# AGENT BANKING SERVICES AND CUSTOMER SATISFACTION IN COMMERCIAL BANKS IN KITGUM DISTRICT: THE MODERATING ROLE OF REGULATORY FRAMEWORK

**BY**

**OYAT ALFRED**

**REG 18/U/2559/MBA**

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**DECEMBER, 2024**

## DECLARATION

This is to declare that this dissertation is original piece of my work and it has not been submitted to any institution of learning for any academic award

Oyat Alfred _____ Date 09/12/2024



APPROVAL

This is to certify that this dissertation entitled, "**Agent banking and customers satisfaction in commercial banks in Kitgum district: The Moderating Role of Regulatory Framework"** has been developed under our supervision and is now ready for submission.

Signature _____ 10/12/2024

Date

Dr. Olido Kenneth (Supervisor)

Signature _____ 10-12-2024

Date

Dr. Tabo Olok Geoffrey (Supervisor)

GULU UNIVERSITY
ACCESSION STAMP
CLASS No: 332.17 OYA
ACCESS No: A0015590

## DEDICATIONS

This research paper is sincerely dedicated to my supportive Mother Jenny Ogero and my wife Kigwe Christine who encouraged and inspired me in conducting this study. They have never left my side throughout the process and gave me strength and hope when I thought of giving this up. They provided me a great sense of enthusiasm and perseverance in continuing this. Without their love and assistance, this research would not have been made possible. Moreover, I dedicate this research paper to my Brothers Kenneth Onen and Obaloker Festo Emmy who constantly guiding and teaching me to make this study even better, to my family for cheering up for me, and to my friends who have helped me in finishing this project and Lastly to my Marketing Lecturer Mr. Ocaya Patrick who kept guiding me through the research. I really appreciate your words of advice and in continuously giving me moral, emotional, and encouragement. And lastly, I dedicate this research paper to the Almighty God who gives me strength, wisdom, guidance, power of thinking, security, competence, and for giving me good health while doing this. All of these, I offer to you.

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# TABLE OF CONTENTS

**DECLARATION** ..... i
APPROVAL ..... ii
**DEDICATIONS** ..... iii
**ACKNOWLEDGEMENT** ..... iv
**TABLE OF CONTENTS** ..... v
**LIST OF TABLES** ..... ix
**LIST OF FIGURES** ..... x
LIST OF ABBREVIATION AND ACRONYMS ..... xi
**CHAPTER ONE** ..... 1
**INTRODUCTION** ..... 1
1.0 Introduction ..... 1
1.1 Background ..... 2
1.2 Problem Statement ..... 4
1.3 Purpose of the Study ..... 5
1.4 Specific Objectives ..... 5
1.5 Research Questions ..... 6
1.6 Scope of the Study ..... 6
1.6.1 Content Scope ..... 6
1.6.2 Geographical Scope ..... 6
1.6.3 Time Scope ..... 7
1.7 Significance of the Study ..... 7
1.8 Conceptual framework ..... 8
**CHAPTER TWO** ..... 10
**LITERATURE REVIEW** ..... 10
2.0 Introduction ..... 10
2.1 Theoretical Review ..... 10
2.1.1 Agency Theory ..... 10
2.2 Agent Banking Services ..... 12
2.2.1 Deposit Services ..... 12
2.2.2 Withdrawal Services ..... 13
2.2.3 Payment Services ..... 14
2.2.4 General Financial Services ..... 15
2.3 Customer Satisfaction ..... 16

2.3.1 Service Accessibility ..... 17
2.3.2 Brand Image ..... 18
2.3.3 Quality of customer interaction ..... 18
2.3.4 Service Responsiveness ..... 19
2.4 Regulatory Framework ..... 20
2.4.1 Admissible Activities ..... 21
2.4.2 Customer Protection ..... 22
**CHAPTER THREE** ..... 24
**RESEARCH METHODOLOGY** ..... 24
3.0 Introduction ..... 24
3.1 Research Design ..... 24
3.2 Study Area ..... 25
3.3 Study Population ..... 25
3.4 Sample Size ..... 26
3.5 Sampling Procedure ..... 27
3.6 Data Collection Methods ..... 28
3.6.1 Questionnaire Method ..... 28
3.6.2 Interview Method ..... 28
3.7 Data Collection Instruments ..... 28
3.7.1 Questionnaires ..... 28
3.7.2 Interview Guide ..... 29
3.8 Data Quality ..... 29
3.8.1 Validity of the instruments ..... 29
3.8.2 Reliability of the instruments ..... 29
3.9 Data Analysis ..... 30
3.10 Ethical Consideration ..... 30
3.11 Limitations and Delimitations ..... 31
**CHAPTER FOUR** ..... 32
**DATA PRESENTATION, ANALYSIS AND INTERPRETATION** ..... 32
4.0 Introduction ..... 32
4.1 Background Information ..... 32
4.2 Agent Banking Services ..... 34
4.2.1 Deposit Services ..... 34
4.2.2 Withdrawal Services ..... 36

4.2.3 Payment Services ..... 38
4.2.4 General Financial Services ..... 39
4.3 Customer Satisfaction ..... 41
4.3.1 Service Accessibility ..... 41
5.3.2 Brand Image ..... 43
3.4.3 Quality of Customer Interaction ..... 45
4.3.4 Service Responsiveness ..... 46
4.4 Regulatory Framework ..... 48
4.4.1 Admissible Activities ..... 48
4.4.2 Customer Protection ..... 49
4.5 Correlation Analysis ..... 51
4.6 Regression Analysis ..... 54
4.7 Moderation Analysis ..... 56
**CHAPTER FIVE** ..... 57
**DISCUSSION OF FINDINGS** ..... 57
5.0 Introduction ..... 57
5.1 Agent Banking Services ..... 57
5.2 Customer Satisfaction ..... 59
5.3 Regulatory Framework ..... 61
5.4 Agent Banking Services and Customer Satisfaction ..... 62
5.5 Regulatory Framework and Customer Satisfaction ..... 63
5.6 Moderating Effect of Regulatory Framework ..... 64
**CHAPTER SIX** ..... 66
**SUMMARY, CONCLUSION AND RECOMMENDATIONS** ..... 66
1.0 Introduction ..... 66
1.1 Summary of Key Findings ..... 66
6.2 Conclusion ..... 67
4.3 Recommendations ..... 68
6.4 Areas of Future Research ..... 70
REFERENCES ..... 71
APPENDICES ..... 77
Appendix A: Questionnaire for Customers ..... 77
Appendix B: Questionnaire for Agents ..... 80
Appendix C: Interview Guide ..... 86

Appendix D: Krejcie and Morgan Table of Sample Size Determination Sample Size(s) required for the given Population Sizes (N)..... 87

Appendix E: Summary of Thematic Framework Analysis..... 88

## LIST OF TABLES

Table 1: Sample Size Composition ..... 27
Table 2: Background Information ..... 33
Table 3: Deposit Services ..... 34
Table 4: Withdrawal Services ..... 36
Table 5: Payment Services ..... 38
Table 6: General Financial Services ..... 39
Table 7: Service Accessibility ..... 41
Table 8: Brand Image ..... 44
Table 9: Quality of Customer Interaction ..... 45
Table 10: Service Responsiveness ..... 46
Table 11: Admissible Activities ..... 49
Table 12: Customer Protection ..... 50
Table 13: Bi Variate Correlation ..... 51
Table 14: Model Summary ..... 54
Table 15: ANOVA ..... 54
Table 16: Regression Coefficients ..... 55
Table 17: Moderation Output ..... 56

# LIST OF FIGURES

Figure1: Conceptual Framework Showing Agent Banking Services and Customer Satisfaction ..... 8
Figure 2: Map of Acholi Sub Region Showing Location of Kitgum District ..... 25

## LIST OF ABBREVIATION AND ACRONYMS

| | |
|---|---|
| AML: | Anti-Money Laundering |
| CVI: | Content Validity Index |
| KPIs: | Key Performance Indicators |
| KYC: | Know Your Customer |
| MFI: | Microfinance Institutions |
| NGOs: | Non-Governmental Organizations |
| SACCO: | Savings and Credit Cooperative Associations |
| SPSS: | Statistical Package for Social Scientists |

## ABSTRACT

As agent banking continues to gain momentum, it becomes imperative to examine its impact on customer satisfaction which is the cornerstone of sustainable banking relationships. However, the regulatory framework under the control and administration of Bank of Uganda play a crucial role in enhancing the operation of agent banking activities in the country. This study investigated agent banking services and customer satisfaction in Kitgum district, focusing on the moderating role of regulatory framework. The objectives of the study were: to examine the uptake of agent banking services by customers of commercial banks in Kitgum District; to assess the status of customer satisfaction in commercial banks in Kitgum district; to examine the association between agent banking services and customer satisfaction; and to determine the moderating effect of regulatory framework on the relationship between agent banking services and customer satisfaction. The study used correlational research design with cross-sectional timeframe, employing both quantitative and quantitative approaches. Data was collected from a total of 401 respondents (customers, digital consultants and agents) using questionnaire and interview guide. Analysis of quantitative data was performed with the help of SPSS version 26.0 and summarized using descriptive statistics with correlation and regression analyses performed to ascertain relationship and effect among the study variables. Qualitative data was analyzed using thematic analysis. Study findings shows: a moderate level of customer satisfaction, positive relationship between all the dimensions of agent banking services with customer satisfaction. The study also found that, deposits, withdrawals and general financial services have significant effect on customer satisfaction; and regulatory framework moderates the relationship between agent banking services and customer satisfaction. The study concludes that effective and efficient agent banking services are crucial for maintaining high levels of customer satisfaction; and that regulatory measures that ensure customer protection and define clear admissible activities can enhance customer satisfaction. The study made recommendations that: financial institutions should strengthen and expand the scope of deposit, withdrawals and general financial services in order to enhance customer satisfaction; and the study recommended the need for expanding the scope of admissible activities and ensuring customer protection so as to strengthen the impact of agent banking services on customer satisfaction.

# CHAPTER ONE

# INTRODUCTION

## 1.0 Introduction

In recent years, the financial services have witnessed a transformative shift driven by technological advancements and innovative business models. One notable development is the emergence of agent banking services, a strategy designed to extend the reach of financial institutions and enhance financial inclusion (Morduch & Servin, 2018). Agent banking involves the utilization of third-party entities, often local businesses or retail outlets, to provide basic banking services on behalf of financial institutions. This model has gained prominence for its potential to bring banking services closer to underserved and remote communities, fostering financial inclusion on a global scale.

As agent banking continues to gain momentum, it becomes imperative to examine its impact on customer satisfaction which is the cornerstone of sustainable banking relationships. However, the regulatory framework under the control and administration of Bank of Uganda play a crucial role in enhancing the operation of agent banking activities in the country. Customer satisfaction, an important concept encompassing perceptions, expectations, and experiences, serves as a critical indicator of the success of financial service delivery (Keller, 2014). Understanding how a regulatory framework influences the relationship between agent banking services and customer satisfaction is very crucial. This study therefore investigated the moderating role of regulatory framework in commercial banks, focusing on agent banking in Kitgum District, Northern Uganda.

## 1.1 Background

Agent banking has evolved as a financial services model over the years, driven by a variety of factors including advancements in technology, changes in regulatory environments, and the pursuit of financial inclusion (Mas & Kumar, 2008). Historically, the concept of agents in banking can be traced back to the establishment of correspondent banking relationships, where one financial institution provides services on behalf of another in a different location. However, the modern concept of retail agents providing financial services emerged later (Morduch & Servin, 2018). The emergence of mobile money, particularly in regions like Sub-Saharan Africa, played a significant role in the expansion of agent banking services (Demirgüç, 2018)

Agency banking means providing limited scale banking and financial services to the underserved population through engaged agents under a valid agency agreement, rather than a bank teller or cashier (Kumar, Nair, Parsons, & Urdapilleta,2006; Rahman,2016). In agency banking, it is the owner of an outlet who conducts banking transactions on behalf of a particular bank, hence mimics real banking (Hawkins, 2018).

Customer satisfaction is a widely studied concept in business and marketing, and various scholars have provided different definitions over the years. Satisfaction is a person's feeling of pleasure or disappointment resulting from the comparison of a product's perceived performance in relation to his or her expectations (Kotler & Keller, 2014). Customer satisfaction is the result of a customer's perception of the value received in a transaction or relationship compared to that expected (Fornel, 2019). Furthermore, satisfaction is viewed as the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over fulfillment (Oliver, 2020).

Globally, retailers are increasingly utilized as important distribution channels for financial services where shop retailers and post offices are used as agents (Mlachila, 2013). The agents type range from post offices in the outback of Australia, where clients from all banks can conduct their transactions, to rural France where the Bank Credit Agricole uses corner stores to provide financial services, to small lottery outlets in Brazil where clients can receive their social payments and access their bank accounts (Katy,2015).

Agency banking is not new in the world and it is growing fast. In Brazil, Agency banking was rolled out in year 2000 and within 5 years; it had over 90,000 new correspondent banking net-works. These networks were from typically retail commercial outlets ranging from lottery kiosks, pharmacies, post offices, and construction goods stores. In Brazil, private and state-owned banks deliver financial services through retail agents, including small supermarkets and pharmacies, post offices, and lottery kiosks (Kumar et al., 2016). In January 2006, India's central bank issued a circular permitting banks to use post offices and specialized microfinance institutions (MFI), including non-profit organizations (NGO), cooperatives, and for profit companies as retail agents. The circular calls these agents "Business Correspondents" (Central Bank of India, 2016).

In South Africa, although branchless banking is permitted, the wide discretion and strict regulatory requirements for agents and banks to comply have resulted in the exclusion of smaller establishments that are more likely to be located in low-income areas. Bank agents are thus larger retail network/supermarkets with the resources to satisfy the regulator and bank's internal control and/or audit standards (CGAP, 2010).

The growth of agency banking in Kenya suggests a healthy uptake of the model with (CBK, 2015). Widespread agency net-work of the model has helped to reduce transaction cost and extend services to far and remote rural areas (The Association of Community Development Finance Institutions, 2012). With financial inclusion of Kenya being at 70% (having been driven mainly by mobile banking such as Mpesa

which has taken the largest share) there is still an opportunity for further growth of agency banking to improve the rating of financial inclusion (Villasenor, West, & Lewis,2015). Some studies have been undertaken on agency banking in Kenya, as scholars interrogate this relatively new model in the Kenyan market. Some of these studies include: one on impact of agency banking on customer satisfaction (Mbobua, Juma, & Musiega, 2013).

Agent banking in Uganda has been a pivotal strategy in advancing financial inclusion and ensuring customer satisfaction by extending banking services to unbanked and under banked populations. This approach leverages a network of third-party agents, often local businesses, or retail outlets, to provide basic banking services on behalf of financial institutions (Were, 2017). The regulatory environment in Uganda has been conducive to the growth of agent banking. The Bank of Uganda, as the country's central bank, has implemented policies and guidelines to facilitate the establishment and operation of agent banking services. These regulations aim to ensure the security of transactions, protect consumers, and maintain the stability of the financial sector (BoU, 2018).

Several banks and financial institutions in Uganda have embraced agent banking as a means to expand their reach and serve a broader customer base. Notable initiatives include partnerships between commercial banks and mobile network operators to deploy mobile-based agent banking services. These collaborations aim to capitalize on the widespread use of mobile phones in Uganda (Mawejje, 2016).

### 1.2 Problem Statement

Despite the widespread implementation of agent banking in Uganda aimed at enhancing financial inclusion and ensuring customer satisfaction through widespread outreach, a number of challenges persist, impacting customer satisfaction and hindering the realization of its full potential (Kunt, 2019). Despite the availability of services offered through agents, customers have expressed wide dissatisfaction inform of frequent

complaints, low rate of loyalty and above all, low level of service accessibility and costly service access (service inefficiency). Furthermore, the investments in agent banking services is coupled with numerous challenges including poor network coverage, regulatory challenges limiting the scope of coverage of services rendered through agent banking. All these challenges add to customer dissatisfaction and frustrations (Suri, 2021).

The government through the central bank has therefore been trying exploring and implementing innovative models that will deepen Uganda's financial sector to support savings, withdrawals and payment services. One of the initiatives has been the agent banking model (Were, 2017). Since its commencement, empirical evidence on the role regulatory framework plays in the association between agent banking services and customer satisfaction in Uganda is scanty. Therein lays a knowledge gap. Therefore, the purpose of this study was to analyze the role played by regulatory framework agent banking in promoting customer satisfaction in Uganda.

