Online Banking and Customer Satisfaction: A Case of Absa Bank Lira Branch

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Abstract

Adaption of digital system in banking services in Uganda has made tremendous increases in the easy withdrawal, depositing and transfer of finance across the country. This study investigated the effect of online banking on customer satisfaction in ABSA bank-Lira branch, Lira City using a cross-sectional quantitative approach. The study population was 1000 salary earners. With a sample of 292 respondents and data collected through questionnaires, and interview, the analysis was conducted using SPSS version 23. The findings revealed that online fund transfer had a positive and statistical effect (B-0.300, P<0.05) on customer satisfaction. Relatedly, online account opening demonstrated a significant and moderate positive impact (B-0.360, P<0.05) on customer satisfaction, highlighting its importance in providing financial services. Most notably, online loan processing emerged as the strongest predictor (B-0.417, P<0.05) of customer satisfaction, underscoring the critical role of accessing loan online, by client to economically empower them. The study concludes that enhancing customer satisfaction through online banking requires a multi-dimensional strategy that integrates online fund transfer, online account opening and online loan processing. Key recommendations include targeted investments in online banking infrastructure that can enable access to online fund transfer, account opening and loan processing. Areas for further research include exploring how these demographic variables shape the perception, adoption, and satisfaction with electronic fund transfers, online account openings, and online loan processing, particularly in semi-urban or developing settings. Secondly, exploring non-digital determinants such as staff responsiveness, in-branch customer service, financial literacy, system reliability, and turnaround times, which may have a stronger influence on customer satisfaction in local banking environments like Lira City.