

CONSUMER APPRAISAL OF THE IMPLEMENTATION OF ELECTRONIC BANKING SYSTEM IN NIGERIA

DR. MRS. I. S. MADUEME
DEPARTMENT OF ECONOMICS
UNIVERSITY OF NIGERIA, NSUKKA
ENUGU STATE, NIGERIA
stellamadueme@gmail.com
AND

UDE SYLVIA
DEPARTMENT OF ECONOMICS
UNIVERSITY OF NIGERIA, NSUKKA
ENUGU STATE, NIGERIA

Abstract

This paper tries to find out consumer perception on service delivery in banks since the implementation of electronic banking. It also brings out the problems of electronic banking in Nigeria. Three research objectives guided the study and primary data were collected through interviews and questionnaires. Data were analysed descriptively. Results show that though many banks have adopted information technology (IT) facilities for electronic banking yet their service delivery were not quite efficient. This resulted in long consumer queues in banks and difficulties in banking transactions. Some problems with e banking center on unreliable facilities required for e banking, epileptic power supplies, incompetent IT staff etc. Some of the recommendations centre on improvements in the area of banking staff and internet facilities so that the laudable objectives of e banking will be realized in the Nigerian society.

Keywords: Perception, Electronic, Banking

1. Introduction and Theoretical Issues

The unprecedented revolution by the advent of information communication technology (ICT) in every sector cannot be quantified. According to Lian and Chevrons (2003) in the internet age, the extension of commercial banking to the cyberspace is an enviable development. The ease of money transfer, trade and investment through high level forms of technology has rendered obsolete traditional banking services. Banking services are presently affecting many aspects of contemporary societal life and activities. Newer banking systems are leading to great increases in banking activities and type of products offered to customers. In line with this development, many developing countries like Nigeria are struggling to ensure that electronic payment forms the bedrock of all their financial transactions. This is to ensure that their target of joining the crop of developed economies will be realized by the year 2020.

Nigeria as a country has put in place many policies to realize this millennium development objective. One of such policies center on the adoption of information communication technology in the banking system within the past decade. On the part of policy makers and bankers, this development is heralded as it seemingly touches various aspects of banking activities. Electronic banking has made possible virtual banking services through the use of automated teller machines (ATM), credit cards, vouchers, home banking services, payment cards (such as gold, smart cards, cheque guarantee cards, credit and debit cards etc), very small aperture terminals (VSATS), e cash to mention but a few. Payment channels range from ATM, point of sales terminals, mobile, voice, web, inter branch and kiosks. In spite of this it is pertinent to practically find out the perception of

customers with respect to the implementation of electronic banking policy. This is of prime importance because sometimes laudable plans and policies do not sometimes yield expected results in developing nations due to implementation bottlenecks. Hence this paper will enable bankers and policy makers appraise this policy from their customer's point of view and enable them make improvements in their adoption and utilisation of information communication technology (ICT) for better service delivery.

In line with the foregoing the following research objectives are formulated:

- To find out types of ICT gadgets and packages used in Nigerian banks
- To ascertain consumer perception about service delivery in banks since the adoption of ICT
- To ascertain problems of e banking in Nigeria and proffer solutions for improvement

2. Literature Review

Cheung and Liao (2003) worked on the challenges of electronic banking. They noted that given its open nature, security is likely to emerge as the biggest concern among the customers. However its importance according to Stamoulis (2002) focuses on efficiency, customization and market extension. Hawkins (2001) pointed out in his work on the emerging banking industry that electronic banking enables banks to offer low cost, high value added financial services and also to benefit from the promotional opportunity to cross-sell products.

According to Dia (1995) consumers are demanding more than just one set of banking products. Hence e banking has the prospect of greater consumer satisfaction due to its expected multifarious benefits. Turban (2002) in his own study found that e banking has some advantages with respect to the fact that its transaction costs can be as low as one percent of an equivalent off line transaction which will in return increase popularity of the on line option with customers. Fan (2002) then encouraged banks to become

- technology providers for information regarding product indices;
- context providers for setting up e market spaces and
- enablers by providing back bone systems to support multiple payment system alternatives.

