Effects of E-Banking on Service Delivery in Commercial Banks in Western Uganda- A Case of Centenary Bank Ishaka Branch

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Abstract: This study analyzed the effect of electronic Banking on service delivery in Centenary Bank- Ishaka Branch in Western Uganda. Using descriptive research design, a structured questionnaire and an interview guide were used to garner data which was used to answer the research questions on the effects of E-banking on service delivery in Centenary Bank Ishaka Branch in Western Uganda. Data was analyzed using descriptive statistics such as frequencies, percentages and tables. The research findings revealed that e- Banking has greatly improved service delivery in Centenary Bank-Ishaka Branch. It further revealed that e- Banking has reduced queuing that used to be there, saves time, is convenient and is secure among other good qualities. The researcher found out that Real Time Gross Settlement (RTGS) one of the e-Banking products in Centenary Bank improved service delivery because customers are able to make quick money transfers to other banks. The Researcher recommends that it is prudent that Centenary Bank recruits more customer service consultant and aides to assist customers who are not conversant with e-Banking and some of Centenary Bank products. Centenary Bank should employ people at the ATMs to guide people who cannot use it easily because of low literacy levels and hence unable to operate them.
Keywords: E-Banking, Real Time Gross Settlement, Service Delivery, Automated Teller Machine Uganda.

INTRODUCTION

Electronic banking is the delivery of banks' information and services by banks to customers through different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television Whereas as according to Khan[8], internet or electronic banking includes the system that enables financial institution customers, individuals or businesses, access accounts, transact business, and obtain information on financial products and services on public or private network including Internet. Daniel[3] Banks throughout Europe are using digital security devices to secure e Commerce and e-Banking. The former group head of chip at MasterCard, Dr. Toni Merschen, estimates that more than 30 million Europeans already have readers to use with EMV cards for online authentication Jacob[7], Another important event was the widespread deployment in Germany of a Gemalto innovation called Ezio TAN, an optical OTP device that captures information off of a computer screen in 2009. With 30 million users, Germany has the largest number of online banking customers in Europe Jacob[7]. In announcing the program, Jacob[7], chief technology officer for ABA, pointed to a theme that runs through all e-Banking programs worldwide, the

importance of customer trust thus "It is imperative to ensure that a high level of security is maintained for consumers to feel confident and comfortable when using online banking services.

We constantly strive to enhance the customers' banking experience, providing greater convenience with the introduction of new services or technologies," said Johnston. In India, e-banking has taken roots. A number of banks have set up banking portals allowing their customers to access facilities like obtaining information, querying on their accounts. Soon, still higher level of online services will be made available. Other banks will sooner than later, take to Internet banking. One of the leading banks in Cambodia, Advanced Bank of Asia (ABA) is also at the forefront of e-Banking security. The bank is using the latest industry standards - MasterCard CAP and Visa DPA - to add strong authentication solutions to their EMV banking cards Daniel[3]. Centenary Bank Ltd started as an initiative of the Uganda National Lay Apostolate in 1983 as a credit Trust and it began its operations in 1985 with the main objective of serving the rural poor and contributing to the overall economic development of the country.

In 1993, Centenary Rural Development Bank Ltd was registered as a full service commercial Bank with a Vision, "To be the best provider of Financial Services, especially Microfinance in Uganda". Today, Centenary Bank is the leading Microfinance Commercial Bank in Uganda serving over 1,300,000 customers with services accessible across its 62 full service branches and 146 ATMs with its core Values as: Superior Customer Service, Integrity, Teamwork, Professionalism, Leadership, Excellence, and Competence Douglas &Connor[5].Centenary bank is one of the banks that offer Electronic banking in Uganda offering the following services: Cent mobile, Cent points, E-NSSF Payments, E-Tax Payments, P.C banking, Point of Sale, and US Visa Application Payments, RTGS, EFTs, mobile money transactions among others.

METHODOLOGY

In this study, the researcher employed survey research design and a descriptive research design using qualitative and quantitative research paradigms. Data was granted using questionnaires and interviews to answer research questions on the effects of e-banking on service delivery. The survey design was adopted because it is relatively quick and easy to use within a short period of follow-up Diagne[4]. Descriptive research Design was used in order to describe a phenomenon and its data characteristics);While the survey design was used to garner data from respondents at once Amin[1].

The study population for this study comprised of the Banking staff and Bank customers of Centenary Bank-Ishaka Branch. The numbers were got from the secondary data – records at Centenary Bank-Ishaka Branch. The target population of the study was 30529 respondents including staff of Centenary bank, network providers, ATM providers and clients. A sample size of

395 participants was reached at using sloven's formula. Therefore, questionnaires and interviews were administered to 395 respondents for the purposes of eliciting the right information from the population of Centenary Bank. The researcher used systematic Random sampling technique on Bank Customers for quantitative data and purposive sampling on the Bank staff for qualitative data. To ensure the quality of data collected, the researcher used valid instruments. The validity of the structured questionnaire was arrived at by use of validity index(CVI).The researcher obtained the CVI of 0.8 which was above 0.7 indicating that the instrument was valid for the study Amin[1].However, the validity of the unstructured interview was obtained by interviewing only key participants to prove the answered questionnaires Gibbs[6].

The reliability of the structured questionnaire was obtained by using cronbanch's alpha coefficient formula and the results was 0.83 suggesting that the instrument was reliable for the study and the reliability of the interview schedule was reached at by checking the appropriateness of terms of reference of interpretations and their assessment Gibbs [6].Tools that were used to analyze data included descriptive statistics including tables, frequencies and percentages

RESULTS

The researcher found out from respondent's views that ATM service has tremendously improved service delivery in Centenary Bank in comparison with the indigenous Banking system. Respondents indicated that ATM has many advantages over indigenous Banking system it was discovered that 151(38.23%) respondents out of 395, revealed that there was speed in using ATM in service Delivery. Other statistics revealed issues of Accurancy, Convinience, Security and cost effectiveness of ATM in Service Delivery as shown in the table 1 below.

