# The Impact of Electronic Banking on Customer Sustifaction towards the Financial Institutions in Uganda. Acase Study of Ssubiryo Financial Services, Kikubo Branch.

**1 Dr Ariyo Gracious Kazaara, 2 Dr Arinaitwe Julius**

1, 2 Metropolitan International University

*Abstract: The accompanying goals served as the framework for the study, which examined the effect of digital transactions on patron contentment with financial institutions in Uganda using Ssubiryo Financial Services' Kikubo Branch as a case study: evaluate the various e-banking services offered by Ssubiryo Financial Services, Kikubo Branch, ascertain the variables that impact client happiness there, and investigate the link among electronic banking and customer satisfaction there. The correlation coefficient (0.276) indicates a shaky positive association among client satisfaction and e-funding. As the P-value (0.041) is less than 0.05 and this is statistically meaningful, we disregard the null hypothesis and come to the conclusion that there is a connection between E-Funding and customer happiness. Ssubiryo financial services should place a high priority on fostering customer trust while enhancing the system's effectiveness. The ongoing pursuit of trust-creating actions is necessary to increase trust in online banking. To increase confidence, Ssubiryo financial services managers should create a system that offers current and pertinent banking details with a pleasant user experience.*

**Keywords: Internet banking, E-Funding, Telephone banking, Customer Satisfaction and electronic banking**

## Background of the study

Customers of banks today look for more than just the best prices. People desire reliable, trustworthy, and beneficial technologies. The usage of technology for information and communication in Ugandan banks' service delivery has skyrocketed, creating intense rivalry within the financial services industry.

The act of performing credit facilities via the Computer is known as internet financing (IB) (FRANKENFIELD, 2020). Customers can perform virtual financial transactions there as an electronic market place (Srivastava, 2007). It differs from electronic banking (e-banking), which is a relatively high activity that includes not only Banking services but also phone banking, teller machines (ATMs computers (ATM), data transmission procedure (WAP)-banking, and other electronic means of payment that are not run through the World Wide Web.

In industrialized nations, the use of IB as a method of delivery for banking services has increased, taking the place of the branch-based financing technique and employee-managed manual service tasks (Cheng, Lam and Yeung, 2006). IB allows customers to carry out a number of tasks from any location as long as there is Internet connection, such as writing checks, paying bills, transferring money, printing reports, and finding out account balances (Hoppe, Newman and Mugera, 2001; Frust, Lang and Nolle, 2000).

As a result, many financial companies are focusing their strategies on enhancing client happiness and commitment through higher-quality services because doing so gives banks a competitive edge by lowering operational costs and better meeting customer needs. To boost their customers' happiness with banking, they offer online banking. According to the Global Payments Report's 2016 report on the historical background of electronic banking from a global viewpoint, the post-crisis period between 2012 and 2015 brought the banking sector some unexpected results. This type of situation forced the banking sector to go through a period of intense disruption in order to win over the faith of their severely impacted clients. The industrial revolution slowed down, presumably as a result of the influence of the top 1000 banks in the world's largest growth rate (World Payments Report, 2016).

## Problem statement

As banks have started offering e-banking services, clients don't seem to want to use them, as evidenced by the lengthening lines in the banking halls. Moreover, clients are still carrying significant amounts of cash, which suggests that they are dissatisfied with the services. Banks have, nonetheless, made an effort to enhance their systems by constructing additional infrastructure and fresh offerings. To promote client satisfaction, banks have tried to strengthen their systems by constructing additional infrastructure and new services like center mobile, but the issue has persisted. This is most likely a result of the growing issues with computerized financial systems.

## Specific Objectives

1. To assess the different e-banking services in Ssubiryo financial services, Kikubo Branch.
2. To ensure the determinants of customer satisfaction in Ssubiryo financial services, Kikubo Branch.

3. To examine the relationship between electronic banking and customer satisfaction in Ssubiryo financial services, Kikubo Branch.

## Research Questions General questions

1. Is there any significant relationship between electronic banking services on customer satisfaction?
2. Is there a significate relationship between e-funds transfer banking and customer satisfaction of Ssubiryo financial services?
3. What is the relationship between telephone banking and customer satisfaction of Ssubiryo financial services?
4. What is the relationship between internet banking and customer satisfaction of Ssubiryo financial services?

