MAKERERE UNIVERSITY

E-BANKING, NETWORKING, PERCEIVED SERVICE VALUE AND SERVICE QUALITY IN COMMERCIAL BANKS IN UGANDA

By

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DECLARATION

I declare that this dissertation is my original work, and it has never been presented to any institution of learning for any award.

Signature:……..

Ninsiima Grace Marygratia

APPROVAL

This is to certify that this dissertation has been submitted for examination with our approval as university supervisors.

Signed:……. **Date:……**

Dr. Nkote Nabeta

Signed:…… **Date:……**

Dr. Nixon Kamukama

DEDICATION

To my husband, my parents, siblings and my supervisors.

ACKNOWLEDGEMENT

I thank God the Almighty for it is by His grace that I managed to do this thesis. My sincere appreciation go to my supervisors, Dr. Nkote and Dr. Kamukama for the guidance during the research process. I am very grateful to my employers for giving me time off to undertake my course and my course mates for their assistance and excellent team work. Finally, special thanks go to my husband who was very patient with me during my course and to my parents and siblings who have always inspired me to move to greater heights.

ABSTRACT

The purpose of the study was to examine the relationships between e-banking, networking, perceived service value and service quality in commercial banks in Uganda. A cross sectional survey design with a population of 207 respondents from which a sample of 164 was drawn was undertaken. Self-administered questionnaires were used to collect responses. Measurement of the relationships of the study were done and subjected to rigorous data processing and analysis using the relevant statistical computer software packages.

Findings indicated that there were positive and significant relationships between e-banking, networking, perceived service value and service quality. Results from regression analysis revealed that e-banking, networking, perceived service value and service quality with e-banking and networking as the stronger predictors. Further, the findings revealed that the model could only explain 24.4% in variance of the service quality. In conclusion, the findings revealed that all the independent variables were significant predictors of service quality which conformation that e-banking, networking and customer perceptions towards service value were paramount in improving service quality in commercial banks.

The study recommends that other factors which were not part of the model be used to study service quality of commercial banks and or in other sectors. Likewise, the managements of commercial banks draw a lot of emphasis on e-banking and networking as these would greatly enhance the service delivery of the banks. It is also recommended that a longitudinal study be carried out so as to bring out the true nature of the study. Lastly but not least, the model should be used to study other sector other than the financial sector.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In today's oversupplied world, where customers have very high demands, the financial services organizations are trying to become more customer-focused (Gonzales, Quesada, Picado & Eckelman, 2004). Therefore, for banks to gain profitability through e-banking, they should focus not only on acquiring new customers but also on the retention of existing customers (Reichheld & Schefter, 2000). E-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. E-banking includes the systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet. Customers access e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), Kiosk, or Touch Tone telephone. Sharma and Patterson, (1999) assert that effective communication plays a central role in impacting customers' perceptions regarding both technical and functional quality and service value.

Electronic banking has experienced explosive growth and has transformed traditional practices in banking (Gonzalez et al., 2008). According to christopher *et. al.,* (2006), E banking has become an important channel to sell the products and services and is perceived to be necessity in order to stay profitable. A perception is formed as a result of interpreting the experience. There is a growing interest in understanding the users' experience (Hiltunen *et. al.,* 2002); as it is

observed as a larger concept than user satisfaction. From this perspective, assessing the user experience is essential for many technology products and services (Wilson & Sasse, 2004). Tan and Teo (2000) note that the challenge to expand and maintain banking market share has influenced many banks to invest more in making better use of the Internet. They suggest that the banks that fail to respond to the emergence of e-banking in the market are likely to lose customers and that the cost of offering e-banking services is less than the cost of keeping branch banking.

According to Mols (2000) the introduction of E-banking services may change crucially the way banks build and maintain their customer relationships. The increased use of the Internet in the future will heighten the expectations and perceptions of customers, thus making e-service quality an increasingly important issue. Thus, understanding service quality issues within the new delivery channel becomes crucial. In addition, delivering high quality services is a way companies manage to improve their customer relationships. Delivering high quality services is a prerequisite for achieving customer satisfaction and only through customer satisfaction can the company gain loyal customers (Grönroos, 2000). Because of the highly undifferentiated products and services that financial organizations, and specifically banks, offer, service quality becomes main tool for competing in this marketplace (Stafford, 1996; Kim, Han, Choi & Kim, 1998). In general, because of the higher profits and higher customer retention to which they lead, high-quality services are believed to provide banks with competitive edge in the marketplace (Bennett & Higgins, 1988). From the mentioned above, it becomes obvious that high service quality is essential for surviving in the highly competitive banking environment (Wang, Lo & Hui, 2003). This leads to the fact, that a good understanding of the attributes that customers use to judge service quality is necessary in

order for the company to be able to monitor and enhance its service performance and improve its overall service quality.

Although service quality is the life blood of organizations, not all organizations consider investing in it. For example, most financial institutions in Uganda have failed to strike a balance between customers' judgment of the quality of the provided E-banking services. For some customers the response and efficiency of the service providers would be of greatest importance, for others the security and privacy issues might be more important, and still for others what matters most may be the website design and ease of use. It is evident that most commercial banks exhibit weaknesses in communication where the major medium of communication/ provision of information and handling customers' queries is through the helpdesk attendants who are in most cases overwhelmed by the number of customers and hence compromise the services of the banks. This explains the delays in addressing customer complaints which has greatly hindered the effective flow of information between the management of the bank and the customers. The banks' embracement of e-banking and networking met that there was going to be efficient and effective service delivery, however, this has not been the case. For instance, all public servants' salaries are by law supposed to be paid through the Electronic Funds Transfer (EFT) which credits peoples' accounts within a day or two. But this has not been the case ever since the implementation of the EFT salary payment system. There are delays at the EFT file verification stage by the Bank of Uganda and where the files are authorized by BOU and still contain problems with a particular accounts, all the people to be paid have to wait until the problem is cleared which takes long.

1.2 Problem Statement

Despite the advancement of e-banking and networking in the commercial banking sector, there still remain questions on whether this advancement has helped improve service quality in terms of delivery time, reliability, security, conformance and efficiency. Long queues, congested-banking halls, and various complaints in newspapers about poor services from the banks reveal evidence that there is a gap somewhere (The daily monitor dated March 22nd 2007). Additionally, various complaints in the customer suggestion boxes at the banks show that e-banking and networking are integral parts of the whole service delivery of the banks so as to cause efficiency and effectiveness during service delivery.

1.3 Purpose of the Study

The study sought to examine the relationship between e-banking, networking, perceived service value and service quality in commercial banks in Uganda.

1.4 Objectives of Study

i) To establish the relationship between e-banking and service quality.

ii) To establish the relationship between networking and service quality.

iii) To establish the relationship between e-banking, perceived value and service quality.

iv) To establish the effect of networking, perceived value on service quality.

1.5 Research Questions

i) What is the relationship between e-banking and service quality?

ii) What is the relationship between networking and service quality?

iii) What is the relationship between e-banking, perceived value and service quality?

iv) What is the effect of networking, perceived value on service quality?

1.6 Significance of the Study

i) The findings of the study will give a descriptive analysis on the relevance of e-banking on service quality in commercial banks in Uganda.

ii) The findings of the study will contribute and add useful information to that which already exists in regard to determinants of service quality of the different commercial banks in Uganda.

iii) The findings of the study in my opinion will give a better understanding of the determinants of service quality of the commercial banks in Uganda that require the usage of firm level micro data as opposed to macro level data. This tested the robustness of the evidence brought forward by studies on other countries.

