

Title

**INVESTIGATING THE FACTORS AFFECTING THE ADOPTION OF E-BANKING SERVICES IN BANKS: A CASE STUDY OF A SELECTED COMMERCIAL BANK IN MALAWI**

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## ABSTRACT

This study investigated the factors influencing the adoption of e-banking services at a selected commercial bank in Malawi, focusing on customer awareness, perceived ease of use, security and privacy perceptions, trust, digital literacy, internet connectivity, and customer support. A mixed-methods approach was adopted. Data were collected from 40 respondents (35 customers and 5 bank employees) using stratified random sampling for customers and purposive sampling for employees, achieving a 100% response rate.

Findings revealed extremely high awareness of e-banking services (100%). However, actual adoption remains moderate and is strongly moderated by key factors: perceived ease of use (74.2%), confidence in security measures (80%), and institutional trust (77.1%). Major barriers include poor internet connectivity (67.6% of respondents), low digital literacy (68.6%), and inadequate training and customer support. Demographic data showed that all customer respondents were highly educated: 60% held Bachelor's degrees and 40% held postgraduate qualifications. Customer satisfaction with overall service quality was 62.8%, with reliability at 62.8%, fair cost at 68.6%, and adequate support at 60%.

The study concludes that although the bank has made commendable investments in mobile apps, internet banking, ATMs, and USSD platforms, infrastructural, educational, and perceptual challenges continue to limit widespread adoption. Targeted interventions in digital infrastructure, customer education, and support systems are urgently needed to accelerate e-banking uptake and advance financial inclusion in Malawi.

**KEYWORDS:** E-banking adoption, perceived ease of use, security concerns, digital literacy, internet connectivity, trust, financial inclusion, Malawi

## INTRODUCTION

The integration of digital technologies has dramatically reshaped banking service delivery worldwide. Customers now demand faster, more convenient, and accessible financial services. In response, commercial banks in Malawi have introduced various e-banking platforms including mobile banking, internet banking, ATMs, and USSD services. This study examines the factors affecting the adoption of these services at a selected commercial bank in Malawi.

## BACKGROUND OF STUDY

Electronic banking (e-banking) allows customers to perform transactions without visiting physical branches, thereby reducing costs, increasing efficiency, and promoting financial inclusion (*Auta, 2010*). While adoption is high in developed countries due to strong infrastructure and high digital literacy, uptake in Malawi remains relatively slow and uneven (*Kwagala, 2018*). The selected bank has invested heavily in user-friendly digital platforms, including USSD services for feature-phone users. Despite these efforts, many customers, especially in rural and less digitally literate segments, still prefer traditional branch banking.

## PROBLEM STATEMENT

Although e-banking services offer significant benefits such as convenience, reduced operational costs, and greater

financial inclusion, the actual adoption rate at the selected commercial bank remains suboptimal. Key barriers include limited awareness in some segments, security and privacy fears, poor internet connectivity, low digital literacy, inadequate training, and cultural resistance to technological change (Chitungo & Munongo, 2013; Yaseen & El Qirem, 2018; Asongu et al., 2018). This persistent gap between the availability of advanced digital solutions and low customer utilisation undermines the bank's operational efficiency and national efforts toward financial inclusion. This study therefore investigates the critical factors influencing e-banking adoption to provide evidence-based recommendations.

## RESEARCH OBJECTIVES

### Main objective

- To investigate the key factors influencing the adoption of e-banking services at the selected commercial bank in Malawi.

### Specific objectives

- To assess the level of awareness of e-banking services among customers of the selected bank.
- To evaluate the impact of perceived security, privacy, ease of use, and trust on e-banking adoption.
- To identify major barriers (internet connectivity, digital literacy, and support systems) and recommend practical strategies to improve the adoption rate of e-banking services.

## RESEARCH QUESTIONS

- What are the main factors affecting the adoption of e-banking services at the selected commercial bank?
- How aware are customers of the available e-banking services?
- To what extent do security, privacy, ease of use, and trust influence customers' willingness to adopt e-banking?
- What strategies can the selected bank implement to increase customer adoption of e-banking services?

## LITERATURE REVIEW

Empirical evidence shows that perceived usefulness, perceived ease of use, security, trust, and facilitating conditions are the strongest predictors of e-banking adoption (Davis, 1989; Al-Smadi, 2012; Adewoye, 2013). In the Malawian context, studies highlight poor internet infrastructure, low digital literacy, and inadequate customer training as persistent barriers (Ching'oma & Chirwa, 2018; Chirwa & Msiska, 2019; Ndayizigamiye & Maharaj, 2019). Security concerns and trust also play critical roles in developing countries (Yousafzai et al., 2005; Kalakopa & Mapira, 2020).

