

EFFECT OF INTERNET BANKING ON FINANCIAL MANAGEMENT EFFICIENCY AT AFRICAN COURT IN ARUSHA, TANZANIA

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Abstract: The African Court on Human and Peoples' Rights handles hundreds of financial transactions from payments made to it or from it for services rendered, consumed, consultancies, routine activities, and taxes. The sheer volume and variety of payments must contend with, coupled with a heightened focus on service delivery, transparency, security, and compliance has made the African court payments domain truly unique hence the need for e-payments through the internet banking system. Although the court has made efforts towards realizing an integrated cashless payment system, very little gains have been achieved due to very low uptake of the e-payments platforms provided. The purpose of the study was to examine the effect of internet banking adoption on efficiency of financial management at the African Court. The study covered a representative sample of 34 respondents out of a target population 40 employees of the African Court in Arusha, Tanzania. The study adopted an explanatory research design which aided in establishing and explaining the relationship between adoption of internet banking and financial management efficiency at the African Court. The collection of data was conducted using a survey questionnaire which was directly administered to the respondents at their work places. The study used both descriptive and inferential statistical tools to analyse the collected data. The study revealed that perceived benefits of internet banking, ease of use and security were the key factors responsible for adoption of internet banking at the African Court; with an overall mean score of 3.73 out of 5. Further, respondents were of the view that internet banking is a means to improve financial management efficiency as scores on all the items under study ranged between 3.4 and 4.9 mean scores with an overall mean score of 3.86. In particular, the respondents were of the opinion that using internet banking is a pleasant idea, it is trustworthy, and benefits in effective decision making. It was also observed that E-banking is more convenient, safe, and does not require a lot of mental effort and learning. On the effect of internet banking on financial management efficiency, all respondents generally agreed that internet banking enhances efficiency of financial performance with an overall mean score of 3.94. In an effort to determine the relationship between adoption of internet banking and financial management operations efficiency, the study tested a hypothesis which stated that *Internet banking has no significant influence on financial management operations efficiency at the African Court* using correlation analysis resulting in a correlation coefficient of .783 denoting a high and positive relationship between the adoption of internet banking and efficiency of financial operations at the African Court. The study concludes that the adoption of internet banking is very instrumental in improving financial management efficiency. Therefore, the management of the African Court should on a continuous create awareness and invest more resources to achieve full and effective adoption of internet banking in the entire organization. This should be achieved through more budget allocation for capacity building and infrastructural development.

Key terms: Internet Banking, Financial Transaction, Globalization, Financial Management Efficiency.

1. INTRODUCTION

Technology has become an intrinsic part of banking, making it easier and cheaper to develop and deliver financial services. As a consequence of the highly technological environment developed around the world in the banking industry, the expansion of distribution channels for financial services relies on a very complex network of partnerships (Costa et al., 2007). A number of authors and experts have defined internet banking services as a contemporary facility that provides conventional bank products and services through a new medium that is information technology. It is an all-around platform where transactions are accessed by the clients and validated through the internet enabled system. Corrocher (2002) notes that the users can conduct financial transactions anywhere; at home, at the office or at school as long as they have a computer and a modem.

Bracchi, Francalanci, and Giorgino (2000) observe that internet banking allows customers to interact more with the front office operations and, at the same time, it allows the bank to concentrate on the back office operations thus increasing their efficiency. Internet banking constitutes an innovation both in the processes of production and in the distribution of financial services. The digitalization is a new phenomenon and there is need to invest in internet access for banking services to maintain and attract new customers' base. Simpson (2002) suggests that internet banking is driven largely by the prospects of operating costs minimization and operating revenues maximization. A comparison of online banking in developed and emerging markets reveals that in developed markets lower costs and higher revenues are more noticeable. Sullivan (2000) finds no systematic evidence of a benefit of internet banking in United States of America (US) click and mortar banks, Furst et al. (2002) find that federally chartered US banks had higher return on equity (ROE) by using the click-and-mortar business model.