### 1.3 Purpose of the Study

The main purpose of the study was to investigate the effect of agent banking services on customer satisfaction in commercial banks in Kitgum District, Northern Uganda.

### 1.4 Specific Objectives

i. To examine the uptake of agent banking services by customers of commercial banks in Kitgum District.
ii. To assess the status of customer satisfaction in commercial banks in Kitgum district.
iii. To examine the association between agent banking services and customer satisfaction in commercial banks in Kitgum District.

iv. To determine the moderating effect of regulatory framework on the relationship between agent banking services and customer satisfaction.

## 1.5 Research Questions

i. What is the uptake of agent banking services by customers of commercial banks in Kitgum district?
ii. What is the status of customer satisfaction in commercial banks in Kitgum district?
iii. What is the association between agent banking services and customer satisfaction in commercial banks in Kitgum district?
iv. What is the moderating effect of regulatory framework on the relationship between agent banking services and customer satisfaction?

## 1.6 Scope of the Study

This is sectioned under the continuum of content, geographical and time scope

### 1.6.1 Content Scope

The content/subject of this research comprised of agent banking services and customer satisfaction in commercial banks. Agent banking services covered deposits, withdrawals, payment services and general financial services. Customer satisfaction covered Service Accessibility, Brand image, Quality of Customer interaction, Service efficiency, Service Responsiveness. Regulatory framework was covered as a moderating variable.

### 1.6.2 Geographical Scope

Geographically, the area of this research was Kitgum district located in the Northern Part of Uganda. It is bordered by the Republic of Southern Sudan to the north, Karenga District to the east, Kotido District to the

South East, Agago District to the South, Pader District to the Southwest and Lamwo District to the Northwest. Accordingly, THREE commercial banks and their agents will be studied namely: (Stanbic bank, Centenary bank and DFCU bank). These have been selected because they are the largest players in agent banking in Kitgum district.

### 1.6.3 Time Scope

The research covered a period of five (5) years from 2018 to 2023. The time frame was sufficient to make adequate comparison in regards to the customer satisfaction. Besides, this time period reflected the widespread adoption and influx of agent banking businesses in Kitgum district.

## 1.7 Significance of the Study

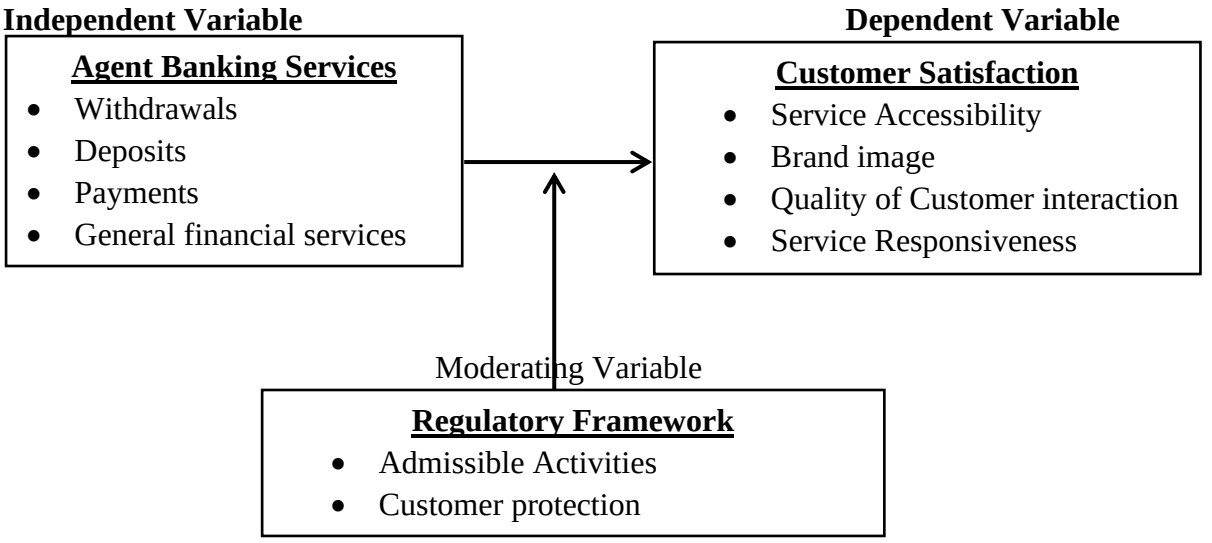
Government of Uganda through Ministries, Departments and commercial banks may use the findings to coordinate policy efforts aimed at improving the application of agent banking platforms that can effectively support effective service delivery and customer satisfaction in the country.

At the community level, the findings may be used to create awareness on the adoption of the agent banking platform. This is intended to create more alternative banking services to the community

To Bank of Uganda and commercial bank, the findings may open an insight into interventions relating to regulatory role that will help improve the application and sustainability as well as adoption of the platform in the banking sector.

To future scholars and academicians, the study provides literature that can be used to carry out further studies in the areas of agent banking services and customer satisfaction within different research contexts.

### 1.8 Conceptual framework




Source: Adapted and modified from (Morduch & Servin, 2018; Berry, 1995; BoU, 2016)

**Figure1: Conceptual Framework Showing Agent Banking Services and Customer Satisfaction**

**Description of the Conceptual Framework**

From the conceptual framework presented above, agent banking services represents the independent variable which has been broken into dimensions of; withdrawals, deposits, payment services and general financial services. Whereas, the dependent variable is represented by customer satisfaction which is measured by:

Service Accessibility, Brand image, Quality of Customer interaction, Service efficiency and Service Responsiveness. Regulatory framework is the moderating variable represented by admissible activities and consumer protection.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.0 Introduction

This chapter presents literature review on agent banking and customer satisfaction, including regulatory framework surrounding agent banking operations. It involves use of text materials, internet materials, peer reviewed journal articles reports from local to national and international sources. Several sources were consulted and the researcher critically analyzed and synthesized the literature embedded in this section.

## 2.1 Theoretical Review

The study of agent banking services and customer satisfaction in commercial banks was guided by agency theory.

### 2.1.1 Agency Theory

One of the theories that describe the principal agent relationship is the agency theory. An agency relationship arises when one or more principals (for example an owner) engage another person as their agent (or steward) to perform a service on their behalf. A principal and an agent form an agency relationship because they each expect to receive some net benefit. The parties expect that the relationship will lead to an efficient division of labor. Performance of this service results in the delegation of some decision-making authority to the agent. This delegation of responsibility by the principal and the resulting division of labor are helpful in promoting an efficient and productive economy. However, such delegation also means that the principal needs to place trust in an agent to act in the principal's best interests (Walker, 2003).

The relationship between the principal and the agent is called the "agency," and the law of agency establishes guidelines for such a relationship. The formal terms of a specific principal-agent relationship are

often described in a contract. A contract to be made by an agent on behalf of a principal is considered to be the contract of the principal and not that of the agent. It allows the principal to authorize somebody to carry out her duties, either for a specific purpose or generally (to conduct many transactions) Inherent in the Principal-Agent relationship is the understanding that the agent will act for and on behalf of the principal. The agent assumes an obligation of loyalty to the principal that she will follow the principal's instructions and will neither intentionally nor negligently act improperly in the performance of the act. An agent cannot take personal advantage of the business opportunities the agency position uncovers. A principal, in turn, reposes trust and confidence in the agent. These obligations bring forth a fiduciary relationship of trust and confidence between Principal and Agent (Green, 2012).

According to the theory, an agent must obey reasonable instructions given by the Principal. The Agent must not do acts that have not been expressly or impliedly authorized by the Principal. The Agent must use reasonable care and skill in performing the duties. Most importantly, the Agent must be loyal to the Principal. The Agent must refrain from putting herself in a position that would ordinarily encourage a conflict between the agent's own interests and those of the principal. The Agent must keep the Principal informed as to all facts that materially affect the agency relationship (Schuler, 2002).

Indeed, so entrenched is the notion of the need to keep the incentives of agents and principals aligned that the law frequently holds principals liable for the misdeeds of an agent. For a person or business to decide whether or not to contract with an agent, she must weigh the expected benefits of that relationship against its potential costs. The deviation from the principal's interest by the agent is called 'agency costs. Various mechanisms may be used to align the interests of the agent with those of the principal. The first type of agency cost is expenditures by the principal in monitoring the agent. By monitoring costs, economists usually imply not only observing the behavior of the agent, but also "efforts on the part of the principal to 'control' the behavior of the agent through compensation policies, operating rules, etc" (Walker, 2013).

Therefore, the regulatory framework helps explain the forms of protection that might act in the best interest of the principal (commercial bank).

## 2.2 Agent Banking Services

Agency banking enhances customer satisfaction (Dias, 2020). This suggests that agents will not provide quality service to customers to satisfy their expectations without offering appropriate services through agent banking platform. Abdel (2021) conducted a study on effect of Agent Banking Services on customer satisfaction using Fidelity Bank as a case. According to the data gathered, majority of the bank's clients were pleased with the quality of services rendered by the bank's agents when they received services. The study found that agent banking services relate positively with customer satisfaction. Therefor literature review on agent banking services will focus on withdrawals, deposits and payment services respectively.

### 2.2.1 Deposit Services

Deposit services form a critical component of agent banking, allowing individuals to save money in a convenient and accessible manner. Literature emphasized the role of deposit services in advancing financial inclusion, providing a platform for individuals, including those in underserved areas, to save money securely (Beck et al., 2019). Studies examine the effectiveness of agent networks in delivering deposit services. Factors such as agent reliability, liquidity management, and the convenience of deposit transactions are crucial for encouraging uptake (CGAP, 2021).

Research explores customer behaviors and adoption patterns related to deposit services through agents. Understanding factors that influence individuals' decisions to use agent banking for deposits is essential for designing effective financial products (Dupas et al., 2018). According to Ojo and Oladipo (2019), deposit services are the most widely used agent banking services. Deposit services allow customers to deposit

money into their bank accounts, pay bills, and transfer funds using retail agents located in remote areas. Through agency banking, customers can access deposit services with ease, speed, and convenience. Deposit services are essential in ensuring financial inclusion, especially for customers who lack access to traditional banking services (Bukhari et al., 2021). By leveraging retail agents, deposit services bring banking services closer to the unbanked and under banked population, thereby reducing financial exclusion.

Further, deposit services have been found to increase financial literacy and promote financial management among customers. Ncube and Ncube (2020) argue that deposit services enable customers to develop a savings culture, which is critical in building their financial capacity. Through deposit services, customers can save their money in bank accounts, thereby earning interest and avoiding the risks of theft associated with keeping cash at home. Additionally, deposit services provide customers with access to credit, which enables them to invest in income-generating activities.

However, deposit services through agency banking have been found to have challenges, such as security and fraud concerns. Retail agents who offer deposit services are susceptible to fraud and money laundering, which may affect the integrity of the financial system (Bukhari et al., 2021). The lack of proper training and infrastructure for retail agents may lead to poor service delivery, which may discourage customers from using agency banking services. This therefore emphasizes the need for knowledge of the platform availability for effective uptake of deposit services through agents.

### 2.2.2 Withdrawal Services

Withdrawal services play a pivotal role in the success and adoption of agent banking. These services are critical for providing convenient access to cash in areas where traditional banking infrastructure is limited. Literature emphasizes the role of withdrawal services in enhancing financial inclusion by extending banking services to unbanked and under banked populations (Mas, Radcliffe, & McIntosh, 2010). Studies explored

customer adoption patterns and behaviors related to withdrawal services through agents. Understanding how users interact with these services is crucial for optimizing agent banking models (Jack & Suri, 2014).

Security concerns in withdrawal transactions are explored, and the establishment of trust between customers and agents is considered pivotal for the success of withdrawal services (Karlan et al., 2014). In addition, literature assesses the economic viability of offering withdrawal services for agents. Factors such as transaction fees, agent commissions, and operational costs are explored (Dupas & Robinson, 2013).

Scholars have examined the security governing withdrawal services within the agent banking model. These include discussions on compliance with anti-money laundering (AML) and know your customer (KYC) regulations (CGAP, 2014). Technological aspects of withdrawal services, including the role of mobile money and digital platforms, are explored in the context of agent banking. The interoperability of these systems and their impact on service delivery are common themes (GSMA, 2018).

### 2.2.3 Payment Services

Payment services are a fundamental component of agent banking, facilitating financial transactions and promoting economic inclusion. Studies often emphasize the role of payment services in advancing financial inclusion, providing convenient and accessible financial transactions for underserved populations (Demirguc-Kunt et al., 2018). Furthermore, studies investigated the dynamics of agent networks and their impact on the delivery of payment services. Factors such as agent liquidity, distribution, and management are crucial for the success of payment services (GSMA, 2016).

Research delves into customer adoption patterns and behaviors related to payment services through agents. Understanding how users interact with these services is vital for optimizing agent banking models (Suri & Jack, 2016). The literature often discusses the role of technology, especially mobile payments, in enhancing

payment services through agent banking. The adoption of digital platforms and the interoperability of systems are key considerations (Mas & Morawczynski, 2009).

Payment services through agency banking increases financial inclusion, especially in rural and underserved areas. Agency banking enables customers to access payment services without traveling long distances to bank branches, thereby reducing the cost of accessing financial services (Mugenda et al., 2021). Furthermore, payment services through agency banking have been found to increase financial literacy among customers, as they promote the use of electronic payment systems. This therefore, requires that efficient and effective use of payment services requires some level of knowledge of the service platforms and services points to ensure its aces and effective usage.

### 2.2.4 General Financial Services

Research on general financial services and economic Growth from a global perspective aimed to analyze the relationship between general financial services and economic growth on a global scale. The study found a positive correlation between increased financial services and overall economic growth (Levine, 2015). Furthermore, the Impact of Mobile Banking on Traditional Banking Services has been explored with major aim to assess how the introduction of mobile banking affects the usage of traditional banking services. The study revealed a significant shift in customer preferences towards mobile banking, leading to changes in traditional banking service usage patterns (Siau & Shen, 2013).

Furthermore, the Role of Microfinance in Poverty Alleviation has been evaluated to examine the effectiveness of microfinance services in reducing poverty. The study suggested that microfinance, when appropriately implemented, can contribute to poverty reduction by providing financial services to the unbanked (Duvendack et al., 2021). The Factors Influencing Adoption and Use of financial technology was examined so as to identify the factors influencing consumer adoption of financial technology (FinTech)

services.The study highlighted that factors such as perceived usefulness, ease of use, and trust significantly impact the adoption of FinTech services (Agarwal et al., 2020).

Studies also examined the role of banks in financial Inclusion from Developing Countries with an aim to investigate the contribution of traditional banks to financial inclusion in developing countries. The study found that traditional banks play a crucial role in expanding financial services to underserved populations when adopting inclusive business models (Beck, 2017). This therefore highlight the role that financial services, agent banking inclusive play in ensuring customer satisfaction.

### 2.3 Customer Satisfaction

Customer satisfaction refers to the evaluation of a product or service in terms of whether the product or service has met the customer's needs and expectations, failure to meet their needs and expectation is assumed to result in dissatisfaction with the product or service (Zeittiational & Bither, 2018). Kotler (2014) observes that customer satisfaction depends on a product's perceived performance in delivering value relative to the buyer's expectations. If the product's performance falls short of customer's expectations, the buyer is dissatisfied. Outstanding marketing companies go out of their way to keep their customers satisfied, they know that customers make repeat purchases and they tell others about their good experience with the product.

According to Prokesch (2015), Customer satisfaction is a reflection of organizational competency or capability in the delivery of service to the customer. The study by Chartered Institute of Bankers (2013) showed that a number of banks were involved in providing e-banking services. This means that customers can gain access to banking services with great ease than if they had to travel to the nearest bank branch thereby forming a basis of customer satisfaction.

### 2.3.1 Service Accessibility

A study focusing on enhancing service accessibility for persons with disabilities was aimed at exploring strategies for improving service accessibility for individuals with disabilities. The study identified that implementing universal design principles and providing assistive technologies significantly enhance service accessibility (Gilbert et al., 2015). Another study that assessed the impact of digital technologies on service access focused on examining how digital technologies influence the accessibility of services in various industries. The study revealed that digital technologies, such as mobile apps and online platforms, enhance service access by providing convenient and flexible options for users (Laudon & Traver, 2018).

In the healthcare fields, a geographic disparity in healthcare service accessibility was studied with a purpose to analyze geographic variations in healthcare service accessibility. The study found that certain regions experience disparities in healthcare access, emphasizing the need for targeted interventions to improve accessibility in underserved areas (Guagliardo, 2014). In a similar case, the Role of transportation in service accessibility aimed at investigating the impact of transportation infrastructure on the accessibility of public services. The study highlighted that efficient transportation systems positively correlate with improved service accessibility, especially in urban areas (Cao et al., 2019).