### Theoretical Framework

This study is anchored on the Technology Acceptance Model (TAM) by Davis (1989), which posits that perceived ease of use and perceived usefulness are the primary determinants of technology adoption. The model is extended with trust and security constructs, which are particularly relevant in the Malawian banking environment where infrastructural and perceptual barriers are prominent.

## RESEARCH METHODOLOGY

This study employed a mixed-methods explanatory sequential design. Quantitative data were collected first through structured Likert-scale questionnaires, followed by qualitative semi-structured interviews to provide deeper insights. The study was conducted at the selected commercial bank in Malawi.

The target population comprised customers and employees directly involved with e-banking services. Using Slovin's formula, a sample of 35 customers was selected through stratified random sampling (ensuring representation across gender and education levels). Purposive sampling was used to select 5 key employees, giving a total sample of 40 respondents (100% response rate).

Data collection instruments included Likert-scale questionnaires (covering awareness, ease of use, security, trust, barriers, and satisfaction) and interview guides. Quantitative data were analysed using Microsoft Excel (percentages, tables, and charts). Qualitative data were analysed thematically following Braun and Clarke (2006). Ethical considerations included informed consent, voluntary participation, anonymity, confidentiality, and adherence to The Belmont Report (1979) and Malawi National Commission for Science and Technology guidelines.

## RESULTS

This chapter presents findings from questionnaires (35 customers) and interviews (5 employees). A 100% response rate was achieved.

### Demographic Profile

All 35 customer respondents were highly educated: 21 (60%) held Bachelor's degrees and 14 (40%) held postgraduate qualifications. No respondents had only secondary or primary education.

### Level of Awareness of E-Banking Services

All 35 customers (100%) were aware of e-banking services offered by the bank.

- 86% confirmed that the bank advertises e-banking services (11 respondents 31.4% strongly agreed, 19 respondents 54.6% agreed).
- Only 31.4% acknowledged that the bank conducts training programmes, while 40% were uncertain and 28.6% disagreed.
- 77.1% reported that customers frequently use e-banking services (mobile app, internet banking, ATM, USSD).
- 77.2% agreed that information about e-banking services is easily accessible.

### Factors Influencing Adoption of E-Banking Services

- **Perceived Ease of Use:** 74.2% of respondents (6 strongly agreed 17.1%, 20 agreed 57.1%) found the services simple and easy to use.
- **Security:** 80% agreed that security measures make transactions safe.
- **Trust:** 77.1% (9 strongly agreed 25.7%, 18 agreed 51.4%) stated that trust in the bank encourages adoption.
- **Poor Internet Connectivity:** 67.6% (13 strongly agreed 38.2%, 10 agreed 29.4%) said it discourages usage.

- **Digital Literacy:** 68.6% recognised that low digital literacy levels influence adoption.

### Customer Satisfaction

- 62.8% were satisfied with overall quality of e-banking services.
- 60% agreed the bank provides adequate customer support.
- 68.6% found the cost (fees and charges) fair and reasonable.
- 62.8% agreed services are consistently reliable and available.
- 60% stated that overall satisfaction encourages continued usage.

### DISCUSSION

The findings confirm that awareness is no longer a barrier (100%), yet adoption remains constrained by external and perceptual factors. The high agreement on ease of use (74.2%) and security (80%) strongly supports the Technology Acceptance Model (Davis, 1989). Trust (77.1%) also emerged as a powerful driver, consistent with *Venkatesh et al. (2003)*.

However, infrastructural challenges are critical: 67.6% cited poor internet connectivity, aligning with *KPMG (2020)* and *Mtekama (2021)*. Digital literacy (68.6%) and weak training programmes (only 31.4% awareness of training) further explain the gap between awareness and usage. Customer satisfaction levels (60–68.6%) indicate moderate acceptance but reveal room for improvement in support and reliability.

These results mirror findings in other developing countries and highlight that technology alone is insufficient without

parallel investment in infrastructure and human capacity.

### CONCLUSION

This study has clearly demonstrated that e-banking adoption at the selected commercial bank in Malawi is positively influenced by very high customer awareness (100%), strong perceived ease of use (74.2%), robust security confidence (80%), and high institutional trust (77.1%). However, adoption is significantly hindered by poor internet connectivity (67.6%), low digital literacy (68.6%), inadequate training, and moderate customer support (60%).

The findings affirm that e-banking is a powerful tool for financial inclusion, but its success depends on addressing both technological and human barriers. The bank, regulators, and policymakers must urgently invest in reliable internet infrastructure, comprehensive digital literacy programmes, regular customer training, and enhanced support systems.

By implementing the recommended strategies, the selected bank can substantially increase e-banking adoption, improve operational efficiency, reduce costs, and contribute meaningfully to Malawi's financial inclusion agenda. This study provides a strong foundation for future research and practical action in digital banking in Malawi.

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