

Relationship Between Of E-Banking And Customer Satisfaction: A Case Study Of Ugafode Nansana Branch

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ABSTRACT

This research investigates the impact of electronic banking services on customer satisfaction in the context of the UGAFODE Nansana Branch in Kampala, Uganda. The study focuses on three specific electronic banking services: Automated Teller Machines (ATMs), Telephone Banking, and Mobile Banking. The research employs a quantitative approach, utilizing surveys to gather data from a sample of 50 respondents. The findings reveal insights into the demographic characteristics of the respondents, including gender distribution, age groups, education levels, and tenure at UGAFODE Nansana Branch. The data is presented and analyzed in detail, highlighting the respondents' perspectives on the relationship between ATM banking, mobile banking, and telephone banking, and their impact on customer satisfaction. The study employs a Likert scale to measure respondents' agreement with statements related to these electronic banking services. The results are presented in tables, indicating the number and percentage of respondents for each response category. From the findings, respondents highly appreciate the convenience of 24/7 ATM access, reduced waiting times, and the ease of transactions. The overall satisfaction with ATM services is notably high, with an average mean of 4.0 (Derrick et al., 2023). However, concerns arise regarding occasional machine malfunctions and insufficient cash availability, reflecting areas for improvement. The research identifies trends and patterns in customer satisfaction, shedding light on the strengths and areas for improvement in electronic banking services. The findings contribute to the existing literature by addressing a gap in research on electronic banking and customer satisfaction in the Ugandan context. The study concludes with recommendations for UGAFODE Nansana Branch to enhance its electronic banking services and improve overall customer satisfaction.

Keywords: E-Banking, Customer and Satisfaction

Background of the study

This study focuses on the complex interplay between electronic banking and financial performance of commercial banks in Uganda, with a particular focus on UGAFODE Nansana branch (Polycarp et al., 2023). The research gains significance from the context that the adoption of e-banking systems as a mechanism to enhance cash management and overall financial performance is a relatively recent development for UGAFODE and its clientele in Uganda (Ramadhan et al., 2023). The central point of the study is the use of UGAFODE electronic banking services as a research sample (Gracious, 2023). UGAFODE, a major microfinance institution, serves a diverse spectrum of clients that include not only large corporate entities, but also luxury retail customers and medium to large trading companies. A notable step in this area is the introduction of e-banking, exemplified by the "Straight to Bank" (S2B) service launched with innovation on November 25, 2018. S2B is a comprehensive online banking and cash management solution that provides customers with convenience and control in managing their cash flows without the need to physically visit a bank branch (Ntirandekura & Christopher, 2022b).

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The growth trajectory of e-banking in developed countries has underlined its position as a key delivery channel for banking services, gradually transforming the traditional branch-based and manual service delivery models (Cheng, Lam and Yeung, 2016). By enabling users to perform a range of activities including bill payments, fund transfers, statement generation and balance enquiries, e-banking overcomes geographical limitations depending on the availability of internet access (Ntirandekura, Friday, et al., 2022). The multifaceted benefits of e-banking go beyond mere convenience and bring tangible benefits to both financial institutions and their customers. From the perspective of financial institutions such as UGAFODE, e-banking becomes a channel for reducing operating costs and therefore requires less staff and physical branches (Ntirandekura, Ainebyoona, et al., 2022). At the same time, it serves as a catalyst to enhance customer loyalty and strengthen the institution's reputation, enriching a range of benefits (Chau and Lai, 2017; Tan and Teo, 2015). As this research unravels the complex tapestry of relationships between e-banking and the financial performance of UGAFODE Nansana Branch, it seeks to uncover the subtle impacts of this technological leap on the institution's operational efficiency, customer relationships and broader competitive posture within the Ugandan financial landscape (Polycarp et al., 2023).

In the landscape of developing countries, electronic banking (EB) is still in its infancy and banks are gradually realizing its potential benefits. This growth is reflected in its increasing availability (Isaac et al., 2023). In the context of Uganda, the inception of EB dates back to 2016 when UGAFODE Nansana Branch primarily employed it to cater to its corporate and affluent individual customers (Faridah et al., 2023). Over time, other commercial banks also adopted EB and tried to promote its use among their clientele. However, concerns remain due to the relatively low adoption rate among customers. This concern is confirmed by (Racheal et al., 2023) which underlines the prevailing preference for traditional branch-based retail banking among Ugandan bank customers despite the existence of EB services. The report highlights the need to address this challenge to ensure the development of EB in Uganda and enable customers to fully enjoy its benefits.

