

## Factors Affecting the Use of Internet Banking; the Case of Somalia

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**Abstract:** The purpose of the research was to determine the aspects affecting the employing of electronic internet banking; a case of Mogadishu Somalia. The objectives were to determine the relationship between cost of internet and usage of internet banking in Mogadishu Somalia. Examine the relationship between perceived ease of use of internet and use of internet banking in Mogadishu Somalia. Determine the relationship between security and internet and use of internet banking in Mogadishu Somalia. To explore the relationship between privacy on internet and use of internet banking in Mogadishu Somalia and To examine the relationship between design of website on internet and use of internet banking in Mogadishu Somalia and To determine the relationship between trust and use of internet banking in Mogadishu Somalia. The data was collected from respondents using questionnaires from the three banks in Mogadishu Somalia. The data was collected and analysis based on descriptive statistics and correlation and regression analysis. The data collected reveal that conclude that perceived ease of use and trust having positive effect on the use of internet banking with .962 and .747 respectively while costs had 0.012, security .141, privacy had .512, design of websites had .477 while trust had .747. The study conclude that according to the study the study conclude that perceived ease of use and trust having positive effect on the use of internet banking in Mogadishu Somalia. The results indicate that the state of the internet banking is affected by the trust on the positive note though many factors are majorly negative. On the study cost, security, design website and privacy had a negative effect on the internet banking in Mogadishu Somalia. The study recommended that there is need for constant power back up should be ensured on order to solve the problems of power interruptions and fluctuations. The study recommends to the management of banks which are slow in innovation adoption, to move in and adopt various innovations in their operations in order to shore up their profitability.

**Keywords:** Online banking, internet banking, security, trust, privacy, Somali Banks, Mogadishu and Somalia.

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### I. Introduction

Electronic banking is procedures that make buyers to do banking online. Electronic banking is done via Internet with key idea and buyer's password (Ongkasuwan, 2002). Electronic banking permits buyers to reach their accounts in the bank to carry out transactions. Online banking refers to the employing of online delivery means for goods and services and is part of electronic finance. The more appropriate key online delivery means are the Internet, wireless communication networks, automatic teller machines (ATMs) and telephone banking. Internet banking is a part of electronic banking that is usually done in form of the Internet. The word transactional electronic- banking is employed to make a difference between the employing of banking services and the usual giving of information Globalization is aspect of life which involve cultural, economic, political and social situation that is revolutionizing the methods we are living in.

Initially, Internet technology was employed as an informative or a supplementary form to goods and service and delivery procedures of a business environment. In nutshell, Information Technology (IT) has played a key part in the spreading of Internet. It is automatic that as Electronic banking "borne" from Internet spread all over the world, Information Technology also leads an important key role in Internet banking expansion and spread worldwide. Another major key role in the spread of digital transformed economy is seen in the Personal Computers (PC) moving through families or places of work. After the Personal computers spread and expansion in sending and receiving of messages in amidst buyers <customers> and banks or other businesses are soften and fastened and most important their cash orders are performed on-line. In 2003 a study was done by Clara Centeno for the European Commission checking the Internet banking technology adoption in EU15 and in Countries. This specific study portrayed that the insufficient of PC and Internet connectivity is a hindrance to Internet banking growth and development. In this view it is required to difference the understanding of e-commerce and e- banking) transactions. The spread and growth of e-commerce and the basic desire for electronic transactions and deliveries of goods by the buyers couldn't ignore the banking sector unaffected.

Banks started giving services by use of the Internet in 1995 (Richard, 2000) giving to their clients other sources of information and distribution means of goods and services.

The bank clients have the potential of making a variety of banking. Transactions through the bank's Web Site. Moreover electronic banking services have the key result on bank cost reduction, increasing bank abnormal profits and increasing client satisfaction in terms of goods and services (Richard,2000).The banking continent is increasingly transforming the reality of traditional branches has changed to virtual branches. The spot introduction of the Internet technology had a relevant result on the growth and development of banking sector. Transforming client's tastes and preferences, modification financial goods and services, transformation in industrial organization and a mix of delivery means are improving the banking sector. A significant key aspect and helper in this procedure of fast-pace transformation and modification is the Internet. Electronic internet banking services are served in two major forms. Either traditional brick and mortar banks add together traditional and electronic delivery means or banks serves their goods and services only- or predominantly- via electronic distribution means by not having a branch network (other than a physical presence as an administrative head office or non-branch facilities such as kiosks or ATMs).These banks are called "virtually banks", "branchless" or "Internet- only banks. Cash can be got from and put back to the bank by means of ATMs or other village area delivery means owned by these virtual banks or other organization. Organizing up licensed virtual banks can, in principle, be performed in three forms.

