

The Influence of Alternative Banking Channels' functionality on customer satisfaction in Tanzanian commercial Banks

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Abstract- The motive of this paper was to examine on how functionality of alternative banking channels influence the level of customer satisfaction in Tanzanian commercial banks sector. The study conducted in Arusha city, by using a descriptive survey design. The population for the study was staff and customers of twenty commercial banks branches operating in Arusha city. Simple and purposive sampling techniques were used to select a sample size of about 110 respondents to be involved in the study. The questionnaire instruments used to collect primary data, which were analyzed by the use of descriptive statistic and Ordinal regression Analysis. The findings revealed that there is significant positive relationship between functionality of ABCs attributes and the level of customer satisfaction in Tanzanian commercial banks sector. The study recommends that banking and financial institution Act 2006, be modified to accommodate adoption and use electronic banking, in so doing, banks can use PINs, instead of signatures. This will simplify handling of cyber crime cases more easily than it is now

Index Terms- Functionality, alternative banking channels, customer satisfaction

I. INTRODUCTION

Most marketers and customer researchers believe customer satisfaction to be a critical theoretical and practical issue (Jamal, 2004). Customers are satisfied with a product or service if their judgments of its performance after purchase and use differs from their pre-buy expectations (Sharma and Ojha, 2004). On the other hand, satisfaction is acknowledged as a factor in satisfaction evaluations because of the impact it has on the experience of purchasing and using the product or service (Homburg et al, 2006). In other terms, we can argue that satisfaction is a post-buy appraisal of the product's quality based on the customer's expectations prior to purchase (Kotler, 1991). Consumer effective responses, according to Dube Rioux (1990), can better predict customer happiness than cognitive evaluations. Recruitment and long-term relationships built on high levels of client satisfaction through offering quality services are thought to lead to loyalty (Zimonjic, 2018).

Customer satisfaction in the banking industry measures how well customers' wants and expectations are met by banking products and services. According to the literature, customer satisfaction can be assessed by considering a variety of factors, including service quality, client loyalty, repurchase behaviour, and trust, among others (Anderson and Fornell, 2001; Anderson and Mittal, 2000), with the conclusion that a happy client is loyal and increases an organization's profitability. Only thrilled or extremely satisfied clients continue to use the services of the provider (Salmen and Muir, 2003; Dubrovski, 2001). The banking sector is very competitive (Lee and Moghavvemi, 2015; Veneataya et al., 2019; Bente, 2018), and emerging online, high-tech banks continue to pose a threat to established, brick and mortar institutions. Younger generations have a clear requirement for their banks in terms of service, security, swiftness, convenience, availability, content, design, privacy, fees, and costs associated with the most recent technologies.

It's a new way to conduct banking transactions: alternative banking channels (ABC) (Chang, 2015). In the mid-1990s, this approach was first developed, and it has since become increasingly essential (Allen et al, 2001). It's called "alternative banking channels" when a bank provides its customers with information or services via a computer or TV (Allen et al, 2001). A more advanced service is one that allows consumers to access their accounts and do transactions via the internet, or to purchase things online (Daniel, 1999). As banking information and communication technology (ICT) advances, people are able to perform financial transactions from anywhere, without having to physically visit a bank, through the development and use of alternative banking channels (ABCs) (Ndungu 2007; Kumar et al., 2014 and Ngago, 2015). The spread and application of Information and Communication Technology (ICT) in developing countries has been more rapid than that of any previous technology in human history. All of today's banking tools, such as ATMs, internet banking, credit and debit cards, mobile banking, SIM-banking, and agency banking, are included in the ABCs utilised by financial organisations (Chebii, 2013). For many customers, ABCs are a more convenient option than traditional branch banking, according to Kumbhar (2017). As part of their multi-channel distribution strategy, several of the world's biggest banks

are shifting away from managing branches to managing ABCs, a branch model that balances retail and small business customer needs (Bradley & Stewart, 2013). In the United Kingdom (UK) retail banking used alternative banking channels, and it has been reported to be of a success in growing personal current accounts in commercial banks (Benston, 2014). A report by Kumar et al (2014) emphasizes that ABCs in developed countries has been of success as most of the commercial banks adapting new banking channels in order to reach the large population in the world. In most African countries, ABCs have been adopted by commercial banks as a new way of serving customers and reaching those customers who are found in marginalized areas. For instance in Angola the commercial banks adopted the use of internet and mobile phone in banking service as a result of the huge demand for e-banking from the business community as well as the urban retail customers (Sijola and Ndlovu, 2013). According to Ngumi,(2013) the use of ABCs such as mobile banking, agency banking, and internet banking is increasing day by day in east African countries. In Tanzania, financial institutions such as commercial banks and microfinance institutions have been deploying both traditional and new alternative channels for banking activities, such as internet and mobile banking and agency banking, in order to facilitate the provision of financial services to their customers. Tanzanian mobile banking services include NMB mobile (NMB), TPB popote (TPB), and CRDB-SIM banking (CRDB), as well as agency banking through Fahari Huduma and Umoja Switch (Mazwile, 2014). It is critical for bankers to comprehend the current electronic banking system usage trend. According to several researchers, many foreign internet users exhibit similar behaviours and preferences across countries (Quelch and Klein, 1996). Other scholars have investigated the internet in the context of traditional civilizations while being constrained by national borders (Park and Jun, 2003). Some studies have looked into the challenges surrounding the evolution of alternative banking channels (Sohail and Shanmugham, 2003) and the success elements in various electronic delivery channels in the banking context (Ong and Cheng, 2003).