1.7 Scope of the Study

- **Subject Scope**

  The study sought to examine the relationship between e-banking, networking, perceived service value and service quality in commercial banks in Uganda.

- **Geographical Scope**

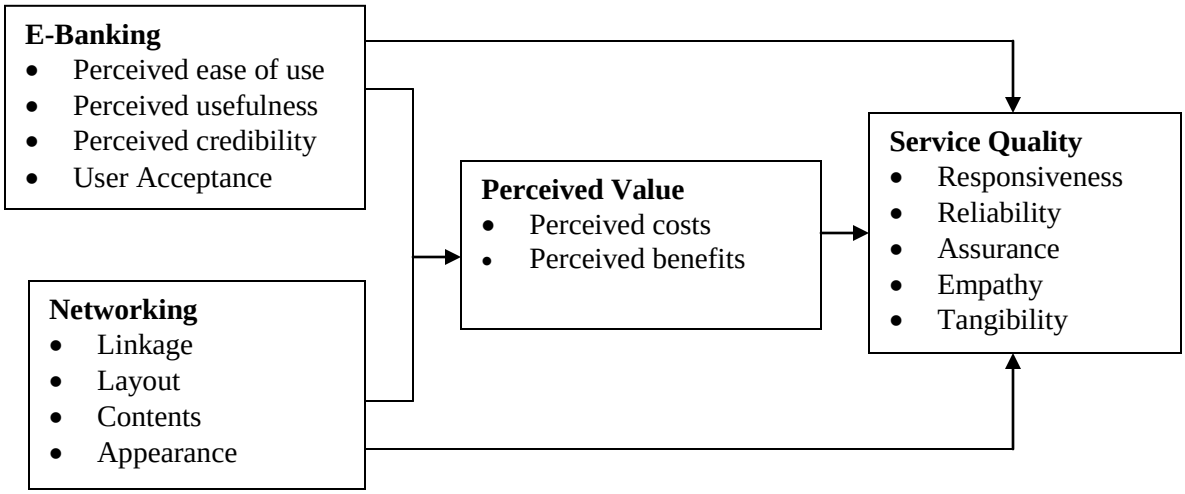
  The study was carried out on the commercial banks in Uganda in the Divisions in Kampala district.

1.8 Conceptual Framework

The conceptual framework was developed after review of related literature on the study variables. The model shown in the figure below examines the relationship between e-banking, networking, perceived service value and service quality. e-banking plays a big role in connecting the service to the consumer in such a way that service quality is attained. According to Singh and Malhotra, (2004), networking is positively related to perceived

value. Ruyter and Bloeme, (1999) recognize perceived value as independent contributors to service quality.

Figure 1: Conceptual Framework



Sourced: *From Singh and Malhotra, 2004; Brown and Molla, 2005; Diniz, 1998; Singh and Malhotra, 2004; Jasimuddin, 2001; Awamleh et. al., 2003; Vachrapompuk (2002); Joseph & Stone (2003)*

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This focused on review of literature according to the objectives identified in the previous chapter. The four main objectives are to establish the relationship between e-banking and service quality; to establish the relationship between networking and service quality; to establish the relationship between e-banking, perceived value and service quality; and to establish the effect of networking, perceived value on service quality in commercial banks in Uganda.

2.2 E-banking

E-banking can be defined as the deployment of banking services and products over electronic and communication networks directly to customers (Singh and Malhotra, 2004). These electronic and communication networks include Automated Teller Machines (ATMs), direct dial-up connections, private and public networks, the Internet, televisions, mobile devices and telephones. Among these technologies, the increasing penetration of personal computers, relatively easier access to the Internet and particularly the wider diffusion of mobile phones has drawn the attention of most banks to e-banking (Diniz, 1998). However, the continuing convergence of information, communications and media technologies is also opening up new electronic channels (such as "*pod-banking*") of delivering banking services. Significant differences exist among banks in terms of their e-banking capabilities. These differences can take two main dimensions. The first is the use of electronic channels and the second is the

sophistication of banking services delivered over an electronic channel (Jasimuddin, 2001). Many established banks in developed countries began with ATMs and evolved through Personal Computer-banking, Telephone banking, Internet-banking, TV-banking, and Mobile-banking. However, this evolution is not visible in recently established banks and in most of the African countries with the exception of South Africa. It appears that e-banking has dawned in Africa with Internet-banking (Brown and Molla, 2005).

In terms e-banking services sophistication, this ranges from one way *information-push* services where customers receive information about the bank, its products and services to *information-download* where customers can download (or ask in case of telephone-banking) account information and forms to *full-transaction* services where customers can perform most banking transactions (such as transfer between accounts, bill payment, third party payment, card and loan applications, etc) electronically (see for example Diniz, 1998; Singh and Malhotra, 2004). Some banks do also provide new banking products (such as e-saving) that are only accessible electronically. Some of the key drivers of offering e-banking services include reducing transaction costs, increasing convenience, availability and timeliness of transactions, and improving accessibility for better fund administration (Brown and Molla, 2005). Achieving these objectives tend to contribute strategic benefits in terms of better customer relationship management, increased customer base, and improved market image. A bank may therefore need to decide on *what* e-banking services to provide to *which* customers and *when* and *how* (channel choice) to provide those services. The seeming dominant strategy is the "click and mortar" model? In which the bank combines or adds an online presence to its physical presence (UNCTAD, 2002: 134). A number of factors related to a

bank's motivation, its resources and capabilities, and strategic orientation and positioning can affect the specific path a bank takes in terms of developing e-banking.

In addition, other factors related to customers awareness, customer readiness, the specific nature of ICT diffusion in the wider market, and experience with electronic based transactions can also influence this path (see Jasimuddin, 2001; Awamleh *et. al.,* 2003). In addition, issues related to customers, development choices and potential channel conflict need special attention (Janice et al., 2002). A critical assessment of these issues can enable a bank to formulate the objectives of entering e-banking services, make strategic decisions on the services to be provided and the appropriate delivery channels to deploy and manage these services efficiently. The strategic choices are deciding between information-oriented services or full transactional services across single/dual or multiple channels. Hence, from a critical assessment of the issues earlier outlined, the bank may start by providing information-oriented services over a limited number of delivery channels, and gradually advance through organizational learning to providing full transactional services across manageable number of multiple delivery channels. Making the right strategic choice with respect to the bank's resources and capabilities is essential to achieving success in providing services and in creating a unique value proposition to customers.

2.3 E-Banking and Service Quality

The increased importance of information and communication technology for the delivery of financial services has led to the growing interest of researchers and managers in E-banking quality issues (Jayawardhena, 2004). Different studies consider particular service quality dimensions of simple banking websites. For example, Jun and Cai (2001), by using the critical incidents method in online banking, distinguish three central quality categories,

namely the customer service quality, online systems quality and banking service products quality. Other researchers, Broderick and Vachrapompuk (2002) tracked the usage pattern of members of an internet banking community. They found out that what influenced the service evaluation most were cues in the service setting, key events in the service encounters and the level and nature of customer participation. Unfortunately, they were not able to deduct from their research a precise and testable measurement of E-banking service quality. Jayawardhena (2004) did a research on the service quality in E-banking by using an adopted version of the SERVQUAL instrument for the Internet context. The study resulted in 21 items which were reduced to five quality dimensions: access, website interface, trust, attention and credibility. Conclusively, it should be said that some research has been done to identify service quality dimensions in E-banking, but so far no model has been developed, that can be universally used and applied as far as E-banking services quality is concerned.