The internet facility has transformed the business world in terms of managing the business. According to Abu Shanab et al. (2010), the internet has transformed the entire business pattern for people as well as for businesses. Although, technological advancements are happening every day but not every advancement has been welcomed and adopted by international organizations and banks; but such organizations that enjoy advantages of this new mode of service delivery, have adopted the e-banking phenomenon from its introduction only. Originally, it was used for online banking promotional activities of their products and services; but as the e-banking concept developed, banks and other non-banking organizations including the African court have started enjoying its various other advantages, such as, reduced per transaction cost, enhanced customer service, raised long term returns by providing 'anytime anywhere' banking to the banking customers.

The biggest impact that ICT has been made on accounting, and it is the ability of companies to develop and use a computerized system to track and record financial transactions properly and accurately. The recording of business transaction manually on ledgers, papers, and spreadsheets has been translated and computerized for quick and easy presentation of individual financial transaction and give the report on it (Kirmani, Wani & Saif, 2015). As a result, most of the business organizations have swiftly been adapting the advancement in technology and internet facility. Adopting new internet applications has resulted in the enhancement of efficiency and quality of services provided. Thus, the evolution of internet facility had transformed the entire business around the global world and the same happened in the banking sector. International organizations including the African Court have always been on the top in using information communication and technology in its financial management operations. Challenges faced by the banking sector and international organization such as an increase in competition, catering for a variety of demand of heterogeneous customers, decreasing revenue margin and advantages provided by technology, have compelled the African Court to process new human resource management system.

Research Objectives

The study is guided by the following specific objectives;

- i. To identify the determinants of adoption and usage of internet banking services at the African Court.
- ii. To ascertain the perceptions of the African Court's senior managers, employees, and suppliers towards internet banking system.
- iii. To assess the relationship between the adoption of internet banking and efficiency of financial operations at the African Court.

Hypothesis Testing

- i. Internet banking has no significant influence on financial management operations efficiency at the African Court

2. RESEARCH METHODOLOGY

Research Design

The study adopted a quantitative research approach to gather data that was used to address the research objectives. Quantitative approach is adopted to generate numeric information, gather observable and measurable phenomena involving people, events or things, and establishing the strength of the relationship between variables, usually by statistical tests. Quantitative research offers itself to examining phenomena that require particular measurement and quantification often containing rigorous and organized projects (Mujinga et al., 2018). The study adopted an explanatory research design which facilitated determination and explanation of variable relationships to answer the research questions and meet the research objectives.

Target Population

Polit and Beck (2004) describe a population as the complete collection of cases that meet a selected set of conditions. The target population is the aggregate of cases about which the researcher would like to make generalizations. It can be presumed that in such an inquiry when all the items are covered no element of chance is left and the highest accuracy is obtained (Kothari, 2004). The target population comprises of African Court employees at Arusha office, with more emphasis on employees from the finance and administration division, security and protocol, bureau of the president, legal and language, and registry. These departments have a workforce of about 40 people excluding the support staff who formed the sampling frame.

Sample Size and Sampling Procedure

A sample strategy is a plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample (Kothari, 2004). Stratified sampling technique was applied to select the study sample. This method was chosen due to the stratification of the study population into different categories. The population comprises of 40 employees out of which 36 were chosen to participate in the study (Krejcie & Morgan, 1970). As shown in Table 3.1 the sample was chosen from the following departments; finance and administration, security and protocol, bureau of the president, legal and language and the registry of the court took part in the research. A sample of 36 employees was chosen and the size is considered adequate at a 95% confidence interval (Krejcie & Morgan, 1970).

Table 3.1: Sample Size

Department	Population	Sample Size
Registry	11	11
Finance & Administration	7	6
Bureau of the President	5	4
Security & Protocol	6	5
Legal & Language	11	10
Total	40	36

Data Collection

Polit and Beck (2004) describes data collection as the process of gathering information needed to resolve a research problem. The study employed a semi-structured questionnaire to gather data. Structured data collection involves asking a set of predetermined questions that are usually answered in a specified sequence. In this section, the researcher discusses the data collection approach, instrument, and the procedures involved. The data collection process covered the pilot study and the main study. The pilot study conducted yielded suggestions from a section of the research participants that was used to improve the research instrument and helped in eliminating author's bias. Once the pilot survey had been modified as per the pretest feedback, sets of questionnaires were distributed to the selected participants.