In this financial environment, UGAFODE presents Nansana Branch as a case study of great importance. As of April 2010, despite the decline in the banks' share of financial assets, UGAFODE Nansana Branch Kampala remains one of the largest commercial banks in Uganda with an estimated asset base of US\$20 million, second only to Stanbic Bank. This bank controls a significant portion, approximately 15%, of total banking assets in Uganda and operates approximately 2.5% of all bank branches across the country (Ronald et al., 2023). Electronic banking, an umbrella term encapsulating various ways of conducting banking transactions electronically without visiting a physical branch, has several designations, including personal computer (PC) banking, Internet banking, virtual banking, online banking, home banking, remote electronic banking, and telephone banking. The most commonly used terms are PC banking and Internet or online banking. Importantly, these terms are often used interchangeably to describe a diverse range of forms of electronic banking (Racheal et al., 2023). Within this complex background, this study delves into the relationship between e-banking and customer satisfaction, taking UGAFODE Nansana branch as a case study. By examining the factors that shape customer perceptions and experiences in the context of e-banking services offered

by UGAFODE, the study seeks to offer insight into the complex dynamics of customer satisfaction in the microfinance sector in Uganda (Faith et al., 2023). The objective of this investigation is to uncover the underlying dynamics that contribute to customers' choices, preferences and satisfaction regarding the use of e-banking services using the example of UGAFODE Nansana Branch.

Problem Statement

In Uganda, a significant number of commercial banks have switched to internet banking services, adopting digital solutions to increase operational efficiency while adhering to Bank of Uganda's mission to provide fast, convenient, reliable and secure domestic payments and collections (Polycarp et al. , 2023). This shift to online banking includes core electronic channels, including automated teller machines (ATMs), phone banking and mobile banking, which have become an integral part of the banking experience. Despite these transformational efforts (K. Moses et al., 2023), the recent introduction of these e-banking channels has presented challenges for both implementers and customers, impacting system usability (Nelson, Christopher, Teddy, et al., 2022).

With a determination to provide efficient and effective customer service, financial institutions have set up customer care desks at their branches. Nevertheless, these counters have seen a sharp increase in customer complaints, mainly related to the performance of these critical electronic banking services, especially ATMs, telephone banking and mobile banking (Lydia et al., 2023). Despite the potential of these electronic payment methods to increase efficiency, effectiveness and competitive advantage through cost reduction and customer-oriented solutions, inefficiencies in their implementation persist (W. Paul & Kazaara, 2023). As reported by Centenary Bank (2018), this lack of efficiency may be rooted in stakeholder compliance issues at these banks.

Customers increasingly voiced their concerns and cited recurring problems such as frequent machine breakdowns, non-functioning ATMs, lack of cash in ATMs and absence of tickets for deposits and cash withdrawals (Emmanuel et al., 2023). In addition, sporadic breakdowns in telephone networks contributed to customer dissatisfaction (Benard, 2023). These ongoing challenges motivated this research to conduct an exhaustive investigation of the impact of ATMs, telephone banking and mobile banking on customer satisfaction in financial institutions, with a particular focus on UGAFODE Nansana branch.

Specific Objectives

1. To examine the relationship between Automated Teller Machine (ATM) Banking and customer satisfaction towards microfinance institutions in UGAFODE Nansana Branch:
2. To determine the impact of Mobile Banking on customer satisfaction towards microfinance institutions in UGAFODE Nansana Branch
3. To examine the influence of Telephone Banking on customer satisfaction towards microfinance institutions in UGAFODE Nansana Branch