In the library service field, a research focusing on measuring and Improving Library Service Accessibility was conducted to assess the accessibility of library services for diverse user groups. The study identified specific challenges faced by different user groups and proposed measures to enhance library service accessibility, including digital resources and assistive technologies (Owusu, 2012). The above studies shed light on service access as a component of customer satisfaction in the services arena.

### 2.3.2 Brand Image

Brand image is a powerful tool for enhancing customer satisfaction in commercial banks. A strong brand can create positive associations and satisfaction in the heart of consumers and stakeholders. For banks, a strong brand image can increase customer loyalty and attract new customers due to high level of satisfaction derived from the brand, while also enhancing their reputation as a trusted and reliable financial institution (Cottam, & Segal, 2016).

In developing a strong brand image, commercial banks must invest in marketing and advertising campaigns that emphasize their commitment to customer satisfaction and increasing their commitments to bank products and services. Such campaigns can help to differentiate the bank from its competitors and create a unique brand identity that ensures customer satisfaction. For example, a bank that emphasizes its commitment to improving its image attracts positive appeals from customers and hence develops a brand that resonates with customers who are concerned about the positive image created (Mukasa, 2019).

It is important for banks to maintain consistency in their branding efforts over time. A consistent brand message can help to reinforce positive associations in the minds of customers and enhance the bank's reputation and in turn impact on customer satisfaction. On the other hand, inconsistencies in branding can lead to confusion and erode trust in the bank which lowers customer satisfaction (de Chernatony et al., 2016).

### 2.3.3 Quality of customer interaction

Studies emphasize the crucial role of customer interaction in influencing customer satisfaction. Positive recommendations and interaction can imply increase in customer satisfaction and vice versa (Dellarocas, 2013). Research indicates that online reviews and interactions among customers and bank employees

significantly emplain customer satisfaction and purchase decisions. Positive reviews act as social proof, influencing consumer perceptions (Chevalier & Mayzlin, 2016).

Personalized product and quality interaction of customers with the banks contribute to customer satisfaction by enhancing the overall shopping experience. Customized suggestions based on individual preferences positively impact consumer perceptions (Xiao & Benbasat, 2017). Research shows that how customers interact among themselves and with the banks play a pivotal role in providing mechanism for understanding customer satisfaction. This provides a basis to determine the extent of customer satisfaction by offering tailored recommendations through interaction, improving the overall user experience (Resnick & Varian, 2007).

The role of trust in customer interaction is crucial for customer satisfaction. Studies suggest that building and maintaining trust is essential for improving the quality of customer interaction (Zhang et al., 2014).Some literature highlights the challenges and ethical considerations associated with such interactions, including issues of privacy, transparency, and potential biases in interaction algorithms (Tintarev & Masthoff, 2012).

Social interactions, including those from friends and social networks, have a significant impact on customer satisfaction. Positive word-of-mouth interactions contribute to trust and satisfaction (Brown & Reingen, 2017). Emerging research explores the future trends and challenges in the field of product and service interactions, considering advancements in e-technology and the evolving nature of consumer preferences (Pu et al., 2011).

### 2.3.4 Service Responsiveness

In the field of hospitality, research on enhancing service responsiveness in the hospitality Industry investigated strategies for improving responsiveness in hotel services. The study found that implementing

customer feedback systems and staff training programs significantly improved service responsiveness, leading to increased customer satisfaction (Wang & Nicolau, 2017). A study measuring service responsiveness in e-commerce Platforms to develop metrics for evaluating the responsiveness of e-commerce customer service proposed a set of key performance indicators (KPIs) related to response time and issue resolution, providing a framework for assessing and enhancing service responsiveness in online platforms (Li & Kannan, 2014).

A study focusing on service responsiveness in healthcare using a patient-centered approach examined how healthcare providers can improve responsiveness to patient needs. The study emphasized the importance of communication, empathy, and streamlined processes in healthcare settings to enhance service responsiveness and overall patient experience (Wolf, 2014). In the area of retail banking, a specific study focused on service responsiveness and customer Loyalty in Retail Banking with major aim to explore the relationship between service responsiveness and customer loyalty in the banking sector. The study found a strong positive correlation between timely issue resolution and customer loyalty, highlighting the significance of service responsiveness in retaining banking customers (Liao & Cheung, 2011).

### 2.4 Regulatory Framework

A number of legislations are at play in the regulation of the financial sector in Uganda. The Banking Sector is regulated by Bank of Uganda which is further governed by numerous Acts, including: Financial Institutions Act, 2004, Micro Deposit-taking Institutions Act, 2003, Foreign exchange Act, 2004, Anti-Money Laundering Act, 2013 (BoU, 2016).

Uganda’s financial system to which agent banking operations fall is composed of formal, semiformal and informal institutions. The formal institutions include Banks, Microfinance Deposit-taking institutions, Credit Institutions, Insurance companies, Development Banks, Pension Funds and Capital Markets. The semi-

formal institutions include Savings and Credit Cooperative Associations (SACCO) and other Microfinance institutions, whereas the informal ones are mostly village savings and loans associations. Formal institutions are less prominent in rural areas than urban areas and they only serve 14% of the rural population. Informal institutions play an important role in the rural service provisions and serve approximately 12% of the rural population (UIA, 2019).

### 2.4.1 Admissible Activities

Research emphasizes the importance of clearly defining the admissible activities in agent banking regulations. The extent of financial services that agents can offer plays a crucial role in the success and effectiveness of agent banking initiatives (CGAP, 2016). Studies delve into the regulatory frameworks that govern agent banking and how they shape the admissible activities within the operations of agent banking. Regulatory clarity is essential for defining the range of services that agents can provide, including deposits, withdrawals, and other financial transactions (Mas and Morawczynski, 2019).

The scope of services admissible by regulators directly impacts financial inclusion goals. Some studies explore how a broader service scope can contribute to increased financial access and usage, particularly in underserved areas (GSMA, 2012). With the evolution of financial technologies, studies discuss how regulatory frameworks should adapt to accommodate new service offerings facilitated by technological advancements. Flexibility in regulations is seen as crucial for innovation in agent banking services (World Bank, 2017).

Some literature focuses on the challenges regulators face in defining the admissible activities for agent banking. Balancing the need for consumer protection with fostering innovation is highlighted as a key challenge (Allen et al., 2014). Researchers have provided policy recommendations based on their findings,

suggesting ways to improve the regulatory framework for agent banking, including refining the definition of admissible activities to align with financial inclusion objectives (Jack and Suri, 2014).

### 2.4.2 Customer Protection

Research consistently emphasized the significance of customer protection within the regulatory framework of agent banking. It emphasizes that robust customer protection measures are essential to build trust and confidence in agent banking services (CGAP, 2016). Studies have investigated into how regulatory frameworks can incorporate specific measures and safeguards to protect consumers engaging in agent banking. These safeguards may include disclosure requirements, dispute resolution mechanisms, and privacy protection (GSMA, 2013).

Some literature explores the role of regulations in promoting customer education and awareness. Regulatory frameworks may encourage financial institutions and agents to educate customers about the risks and benefits associated with agent banking services (World Bank, 2017). Research has highlighted the challenges regulators face in ensuring effective customer protection. Balancing the need for consumer safeguards with the promotion of financial inclusion and innovation is a key challenge (Allen et al., 2014).

Some studies emphasized the role of financial literacy programs within the regulatory framework. Ensuring that customers are well-informed about the risks and benefits of agent banking services contributes to effective customer protection (Dupas & Robinson, 2013). Researchers often discuss the importance of establishing effective customer redress mechanisms within the regulatory framework. This includes mechanisms for addressing customer complaints, ensuring fair treatment, and resolving disputes (Hermes et al., 2011).

## 2.5 Summary of Literature Gaps

Most studies on agent banking focus on urban or peri-urban areas, where infrastructure, technology adoption, and customer preferences differ significantly from rural regions. The unique challenges faced in rural districts, such as limited financial literacy, inadequate technological infrastructure, and lower trust in financial institutions, remain underexplored (Kumar & Mohanty, 2022; Mwangi et al., 2023).

While research acknowledges the role of regulation in agent banking, few studies examine its moderating effect on customer satisfaction. Regulatory factors like agent licensing, transaction limits, consumer protection policies, and financial inclusion incentives may significantly influence service delivery and customer experiences, yet their effects are often treated as peripheral (Oino & Auka, 2021).

Most studies employ quantitative methods to measure customer satisfaction, focusing on metrics like transaction speed, service accessibility, and error rates. However, qualitative insights into customer perceptions, trust in agents, and the role of personalized services are rarely investigated. This limits the depth of understanding of customer satisfaction drivers in rural settings (Njenga & Karugu, 2021).

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.0 Introduction

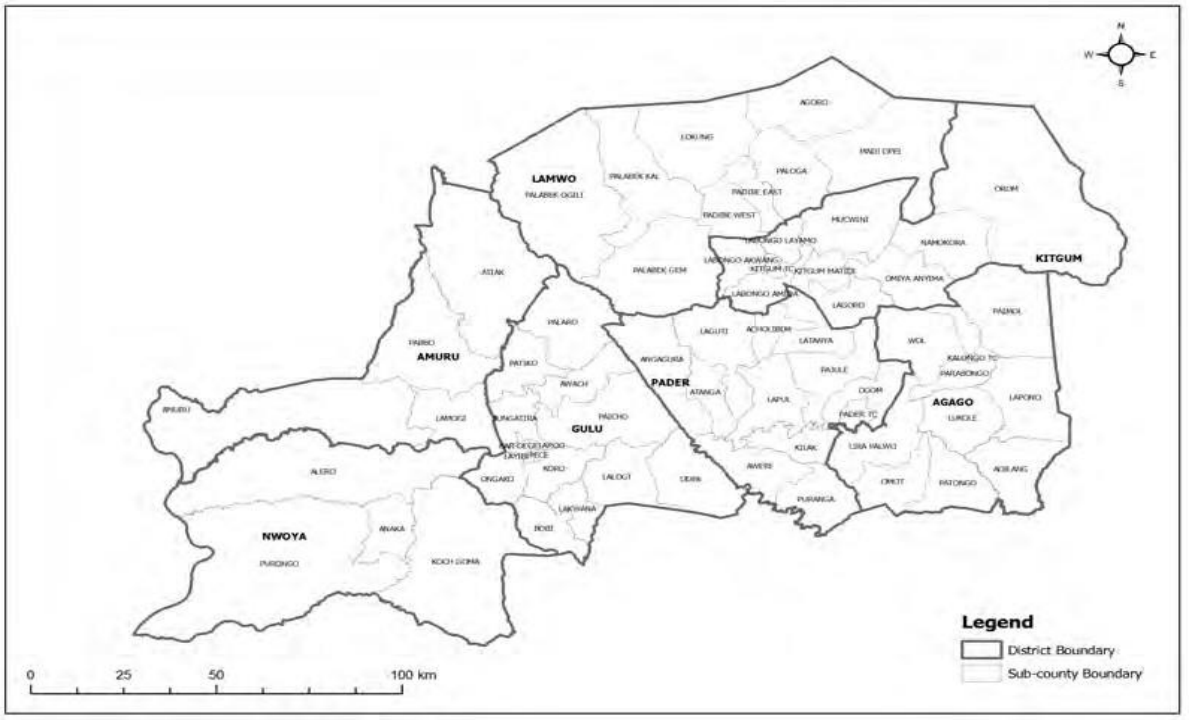
Research methodology is a process used to collect information and data for the purpose of making business decisions (Creswell, 2014).This chapter presents the research design, study population, sampling and study variables, sources of data, data collection methods and instruments, data processing, analysis and presentation and limitations of the study.

## 3.1 Research Design

According to Creswell (2014) research design is the plans and procedures for research that span the steps from broad assumptions to detailed data collection method, analysis and interpretation. For this study, the researcher used correlational research design to allow for the measure of association between the study variables. The study adopted a cross-sectional research timeframe with a mixed of both quantitative and qualitative approaches. Quantitative data was collected through administering closed ended questionnaire to respondents. Whereas, qualitative data was collected by conducting detailed interview using open-ended question to the study key informant. This allowed for in-depth exploration through interviews and wider coverage through questionnaires and besides, it allowed for methodological triangulation. A survey strategy was employed in this study based on its efficient use in gathering information from a large group of respondents within a short period of time.

### 3.2 Study Area

The research was conducted in Kitgum Municipality. The Municipality lies North of Kampala, at a road distance of about 334 kilometers from Kampala. The area is chosen due to recent adoption and use of agent banking platforms and its related challenges.




Source: UBOS, (2019)

**Figure 2: Map of Acholi Sub Region Showing Location of Kitgum District**

### 3.3 Study Population

Shukla (2020) refers to population as the groups of elements which the findings of the study is based on. The study population included the staff of Stanbic bank, DFCU, Centenary Bank, agent banking operators and customers of the bank who are utilizing agent banking services. The total number of customers transacting with commercial banks in Kitgum is unknown.

### 3.4 Sample Size

The sample size of respondents for qualitative interviews followed the rule of saturation in which the researcher interviewed bank officials; agent banking officials and digital consultants until there was no new information being generated. For the questionnaires, the sample size of respondents was determined using Ronald A. Fisher formula since the total population (number of customers transacting with commercial bank agents in Kitgum is unknown. The formula is given as:

The formula for sample size calculation for estimating the unknown population of customers is:

$$n = \frac{Z^2 * P\,(1-P)}{E^2}$$

Where:

n is the required sample size,

Z is the Z-score corresponding to the desired confidence level,

P is the estimated proportion (estimated to be 0.5 for maximum variability if the proportion is unknown),

E is the margin of error.

Therefore, after plugging these values into the formula:

$$n = \frac{(1.645)^2 \cdot 0.5 \cdot (1-0.5)}{(0.05)^2}$$

$$n = \frac{2.706\,(0.250)}{0.0025}$$

$$n = 270.6$$

$$n = 271$$

Therefore, a sample of 271 customers transacting with commercial bank agents in Kitgum district were selected for this study.

The sample of 271 respondents were distributed among the selected commercial banks in Kitgum district based on proportion of number of agents of the selected commercial banks as summarized in the table below:

The sample size for agents were selected based on Krejcie and Morgan (1970) table for determination of sample size. Accordingly, Stanbic bank Kitgum has a total of 80 agents, Centenary 60 agents and DFCU 45 agents, making a total of 187 agents. The sample size selection has been summarized in the table below:

**Table 1: Sample Size Composition**

| Banks/ Category of respondents | Customers | Digital Consultants | Agents | Grand Total |
|---|---|---|---|---|
| **Stanbic Bank** | 117 | 1 | 55 | 173 |
| **Centenary Bank** | 88 | 1 | 41 | 130 |
| **DFCU Bank** | 66 | 1 | 31 | 98 |
| Total | **271** | **3** | **127** | **401** |

**Commercial Bank Reports (2023)**

### 3.5 Sampling Procedure

The study used purposive and stratified sampling techniques. Agents were stratified in to the different commercial banks in Kitgum municipality from where customers were selected. This allowed for proper distribution of respondents and minimized the problem of over concentration of respondents from only one area of the population.

The researcher employed purposive sampling technique to select bank supervisors and to select digital consultants for the purpose of interviews. This was because the digital consultants and supervisors are perceived to have in-depth information about agent banking services.

### 3.6 Data Collection Methods

#### 3.6.1 Questionnaire Method

Questionnaires method was used for some sections of the respondents particularly the customers transacting with agents and agents themselves. These were distributed to the selected customers and agents of the bank. The justification for using this method was that questionnaires were easy to quantify and analyze. In addition, the instrument is suitable for seeking opinions, analyzing attitudes, feelings and perceptions of respondents. The questionnaire developed was standardized and closed ended for ease of analysis and quantification.

#### 3.6.2 Interview Method

According to Creswell (2014), interview involves a researcher asking questions to an individual or group of individuals in order to gather information about their thoughts, experiences, and perspectives on a particular topic. Interviews can be conducted in a variety of settings, such as face-to-face, over the phone, or via video conferencing, and can be structured or unstructured, depending on the research questions and objectives. For the purpose of this study, the interview method involved face to face discussion with supervisors (Commercial bank officials) and Commercial bank agents. This method provided the researcher with the opportunity to gather in-depth and detailed information from the research participants.