## Methodology
## Research Design

The study used an association research approach as its foundation (Saris and Revilla, 2015). A descriptive correlational design is a quantitative study methodology that uses two or more statistical parameters from a related group of participants and seeks to determine the connection that exists between them in order to determine whether they share any characteristics (Sekaran, 2012). Any two measurement variables can theoretically be associated (Amin, 2015). In this study, the researchers utilized a correlation research strategy to establish a connection between the studied variables (Sekaran, 2003). The study also employed a triangulation strategy that combined qualitative and quantitative methodologies.

## Study Population

The study's participants were 75 responders (Ssubiryo financial services human resource manual, 2021). These were made up of 50 clients, 20 lower bank personnel, and 5 administration bank managers. The administrators were selected since it is their job to supervise the bank's adoption of electronic banking. Since they are familiar with internal operations and the effects of electronic banking on bank performance, the lowest bank officials were picked. The clients were chosen because it is believed that they will share their preferences and expertise with Ssubiryo Financial Services' internet banking.

## Determination of the Sample Size

To determine the sample that was used in this study, the Morgan and Krejcie (1970, as cited in Amin, 2005) sampling tables was of use and the sample determination was done as reflected in table 1 below:

## Sample Size of Respondents and Sampling Technique

| Category of Population | Population Size | Sample Size | Sampling Technique |
|---|---|---|---|
| Administrative staffs | 10 | 5 | Purposive sampling |
| Bank lower officials | 100 | 20 | Simple Random sampling |
| Customers | 85 | 50 | Purposive sampling |
| **Total** | **195** | **75** | |

Source: primary data ((2015)

*Table 1: Sample Size of Respondents and sampling technique*

## Sampling Techniques

In sampling, the study also involved the purposive and simple random sampling techniques. Purposive sampling was used to select the administrative staff and customers as they key figures in relation to their knowledge of the matter that was being studied (Sekaran, 2003). Simple random sampling allows equal representation of other respondents to be part of the study as suggested by

(West, 2016) and these include the bank lower officials. The study respondents were divided up into categories as described in table 1 above.

Data Gathering Techniques

Data were gathered through first-hand sources. Comparing both quantitative and qualitative methods (Bhandari, 2020) When gathering data, both qualitative and quantitative methodologies were employed. Interviews and self-administered questionnaires were used to gather primary data.

**Survey**

(Check & Schutt, 2012) define a questionnaire survey in research as a technique that incorporates a sequence of questions intended to gather responses from participants. A semi-structured questionnaire was employed for gathering primary data from subordinate bank officials using the survey approach. The respondents can be required to use the tool and choose responses based on their experiences with the assertions. 2012 (Check & Schutt).

**Interview**

The term "interview" describes the process of gathering data by questioning, checking up, probing, and encouraging of respondents' responses (Kathuri, 2004). Using the administrative bank personnel of Ssubiryo financial services, this was done to gather primary data. It involves applying the semi-structured interviewing techniques I proposed. The interviewing process allowed for unrestricted communication between the investigator and the people being interviewed. The investigator was directed by the software to formulate the queries and record the participants' answers when open-ended questions were employed in order to collect information.

**Data Analysis**

Data analysis involved arranging, sorting and organizing data and later attach meaning to create a sensible meaning that reflected to the findings using SPSS (Langkos & Spyros, 2014). This study involved both quantitative and qualitative data and each was analyzed in its form:

**RESULTS**

Table 1: The response rate

| Respondents | Target sample | Accessed respondents | Percentage |
|---|---|---|---|
| Administrative staffs | 5 | 4 | 5.33% |
| Bank lower officials | 90 | 51 | 68% |
| Customers | 75 | 20 | 26.7% |
| **Total** | **170** | **75** | **100%** |

The findings in table 1 above show 170 respondents were targeted to participate in the study but 75 respondents were realized to participate in the study. The balance of 95 targeted respondents never participated in the study as there was a challenge of time limit that the researcher was allocated to undertake the data collection exercise and other respondents' schedules could not allow them be part of the study.

