



**ELECTRONIC BANKING AND CUSTOMER SERVICE DELIVERY OF
COMMERCIAL BANKS IN UGANDA
A CASE STUDY OF DFCU BANK, PALLISA BRANCH**

BY

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**A RESEARCH REPORT SUBMITTED TO BUSITEMA UNIVERSITY FACULTY OF
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DECLARATION

DECLARATION

I **AKWARE BETTY**, a student of Bachelors in Business Administration with student number BU/UP/2019/ hereby declare that the content of this research report has been prepared and produced out of my effort and findings and it has never been submitted anywhere for any academic award.

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SIGNATURE.....

DATE.....29/03/2023.....

REG NO. BU/UP/2019/1728

APPROVAL

APPROVAL

I confirm that this research report was done under my supervision and has been submitted for examination with my authorization.

Date: 29.03.2023

Signature
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Mr. Wadambisha Brian

Supervisor

DEDICATION

I dedicate this research report to my parents for the marvellous and endless financial and non-financial support they are rendering towards my education.

I also dedicate this report to the committed and dedicated work of my supervisor **Mr. Wadambisha Brian** for the guidance and support he rendered to me during this exercise.

May the good Lord reward you abundantly and His mercy be upon you forever and ever.

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Table of Contents

DECLARATION	i
APPROVAL	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
Table of Contents	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ACRONYMS	x
ABSTRACT	xi
CHAPTER ONE	1
1.1 Introduction.....	1
1.2 Background of the study.....	1
1.3 Statement of the problem	2
1.4 Purpose of the study.....	3
1.5 Research Objective	3
1.5.1 Specific Objectives.....	3
1.6 Research Questions	3
1.7 Scope of the Study	4
1.7.1 Content scope.....	4
1.7.2 Geographical Scope.....	4
1.7.3 Time Scope	4
1.8 Significance of the Study.....	4
1.9 Conceptual Framework	5
1.10 Definition of significant terms as used in the study	6
CHAPTER TWO: LITERATURE REVIEW	7
2.1 Introduction.....	7
2.2 Theoretical review.....	7
2.3 The technology acceptance model (TAM)	7
2.4 Mobile Banking and Customer service delivery	8
2.5 Agency Banking and Customer service delivery.....	10
2.6 ATM banking and Customer service delivery	12
CHAPTER THREE: RESEARCH METHODOLOGY	15

3.1	Introduction.....	15
3.2	Research Design	15
3.3	Study Population	15
3.4	Sample Size	15
3.5	Sampling technique.....	15
3.6	Type of data	15
3.6.1	Primary Data	16
3.6.2	Secondary Data	16
3.7	Data collection methods.....	16
3.8	Data Analysis plan	16
3.9	Data Analysis Techniques and Methods.....	17
3.9.1	Quantitative data analysis.....	17
3.10	Reliability and Validity	17
3.10.1	Validity tests	17
3.10.2	Reliability tests.....	18
3.11	Ethical Considerations.....	18
CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS		19
4.1	Introduction.....	19
4.2	Response Rate.....	19
4.3	Demographic Information	19
4.3.1	Gender of Respondents	19
4.3.2	Age of the respondents	20
4.3.3	Education background.....	20
4.3.4	Position held	21
4.4	Spearman's correlation analysis.....	21
4.4.1	Mobile Banking and customer service delivery.....	22
4.4.2	Agency Banking and customer service delivery	22
4.4.3	ATM Banking and customer service delivery	22
4.4.4	Regression Analysis	22
CHAPTER FIVE: DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS.....		25
5.1	Introduction.....	25
5.2	Discussion of the findings	25
5.3	Mobile Banking and Customer service delivery	25
5.4	Agency Banking and Customer service delivery.....	25

5.5	ATM Banking and Customer service delivery	26
5.6	Recommendations	26
5.7	Limitations of the Study	27
5.8	Recommendations for further studies	27
	REFERENCES.....	28
	Appendix 1: Questionnaire	33
	Appendix III: Work Plan	37
	Appendix IV: Research Budget.....	38

LIST OF TABLES

Table 4.1: Showing the Gender of respondents	19
Table 4.2: Showing age bracket of respondents	20
Table 4.3: Showing education background of respondents	20
Table 4.4: Showing positions held.....	21
Table 4.5: Showing correlation analysis.....	22
Table 4.6: showing regression analysis on the effect of mobile banking on customer service delivery.	23
Table 4.7: Regression analysis on the effect of Agency banking on customer service delivery..	23
Table 4.8: Regression analysis on the effect of ATM banking on service delivery.	24

LIST OF FIGURES

Figure 1.1 : Conceptual framework of electronic banking and customer service delivery	6
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LIST OF ACRONYMS

AQ	Compliments & retention
ATM	Automated Teller Machine
DFCU	Development Finance Company of Uganda
E-Banking	Electronic banking
EFT	Electronic Funds Transfer
CS	Customer satisfaction
IB	Internet Banking
ICT	Information Communication and Technology
M-Banking	Mobile Banking

ABSTRACT

This study intended to find out the effect of Electronic banking on customer service delivery of commercial banks in Uganda, particularly DFCU bank Pallisa branch. Electronic Banking was viewed in three dimensional constructs consisting of Mobile Banking, Agency Banking and ATM Banking. Customer service delivery on the other hand was viewed in terms of Customer loyalty, Compliments & retention, and Customer satisfaction. The study used cross sectional research design and quantitative approach. The study population consisted of 15 employees from DFCU bank Pallisa Branch. The researcher used census approach to sampling where all members of the study population were considered. Data was collected using a closed end questionnaire and statistical package of social science(SPSS) was used for analyzing data. Using SPSS, data was analysed and presented in form of frequency tables, descriptive statistics, reliability, validity, correlation and regression results were obtained. The findings of the study revealed that there is a positive and significant effect between Mobile banking, Agency banking and ATM banking on customer service delivery. Therefore the study concludes that electronic banking has a positive and significant impact on customer service delivery in commercial banks. The researcher further recommends that in order for the commercial banks to improve on customer service delivery, they should make mobile banking services available so that it increases reliability and access of services to customers.

CHAPTER ONE

1.1 Introduction

This chapter contained the background of the study, the statement of the problem, purpose of the study, research objectives, research questions, scope of the study, significance of the study, conceptual framework, and assumptions of the study and definition of significant terms used in the study.

1.2 Background of the study

Customer service delivery has implications on an organization's health and ultimately its survival (Omimo et al., 2018). Customer service delivery is referred to as any type of activity offered to a customer before, during and after purchase, designed to enhance customer satisfaction thus meeting the customer needs Gilbert, Meyer and Vaughan (2000) as cited by (Studzieniecki and Meyer, 2018). Managers are concerned about maximizing shareholder's wealth as it reflects future prospects, steady growth, and provides a risk shield. Despite the potential benefits of ICT and e-banking, there is debate about whether and how their adoption improves bank customer service delivery (Gapp and Fisher, 2007).