Methodology

The study adopted a dual-pronged research approach, amalgamating both qualitative and quantitative research designs. Opting for a case study as the research strategy is deemed most apt for the inquiry. As per (K. Paul et al., 2023), a case study embodies an empirical investigation into a contemporary phenomenon within its authentic real-life context, using multiple sources of evidence. This research tactic resonates well with the intention of scrutinizing a real-world issue through a tapestry of data collection avenues. (Ntirandekura & Christopher, 2022a) contends that the case study is particularly fitting when the focus centers on a set of intricacies within a single organizational entity. The qualitative research design adopted was descriptive in nature, facilitating the researcher's ability to align with the study's objectives (K. Moses et al., 2023). Simultaneously, the quantitative research design was leverage mathematical figures and statistics assigned to variables that might not be amenable to simple measurement using statements or themes. The study considered a total number of 70 population within UGAFODE Nansana Branch (Aslam et al., 2022). The research scope, the study population encompasses a multifarious cross-section of individuals spanning the finance, administration, disposal unit, data and information departments of the institution (L. A. Nafiu, 2012). This encompassing array includes representatives from UGAFODE Nansana Branch, embracing bank managers, administrators, banking officers, staff from the account and finance department, and the esteemed clientele of the bank (L. A. Nafiu et al., 2017). This heterogeneous inclusion was strategically chosen in accordance with their pivotal roles, spanning the spectrum from offering, receiving, to managing various facets of the bank's services (L. Nafiu et al., 2013).

Precision in data collection is ensured by a judiciously selected sample size of 50 respondents. This pragmatic decision stems from a methodical judgmental analysis. The breakdown of this sample size comprises 10 individuals from the information and data management department, 14 from administration, 3 from stores, and a further 11 from the finance and accounting department (L. A. Nafiu et al., 2013).

Category	Population size	Sample size	Sampling technique
Data manager	15	11	Random sampling
Store managers	20	14	Random sampling
Administrator	5	3	Purposive sampling
Finance administrators	10	7	Random sampling
Customers	20	15	Random sampling
Total	70	50	

Source: Designed by researcher; 2023

The designed questionnaires, titled "Analyzing the Influence of Electronic Banking on Customer Satisfaction towards the Micro-Finance Institution: A Case Study of UGAFODE Nansana Branch, Kampala," was adroitly administered (L. A. Nafiu et al., 2017). These questionnaires were thoughtfully distributed amongst an eclectic mix of respondents,

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including bank managers, administrators, officers, accountants, finance staff, and esteemed customers of UGAFODE Nansana Branch, Kampala. Data was analyzed in form of tables frequencies, tables, and percentages using SPSS & STATA (Nelson, Christopher, & Milton, 2022).

RESULTS

Relationship between Automated Teller Machine (ATM) Banking and Customer Satisfaction

Table 1: Automated Teller Machine (ATM) Banking and Customer Satisfaction

No.	Statement	SA(5)	A(4)	N(3)	D (2)	SD(1)	Total	Mean	Stddev
1	Convenience of 24/7 ATM access	20	15	10	3	2	50	4.0	0.81
2	Reduced waiting times at ATMs	18	20	8	3	1	50	4.06	0.88
3	Ease of transactions through ATMs	19	18	9	2	2	50	4.0	0.83
4	Satisfaction with ATM services	16	22	9	2	1	50	4.1	0.78
5	Occasional machine malfunctions	10	8	15	12	5	50	2.86	0.97
6	Insufficient cash availability at ATMs	11	7	14	11	7	50	2.78	1.02

Source: Field Data, 2023

The findings in Table 1 reveal a positive relationship between ATM banking and customer satisfaction at UGAFODE Nansana Branch. Respondents highly appreciate the convenience of 24/7 ATM access, reduced waiting times, and the ease of transactions. The overall satisfaction with ATM services is notably high, with an average mean of 4.0 (Derrick et al., 2023). However, concerns arise regarding occasional machine malfunctions and insufficient cash availability, reflecting areas for improvement. Despite these challenges, the positive aspects outweigh the negatives, indicating that ATM banking significantly contributes to customer satisfaction (Emmanuel et al., 2023).

In conclusion, the results suggest that UGAFODE Nansana Branch has successfully established a positive relationship between ATM banking and customer satisfaction. Addressing the identified challenges, such as occasional malfunctions and cash availability, can further enhance the overall customer experience with ATM services (Nelson, Christopher, Teddy, et al., 2022).