### 3.7 Data Collection Instruments

#### 3.7.1 Questionnaires

A questionnaire is a set of printed or written questions with a choice of answers, devised for the purposes of a survey or statistical study. The questionnaire was used because the information was collected from a large sample in a short period of time. The questionnaire will be used to collect data from respondents (agents and

customers transacting with commercial bank agents in Kitgum). The questionnaires were researcher administered since some customers did not know how to read or write.

### 3.7.2 Interview Guide

The study employed interview guide as data collection instrument in order to gather qualitative data. Interviews were conducted with the supervisors of commercial bank agents and with the digital consultants to gather in-depth information about the agent banking services and customer satisfaction since these people have deeper knowledge about the operations of agent banking services.

## 3.8 Data Quality

### 3.8.1 Validity of the instruments

Validity is the degree to which the results obtained from the instruments represents what it intended to measure. Accuracy of information was ensured by subjecting to scrutiny of three experts or supervisors and recommendations from where Content Validity Index was determined. The instrument was considered valid for data collection since the value of the CVI was higher than 0.70 as emphasized by (Lynn, 2006). Content Validity Index (CVI) was determined using the following formula:

$$\text{CVI} = \frac{Total\ Number\ of\ relevant\ items}{Total\ number\ of\ items\ of\ questionnaire}$$

### 3.8.2 Reliability of the instruments

Reliability refers to the degree of dependability and accuracy of data collection tool. The researcher used the Statistical Package for Social Scientists (SPSS) to ascertain this. The researcher carried out a pre-test on the research instrument to determine its reliability. The drive of administering the pre-test was to determine the

reliability of the instrument and by finding out whether the questionnaire was interpretive by the respondents and to check its consistency from one respondent to another on the variables being studied. The pre-test was carried out with 30 agents and 60 customers in Gulu City. The Statistical Package for Social Scientists (SPSS) was used to ascertain reliability using Chronbach's alpha coefficient. Cranach's Alpha of 0.7 and above were obtained and considered reliable as emphasized by (Nunnally, 2004).

### 3.9 Data Analysis

The data collected were checked for accuracy, completeness and reliability or inconsistencies. This study used descriptive statistics to ascertain the uptake of agent banking services; and to ascertain the status of customer satisfaction. Inferential statistics (Correlation and regression analyses) were used to determine the relationship between agent banking services and customer satisfaction. For the moderating effect of regulatory framework, process macro using SPSS procedure was performed. For qualitative analysis, thematic analysis was used where researcher transcribed and grouped the qualitative responses in to themes after coding and forming categories according to the objectives from where reporting was done verbatim.

### 3.10 Ethical Consideration

In research, knowledge cannot be pursued at the expense of human dignity (Oso and Onen, 2005). The informed consent of all the key parties in this research was sought. Additionally, conducting research requires not only expertise and diligence, but also honesty and integrity. This was done to recognize and protect the rights of human subjects. To render this study ethical, the rights to self-determination, anonymity, confidentiality and consent of respondents were observed as recommended by (Kothari, 2004).

Anonymity of respondents was ensured by using alphanumeric pseudonyms, the purpose of the research was disclosed to participants and respondents were requested to be tape recorded before interviews to cater for

voluntary and informed consent and the researcher ensured the respondents that their responds will be treated with high degree of confidentiality, Consent forms were signed by the respondents.

The researcher got an introductory letter from the dean faculty of Business and Development Studies Gulu University, explaining the purpose of the study and sought permission from the bank managers to conduct the study in their Institutions.

Two research assistants were recruited and trained to provide support in administering questionnaires to the respondents. Pre-Visit to the banks and agents to make arrangement, prepare plan and appointments to administrator the Questionnaire prior the data collection time were conducted.

### 3.11 Limitations and Delimitations

The finding of the study was limited in their generalizability to a broader population. Kitgum district have unique characteristics that differ from other regions, limiting the applicability of the results beyond this specific context. The study recommended further studies in other contexts to broaden the applicability of the study.

The study's sample did not fully represent the diversity of commercial Bank customers in Kitgum district. If certain demographic groups are underrepresented, it affects the external validity of the study. The researcher ensured that respondents of different categories were well represented through stratification.

The study was limited by time constraints. Research conducted within a specific timeframe was not able to capture the dynamics of customer satisfaction over a more extended period. However, the researcher considered a period of five years to offer comprehensive coverage of agent banking services and customer satisfaction.

# CHAPTER FOUR

# DATA PRESENTATION, ANALYSIS AND INTERPRETATION

## 4.0 Introduction

This study focused on salesmanship qualities, customer relationship management and performance of commercial banks in Gulu City. This section focuses on the presentation, analysis and interpretation of data structured according to the study objectives. This chapter covers the analysis of background information of respondents, the analysis of salesmanship qualities, customer relationship management and performance of commercial banks. Correlation and regression analyses are also presented in this section.

## 4.1 Background Information

The analysis below indicates the background information of respondents in the forms of gender, education level, marital status and the age bracket of respondents. The analysis of the sex of respondents shows that 37.2% of the respondents are female while 62.8% are males, indicating a higher proportion of male respondents. As presented in the table, the analysis of age bracket shows that 5.3% of the respondents are below the age bracket of 21-30 years, 24.9% are within the age bracket of 31-40 years, 52.5% are within the age group of 41-50 years while the age group of those above 50 years constitutes 17.3%. Therefore, most of the respondents were within the age group of 41-50 years constituting up to 52.5%. The analysis of the educational background of respondents indicate that 0.8% of the respondents attained primary level of education, 6.8% attained secondary level, 37.4% attained collage level, while 55.0% attained university level. Therefore, majority of the respondents attained university education. The analysis of marital status of respondents shows that 32.9% of the respondents are single, 56.5% are married, 2.3% are divorced while 8.3% are widowed. Thus majority of the respondents are married reflected by 56.5% of the respondents. The analysis of the background information of the respondents is as presented in the table below:

**Table 2: Background Information**

| Variable | Category | Frequency | Percentage |
|---|---|---|---|
| Sex of the respondents | Female | 148 | 37.2 |
| | Male | 250 | 62.8 |
| | Total | 398 | 100.0 |
| Age of respondents | 21-30 | 21 | 5.3 |
| | 31-40 | 99 | 24.9 |
| | 41-50 | 209 | 52.5 |
| | 51&above | 69 | 17.3 |
| | Total | 398 | 100.0 |
| Educational Level | Primary | 3 | .8 |
| | Secondary | 27 | 6.8 |
| | Collage | 149 | 37.4 |
| | University | 219 | 55.0 |
| | Total | 398 | 100.0 |
| Marital Status | Single | 131 | 32.9 |
| | Married | 225 | 56.5 |
| | Divorced | 33 | 2.3 |
| | Widowed | 9 | 8.3 |

Source: Primary data, (2024)

### 4.2 Agent Banking Services

The analysis of agent banking services covered deposit services, withdrawal services, payment and general financial services as presented in the table below:

#### 4.2.1 Deposit Services

The analysis of deposit services which constitute an important dimension of agent banking services is presented in the table below:

**Table 3: Deposit Services**

| DEPOSIT SERVICE | SD | D | SD+D | NS | A | SA | A+SA |
|---|---|---|---|---|---|---|---|
| Agent banking is common banking services undertake for customer deposits | 19.6% | 9.3% | 28.9% | 21.6% | 19.3% | 30.2% | 49.5% |
| I am among the many people undertaking agent banking to support customer deposit | 7.5% | 17.6% | 25.1% | 18.1% | 37.4% | 19.3% | 56.8% |
| Cash deposit are made from my point more conveniently | 12.8% | 15.6% | 28.4% | 11.3% | 33.4% | 26.9% | 60.3% |
| Making deposit on agent banking is more common at my agent point | 13.8% | 10.6% | 24.4% | 23.4% | 29.9% | 22.4% | 52.3% |
| Cash deposit using agent banking is much faster at my agent point | 15.1% | 3.0% | 18.1% | 18.3% | 34.7% | 28.9% | 63.6% |
| Deposit using agent banking at my agent point are not agent point | 10.6% | 16.8% | 27.4% | 21.4% | 26.9% | 24.4% | 51.3% |
| Depositing is not influenced by location when using agent banking | 12.8% | 13.6% | 26.4% | 20.9% | 36.7% | 16.1% | 52.8% |
| Average | 13.17% | 12.36% | 25.53% | 19.29% | 31.19% | 24.03% | 55.23% |

Source: Primary Data, 2024

As presented in the table above, the highest level of agreement on agent banking services was depicted in cash deposit using agent banking being much faster represented by 63.6% level of agreement, followed by 56.8% of agents who agreed that they are among the many people undertaking agent banking to support customer deposit. The lowest level of agreement was witnessed in agent banking being common services

undertaken for customer deposits with agreement level of 49.5%. Overall, the result shows an average usage of agent banking services in Kitgum district as represented by an overall average score of 55.23%.

Qualitatively, in analyzing the data on agent banking services for deposits, several key insights emerged, revealing varied positions. However, most interview results pointed to the customers accepting the usage of agent banking for deposit related functions which align with the quantitative result presented. The usage of deposit services is supported by one of the participants who noted that:

> *"I see many people coming to deposit their money through agent banking. It's convenient for them, and I feel like agent banking is helping the community manage their finances better" (Commercial bank Digital consultant, March, 2024).*

The agreement level highlights the agents' critical role in promoting financial inclusion and accessibility through deposit related functions. Their presence in local communities makes banking services more accessible, especially in areas where traditional banks may be scarce or difficult to reach.

To back up the claim, another respondent remarked:

> *"While some customers regularly use agent banking for deposits, I know many others who still prefer traditional banks or aren't aware of this service yet" (Branch Supervisor, March, 2024).*

The above varied position on the usage of agent banking for deposit related activities suggests that there is room for growth in awareness and adoption of agent banking services. Efforts to promote the benefits and reliability of agent banking could help increase its usage, making it a more common practice among the broader population.

The findings suggest that while agent banking services, particularly for deposits, are valued for their speed and the support they provide to customers, they are not yet universally adopted in Kitgum district. Increased awareness, could further integrate these services into the daily financial activities of the community.

### 4.2.2 Withdrawal Services

Withdrawal services as component of agent banking services has been analyzed and presented in the table below:

**Table 4: Withdrawal Services**

| **WITHDRAWAL SERVICES** | SD | D | SD+D | NS | A | SA | A+SA |
|---|---|---|---|---|---|---|---|
| I possibly facilitate withdrawals at my agent point using agent banking platforms | 8.3% | 15.1% | 55.3% | 21.4% | 34.7% | 20.6% | 55.3% |
| I conveniently facilitate withdrawal at my agent point using agent | 9.3% | 16.3% | 53.3% | 21.1% | 38.7% | 14.6% | 53.3% |
| Customer can withdraw any amount of money from agent point | 7.5% | 17.1% | 60.3% | 15.1% | 37.2% | 23.1% | 60.3% |
| Customer can make withdrawals anytime from my agent point | 13.6% | 19.3% | 49.7% | 17.3% | 32.7% | 17.1% | 49.7% |
| I consider agent banking withdrawals as being cheaper | 7.5% | 20.1% | 46.7% | 25.6% | 29.6% | 17.1% | 46.7% |
| Agent banking withdrawals is faster than in bank | 12.1% | 25.9% | 43.7% | 18.3% | 26.9% | 16.8% | 43.7% |
| **Average** | **9.72%** | **18.97%** | **43.7%** | **19.80%** | **33.30%** | **18.22%** | **51.50%** |

Source: Primary Data, 2024

The analysis of withdrawal services as a component of agent banking services shows customers withdrawing any amount of money from agent point as having the highest level of agreement as reflected by 60.6% of the respondent who agreed and strongly agreed respectively. This was followed by agents facilitating withdrawals at their points using agent banking platforms with a score of 55.3 % level of agreement, followed by agents conveniently facilitating withdrawal at their points with a score of 53.3%. The lowest level of agreement was revealed in agent banking withdrawals being faster than the bank with a score of

43.7%. The second lowest level of agreement was agent banking withdrawal being considered as cheap with a score of 46.7% level of agreement. Generally, the result indicate an average usage of agent banking platform for withdrawal services in Kitgum reflected in overall average of 51.5% level of agreement.

From the qualitative perspective, to ascertain the adoption and usage of agent banking for withdrawal activities, customers highly appreciate the flexibility of withdrawing any amount of money from agent points though the usage remains moderate. This aspect of agent banking has garnered the most positive feedback, indicating its significance to users, though not yet heavily adopted. This is exemplified by one of the digital consultant of one of the commercial bank who observed that:

> *"I love that customers can withdraw money from the agents, whether it's a small sum or a larger amount. It gives them a lot of flexibility and control over their money. The only worry is that majority of the population yet do not understand that withdraw is now possible through agents" (Digital consultant, March, 2024).*

Therefore, agents play a crucial role in facilitating withdrawals through agent banking platforms, with a significant number of users recognizing this service. The ease with which agents handle these transactions is appreciated by many.

During an interview with branch supervisor for agents in one of the commercial banks, she remarked:

> *"The agents are very helpful and make the process of withdrawing money straightforward. It's convenient to have someone assist you right there. It is important we enroll many customers to access this service" (Branch supervisor, March, 2024.*

Overall, the use of agent banking platforms for withdrawal services reflects moderate usage and satisfaction among users. While there are clear advantages, such as flexibility and convenience, its adoption has not yet been appreciated by majority of the population in Kitgum district.

### 4.2.3 Payment Services

Payment services represent one of the crucial aspects of agent banking services and the table provided below presents the status of usage of payment services through agent banking platform in Kitgum district.

**Table 5: Payment Services**

| PAYMENT SERVICES | SD | D | SD+D | NS | A | SA | A+SA |
|---|---|---|---|---|---|---|---|
| I consider bill payment in agent banking as being simple | 10.1% | 20.9% | 30.9% | 27.1% | 26.6% | 15.3% | 42.0% |
| Bill payment with agent banking takes less time than in banking halls | 6.0% | 15.6% | 21.6% | 17.3% | 34.9% | 26.1% | 61.1% |
| Bill payment using agent banking is more convenient | 21.9% | 16.8% | 38.7% | 10.6% | 24.4% | 26.4% | 50.8% |
| Bill payment using agent banking is less stressful in term of long lines | 6.0% | 20.4% | 26.4% | 13.6% | 39.7% | 20.4% | 60.1% |
| Customers undertake frequent payment of utility bills from my agent point | 9.0% | 17.8% | 26.9% | 19.6% | 32.7% | 20.9% | 53.5% |
| **Average** | **10.60%** | **18.30%** | **28.90%** | **17.64%** | **31.66%** | **21.82%** | **53.50%** |

Source: Primary Data, 2024

The analysis of payment services as a component of agent banking services shows that bills payments using agent banking takes less time than in banking halls with the highest level of agreement of 61.1%, followed by bills payment using agent banking being less stressful in terms of long lines, with the level of agreement of 60.1 %. The lowest level of agreement was revealed in bills payment using agent banking being simple with a score of 42.0% followed by bills payment using agent banking being more convenient with the second lowest score of 50.8%. Generally, the study revealed an average level of usage of agent banking platform for undertaking bills payment in Kitgum district with an average score of 53.50%.

### 4.2.4 General Financial Services

General Financial services represent one of the crucial aspects of agent banking services and the table provided below presents the status of usage of general financial services through agent banking platform in Kitgum district.

**Table 6: General Financial Services**

| **GENERAL FINANCIAL SERVICES** | SD | D | SD+D | NS | A | SA | A+SA |
|---|---|---|---|---|---|---|---|
| I have ever initiated accounts opening through bank agents | 9.0% | 11.3% | 20.4% | 20.6% | 29.4% | 29.6% | 59.0% |
| I usually inquire my account balance through agent banking platform | 16.1% | 14.1% | 30.2% | 17.3% | 34.7% | 17.8% | 52.5% |
| I have ever undertaken cash transfers through bank agents | 10.1% | 15.6% | 25.6% | 17.3% | 38.9% | 18.1% | 57.0% |
| Financial services through bank agents are very effective | 9.0% | 14.8% | 23.9% | 16.6% | 36.7% | 22.9% | 59.5% |
| General financial services dominate the list of my transactions via agent banking. | 9.0% | 13.3% | 22.4% | 20.4% | 35.2% | 22.1% | 57.3% |
| Average | 10.64% | 13.82% | 24.50% | 18.44% | 34.98% | 22.10% | 57.06% |

Source: Primary Data, 2024

The data provided on the table above shows that financial services through bank agents being very effective as a component of agent banking services with the highest level of agreement of 59.5%, followed closely by initiation of accounts opening with a score of 59.0%. The study further revealed account balance inquiry through agent banking as the lowest aspect of general financial services with a score of 52. 5% and cash transfer using agent banking services as the second lowest level of response with a score of 57.0%. Overall, the study shows average usage of general financial services as a component of agent banking services with average level of agreement of 57.06%.