Globally; in Australia, Businesses in Queensland felt most positive toward banks service delivery (50.2%), followed by Victoria (30.7%), while NSW businesses were much less positive (19.1%), and that while there is plenty of effort currently going into acquiring new business banking customers, there is much less effort going into keeping existing customers happy (Bartholomew, 2020).

A study conducted in selected companies in the united states showed that 80% of profits come from only 20% of customers because the customers are not satisfied with the customer service (SmallBizGenius, 2020). This implies that the majority of the customers are not loyal to the company and therefore do not transact frequently.

Africa has followed suit of poor customer service delivery. A report by OBS in south Africa showed that the their was a 12% increament in the number of complaints fro customers about double deductions, poor quality of ATM cards and loan related issues (OBS, 2021) as cited (Reale, 2021). A similar study in rwanda showed that 50% of customers in the banking sector are more likely to caomplain about poor service delivery when the have consumed similar services from countries outside Rwanda (Nsobiari Awara et al., 2022). Besides that, in Kenya, according to a report by Kenya Financial Stability Report (2020) as cited by Aifuwa

(2020), the banking industry has customer service delivery declined by 30% in the year of 2017 to 2019.

Equally in Uganda, a dip in customer service delivery of commercial banks between 2017 to 2018 was blamed on poor service delivery (Raffler, 2022). While banks' digital migration continues, customers in Uganda generally still prefer traditional branch-based retail banking in spite of the availability of electronic banking services and therefore perceive the banks' services as of poor quality.

Despite all efforts of DFCU bank to provide efficiency and effectiveness quality services through electronic banking, majority of the users of the system are ignorant which has left the problem of long queues in DFCU bank halls unsolved (Nkisang, 2020). many customers have lost their money under this system Osarenkhoe et al. (2015), which has discouraged many customers from using banks, hence lowering banks' customer service delivery as recorded with a decline from the 2.1 percent recorded February 2022 (SOE Report, 2022) as reported by (Johnston, 2022).

In addressing the problem of poor customer service delivery, the study will be guided by the theory of acceptance model (TAM) which is an information systems theory that models how users come to accept and use a banking technology like electronic banking. The actual system use is the end-point where people use the technological banking systems which are mobile banking, agency banking, and ATM banking therefore this study intends to assess the relationship between electronic banking and service delivery.

Various studies have been conducted to assess the relationship between electronic banking and customer service delivery (MUAFAIAH, 2019). However, most of the studies have been carried out in USA, China, Malaysia, Nigeria, South Africa, and Kenya and with an exceptional of some scholars who carried out the study in central and western Uganda. Therefore, it's for this reason that the study intends to be carried out in Pallisa district to bridge the gaps of the existing literature.

1.3 Statement of the problem

The insufficient customer satisfaction and loyalty in commercial banks of Uganda has led many people in the country to lose interest in the services of the banks. The country's banking system is poor with people lining up to withdraw or deposit money because of the undeveloped electronic banking sector in Uganda. According to the World Bank report (2019), 65% as reported by Kim (2019) the president of the group, bank customers in Uganda

were dissatisfied with the way the banking system in the country gives services to the people and most of them were uncomfortable with the poor service delivery in the sector.

Despite the intention of Bank of Uganda in enhancing good, efficient and effective services to customers, the customer care desk at the Pallisa branch has on a number of occasions registered several customer complaints over the performance of electronic banking services especially automatic teller machines and phone banking (Sergeant, 2018). Customers have noticed that there is constant breakdown of machines and sometimes machines run out of service, while other times they run out of cash, and sometimes they do not have deposit and cash withdraw slips, as well telephone networks are sometimes down leading to low bank performance, hence low customer service delivery. However DFCU bank in its attempt to solve the above problems through system upgrades, ensuring that there is enough cash and sensitization of clients on the benefits of e-banking (DFCU Bank, 2021) as mentioned by (Jim, 2022) the DFCU chairman of board, none of these seems to have addressed customer service delivery. This study is therefore intended to fill the gap of Electronic Banking on Customer service delivery.

1.4 Purpose of the study

The purpose of the study is to examine the impact of Electronic Banking on customer service delivery of commercial banks.

1.5 Research Objective

The study was guided by the following objectives

1.5.1 Specific Objectives

The specific objectives of the study were:

- i) To establish the effect of Mobile Banking on customer service delivery of DFCU Bank Pallisa Branch.
- ii) To find out the effect Agency Banking on customer service delivery of DFCU Bank Pallisa Branch.
- iii) To examine the effect ATM Banking on customer service delivery of DFCU Bank Pallisa Branch.

1.6 Research Questions

- i) What is the effect of Mobile Banking on customer service delivery of DFCU Bank Pallisa Branch?

- ii) What is the effect of Agency Banking on customer service delivery of DFCU Bank Pallisa Branch?
- iii) What is the effect of ATM Banking on customer service delivery of DFCU Bank Pallisa Branch?

1.7 Scope of the Study

1.7.1 Content scope

The study covered electronic banking as the independent variable with its dimensions as mobile banking, agency banking and ATM banking, and customer service delivery as the dependent variable with its dimensions as Customer loyalty, Compliments & retention, and customer satisfaction.

1.7.2 Geographical Scope

The study was carried out in DFCU Bank, Pallisa branch, in Eastern Uganda, because they have been facing challenges with performance in relation to adoption of electronic banking.

I also choose to study on commercial banks because they are under tier I and therefore the only tier using electronic banking services, unlike those under tier II to IV, which use mainly the manual means of dealing with clients.

1.7.3 Time Scope

Under this study, credible research documentation literature and scenarios over the period between years 2017 to year 2021 was considered and reviewed. This is the period where poor adoption of electronic banking was noticed to affect the customer service delivery of commercial banks.

1.8 Significance of the Study

The study will be significant in the following ways;

The study will help the ministry in planning for the better implementation of good economic policies that stimulate economic growth of institutions as well as Uganda at large.

The researcher can apply the theory that is learned at class room into practical manner. The researcher will also get exposed to first-hand experience in carrying out research to meet both academic and requirements that contribute the academicians to enable the banking industry realize the benefits of electronic banking.

The study will also act as a point of reference for scholars who want to carry out further research. Whereby the study will also help the other researchers to acquire knowledge and skills.

1.9 Conceptual Framework

The conceptual framework for this study is provided in figure 1 below. The impact of the independent variable on the dependent variable is depicted as the framework provided e-banking factors that are capable of influencing customer service delivery in the banking industry. Independent variable includes: mobile banking, agency banking, ATM banking as shown. The dependent variable is customer service delivery; Customer loyalty, Compliments & retention, , and Customer satisfaction, which is influenced by the independent variable.

