation through the formulation of an attitude toward the innovation, on to the decision as to whether to implement it, and finally confirmation of this approach.

- This study suggests they should focus on knowledge, persuasion, decision implementation, and confirmation, and banks should invest more in the efficiency dimension, as it is the strongest predictor of electronic agent banking service outreach, which ultimately boosts electronic customer loyalty.
- This study found that the introduction of third-party retail agents presents several risk factors with regard to effective regulation and supervision of banks, which include operational risks, money laundering, credit risk, and reputational risk. It is therefore suggested that the regulator closely monitor the banking sector and strictly enforce compliance with the agent banking guidelines, while the banks continuously ensure careful vetting of agents.
- To increase the profitability impact of agent banking in Ethiopia, commercial banks are strongly suggested to solve the network and technology infrastructure of agent banking more comprehensively. Still, e-banking has the potential to positively address problems with banking services in remote areas. Hence, it is strongly suggested that ICT professionals explore innovative solutions for the agent banking scheme.
- The government should have a policy to change all cash marketing into agent banking to fatten its revenue, curb tax evasion, and reduce the cost of printing and minting money.
- As banking competition is high, their agent banking system should be designed with a fast processing time for customer requests and issues in order to attract and retain customers.
- Banks need to perfect their systems connectivity and availability to improve their poor and average ratings, as was the case in the findings, as agency banking is delivering convenience to customers through increased hours of banking and bringing the banking services closer to the customers, thus positively influencing adoption of agency banking.
- Banks should enhance the quality of their agents to encourage the adoption of agency banking. Banks should recruit and maintain high-quality agents to increase the adoption of agency banking. It is essential to monitor agents' loyalty to the principal banks in cases where an agent is serving more than one bank.

- Further, as service quality is considered to not only meet but exceed customer expectations, banks should include a continuous improvement process and enhance overall impressions of an organization's services in terms of relative superiority or inferiority.

5.5 Implications for Various Stakeholders

Agency banking success will largely depend on reliability. One of the major measurements of reliability is system availability. By its very nature, the ICT phenomenon is relatively new in the developing world. Available data suggests that the majority of developing countries in sub-Saharan Africa are lagging behind in the information revolution. The system, being the only connectivity between the customer and the bank, will determine whether a customer request is frustrated or satisfied at the agent location. System safety and malfunction can frustrate agent reconciliation or even facilitate fraud against the bank, customer, or agent. On the other hand, banks and their agents have to contend with customer complaints in cases such as a customer being debited with cash he did not receive because of incomplete withdrawal transactions, an urgent deposit "hanging" somewhere else other than the beneficiary account due to system failure, or where the agent has erroneously entered the wrong account number or bill account. This could mean a stranded commuter for lack of fare, a son or daughter somewhere being sent home for non-remitted school fees, or a punitive disconnected utility supply. Banks may rely on self-reliance and trust in all their professional and organizational aspects, as an electronic system needs trust and confidence, which are key factors in the establishment of long-term relationships between customers. This is because quality has become an increasingly predominant part of our lives.

People are constantly looking for quality products and services. The top concerns among agents are low remuneration, liquidity management, and network availability. The operation of the agency is such that a customer deposit at the agent means the customer is giving cash to the agent, which is accounted for by the bank by debiting the agent's account at the bank and crediting the customer's account at the bank. From a managerial perspective, this means that the better the perceived banking service quality, the higher the satisfaction with site organization, efficiency, a friendly system, availability, consistency, and consequently, overall satisfaction. For that reason, the service quality variables, efficiency, and site origination used in this research and

the agent banking service outreach measures should be constantly controlled and improved. It is therefore not possible for an agent to receive a deposit unless the agent has sufficient credit in the bank. A customer withdrawal at the agent means the agent gives cash to the customer and the bank accounts by debiting the customer's bank account and crediting the agent's account at the bank. An agent can then only pay out a withdrawal if they have cash in their till at the shop. In the standard global banking system, competitive strategies based upon vital aspects of service quality as obtained from research would prevent stretching of resources and assist in creating the satisfaction so desired by consumers.