Table-1: ATM and Service Delivery in Centenary bank

Attributes to service Delivery	Frequency	Percentage
Speed	151	38.23
Accuracy	113	28.61
Convenience	38	9.62
Security	60	15.19
Cost-Effectiveness	33	8.35
Total	**395**	**100**

Source: primary Data

From table 1, it was revealed that majority of the participant attributed speed of ATM in service delivery with 38.23% followed by accuracy with 28.61, convince had 9.62%, security 15.19 and cost effectiveness with 8.35%. As a result, the researcher found out that e-Banking has attracted many customers

to centenary Bank-Ishaka Branch and these customers do appreciate e-Banking and service delivery in centenary Bank, Ishaka Branch.

On the effect of mobile banking on service delivery in Centenary Bank .The researcher found out

that the introduction and use of mobile money services has affected service Delivery in Centenary Bank as shown in the table below.

Table 2: Effects of mobile banking on service delivery

Contribution of mobile money	Frequency	Percentage
Reduction in congestion	115	29.11
Convenience in Transaction	149	37.72
Increase on clientele in Centenary Bank	131	33.17
Total	**395**	**100**

Source: Primary Data

29.11% of the participants revealed that reduction in congestion in the banking hall has reduced for deposit and withdraws by customers due to the use of mobile Banking. 37.72% acknowledged convenience of mobile money in transacting data and 33.17% revealed that Mobile money service has increased the number of potential customers in Centenary Bank.

Table 3 RTGS system and service delivery in Centenary Bank (Switch to other banks)

		Frequency	Percent
Valid	Very unlikely	37	9.37
	Unlikely	82	20.76
	Neither likely nor unlikely	187	47.34
	Likely	64	16.20
	Very likely	25	6.33
	Total	**395**	**100.0**

Source: Primary Data

The researcher found out that among other products of Centenary Bank - Ishaka Branch, Real Time Gross Settlement (RTGS) System has also improved service delivery in the Bank and its clientele. As regards the likely hood to switch to other banks, the results revealed that 47.34% of the respondents are neither likely nor unlikely to switch to other banks while 16.20% are likely. 20.76% are unlikely, 9.37% very unlikely and 6.33% are very likely.

Table 4: Improvement in service quality

		Frequency	Percent
Valid	Better customer service	266	67.34
	Increase in number of ATMs	42	10.63
	Increase of security	87	22.03
	Total	**395**	**100.0**

Source: Primary Data

Most of the respondent of the survey indicated that Centenary bank Ishaka Branch in Western Uganda needs to improve service quality by a better customer service (67.34%), increase in the number of ATMs was 10.63% and the increase of security of using e-banking services was 22.03%. As for other comments from respondents, they recommended that Centenary bank should get deposit ATMs, increase of the withdrawal limit per day as well as the increase of the number of human tellers since customers have not fully adopted e-banking services.

The researcher's finding revealed that ATMs have improved service delivery because they are quick, accurate, convenient, secure and cost-effective based on the fact that the system was electronic and automated. Like any modern technical innovation, ATMs have more positive features than negative ones and as such ATMs have greatly improved service delivery .This was in agreement with Mihiotis A[9], who asserted that new technologies enhance service delivery. However, there were some negative attributes as well. For example, ATMs sometimes fail customer transactions due to net work failure, technical constraints and language barriers. As such, ATMs were not user friendly to some of Centenary Bank customers especially those that were illiterate.

DISCUSSION

On the effect of mobile money on service delivery in Centenary Bank -Ishaka Branch Western Uganda. It was true that mobile money service has contributed to improved service delivery in Centenary Bank. This was due to the fact that there has been a reduction in customer congestion in the Bank hall since some customers can now transact using mobile money service on their mobile phones or other mobile money service centers at their convenience. Mobile money service was convenient, secure and timely. However, it was also limited by some technical difficulties such as net work, inadequate float at service centers, operational constraints like language among other factors including high charges. These findings concurred with Chen, S. L.[2], who said that mobile money services have affected banks performance.

Real time Gross Settlement System (RTGS) was very convenient for usage and it saved time and reduced costs because money was easily transferred from one Bank to the other electronically. This made the service quick and secure. However, it was noted that any electronic Banking System was only operational when the net work was clear and there was skilled human resource to make operations.

The study revealed that RTGS increased security for the Bank customers because for example instead of a customer carrying sacks of money from one bank to the other or to make any settlements, anything can happen in between the two destinations. Cases of robbery can be recorded as well as death. But with RTGS system, the customer just enters one bank, fills forms and just moves out with papers confirming payments to the beneficiary.

CONCLUSION

Based on findings, the researcher concluded that ATMs influences service delivery in Centenary Bank. This conclusion was based on the contribution ATMS have made on banking transactions easier such as speed, convenience, reliability, security and cost-effectiveness among other contribution. This was in agreement with Mihiotis A[9]. *E*-banking challenges and opportunities in Greek banking sector.Electronic Commerce Research Journal which stated that E-banking has influenced service delivery.

The researcher also concluded that mobile money service system has both positive and negative attributes to service delivery in Centenary Bank. However, the researcher further concluded that the positive attributes outweigh the negative attributes by far and therefore, mobile money service has improved service delivery in Centenary Bank.

With regard to RTGS, the researcher concluded that because of its convenience timeliness and security, the service has improved Centenary Bank Service Delivery.

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