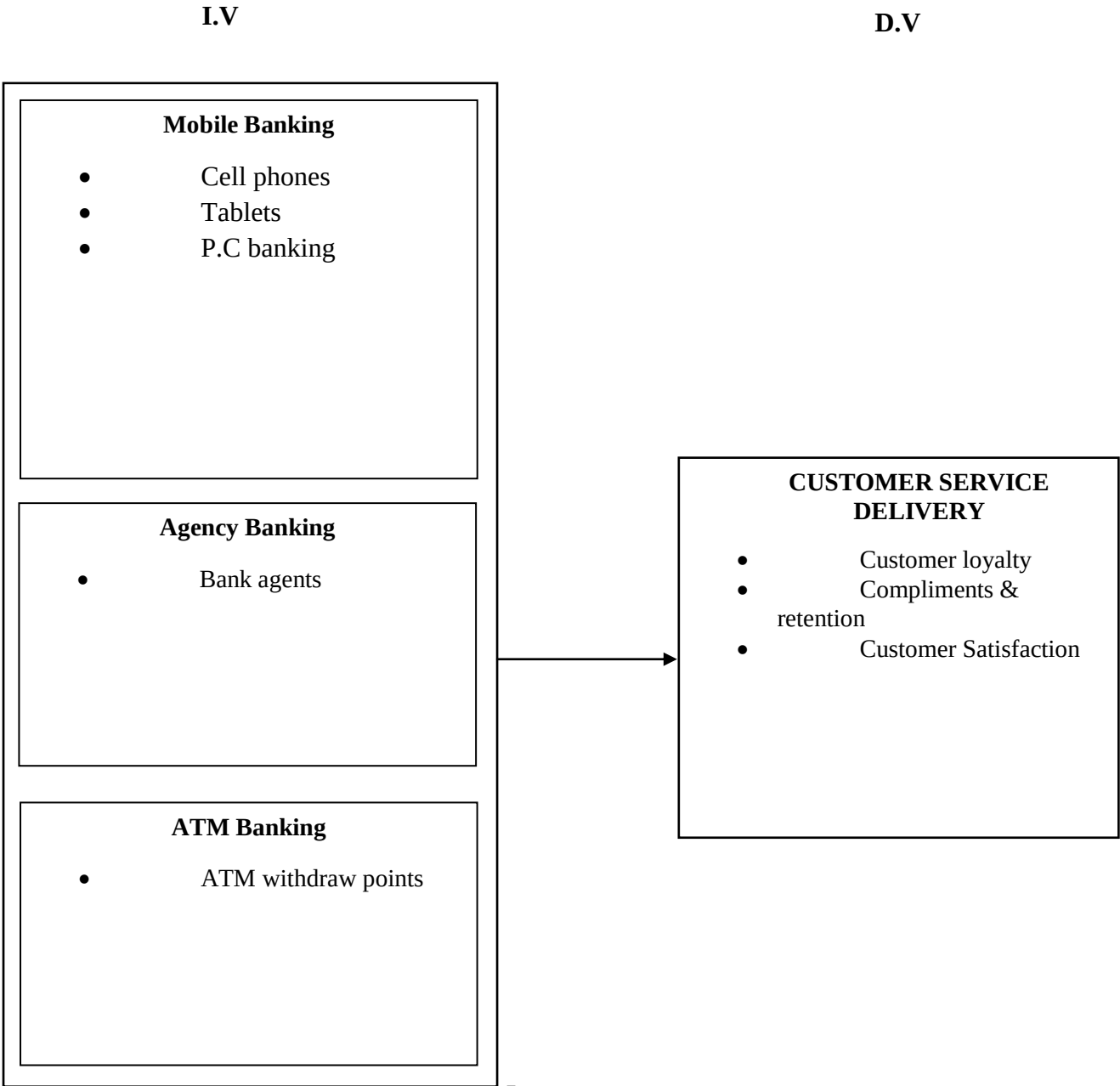


Figure 1.1 : Conceptual framework of electronic banking and customer service delivery

Source: (Byarahunga, 2014) *and modified by the researcher*

From the conceptual framework above, electronic banking will be considered as the independent variable which is operationalized in terms of Mobile banking, and Agency banking (Mugenda, 2008) while customer service delivery will be used as the dependent variable which is operationalized in terms of Customer loyalty, Compliments & retention, and Customer satisfaction.

1.10 Definition of significant terms as used in the study

Electronic banking: Refers to any transfer of funds initiated or processed using electronic techniques. EFT uses computers, smart phones and electronic technology in place of cheques and other paper transactions. EFTs are initiated through devices like card or codes thus you and those you authorise, access your bank account. Many financial institutions use ATM or credit cards and Personal Identification Numbers (PINs) for this purpose.

Commercial bank: Refers to any organization which provides services such as accepting deposits, giving business loans and basic investment products and other financial services to their customers.

Electronic mobile devices: This refers to portable electronic gadgets that are used in e-banking to carry out transactions. Such include point of sale terminals, mobile phones, laptops and others.

Agency banking: Refers to a form of branchless banking involving contracting services of postal and retail outlet by commercial banks to deal with processing of its clients transactions (Kalinda, Rukangu, & Rintaug, 2016).

Customer service delivery: Any type of activity offered to a customer before, during and after purchase, designed to enhance customer satisfaction thus meeting the customer needs

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents Literature review which undertaken to establish the effect of Mobile banking on customer service delivery, to establish the effect of Agency banking on customer service delivery, to establish the effect of ATM banking on customer service delivery. It also contains the historical review, theoretical review and a well analyzed summary of this chapter.

2.2 Theoretical review

2.3 The technology acceptance model (TAM)

The theory of acceptance model (TAM) is an information systems theory that models how users come to accept and use a technology like electronic banking. The actual system use is the end-point where people use the technological banking systems which are online banking, mobile banking, agency banking, and ATM banking. Behavioral intention is a factor that leads people to use the technological banking system, and is influenced by the attitude which is the general impression of the system. The model suggests that when users are presented with a new technology, a number of factors influence their decision about how and when they will use it, notably:

Perceived usefulness (PU) – This was defined by Fred Davis as "the degree to which a person believes that using a particular system would enhance his or her job performance". It means whether or not someone perceives that technology to be useful for what they want to do.

Perceived ease-of-use (PEOU) – Davis defined this as "the degree to which a person believes that using a particular system would be free from effort" (Davis, 1989). If the technology is easy to use, then the barriers conquered. If it's not easy to use and the interface is complicated, no one has a positive attitude towards it.

External variables such as social influence are an important factor to determine the attitude. When these things (TAM) are in place, people will have the attitude and intention to use the electronic system. However, the perception may change depending on age and gender because everyone is different (Venkatesh & Bala, 2008). The theory therefore affirms that if

electronic banking systems are adopted and used, customer service delivery will definitely improve (Luo et al., 2019).