5.6 Future Research

This study determined the factors that influence agent banking adoption among commercial banks in Ethiopia. Nevertheless, it did not establish the impact of agent banking with regard to financial access for the unbanked population. Consequently, future research studies could be conducted to gauge the extent of financial inclusion through agent banking in Ethiopia. Future research should belong to various regions of the country or the world, which will provide a more detailed outcome. Additionally, in the future, researchers can adopt other techniques for in-depth analysis. Second, this study incorporates a second-order factor and might be ignoring some other variables that could impact the loyalty of customers; thus, it is suggested to incorporate other variables like product characteristics or incentives. Prospective researchers may also investigate specific classifications of online services, such as the amount of sales or the type of products purchased.

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ANNEX

Appendix I – Questionnaire



ST. MARY'S UNIVERSITY SCHOOL OF POSTGRADUATE STUDIES DEPARTMENT OF INSTITUTION OF AGRICULTURE AND DEVELOPMENT STUDIES

Greetings

My name is Eskinder Kebede Erena. I am graduate student of St Mary's University, research on Factors Affecting agent banking service outreach in Ethiopia: in the case of Addis Ababa. This questionnaire is prepared to collect data from the respondents in order to assess Adoption determinant of Agent banking: case study of commercial bank of Ethiopia.

The main objective of the study is therefore to assess the factors affecting agent banking service outreach in Ethiopia. The study is only intended for academic purpose and the information you provided will be kept confidential.

For that reason, I kindly request your cooperation to fill this questionnaire accurately as it determines the acceptability and quality of the study.


Best Regards

















Eskinder Kebede Erena

Phone: 0911 128129

Part I. Demographic profile and background information

Please indicate your background information to know more about the profile of the respondents.

Put a tick mark (✓) in their corresponding box. 

| | | | | |
|--------------------------|---|--|--|---|
| Gender | Male  | Female  | | |
| Age | Below 35  | 36 to 55  | above 56  | |
| Educational level | Diploma and below  | First Degree  | Master and above  | |
| Marital Status | Single  | Married  | Divorced  | Widowed  |
| Occupation | Government employee  | Private employee  | Business person  | Student  |

Other (specify).....

Do you recommend Agent banking service before for others?

| | | | |
|--|---|---|--|
| Rarely  | Sometimes  | Most frequently  | Always  |
|--|---|---|--|

Other (specify).....

How often do you use Agent banking services?

| | | | |
|--|---|---|--|
| Rarely  | Sometimes  | Most Frequently  | Always  |
|--|---|---|--|

Other (specify).....

Part II. Questions on adoption determinants of Agent banking

1 Please indicate your opinion on the determinant factors that affect the adoption of agent banking in periphery urban areas. In responding the under listed questions please consider 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. Put a tick mark (√) in their respective box.

| Factors | Code | Dimensions | 1 | 2 | 3 | 4 | 5 |
|----------------------------|-------------|---|---|---|---|---|---|
| <i>Awareness</i> | AW1 | I aware of using Agent banking benefits me to complete my transactions and tasks more quickly | | | | | |
| | AW2 | I aware of using Agent banking service is convenient in terms of time and cost saving | | | | | |
| | AW3 | I aware of using Agent banking is useful in my business | | | | | |
| | AW4 | I aware of using Agent banking service is more accessible to me than visiting a bank premise | | | | | |
| <i>Attitude</i> | ATT1 | I frequently visit banks to get the agent banking service. | | | | | |
| | ATT2 | The experience of the agent banking service attracts customers | | | | | |
| | ATT3 | I prefer to use agent banking service in my transactions other than deposit and withdrawal | | | | | |
| | ATT4 | I am willing to accept agent banking Service | | | | | |
| <i>Easy to Use</i> | ETU1 | I think that service provided by banks and agents is flexible | | | | | |
| | ETU2 | I comfortable t use agent banking of banks | | | | | |
| | ETU3 | I prefer to agent banking as its technology user friendly | | | | | |
| | ETU4 | Banks' agent banking is easily adaptably technology | | | | | |
| <i>System Excellence</i> | SE1 | I think that service provided by banks & agents is reliable | | | | | |
| | SE2 | I always get error-free records service in using agent banking | | | | | |
| | SE3 | I prefer to agent banking as it has modern-looking equipment and technology | | | | | |
| | SE4 | Banks have unique technology regarding to agent banking | | | | | |
| <i>Information Quality</i> | IQ1 | I get correct information when I use agent banking | | | | | |
| | IQ2 | I get pertinent information when I use agent banking | | | | | |
| | IQ3 | I get complete information when I use agent banking | | | | | |
| | IQ4 | Banks' agent banking format or application has my favorite design | | | | | |