Technology, in specific the Internet, has been a major accelerating aspect along the transformation in the banking sector. Electronic banking is the currently delivery form in several fast developed nations and there is large strong conclusion that this will affect the banking market effectively. Basing on De Kare- Silver (2000) the spread and expansion in electronic technology, mainly the Internet, could result to several of present well-developed banking sector being displaced. With the spread and growth of the Internet, the key significant importance of the bank branch is under increasing threat. Buyers and sellers can deal directly through Internet, which can make it easy buy or sell from home or workplace. Every bank tries to get as much share of the market as it can. In present world of competition, achieving of a bank lies in client focus, partitioning, positioning and aimed marketing used in line with information technology (IT). Because of technology such as the electronic banking Internet, banking sector in developing countries are in competition with international large scale banks and cannot be able to leave the needs of their clients. Customers now have several opportunities to select the category of service they need at the price they are willing to pay (Bradley and Stewart, 2013).being aware of the aspects influencing the adoption of Internet will lead to an increment in the employing of Internet banking. In addition, in the choice of a bank, the most key aspect is the range of the services served and the bank's name (Ribbink, Van eand Streukens, 2012). Ibbotson and Moran (2013) said that quickness and ease of performing transactions on online banking more effective and accessible. Banking services at period dictate that two major aspects affect the application. With the growth and development of Internet banking, a transform has occurred in client trends. Eccher, Hunley, & Simmons (2010). One of the most key significance of Internet banking transaction is reduction in cost involved Benston (2014) contented that the organization and design of the bank's website has an implication on Internet application, so crucial to consider the design needs, requirement and recommendations of clients who use internet banking technology. Three different aspects related to Internet banking tell security information in amidst the bank and its clients to be sure of the requirement (reality); financial and economic information sent to client through the Internet in order to ensure privacy and integrity of information from other people); following of a person after performing this movement to identity.

### ***Objectives of the study***

The purpose of the research is to determine the aspects affecting the employing of electronic internet banking; a case of Mogadishu Somalia.

The five hypothesis that will help to make interface between the sample and the real business environment are presented below;

**H0:1** To determine the relationship between cost of internet and usage of internet banking in Mogadishu Somalia.

**H0:2** There is relationship between perceived ease of use of internet and use of internet banking in Mogadishu Somalia.

**H0:3** There is the relationship between security and internet and use of internet banking in Mogadishu Somalia.

**H0:4** There is a relationship between privacy on internet and use of internet banking in Mogadishu Somalia.

**H0:5** There is a relationship between design of website on internet and use of internet banking in Mogadishu Somalia.

**H0:6** There is a relationship between trust and use of internet banking in Mogadishu Somalia.

## **II. Review Of Relevant Literature**

The second section is taken as crucial were the researcher reviews works by different previous researcher in order to attain an understanding on the degree of available information that the researcher bases on to attain value for the study. This review is based on five important areas that are provided as literature in this study text to provide a firm expansion of the issues under the study.

### ***2.1 Relationship between cost of internet and use of internet banking***

Cost of internet refers to the financial charge required as a cost to access the internet services for e-banking. The access to e-banking is affected by the cost required to transact mainly that of internet vis-à-vis the physical movement to the locations of the bank. Chiang and Dholakia (2013); Constantinides (2014) said that value is not the major aspect which attracted shoppers' ability to purchase. Valuing of goods and services is not always the aspect that most people will make shopping online (Smith and Rupp, 2003). When comparing in amidst online and offline shoppers, online shoppers are not as price sensitive as offline shoppers (Lepkowska-White, 2004); they only look for good and services that meet their needs. The category of goods and services like detergents, paper towels, and soft margarine, are less value sensitive for shoppers. Degeratu, Rangaswamy and Wu (2009) found that those goods and services are exceptional for the value of goods and services. Not only are the value not so significant for some goods but the many of goods and services range will also help clients to be much interested in purchasing, although the value of goods maybe increase than at other shops. For example, amazon website gives a quality goods and services to online clients and as long as they are performing well in sales department. Gefen, Kahanna and Straub (2013) report that valuing is not key aspect to the clients who have confidence trust the suppliers. They are clients' even higher prices, because they have attractive dealing with the supplier, mainly trust. In addition, Simand Koi (2014) suggest that the lower price of goods will not attract people who have higher incomes as they will purchase item because they like item; the value does not matter to them.