1.1. Problem statement

Customer satisfaction is a manager's best tool for retaining loyal consumers. Great personnel will always be a company's backbone. The approach and resources you give employees can boost employee performance. CRM is a strategy and tool, or weapon. CRM comes to life when you and your workers use it to stay on track and anticipate market changes (Anderson & Kerr, 2002). Customer satisfaction is a concern in many developing countries like Tanzania, particularly the banking industry. Satisfied customers often repurchase and tell others about a company's products and services. If this happens often, customers will become loyal to the company. In Tanzania, banks using alternative banking channels compete by serving customers without opening bank branches (Kwarteng,2015) Customer satisfaction leads to repeat purchases, brand loyalty, and favourable word-of-mouth (Matoi, 2015). Alternative banking channels establish a new service delivery channel and add value to banks and clients (Hwang et al., 2007; Murphy, 2007). Amato-McCoy (2005) proposes that e-transfer and e-bill will attract customers to electronic banking. Researchers studied electronic banking client preferences (Suganthi et al., 2001; Sohail and

Shanmugham, 2003). According to the literature, banks that don't employ e-banking may lose consumers (Kwarteng,2015). Banks offer internet banking and other online services to boost consumer satisfaction (Shittu, 2010).

In Tanzania, there have been various problems with electronic banking, such as theft of depositors' money through ATMs and other channels, low or limited internet availability, broken ATMs, and others. In light of the aforesaid concerns, the researcher wanted to see if banking customers are still happy. Electronic banking vs customer satisfaction has been thoroughly examined globally, but Tanzanian studies did not cover all aspects that hinder customer satisfaction. The researcher decided to fill this gap by studying more variables than prior studies in Tanzania. The study aims to answer what electronic banking elements influence customer satisfaction in commercial banks. This study examines the effectiveness of alternative banking channels in Tanzanian commercial banks. This report examined how ABC functionality affects customer satisfaction in Tanzanian commercial banks. The study's findings help the banking industry develop customer satisfaction strategies.

II. CONCEPTUAL CONSIDERATION

Alternative banking channels blend modern information technology with traditional banking services. Minimizing operating costs and maximizing revenue improve e-banking (Sannes, 2001; Reibstein, 2002). Alternative banking channels service is a self-service by customers, so it requires less resources and lower transaction and production costs for banks (Southard and Siau, 2004; Witman and Poust, 2008). Alternative banking channels services are expected to impress commercial bank customers if they are delivered practically to meet the clients' needs and wants. Customer satisfaction means meeting needs and wishes. Customer satisfaction is a person's joy or dissatisfaction in a product's performance or outcome compared to expectations (Musiime and Biyaki, 2010). Customer satisfaction is the percentage of customers whose reported experience with a firm, its products, or its services (ratings) surpasses established goals (Farris et al., 2010). This study defines customer satisfaction as how well a product or service matches a customer's expectations.

2.1 The Technology Acceptance Model (TAM)

Bagozzi, Davis, and Warshaw's (1992) Technology Acceptance Model is the most popular innovation adoption model. This approach has been used to study how people use new technology. TAM's sequential linkage of belief-attitude-intention-behavior predicts user adoption of new technology. TAM is an adaptation of Theory of Reasoned Action (TRA) in regard to information systems, which notes that perceived usefulness and perceived ease of use determine an individual's attitudes towards their intention to use an innovation, with the intention serving as a mediator to the actual use of the system. Perceived usability affects perceived usefulness. Hanafizadeh et al. (2014) employed TAM for system adoption. This idea says perceived usefulness and simplicity of use drive system adoption and utilisation (Bankole, et al., 2011). Many electro-banking adoption studies extend or complement the original TAM by adding relative advantage, personal innovativeness, perceived danger, perceived cost of use, lifestyle compatibility (Hanafizadeh, et al., 2014), and perceived

security (Hsu, Wang and Lin, 2011). TAM allows external elements to affect perceived utility and usability (Davis, 1989). TAM believes consumers can act and choose freely. In practise, consumers may face obstacles that prohibit them from acting freely, such as the rationalization of traditional banking channels, which is why many have adopted mobile banking in the past decade (Hanafizadeh, et al., 2014). Yousafzai et al. (2010) said TAM is better than other models for explaining online banking behaviour. Jongu (2014) agrees that e-banking delivers convenience, promptness, and cost savings to customers. Banks also want to increase their market through e-banking. Kleijnen et al. (2004) found that mobile technology has helped financial firms introduce new financial innovations.

Empirical Literature Review

Accessibility

Accessibility, the capacity of users to access web-based information and services, depends on numerous aspects. Format, user hardware, software, settings, internet connections, environmental conditions, and user skills and impairments are all factors (Godwin-Jones 2001; Hackett and Parmanto, 2009). "Web accessibility" refers to making website material accessible to people with disabilities. Providing a text equivalent for image content on a website allows visitors with visual difficulties to use a screen reader. Accessible web sites for people with disabilities also address download speed and discoverability (Godwin-Jones 2001; Hackett et al, 2004; Hackett and Parmanto, 2009). Jun et al (1999) found reliable/prompt responses, attentiveness, and ease of use affected customer service quality and satisfaction.