2.4 Mobile Banking and Customer service delivery

Mobile Banking helps increase the customer satisfaction through; Streamlining of business processes to increase efficiency; More attention and better consulting for customers due to automation of routine processes; Innovative “anywhere, anytime” services customized for individual preferences and current geographic location of the customer provide value-added to the customer while the collected data can be utilized to create customer profiles. Increased customer satisfaction can help reduce the customer attrition rate (Raassens & Haans, 2017).

A research by Tchouassi (2012) examined whether mobile phones extended banking services to the unbanked using a sample drawn from countries in Sub-Saharan Africa. The research focused on establishing the way phones can be used in expanding commercial banking to those individuals from poor backgrounds, unbanked and vulnerable population. The research did note that vulnerable, poor and low-income individuals in African countries usually lack ability to access bank accounts and are often faced with a very high costs of carrying out basic transactions. Through mobile phone banks have the opportunity to provide banking services widely to those who are not banked. Additionally, economic innovation and technological, were required in order for the services to become a reality.

Study by (Ching et al., 2011) examined elements that affect m-banking acceptance in Malaysian firms. The research sought to employ TAM to examine the impact of e-banking adoption in Malaysia. Specifically, the study aimed at determining the association of “perceived ease of use, perceived innovativeness, perceived usefulness, perceived risks, social norms and perceived relative advantages” on the intends of adopting e-banking. The results of the study were that “perceived ease of use, perceived innovativeness, perceived usefulness, perceived risks and perceived relative advantages” were the elements impacting on the intent behaviour of mobile customers to embrace e-banking services in Malaysia. However, the social standards were established not to be a significant element in this the research.

The main benefits to banks are cost savings, reaching new segments of the population, efficiency, enhancement of the banks reputation and better customer service and satisfaction (Jayawardhena, 2014). Besides, mobile banking removes geographical limitations for small and medium size banks, thereby international operations without limits can be operated. M-

banking has enabled banks to increase their data collection, and management, efficient financial engineering that have improved the ability of assessing potential creditors, measuring the creditworthiness of potential borrowers and to price the risk associated with those borrowers through standardized mechanisms such as credit scoring (Zigi et al., 2013).

Banks just like other businesses are tuning to information technology to improve business efficiency, service quality and attract new customers through the use of mobile banking (Nath et al, 2011). Increased availability and accessibility of more self-service distribution channels help bank administration in reducing the expensive branch network and associated staff overheads (Birch et al., 1997).

A reduction in the percentage of customers visiting the banks with an increase in alternative channels of distribution will also minimise the queues in branches (Thornton et al., 2011). According to Thornton et al., (2011) this ultimately leads to improved customer satisfaction which increases on the customer base and hence improved customer service delivery. Al-Sukkar and Hassan (2015) support the view that technology can improve service quality for banks and enhance customer satisfaction and loyalty.

Kerem (2013) observes that banks are responding to electronic banking differently and that those which see electronic banking as a complement and substitute to the traditional channels achieved better communication and interactivity with the customers. Online banking extends the relationship with the customers through providing financial services right into the home or office of customers (Robinson, 2000). According to Nath et al (2001) provision of high quality services may also lead to high profit consumers for the bank, Polatoglu et al., (2011) argue that early adopters and heavy uses of internet banking services are more satisfied with the services compared to the other customer groups. According to Joseph et al., (2013) the ability to deliver services via technology is positively correlated with satisfaction. Financial firms are using latest technological support to increase transactional security and provide maximum number of mediums for serving consumers (Bock, 2020).

The elimination of paper work would also minimize costs in stationery and also administrative costs of human tellers and other personnel that would affect such transactions. As seen from above, the operating costs determine the firm's profitability and therefore the application of mobile banking system minimizes the level of such costs hence crucial in determining the customer service delivery levels of Banks (Onunga, 2018). According to

Robinson (2019) the cost of an electronic transaction is dramatically less when done online compare to at a branch.

The start-up costs of m-banking are high. Establishing a trusted brand is very costly as it requires significant advertising expenditure in addition to the purchase of expensive technology in form of the softwares used. Perhaps one of the greatest bane to customers by embracing to mobile businesses has to do with risk arising from fraud, processing errors, system disruptions, or other unanticipated events resulting in the institution's inability to deliver products or services, turning down the bank's reputation and customer service delivery declines as a result of reduced customer base (Earl, 2019).

Another security issue associated with M-banking as introduced by the Economist journal (1999) recounts that M-banking potentially expose hitherto isolated systems to open and risky environments. Security breaches essentially fall into three categories; breaches with serious criminal intent (fraud, theft of commercially sensitive or financial information), breaches by 'casual hackers' (defacement of web sites or 'denial of service' - causing web sites to crash), and flaws in systems design and/or set up leading to security breaches (genuine users seeing / being able to transact on other users' accounts). All of these threats have potentially serious financial, legal and reputational implications.

According to Siegel, Kagan and Lingam (2011) since customers are getting accustomed to m-banking, then it will be important for banks to follow suit. Because of that gap, Siegel thinks there is reduced revenue among commercial banks. However he says they have to face some complex challenges both internal and external most of which are internal and systemic challenges.

While several studies have been conducted on Mobile banking and customer service delivery, but these studies were not carried out in the commercial banks in Pallisa district.

2.5 Agency Banking and Customer service delivery

Agency banking is a form of branchless banking involving contracting services of postal and retail outlet by commercial banks to deal with processing of its clients transactions (Morawczynski & Mark, 2009).

This study incorporates the Technology Acceptance Model (T.A.M) which denotes technological use as end-point where people use the technological banking systems like

Agency banking. This is followed by the positive effects of agency banking on customer service delivery as of previous studies below;

According to study (Lyami et al., 2020), Agency banking has essentially lowered the cost of delivery of financial services to the unbanked and unreached people. The reduction in cost creates an opportunity to seriously improve the size of the population that is accessible to formal banking and finance, resulting into improved customer service delivery especially in the remote parts of the country where most of the population of the developing countries reside and live. According to study by (Mwando, 2013), agency banking has the potential of benefiting the users of the service by minimizing transaction cost, short queues than in branches, longer opening hours, highly accessible for the benefit of illiterates and the low-income earners.

Agency has improved reputation from affiliation with well-known financial institutions, sales from additional foottraffic, and market share by commercial banks, increased covered area with low-prices solutions in regions with minimal transactions, differentiation from other businesses, additional revenue from commissions and incentives (Mwando, 2013).

Agency Banking operates with the help of agents who conduct transactions on behalf of the unbanked. Banking agents can have a digital wallet or stored value account on an online platform, and this platform can apply the set business rules to the transactions started by the agents. Bank customers can have their accounts on a digital wallet or the core banking system. The business rules will be applied by the host system to the accounts of customers.