### ***1.2 Relationship between perceived ease of use of internet and use of internet banking***

Muhamad and Rane (2012) realised that perceived fasteners of usage, perceived compatibility, innovativeness and perceived credibility influencing client's minds to start using electronic banking. In the same context Wu, Chang and Lin (2012) realised that trust, perceived ease of use and relative advantage having a reasonable impact on client's behavioural minds to start using internet banking. Chang and Hamid (2010) also showed two aspects viz. perceived ease of use and perceived applicability leading to behavioural minds of client's to begin using internet banking in Taiwan. In the similar context, Yiu et al., (2007) also made a step of attempt to discover usage of internet electronic banking by retail clients in Hong Kong and realised constructs like perceived usefulness, perceived usage, perceived risk involved and individual creativeness on advanced technology having a positive attitude towards electronic banking usage. Satisfaction of clients in any financial institution is the main aim and objective. Some researchers have aimed on implication of electronic banking on satisfactory of clients (Alam and Soni, 2012; and Ramadhan, 2011; Singh and Kour, 2011). Ma (2012) finds privacy, public recognition in form of building a good name and value in form of price as the main aspect influencing clients satisfaction in electronic banking in China. Alam and Soni (2012) find satisfying of clients being a result of quick services, fair service charge, easiness of depositing and withdrawing money, ATM booths, account statement over SMS/e-mail services and error free records.

Musiime and Ramadhan (2011) discovered that a key major aspect in amidst of electronic banking usage and client satisfaction. Dai et al., (2011) determined the antecedents of online service quality, commitment and loyalty in internet mediated environment (IME) and found service content quality and service delivery quality as two important antecedents of client service enjoyment and happiness, affecting their commitment and loyalty.

Muhammad and Alhamadani (2011) said five service quality factors viz, reliability, responsiveness, empathy, assurance and tangibility as significant factor of satisfying clients. Nupur (2010) examined electronic banking and client satisfaction in Bangladesh and realised the similar service quality aspects which were discovered by Muhammed and Alhamadani (2011) as core dimensions of clients satisfaction.

### ***2.3 Relationship between privacy on internet and usage of electronic banking***

Internet banking is a new specific financial area, section of electronic financial sector, which gives clients a chance to talk with their accounts in the bank regularly from any period of time globally. Internet banking methods few evolving trends i.e. clients requirement for anytime, goods and services time to market requirement, and increment difficult back-office joining constrains. One such case is the electronic financial transactions protection. In order for the industry to grow further, secure transactions with the clients trust are

crucial aspects. Financial institution makes advertisements safe online facilities, and grants their clients to do a wide range of transaction with financial institutions. Some of the security features in internet banking usage involve. Security token devices: Guard and safety via password authorization and encryption as its the case in most safe and secure internet shopping sites, it is not assumed secure enough for individual online banking applications in some countries.

A common and widely recognized hindrance of Internet adoption has been the lack of security and privacy over the Web Sites. (Bhimani, 1996; Quelch and Klein, 1996; Rhee and Riggins, 1997). Also Sathye (1999) noted that security and privacy were significant major obstacles to the adoption of online banking in Australia. It should be noted that protection concerns are confronted by clients and services providers of IS mainly focusing electronic-banking, electronic-commerce and electronic government. It is hoped that specific individuals who believe that electronic banking is as less risky business and they are there for its usage. It is like client have negative attitude towards Internet technology hence leading to resistance on its usage. Several clients want to have full ruling of data that is gathered via Internet, the main use of the data and how long it is recorded. Data privacy and protection, non-regulated intermediaries in a new introduction by the provision of electronic-financial services and world behaviour of the problems are faced by financial instructors and the financial institution.

Online Environment sensitive to external and internal threats leaves all transactions in a financial services company. Processing and data security privacy concern growing high globally concern for instructors. Chaffey and Smith (2013) said that there exists a significant relationship in amidst security and confidence on several social and economic discussion participating uncertainty and dependence. As some cases exist in doing business via the Internet, several academicians said that trust is a key aspect that is leading to the successful proliferation of electronic-commerce. Trust is key aspect for any business relationship. It is key wherever risk, interdependence exist as it reduces risk (OECD, 2012). Protection, safety and confidence has a key aspects construct for business relationships and transactions and its role in online shopping contexts is more critical than in brick-and-mortar storage (Reichheldand Schefter, 2000).

#### ***2.4 Relationship between security and use of internet banking***

Security enables convenience goods are class of consumer products that were intensively distributed and required minimal time and physical and mental effort to purchase. Some later definitions of convenience also focused on resources such as time and effort required of the consumer in shopping for a product, however, expanded the concept of convenience to incorporate non-shopping activities.