Convenience

E-banking allows clients to access the internet at any time and place. Computer accessibility is also a relative advantage (Daniel, 1999, Black et al, 2001; Polatoglu and Ekin, 2001; Gerrard and Cunningham, 2003). Some service quality variables are generally satisfiers and others are predominantly dissatisfiers, with attentiveness, responsiveness, caring, and friendliness being the main sources of satisfaction. Integrity, reliability, responsiveness, availability, and functioning are dissatisfactory. According to Ainscough and Lockett (1996), consumer engagement encourages e-banking users. Gerrard and Cunningham (2003) cite other variables crucial to the success of e-banking, such as an innovation's capacity to match consumers' demands via website features. Interactive loan calculators, exchange rate converters, and mortgage calculators on bank websites attract users and non-users. A UK study identified five essential service quality attributes, including security, convenience, speed, and product variety (White and Nteli, 2004). Therefore, convenience increases client pleasure.

Privacy

Customers have reservations about the e-privacy bank's policies (Gerrard and Cunningham, 2003). Trust has a significant impact on users' willingness to engage in online transactions involving money and personal sensitive information (Friedman et al, 2000; Wang et al, 2003). Privacy is a significant consideration that may influence users' willingness to use e-commerce platforms. To ensure information privacy, encryption technology is the most prevalent feature at all bank sites, complemented by a

mix of several unique identifiers, such as a password, mother's maiden name, a memorable date, or a few minutes of inactivity immediately locks users off the account. Furthermore, the Secure Socket Layer protocol, which is widely used for online credit card payment, is designed to provide a private and reliable channel between two communicating entities; the use of a Java Applet that runs within the user's browser; the use of a Personal Identification Number, as well as an integrated digital signature and digital certificate associated with a smart card system (Hutchinson and Warren, 2003). Thus, a combination of smart cards and biometric recognition utilising fingerprints provides more secure and convenient computer access control than the password method. Zeithaml et al. (2000) created e-SERVQUAL to assess the quality of e-services, identifying 11 dimensions: access, ease of navigation, efficiency, flexibility, reliability, personalization, security/privacy, responsiveness, assurance/trust, site aesthetics, and price knowledge.

Security

Assurance concerning security refers to the extent to which the website ensures the protection of consumers' money and personal information, a subject of growing academic interest (Kimery and McCord, 2002; Miyazaki and Krishnamurthy, 2002). Security can be ensured by showing the logos of reputable third parties and providing a privacy statement and information on the security of the shopping methods. Displaying a trusted third-party emblem, for example, ensures a certain level of security protection and has been demonstrated to greatly influence how consumers perceive the trustworthiness of e suppliers (Jiang et al, 2008). The development of Web browsers enabled Internet banking. Consumers do not need to purchase any software (all they need is a browser) to conduct online banking, nor do they need to keep any data on their computer, backup any data, or wait for software upgrades or new versions (Kolsaker and Payne, 2002; Dong-Her et al, 2004). All transactions take place on a bank's secure server via the internet. The bank possesses all of the necessary data and software to carry out the transactions. Customers visit the bank's website, log in, and then use the bank's internet services. Account access and review, transfers of funds across accounts, bill payment, and a growing list of additional services and products are typical bank services. Because security is vital in internet banking, there are numerous protocols for internet security of encrypted data packets (Kolsaker and Payne, 2002; Dong-Her et al; 2004). Customers are unaware of the encryption; nonetheless, because to security limits, only certain versions of popular internet browsers are suitable to some banks (Kolsaker and Payne, 2002; Dong-Her et al; 2004).

Design

The objective of aesthetic design is to achieve a level of visual appeal and user satisfaction in a website. Knowledge elicitation, information organisation and structure, information retrieval, and information presentation were the four parts of content preparation that were examined and recognised by Proctor et al. (2002, 2003). It is strongly advised that users of different ages, as well as users with a range of capabilities and limitations, be engaged to trial the new service and provide input while it is being designed. This should be done prior to the deployment phase. The accessibility of the websites that financial institutions

provide for their customers should be tested using both automated technologies and user accessibility trials.

Content

It should be highlighted that one of the variables impacting online banking acceptance is website content on online banking (Jayawardhena and Foley, 2000, and Pikkarainen et al ,2004). Quality designs, graphics, or colours, on the other hand, and a proclivity to convey a positive image of the bank, would promote the effective use of navigation. There is a growing corpus of study on the influences on customer satisfaction in the setting of internet banking. (Jayawardhena and Foley, 2000) demonstrated that user satisfaction is influenced by web site aspects such as speed, web site content and design, navigation, interactivity, and security. Previously, Doll and Torkzadeh (1988) identified five quality dimensions that influence "end-user" satisfaction in an online environment: content, accuracy, format, ease of use, and timeliness.