The qualitative results revealed that financial services provided through bank agents are viewed as highly effective by users. This aspect of agent banking has received the most positive feedback, indicating its importance and reliability. A branch digital consultant remarked during an interview that:

> *"Customers find agent banking very effective for their day-to-day financial needs like balance inquiry, accounts initiation, payment of utilities among others. It's reassuring to see how well these services are received in the community"(Branch Digital Consultant, March, 2024).*

The above finding highlights the success of agent banking in delivering reliable and accessible banking solutions. This effectiveness is likely driving customer satisfaction in the agent banking model.

On the other hand, account balance inquiries through agent banking are seen as less favorable compared to other services. This indicates a potential area for improvement in how these inquiries are handled or communicated. A digital consultant noted that:

> *"While agent banking is great for many services, checking account balances can sometimes be less straightforward. We need to streamline this process to make it more user-friendly" (Branch Digital Consultant, March, 2024).*

The lower satisfaction with account balance inquiries suggests that this service may need enhancements. Improving the efficiency and clarity of balance inquiries could further increase user satisfaction and trust in agent banking services.

Cash transfers using agent banking services are also seen as less favorable, though still positively viewed. This indicates that while the service is useful, there may be challenges or limitations that need addressing. One of the branch supervisors remarked:

*"Cash transfers via agents work well, but there are occasional hiccups that we need to address to ensure seamless transactions for all customers"(Branch Supervisor, March, 2024).*

The feedback on cash transfer services suggests that while they are generally effective, there may be specific issues such as delays or technical problems that need resolution. Addressing these challenges could enhance the overall reliability of cash transfer services. Overall, the use of general financial services through agent banking reflects moderate usage and satisfaction among users. While there are clear strengths, such as the effectiveness of services and ease of account opening, areas like account balance inquiries and cash transfers show room for improvement.

### 4.3 Customer Satisfaction

The analysis of customer satisfaction has been structured ti incorporate four main sections including; service accessibility, brand image, quality of customer interaction and service responsiveness as presented in the ensuing sections:

#### 4.3.1 Service Accessibility

Service accessibility represents a crucial measure of customer satisfaction and its analysis is as presented in the table below:

**Table 7: Service Accessibility**

| **SERVICE ACCESSIBILITY** | SD | D | SD+D | NS | A | SA | A+SA |
|---|---|---|---|---|---|---|---|
| Withdrawal services are easily accessible through bank agents | 9.0% | 11.3% | 20.4% | 20.6% | 29.4% | 29.6% | 59.0% |
| Deposit services are easily accessible through bank agents | 16.1% | 14.1% | 30.2% | 17.3% | 34.7% | 17.8% | 52.5% |
| Utility bills payments are easily accessed through bank agents | 10.1% | 15.6% | 25.6% | 17.3% | 38.9% | 18.1% | 57.0% |
| I find school fees payment easily accessed through bank agents | 9.0% | 14.8% | 23.9% | 16.6% | 36.7% | 22.9% | 59.5% |
| Customers can easily access banking services from agent point | 9.0% | 13.3% | 22.4% | 20.4% | 35.2% | 22.1% | 57.3% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Average | 10.64% | 13.82% | 24.50% | 18.44% | 34.98% | 22.10% | 57.06% |

Source: Primary Data, 2024

The data presented on the table below shows easy access to school fees payment as the component of service accessibility with the highest level of agreement with a score of 59.5%, followed by easy access to withdrawal services through agent banking platform with an agreement level of 59.0%. The study shows that, the lowest level of response was revealed deposit services being easily accessible through agent banking platform with an agreement level of 52.5 % and the second lowest level of agreement was utility bills payment being easily accessible through agent banking services. Overall, there is an average level of service accessibility as a component of customer satisfaction with an average score of 57.06%.

The Qualitative data indicates that among various components of service accessibility, school fees payment through agent banking services is perceived as the most accessible. This is closely followed by the accessibility of withdrawal services through the agent banking platform. Conversely, deposit services and utility bill payments are seen as less accessible in comparison.

From the perspective of bank digital consultants and branch supervisors, these findings highlight significant insights into the current state of agent banking services. A digital consultant was quoted saying,

> *"Parents frequently tell us that a paying school fee through agent banking is incredibly convenient and saves them a lot of time (Digital Consultant, March, 2024)"*

This reflects the high level of satisfaction regarding the ease of accessing school fees payment services.

Branch supervisors also observe a strong positive response towards the accessibility of withdrawal services. One note:

*"Customers often express satisfaction with how easily they can withdraw money through our agent banking services; it's a feature that they rely on daily (Branch Supervisor, March, 2024)"*

This indicates that withdrawal services are also perceived as highly accessible, almost on par with school fees payment. On the other hand, the lower levels of agreement for deposit services and utility bill payments suggest areas where customers face more challenges. A branch supervisor shared:

*"We've noticed that customers sometimes struggle with using the agent banking platform for deposits, and this is something we're looking to improve (Branch Supervision, March, 2024)."*

Similarly, a digital consultant added:

*"Paying utility bills through agent banking isn't as seamless for some users, and we're working on enhancing this service (Digital Consult, March, 2024)."*

Overall, while there is a satisfactory level of service accessibility in agent banking services, the feedback indicates that certain areas, such as deposits and utility bill payments, require further refinement to meet customer expectations fully. This understanding is crucial for banks to prioritize improvements and provide a more comprehensive and accessible agent banking experience.

### 5.3.2 Brand Image

In this study, brand image represents an important measure and component of customer satisfaction and its analysis is presented in the table below:

**Table 8: Brand Image**

| **BRAND IMAGE** | SD | D | SD+D | NS | A | SA | A+SA |
|---|---|---|---|---|---|---|---|
| Customers are excited about the name of the bank while transacting at my point | 9.0% | 12.8% | 21.9% | 15.1% | 36.7% | 26.4% | 63.1% |
| Commercial bank products/services offered through agents provide customers with a unique and enjoyable experience | 10.6% | 14.1% | 24.6% | 14.1% | 41.2% | 20.1% | 61.3% |
| Products/services offered through bank agents stand favorably to customers | 23.6% | 27.6% | 51.3% | 14.6% | 29.6% | 4.5% | 34.2% |
| The excitement of customers when using services through my agent point contributes to their overall positive experience | 14.3% | 27.1% | 41.5% | 18.6% | 22.4% | 17.6% | 39.9% |
| Customers positively rate the image of the bank highly in term of services offered by agents | 16.8% | 25.6% | 42.5% | 19.8% | 29.4% | 8.3% | 37.7% |
| Average | 14.86% | 21.44% | 36.36% | 16.44% | 31.86% | 15.38% | 47.24% |

Source: Primary Data, 2024

The study result presented in the table above revealed customer excitement about the name of the bank while transacting at agent banking points as the highest level of agreement with a score of 63.1%, followed by commercial bank products and services offered through agents providing a unique and enjoyable experience as reflected by the score of 61.3%. The lowest level of agreement on brand image as a component of customer satisfaction was witnessed in products/services offered through bank agents standing out favorably to customers with a score of 34.2%. The second lowest level of agreement was revealed in customers

positively rating the image of the bank highly in terms of services offered by agents, as reflected in the level of agreement of 37.7%.

### 3.4.3 Quality of Customer Interaction

In this study, quality of customer interaction represents an important measure and component of customer satisfaction and its analysis is presented in the table below:

**Table 9: Quality of Customer Interaction**

| Quality of Customer Interaction | SD | D | SD+D | NS | A | SA | A+SA |
|---|---|---|---|---|---|---|---|
| Customers are more likely to continue relating well with commercial bank products | 13.6% | 25.6% | 39.2% | 13.8% | 23.6% | 23.4 % | 47.0% |
| I have a positive relation with customers due to good services offered | 21.9% | 22.6% | 44.5% | 22.1% | 19.6% | 13.8 % | 33.4% |
| Customers positively associate with my agent business due to good services offered | 13.8% | 28.1% | 42.0% | 13.6% | 30.9% | 13.6 % | 44.5% |
| Customers often interact among themselves due to excitement of services offered through bank agents | 12.8% | 27.4% | 40.2% | 19.1% | 30.2% | 10.6 % | 40.7% |
| Average | 15.53% | 25.93% | 41.48% | 17.15% | 26.08% | 15.35 % | 41.40% |

Source: Primary Data, 2024

The analysis of quality of customer interaction as a component of customer interaction show the highest level of agreement on quality of customer interaction as customers being more likely to continue relating well with commercial bank products with an agreement level of 47.0%, followed by customers positively associating with agent banking businesses with a score of 44.5%. The study further shows that positive interaction between agents and customers is the lowest component of quality of customer interaction with an agreement level of 33.4%, followed by customers often interacting among themselves due to excitement as

the second lowest component of quality of customer interaction with a score of 40.7%. Generally, the study revealed that the level of quality of customer interaction as a component of customer satisfaction is below average with an average score of 41.40%.

### 4.3.4 Service Responsiveness

The analysis of service responsiveness as a crucial component of customer satisfaction is presented in the table below:

**Table 10: Service Responsiveness**

| SERVICE RESPONSIVENESS | SD | D | SD+D | NS | A | SA | A+SA |
|---|---|---|---|---|---|---|---|
| Commercial bank agents provide timely responses to customer inquiries or requests | 15.8% | 20.4% | 36.2% | 18.8% | 34.2% | 10.8% | 45.0% |
| Commercial bank agents effectively resolve issues or concerns I raise. | 10.6% | 12.3% | 22.9% | 24.4% | 40.7% | 12.1% | 52.8% |
| Commercial bank agents communicate clearly and promptly about changes or updates | 12.1% | 18.3% | 30.4% | 18.1% | 34.4% | 17.1% | 51.5% |
| Commercial bank agents responsive and attentive to customer needs | 10.6% | 17.8% | 28.4% | 25.9% | 33.4% | 12.3% | 45.7% |
| Support services (e.g helpline, chat) are readily available when customers need assistance. | 14.3% | 17.1% | 31.4% | 21.1% | 31.7% | 15.8% | 47.5% |
| Overall, customers are satisfied with the responsiveness of commercial bank through their agents. | 11.3% | 19.6% | 30.9% | 12.8% | 34.7% | 21.6% | 56.3% |
| **Average** | **11.78%** | **17.02%** | **28.80%** | **20.46%** | **34.98%** | **15.78%** | **50.76%** |

Source: Primary Data, 2024

The data presented in the table above shows that customers are satisfied with the responsiveness of commercial banks through their agents and this represents the highest level of agreement on service responsiveness as a component of customer satisfaction with a score of 56.3%. This was followed by commercial banks effectively resolving issues and concerns raised with an agreement level of 52.8%. The

lowest level of agreement was revealed in commercial bank agents providing timely response to customer inquiries as reflected by a score of 45.0% level of agreement. Overall, the study revealed an average level of service responsiveness as a component of customer satisfaction with an average score of 50.76%.

The qualitative data indicates that customers generally express satisfaction with the responsiveness of commercial banks through their agents, highlighting it as a significant aspect of customer satisfaction. This positive feedback is further reinforced by the effective resolution of issues and concerns raised by customers. However, there is a notable area of concern regarding the timeliness of responses to customer inquiries, which receives the least favorable feedback.

From the perspective of bank digital consultants and branch supervisors, these findings provide valuable insights into the current state of service responsiveness. A digital consultant was quoted saying:

> *"Our customers often commend our agents for their prompt and helpful responses, which greatly enhance their overall satisfaction (Digital Consultant, May, 2024)."*

This reflects the high level of satisfaction regarding the responsiveness of commercial banks through their agents. Branch supervisors also observe positive feedback related to the effective resolution of issues and concerns. One of the respondents noted:

> *"We've received numerous compliments from customers about how efficiently our agents handle their problems, ensuring that their concerns are addressed satisfactorily (Branch Supervisor, May, 2024)."*

This indicates that customers appreciate the efforts made by the banks to resolve their issues effectively. On the other hand, the lower level of agreement regarding the timeliness of responses to customer inquiries suggests an area needing improvement. A branch supervisor shared:

*"Some customers have pointed out that their inquiries are not always responded to as quickly as they would like, and this is something we need to work on Branch Supervisor, May, 2024)."*

Similarly, a digital consultant added:

*"While our agents are responsive, there are instances where the response times could be faster to meet customer expectations (Digital Consultant, May, 2024)."*

Overall, while there is a satisfactory level of service responsiveness in commercial banks through their agents, the feedback indicates that the timeliness of responses to customer inquiries requires further attention. This understanding is crucial for banks to prioritize improvements and enhance the overall customer satisfaction related to service responsiveness.

### 4.4 Regulatory Framework

The regulatory framework is presented under two major sections: admissible activities and customer protection as below.

#### 4.4.1 Admissible Activities

The analysis of admissible activities as a component of regulatory framework is presented in the table below:

**Table 11: Admissible Activities**

| Admissible Activities | SD | D | SD+D | NS | A | AS | A+SA |
|---|---|---|---|---|---|---|---|
| I am confident that the regulatory guideline effectively cover the types of transactions that demanded by customers through agents banking platform | 16.6% | 16.3% | 32.9% | 15.1% | 33.7% | 18.3% | 52.0% |
| I believe that the current regulatory scope promotes financial inclusion by allowing a wide range of services through agent banking | 11.3% | 24.4% | 35.7% | 15.8% | 30.9% | 17.6% | 48.5% |
| There is a clear alignment between the regulatory framework and the services needs of customers | 13.8% | 21.6% | 35.4% | 18.3% | 30.9% | 15.3% | 46.2% |
| I feel well-informed about the service permitted in the agent banking operations | 12.8% | 20.9% | 33.7% | 23.9% | 28.4% | 14.1% | 42.5% |
| Agent banking platform effectively offers the range of services required by customers | 10.8% | 30.5% | 41.3% | 13.0% | 16.8% | 29.7% | 46.5% |
| **Average** | **13.06%** | **22.74%** | **35.80%** | **17.22%** | **28.14%** | **19.00%** | **47.14%** |

Source: Primary Data, 2024

The data presented in the above table revealed that regulatory guideline effectively covers the types of transactions that demanded by customers through agents banking platform as reflected by the highest level of agreement of 52.0%, followed by the current regulatory scope promoting financial inclusion by allowing a wide range of services through agent banking with an agreement of 48.5%. The lowest level of agreement of admissible activities was reflected in the respondents being well-informed about the services permitted in the agent banking operations with the level of agreement of 42.5%. Overall, the study revealed average scope of admissible activities as a component of regulatory framework for agent banking operations.

### 4.4.2 Customer Protection

The analysis of customer protection as a component of regulatory framework is presented in the table below:

**Table 12: Customer Protection**

| Customer Protection | SD | D | SD+D | NS | A | AS | A+SA |
|---|---|---|---|---|---|---|---|
| Commercial bank agents properly protect customer information | 20.8% | 30.8% | 51.6% | 14.5% | 16.0% | 17.9% | 33.9% |
| I believe that the terms and condition of the financial services are designed to protect customer interests | 11.3% | 24.4% | 35.7% | 15.8% | 30.9% | 17.6% | 48.50 % |
| Customer financial transactions and personal information are secure when using the services through my agents point | 13.8% | 21.6% | 35.4% | 18.3% | 30.9% | 15.3% | 46.20 % |
| Commercial bank agents promptly address and resolve issues related to unauthorized transaction or fraudulent activities. | 12.8% | 20.9% | 33.7% | 23.9% | 28.4% | 14.1% | 42.50 % |
| I trust the customer protection measures in place | 33.8% | 31.5% | 65.3% | 13.0% | 6.8% | 14.9% | 21.7% |
| **Average** | **18.50%** | **25.84%** | **44.34%** | **17.10%** | **22.60%** | **15.96%** | **38.56%** |

Source: Primary Data, 2024

As presented in the table above, the result shows the terms and condition of the financial services designed to protect customer interests with the highest level of agreement reflected by a score of 48.5%, followed by customer financial transactions and personal information being secure when using the services through agent points as revealed by a score of 46.2%. The lowest level of agreement was revealed in the respondents trusting the customer protection measures in place with a level of agreement of 21.7%. Overall, the result shows that customer protection is low as a component of regulatory framework governing agent banking services with an overall average score of 38.56%.