It is related to the visual view of the Internet compared to telephone banking (Al-Ashban and Burney, 2001). Furthermore, the 24-hour service availability, home access, world wide access time savings, and wide variety of services accessible are seen as drivers of convenience in internet banking (Yang et al., 2003). Internet banking as competitive advantage of adopting of a new retailing channel in services capes; it is one of the dominating factors in transaction channel preferences and a key determinant of consumer satisfaction (Yang et al., 2003). In his study Ajzen (1991) found that perceived convenience was the strongest predictor of online banking usage. Finally, the same study also indicated that the perceived convenience was the most influential variable of overall adoption of all four e-commerce activities investigated.

#### ***2.5 Relationship between design of website on internet and use of internet banking***

The presence of a website does not guarantee that the financial institutions give Internet banking services. Instead, clients satisfied with websites make sure that stakeholders apply its usage. Display or site tour direction also helps website visitors (Swanick and Berish 2009). A clear function large data on the website homepage is employed as a sieve to permit clients to make a choice on whether to visit the site or not. Well prepared and nice websites will contribute positively to services offered by financial institutions. Eccher et al (2005) suggest that a business website should have a well identified purpose for its creation; otherwise, the financial institutions would not make investment in non-profit making business such as Internet banking. Stakeholders' visit financial institution websites in order get important detailed information on those websites and there are no specific rules and regulations guiding good content of a website because every website has its own different assignment entirely (Bakos 1997) mentioned As mentioned by Perumal and Shanmugan (2004), there exist three types of Internet banking platforms or websites that are being employed in the market place. They are: Transactional websites, communicative websites and informational websites Transactional Webpage: This is the real Internet banking system. In this model, all kinds of transactions that involve cash take place. Multitudes of informational, administrative, transactional and portal services are performed with this kind of website and consumers expect this kind of bank website to protect personal information by using secure privacy policies.

Cronin (2007) states that transactional websites are capable of performing some financial transactions such as account to account transfers bill payments, wire transfers, creating new financial account applying for a loan, etc. Relative to the informational and communicative websites, this system possesses the highest level of risk and needs to have the strongest control measures against hackers and attackers. Features that are usually

distinct to Internet banking are: individual financial management support, like importing data into individual accounting software: some online banking policy support account gathering to permit clients to control all of their accounts in one area whether they are with their financial institution (Cronin, 2007). Communicative Websites Communicative sites permit you accessibility of information, they are also granted to submit information for feedback.

This type of interaction between the banking system and Internet banking customers is called communicative serves well when the website out of operation. Basing on Perumal and Shanmugan, (2004), clients could only do the following accessibility of their online statements of accounts, cheque links , transactions, loan applying View photos of paid cheques, a list of last 5monthly transactions, account summary and Download financial statements, for instance in PDF format website design carries a higher risk than the old system. For this reason, monitoring the website is an appropriate measure to thwart hackers. Under this platform, the bank users or customer banks then request a response via e-mail (Perumal and Shanmugan 2004). Informational Websites Clients who browse an informative website of their financial institutions can get enough information concerning functioning mode. Internet banking is the main phase of the website, which is simple and informative. All bank services and products marketing information (credit or deposit interest rates and banks, such as information about information about the benefits) are exhibited in a stand-alone server.

### **2.6 Limits of electronic banking**

Working capital decisions involves the administration of assets and liabilities of current nature. Its focus is on optimizing the levels of inventories, receivables,cash and near cash assets to be held by a business enterprise at a particular time.Decisions are largely influenced by the trade-off between liquidity and profitability. Bierman, Harold and Seymour Smidt (2011) provide that higher the share of liquid assets, lower will be the profitability. On the other hand, lower the volume of investments in liquid assets, higher will be the rate of risk of insolvency. However, profit in the latter case is high. Therefore, care must be taken to manage current assets because they should neither be inadequate nor unnecessarily be locked up.

David (2010) examined the effect of working capital management on the performance of the firm including the profitability. The findings reveal that the more time the firm takes to pay takes the more profitable it will be. An empirical study from Ghana by Asoke (2009) that was based on the working management and bank's profitability. The study covers all commercial banks in Ghana for a period of ten-years (1999-2009). The study based on the findings concludes that operating cycle has an effect on the profitability of the organization. The study also adds that credit risk significantly increases profitability comparable or similar to the bank operations.

Hayajneh and Yassine (2011) in their study examined the factors the influence working capital requirement of the banking sector. The study used a sample of 166 Canadian firms listed on the Toronto stock exchange and applied correlation and non-experimental research design. The results indicate that overall, working capital requirement is positively correlated with operating cycle, return on assets, Tobin's q (Q ratio) and industry but negatively correlated with firm size.