According to Katariina (2016) as cited by Abraham (2022), agency banking supports various types of transactions, such as voucher-less prepaid top-up, top-up prepaid voucher sale, loan repayments, account balance queries, merchant's services, cash withdrawals, cash deposits, transfers and bill payments of various types, such as fines, taxes, government fees, utility bills and more

According to research by Oburu (2018), agency banking provides commercial banking customers with access to banking services within the comfort of their own neighbourhood. Agency banking has made it possible to dramatically lower the price of offering services dealing with finance to the unbanked and unreached individuals.

It is not enough for a bank to think about the benefits of electronic banking nor is it sufficient for a bank to address electronic banking development issues. Some researchers (Nath et al.,

1998) as cited by (Rogers, 2010) mention multitudes of issues relevant to post developing a site for electronic banking purposes such as security concerns, customer distrust, cost and difficulty of maintaining the site, legal concerns, and privacy of customer information.

Research by Rahman (2016) showed that that clients funds protection is priority for many financial regulators and financial institutions under agency banking as loss of money transacted over the platform could be disadvantageous to the clients and also the trust of the public in financial systems. Hence, agency banking deserves to be regulated and commercial banking institutions ought to comply with regulations created by regulators to help in ensuring systematic stability as well as depositor protection.

Even though agency banking is a bank-based model, it has a different regulatory treatment from the normal branch banking (Kalinda, Rukangu, & Rintaugu 2016). Research by Kalinda, Rukangu, & Rintaugu (2016) showed that agency banking could be less beneficial to the clients in a number of ways including increasing of transaction cost, and not being accessible for illiterates and the poor.

Furthermore, agency banking is subject to the dependability of other computers or web servers. In case of any problem regarding safety or usage, a customer cannot have access to his/her account. Agency users have to know how to use a computer before he/she can carry out a transaction. The customers need to be aware and up-to-date with the latest safety programmes such as firewalls, virus programmes. Hackers are still able to hack into the accounts and transactions of account holders to perpetrate atrocious activities. It is not 100% safe, thus there is the need to exercise caution (Asante-gyabaah et al., 2015).

Another disadvantage of electronic banking applications internationally is the lack of governmental policies that guides internet banking operations across international borders (Mutlag & Salman, 2019). While electronic banking can provide a number of benefits for customers and new business opportunities for banks, it exacerbates traditional banking risks.

Much as numerous studies have been conducted to assess the relationship between agency banking and customer service delivery, none of these studies were conducted among commercial banks in Pallisa district.

2.6 ATM banking and Customer service delivery

The installation of various automated teller machines by commercial banks in their branches is one of the motives to increase customer base and acquire more deposits available to the

bank. This in the long run increases the banks revenue that determines the profitability level and finally the general customer service delivery (Baxley, 2017). Electronic banking plays a big role in terms of saving to the bank and the client [reduced costs]. This is as a result of efficiency and effectiveness maintained by various systems like electronic fund transfer, personal computer banking and ATMS.

According to Jayawardhena, (2014) each ATM has the capacity to carry out the same, essentially routine, transactions as do human tellers in branch offices but at half the cost and with a four to one advantage in productivity. Thus banks can provide customers convenient, inexpensive access to the bank 24 hours a day and seven days a week.

Jayawardhena (2010) observe that ATM banking increases competition within the banking system and also from non-bank financial institutions. Other benefits that have accrued because of the adoption of ATM banking in developed countries include the ability to attract new customers and widening the customer database, improving bank marketing and communication, and having the ability to retain high profit customers (Al-Sukkar et al., 2015).

ATM banking also accrues to negative effects on financial banking as below;

Unlike bank tellers, ATMs do not require the person performing the transaction to present a picture identification leading to likelihood to insecurity. Rather, the person must only insert a bank card and enter a personal identification number. If the bank card is stolen and the number ascertained, an unauthorized person can easily access the account (Abraham, 2022).

The performance of business at an ATM is generally quicker than that at a human teller. However, the ATM is incapable of providing personalized instruction to the user in a way that a human teller can. This can result in longer wait times if the user currently using the machine is struggling to complete a transaction (Curtion et al., 2016)

Inability to perform complex transactions. ATMs can only perform relatively basic transactions. This means that people who need to complete these longer transactions will be forced to use the teller, restricting use of the ATM for people who need to complete simple business. In this sense, the ATM is rather like the express line in a supermarket--faster for some, but unavailable to others (Aduda and Kingoo, 2012).

Occasionally, ATMs will malfunction and swallow a user's ATM card. The customer will then be directed to contact a service number or their bank and wait for a repair technician to

retrieve this card. While this happens only rarely, if it occurs on a weekend or at night, the user may be left to wait for several days before they can again use their card, something that would not happen with a human cashier (Tan et al., 2013)

Despite the availability of literature about the relationship between ATM banking and customer service delivery, there is no conclusive agreement about the nature of the relationship. While other scholars found a positive relationship Asante-Gyabaah et al. (2015), others found a negative relationship (Manroe et al., 2015). This study therefore intends to assess the nature of the relationship between ATM banking and Service delivery in the case of DFCU bank Pallisa Branch.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter described the research design and the methodology of the study, that is: research design, target population, sampling design and sample size, research instruments, data collection procedures, validity and reliability of the research instruments and data analysis techniques.

3.2 Research Design

A research design refers to the overall conception of the study including description of all concepts, variables and categories, the relational propositions and the methods of data collection and analyses (O. Mugenda and Mugenda, 2021).

In this study, a cross-sectional design was used used to gather information in the population at one point at a time (Babble, 1973), as it assisted the researcher to collect data on phenomena that cannot be observed directly and create the opportunity for in-depth responses through sharing on the past, present and future possibilities that usually provide a good understanding of the phenomena under study.

3.3 Study Population

The study consisted of a population of 15 employees of from DFCU bank pallisa branch. This information was obtained from the human resource office of DFCU bank Pallisa branch as at February, 2023.

3.4 Sample Size

The study considered all the 15 employees in DFCU bank Pallisa as respondents. By doing so, th researcher got a clear picture of the relationship between electronic banking and customer service delivery.

3.5 Sampling technique

The researcher applied a census sampling method where all members of a study population were considered to participate in the study(Cresswell, 2005). This method was used because of the small nature of the study population . Case study was also employed by the researcher and DFCU Bank, Pallisa branch was the case point of the study.

3.6 Type of data

The researcher used both primary and secondary sources.

3.6.1 Primary Data

Primary data is information gathered directly from respondents through questionnaires, interviews, focused group discussions, observation and experimental studies. Data is collected from existing sources Kombo and Tromp (2006) as cited by Kimaiyo et al. (2016). The researcher used questionnaire, to collect data which was original. Primary data was used due to its aspect of originality in the research.