### 4.5 Correlation Analysis

Correlation analysis has been conducted to ascertain the relationship that exists between the different elements of agent banking services, regulatory framework and customer satisfaction. The analysis is as presented in the table below:

**Table 13: Bi Variate Correlation**

| Variables | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| Deposits services (1) | 1 | | | | | | |
| Withdrawal services (2) | .722** | 1 | | | | | |
| Payment services (3) | .722** | .685** | 1 | | | | |
| General financial services (4) | .607** | .714** | .714** | 1 | | | |
| Admissible activities (5) | .667** | .570** | .570** | .615** | 1 | | |
| Customer Protection (6) | .721** | .620** | .648** | .648** | .967** | 1 | |
| Customer satisfaction (7) | .705** | .728** | .717** | .828** | .766** | .787** | 1 |

The analysis result presented in the table above shows correlation analysis that highlights the relationship between the different constructs of agent banking services (deposit services, withdrawal services, payment services and general financial services) with customer satisfaction. It also shows the relationship between the different constructs of regulatory framework (admissible activities and customer protection) with customer satisfaction.

Accordingly, the result shows a strong significant positive relationship between deposit services and customer satisfaction (r=.705**; p<.01). This shows that as withdrawal services increases, it is associated with an increase in customer satisfaction. The result further shows a strong significant positive relationship between deposit services and customer satisfaction (r=.728**; p<.01). This implies that an increase in deposit services is associated with an increase in customer satisfaction.

The finding further shows a significant strong positive relationship between payment services and customer satisfaction as shown by ($r=.717^{**}$; $p<.01$). This suggests that an increase in payment services is associated with an increase in customer satisfaction. In addition, general financial services has a significant very strong positive relationship with customer satisfaction ($r=.828^{**}$; $p<.01$), implying an increase in general financial services is associated with increase in customer satisfaction.

Admissible activities and customer protection, all have significant strong positive relationship with customer satisfaction as represented by ($r=.766$; $p<.05$) and by ($r=.787$; $p<.05$) respectively. This implies that, an improvement in both admissible activities and customer protection are associated with improvement in customer satisfaction.

The Qualitative analysis reveals compelling insights into the relationship between agent banking services and customer satisfaction, as well as the influence of regulatory frameworks on customer satisfaction. The data demonstrates that various facets of agent banking services, such as deposit, withdrawal, and payment services, are strongly linked to enhanced customer satisfaction. Additionally, aspects of the regulatory framework, including admissible activities and customer protection, also show a significant positive connection with customer satisfaction.

From the perspective of digital consultants, the relationship between deposit services and customer satisfaction is particularly noteworthy. One respondent was quoted saying:

> *"Our customers have consistently expressed high satisfaction with our deposit services (Digital Consultant, March, 2024)."*

This indicates that these services play a crucial role in their overall banking experience. This aligns with the quantitative data showing a strong positive relationship between deposit services and customer satisfaction.

Branch supervisors also observe a strong positive relationship between withdrawal services and customer satisfaction. A supervisor mentioned:

> *"We often hear from customers that the ease and convenience of our withdrawal services significantly enhance their satisfaction with our bank (Branch Supervisor, March, 2024)."*

This feedback mirrors the strong correlation found in the quantitative analysis. Furthermore, the analysis highlights the significant positive connection payment services with customer satisfaction.

Another digital consultant noted:

> *"The convenience of our payment services is frequently cited by customers as a major factor in their satisfaction with our banking services."*

This sentiment is echoed in the data showing a robust relationship between payment services and customer satisfaction. In addition, general financial services also show a very strong positive relationship with customer satisfaction.

A branch supervisor explained:

> *"The comprehensive range of financial services we offer ensures that our customers' diverse needs are met, which in turn boosts their satisfaction levels."*

This perspective is supported by the analysis indicating a strong link between general financial services and customer satisfaction.

Furthermore, the regulatory framework, particularly admissible activities and customer protection, also plays a significant role in customer satisfaction. A digital consultant remarked:

> *"The stringent regulations we adhere to, especially regarding admissible activities and customer protections have been instrumental in building customer trust and satisfaction."*

Similarly, a branch supervisor added:

> *"Customers appreciate the protections in place, which not only ensure their security but also enhance their overall satisfaction with our services."*

In summary, the qualitative insights drawn from the viewpoints of digital consultants and branch supervisors highlight the critical role that various agent banking services and regulatory frameworks play in enhancing customer satisfaction. These services and frameworks collectively contribute to a positive banking experience, as reflected in the strong positive relationships observed in the analysis.

### 4.6 Regression Analysis

**Table 14: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .880[a] | .775 | .773 | .39704 |

a. Predictors: (Constant), Gen Financial services, Deposit services, Withdrawal services, Payment services

The result presented on the model summary table above shows that agent banking services with all its constructs of: withdrawal, deposit, payment and general financial services explain variation in customer satisfaction by up to 77.5%. The remaining 22.5% can be explained by other factors which this study did not investigate.

**Table 15: ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 213.197 | 4 | 53.299 | 338.104 | .000[b] |
| | Residual | 61.953 | 393 | .158 | | |
| | Total | 275.150 | 397 | | | |

a. Dependent Variable: Customer satisfaction

b. Predictors: (Constant), Gen Financial services, Deposit services, Withdrawal services, Payment services

The result presented on the ANOVA table above revealed that the model selected: agent banking services with all its constructs (withdrawal, deposit, payment and general financial services) is a good predictor of customer satisfaction as reflected by (F=338.104; P<.05).

**Table 16: Regression Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | .229 | .085 | | 2.695 | .007 |
| | Deposit services | .157 | .034 | .177 | 4.556 | .000 |
| | Withdrawal services | .218 | .035 | .232 | 6.156 | .000 |
| | Payment Services | .033 | .036 | .038 | .936 | .350 |
| | Gen Financial Services | .464 | .030 | .548 | 15.402 | .000 |

a. Dependent Variable: Customer satisfaction

As presented in the regression coefficient table above, deposit services significantly affect customer satisfaction and a unit improvement in deposit services contributes to improvement in customer satisfaction by .157 as reflected by (β=.157; p<.05). Withdrawal services also has a significant effect on customer satisfaction and a unit improvement in withdrawal services explains customer satisfaction by .218 as reflected by (β=.218; p<.05). However, the study revealed that payment services does not have any significant effect on customer satisfaction as reflected by (r=.350; p>.05). finally, general financial services has a significant effect on customer satisfaction and a unit improvement in general financial services explains customer satisfaction by .464 as reflected by (β=.464; p<.05).

### 4.7 Moderation Analysis

**Table 17: Moderation Output**

| **R** | R-sq | MSE | F | df1 | df2 | p |
|---|---|---|---|---|---|---|
| .9629 | .9273 | .0256 | 1682.9588 | 3.0000 | 396.0000 | .0000 |
| **Items** | **Coeff** | **Se** | **T** | **p** | **LLCI** | **ULCI** |
| Constant | 3.8004 | .0092 | 415.0454 | .0000 | 3.7824 | 3.8184 |
| ABS | .4055 | .0254 | 15.9762 | .0000 | .3556 | .4554 |
| Reg FW | .3146 | .0221 | 14.2369 | .0000 | .2712 | .3581 |
| Int_1 | 1967 | .0153 | 12.8726 | .0000 | 2267 | 1667 |

Predictor: Agent Banking Services (ABS) (X)

Moderator Variable: Regulatory Framework (Reg FW) (W)

Dependent Variable: Customer Satisfaction (Y)

From the moderation table above, the R-squared value ($R^2$=.9273) indicates that the variables (Agent banking services and Regulatory framework) and their interaction collectively explain a significant portion of the variance in the dependent variable (customer satisfaction) by up to 92.7%. The F-statistic (1682.9588) with a very low p-value (p=0.0000; p<.01) confirms that the overall model is highly significant. The interaction term (Int_1) has a very low p-value (p=.0000; p<.01), which suggests that the regulatory framework significantly moderate the relationship between agent banking services and customer satisfaction.

# CHAPTER FIVE

# DISCUSSION OF FINDINGS

## 5.0 Introduction

This study investigated three key variables including, agent banking services, customer satisfaction and regulatory framework. This section therefore provides discussion of study findings in line with the key study objectives. The review is systematically presented making reference to the peer reviewed journal articles to support the study findings.

## 5.1 Agent Banking Services

Agent banking services have significantly transformed financial inclusion by providing convenient access to deposit services, especially in underserved and rural areas. Deposits through agent banking enable individuals to save money securely and conveniently, reducing the need for long travels to traditional bank branches. Several scholars agree that deposit services through agent banking are crucial for fostering savings habits among low-income populations (Adongo et al., 2021; Jack & Suri, 2014). Furthermore, Adongo et al. (2021) argue that agent banking enhances financial resilience by enabling rural households to save and accumulate assets. They highlight that despite initial challenges such as trust and reliability concerns, deposit services through agents have become widely accepted due to their accessibility and ease of use. Similarly, Jack and Suri (2014) emphasize that agent banking's success in promoting deposits depends on factors like effective agent network management and customer education.

However, disagreements arise concerning the depth of deposit services provided through agent banking. Some scholars argue that while deposits are facilitated, the volume and frequency of transactions may be lower compared to withdrawals, reflecting preferences for cash liquidity over savings (Suri & Jack, 2016).

This suggests that further efforts are needed to incentivize savings behavior through agent banking, such as interest-bearing accounts and financial literacy programs (Dupas et al., 2018).

Withdrawal services are among the aspects of agent banking services averagely utilized. Scholars generally agree that agent banking enhances financial access by providing reliable cash withdrawal services closer to people's homes and workplaces (McKay & Pickens, 2017; Suri & Jack, 2016). In addition, McKay and Pickens (2017) highlight that withdrawal through agents contributes significantly to household liquidity management in rural areas, where informal financial practices prevail. They argue that the convenience and reliability of withdrawal services are critical for building trust in formal financial systems among previously excluded populations.

Disagreements focus on the operational challenges and costs associated with providing withdrawal services through agent networks. Some studies suggest that maintaining sufficient liquidity at agent locations and managing cash flow can be problematic, leading to service disruptions and customer dissatisfaction (Johnson & Arnold, 2018). Addressing these challenges requires robust regulatory frameworks and technology-driven solutions to optimize cash management and ensure service continuity (Nalukwago et al., 2019).

Payment services offered through agent banking encompass a wide range of transactions, including bill payments, remittances, and merchant payments, bills and utilities payments. Scholars agree that payment services through agents have expanded financial access by enabling individuals to settle bills and make purchases conveniently (Dupas et al., 2018; Ngugi et al., 2020) Furthermore, Ngugi et al. (2020) argue that the integration of mobile money platforms with agent banking has facilitated seamless payment services, driving digital financial inclusion. They highlight the role of interoperability and partnerships between financial service providers in enhancing the functionality and adoption of payment services through agents.

However, disagreements arise regarding the pace of adoption and usability of payment services in different regions. In some contexts, technological barriers and regulatory constraints limit the availability and usability of payment services through agent networks, hindering their potential impact on financial inclusion (Pénicaud & Katakam, 2018). Efforts to promote digital literacy and improve infrastructure are crucial for overcoming these challenges and realizing the full potential of payment services through agent banking.

Study finding revealed that General financial services offered through agent banking include initiation of account opening, loan disbursement initiation, balance inquiry, among others, aimed at broadening the scope of financial inclusion. Scholars agree that expanding agent banking to offer a diverse range of financial services is essential for addressing the multifaceted needs of underserved populations (Aker et al., 2020; Diniz et al., 2018). The finding further aligns with Diniz et al. (2018) who argue that integrating insurance and credit products into agent banking networks can enhance economic resilience and promote long-term financial stability among marginalized communities. They emphasize the importance of regulatory support and product innovation in diversifying the offerings available through agent banking.

The study finding's disagreements center on the scalability and profitability of offering general financial services through agent networks. Some studies suggest that while there is demand for these services, the viability of agent banking as a delivery channel for complex financial products remains uncertain due to operational complexities and limited customer understanding (Dupas et al., 2018).

### 5.2 Customer Satisfaction

The study generally found that customer satisfaction to agent banking services is generally average. Customer satisfaction with brand image is crucial as it directly impacts brand loyalty and positive word-of-mouth. According to a study by Aaker (2011), brand image influences customer perceptions and behaviors significantly. A positive brand image fosters trust and loyalty among customers (Keller, 2014). Customers associate brands with specific attributes and values, contributing to their satisfaction levels. The study

finding is in agreement with research by Kumar and Dash (2020) who confirms that brand image positively influences customer satisfaction. They found that customers who perceive a brand positively are more likely to be satisfied with their overall experience. This aligns with earlier findings by Keller (2014) and Aaker (2016), who emphasized the importance of managing brand image to enhance customer satisfaction.

Customer interaction quality encompasses the effectiveness of communication and problem-solving abilities of service providers. This result aligns with research by Parasuraman et al. (2018) on SERVQUAL model, highlighting tangible and intangible aspects of service quality. They argue that customer interactions significantly impact satisfaction levels. Effective communication and responsiveness positively correlate with higher satisfaction levels (Zeithaml et al., 2016). Furthermore, studies by Al-Swidi et al. (2021) reaffirm these findings, suggesting that high-quality customer interactions lead to increased satisfaction. They emphasize the role of personalized interactions and timely responses in shaping customer perceptions. This consistency in findings supports the notion that quality interactions are pivotal in enhancing satisfaction (Parasuraman et al., 2018; Zeithaml et al., 2016).

Furthermore the level of service responsiveness of agents to customers was found to be average. Service responsiveness refers to the promptness and efficiency with which customer queries or issues are addressed. Swift resolution of customer concerns contributes significantly to satisfaction levels (Anderson et al., 2014). According to a study by Rust and Zahorik (2013), customers perceive responsive service positively, which influences their overall satisfaction and loyalty. Research by Li and Leung (2019) validates these findings, indicating that service responsiveness remains a critical determinant of customer satisfaction. They argue that organizations that prioritize timely and effective responses to customer needs tend to achieve higher satisfaction scores. This alignment with earlier studies by Anderson et al. (2014) and Rust and Zahorik (2013) highlights the enduring importance of service responsiveness in shaping customer satisfaction.

### 5.3 Regulatory Framework

The study revealed low range of admissible activities to agents in the agent banking business. Agent banking regulations typically outline the activities agents can undertake on behalf of financial institutions. These activities often include cash deposits, withdrawals, account balance inquiries, fund transfers, bill payments, and sometimes even loan disbursements. Regulations are designed to ensure that these activities are conducted securely, efficiently, and in compliance with financial laws. This finding is in agreement with a study by Demirguc et al. (2018) who observed that regulations allowing a wide range of permissible activities tend to foster greater financial inclusion by expanding the scope of services agents can offer, thereby reaching more unbanked populations. However, there's a delicate balance to strike between allowing agents enough flexibility to operate effectively and ensuring they adhere to stringent regulatory standards to safeguard consumer interests.

Furthermore, the study finding revealed Customer protection is a critical aspect of agent banking regulations. Measures typically include guidelines on agent selection, training, and supervision to ensure agents possess adequate knowledge and professionalism. Furthermore, regulations often mandate consumer complaint mechanisms and dispute resolution procedures to address grievances promptly. This is in agreement with Claessens and van Horen (2014) who emphasizes the importance of robust customer protection frameworks in agent banking, noting that effective regulation can mitigate risks associated with agent misconduct or operational failures (Claessens & van Horen, 2014). Conversely, inadequate customer protection measures can undermine trust in agent banking services, deterring potential users from participating.

In addition, Studies generally agree on the necessity of clear regulatory frameworks for agent banking that balance operational flexibility with stringent consumer protection measures. For instance, a comparative analysis by Njuguna et al. (2020) across different countries highlighted that jurisdictions with comprehensive regulatory guidelines tend to have higher levels of consumer trust and satisfaction in agent

banking services (Njuguna et al., 2020). However, disagreements arise concerning the strictness and adaptability of regulations across different contexts. Some argue for more flexibility to allow innovation and rapid expansion of agent banking services, while others stress the need for uniform standards to prevent abuse and protect vulnerable consumers (Anderson, 2014).

### 5.4 Agent Banking Services and Customer Satisfaction

The study revealed a strong positive association between agent banking services and customer satisfaction. Service quality is a critical determinant of customer satisfaction in agent banking. This finding aligns with studies emphasizing that customers' perceptions of service quality, including reliability, responsiveness, assurance, empathy, and tangibles (physical facilities and equipment), significantly influence their satisfaction levels (Parasuraman et al., 2018). furthermore, the study agrees with Gupta and Gill (2019) who found that customers who perceive higher service quality from agent banking services are more likely to be satisfied with their overall experience (Gupta & Gill, 2019).