More research in the field is necessary, in order for this to be done. The Internet is believed to change not only service delivery channels but also the level of customer participation in the service delivery process. Daniel (1999) indicates that by facilitating customers' comparisons of purchase alternatives, electronic networks such as the Internet will shift power from the supplier to the buyer via the value of customer information. Mols (2000) also argues that the introduction and customer acceptance of Internet-based home banking may bring a dramatic change in the way retail banks build and maintain close relationships with their customers. Since customer expectations and perceptions of Internet services will change over time, combining with rapid technological change and market competition to generate expectations of sophisticated levels of service, quality will become an increasingly important

issue. Therefore understanding service quality issues within the new delivery channel becomes very important.

2.4 Networking and Service Quality

The study of relationships and networks in business markets has a long history (for a review Wilkinson, (2001) with a variety of literatures revealing networks to be an important area in entrepreneurial, small firm, organisational, business and management. Networking is an important part of managerial behaviours and success (Singh *et. al.,* 2006). Successful networking can positively influence career outcomes such as increased job opportunities, job performance, income, promotions, and career satisfaction, providing access to information, gaining visibility, career advice, social support, business leads, resources, collaboration, strategy making and professional support (Singh et al., 2006). Wilkinson, (2001) found that managers' ability to network was the strongest predictor of managerial success, ahead of their ability to undertake traditional management activities, routine communication and human resource management. Networking is incorporated into commercial banks and in particular levels of management and the service delivery channels. As a consequence, service delivery networks have burgeoned not only in number but also in size over the last 20 years. Networking uses the standard principals of networking but instead of the process taking place in person, it takes place online. Simply put, networking is the art of meeting people in your field and developing a list of contacts that you can use to build friendships and professional relationships. Effective business networking is the linking together of individuals who, through trust and relationship building, become walking, talking advertisements for one another.

There have been many studies identifying the key service quality factors in the traditional banking environment, where the interaction between employees and customers is the main communication channel (Jun & Cai 2001). Joseph & Stone (2003) argued that the categorization of technology-based service delivery options may be applied across a spectrum of industries that utilize technology in delivering their service to the customer. The first classification in this categorization is based on *who* uses technology to deliver *what* service. Joseph and Stone (2003) provide the following example to illustrate the point that in person-to-person deliveries, employees use technology to service individual accounts. Consumer technology refers to the customer's ability to use existing technology, such as the ATM. The second categorization is based on the location, *where* the service has to be delivered. For example, at the firm's physical surroundings, homes or office using PC computers. The final categorization involves the ability to identify the various levels of contact the customer will have during the total period of service delivery either directly (face-to- face) or indirectly (such as in the case of telephone banking). In relation to banking, it can be identified that the service delivery components of ATM, internet banking and telephone banking are representative for the three categories of technology based service discussed.

2.5 Perceived Service Value and Service Quality

The concept of service quality as a comparison between customers' expectations and actual services performed has obtained wide acceptance following the studies of Parasuraman et al. (1991, 1994). The extent to which expectations and service performance are similar or different influences the extent to which customers are satisfied or dissatisfied. The extensively used measure of service quality is SERVQUAL (Cronin and Taylor, 1992; Oh, 1999), and according to the disconfirmation of expectations model (Oliver, 1980), whenever

the performance exceeds the expectations, the expectation is confirmed. Despite criticism from other researchers, SERVQUAL remains the most commonly used diagnostic model for evaluating service quality and the development of service quality strategies. For example, Cronin and Taylor (1992) find that performance only based measures such as SERVPERF may better reflect customers' service quality assessments. However, Zeithaml *et. al.,* (1996) maintain that the performance–expectations difference measure is appropriate if the primary purpose is to accurately diagnose service shortfalls. Additionally, it has been noted that disconfirmation may explain the perceived variance in service quality more than mere performance (Parasuraman et al., 1994). The SERVQUAL battery has been adapted not only to other specific industries, products, and target markets, but also to airline service studies (Aksoy *et. al.,* 2003; Park *et. al.,* 2004; Chen and Chang, 2005). The perceived value is defined as ''the consumer's overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given" (Zeithaml, 1988). More specific, perceived value can be summarized as a trade-off between perceived benefits and perceived costs (Lovelock, 2000). Recent research studies have suggested that perceived value may be a better predictor of repurchase intentions than either satisfaction or quality (Cronin *et. al.,* 2000; Oh, 2000). Perceived value can be analyzed with a unidimensional measure (Gale, 1994) or a multidimensional scale (Sheth *et. al.,* 1991; Petrick and Backman, 2002). The problem with the former is mainly concerned with its lack of validity. The latter can be operationalized, for example, as a five-dimensional construct consisting of social, emotional, functional, epistemic, and conditional responses (Sheth *et. al.,* 1991). Service value has been identified as an antecedent to satisfaction and behavioural intentions (Cronin *et. al.,* 2000; McDougall and Levesque, 2000). In addition, many studies have concluded that service quality positively affects perceived value (Cronin *et. al.,* 2000).

2.6 E-Banking, Perceived Value and Service Quality

Bitner and Hubbert, (1994) suggest service quality is the customer's overall impression with regard to the superiority or excellence of the service encounter. Service quality takes on two dimensions; perceived quality and objective quality. Perceived quality is the result of an evaluation that is based upon the customers' experience with the service, whereas objective quality refers to a combination of quantified factors associated with the superiority of materials, the manufacturing process, workmanship, and with design and aesthetics. Nha and Gaston (1998) in their research on the constructs above found that service quality exerts a strong influence on service value. Their work supported the earlier view by Bolton and Drew (1991) who found quality to be the most important of value. Firms also focus on achieving customer satisfaction and loyalty by delivering superior value, an underlying source of competitive advantage (woodruff, 1997). Future intentions are determined in part by perceived value (Bolton and Drew, 1991). In making a decision to return to the service provider, customers are likely to consider whether or not they received value for money. Ruyter and Bloeme, (1999) recognize the potential impact of perceived value but also proposed to view perceived value as independent contributors to customer loyalty. They state that customers that are less satisfied may still be loyal on the basis of perceived value. Many authors suggest that superior value should be considered as one of the most fundamental challenge for marketing strategies of organizations. According to the representative research projects, higher levels of perceived value lead to higher levels in satisfaction of customers, greater levels of customer loyalty and to a greater success of organization (Cronin et al., 2000; Ulaga and Chacour, 2001).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the description of how the study was conducted. It brings out the research design, target population, sampling design and size, data collection instruments, data analysis and interpretation tools and limitations of the study.

3.2 Research Design

The study took the form of a cross-sectional survey. Correlation research design was undertaken to establish the relationship between relationship between e-banking, perceived service quality, perceived service value and service quality.

3.3 Study Population

The population of the study comprised of all the 23 commercial banks that are operational in the banking sector. From each bank a manger, Head of IT, customer care staff and 5 corporate clients were selected to constitute the respondents of the study. From the 23 banks a study population of 207 respondents was selected comprising of 23 heads of IT departments, 38 staff working in the customer care departments, 23 managers of the banks and 115 business customers for the different banks. For the corporate customers for the commercial banks, 5 respondents per bank were selected to represent the views of customers. The 5 corporate customers were selected basing on their frequency of the use of E-banking and networking.