3.6.2 Secondary Data

The researcher collected secondary data which is available in two types, internal and external data. Kinner et al. (1996) describes internal data is that exists within an organization itself and comes from sources such as organization figures, reports and past research. External secondary data relates to sources such as reports and statistics from the government agencies, journal and textbooks. Secondary data was used as a basis of benchmarking for the study.

3.7 Data collection methods

The researcher used closed ended questionnaires which had pre-formulated written set of questions to which respondents were recorded or tick their answers within closely defined alternatives (Sekaran, 2003). Self-administered questionnaires were employed on the clients and the retail credit staff. Closed questions were used by the researcher. Closed ended questions helped the respondents make quick decisions by choosing among several alternatives before them. Self-administered questionnaires were a good choice of instrument because they are less expensive.

The advantage of use of questionnaire method is that respondents can easily and freely provide their responses without being manipulated and at their convenience unlike interview method (Jones, 2013)

3.8 Data Analysis plan

The collected data was analyzed quantitatively by use of frequency tables, graphs and pie charts. Statistical Package for Social Scientists (SPSS V.22) was used to present data in percentages because it's useful for both quantitative and qualitative data. It's also used because it provides reliable and fast answers. At the end of data collection, tabulation will be used to present the data collected.

3.9 Data Analysis Techniques and Methods

Data analysis refers to the examination of what has been collected in the field and making deductions and inferences. It involves uncovering the underlying structures, extracting variables, detecting anomalies and testing any underlying assumptions. Responses from all questions were crosschecked to facilitate coding and processing for analysis. Quantitative research involves coding responses into categorical variables followed by application of a method of analysis Kombo and Tromp (2016). The questionnaires were evaluated for errors before subjecting them to analysis. They also provided comments and experiences of what were practically happening in the field. It involved a detailed description of the items that comprise the sample.

3.9.1 Quantitative data analysis

The data collected was summarized using descriptive analysis such as frequencies and measures of central tendency, i.e., mean and standard deviation statistics by use of SPSS V.22 to enable the researcher to meaningfully describe a distribution of scores or measurements. The data was presented in the form of descriptive tabulations, percentages, frequencies, before a comprehensive analysis of statistics are generated to determine their relationships.

3.10 Reliability and Validity

The research instruments were pretested amongst 2 of the senior staff members in the bank to ensure validity and reliability of the instruments before distribution to the actual respondents.

3.10.1 Validity tests

This refers to the degree to which the instrument used to measure the variables served that very purpose for which it was intended. Validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study Mugenda and Mugenda (2015). In this study the researcher had experts in this topic assess the questionnaire. Questionnaire items were judged valid or invalid according to expert judgement. The researcher then calculated the content validity index (CVI) calculated by dividing the Valid questionnaire item by the total number of questionnaire items. A CVI of 0.7 and above renders the questionnaire items valid Cresswel (2014)

3.10.2 Reliability tests

Reliability is a measure of the degree to which a research instrument consistently measures the variable. Reliability is influenced by random error which may arise from inaccurate coding, ambiguous instructions to the subjects, and fatigue of the interviewer or interviewee (Mugenda & Mugenda, 2015) as cited by (County et al., 2016). The split-half reliability method was used by splitting the test into 2 halves. The halves will be generated by splitting the questions related to each variable were divided into two and given to different senior managers. A score will be obtained from each set of the halves and correlated to obtain a coefficient. The coefficient was used to determine the split half reliability coefficient by using the Spearman Brown formula for correlations. The researcher is selecting this method because the research needs to be done in a short time and this method suits well; it is also because it is generally recommended for questionnaires as they can be split into parts Sekaran (2013). This is sufficient to allow the researcher to proceed with the study.

3.11 Ethical Considerations

Due to sensitivity of some information collected, the researcher holds a moral obligation to treat the information with utmost propriety. Since the respondents were reluctant to disclose some information, the researcher reassured them of confidentiality of the information given.

- i. **Privacy and confidentiality:** The information collected was treated confidentially and will not be used for other purposes other than the academic one. This is because the nature of information collected is delicate and it is what most people call business secrets.
- ii. **Anonymity.** The respondents remained anonymous. The researcher ensured that he does not disclose the names of respondents, lest, he risks the jobs and lives of respondents.
- iii. **Informed consent.**

All the respondents were first informed of the purpose of the study before engaging them in the interviews. They then voluntarily provided the data required by the researcher.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents data on the effect of Electronic banking on Customer service delivery of commercial banks. The data was collected through questionnaires. The qualitative data was organized in broad themes that answered the research objectives. Quantitative data was organized in frequency counts and converted to percentages for clear presentation.

4.2 Response Rate

All the questionnaires issued in the study (15) were fully filled and collected. This represented a 100% response rate. This was ensured through revisits to the respondents and clarification on questions that needed attention. All respondents totally gave feedback and therefore, there was no need to replace or re-administered questionnaires.

4.3 Demographic Information

The preliminary section of this study was done through administering of a questionnaire. The respondents in the study were disaggregated by gender, age bracket, position held and academic levels attained.

4.3.1 Gender of Respondents

The gender of respondents was recorded so as to weigh if gender balance was considered. Basing on the study, more men were interviewed more than the men. The table below shows the variations paser the questionnaire;

Table 4.1: Showing the Gender of respondents

Gender		Frequency	Percent
valid	Male	9	60.0
	Female	6	40.0
	Total	15	100.0

Source: primary data, (2023)

From the table above it is clear that 60% of the respondents are males, and 40 % are females. This shows that most of the respondents were men as per the analysis since men are the majority workers in most sections of the bank.

4.3.2 Age of the respondents

This section aimed at determining the Age of the respondents who participated in the study. This was used as a measure of their maturity and experience. The findings obtained are as shown by the Table below;

Table 4.2: Showing age bracket of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
20 years below	5	33.3	33.3	33.3
21 to 30 years	2	13.3	13.3	46.7
valid 31 to 40 years	6	40.0	40.0	86.7
41 to 50 years	2	13.3	13.3	100.0
Total	15	100.0	100.0	

Source : primary data (2023)

As it is shown in the Table above, 33.3% were respondents less than 20 years, 13.3% were respondents between 21-30 years, 40.0% were respondents between 31-40 years, 13.3% were respondents between 41-50 years. This implies that majority of the respondents were between 31-40 years which means they had enough experience in the field, therefore they were able to provide accurate and reliable information.

4.3.3 Education background

The study sought to identify the education background attained by the employee in order to test association with size of the organization. This can be seen in the table below.

Table 4.3: Showing education background of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Educational background				
DIPLOMA	5	33.3	33.3	33.3
BACHELOR	8	53.3	53.3	86.7
MASTER	2	13.3	13.3	100.0
Total	15	100.0	100.0	

Source: primary data (2023)

As shown in the above table, 33.3% of the respondents were diploma holders, 53.3% were bachelor holders and these were the highest population of the respondents, meanwhile 13.3% of the respondents were master holders. This shows that the respondents were well educated and qualified for their respective positions held in the enterprises hence giving accurate information.