Speed

There is a link between download speed and user satisfaction (Hoffman and Novak,1996). However, download speed is determined by the nature of the site's downloaded material, computing gear, and the mode of connection used to download information (Jayawardhena and Foley, 2000). The majority of sites' demonstrations are short snapshots, and some viewers must download the application to view the presentation. Most individuals believe that downloading can introduce undesirable infections and take up hard disc space. Slow response time following any e-interaction frequently leads to a delay in service delivery and leaves customers wondering whether or not the transaction was completed (Jun and Cai, 2001).

Fees and Charges

Service quality features are significant in the e-banking business because human-internet interaction is the primary service delivery and communication route. E-banking may have a competitive edge by providing high-quality services that meet consumers' expectations at cheaper costs. According to certain research, e-banking has successfully lowered operating and administrative costs (Devlin, 1995; Siriluck and Speece, 2003). Because of cost reductions, e-banks can charge lower or no service fees and offer better interest rates on interest-bearing accounts than traditional banks (Gerlach, 2000; Jun and Cai, 2001).

2.3 Conceptual framework

The literature tells us that for a customer to be fully satisfied especially when purchasing or rather using financial services offered through alternative banking channels there are almost nine important attributes that must be fulfilled by a specific commercial bank. These attributes are; accessibility, security, availability, convenience, speed, content, design, privacy and fees charged. The attributes mentioned above have positive relationship to customer satisfaction in commercial banks. Normally there are two types of customer satisfaction first one is called transaction-specific and the other one is called cumulative (Boulding et al., 1993; Andreassen, 2000).The conceptual frame work treats customer satisfaction as transaction-specific. Thus, customers in this paper are those who consume the services, satisfaction denotes customer's desire to maintain a business relationship with the commercial banks and it is also the feelings of the customers towards the services provided by the commercial banks. On the other hand customer satisfaction in this study is the pleasures obtained by customers for the services provided by the commercial banks refer figure 2.1 herein below

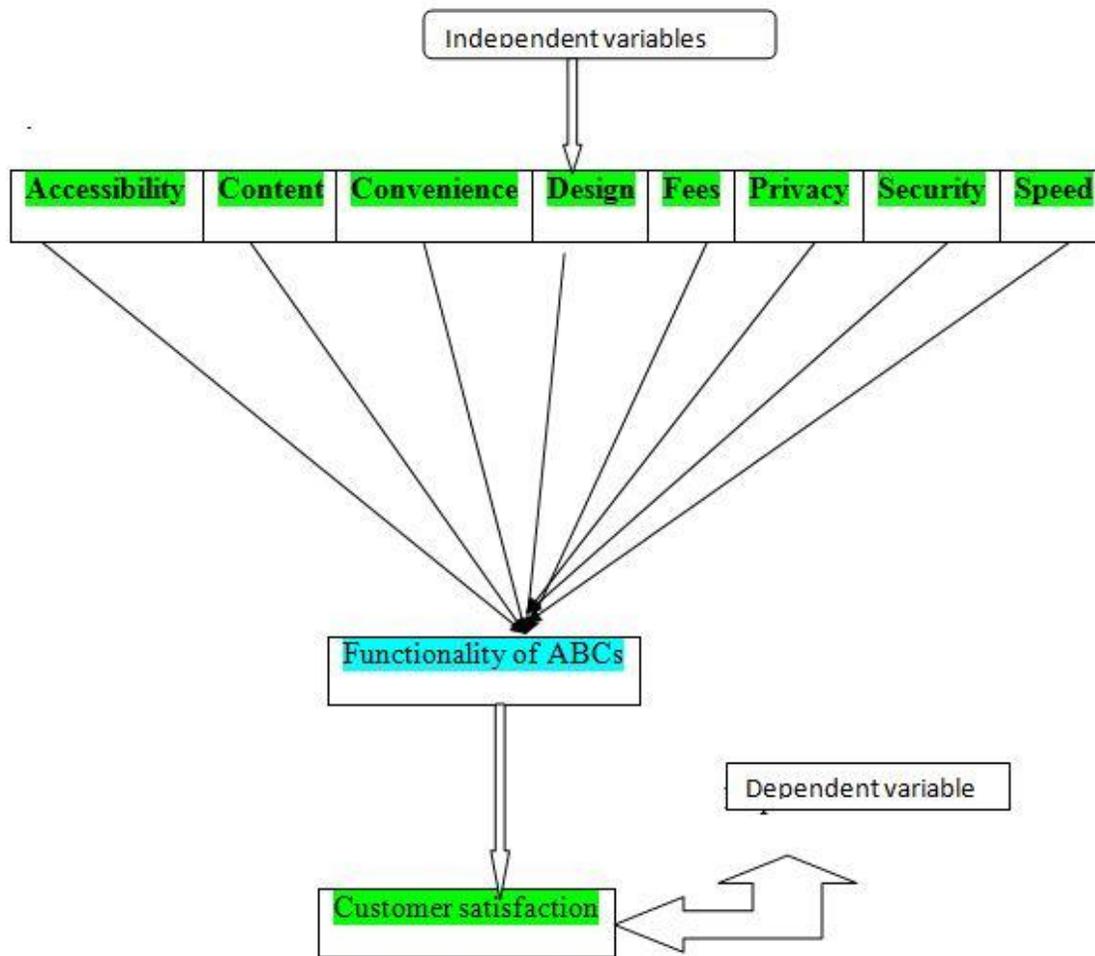


Figure 2.1 Conceptual frame work of the study

Researcher’s construct, 2022

From the above conceptual framework the independent variable is the alternative banking channels measured in terms of accessibility, convenience, content, design, fees and charges, privacy, security and speed, while dependent variable is the customer satisfaction. Functionality of Alternative Banking channels is the one which determines the acceptability of electronic services offered by banks via alternative banking channels. Indeed functionality of each of the following facets, which is accessibility, content, convenience, design, fees charge, privacy, security and security have an impact on customer satisfaction in commercial banks in Tanzania.