3.4 Sample Size

A census of all the respondents was carried out and a sample of 207 respondents was used for this study. Purposive sampling was employed when collecting the responses of the staff and the corporate customers who provided the responses of the customers. Five corporate customers were considered from each bank. The unit of analysis were organizations which in this case were banks

Table 3.1: Sample Size

Category	Population	Sampling Method
Managers	23	Purposive random/Stratified
Heads of the IT departments	23	Purposive random /Stratified
Customer Care Staff	46	Purposive random /Stratified
Corporate Customers	115	Purposive random /Stratified
Total	**207**	

3.5 Data Sources and Data Collection Instruments

- **Primary data**

  Primary data was the main source. Data from the field was obtained through the use of self-administered questionnaires to the respondents following systematic and established academic procedures. Likert scale questions were used; ranging from 1= Strongly Disagree to 5= Strongly Agree.

- **Secondary data:**

  To strengthen the primary data, secondary data was obtained from existing documents such as, bank records, journals and financial reports.

3.6 Measurement of variables

i) **E-banking**: These were measured using scales adapted from Garau, (2002). A likert scale ranging from 1= Strongly Disagree to 5= Strongly Agree will be used.

ii) **Networking:** This was measured basing on the scales developed by Wilkinson, (2001). A five likert scale ranging from 1= Strongly Disagree to 5= Strongly Agree will be used.

iii) **Perceived value**s was measured using scales adapted from Jabnoun & Al-Tamimi, (2003). A likert scale ranging from 1= Strongly Disagree to 5= Strongly Agree will be used.

iv) **Service Quality** was measured using scales adapted from Parasuraman, Zeithaml & Malhotra, (2005). A five likert scale ranging from 1= Strongly Disagree to 5= Strongly Agree will be used.

3.7 Validity and Reliability Instrument

Validity of the instrument was obtained through the development of the scales with the help of the experts in the field using the Content Validity Index (CVI). This confirmed the dimensions of the concept that were operationally defined, to ensure appropriateness of results. The reliability of the questionnaires were improved through pre-testing of pilot samples both from staff and clients. This enabled the re-phrasing of some questions. All alpha reliabilities (α) for all scales are expected to score above 0.5 so as to meet the acceptance standards for research according to Nunnally, (1978).

Table 3.2: Reliability Coefficients

Variable	Cronbach Alpha Value (α)
E-Banking	0.62
Networking	0.80
Perceived value	0.84
Service quality	0.70

The table above displays the reliability indices/coefficients for all constructs used in the study. All alpha reliabilities (α) for all scales were above 0.6, ranging from 0.62 to 0.84 therefore meeting acceptance standards for research (Nunnally, 1978).

3.8 Data Processing and Analysis

Data from the field was compiled, sorted, edited and coded to have the required quality, accuracy and completeness. Then entered into the computer using the Statistical Package for Social Sciences (SPSS v. 16.0) for analysis. The data was analyzed according to the research questions. Cross tabulations were used to describe sample characteristics, Pearson Correlation coefficient was used to establish the relationship between the study variables. The regression analysis was used to establish the combined effect of study variables on the dependent variable.

3.9 Limitations to the Study

i) Respondents withholding information due to fear of being victimized but however, the researcher convinced the respondents that the information would be kept confidential.

ii) Unwillingness of respondents to fill questionnaires. The researcher was in constant touch with the respondents and made sure reminders were sent to them to fill the questionnaires.

iii) Respondents having a view of not obtaining any direct benefit from the research results. However the researcher tried her level best to convince the respondents to spare some little time to answer the questions.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter presents the results of the study and interpretation of findings. The chapter comprised of four sections. Section one presents the sample characteristics showing, gender, level of education, tenure, age group and bank profiles. From the results only 17 out of the 23 commercial banks were responsive from which 136 questionnaires were collected out of which 127 usable questionnaires were selected giving a response rate of 74%. The presentation of the results begins with a description of the sample characteristics using frequency tabulation. The second section of the chapter presents statistics that explain the study variables under study using the frequency tabulations, Pearson Correlation Matrix and regression analysis.

4.2 Sample Characteristics

To present sample characteristics, frequency tabulations were used to indicate variations of respondents based on gender, level of education, tenure and age group. The sample characteristics were presented basing on the responses from the respondents.

4.2.1 Gender Distribution of the Respondents

Frequency tabulation was used by the researcher to present the gender distribution of the respondents. Table 4.1 below presented the results:

Table 4.1: Gender Respondent Distribution				
		Frequency	**Percent**	**Cumulative Percent**
Valid	Male	56	44.1	44.1
	Female	71	55.9	100.0
Total		**127**	**100.0**	

Source: Primary data

The gender responses of the respondents revealed that 44.1% were male whereas, 55.9% were female. From the results it is clear that the female were more responsive compared to their male counterparts.

4.2.2 Level of Education Distribution of the Respondents

Frequency tabulation was used by the researcher to present the level of education distribution of the respondents and the results are presented in table 4.2 below.

Table 4.2: Level of Education					
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	university	125	98.4	98.4	98.4
	secondary	1	0.8	0.8	99.2
	tertiary	1	0.8	0.8	100
Total		**127**	**100.0**		

Source: Primary data

From the results in table 4.2 above, the majority of the respondents had attained university level of education (98.4%) whereas, there was an equal proportion of those who had attained secondary level of education (0.8%) and those who had attained tertiary level of education (0.8%).

4.2.3 Level of Education Distribution of the Respondents

Frequency tabulation was used by the researcher to present the age group distribution of the respondents and table 4.3 below presents the results.

Table 4.3: Age group					
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	25 & below	36	28.3	28.3	28.3
	26-35	68	53.5	53.5	81.9
	36-45	16	12.6	12.6	94.5
	46+	7	5.5	5.5	100
Total		**127**	**100.0**		

Source: Primary data

According to the results in table 4.3 above, 28.3% of the respondents were in the 25 years and below age group, 53.5% belonged to the 26-35 years age group, 12.6% belonged to the 36-45 years age group and 5.5% belonged to the 46 years and above age group. The results indicated that the majority of the respondents belonged to the 26-35 years age group.

4.2.4 Period Worked Distribution of the Respondents

Frequency tabulation was used by the researcher to present the tenure distribution of the respondents and table 4.4 below presents the results.

Table 4.4: Period Worked for the Institution					
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	below 2 yrs	50	39.4	39.4	39.4
	2-4 yrs	38	29.9	29.9	69.3
	above 4yrs	39	30.7	30.7	100
Total		**127**	**100.0**		

Source: Primary data

The results in table 4.4 above show that the bulk of the respondents had worked for the institutions for a period less than 2 years (39.4%), followed by those who had worked for 4 years and above (30.7%) and 29.9% had worked for a period ranging from 2-4 years.

4.2.5 Profiles of the Banks

Secondary data was used by the researcher to present the profiles of the banks which constituted the study and table 4.5 below presents the results.