### **2.7 Perceptions towards online banking**

Empirical review making the clients well convinced is probably the main aim of any organization. This mainly applies to financial since these are service developers, and also because when these financial institutions succeed in keeping their clients happy, they will not only result intoretaining their old clients but possibly increment of their new clients via nice speaking orally. In currenty ears one main weapon which has helped financial institutions in making these clients satisfaction was online banking. Leaving the fact that presently a large number of financial institutions" clients usage of internet banking, there are still some people who are not concerned in doing so. Yoon and Barker Steege (2012) said that even though the large number of internet clients and the several of advantage of online banking has increased it has not increased by as much as expected. The findings got by some write indicates that there are three main key aspects that lead to usage of internet banking. Specifically, online banking is positively related to openness and website usability, while wrong perceived security issues.

Most people have a good and welcoming perception towards recent technology like electronic banking, when their score on transparency is high. Individuals whose score on openness are less may make section of those clients who in present generation who reluctant usage of internet banking, because they feel uncomfortable with new technology.

Also, as the TAM theory states, banks" clients will apply the usage electronic banking if their perceived purpose and ease of usage concerning to website usability are positive. Lastly, in the context of online banking, security issues play one of the most key significant roles because as it will be seen all over the remaining of this part, security is the key main inhibitor of online banking universal. Goyal and Goyal (2012) mentioned two out of the three aspects that Yoon and Barker Steege (2012) have done on, mainly openness and security issues. This research has showed that "risk attitude in form of financial, psychological and protection of

risks among clients not applying the usage of internet were more sensitive compared to those applying usage internet banking” (Goyal and Goyal, 2012, p.1). Hence people who are reluctant about the usage internet banking accounts mainly due to security. The second aspect is that they are not willing to change to new systems that might in the end proven to be advantageous to them. However, this study aimed at aspects that discouraging individuals from adopting the usage of online banking than those factors that affecting the clients not only negatively but also positively to apply usage of internet banking Mansumittrchai and N. Al-Malkawi (2011) present both sides of the argument. To reinforce what was written before, these authors suggest eight features that can affect clients’ attitude towards electronic banking and these can be categorised into two.

The first field includes reasons such as problematic, compatibility, social influence and computer proficiency, while the second one encompasses trustworthy, protection, third party concerns and human contact. These characteristics resemble the dimensions of website usability and security concerns of Yoon and Barker Steege (2012). This study found that users and non-users of internet banking differed on 4 of these 8 attributes of adoption: problematic, compatibility, trustworthy and people contact. Different banks’ clients, mostly electronic banking users and non-users, have opposite opinions on the problematic character of usage internet electronic banking, on trust and compatibility, and on whether human contact is an key factor for financial services or not resemble the dimensions of website usability and security concerns of Yoon and Barker Steege (2012). This study found non-users of internet banking differed on 4 of these 8 attributes of adoption: problematic, compatibility, trustworthy and people contact. Different banks’ customers, mostly electronic banking users and nonusers, have different minds on the problematic features of internet usage on trust and compatibility, and on whether human contact is an key factors for financial services or not. In addition, also supporting the previous three studies, is a research on Pakistan by Bin Omar et al. (2011). These authors separate the factors that encourage people to use online banking from those that impede individuals from doing so.

Clients likes internet electronic banking (IEB) services over banking premises due to reliability, convenience, faster, protection and security, cost maximisation, friendly clients” (Bin Omar et al., 2011, p.2). On the other hand, security problems, safety and lack of trust, and other problems such as unreliable ATM services, deter customers from using internet banking. A lot of these points are in fact featured in the previous section as benefits and limitations of online banking. In the United Kingdom and Mauritius.

Mukhtar (2015) and Devi Juwaheer et al. (2012) respectively add more to the findings of the mentioned researches. Apart from the perceived usefulness and protection, privacy and trustworthy aspects, these writers shows that being informed and demographic aspects also have an effect on clients when deciding whether to usage online banking or not. In the United Kingdom “it has been finalised that these respondents might little knowledge to usage the internet that creates problem for them to apply usage internet banking” (Mukhtar, 2015, p.30), while in Mauritius “the survey finding shows that the rate of being informed on the concept had an impact on the opinion of usage internet banking in Mauritius. When it comes to demographic variables, Mukhtar (2015) says that people who are under thirty year and who have reasonable level of education are most likely to use electronic banking. These writers argued that in the banking industry technology plays a very important role since it reduces costs considerably. They also state that the advantage of accessing internet banking services from the freedom someone option must be put into consideration in relationship with to the disadvantages of “lowered face to face interactions and security risks” (Camilleri, Cortis and Fenech, 2014).