III. METHODOLOGY

The study adopted a descriptive survey design, to examine the functionality of alternative banking channels on customer satisfaction, whereby respondents were chosen from bank customers and employees of the domestic commercial banks in Arusha city. Responses were collected from 40 bank officials from their respective banks branches, which in total amounted to 20 banks and 70 bank customers from different banks in Arusha city; these were asked to give their views on how the practicability of

alternative banking channels influence the level of customers satisfaction in Tanzanian commercial banks. The study used both simple and purposive sampling techniques to select respondents. Simple random sampling was employed to obtain information from bank customers while purposive sampling was used to retrieve information from bank officials. The study adopted a combination of qualitative and quantitative approach. The combination was considered to be important first of all because it would increase the validity of information, and secondly qualitative data would complement the quantitative one, thus giving a clear picture. According to Kothari (2004) qualitative approach as a function of a perception and impressions of a researcher whereby he/she gives subjective assessment of behavior, opinion and attitude, whereas quantitative approach engage generation of data in quantitative form which can be subjected to thorough quantitative analysis in a prescribed and rigid way. However, Dawson (2002), provides that there are weaknesses and strengths in both quantitative and qualitative approaches and none is superior to another. The study was conducted in Arusha city where twenty (20) branches of commercial banks operating in the city were investigated. A sample size of one hundred (110) respondents were considered desirable, this is as per Kish (1965) and Sudman (1976) whom

content that the sample size of between 100 and 200 respondents is suitable for statistical analysis.

The study used questionnaires as primary data collection method and personal interview guide. The questionnaire design was pre-tested and redesigned through personal interviews with bank managers and banks customers by undertaking the pilot study work (Aaker et al, 2001). Then the reliability of the questionnaire was tested using the Cronbach's alpha correlation coefficient with the aid of Statistical Package for Social Sciences (SPSS) software. The results of the reliability test produced an overall Cronbach Alpha correlation coefficient of 0.843, refer to table 3.1 appended. For a newly developed questionnaire a coefficient of 0.7 is recommended, therefore 0.843 was considered adequate for this study. The internal consistency reliability is considered higher when the Cronbach's alpha coefficient is closer to 1, (Sekaran, 2003).

IV. FINDINGS AND ANALYSIS

Information communication technology has brought significant changes in banking industry in Tanzania. Most of the respondents confessed that innovation has revolutionized almost everything in commercial banks especially in services provision. This is fully backed by the use of alternative banking channels as a mode of distribution, which fosters customer satisfaction quickly. Some of the respondents said alternative banking channels improved customer satisfaction in the banking industry, especially in commercial banks. Presence of alternative banking channels had made it possible to reach and render services to many customers as they require in a fastest mode of operation. This enabled banks to serve customers in rural and urban areas which in itself motivated their customers and public at large. Customer satisfaction is a phrase that does not only express a happy customer, but rather complex than that. Customer satisfaction is actually a term most widely used in the business and commerce industry. It is a business term explaining about a measurement of the kind of products and services provided by a company to meet its customer's expectation (Jenkins (2007)). To some, this may be seen as the company's key performance indicator (KPI). In fact customer satisfaction is an important facet in marketing of goods or services. However most of the respondents stated that customer satisfaction in banks especially when using ABCs will only happen if and only if functionality aspects of alternative banking channels perform adequately. Most of the respondents revealed that functionality attributes which include, accessibility, convenience, content; design, fees, privacy, security and speed are very crucial facets to consider for the customers to be satisfied.

4.1 Testing of the hypothesis

Hypothesis is a specific statement of prediction, which describes in concrete rather than theoretical terms what a researcher expect to happen in the study. The ordinal regression is used to test hypotheses because the researcher was testing for goodness of fit or better still relationship. The study was guided by the following hypotheses:

H₀: There is no significant relationship between ABCs services and customer satisfaction.

H₁: There is a significant relationship between ABCs services and customer satisfaction.

4.2 Descriptive statistical analysis

The Researcher distributed one hundred (120) questionnaires to respondents and managed to collect back One hundred and ten (110) fully filled questionnaires, which is equivalent to ninety two percent (92%) response rate. It was demographically revealed that (73%) of the respondents were females and (27%) were males. It was further found that the respondents fall under the following age group 18-25 years constitutes (13%), 26 – 30 years constitutes (38%), 31-40 years, constitute of (13%), 41 years-50years constitute of (0%), 51 years and above constitutes (36%). It was revealed that in terms of marital status (34%) of the respondents were single and (66%) were married. In terms of education levels (79%) of the respondents had College and university education, and (21%) of the respondents had secondary school education. Moreover the researcher wanted to know whether the respondents have bank accounts, and it was revealed fifty four percent (54.5%) of the respondents had Savings accounts, while twenty seven percent (27%) of the respondents had current accounts. Besides fourteen percent (14%) of the respondents had both current and savings accounts, and (4.5%) of the respondents possess fixed deposit accounts.