**Background of the Respondents**

The study was interested in the background of the respondents in terms of their sex, age, education levels and duration that the respondents had spent working with Ssubiryo financial services. The data sought using questionnaires in regard to the background of the respondents is presented as below:

**Sex of the respondents**

The data about the sex of the respondents was captured using questionnaires and is reflected in figure 1 below:
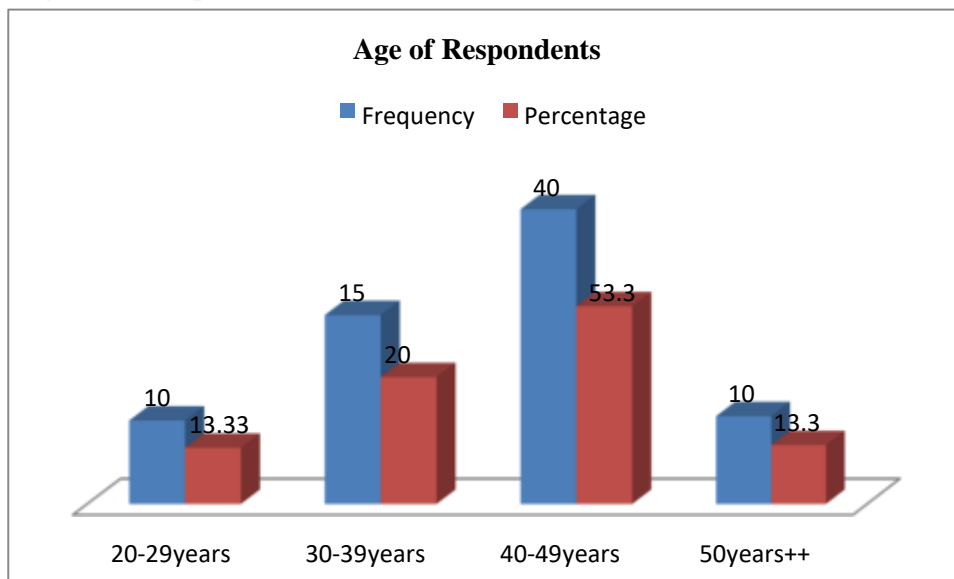
**Figure 1 : Gender of the respondents**
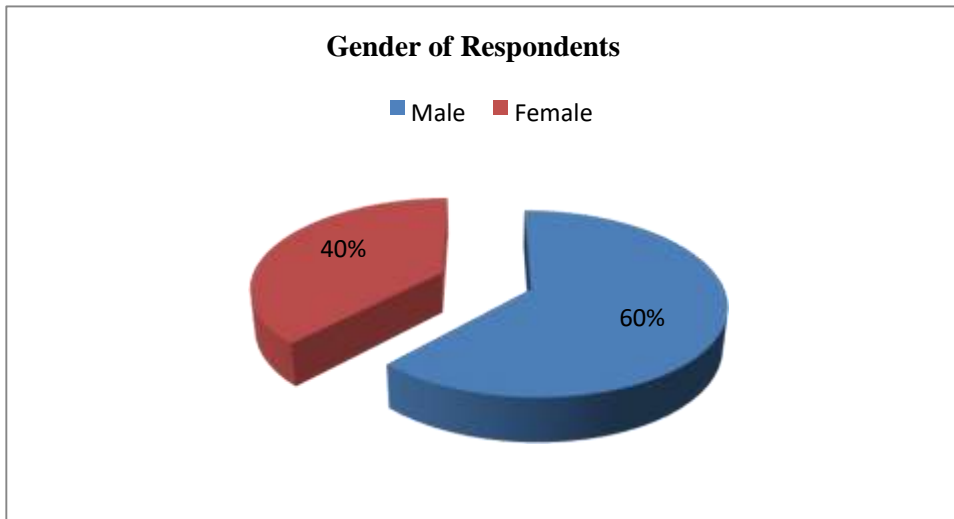


*Source: Primary Data*

The findings in figure 1 above indicate that majority of the respondents (60%) were males. On the other hand, females constituted 40%.

**Age of the Respondents**

The data collected about the age of the respondents was presented in the figure below.