Data Analysis

Data analysis process involves methodical organization and breakdown of study data, to adequately address the research questions (Polit & Hungler, 1999). This investigation was descriptive in nature and therefore it largely involved descriptive statistics. The descriptive information enables a researcher to reduce, summarize and describe quantitative

data obtained from empirical evidence (Polit & Beck 2004). To enhance the data process, the researcher coded the respondents' responses in preparation for data capturing, using SPSS version 25.

Pearson product moment correlation was run to determine the relationship between the adoption of internet banking system and efficiency of financial management operations. Regression analysis as supported by Field (2013) was conducted to identify the factors that account for internet banking adoption. The regression model that was tested was as follows;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Y = Adoption of internet banking, β_0 = intercept, β_1 , β_2 , and β_3 are regression coefficients and e = Error term

X1= Perceived usefulness

X2= Perceived ease of use

X3= Security

The goodness of fit of the sample data to the population was evaluated through the R squared, F- test, and Root Mean Square Error (RMSE) test as well as Cook's distance. The assumption of non-multicollinearity between predictor variables was addressed through Pearson correlation and collinearity statistics (tolerance and variance inflation factors (VIF). Licht (2011) observes that bivariate correlations between the independent variables of greater than 0.80 are problems. The tolerance factor should be more than 0.2 (Menard, 1995) and VIF should be less than 10 (Myers, 1990).

3. DATA ANALYSIS, RESULTS AND DISCUSSION

Response Rate

The study received responses from 34 respondents out of sample of 40 respondents; translating into 94% response rate. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate, any response not exceeding 60% and greater than 50% is good, and response rate above 69% is very high. The response of 94% was therefore very good and would produce useful data, further, all the areas of data collection were represented.

Demographic Characteristics

From the findings in Table 4.1, 71% were male while 29% were female. All the respondents were above 30 years of age (100%) . 79% of the respondents had a university degree and 71% have worked for the African Court for a period under ten years only 29% have been with the organization for over eleven years.

Table 4.1: Demographic Characteristics of respondents

Demographic Statistics	Intervals	Frequencies	Percentages
Gender	Male	24	71%
	Female	10	29%
Age	19-29	0	0%
	30-39	21	62%
	40-49	12	35%
	50 and above	1	3%
Education Level	Diploma	7	21%
	University Degree	27	79%
Experience	1-10 Years	24	71%
	11-20 Years	10	29%
	21- 30 Years	0	0%
Department	Registry	11	32%
	Finance & Administration	6	18%
	Bureau of the President	3	9%
	Security & Protocol	5	15%
	Legal & Language	9	26%

The Determinants of Adoption and Usage of Internet Banking Services at the African Court

Regarding factors that influence adoption of internet banking (Table 4.2), all the items had a mean score ranging between 3.40-4.19 implying agree. Also, the overall average mean ranges between 3.40–4.19 implying agree. The average mean for all the variables is 3.73 which ranges between 3.40–4.19 denoting agree. This indicated that, the respondents agreed that factors that lead to adaptation of the internet banking are trust on internet banking site, internet banking site improves efficiency of banking activities, internet site makes it easier to do banking activities, internet banking improves the quality of banking transactions, better management of finances and easy to do what one wants to do with online banking.

The findings are consistent with those of Linh and Linh (2017) that safety and privacy are two crucial features that would ensure users belief to undertake transaction system through the internet. Thus, the congruence of the study findings and literature imply that trust with the internet banking based on the above factors in Table 4.2 determines the use of internet banking. This suggests that, bankers must ensure that, the internet services are trustful, efficient, easy to use, good quality and reliable.