Table 4.5: Profiles of the Banks

	Bank	Ownership	Market Share	Years of Operation	Branch Network	No. Employees	Assets(Millions)
1	A	Foreign Bank	24%	67	67	1442	1,880.5
2	B	Foreign Bank	15%	20	10	475	1,242.5
3	C	Foreign Bank	12%	80	65	1026	996.9
4	D	Joint Venture (Foreign& Local Shares)	8%	6*	24	403	496
5	E	Local	7%	28	37	1393	582.7
6	F	Local	6%	16	15	404	531.5
7	G	Foreign Bank	4%	12	1	41	479.6
8	H	Foreign Bank	4%	58	10	185	386.4
9	I	Foreign Bank	3%	18	12	261	262.4
10	J	Local	3%	3*	12	223	259.3
11	K	Foreign Bank	3%	35*	21	191	203.3
12	L	Foreign Bank	3%	15*	21	223	223.7
13	M	Foreign Bank	1.50%	3	47	761	154.7
14	N	Foreign Bank	1%	14*	18	205	208.1
15	O	Foreign Bank	1%	4	15	194	115.7
16	P	Foreign Bank	1%	4	9	169	76.5
17	Q	Foreign Bank	1%	4	8	123	40.3
18	R	Foreign Bank	1%	3	8	110	63.5
19	S	Foreign Bank	0.50%	16	1	90	62.2
20	T	Foreign Bank	0.50%	4	6	64	30.8
21	U	Foreign Bank	0.30%	No Data	1	No Data	
22	V	Local	0.10%	No Data	2	No Data	22.7
23	W	Foreign Bank	0.10%	No Data	1	No Data	

Source: *BOU Banking Sector Report, 2009*

According to the data in table 4.5 above, the data showed that the majority of the banks were foreign banks with only four local banks and one joint venture. It is also evident that the market leaders in the banking sector are dominated by foreign banks. Bank A is the market leader of the banking sector with a market share of 24%, a branch network of 67 branches where the bank employees 1,442 staff with 67 years of operation in the sector. The bank has accumulated an assets base of 1,880.5 millions. In second position is Bank B, which during its 20 years of operation and a branch network

of 10 branches has a market share of 15% in the sector, employs 475 employees and has accumulated an asset base of 1,242.5 millions. Despite Bank C's having had a tenure of operation of up to 80 years, the bank commands third position with a market share of 12%, a branch network of 65 branches where 1026 staff are employed and assets totaling to 996.9 millions. In fourth position is Bank D which is the only joint venture and has been in existence for 6 years during which it has been able to acquire a branch network of 24 branches where 403 staff are employed and commands an asset base of 496 million.

Despite, bank H having been in operation for over 58 years, the bank is ranked in the 8th position and commands a market share of 4% with a branch network of 10 branches where 185 staff are employed and assets totaling to 386.4 million. The other disappointment is bank K which has been in existence for 35 years, ranked 11th in position with a market share of 3%, 21 branches where 191 staff are employed and assets totaling to 203.3 million. Although bank E commands 5 position, its performance has not been satisfying given that it only commands a market share of 7% with 28 years in business, a branch network of 37 branches and employing 1,393 employees. Although some of the data on the bank V was not got, the bank is one of the banks that have been on the market for some time and has little or no presence at all on the market.

4.3 Factor Analysis

Factor analysis was done to extract factors that measured E-banking, Networking, perceived value and service quality using principle component analysis and varimax rotation methods. Factors with eigen values greater than 1 were extracted. Eigen values measured the amount of variation in the total sample accounted for by each factor. Kaiser criterion "The Kaiser

Rule" is to drop all components with eigen values under 1.0 and the Kaiser criterion is the default in SPSS and most computer programmes (Garson, 2002).

Table 4.6: Rotated Component Matrix for E-Banking

	Component		
	Perceived Usefulness	**Perceived Ease of Use**	**System Usage**
Using E-banking will improve the quality of the work my bank does	.816		
Using E-banking will give my bank greater control over work schedules	.707		
E-banking will enable our bank to accomplish tasks more quickly.	.895		
E-banking will support critical aspects of staff jobs	.788		
Using E-banking will increase staff productivity	.620		
Using E-banking will improve my bank performance	.810		
Using E-banking will allow my bank to accomplish more work than would otherwise be possible.	.707		
Using E-banking will enhance my bank's overall effectiveness.	.806		
Using E-banking will make it easier to pay my utility bills.	.789		
Overall, I feel that E-banking will be useful in my life.	.770		
I find E-banking cumbersome to use		.836	
Learning to use E-banking functions and services will be easy for me.		.814	
Interaction with and use of E-banking will be difficult.		.746	
I find it easy to use E-banking to do what I want to do.		.622	
E-banking will be rigid to operate for the bank staff.		.820	
It will be easy for me to remember how to perform access what service I want using E-banking		.783	
Interacting with E-banking will require a lot of mental effort.		.788	
My interaction with E-banking will be clear and understandable		.773	
I feel that it will take a lot of effort to become skilful at using E-banking technologies.		.791	
Overall, I feel that the Mobile Phone- Commerce will be easy to use.		.881	
Each week, I use the bank systems in performing my job tasks.			.701
I have been using E-banking for a very long time now.			.899
I have sufficient knowledge on how to operate the functions of E-banking			.730
I really enjoy learning new E-banking functions.			.896
Generally, I give more E-banking advice to other people than I receive.			.710
I find E-banking extremely easy to use.			.770
I find it so easy to save and edit entries in using E-banking			.621
I do not need any help when E-banking.			.635
Eigen values	**5.799**	**4.768**	**4.086**
Variance %	**27.793**	**21.201**	**19.866**
Total	**27.793**	**48.994**	**68.860**

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a Rotation converged in 6 iterations.

Table 4.6 above shows that, perceived usefulness, perceived ease of use and system usage components in the matrix are the true measures of E-banking in the given order. Total variance in E-banking explained by these components was 68.86%. This also serves a confirmatory test for the validity and reliability of the questionnaires as seen in chapter three.

Table 4.7: Rotated Component Matrix for Networking

	Component	
	Cohesion	**Diversity**
In our organisation, networking serves as a transitional stage to help our organizations to become leaner,	.722	
Networking has helped our organisation to become more innovative	.720	
Networking has helped our organisation to become more responsive	.883	
Through networking, our organisation is able to target and focus marketing approaches	.736	
One-on-one marketing strategies, through networking are custom-tailored, high-quality interactions between company and client.	.714	
Through networking we are able to seek out potential clients	.646	
Through networking we are able to reveal what clients are like	.679	
Through networking we are able to satisfy customer needs	.685	
Networking is attributed to changing the way the bank uses computers and sophisticated communication technology.	.653	
In our bank, the success of corporate strategies is dependent on data communication networks	.678	
In our bank, the success of corporate strategies is dependent on the value-added services networks provide.	.602	
Through networking our organisation has been able to grow		.831
Through networking we are able to demonstrate how important customers are to the bank.		.801
In our bank, we support operations with lean, flexible networks		.799
Through networking we have been able to offer timely services to customers		.730
Through networking we have been able to offer services more cost-effectively		.696
Through networking we have been able to offer services in an integrated manner to make information available throughout the bank		.650
In our bank, we use networking techniques to eliminate routine tasks		.650
At the bank, networking aims at structuring the system's environment to optimal location.		.788
Networking has made a strong impact on our bank's use of information (communication) technology.		.670
Networking enables information systems and peripherals to be accessible by everyone in a cost effective way.		.530
In our bank, advances in networking are making it easier and more practical for our bank to forge strategic marketing and information technology alliances.		.512
Eigen values	**2.705**	**2.120**
Variance %	**24.593**	**29.271**
Cumulative%	**24.593**	**53.864**

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a Rotation converged in 6 iterations.