**Figure 2 : Age of the respondents**



From figure 2, it was found out that most of the respondents in Ssubiryo financial services that responded to the study had 40-49 years and these took the highest toll of 40%. Those who were in the category of 30-39 constituted 20%, 50years and above had 13.33% and those who were between 20-29yrs were represented by 13.33% each.

**Education levels of the Respondents**

The study established the education levels of the respondents and the findings were presented in figure 3 below.

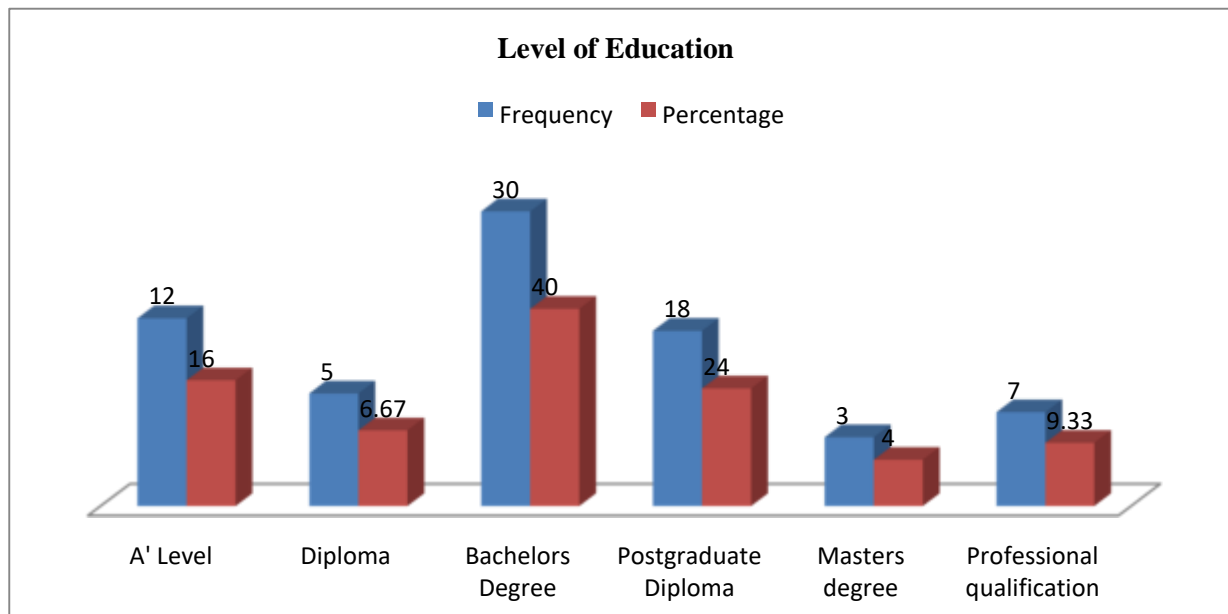**Figure 3 : The Education Levels of the respondents**



Figure 3 indicated that most of the respondents among Ssubiryo financial services officials had attained a Bachelors Degree of Education were 40% of the respondents. 16% of the respondents had A. level of education, 24% had achieved a postgraduate diploma. Those who had master's degree of education were represented by 4%. For respondents who had professional qualification and these constituted 9.33%.

**Regression results for telephone banking and the customer satisfaction**

Further analysis was conducted using a regression to determine the extent to which telephone banking affect customer satisfaction of Ssubiryo financial services. Findings are presented in Table 4.8, accompanied with an analysis and interpretation.

**Table 2: The relationship between telephone banking and customer satisfaction**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 2.345 | .237 | | 2.401 | .00 |
| | Telephone banking | 1.029 | .056 | .325 | 4.263 | .00 |
| | | | | | | |
| | R square | .356 | | | F-statistics | 50.666 |

| | Adjusted R Square | .280 | | | Sig. | 0.016 |
|---|---|---|---|---|---|---|

Ho: There is no relationship between telephone banking and customer satisfaction

Ha: There is a relationship between telephone banking and customer satisfaction

If all other variables were held constant, a percentage increase in telephone banking should, on average, result in a 1.029 rise in user satisfaction. Given that the P-value (0.00) is less than 0.05 and that this is statistically meaningful at a 95% level of confidence, we disapprove of the null hypothesis and come to the conclusion that there is a connection between telephone financial services and consumer happiness.