Table 4.2: Factors influencing adoption of internet banking

S/N	Variables	Mean
1.	I have no doubt on the usefulness of using internet banking	3.80
2.	I trust the internet banking site	3.58
3.	Using the internet banking site improves the efficiency of banking activities	3.79
4.	Using the internet site makes it easier to do my banking activities	3.81
5.	Using internet banking improves the quality of banking transactions, better management of finances	3.88
6.	I find it easy to do what i want to do with online banking	3.76
7.	Internet banking is more secure	3.75
	AVERAGE MEAN	3.73

The Perceptions of the African Court’s Senior Managers, Employees, and Suppliers on Internet Banking System

In objective two, the study sought to assess respondents’ perceptions of the African Court’s Senior Managers, Employees, and Suppliers on Internet Banking System on financial management efficiency. As presented in Table 4.3, mean score of all the items are extremely high denoting respondents’ agreement recognition on internet banking as a means to improve financial management efficiency. Scores on all the items range between 3.4 and 4.9 mean scores; with an overall mean score of 3.86. This clearly shows that the respondents strongly value internet banking. Particularly they agreed that, using internet banking is a pleasant idea, internet banking is trustworthy, they trust in the benefits of decisions of the internet banking. internet banking site keeps its promises and commitments, they trust the internet banking site, they find internet banking site useful for any banking activity, e-banking reduces the cost of financial operations, e-banking is more convenient, e-banking is very safe, their decision to adopt e-banking has been influenced by colleagues and friends, interaction on internet banking does not require a lot of mental effort, learning to use internet banking is easy. This indicates that, the respondents generally agreed that, they perceive all the items positively.

Table 4.3: The perceptions of the African Court’s senior managers, employees, and suppliers towards internet banking system

S/N	Variables	Mean
1	Using an internet banking is a pleasant idea	3.7941
2	Internet banking is trustworthy	3.6471
3	I trust in the benefits of decisions of the Internet banking	3.6765
4	Internet banking site keeps its promises and commitments	3.8235
5	I trust the internet banking site	3.7931
6	I find internet banking site useful for any banking activity	3.7059
7	E-banking reduces the cost of financial operations	4.0000
8	E-banking is more convenient	4.2059
9	E-banking is very safe	4.9706
10	Our decision to adopt e-banking has been influenced by colleagues and friends	3.5588
11	Interaction on internet banking does not require a lot of mental effort	3.4118
12	Learning to use internet banking is easy for me	3.6061
	AVERAGE MEAN	3.8605

Based on these findings, the respondents perceive the aforementioned variables as the determinants of adoption of internet banking. The findings are consistent with Ping, Wenjian and Jiao (2017) findings that indicated that internet finance improves the efficiency of however it cannot subvert the traditional banking industry. The findings are also congruent with Abu Shanab et al. (2010) study which noted that internet technology has revolutionized the corporate financial management making it trustworthy, time saving and efficient. Also, the study findings are supported by Wang and Liu (2018) study that the emergence of internet finance has improved financial management in terms of risk management, the legacy of traditional banking system that cannot be avoided totally. With regards to the study findings and supportive literature, it is apparent that, the respondents of the study perceive internet banking positively. Thus, internet banking can be concluded to be the trustworthy, time saver, efficient, cost effective, convenient and making bank transactions easy.

Effect of Internet Banking on Efficiency of Financial Management

In objective three, the study sought to determine the effect of internet banking on financial management efficiency. Table 4.4 presents the effects of internet banking on efficiency of financial performance; using mean scores. All respondents generally agreed that internet banking enhances efficiency of financial performance whereby for items 2 and 7 mean score were 4.35 and 4.21 respectively implying that the respondents strongly agree. Agreement on other items had a mean score ranging between 3.40 and 4.19. The overall average mean score was 3.94; which ranges between 3.40 and 4.19 denoting high agreement that internet banking has a significant influence on financial management efficiency.