Table 4.7 above shows that, cohesion and diversity components in the matrix are the true measures of Networking in the given order. Total variance in Networking explained by these components was 53.9%. This also serves a confirmatory test for the validity and reliability of the questionnaires as seen in chapter three.

Table 4.8: Rotated Component Matrix for Perceived Service Value

	Component	
	Acquisition	**Transaction**
Considering the quality of services offered by the bank, the salaries they are paid could be appropriate.	.831	
My bank values its customers	.801	
As a result of valuable service delivery by my bank, I am willing to remain a customer of the bank	.799	
Am likely to receive value for the services I pay for.		.730
My bank is always willing to offer its services for value		.696
Compared to the bank charges, the services the bank offers are of value.		.650
Beyond saying my bank offers valuable services.		.650
I value the relationship with my bank		.788
There is value in the collaborations with my bank		.730
In my transactions with my bank, I ensure that there value for money		.743
My bank delivers valuable services to customers		.711
Value is the driving force behind all my transactions with the bank		.689
Eigen values	**2.359**	**1.836**
Variance %	**15.214**	**11.841**
Cumulative%	**49.841**	**61.682**

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a Rotation converged in 6 iterations.

Table 4.8 above shows that, acquisition and transaction components in the matrix are the true measures of perceived service value in the given order. Total variance in perceived service value explained by these components was 61.7%. This also serves a confirmatory test for the validity and reliability of the questionnaires as seen in chapter three.

Table 4.9: Rotated Component Matrix for Service Quality

	Component				
	Reliability	Responsiveness	Assurance	Empathy	Tangibles
The services of my bank are reliable	.722				
Customer accounts are serviced regularly to ensure accurate account balances	.720				
When the bank promises to do something by a certain time, it does so.	.683				
My bank is dependable	.736				
Information about my bank is easily accessible		.714			
Am happy with the time it takes to get a service from my bank		.646			
Customers are always reminded to pay their loans on time.		.479			
Customers pay loans in the specified period by the bank		.695			
The reported complaints are rectified within a short period.		.673			
My bank has got timely provision of its services		.628			
My bank tells customers exactly when services will be interrupted.			.866		
Customer help desks and suggestion boxes are provided to get feedback from customers			.809		
Any disruptions in the services of the bank are communicated to the customers in time			.736		
Our bank has put effort in improving the services offered			.725		
Our bank updates the public if there will be any disruptions in the services			.688		
The staff are well informed of the rules and procedures of the bank				.631	
Our bank personnel are friendly and help clients				.621	
Customers are treated well every time they access the bank services				.769	
Exceptional treatment is extended to long term customers of the bank				.728	
The staff of my bank are always too busy to respond to clients' requests				.628	
My bank has clients' best interests at heart				.735	
My bank has convenient operating hours for its staff				.735	
The account opening form and other documents are very clear					.759
All bank branches are easily accessible for payments					.716
My bank has up to date facilities					.711
The appearance of the physical facilities of my bank is in line with the services provided.					.700

I receive prompt services from the staff of my bank.					.683
My bank gives adequate individual client attention.					.673
Eigen values	**12.441**	**8.64**	**5.799**	**4.768**	**2.705**
Variance %	**19.773**	**16.343**	**13.285**	**11.811**	**8.593**
Cumulative%	**19.773**	**36.116**	**49.401**	**61.212**	**69.805**

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a Rotation converged in 6 iterations.

Table 4.9 above shows that, reliability, responsiveness, assurance, empathy and tangibles components in the matrix are the true measures of service quality in the given order. Total variance in service quality explained by these components was 69.8%. This also serves a confirmatory test for the validity and reliability of the questionnaires as seen in chapter three.

4.4 The Relationship between the Study Variables

In this section, the results that address the research objectives are presented and Pearson's Correlation Test was used to answer the research questions of the study. Correlation is a technique for investigating the relationship between two quantitative, continuous variables. Pearson's correlation coefficient (r) is a measure of the strength of the association between the two variables. The Pearson correlation coefficient is a measure of the strength of the linear relationship between two variables. Where the relationship between the variables is not linear, then the correlation coefficient does not adequately represent the strength of the relationship between the variables. Pearson's r can range from -1 to 1. An r of -1 indicates a perfect negative linear relationship between variables, an r of 0 indicates no linear relationship between variables, and an r of 1 indicates a perfect positive relationship between variables. To investigate the relationship among the constructs a Zero-order correlation table

was generated. The Pearson correlation coefficient (r) was employed to establish the relationship between e-banking, networking, perceived service value and service quality.

Table 4.10: Relationships between the Variables/Zero Order Matrix

	E-Banking	Networking	Perceived Value	Service Quality
E-Banking	1.000			
Networking	.441**	1.000		
Perceived Value	.512**	.433**	1.000	
Service Quality	.375**	.454**	.198**	1.000
** Correlation is significant at the 0.01 level (2-tailed).				

Source: Primary data

To establish the relationship between the study variables (E-banking, networking and perceived value) and service delivery, Pearson Correlation coefficients were generated with use of SPSS V17. The correlations revealed the level of strength and significance of the relationships between the study variables and the independent variable.

4.4.1 E-banking and Service Quality

Correlation results indicated a significant positive relationship between e-banking and service quality ($r = 0.375^{**}$, $p<.01$). This signifies that when the deployment of banking services and products over electronic and communication networks directly to customers is effective and efficient, this would have a positive effect on the quality of services offered by the banks. Therefore, a unit change in e-banking would enhance service quality by 37.5%.

4.4.2 Networking and Service Quality

Correlation results indicated a significant and positive relationship between networking and service quality ($r = .454^{**}$, $p<.01$). This is indicative of the fact that the more the operations of the banks are networked, the more the quality of the services delivered will be improved.

This implies that networking of baking operations highly influences the resultant service quality.

4.4.3 E-banking, Perceived Value and Service Quality

Correlation results indicated significant and positive relationships between E-banking and perceived value ($r = .512^{**}$, $p<.01$) and between perceived value and service quality ($r = .198^{**}$, $p<.01$). Therefore, when the clients hold favorable perceptions about the value of e-banking, there will enhance delivery of quality banking services.

4.4.4 Networking, Perceived Value and Service Quality

Correlation results indicated significant and positive relationship between networking, perceived value ($r = .433^{**}$, $p<.01$) and the relationship between perceived value and service quality ($r = .198^{**}$, $p<.01$) was found to also be positive. From the results, it is clear that when the consumer's overall assessment of the utility of a network based on perceptions of what is received and what is given, this will greatly influence the delivery of reliable, timely and desired services to the clients.

4.5 Regression Model

Regression analysis includes any techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. More specifically, regression analysis helps understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. Most commonly, regression analysis estimates the conditional expectation of the dependent variable given the independent variables. Regression analysis is widely used for prediction and forecasting,

where its use has substantial overlap with the field of machine learning. Regression analysis is also used to understand which among the independent variables are related to the dependent variable, and to explore the forms of these relationships. In restricted circumstances, regression analysis can be used to infer causal relationships between the independent and dependent variables. Therefore, regression analysis was carried out to examine the extent to which study variables (e-banking, networking and perceived service value) predict service quality.