Agent banking enhances convenience and accessibility to financial services, especially for populations in remote or rural areas. This is consistent with research indicating that the ease of access to agents, proximity to their location, and extended operating hours positively influence customer satisfaction (Morawczynski, 2019). A study by Muto and Yamano (2019) also highlighted that the convenience offered by agent banking significantly improves customer satisfaction by reducing the time and effort required for financial transactions (Muto & Yamano, 2019).

In addition, trustworthiness and reliability are crucial for customer satisfaction in agent banking. Customers must trust agents to handle their transactions securely and accurately. Studies emphasize that building trust through transparency, reliability in service delivery, and effective complaint handling mechanisms enhances overall customer satisfaction (Claessens & van Horen, 2014).

Comparative studies often find that agent banking services can sometimes exceed traditional banking services in terms of customer satisfaction, particularly in areas where access to brick-and-mortar banks is limited. The flexibility and personalized service offered by agents can sometimes outperform the rigid structures of traditional banking, leading to higher satisfaction among customers (Njuguna et al., 2020).

### 5.5 Regulatory Framework and Customer Satisfaction

The study revealed that regulatory framework is positively associated with customer satisfaction. The regulatory framework dictates what activities agents can undertake, such as accepting deposits, facilitating withdrawals, providing payment services, and other financial transactions. The scope of permissible activities varies across different jurisdictions and is crucial in shaping the service offerings of agent banking. For instance, in many countries, agents are permitted to perform basic financial services, but limitations may exist on more complex transactions like loans or investment products (Claessens & van Horen, 2014).

Research suggests that a well-defined and flexible regulatory framework can promote innovation and expand the range of services offered by agents, thereby enhancing customer satisfaction. This aligns with a study by Njuguna et al. (2020) highlighting that regulatory frameworks that strike a balance between enabling innovation and ensuring consumer protection contribute positively to customer satisfaction by providing customers with more convenient and accessible financial services (Njuguna et al., 2020).

Furthermore, customer protection within the regulatory framework of agent banking includes measures to safeguard customers' funds, ensure data privacy, and address grievances effectively. Regulatory authorities often mandate specific requirements for agent training, customer identification, transaction security protocols, and dispute resolution mechanisms to mitigate risks and build trust among customers (Claessens & van Horen, 2014). This is in agreement with studies indicating that robust customer protection measures are essential for maintaining customer satisfaction in agent banking. For example, Gupta and Gill (2019)

emphasize that customers' confidence in the security and reliability of agent banking services is critical for their satisfaction and continued usage (Gupta & Gill, 2019).

Many studies agree that a clear and supportive regulatory environment is crucial for promoting customer satisfaction in agent banking. Research by Morawczynski (2019) and Muto and Yamano (2019) demonstrates that regulatory frameworks that ensure customer protection while allowing for innovative service delivery mechanisms contribute significantly to enhancing customer satisfaction. However, challenges exist when regulatory frameworks are overly restrictive or fail to keep pace with technological advancements and market dynamics. Constraints such as high compliance costs for agents, inconsistent enforcement of regulations, and delays in regulatory updates can hinder service delivery and impact customer satisfaction negatively (Claessens & van Horen, 2014).

In conclusion, the regulatory framework of agent banking plays a pivotal role in shaping permissible activities and ensuring customer protection, both of which are critical for enhancing customer satisfaction. Studies consistently emphasize that a balanced regulatory approach that fosters innovation while safeguarding consumer interests is essential for promoting trust, convenience, and ultimately, satisfaction in agent banking services.

### 5.6 Moderating Effect of Regulatory Framework

The study found that regulatory framework significantly influences the relationship between agent banking services and customer satisfaction. The regulatory framework dictates the scope of permissible activities that agents can offer, such as deposit-taking, withdrawals, payment services, and sometimes more complex financial transactions. The finding aligns with the fact that regulations are designed to balance financial inclusion goals with consumer protection concerns (Claessens & van Horen, 2014). For instance, in many countries, regulators set guidelines on agent selection, agent training, transaction limits, and dispute resolution mechanisms to ensure customer safety and confidence.

One of the primary roles of regulatory frameworks in agent banking is to enhance customer protection. Regulations typically mandate measures such as customer identification, transaction security protocols, data privacy safeguards, and mechanisms for addressing customer complaints (CGAP, 2012). These protections are crucial for fostering trust and confidence among customers, which in turn can positively impact customer satisfaction.

The regulatory environment plays a significant moderating role in shaping customer satisfaction in agent banking services. This aligns with research indicating that well-designed and effectively implemented regulatory frameworks can contribute to higher levels of customer satisfaction by addressing key concerns such as service reliability, security, and transparency (Morawczynski, 2019; Njuguna et al., 2020). For instance, Morawczynski (2019) highlighted that regulatory frameworks that prioritize consumer protection and operational transparency contribute positively to customer trust in mobile financial services. Similarly, Njuguna et al. (2020) found that regulatory frameworks that strike a balance between enabling innovation and ensuring consumer protection are associated with higher levels of customer satisfaction in agent banking.

These finding further aligns with broader research indicating that regulatory environments that support financial inclusion while safeguarding consumer interests are crucial for promoting customer satisfaction (Claessens & van Horen, 2014). Studies by CGAP (2012) emphasize that regulatory frameworks that establish clear rules, encourage competition among service providers, and ensure compliance with consumer protection standards are essential for maintaining customer trust and satisfaction in agent banking services.

# CHAPTER SIX

# SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 1.0 Introduction

This study investigated agent banking services and customer satisfaction in commercial banks in Kitgum district. This chapter will therefore cover summary of key findings, conclusions in line with research objectives, recommendations based on study findings and areas for further research as presented in the different sub-sections below:

## 1.1 Summary of Key Findings

Based on the study of agent banking services and customer satisfaction, the following key findings have been derived:

a) Customer satisfaction was found to be moderate since the different dimensions of customer satisfaction (service accessibility, brand image, quality of customer interaction and service responsiveness) were found to be average.
b) It was also found that the different dimensions of agent banking services (withdrawal services, deposit services, payment services and general financial services) have significant positive relationship with customer satisfaction.
c) In addition, withdrawal services, deposit services and general financial services have significant effect on customer satisfaction as reflected by ($p<.05$). However, payment services was found not to have any significant effect on customer satisfaction ($p>.05$).
d) The study result further show that regulatory framework dimensioned as: admissible activities and customer protection, significantly moderate the relationship between agent banking services and customer satisfaction.

## 6.2 Conclusion

The study concludes that overall customer satisfaction with agent banking services is moderate. This assessment is based on the average performance across various dimensions of customer satisfaction, specifically service accessibility, brand image, quality of customer interaction, and service responsiveness. The findings indicate that while customers are not highly dissatisfied, there is substantial room for improvement. For instance, enhancing the ease of access to banking services, improving the bank's image, ensuring high-quality interactions with customers, and being more responsive to customer needs could significantly elevate customer satisfaction levels. Addressing these areas comprehensively can transform moderate satisfaction into high satisfaction, thereby fostering greater customer loyalty and trust.

The study also concludes that there is a significant positive relationship between the various dimensions of agent banking services and customer satisfaction. Specifically, withdrawal services, deposit services, payment services, and general financial services all contribute positively to customer satisfaction. This finding highlights the importance of these services in shaping the overall customer experience. Effective and efficient agent banking services are crucial for maintaining high levels of customer satisfaction. Financial institutions should, therefore, focus on optimizing these services to meet customer expectations consistently. By doing so, they can ensure a more satisfying banking experience that could lead to increased customer retention and loyalty.

Further analysis reveals that withdrawal services, deposit services, and general financial services have a significant effect on customer satisfaction, as indicated by the statistical significance ($p<.05$). However, payment services do not have a significant effect on customer satisfaction ($p>.05$). This highlights that while most agent banking services are critical for customer satisfaction, not all have the same level of impact. Financial institutions should prioritize enhancing withdrawal and deposit services, as well as general financial services, to maximize customer satisfaction. Payment services, while important, may require

different strategies to align them more closely with customer needs and expectations. Identifying the specific reasons behind the lesser impact of payment services could be a key area for further research and development.

Finally, the study concludes that the regulatory framework, particularly the dimensions of admissible activities and customer protection, significantly moderates the relationship between agent banking services and customer satisfaction. This finding highlights the crucial role of a well-defined and enforced regulatory framework in enhancing the effectiveness of agent banking services. Regulatory measures that ensure customer protection and define clear admissible activities can enhance customer trust and satisfaction. Financial institutions and policymakers should work together to ensure that the regulatory environment supports the provision of high-quality agent banking services. By doing so, they can create a more secure and customer-friendly banking ecosystem that encourages greater use of agent banking services and ultimately leads to higher customer satisfaction.

### 4.3 Recommendations

Given that customer satisfaction was found to be moderate due to the average performance across service accessibility, brand image, quality of customer interaction, and service responsiveness, financial institutions should focus on making their services more accessible to customers. This can be achieved by increasing the number of agent banking points, ensuring they are strategically located, and are operational for longer hours. Additionally, simplifying the processes involved in accessing these services can make them more user-friendly. In addition commercial banks should invest in building a strong and positive brand image. This could involve community engagement, corporate social responsibility activities, and ensuring consistent quality of service across all touch points. A strong brand image can significantly enhance customer trust and loyalty, leading to greater satisfaction.

Commercial banks need to improve their responsiveness to customer inquiries and concerns. Implementing efficient customer service systems, such as 24/7 helplines and chat support, can help address customer issues promptly. Investing in technology to automate and expedite service delivery can also enhance responsiveness.

Since the study found significant positive relationships between the various dimensions of agent banking services (withdrawal services, deposit services, payment services, and general financial services) and customer satisfaction, there is need for commercial banks through their agents to improve the efficiency and reliability of withdrawal services. This can include ensuring adequate liquidity at agent locations, reducing wait times, and providing secure and easy-to-use withdrawal processes. In addition, commercial banks should enhance the convenience and security of deposit services. Banks should ensure that deposit processes are straightforward, safe, and can be completed quickly. Regular audits and monitoring can help maintain service standards.

Given that withdrawal services, deposit services, and general financial services significantly affect customer satisfaction, while payment services do not, commercial banks should Prioritize Key Services. Therefore, financial institutions should prioritize enhancing withdrawal, deposit, and general financial services. These services should be the focus of continuous improvement efforts.

As the study shows that the regulatory framework, particularly admissible activities and customer protection, significantly moderates the relationship between agent banking services and customer satisfaction, financial institutions should work closely with regulatory bodies to ensure that the range of activities permissible for agent banking is comprehensive and beneficial to customers. Advocating for policies that allow for a broader scope of services can enhance the value provided to customers. Similarly, strengthening customer protection measures is crucial. This includes ensuring data privacy, securing transactions, and providing clear and transparent information about fees and charges. Establishing robust complaint resolution mechanisms can

also boost customer confidence and satisfaction. Banks should ensure full compliance with all regulatory requirements related to agent banking.

### 6.4 Areas of Future Research

Based on the study of agent banking services and customers satisfaction in commercial banks in Kitgum district, the following areas for future studies have been proposed:

i. Impact of Agent Training and Support on Service Quality in commercial banks in Northern Uganda
ii. Comparative Analysis of Agent Banking Services and customer satisfaction in Urban vs. Rural Areas; the case of Northern Uganda.
iii. Impact of Socio-Economic Factors on Agent Banking Adoption and Satisfaction

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APPENDICES

**Appendix A: Questionnaire for Customers**

Dear Participant, I am carrying out a study in which your assistance is of great importance. The study is part of the requirements for my award of a Master's Degree of Business Administration of Gulu University. The title of the Study is **"Agent banking services and Customer Satisfaction in Commercial Banks in Kitgum District: The Moderating Role of Regulatory Framework"**. Kindly respond to the items presented in this questionnaire. The information you give will be treated and kept confidential and will be used only for research purpose.

Thank you for your support in this study

**Oyat Alfred**

**0777323501**

Instruction: Please read each sentence carefully and tick the most appropriate option []

**SECTION A: Demographic Information**

1. What is your gender?

i) Male [ ] ii) Female [ ]

2. Which one is your age group?

i) 21-30 [ ] ii) 31-40 [ ] iii) 41-50 [ ] iv) 51& Above [ ]

3. What is your marital status?

i) Single [ ] ii) Married [ ] iii) Divorced [ ] iv) Widowed [ ]

4. What is your highest academic level of education?

i) Primary [ ] ii) Secondary [ ] iii) Collage [ ] iv) University [ ]

## SECTION B: AGENT BANKING SERVICES

Choose only one answer for each statement from the alternative answers provided by indicating with a Tick [] how strongly you agree or disagree with the following statements

| S/N | Deposit Services | SD | D | N | A | SA |
|---|---|---|---|---|---|---|
| D1 | Agent banking is a common banking services I use for deposit | | | | | |
| D2 | I am among the many people using agent banking to make deposit | | | | | |
| D3 | Cash deposits I make using agent banking services are more convenient | | | | | |
| D4 | Making deposit on agent banking is more common | | | | | |
| D5 | Cash deposit using agent banking is more faster | | | | | |
| D6 | Deposits using agent banking are not limited by the amounts | | | | | |
| D7 | Depositing is not influenced by location when using agent banking | | | | | |
| **B** | **Withdrawals** | | | | | |
| W1 | I possibly make withdrawals using agent banking platforms | | | | | |
| W2 | I conveniently make withdrawal using agent banking | | | | | |
| W3 | I can withdraw any amount of money using agent banking. | | | | | |
| W4 | I can make withdrawal anytime using agent banking | | | | | |
| W5 | I consider Agent banking withdrawals as being cheaper | | | | | |
| W6 | Agent banking withdrawals is faster than in banks | | | | | |
| **C** | **Payments** | | | | | |
| P1 | I consider Bill payment in agent banking as being simple | | | | | |
| P2 | Bill payment with agent banking takes less time than in banking halls | | | | | |
| P3 | Bill payments using agent banking is more convenient | | | | | |
| P4 | Bill payment using agent banking is less stressful in terms of long lines | | | | | |
| P5 | I undertake frequent payment of utility bills using agent banking | | | | | |
| **C** | **General Financial Services** | | | | | |
| GFS1 | I have ever initiated accounts opening through bank agents | | | | | |
| GFS2 | I usually inquire my account balance through agent banking platform | | | | | |
| GFS3 | I have ever undertaken cash transfers through bank agents | | | | | |
| GFS4 | Financial services through bank agents are very effective | | | | | |
| GFS5 | General financial services dominate the list of my transactions via agent banking. | | | | | |

## SECTION C: CUSTOMER SATISFACTION

Please tick the most appropriate option on customer satisfaction based the statements provided in the table below:

| SN | **Service accessibility** | **SD** | **D** | **N** | **A** | **SA** |
|---|---|---|---|---|---|---|
| SA1 | Withdrawal services are easily accessible through bank agents. | | | | | |
| SA2 | Deposit services are easily accessible through bank agents | | | | | |
| SA3 | Utility bills payments are easily accessed through bank agents | | | | | |
| **SA4** | I find school fees payment easily accessed through bank agents. | | | | | |
| SA5 | I can easily access banking services from any agent. | | | | | |
| | **Brand Image** | | | | | |
| BI1 | I feel excited about the name of my bank I transact with. | | | | | |
| BI2 | Commercial bank Products/Services offered through agents provide me with a unique and enjoyable experience. | | | | | |
| BI3 | Product/Services offered through bank agents stand favorably to me | | | | | |
| BI4 | The excitement I feel when using services through bank agents contributes to my overall positive experience. | | | | | |
| BI5 | I positively rate the image of my bank highly in terms of services offered by agents. | | | | | |
| | **Quality of customer interactions** | | | | | |
| QCI1 | I am more likely to continue relating well with commercial bank products | | | | | |
| QCI2 | I have a positive relation with bank staff due to good services offered. | | | | | |
| QCI3 | I positively associate with agent bankers due to good services offered. | | | | | |
| QCI4 | I often interact positively with other customers on services offered through bank agents. | | | | | |
| SR | **Service Responsiveness** | | | | | |
| SR1 | Commercial bank agents provide timely responses to my inquiries or requests. | | | | | |
| SR2 | Commercial bank agents effectively resolve issues or concerns I raise. | | | | | |
| SR3 | Commercial bank agents communicate clearly and promptly about changes or updates. | | | | | |
| SR4 | The staff members are responsive and attentive to my needs. | | | | | |
| SR5 | Support services (e.g., helpline, chat) are readily available when I need assistance. | | | | | |
| SR6 | Overall, I am satisfied with the responsiveness of commercial banks through their agents. | | | | | |

## SECTION D REGULATORY FRAMEWORK

Please tick the most appropriate option on customer satisfaction based the statements provided in the table below:

| SN | **Admissible Activities** | **SD** | **D** | **N** | **A** | **SA** |
|---|---|---|---|---|---|---|
| AA1 | I am confident that the regulatory guidelines effectively cover the types of transactions that I demand through agent banking platform. | | | | | |
| AA2 | I believe that the current regulatory scope promotes financial inclusion by allowing a wide range of services through agent banking. | | | | | |
| AA3 | There is a clear alignment between the regulatory framework and the service needs of customers. | | | | | |
| **AA4** | I feel well-informed about the services permitted in the agent banking operations. | | | | | |
| AA5 | Agent banking platform effectively offers the range of services I require | | | | | |
| | **Customer Protection** | | | | | |
| CP1 | Commercial bank agents properly protect my information | | | | | |
| CP2 | I believe that the terms and conditions of the financial services I use are designed to protect my interests as a customer. | | | | | |
| CP3 | I feel confident that my financial transactions and personal information are secure when using the services of my financial institution through agents. | | | | | |
| CP4 | Commercial bank agents promptly address and resolve issues related to unauthorized transactions or fraudulent activities. | | | | | |
| CP5 | I trust that the customer protection measures in place | | | | | |

**THE END**

**THANK YOU FOR YOUR TIME**

## Appendix B: Questionnaire for Agents

Dear Respondent, I am carrying out a study in which your assistance is of great importance. The study is part of the requirements for my award of a Master's Degree of Business Administration of Gulu University. The title of the Study is "**Agent banking services and Customer Satisfaction in Commercial Banks in Kitgum District: The Moderating Role of Regulatory Framework"**. Kindly respond to the items presented in this questionnaire. The information you give will be treated and kept confidential and will be used only for research purpose.