4.3.4 Position held

Table 4.4: Showing positions held

	Frequency	Percent	Valid Percent	Cumulative Percent
Manager	2	13.3	13.3	13.3
head of department	2	13.3	13.3	26.7
other staff	11	40.0	73.4	66.7
Total	15	100.0	100.0	

Source: primary data

As it is shown in the Table above, 13.3% were respondents holding the position of a manager, 13.3% were Heads of Department, and 73.4% were other Staff members working in the bank. The reason for the high percentage of other staffs is because most employees are just workers working under the departmental heads and management.

4.4 Spearmans correlation analysis

Pearson's correlation coefficient was computed using SPSS in order to establish if a relationship existed between electronic banking and customer service delivery of commercial banks in Uganda. Correlation analysis measures the degree of relationship between the two variables and expresses the extent of this relationship by means of correlation. The sign of spearmans correlation shows the direction of the relationship and its absolute value indicates the strength , with larger absolute values indicating stronger relationship. In this study, correlation coefficient represents the nature of the relationship between the variables whereby the coefficients are significant at the level of 0.01.

Table 4.5: Showing correlation analysis

Variable	1	2	3	4
Mobile banking (1)	1			
Agency banking(2)	.878**	1		
ATM banking (3)	.740**	.735**	1	
Customerservices delivery(4)	.538*	.459	.564*	1

Source: primary data (2023)

4.4.1 Mobile Banking and customer service delivery

Results in Table 4.3 above indicate that there is a strong relationship between mobile banking and customer service delivery ($r = 0.538$, $p < 0.001$) and this show that increase in mobile banking can lead to increase in the level of customer service delivery since mobile transaction Is easy and convenient.

4.4.2 Agency Banking and customer service delivery

From the observation on the correlation analysis in table 4.3 above agency banking have a strong positive relationship with customer service delivery($r = 0.459$, $p < 0.001$) and this shows that increase in the level of agency banking can directly improve on the level of services delivered to the customers and the relationship can further be supported by a positive significant relationship between the study variables.

4.4.3 ATM Banking and customer service delivery

From the observation of the findings, there is a positive relationship between ATM banking and customer services delivery and that shows that the use of ATM leads to increase in the level of services delivery to customers since ATM make banking services ready available to customers at most times. The relationship is further supported by a positive significant relationship between the study variable ($r = 0.564$, $p < 0.001$).

4.4.4 Regression Analysis

The study made use of simple regression analysis with an aim of establishing the predictive potential of the independent variable (Electronic banking) onto the dependent variable

(Customer service delivery). This analytical frame technique was applied in order to provide clarity on how much variance in the dependent variable (Customer service delivery) is explained by the independent variables (mobile banking, agency banking and ATM banking).

Table 4.6: showing regression analysis on the effect of mobile banking on customer service delivery.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.179	.462		6.745	.000
mobile banking	.266	.116	.538	2.301	.000
	R=.538 ^a	R ² =.289	Adj R ² =.235	F=6.055	.000

Dependent Variable: customer service delivery

Source: Primary Data (2023)

The findings from table 4.10 above, shows that 23.5% change in customer service delivery is caused by mobile banking (Adj R²=0.235, p>0.01). These results are further supported by a positive and significant relationship between the variables of mobile banking and customer service with (F= 6.055, p=>0.01). Also the table further shows a standardized beta coefficient of ($\beta = .538$; p>0.01). This implies that improvement in customer services delivery can be enhance through mobile banking.

Table 4.7: Regression analysis on the effect of Agency banking on customer service delivery.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.119	.462		5.954	.000
Agency Banking	.263	.141	.459	6.745	.000
	R=.459	R ² =.210	Adj R ² =.150	F=6.055	.000

Dependent Variable: customer service delivery

Source: Primary Data (2023)

Table 4.11 above shows that 15.0% change is caused by agency banking on customer service delivery (Adj R²=0.150, p<0.01). These results are supported by a positive and significant correlation between mobile banking and customer service delivery (F=6.055, P<0.01). The

table further shows a standardized beta coefficient of (beta=.459; $p<0.01$). This therefore suggests that agency banking significantly predicts customer service delivery.

Table 4.8: Regression analysis on the effect of ATM banking on service delivery.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	3.179	.534		5.954	.000
1	ATM banking	.263	.141	.564	1.862	.000
		R=.564^a	R²=.318	Adj R²=.265	F=6.055	.000

Dependent Variable: customer service delivery

Source: Primary Data (2023)

Table 4.12 above shows that 26.5% change is caused by ATM banking on customer service delivery (Adj $R^2=0.265$, $p<0.01$). These results are supported by a positive and significant correlation between ATM banking and customer service delivery ($F=6.055$; $p<0.01$). The table further shows a standardized beta coefficient of (beta= .564, $p<0.01$). This therefore suggests that ATM banking significantly predicts customer service delivery.

In conclusion, the above presentation explained the relationship between the independent variable and the dependent variable and they are summerised in Anova, coefficients and model summerry.

CHAPTER FIVE: DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of the findings as per the objectives of the study, conclusion, recommendations, limitations of the study and recommendations for further research.

5.2 Discussion of the findings

5.3 Mobile Banking and Customer service delivery

The study aimed at determining the effect of mobile banking on customer service delivery. The findings of the study indicated that mobile banking has a positive and significant effect on customer service delivery with a total contribution of 23.5% variation in customer service delivery. These findings correlate with earlier studies of Joseph et al., (2003) which affirmed that mobile banking has a significant effect on customer service delivery. This also conformed with Thornton et al., (2011) who concluded that mobile banking has a positive effect on customer service delivery.

The findings therefore show that improvement in customer service delivery requires management to incorporate mobile banking equipment such as cell phones, tablets and P.C banking systems to achieve targeted organizational goals. Basing on these assumptions, mobile banking serves as a tool for improvement of customer service delivery.

5.4 Agency Banking and Customer service delivery

The study aimed at determining the effect of Agency banking on customer service delivery. The findings of the study indicated that Agency banking has a positive and significant impact on customer service delivery with a change of about 15.0% in variation of customer service delivery. These findings correlate with earlier studies by Ivantury, (2016) which alludes a positive effect of agency banking on customer service delivery. The findings according to a study by Elizabeth Duncan, and Elliott, (2004) who recommend increased disbursement and improvement bank agents to improve customer service delivery are also supported. Commercial banks need to have guidelines for their agents in order to improve customer service delivery.