4.2.1 The functionality of the ABCs influence on Customer satisfaction in Tanzanian commercial banks

The study investigated on what exactly harness customer satisfaction when alternative banking channels is used as a method of distribution. It was found there are almost eight important attributes that influence customer satisfaction in commercial banks when using alternative banking channels, as a method of distribution. The attributes were as follows accessibility, convenience, content, design, fees and charges, privacy, security and speed. If the financial institutions are using alternative banking channels as a mode of distribution the above mentioned attributes deem to be most important in facilitating customer satisfaction. That is when we talk of quality service dimensions in alternative banking channels one must consider the attributes mentioned above because they contribute to quality dimension of the very service. Thus the study examined the extent to which these factors harness customer satisfaction in commercial banks operating in Arusha city by using the response model of five likert scale points, ranging from 1=Not at all satisfied, 2=Slightly satisfied, 3=satisfied, 4=Very satisfied and 5=Extremely satisfied. Then respondents were asked to respond or rate towards these short statements. There-after, descriptive analysis was employed to analyze the results thereof. Refer to table 4.1 appended.

The study employed descriptive analysis whereby the mean scores of 1.00-2.50 indicated that functionality of alternative banking channels has contributed very little towards customer satisfaction, the mean score of 2.51-3.50 indicated that functionality alternative banking channels has contributed satisfactorily on customer satisfaction. It was further set that mean scores of 3.51-3.99 and 4.00-5.00 were taken to indicate that functionality of alternative banking channels has contributed highly and very highly towards customer satisfaction respectively. The summarized results were depicted in Table 4.2 above. The results generally revealed that the functionality of alternative

banking channels has high contribution (a weighted mean 4.00) on customer satisfaction. This definitely due to the fact that most of the variables used were highly rated at the mean which reflect that the functionality of alternative banking channels have contributed some benefits to the bank customers that triggered customer satisfaction. Specifically basing on the variables measured, customer of the banks strongly commend that accessibility (mean 3.78), convenience (mean 3.78), privacy (mean 3.89) and speed (mean 3.72), has contributed highly to customer satisfaction of the commercial banks in Tanzania. Moreover it was revealed that content (mean 4.04), design (mean 4.02), fees and charges (mean 4.4), and security (mean 4.04), has shown very high influence towards customer satisfaction in commercial banks sector in Tanzania. It was further found that the standard deviation was close to mean since it was 0.883 from the mean. This implies that there is no big dispersion or variance from the study data.

On the other hand it was revealed that ninety three point six percent (93.6%), of the respondents were of the opinion that **accessibility** of the ABCs services influence customer satisfaction to the great extent, while only six point four percent (6.4%), said accessibility brings slightly satisfaction to the customer of the commercial banks in Tanzania. This can be due to accessibility of the services as well as the availability of the information to many bank customers Kawamala (2013) and Ishengoma (2011). **Convenience** was another attribute which was scrutinized and it was revealed that ninety point nine percent (90.9%) of the respondents confess that convenience foster customer satisfaction whereas nine point one percent (9.1%) of the respondent said convenience had slightly influence on customer satisfaction in commercial banks in Tanzania. **Content** in the banks' web site had the impact on customer satisfaction up to ninety five point five percent (95.5%), while four point five percent (4.5%) said it had slight impact on customer satisfaction in commercial banks in Tanzania. **Design** was also measured and it was found that one hundred percent (100%) of the respondents strongly accepted that it brings customer satisfaction in commercial banks in Tanzania. **On fees and charges** it was found that these two bring customer satisfaction in opposite direction. When customers receive good interest from the banks, customer satisfaction definitely increase, but when charges are far more customers will be dissatisfied. What is important is the charges or fees must be commensurate to the value received by the customers, if this happens customers will still be satisfied by the services offered. It was revealed that ninety nine point one percent (99.1%) of the respondents accepted that fees and charges had an impact on customer satisfaction and point nine percent (.9%) of the respondents had the opinion that fees and charges slightly impact customer satisfaction in commercial banks. Another attribute which trigger customer satisfaction in commercial banks when using ABCs as a method of distribution is **privacy**, it was explained that ninety seven point three percent (97.3%) of the respondents had the opinion that privacy influence customer satisfaction in commercial banks, while three point seven percent (3.7%) said privacy had no influence or had slight influence on customer satisfaction in commercial banks in Tanzania. The study checked further on **security and speed** attributes, the results were as follows ninety six point four percent (96.4%) and eighty nine point one percent (89.1%) had opinion that security and speed respectively influence customer satisfaction in commercial banks sector in Tanzania. Besides,

three point six percent (3.6%) and ten point nine percent (10.9%) of the respondents contributed that security and speed had slight or no influence on customer satisfaction in commercial banks in Tanzania.