Table 4.4: The effect of internet banking on efficiency of financial management

S/N	Variables	Mean
1	Internet banking enables access of account anywhere	3.97
2	Internet banking allows paperless payment system	4.35
3	Internet banking creates harmonious relations between the bank and the client, personalized banking	3.82
4	Internet banking reduces considerably tariffs (bank charges) of payments compared to the manual system	3.88
5	Internet banking enables easy access from the main menu and online help is available at a click of a button	3.74
6	Internet banking enables fully integrated system solutions that provide a variety of reports	3.85
7	Internet banking allows customers to monitor bank movements without necessary visiting the bank's branch	4.21
8	Internet banking uses the highest level of internet security available in the market	3.71
AVERAGE MEAN		3.9412

The findings are consistent with those of Ping Wenjian and Jiao (2017) who found out that internet finance has broadened the boundary of financial services, improved the efficiency of resource allocation and the impact on the traditional banking industry, but it cannot subvert the traditional banking industry. Similarly, the findings are supported by Abu Shanab et al. (2010) study which noted that internet technology has not only improved the efficiency of financial management, but also created a new corporate financial management model, which has caused some new problems in the field of corporate financial management, conducted a profound analysis of financial management issues, and proposed an active adjustment of corporate financial management (Wang & Liu, 2018). However, the Wang and Liu (2018) study found that emergence of internet finance does not provide a new financial model but rely on the internet to expand the financial function, but in some core functions such as risk management, the traditional banking industry still has advantages. Therefore, it is concluded that, internet banking affects the efficiency of financial management.

Hypothesis Testing

The study tested a hypothesis which stated that internet banking has no significant influence on financial management operations efficiency at the African Court. The test was done using correlation analysis. The analysis revealed a significant relationship at 0.01 level (2-tailed) with a correlation coefficient ($r = .783$) with ($N = 34$) that is statistically significant at 0.01 level ($p=0.000$). The findings imply that there was a significant relationship between the adoption of internet banking and efficiency of financial operations at the African Court. This implies that adoption of internet banking

has a strong, positive and significant influence on financial management operations efficiency. Thus the null hypothesis was rejected.

Table 4.5: Correlations between adoption of internet banking and financial management efficiency

		Internet banking adoption	Efficiency
Internet banking adoption	Pearson Correlation	1	.783**
	Sig. (2-tailed)		.000
	N	34	34
Efficiency	Pearson Correlation	.783**	1
	Sig. (2-tailed)	.000	
	N	34	34
**. Correlation is significant at the 0.01 level (2-tailed).			

The findings are consistent with Ping, Wenjian, and Jiao (2017) study which observed that the internet banking improves the financial management efficiency. The improvement of internet infrastructure is the main foundation to promote the development of internet finance. Similarly, the findings match with Simpson (2002) contended that the rapid development of internet finance can promote competition in the financial industry and promote the healthy development of the financial system. The findings are also supported by Ping et al. (2017) who assert that internet banking increases the efficiency of operations of organizations.

4. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on the study findings the study concludes that the adoption of internet banking is instrumental in achieving efficiency in financial management at the African Court. It is also clear that the perceived usefulness, ease of use and security are among the major factors that influence adoption and application of internet banking systems. Using the internet site makes it easier to do banking activities and improves the quality of banking transactions, and better management of finances. Further, the study concludes that internet banking is perceived well particularly by the employees – using internet banking is a pleasant idea, trustworthy and helps keep promises and commitment to customers. E-banking reduces the cost of financial operations. The study also concludes that internet banking does not require a lot of mental effort and learning thus easy to use.

Recommendations

Based on the study findings, the study makes the following recommendations which if adequately and effectively implemented will improve adoption of internet banking as a means to improve financial management efficiency.

The management of the African Court should as a matter of priority create organization-wide awareness on the use and application of internet banking in its financial management practices. This should be done through sensitization meetings and demonstration of benefits to all staff. Further, the Management should practically demonstrate the usefulness, easy and security of internet banking in the entire organization. It is recommended that the Management of the African Court should invest heavily on internet banking through allocation of special budget to aid in capacity building and installation of necessary infrastructure to facilitate effective adoption and application of internet banking.

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