Table 4.11: Prediction Model

Coefficients	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model	**B**	**Std. Error**	**Beta**		
(Constant)	2.617	.190		13.763	.000
E-Banking	.246	.054	.253	4.572	.000
Networking	.310	.042	.389	7.342	.000
Perceived Value	.102	.053	.106	1.917	.056

Dependent Variable: Service Quality
R Square = .251
Adjusted R Square = .244
Sig. F Change = .000

Source: Primary data

According to table 4.6, e-banking, networking and perceived service value predict 24.4% of service quality (Adjusted R Square = .244). The regression model was significant and thus reliable for making conclusions and recommendations (Sig. <.05). The most significant predictors of service quality were e-banking (Beta= .253, t= 4.572, Sig. = 0.000) and networking followed by perceived value (Beta= .106, t= 1.917, Sig. = 0.056). The findings revealed that e-banking, networking and perceived service value were strong predictors of service quality.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion, conclusions, and recommendations arising out of the research findings in chapter four and suggests areas for further study.

5.2 Discussion of Findings

5.2.1 E-banking and Service Quality

The findings revealed a significant positive relationship between e-banking and service quality. This is in agreement with extant literature which according to Ravi et al., (2007) posits that service industries are mostly customer driven and their survival in competitive environment largely depends on quality of the service provided by them. In this context, quality of service furnished by banking sector is very important and profitability of their business is closely connected to the quality of service they render. Here, technology plays a vital role in improving the quality of services provided by the business units. The financial sector being no exception, numerous factors such as competitive cost, customer service, increase in education and income level of customers, etc. influence banks to evaluate their technology and assess their electronic commerce and internet banking (i-banking) strategies. Internet banking allows banking from anywhere, anytime and is used for transactions, payments, etc. over the internet through a bank, a credit union or society's secure website. So, basically, in i-banking a client has one-to-one interaction with the bank's website, and in such a situation it is essential on the part of bank to provide high quality services over the

internet. So, in contrast to traditional banking, i-banking involves non-human interactions between customers and online bank information system.

Customer satisfaction, customer retention and new customer acquisition are the key factors in i-banking system. This becomes more important since the acquisition costs in online banking exceed that of traditional offline business by 20%–40% (Reibstein, 2002). Providing i-banking is increasingly becoming a 'need to have' than a 'nice to have' service. The i-banking, thus, now is more of a norm rather than an exception in many developed countries due to the fact that it is the cheapest way of providing banking services (Arunachalam and Sivasubramanian, 2007). Internet banking is a new delivery channel for banks in India. The i-banking channel is both an informative and a transactional medium. However, i-banking has not been popularly adopted in India as expected (Ravi et al., 2007).

5.2.2 Networking and Service Quality

According to the findings of the study, a significant and positive relationship between networking and service quality was observed. According to Singh et al. (2006), successful networking can positively influence career outcomes such as increased job opportunities, job performance, income, promotions, and career satisfaction, providing access to information, gaining visibility, career advice, social support, business leads, resources, collaboration, strategy making and professional support. Wilkinson, (2001) found that managers' ability to network was the strongest predictor of managerial success, ahead of their ability to undertake traditional management activities, routine communication and human resource management. Networking is incorporated into commercial banks and in particular levels of management and the service delivery channels. Jun & Cai (2001) assert that there have been many studies identifying the key service quality factors in the traditional banking environment, where the

interaction between employees and customers is the main communication channel. Joseph & Stone (2003) argued that the categorization of technology-based service delivery options may be applied across a spectrum of industries that utilize technology in delivering their service to the customer. The first classification in this categorization is based on *who* uses technology to deliver *what* service.

5.2.3 E-banking, Perceived Value and Service Quality

From the findings correlation results showed significant and positive relationships between e-banking, perceived value and service quality. Service quality has been wildly used to assess the service performance of various service organizations including banks. According to Malhotra and Singh (2007) banks with younger age, private ownership and lower branch intensity possess high probability of adoption of new technology. Banks with lower market share also perceive i-banking technology as a means to increase the market share by attracting more and more customers through this new channel of delivery. However, the service quality in i-banking from customers needs thorough analysis to find out the determinants for success and growth of new channel of delivery so that useful guidelines for bankers can be extracted. Perceived value is the result of an evaluation that is based upon the customers' experience with the service, whereas objective quality refers to a combination of quantified factors associated with the superiority of materials, the manufacturing process, workmanship, and with design and aesthetics. Bolton and Drew (1991) found quality to be the most important of value. Firms also focus on achieving customer satisfaction and loyalty by delivering superior value, an underlying source of competitive advantage (woodruff, 1997). Future intentions are determined in part by perceived value. Ruyter and Bloeme, (1999) recognize the potential impact of perceived value but also proposed to view perceived

value as independent contributors to service quality. They state that customers that are less satisfied may still be loyal on the basis of perceived value.

5.2.4 Networking, Perceived Value and Service Quality

From the findings, significant and positive relationships between networking, perceived value and service quality were observed. These finding are consistent with (Cronin et al., 2000) who believes that favorable service quality perceptions lead to improved value attributions and higher levels of networking enhanced value. Patterson (1997) views value as one of the key linkages between the cognitive elements of service quality or performance and behavioral intentions, primarily because it incorporates perceived monetary sacrifice (Patterson, 1997). Dabholkar & Bagozz (2002), posits that technology has had a remarkable influence on the growth of service delivery portions. According to Wilkinson, (2001) the banking industry has been significantly influenced by evaluation of new technology, the growing applications of computerized network to banking industries have reduced the cost of transaction and increase the speed of services sustainability. The nature of financial intermediaries makes banks improve their production technology by focusing on destination of products. In other words, the evolution of banking technology has been mainly driven by change in distribution channels. However, it seems natural to consider progress in banking technology as a reason for market consumer given the nature of network in the banking sector.

5.3 Conclusions

The conclusion of the study was made in accordance with the study objectives.

According to the findings, it was revealed that there was a significant positive relationship between e-banking and service quality. This reveals that the more the banks are driven to

offering banking services in an electronic manner the more they enhanced their effectiveness and efficiency during service delivery.

The findings revealed a significant and positive relationship between networking and service quality was observed. This is confirmation that the more the staff work stations were interlinked in the commercial banks, the more the banks would deliver services more effectively and efficiently to customers.

According to the findings correlation results showed significant and positive relationships between e-banking, perceived value and service quality. This is evidence that the more customers accessed banking services electronically, the higher the chances that their perceptions towards the services offered by the banks would be perceived to be of value.

From the findings, significant and positive relationships between networking, perceived value and service quality were observed. This is confirmation that networking influenced customers' perceptions towards the service value of banking services. Where if the customers' perceptions are in favour of the value of the services, this would force banks to improve service delivery

The findings further revealed that E-banking and networking were the most significant predictors of service quality. The independent variables combined together accounted for only 24.4% variance in service quality in the commercial banks. Other factors affecting service quality in commercial banks accounted for recoded 75.6%.

5.4 Recommendations

In light of the research findings, the following recommendations are made:

i) The model could only explain 24.4% in variance of service quality of commercial banks, it recommended that a study be carried out consisting of other factors which were not part of the model so as to predict service quality.

ii) From the findings e-banking was found to be a significant predictor of service quality. Therefore, the managements of the different commercial bank should embrace e-banking in the delivery of banking services as this will improve on service delivery and also reduce costs.

iii) According to the findings, networking was found to be a strong predictor of service quality. Therefore, banks should draw a lot of emphasis on networking bank operations as this will influence the consumer's overall assessment of the utility of a network based on perceptions of what is received and what is given.

iv) The researcher recommends that a longitudinal study be carried out so as to study the factual nature and quality of e-banking, networking, perceived value and service quality because it is deemed more appropriate.