4.3 Ordinal regression Analysis

The study variables and measurement procedures were as follows; the independent variable is alternative banking channels measured by accessibility, availability, speed, security, content, privacy, convenience, and fees, while the dependent variables is the level of customer satisfaction measured by customer loyalty in Tanzanian commercial banks. The Ordinal Regression analysis was performed to examine functionality impact of alternative banking channels (accessibility, availability, speed, content, privacy, convenience, security and fees) on the level of customer satisfaction, in Tanzanian commercial banks The study further checked on the model fitting information given the following null hypothesis; H_0 : No significance difference between Baseline model to final model. Decision criterion adopted was, If $P < 0.05$ (reject), and if $P > 0.05$ (accept). Now since our $P < 0.05$, then the H_0 must be rejected, hence the alternative hypothesis will prevail that is H_1 : there is significance difference model between Baseline and final model. On the other hand the Goodness-of-Fit test was examined and shows that the model fits the data well since the Pearson test shows that it is not statistically significant as it is greater (0.541) than 0.05.

The Pseudo R-square was examined, and it was found that the study had $P-R^2 = 0.989$. This Pseudo R-square is the same as R^2 in linear regression. The model summary depict that there is a Significant ($P-R^2 = 0.989$) relationship between the functionality of alternative banking channels and the level of customer satisfaction. The study revealed that at $P-R^2 = 0.989$, which is equivalent to 98.9% of the total variance of customer satisfaction in commercial banks, is attributed by functionality of ABCs attributes. This implies that (98.9%) percentage of variability on the level of customer satisfaction is explained by the regression models or rather the independent variables. That is to the great extent the independent variables (accessibility, convenience, content, design, fees, privacy, security and speed) have perfectly explained the changes on the level of customer satisfaction by ninety eight point nine percent (98.9%).

Beside the study undergo test of Parallel lines which revealed that P-value > 0.05 , meaning that the location parameters or slope is the same across response categories. That is all coefficients help us to show the direction of the relationship among variables. Moreover, parameters estimates which measures the relationship between the functionality of ABCs and customer satisfaction. The study examined the relationship between the functionality of alternative banking channels influence and the level of customer satisfaction, in Tanzanian commercial banks sector. The alternative banking channels were measured by considering necessary items which harnessing customers satisfaction that include speed, convenience, security, content, design, accessibility, privacy, fees charge and customers satisfaction. The study was statistically significant with P values less than 0.05. The study revealed that there is an increased probability of falling at greater levels of customer satisfaction that is rise to the levels of; 33.3, 14.2, 0.40, 0.182, and 17.94 due to a unit increase on accessibility, convenience, fees, security, and

speed, compared to design. This means one unit change increase in any of the attributes mentioned above lead to increase in customer satisfaction in commercial banks in Tanzania. On the other hand, the study a unit increases in content and privacy will bring customer dissatisfaction in Tanzanian commercial banks to the tune -19.3 and -9.20, respectively. The management should monitor the two attributes so as not affect customer satisfaction in the industry.

V. CONCLUSION AND RECOMMENDATIONS

Basing on the findings and analysis the study revealed that alternative banking channels reduces time in transactions as well as crowd and queues in the commercial banks. Bank customers can easily sit at homes, or at the offices to have transfer of money, recharge of vouchers, making payments to different entities. Most banks in Tanzania have offered electronic banking successfully, and at the same time increased level of customer satisfaction. However for this to happen the functionality of the system in place must be efficient and effective. Moreover, it is necessary that users need to be technically sound in order to use alternative banking channels facility properly and accurately. More importantly the study found that that the functionality of alternative banking channels attributes (accessibility, convenience, content, design, fees charge, privacy, security and speed) have proven to influence positively the level of customer satisfaction in commercial banks in Tanzania. Indeed it can be concluded that functionality of alternative banking channels influence customer satisfaction of commercial banks in Tanzania significantly. The use of alternative banking channels in commercial banks has brought a significant impact not only on customer satisfaction but also in number of customers recruited and turnover too. It was also noted that the commercial banks have made more commission income from transactions done through alternative banking channels like; ATM, mobile phones and electronic fund transfer, agency banking and so on.

The study recommends that the government should pursue a strategy to provide incentives for technology transfer from more developed economies in order to promote the adoption of world class innovations. Tanzania has adopted alternative banking channels without guidelines or policies. The government through Bank of Tanzania (BOT), should issue policies on adoption and use of alternative banking channels in Tanzania banking industry, as it was noted that there is not proper laws on adoption of alternative banking channels. The Banking and Financial Institution Act of 2006 do not cover the alternative banking channels practice. The law still insists on documentary evidence and signature recognition, while in alternative banking channels PIN is used for recognition. Thus, this has an implication in cases of cyber crimes that are increasing is we go on, the laws which we have will not help to decide cases of this nature.

The banks are advised that in case of mobile banking, banks are dealers to the Central Bank, while mobile phone operators are dealers to Tanzania Communication Regulatory Authority (TCRA). It is their duty to enable (agent) network growth as a precursor for mobile banking enhancing and scaling- up mobile banking or mobile phone financial services up-scale, encouraging

implementation of second generation financial services for deepening financial access, encouraging interoperability of mobile banking and consumer protection in mobile services. The regulators have a critical role in providing appropriate regulatory and supervisory frameworks that ensure safety and credibility of mobile banking that ultimately contribute to scaling-up of financial services. Consumer protection is a fundamental in the mobile banking/financial services by maintaining consumer trust through ascertaining credibility and safety of mobile payment services. Mobile phone operators should make sure that the mobile users benefit from access to financial services and it will accelerate the introduction of electronic services to the rural areas.