| | | | | | | | | |
|---|-------------|--|--|--|--|--|--|--|
| Agent Banking Service Outreach | ABP1 | I like to use Agent banking service | | | | | | |
| | ABP2 | I consider agent banking is less security risk involved in Agent banking rather than other modes of banking services | | | | | | |
| | ABP3 | I always eager to use agent banking | | | | | | |
| | ABP4 | I will continue to use agent banking | | | | | | |
| Location | CL1 | Agents are located at convenient place. | | | | | | |
| | CL2 | Agents can be found easily. | | | | | | |
| | CL2 | Agents are located around business area. | | | | | | |
| | CL3 | Agents are located around public roads. | | | | | | |
| Agent Quality | AQ1 | The agent makes clients feel valued customer. | | | | | | |
| | AQ2 | During the working hour, customers always get the best services. | | | | | | |
| | AQ3 | The time customers spent to get the service is acceptable | | | | | | |
| | AQ4 | Enough cash is available at the agents shop | | | | | | |
| Reliability | REL1 | Agents keep customers information secrets | | | | | | |
| | REL2 | Whenever customers went to the agents shop they are getting same quality service | | | | | | |
| | REL3 | Every time customers make transaction through agents it is correctly reflected in their services. | | | | | | |
| | REL4 | The service customers are getting through agents is similar with that of the bank branches as promised. | | | | | | |
| Affordability | AFF1 | Customers can get banking services at cheap priced. | | | | | | |
| | AFF2 | The cost of accessing financial services using agent banking service would be affordable as compared to other banking options. | | | | | | |
| | AFF3 | There is affordable agent banking schemes available at the time. | | | | | | |
| | AFF4 | Agents provides agent banking schemes at affordable prices. | | | | | | |
| Technology | T1 | Agents use advanced agent banking technology. | | | | | | |
| | T2 | The quality of internet connection significantly facilitates agent banking. | | | | | | |
| | T2 | There is adequate ICT infrastructure that helps to effectively administrate agent banking. | | | | | | |
| | T4 | The development levels of ICT infrastructure significantly impacts agent banking. | | | | | | |

2 Please indicate your opinion on the constraints and opportunities of adoption of agent banking in periphery urban areas. In responding the under listed questions please consider 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree. Put a tick mark (√) in their respective box.

| Variables | Code | Dimensions | 1 | 2 | 3 | 4 | 5 |
|----------------------|--------------|---|---|---|---|---|---|
| Constraints | CON1 | There is several untrained staff in agent banking system. | | | | | |
| | CON2 | There are several untrained agents in agent banking system. | | | | | |
| | CON3 | There are inadequate cash in the agents in agent banking system. | | | | | |
| | CON4 | There is insecurity problem in agent banking system. | | | | | |
| | CON5 | The major problem in agent banking system included regulation of agency related law. | | | | | |
| | CON6 | Network inaccessibility is a major hindrance in service delivery | | | | | |
| | CON7 | There is lack of top management support in agent banking. | | | | | |
| | CON8 | There is insufficient understanding about existing data, applications, and IT across the organisation in agent banking. | | | | | |
| | CON9 | There is difficulty in establishing performance improvements goals for agent banking. | | | | | |
| | CON10 | Failure to understand the customers' viewpoints in AGENT BANKING SERVICE OUTREACH s. | | | | | |
| Opportunities | OPP1 | Less cost of services implies when implementing agent banking. | | | | | |
| | OPP2 | Electronic commerce, especially on line marketing trading service can easily realized when implementing agent banking. | | | | | |
| | OPP3 | Increased service quality expected as a result of implementing agent banking. | | | | | |
| | OPP4 | Integration of technology adoption with finance concepts simplify agent banking. | | | | | |
| | OPP5 | Service time reduction expected as a result of implementing agent banking. | | | | | |

Are there any opportunities in implementing agent banking? If so, please explain these opportunities.

What are the major constraints on implementing agent banking in periphery urban areas?

Thank you again for completing the questionnaire!!

Appendix II– Interview Checklist

1. What do you think about agent banking in terms of system and information quality easy to use, and others?

2. How do you observe the practices of agent banking of banks in your area?

3. Please indicate your observation about customer awareness, attitude and acceptance in agent banking?

4. What do you think customers accept and banks effectively implement its agent banking application?

5. Your suggestions, recommendations and any feedback related to agent banking service outreach in your area.

Thank you again for completing the interview!!