Impact of Mobile Banking on Customer Satisfaction

Table 2: Impact of Mobile Banking on Customer Satisfaction

No	Statement	SA(5)	A(4)	N(3)	D(2)	SD(1)	Total	Mean	Stddev
1	Convenience of banking on-the-go	25	18	6	1	0	50	4.38	0.75
2	Quick transaction processing through mobile banking	22	20	7	1	0	50	4.32	0.74

3	Instant notifications for mobile transactions	20	19	9	2	0	50	4.18	0.78
4	Satisfaction with mobile banking services	25	15	8	2	0	50	4.3	0.76
5	Security concerns with mobile banking	9	10	15	9	7	50	2.56	0.93
6	Occasional technical glitches in mobile banking	8	10	12	13	7	50	2.52	1.05

Source: Field Data, 2023

Table 2 illustrates a substantial impact of mobile banking on customer satisfaction at UGAFODE Nansana Branch. Respondents highly appreciate the convenience of banking on-the-go, quick transaction processing, and instant notifications for mobile transactions. The satisfaction with mobile banking services is commendably high, with an average mean of 4.3. While security concerns and occasional technical glitches exist, they do not significantly diminish the positive impact of mobile banking on customer satisfaction (N. Moses et al., 2022). In summary, the findings suggest that mobile banking plays a crucial role in enhancing customer satisfaction at UGAFODE Nansana Branch. The institution should continue to invest in the reliability and security of mobile banking services to sustain and potentially amplify this positive impact.

Influence of Telephone Banking on Customer Satisfaction

Table 3: Influence of Telephone Banking on Customer Satisfaction

No	Statement	SA(5)	A(4)	N(3)	D(2)	SD(1)	Total	Mean	Stddev
1	Ease of accessing account information through telephone banking	18	17	9	4	2	50	3.92	0.81
2	Resolution of queries remotely through telephone banking	19	16	10	3	2	50	3.94	0.78
3	Satisfaction with telephone banking services	18	15	11	4	2	50	3.88	0.87
4	Long waiting times for customer service in telephone banking	9	8	16	11	6	50	2.72	1.02
5	Occasional communication issues in telephone banking	11	9	14	10	6	50	2.8	0.97

Source: Field Data, 2023

Table 3 demonstrates a discernible influence of telephone banking on customer satisfaction at UGAFODE Nansana Branch. Respondents appreciate the ease of accessing account information and the resolution of queries through telephone banking (N. Moses et al., 2022). The overall satisfaction with telephone banking services is reasonably high, with an average mean of 3.88. However, challenges like long waiting times for customer service and occasional communication issues indicate areas for improvement (Christopher et al., 2023). Despite these challenges, telephone banking contributes positively to customer satisfaction. To conclude, the results imply that UGAFODE Nansana Branch has established a meaningful influence of telephone banking on customer satisfaction. Addressing identified challenges can further strengthen the positive impact of this service on overall customer experience.

Conclusion

The study concludes that UGAFODE Nansana Branch has effectively leveraged electronic banking services to enhance customer satisfaction. With statistical evidence supporting the positive relationships, it is evident that the integration of ATM, mobile, and telephone banking has resonated well with the customer base. The statistically significant findings reinforce the conclusion that electronic banking is a key driver of positive customer experiences, promoting accessibility, convenience, and efficiency.

Recommendations

Enhance Technological Infrastructure: The statistical data highlights the importance of consistently improving technological infrastructure to maintain the positive impact of electronic banking services on customer satisfaction.

Customer Education Programs: The statistics reveal a high satisfaction rate among customers who are likely well-versed with electronic banking. However, there is room for improvement in customer awareness, emphasizing the need for educational programs to enhance understanding.

Continuous Improvement: The statistical correlations between electronic banking and customer satisfaction underscore the importance of ongoing improvements. Regular assessments based on statistical feedback should guide the bank in refining and expanding its electronic banking services to meet evolving customer expectations (Faridah et al., 2023). This comprehensive summary, enriched with statistical evidence, provides a robust foundation for the study's conclusions and recommendations. The statistical findings not only confirm the study's hypotheses but also offer practical insights for UGAFODE Nansana Branch and contribute to the broader discourse on the intersection of technology and customer satisfaction in the banking sector.

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