5.5 Areas for further study

i) This study concentrated on e-banking, networking, perceived value and service quality in commercial banks. Future research should attempt to collect data from other sectors.

ii) E-banking, networking and perceived value predicted 24.4% of the change in service quality. Further studies should be carried out using other variable which were not part of the model.

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APPENDIX I

QUESTIONNAIRE

Dear Respondent,

This questionnaire is aimed at collecting data to undertake a study on **E-BANKING, NETWORKING, PERCEIVED SERVICE VALUE AND SERVICE QUALITY IN COMMERCIAL BANKS IN UGANDA**. The research is in partial fulfilment of the requirements for the award of a Master of Science in Accounting and Finance of Makerere University. All information provided will be treated with utmost confidentiality and will be used for purely for academic purposes.

SECTION A (BACKGROUND INFORMATION)

For the following questions, tick as appropriated

1. Highest level of education attained by respondent

University	Secondary	primary	tertiary	Other

2. Age of respondent

25 and below	26 – 35	36 – 45	46 and above

3. Gender of respondent

Male	Female

4. How long have you worked for the organisation?

(i) Below two years ☐

(ii) 2 - 4 years ☐

(iii) Above 4 years ☐

5. What is your level of management?

Type	**Code**
Top management	1
Leadership team	2
Supervisory team	3
Contractual team	4

SECTION B: E-BANKING

Please tick the appropriate number on the scale of 1-5 as provided below

Strongly agree Agree Not sure Disagree Strongly Disagree

5 4 3 2 1

Perceived Usefulness	**1**	**2**	**3**	**4**	**5**
Using E-banking will improve the quality of the work my bank does					
Using E-banking will give my bank greater control over work schedules					
E-banking will enable our bank to accomplish tasks more quickly.					
E-banking will support critical aspects of staff jobs					
Using E-banking will increase staff productivity					
Using E-banking will improve my bank performance					
Using E-banking will allow my bank to accomplish more work than would otherwise be possible.					
Using E-banking will enhance my bank's overall effectiveness.					
Using E-banking will make it easier to pay my utility bills.					
Overall, I feel that E-banking will be useful in my life.					
Perceived Ease of Use					
I find E-banking cumbersome to use					
Learning to use E-banking functions and services will be easy for me.					
Interaction with and use of E-banking will be difficult.					
I find it easy to use E-banking to do what I want to do.					
E-banking will be rigid to operate for the bank staff.					
It will be easy for me to remember how to perform access what service I want using E-banking					
Interacting with E-banking will require a lot of mental effort.					
My interaction with E-banking will be clear and understandable					
I feel that it will take a lot of effort to become skilful at using E-banking technologies.					
Overall, I feel that the Mobile Phone- Commerce will be easy to use.					
System Usage					
Each week, I use the bank systems in performing my job tasks.					
I have been using E-banking for a very long time now.					
I have sufficient knowledge on how to operate the functions of E-banking					
I really enjoy learning new E-banking functions.					
Generally, I give more E-banking advice to other people than I receive.					
I find E-banking extremely easy to use.					
I find it so easy to save and edit entries in using E-banking					
I do not need any help when E-banking.					

SECTION C: NETWORKING

Please tick the appropriate number on the scale of 1-5 as provided below

Strongly agree Agree Not sure Disagree Strongly Disagree

5 4 3 2 1

	1	**2**	**3**	**4**	**5**
Through networking our organisation has been able to grow					

In our organisation, networking serves as a transitional stage to help our organizations to become leaner,					
Networking has helped our organisation to become more innovative					
Networking has helped our organisation to become more responsive					
Through networking, our organisation is able to target and focus marketing approaches					
One-on-one marketing strategies, through networking are custom-tailored, high-quality interactions between company and client.					
Through networking we are able to seek out potential clients					
Through networking we are able to reveal what clients are like					
Through networking we are able to satisfy customer needs					
Through networking we are able to demonstrate how important customers are to the bank.					
In our bank, we support operations with lean, flexible networks					
Through networking we have been able to offer timely services to customers					
Through networking we have been able to offer services more cost-effectively					
Through networking we have been able to offer services in an integrated manner to make information available throughout the bank					
In our bank, we use networking techniques to eliminate routine tasks					
At the bank, networking aims at structuring the system's environment to optimal location.					
Networking is attributed to changing the way the bank uses computers and sophisticated communication technology.					
In our bank, the success of corporate strategies is dependent on data communication networks					
In our bank, the success of corporate strategies is dependent on the value-added services networks provide.					
Networking has made a strong impact on our bank's use of information (communication) technology.					
Networking enables information systems and peripherals to be accessible by everyone in a cost effective way.					
In our bank, advances in networking are making it easier and more practical for our bank to forge strategic marketing and information technology alliances.					

SECTION D: PERCEIVED SERVICE VALUE

Please tick the appropriate number on the scale of 1-5 as provided below

Strongly agree Agree Not sure Disagree Strongly Disagree

5 4 3 2 1

	1	**2**	**3**	**4**	**5**
Considering the quality of services offered by the bank, the salaries they are paid could be appropriate.					
Am likely to receive value for the services I pay for.					
My bank is always willing to offer its services for value					
Compared to the bank charges, the services the bank offers are of value.					
Beyond saying my bank offers valuable services.					
I value the relationship with my bank					
There is value in the collaborations with my bank					
My bank values its customers					
In my transactions with my bank, I ensure that there value for money					
My delivers valuable services to customers					
Value is the driving force behind all my transactions with the bank					
As a result of valuable service delivery by my bank, I am willing to remain a customer of the bank					

SECTION D: CUSTOMER SERVICE QUALITY

Please tick the appropriate number on the scale of 1-5 as provided below

Strongly agree	Agree	Not sure	Disagree	Strongly Disagree
1	2	3	4	5

	1	2	3	4	5
The services of my bank are reliable					
Information about my bank is easily accessible					
Our bank has put effort in improving the services offered					
Our bank updates the public if there will be any disruptions in the services					
The staff are well informed of the rules and procedures of the bank					
Our bank personnel are friendly and help clients					
The account opening form and other documents are very clear					
Am happy with the time it takes to get a service from my bank					
Customer accounts are serviced regularly to ensure accurate account balances					
Customers are treated well every time they access the bank services					
Customers are always reminded to pay their loans on time.					
Customers pay loans in the specified period by the bank					
All bank branches are easily accessible for payments					
Exceptional treatment is extended to long term customers of the bank					
Customer help desks and suggestion boxes are provided to get feedback from customers					
The reported complaints are rectified within a short period.					
Any disruptions in the services of the bank are communicated to the customers in time					
My bank has up to date facilities					
The appearance of the physical facilities of my bank is in line with the services provided.					
When the bank promises to do something by a certain time, it does so.					
My bank is dependable					
My bank has got timely provision of its services					
My bank tells customers exactly when services will be interrupted.					
I receive prompt services from the staff of my bank.					
The staff of my bank are always too busy to respond to clients' requests					
My bank gives adequate individual client attention.					
My bank has clients' best interests at heart					
My bank has convenient operating hours for its staff					