**Regression results for electronic banking services on customer satisfaction**

Further analysis was conducted using a regression to determine the extent to which electronic banking affect customer satisfaction of Ssubiryo financial services.

**Table 3: The relationship between electronic banking services and customer satisfaction**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 5.234 | .456 | | 1.567 | .087 |
| | Electronic banking | 0.567 | .0789 | .237 | 1.0235 | .068 |
| | | | | | | |
| | R square | .566 | | | F-statistics | 80 |
| | Adjusted R Square | .466 | | | Sig. | 0.07 |

Ho: There is no relationship between electronic banking and customer satisfaction

Ha: There is a relationship between electronic banking and customer satisfaction

While all variables are held equal, an increase in electronic banking of 1% would result in an estimated 0.567 improvement in consumer satisfaction. Since the P-value (0.07) is bigger than 0.05 and this is statistically irrelevant at a 95% confidence level, we fail to reject the null assumption and come to the conclusion that there is no connection between electronic banking and customer happiness.

**Correlation results on internet banking and customer satisfaction of Ssubiryo financial services:**

To test if internet banking had an influence on customer satisfaction of Ssubiryo financial services, a spearman rho correlation coefficient was done by the study and the results are shown in Table 4 below.

**Table 4 shows the Correlation results of the relationship between E-Funding and customer satisfaction**

| | | | E-Funding | Customer satisfaction |
|---|---|---|---|---|
| Spearman's rho | E-Funding | Correlation Coefficient | 1.000 | .276 |
| | | Sig. (2-tailed) | . | .041 |
| | | N | 75 | 75 |
| | Customer satisfaction | Correlation Coefficient | .276 | 1.000 |
| | | Sig. (2-tailed) | .041 | . |
| | | N | 75 | 75 |

Correlation is significant at the 0.05 level (2-tailed).

The correlation coefficient (0.276) indicates a shaky positive association between user satisfaction and e-funding. We reject the null hypothesis because this is statistically significant and the P-value (0.041) is smaller than 0.05, which leads us to believe that there is a connection amongst e-funding and customer happiness.

**Regression results for internet banking and the customer satisfaction of Ssubiryo financial services**

Further analysis was conducted using a regression to determine the influence of internet banking on customer satisfaction of Ssubiryo financial services. Findings are presented in Table 13, accompanied with an analysis and interpretation.

**Table 5 shows the relationship between internet banking and customer satisfaction**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -0.897 | 1.134 | | 0.064 | .587 |
| | Internet banking | 0.172 | .255 | .259 | 1.638 | .268 |
| | | | | | | |
| | R square | .189 | | | F-statistics | 30 |
| | Adjusted R Square | .169 | | | Sig. | 0.452 |

Holding all other variables unchanged, an increase in online banking by a percent would typically result in a 0.172 reduction in consumer satisfaction. Since the P-value (0.452) is bigger than 0.05 and this is statistically irrelevant at 95% confidence interval, we fail to reject the null hypothesis and come to the conclusion that there is no connection between internet banking and customer happiness.

## Conclusions

It was determined that Ssubiryo Financial Services offers credit cards to its customers, making it simple for people to borrow money and pay it back on time. The bank's ATMs have always been operational around-the-clock, which has made it simple for the bank to increase the amount of deposits received; Ssubiryo Financial Services has a system in place for transferring funds from one account to another, which has enhanced the amount of cash on hand in the bank and is referred to as liquid assets in the financial world. Also, it may be inferred that Ssubiryo Financial Services has fewer operational expenses because we have sufficient ATMs to accommodate all of our customers.

## Recommendations

Ssubiryo financial services should place a high priority on fostering client trust while enhancing the system's utility. The ongoing pursuit of trust-creating actions is necessary to increase trust in online banking. To increase confidence, Ssubiryo financial services managers should create a system that offers current and pertinent accounting reports with a good user experience. The required legal codes supporting the business must be adopted in hopes of combating the economic and regulatory threat posed to online banking and commerce; this will support the industry's expansion.

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