### **III. Methodology**

#### **3.1.1 Research design and Population**

The survey of all the commercial banks in Mogadishu and therefore, the population of this study is the IT staff and support staff of all the three commercial banks in Mogadishu Somalia that include Salaam Somali bank (65), Dahabshil bank (54), and Premier bank 43). These are courtesy of human resource manual on the staff of the respective banks in October, 2017, implying that the population of 162 employees is the potential respondents for the study with the sample of 115 respondents.

#### **3.1.2 Data analysis techniques**

Because information can only be got through analysis of data, the researcher analysed data using SPSS version 19. Due to the quantitative nature of the data, the study had statistical package, the researcher used (SPSS) version 19.

#### **3.1.3 Descriptive analysis**

After collecting data before analysing it, data was checked for completeness and ensuring consistency of the data. The analysis was done basing on frequency and percentages for the demographic information and mean, standard deviations for the constructs of capital budgeting and profitability levels. Then finally Pearson correlation was used to determine the relationship and the significance between the variables.

### **3.4 Ethical Considerations**

While undertaking this study care was taken not to offend the respondents and other stake holders involved. As way of ensuring success in doing this, the following measures were considered. The respondents had put their signature on informed consent form before they were allowed to take part in the study. They were not forced to give their sensitive information if they did not feel like. In each question found in the questionnaire, there was an option for the respondent to claim neutrality.

The research instruments were also coded in order to provide the respondents with anonymity. The workplaces were not visited during busy hours of the day so that the employees and other stakeholders do not get offended by the research.

### **3.5 Validity**

In order to ensure validity of the study instruments, expert judgment were used to determine this. The questionnaire were drafted by the researcher and afterwards forwarded to the experts (supervisors) who reviewed the relevance of the questions to the study purpose and objectives. Four levels of rating were given to the questions namely 1=very irrelevant, 2=irrelevant, 3=relevant, and 4=very relevant. The questions that are rated as relevant and very relevant were calculated as ratio of the total number of questions in the questionnaire and then Content Validity hence computed.

### **3.6 Research Limits**

Validity of the research is most likely to face threats borne out of the following situations; Intervening or confounding variables had been beyond the researcher's control such as honesty of the respondents and personal bias.

To reduce on such situations, the researcher humbly request respondents open when answering a set of questions in the questionnaire through being unbiased. Instrumentation would have been another limitation of this study. Study instruments were employed research the researcher made. However, validity and reliability tests were done to arrive at a reasonable measuring tool.

Language Barrier the questionnaires were structured in English and some of the respondents were a problem comprehending them. To counter this barrier, research assistants were used to translate the information to the respondents.

## **IV. Results And Discussions**

The researcher also uses descriptive analysis to describe and explain the demographics of the respondents that provided the data under the questionnaire usage. In addition, the researcher used the relationship between capital budgeting decisions on profitability in manufacturing firms. In this also the regression analysis is further used to find out the capital budgeting decisions that are critical for the variation of profitability. The data collected from the primary source or fields were the questionnaire analysis was done through descriptive and inferential analysis. The final results of the theoretical model with the hypothesis are determined.

### **4.1 Descriptive statistical analysis**

The descriptive statistical analysis used the scales based on standard deviation and mean obtained of internal scales dependent variables and independent variables of the study. The study results based on standard deviation and mean all the variables used in this research is provided and reported in the study.

### **4.2 Reliability analysis**

The measures of the consistency and stability of the items, the researcher used Cronbach's Alpha values. In the general assessment the value of Alpha with 0.7 and above mean that the items in the questionnaire have high reliability and from the study, the research can be used for further investigation and analysis (Nunnaly, 1978). The test for the reliability of the questionnaires provided a Cronbach's Alpha coefficient that was found to be 0.821 that imply a very high reliability.

### **4.3 Correlation analysis**

Analysing of row data gathered in period the study enlisted statistical means. First, the biographic features of the respondents were taken analysis through employing use of percentages and frequencies. The first, second, third objectives were require the determination of the means and standard deviation on the factors affecting the online banking. There further employment of regression technique to determine the effects that constructs of the factors on online banking. The data on both the independent/dependent variables (factors affecting online banking and use of online banking) is interpreted using the following mean ranges. Through simple linear regression model like those with significant values of 0.05 above were removed.

In the mode and those with in the 0.05 were considered and taken. The rejection step on hypothesis were considered basing on the significant level of 0.05. All the aspects of the independent variable to be found below 0.05 implying that the null hypothesis was left out and the researcher argued that a significant relationship detected in amidst of Independent variables and dependent variable.