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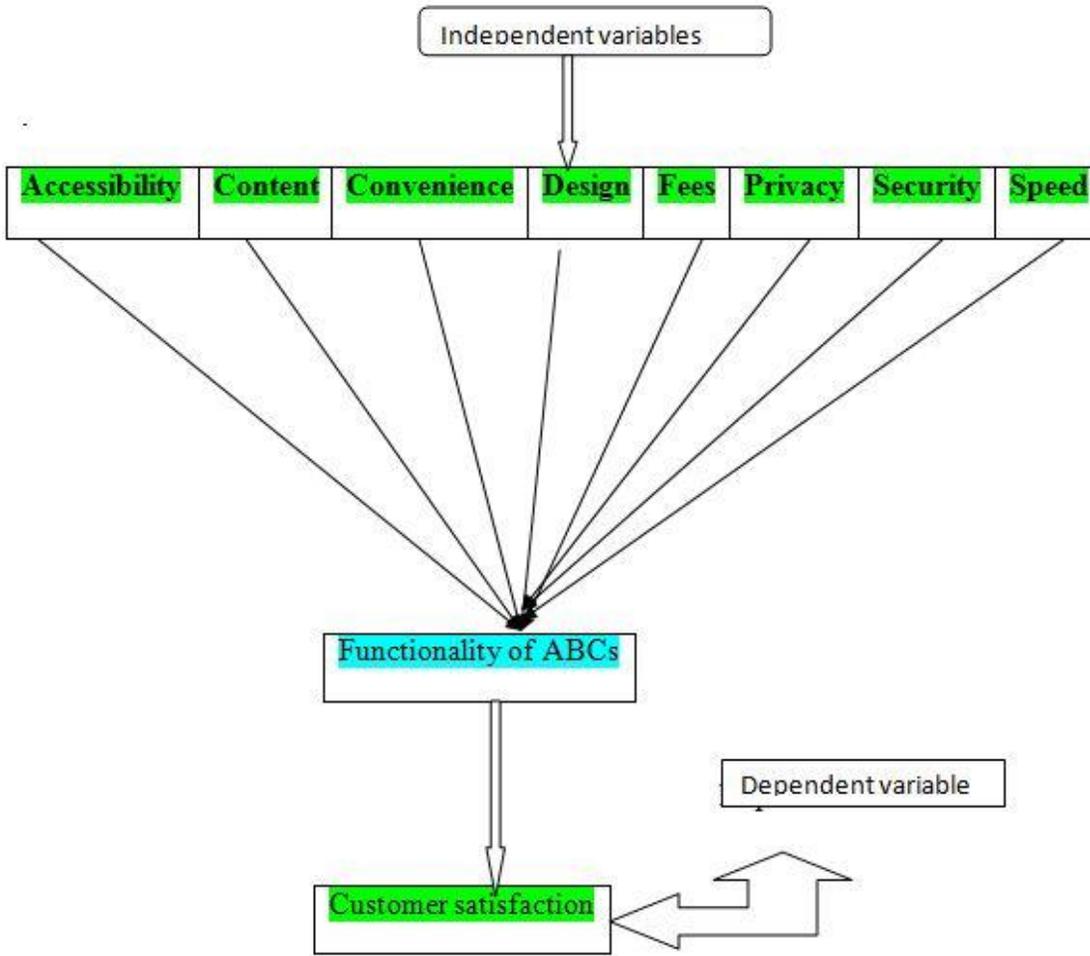
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Appendix

Figure 2.1 Conceptual frame work of the study



Researcher's

construct, 2022

Table 3.1 Reliability test

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
.843	.838	18

Source :(survey data, 2022)

Table 4.1 Functionality attributes in ABCs that influence customer satisfaction in Tanzanian Commercial banks

Variables	Likert Scale							
	1	2	3	4	5	N	Mean	Std

Accessibility		7	32	37	34	110	3.78	0.898
Convenience		10	31	22	47	110	3.78	0.90
Content		5	26	30	49	110	4.04	0.925
Design			28	41	41	110	4.02	0.769
Fees and charges		1	12	39	58	110	4.40	0.832
Privacy	1	2	31	39	37	110	3.89	0.868
Security	1	3	23	40	43	110	4.04	0.832
Speed	2	10	29	32	37	110	3.72	1.04
Weighted mean							4.00	0.883

Source: Field Data, 2022

Table 4.2 Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	387.623			
Final	.000	387.623	7	.000

Table 4.3 Goodness-of-Fit

	Chi-Square	df	Sig.
Pearson	57.194	42	.059
Deviance	70.238	42	.004

Link function: Logit.

Table 4.4 Pseudo RSquare

Cox and Snell	.971
Nagelkerke	.989
McFadden	.885

Link function: Logit.

Table 4.5 Test of Parallel Lines^b

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Null Hypothesis	.000			
General	.000 ^a	.000	42	1.000

The null hypothesis states that the location parameters (slope coefficients) are the same across response categories.

a. The log-likelihood value is practically zero. There may be a complete separation in the data. The maximum likelihood estimates do not exist.