Thank you for your support in this study

**Oyat Alfred**

**0777323501**

Instruction: Please read each sentence carefully and tick the most appropriate option []

**SECTION A: Demographic Information**

1. What is your gender?

i) Male [ ] ii) Female [ ]

2. Which one is your age group?

i) 21-30 [ ] ii) 31-40 [ ] iii) 41-50 [ ] iv) 51& Above [ ]

3. What is your marital status?

i) Single [ ] ii) Married [ ] iii) Divorced [ ] iv) Widowed [ ]

4. What is your highest academic level of education?

i) Primary [ ] ii) O' Level [ ] iii) A' Level [ ] iv) Collage [ ]

v) University [ ]

**SECTION B: AGENT BANKING SERVICES**

Choose only one answer for each statement from the alternative answers provided by indicating with a Tick [] how strongly you agree or disagree with the following statements

| S/N | Deposit Services | SD | D | N | A | SA |
|---|---|---|---|---|---|---|
| D1 | Agent banking is a common banking services I undertake for customer deposit | | | | | |
| D2 | I am among the many people undertaking agent banking to support customer deposit | | | | | |
| D3 | Cash deposits are made from my point more conveniently. | | | | | |
| D4 | Making deposit on agent banking is more common at my agent point. | | | | | |
| D5 | Cash deposit using agent banking is much faster at my agent point. | | | | | |
| D6 | Deposits using agent banking at my agent point are not limited by the amounts | | | | | |
| D7 | Depositing is not influenced by location when using agent banking | | | | | |
| **B** | **Withdrawals** | | | | | |
| W1 | I possibly facilitate withdrawals at my agent point using agent banking platforms | | | | | |
| W2 | I conveniently facilitate withdrawal at my agent point using agent banking | | | | | |
| W3 | Customer can withdraw any amount of money from my agent point. | | | | | |
| W4 | Customers can make withdrawals anytime from my agent point. | | | | | |
| W5 | I consider Agent banking withdrawals as being cheaper | | | | | |
| W6 | Agent banking withdrawals is faster than in banks | | | | | |
| **C** | **Payments** | | | | | |
| P1 | I consider Bill payment in agent banking as being simple | | | | | |
| P2 | Bill payment with agent banking takes less time than in banking halls | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| P3 | Bill payments using agent banking is more convenient | | | | | |
| P4 | Bill payment using agent banking is less stressful in terms of long lines | | | | | |
| P5 | Customers undertake frequent payment of utility bills from my agent point. | | | | | |
| **C** | **General Financial Services** | | | | | |
| GFS1 | I have ever initiated accounts opening for customers. | | | | | |
| GFS2 | Customers usually inquire their account balance from my agent point. | | | | | |
| GFS3 | I have ever undertaken cash transfers from my point for customers. | | | | | |
| GFS4 | Financial services through bank agents are very effective | | | | | |
| GFS5 | General financial services dominate the list of transactions at my agent point. | | | | | |

**SECTION C: CUSTOMER SATISFACTION**

Please tick the most appropriate option on customer satisfaction based the statements provided in the table below:

| SN | **Service accessibility** | **SD** | **D** | **N** | **A** | **SA** |
|---|---|---|---|---|---|---|
| SA1 | Withdrawal services are easily accessible through bank agents. | | | | | |
| SA2 | Deposit services are easily accessible through bank agents | | | | | |
| SA3 | Utility bills payments are easily accessed through bank agents | | | | | |
| **SA4** | I find school fees payment easily accessed through bank agents. | | | | | |
| SA5 | Customers can easily access banking services from my agent point. | | | | | |
| | **Brand Image** | | | | | |
| BI1 | Customers are excited about the name of the bank while transacting at my point. | | | | | |
| BI2 | Commercial bank Products/Services offered through agents provide customers with a unique and enjoyable experience. | | | | | |
| BI3 | Product/Services offered through bank agents stand favorably to | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| | customers. | | | | | |
| BI4 | The excitement of customers when using services through my agent point contributes to their overall positive experience. | | | | | |
| BI5 | Customers positively rate the image of the bank highly in terms of services offered by agents. | | | | | |
| | **Quality of customer interactions** | | | | | |
| QCI1 | Customers are more likely to continue relating well with commercial bank products. | | | | | |
| QCI2 | I have a positive relation with customers due to good services offered. | | | | | |
| QCI3 | Customers positively associate with my agent business due to good services offered. | | | | | |
| QCI4 | Customers often interact positively among themselves due to excitement of services offered through bank agents. | | | | | |
| SR | **Service Responsiveness** | | | | | |
| SR1 | Commercial bank agents provide timely responses to customer inquiries or requests. | | | | | |
| SR2 | Commercial bank agents effectively resolve issues or concerns I raise. | | | | | |
| SR3 | Commercial bank agents communicate clearly and promptly about changes or updates. | | | | | |
| SR4 | Commercial bank agents are responsive and attentive to customer needs. | | | | | |
| SR5 | Support services (e.g., helpline, chat) are readily available when customers need assistance. | | | | | |
| SR6 | Overall, customers are satisfied with the responsiveness of commercial banks through their agents. | | | | | |

## SECTION D REGULATORY FRAMEWORK

Please tick the most appropriate option on customer satisfaction based the statements provided in the table below:

| SN | **Admissible Activities** | **SD** | **D** | **N** | **A** | **SA** |
|---|---|---|---|---|---|---|
| AA1 | I am confident that the regulatory guidelines effectively cover the types of transactions that demanded by customers through agent banking platform. | | | | | |
| AA2 | I believe that the current regulatory scope promotes financial inclusion by allowing a wide range of services through agent banking. | | | | | |
| AA3 | There is a clear alignment between the regulatory framework and the service needs of customers. | | | | | |
| **AA4** | I feel well-informed about the services permitted in the agent banking operations. | | | | | |
| AA5 | Agent banking platform effectively offers the range of services required by customers. | | | | | |
| | **Customer Protection** | | | | | |
| CP1 | Commercial bank agents properly protect customer information | | | | | |
| CP2 | I believe that the terms and conditions of the financial services are designed to protect customer interests. | | | | | |
| CP3 | Customer financial transactions and personal information are secure when using the services through my agent point. | | | | | |
| CP4 | Commercial bank agents promptly address and resolve issues related to unauthorized transactions or fraudulent activities. | | | | | |
| CP5 | I trust the customer protection measures in place | | | | | |

**THE END**

THANK YOU FOR YOUR TIME

## Appendix C: Interview Guide

Dear Participant, I am carrying out a study in which your assistance is of great importance. The study is part of the requirements for my award of a Master's Degree of Business Administration of Gulu University. **Agent banking services and Customer Satisfaction in Commercial Banks in Kitgum District: The Moderating Role of Regulatory Framework"**. Kindly respond to the questions presented in this document. The information you give will be treated and kept confidential and will be used only for research purpose.

Thank you for your support in this study

**Oyat Alfred**

**0777323501**

**INTERVIEW QUESTIONS**

1. What services are most transacted on agent banking platform?
2. Tell me the preferred services by customers transacted through bank agents with respect to:

a) Deposits
b) Withdrawals
c) Payment

3. How satisfied are your customers with respect to services rendered by agents
4. How has agent banking services influenced customer satisfaction in your bank?
5. What regulatory measures are in place streamline agent banking operations?
6. What influence does regulatory framework play in ensuring customer satisfaction in this bank?

End of Interview

Thank you for your time

**Appendix D: Krejcie and Morgan Table of Sample Size Determination Sample Size(s) required for the given Population Sizes (N)**

| N | S | N | S | N | S | N | S | N | S |
|---|---|---|---|---|---|---|---|---|---|
| 10 | 10 | 100 | 80 | 280 | 162 | 800 | 260 | 2800 | 338 |
| 15 | 14 | 110 | 86 | 290 | 165 | 850 | 256 | 3000 | 341 |
| 20 | 19 | 120 | 92 | 300 | 169 | 900 | 269 | 3500 | 346 |
| 25 | 24 | 130 | 97 | 320 | 175 | 950 | 274 | 4000 | 351 |
| 30 | 28 | 140 | 103 | 340 | 181 | 1000 | 278 | 4500 | 354 |
| 35 | 32 | 150 | 108 | 360 | 186 | 1100 | 285 | 5000 | 357 |
| 40 | 36 | 160 | 113 | 380 | 191 | 1200 | 291 | 6000 | 361 |
| 45 | 40 | 170 | 118 | 400 | 196 | 1300 | 297 | 7000 | 364 |
| 50 | 44 | 180 | 123 | 420 | 201 | 1400 | 302 | 8000 | 367 |
| 55 | 48 | 190 | 127 | 440 | 205 | 1500 | 306 | 9000 | 368 |
| 60 | 52 | 200 | 132 | 460 | 210 | 1600 | 310 | 10000 | 370 |
| 65 | 56 | 210 | 136 | 480 | 214 | 1700 | 313 | 15000 | 375 |
| 70 | 59 | 220 | 140 | 500 | 217 | 1800 | 317 | 20000 | 377 |
| 75 | 63 | 230 | 144 | 550 | 226 | 1900 | 320 | 30000 | 379 |
| 80 | 66 | 240 | 148 | 600 | 234 | 2000 | 322 | 40000 | 380 |
| 85 | 70 | 250 | 152 | 650 | 242 | 2200 | 327 | 50000 | 381 |
| 90 | 73 | 260 | 155 | 700 | 248 | 2400 | 331 | 75000 | 382 |
| 95 | 76 | 270 | 159 | 750 | 254 | 2600 | 335 | 100000 | 384 |

***Note:*** *From R.V. Krejcie& Morgan (1970), Determining Sample Size of Research Activities, Educational and psychological measurement, 30,608, Sage Publications.*

**Appendix E: Summary of Thematic Framework Analysis**

| Questions | Key Responses | Key Quotes |
|---|---|---|
| 1. What services are most transacted on agent banking platform? | • R1 – Deposits, tax Payment, Goods and services, Withdrawal services, transfers, Balance inquiry<br>• R2- Withdraw, accounts opening, bills payment, cash deposits, balance inquiries,<br>• R3 - Remittances, accounts opening, deposits, withdraw services, URA payments.<br>• R4 – Balance inquiry, bills payments, payment for goods and services.<br>• R5 – Deposit withdraw, payment, URA payments, transfers.<br>• R6 – Electricity payments, URA, School fees payment, payment of water bills.<br>• R7 – deposit, school fess payments, water bills payment, URA payment, General bills payments.<br>• R8 – School fees, balance inquiry, deposits, general inquiry. | "I see many people coming to deposit their money through agent banking. It's convenient for them, and I feel like agent banking is helping the community manage their finances better" (Commercial bank Digital consultant, March, 2024).<br><br>"While some customers regularly use agent banking for deposits, I know many others who still prefer traditional banks or aren't aware of this service yet" (Branch Supervisor, March, 2024).<br><br>"The agents are very helpful and make the process of withdrawing money straightforward. It's convenient to have someone assist you right there. It is important we enroll many customers to access this service" (Branch supervisor, March, 2024).<br><br>“Cash transfers via agents work well, but there are occasional hiccups that we need to address to ensure seamless transactions for all customers"(Branch supervisor, March, 2024). |

| | | |
|---|---|---|
| 2. How satisfied are your customers with respect to services rendered by agents | • R1 – convenience, values the time saved, enjoys the friendly service, is impressed by the security measures, prefers the extended hours, finds it easy to use, likes the quick transactions, trusts the agents. | "Parents frequently tell us that a paying school fee through agent banking is incredibly convenient and saves them a lot of time (Digital Consultant, March, 2024)"<br><br>"We've received numerous compliments from customers about how efficiently our agents handle their problems, ensuring that their concerns are addressed satisfactorily (Branch Supervisor, May, 2024)."<br><br>"We've received numerous compliments from customers about how efficiently our agents handle their problems, ensuring that their concerns are addressed satisfactorily (Branch Supervisor, May, 2024)."<br><br>"Some customers have pointed out that their inquiries are not always responded to as quickly as they would like, and this is something we need to work on Branch Supervisor, May, 2024)." |
| | • R2 – accessibility, likes the personalized service, feels safer than using ATMs, appreciates the agent's knowledge, values the privacy, prefers it over traditional banking, finds it more reliable, enjoys the community connection. | |
| | • R3 - Low transaction fees, appreciates the minimal wait times, likes the friendly agents, convenience of location, finds the process straightforward, money is secure, prefers the flexibility, finds it cost-effective. | |
| | • R4 - Financial advice, secure transactions, polite staff, finds it less intimidating than banks, transparency, prefers the digital receipts, enjoys the shorter queues, trusts. | |
| | • R5 – increased savings opportunities, access to payment services, convenient banking. | |
| | • R – 6 Banking at the door, reduced distance to banking facility, service convenience, good relation with agents. | |

| | | |
|---|---|---|
| | • R -7 personalized attention, finds the service efficient, values the convenience, prefers the agent's reliability, likes the low fees, feels confident in the security, appreciates the fast transactions. | |
| | • R8 - quick service, appreciates the agent's friendliness, finds it easy to understand, enjoys the convenient locations, likes the extended hours, feels the process is straightforward, enjoys the lower costs. | |
| 3.How has agent banking services influenced customer satisfaction in your bank? | • R1 – convenient, saved time, friendly service, feels secure, enjoyed extended hours, ease of use, values quickened transactions | "Our customers have consistently expressed high satisfaction with our deposit services (Digital Consultant, March, 2024)."<br><br>"We often hear from customers that the ease and convenience of our withdrawal services significantly enhance their satisfaction with our bank (Branch Supervisor, March, 2024)."<br><br>"The stringent regulations we adhere to, especially regarding admissible activities and customer protections have been instrumental in building customer trust and |
| | • R2 – provided personalized service, promoted safety than using ATMs, enhanced privacy, more reliable services. | |
| | • R3 – reduced transaction fees, minimized wait times, more friendly engagements. | |
| | • R4 – Increased demand of banking services, increased deposit mobilization, huge volumes of bills payments. | |
| | • R5 – Financial service scalability, widened savings mobilization through deposits, increased rates of bills payments. | |
| | • R6 – Increased interest in banking services, increased | |

| | | |
|---|---|---|
| | access to banking services, expanded financial service points. | satisfaction."<br>"Customers appreciate the protections in place, which not only ensure their security but also enhance their overall satisfaction with our services." |
| | • R7 – Promoted service accessibility, fastened transactions, promoted friendly engagements, low fees, | |
| | R8 - reduced transaction fees, minimized wait times, more friendly engagements. | |