**Table 1: Pearson Correlation of Results**

Correlations		Cost	Perceived ease of use	Security	Privacy	Design of websites	Trust	Use of internet banking
Cost	Pearson Correlation	1	-.087	-.101	-.125	.091	.091	-.231**
	Sig. (1-tailed)		.185	.151	.101	.176	.175	.008
	N	107	107	107	107	107	107	107
Perceived ease of use	Pearson Correlation	-.087	1	-.065	.033	.027	.226**	.039
	Sig. (1-tailed)	.185		.254	.367	.393	.010	.344
	N	107	107	107	107	107	107	107
Security	Pearson Correlation	-.101	-.065	1	-.018	-.069	-.153	-.119
	Sig. (1-tailed)	.151	.254		.425	.240	.058	.112
	N	107	107	107	107	107	107	107
Privacy	Pearson Correlation	-.125	.033	-.018	1	-.284**	.023	-.011
	Sig. (1-tailed)	.101	.367	.425		.002	.409	.455
	N	107	107	107	107	107	107	107
Design of websites	Pearson Correlation	.091	.027	-.069	-.284**	1	.124	-.062
	Sig. (1-tailed)	.176	.393	.240	.002		.101	.263
	N	107	107	107	107	107	107	107
Trust	Pearson Correlation	.091	.226**	-.153	.023	.124	1	.023
	Sig. (1-tailed)	.175	.010	.058	.409	.101		.409
	N	107	107	107	107	107	107	107
Use of internet banking	Pearson Correlation	-.231**	.039	-.119	-.011	-.062	.023	1
	Sig. (1-tailed)	.008	.344	.112	.455	.263	.409	
	N	107	107	107	107	107	107	107

\*\* . Correlation is significant at the 0.01 level (1-tailed).

The five objectives of the study set to determine the relationship between cost of internet and usage of internet banking in Mogadishu Somalia. (2) To examine the relationship between perceived ease of use of internet and use of internet banking in Mogadishu Somalia. (3) To explore the relationship between privacy on internet and use of internet banking in Mogadishu Somalia. (4) To examine the relationship between design of website on internet and use of internet banking in Mogadishu Somalia. (5) To determine the relationship between security and internet and use of internet banking in Mogadishu Somalia and 6) To determine the relationship between trust and use of internet banking in Mogadishu Somalia.

This determination was arrived at through using Pearson correlation that established that aspects affecting use of electronic internet banking had a majorly negative relationship with the usage of internet banking.

Particularly, it was established that cost of internet had a negative relationship with internet banking usage at -.231 \*\*, further more perceived ease of use of internet had a .039 on the use of internet banking in Mogadishu Somalia. Security had -.119 effects on the internet banking use while privacy on internet had -.011 on use of internet banking in Mogadishu Somalia.

The design of websites had -.062, implying a negative relationship between online banking with the design of the websites while trust had a positive relationship with the online banking usage in Mogadishu Somalia.

In the overall assessment the answer to the five objectives was for the study to determine if there is a relationship between factors affecting online banking and online banking usage is majorly negative than positive.

#### **4.4 Regression analysis**

##### **4.4.1 Regression model I**

In this regression analysis, the researcher had a task of establishing the individual capital budgeting decisions that have an effect on the profitability of the organization and establish the one that has a highest effect on the dependent variable. Several authors contend to the same understanding, according to Frederick, Gravetter and Wallnau (1991), regression is a statistical assessment technique that is used to establish the line of best fit for the set of data.



The first model that was performed from the table 4.2 below reveal that  $R=0.599^a$ , it was taken as moderately high. Furthermore, the ANOVA analysis in table 4.3 below shows that since the correlation coefficient can be used for regression analysis and the model shows that it is fitted with the dependent variable (Profitability) (The F values =16.311,  $P= 0.000<0.05$ ).

Despite the results, the table 4.4 below also present that some other coefficients of the regression model were insignificant ( $p<0.05$ ) this included working capital decisions.

**Table 4.2:** Shows results on coefficients of determination

Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.285 <sup>a</sup>	.081	.026	.70065

a. Predictors: (Constant), Trust, Privacy, Security, Cost, Perceived ease of use, Design of websites

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.337	6	.723	1.472	.195 <sup>b</sup>
	Residual	49.091	100	.491		
	Total	53.427	106			

a. Dependent Variable: Use of internet banking

b. Predictors: (Constant), Trust, Privacy, Security, Cost, Perceived ease of use, Design of websites

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.249	.746		5.693	.000
	Cost	-.278	.109	-.250	-2.548	.012
	Perceived ease of use	.004	.084	.005	.048	.962
	Security	-.159	.107	-.145	-1.484	.141
	Privacy	-.057	.086	-.066	-.658	.512
	Design of websites	-.070	.099	-.072	-.714	.477
	Trust	.031	.094	.033	.324	.747

a. Dependent Variable: Use of internet banking

Based on the confidence interval, another multiple regression model has been performed and the results are presented in the following tables.