5.5 ATM Banking and Customer service delivery

The study also aimed at determining the effect of ATM banking on customer service delivery. The findings of the study indicated that ATM banking has a positive and significant impact on customer service delivery (26.3%). These findings correlate with earlier studies of Al-Sukkar et al., (2019) which affirmed that ATM banking has a significant effect on customer service delivery. This also in line with Jayawardhena et al., (2019) who concluded that ATM banking has a positive effect on customer service delivery, through intensity of competition.

The findings therefore require that improvement of customer service delivery is accrued to enhancement and improvement of ATM withdrawal points.

Conclusion

Based on the study findings, a number of conclusions were made in line with the objectives of the study as stated in chapter one.

The study determined the effect of Electronic Banking on Customer service delivery. The study established a connotation between Electronic banking and Customer service delivery, in which it was found out that the respondents were aware of the fact that electronic banking methods were not largely as well as widely opted for by customers, but still the method had benefits accruing to it. In view of the above findings, the following inferences can be made;

Cell phones, tablets and P.C banking systems are a crucial tool for improvement of customer service delivery. Management should therefore ensure an improved environment for use of these systems to further improve customer service delivery.

Finally , the study concludes that electronic banking contributes significantly to customer service delivery in terms improved awareness of mobile banking, agency banking and ATM banking by customers. Therefore, it would be a kind of transformation and growth in terms of increase in customer base for commercial banks.

5.6 Recommendations

Therefore, in line with the conclusions above, the researcher made the following recommendations as per the study objectives.

Commercial banks should make mobile banking services available so that it increases reliability of services. This will improve customer service delivery since it reduces ques in the banking halls.

Commercial banks should also ensure that bank agents are accessible by clients to avoid travelling long distances to access the service . This will greatly improve customer service delivery .

Finally, commercial banks should set up ATM machines in different areas to ensure accessibility by clients .This will improve customer service delivery .

5.7 Limitations of the Study

The researcher used a cross sectional research design which aided the access of data from a given area at a point in time, and limited observation.This therefore denied him from accessing full data by observation as compared to use of longitudinal design.

The resaecher also used closed ended questionnaires for data collection, which in the end limited additional information given by the respondents if they had used open ended questionnaires.

The researcher chose to study about commercial banks which are under Tier one, and left out other institutions under tier 2 to tier 4. This limited the amount of data and findings were only limited to commercial banks.

5.8 Recommendations for further studies

This study investigated the relationship between electronic banking and customer service delivery of commercial banks specifically Centenary bank Pallisa branch. Given the time factor, the researcher was not able to exclusively investigate the relationship between the study variables. Therefore the following are the recommendations for further research;

Researchers should consider using more than one research design, like longitudinal design to enable them access adequate data for research purposes.

The researcher recommends a qualitative study to be conducted to assess the relationship between variables in line with this study so as to have deeper insight into the phenomena in this theme

A wider scope should also be chosen to test the relationship between the variables in this study since the study was concentrated in only Dfcu bank branches. This can be done by carrying out research on all the tiers of financial institutions in order to get findings that can solve poor customer service delivery in financial institutions.

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Appendix 1: Questionnaire

Dear Respondent,

I am AKWARE BETTY, a student of Busitema University Faculty of Management Sciences, pursuing a Bachelor's degree in Business Administration, Accounting and Finance option. I am carrying out a research on the Impact of Electronic Banking on Customer service delivery of commercial banks. You have been selected to volunteer in the study as a respondent. The information you provide will be used solely for academic purposes and will be treated with strict confidence in accordance with the data protection act, and your names will not be included and identified in the published results.

SECTION A: DEMOGRAPHIC INFORMATION

Please kindly tick the appropriate answer according to your anticipation from the alternatives provided.

1. Gender

Male	Female

2. Age

<20 years	21-30 years	31-40 years	41-50 years	>50 years

3. Level of education attained?

Certificate	Diploma	Degree	Masters	PhD

4. Position held

Manager	Head of Department	Staff (Senior or Junior)	Others

5. For how long have you worked in this organization?

<1 year	1-4 years	5-10 years	>10 years

SECTION B

Indicate your level of agreement with the following aspects by using a Linkert scale of 1-5; Strongly Disagree, Disagree, Not Sure, Agree and Strongly Agree, where 1=SD, 2=D, 3=NS, 4=A and 5=SA

CODE	STATEMENTS	SD (1)	D (2)	NS (3)	A (4)	SA (4)
MOBILE BANKING						
MB1	Mobile banking is highly accessible for the benefit of illiterates and the low-income earners					
MB2	Transaction cost of our bank is reduced by provision of mobile banking services					
MB3	Short queues exist in our bank due to the availability of mobile services in cell phones					
MB4	Cell phones are used by banking customers at their convenience					
MB5	The amount of paperwork has greatly reduced due to mobile banking					

AGENCY BANKING		SD	D	NS	A	SA
AB1	Our organization's costs have reduced due to the use of bank agents					
AB2	Our organization provides banking services to customers at the convenience of their neighbourhood					
AB3	The number of customers using agency banking has increased over the years					
AB4	Our agency banking service are readily available in most areas where our customers are located					
AB5	Bank agents provide all the services required by the customers					
ATM BANKING		SD	D	NS	A	SA
AW	ATMs carry on the same routine activities as tellers of our bank	1	2	3	4	5
AW1	ATM withdraw points are easily accessed by our clients					
AW2	Our organization's customer base increases with use of ATMs					
AW3	Our organization performs quicker activities with the ATMs than the tellers					
AW4	ATMs breakdowns are quickly rectified with minimum interference of our customer services					
AW5	Our ATM system provides services in multiple languages					
CUSTOMER SERVICE DELIVERY		1	2	3	4	5
CS1	Customer loyalty in this organisation has improved over time					
CS2	Our customers are always satisfied with the services we offer to them					

CS3	Our customer base has widened in comparison to that of our competitors over the last 3 years					
CS4	Management has put in place several mechanisms to ensure Customer satisfaction is improved					
CS5	Customers do not complain about the services provided by our organization					
CS6	The services we offer fulfil the needs of our customers					
CS7	Customers have knowledge on how to use services provided by our bank					
CS8	The complaints raised by customers are responded to in the shortest time possible.					

THANK YOU FOR YOUR CONTRIBUTION

Appendix III: Work Plan

	MONTHS OF THE YEAR 2022-2023								
ACTIVITIES	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
Problem identification									
Proposal writing									
Confirmation and submission of the proposal									
Data collection									
Analysis of data									
Writing of the final report									
Submission of the research project report									

Appendix IV: Research Budget

ITEMS	Rates	QTY	Amount
Stationary	10,000	2	20,000.00
Reading in other libraries	5,000	5	25,000.00
Typing of work	25,000	2	50,000.00
Transport	10,000	2	20,000.00
Printing	500	3 (60pgs)	90,000.00
Binding	18,000	3	54,000.00
GRAND TOTAL			259,000.00