Under regression analysis, the research sought to establish the effect of the six factors of cost of internet, perceived ease of use, privacy on internet, design of website, security and internet and trust and use of internet banking in Mogadishu Somalia. Under regression analysis the test was performed to determine the effect of the factors on internet banking in Mogadishu Somalia. Many researchers as well as powerful authors contend to the same understanding, according to Cravetter & Wallnau (2005), regression is a statistical assessment technique that are used to establish the line of best fit for the set of data.

The first model that was performed from the table reveal that  $R=.285^a$ , implying that the factors of cost of internet, perceived ease of use, privacy on internet, design of website, security and internet and trust were taken as having a 28.5% increase in internet banking in the banks in Mogadishu Somalia.

Furthermore the ANOVA analysis in table (4) four above show that since the correlation coefficient can be used for regression analysis and the model show that it is fitted with the Dependent variable (internet usage) ( The F values =1.472,  $P= .196>0.05$ ).

Despite the results, the table above also present that some other coefficients of the regression model were insignificant ( $p<0.05$  on affecting online banking in banks in Mogadishu Somalia).

**The multiple linear regression model equation is provided as follows:**

$$Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4$$

**THEREFORE, PROFITABILITY = .878 (Constant) + .173 (acquisition of long-term assets) + .442 (replacement of long-term assets) + .292 (capital budgeting techniques) + .214 (outsourcing expenditure decisions)**

As provided in the table 4.7 above since the P values of the multiple regression coefficients are less than 0.05 significant levels. All of the four independent variables of capital budgeting decisions (acquisition of

long-term assets, replacement of long-term assets, capital budgeting techniques and outsourcing expenditure decisions) have a significant effect on profitability of the organizations.

On the same note since the independent variable had the highest multiple regression coefficients among the independent variables of capital budgeting decisions is replacement of long-term assets with a stepwise backward of .305 which implies acquisition had the highest effect on the profitability of the organization in comparison to the other capital budgeting decisions.

Therefore, a unit increase or rise in the standard deviation of replacement of long-term assets will result in .442 increases in profitability. Furthermore, the aspect of capital budgeting techniques and the following highest beta values among the aspects of capital budgeting decisions in the studied organization.

#### **4.6 Research hypothesis testing**

Under this part, the researcher related the results found from the analysis carried out to the hypothesis in Chapter 1.

<b>Hypothesis</b>	<b>Decisions</b>
H <sub>0</sub> : There is the relationship between cost of internet and usage of internet banking in Mogadishu Somalia	Accepted
H <sub>1</sub> : There is relationship between perceived ease of use of internet and use of internet banking in Mogadishu Somalia	Accepted
H <sub>0</sub> : There is the relationship between security and internet and use of internet banking in Mogadishu Somalia	Accepted
H <sub>2</sub> : There is a relationship between privacy on internet and use of internet banking in Mogadishu Somalia	Accepted
H <sub>0</sub> : There is a relationship between design of website on internet and use of internet banking in Mogadishu Somalia	Accepted
H <sub>3</sub> : There is a relationship between trust and use of internet banking in Mogadishu Somalia	Accepted

### **V. Conclusion**

The purpose of the research was to determine the aspects affecting the employing of electronic internet banking; a case of Mogadishu Somalia. The objectives were to determine the relationship between cost of internet and usage of internet banking in Mogadishu Somalia. Examine the relationship between perceived ease of use of internet and use of internet banking in Mogadishu Somalia. Determine the relationship between security and internet and use of internet banking in Mogadishu Somalia. To explore the relationship between privacy on internet and use of internet banking in Mogadishu Somalia and To examine the relationship between design of website on internet and use of internet banking in Mogadishu Somalia and To determine the relationship between trust and use of internet banking in Mogadishu Somalia.

The study conclude that according to the study the study conclude that perceived ease of use and trust having positive effect on the use of internet banking in Mogadishu Somalia. The results indicate that the state of the internet banking is affected by the trust on the positive note though many factors are majorly negative.

On the study cost, security, design website and privacy had a negative effect on the internet banking in Mogadishu Somalia. The results reveal that the state of the factors have made the internet banking difficult to perform by the banking institution.

The study conclude that electronic banking facilitate financial performance of the bank hence conclude that improving the state of bank can be improved through e-banking adoptions in the bank. There are several challenges faced in the banking industry with the use of electronic banking hence the need to provide the means for the determination of the need for financial performance, security risks and trust provide an avenue for reducing work efficiency in the performance.

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