A synthesis of the aforementioned works reveals that the focus of literature are more on the need and benefits of electronic banking with respect to cost reduction, efficiency of service delivery and diversification of banking packages to customers. There is a conspicuous absence of works on consumer perception about how this policy has been operated especially in the Nigerian society for the past few years. This work is centred to fill this void in the body of knowledge.

3. Research design

This is essentially a descriptive survey research design. This is chosen above others since the work centers on identifying customer perception on operation of the electronic banking system. As survey studies mainly deal with facts, opinions, attitudes the choice of a survey is deemed best suited for this study.

4. Methodology

Primary data was collected through the use of the questionnaire and interviews. Six banks were randomly sampled namely, First Bank of Nigeria, Platinum Habib Bank, Intercontinental bank of Nigeria, Oceanic bank, Diamond bank and Zenith bank. The questionnaire is patterned after a five point likert type scale

where SA = strongly agree = 4 points;

A = agree = 3 points;

N = neutral = 2 points;

SD = strongly disagree = 1 point;

D = disagree = 0 point

Tables, percentages and means were used for data analysis.

5. Presentation of Results

The results of the study are presented in line with the research objectives of the study.

5.1 Types of IT systems and electronic application services in the banks.

The types of IT systems and electronic application services used in the banks studied are presented in Table I.

Table I: IT systems and electronic application services in Nigerian banks

No	Types of IT system	%
1	Telephones	100
2	Fax	98
3	Wireless radiophone	100
4	Computer	100
5	Electronic mail systems	100
6	Very small aperture terminal	100
7	Local are network	100
8	Magnetic ink character recognition	100
9	Electronic fund transfer	100
10	Nigerian electronic fund transfer	100
11	Nigerian inter bank settling system	100

Data from Table I shows that the Information Technology systems and electronic application services used in the banks are telephones, facsimile, local area network, computers, magnetic ink character recognition, electronic fund transfer, very small aperture terminal, wireless radiophones, Nigerian electronic fund transfer and Nigerian inter bank settling system

5.2 Customer perception of service delivery through the E banking system.

Data with respect to this, focuses an promptness and efficiency of service delivery . This was analysed through effects of e banking on time for deposit and withdrawals, response to customer enquires about personal accounts, speed of bank cashiers, congestion in banking halls due to queues,, banking stress , time for service delivery across various geographical locations, customer patronage etc

Data with respect to perception of consumers concerning the implementation of e banking in Nigeria is presented in Table II

Table II: Mean results of customer perception about electronic banking

No	Item	%
1	Deposit of money in banks is true consuming in spite of e banking systems	32.50
2	Withdrawal of money in banks is true consuming in spite of e banking system	33.0
3	Bank cashiers have not improved their speed in attending to customers in spite of e banking systems	18.98
4	e banking has not reduced the congestion or long queues in banking halls	36.10
5	e banking has not reduced interaction between customers and workers	14.0
6	e banking has not reduced banking stress on customers	20.0
7	e banking has not reduced banking stress on workers	30.20
8	e banking has not grappled sufficiently with transfers across states/locations	6.0
9	e banking has not encouraged increased customer patronage	11.10
10	e banking has not made enquires about customer accounts faster	7.0

Data with respect to Table II show that 32.5% of customers still find deposit of money time consuming in spite of electronic banking systems introduced. Also 33.0% attested that withdrawal of money contrary to the expectations of the objectives of electronic banking policy is also time consuming. 18,98 % of customers still feel that bank cashiers who operate computer systems used for electronic banking have not improved their speed in attending to their customers. 36.5% of customers still experience long queues in many banks in spite of the use of information technology systems in the banks. This congestion due to long queues occurred more when monthly salaries and pensions of government workers and pensioners respectively were being paid.

Data from table II also reveal that 14% of customers feel that electronic banking still needs to further reduce interaction between customers and bank workers. 20% of customers are still stressed up by long queues and 36.2% of bank workers are still finding their work tedious even with the introduction of information technology systems meant to ease their work. Six percent of bank customers still feel that cash transfers across states or various locations are not as efficient as it ought to be . This is because such transfers takes days before

they are effected contrary to the expectations of what electronic banking should achieve. Most of the consumers about 89% feel that e banking has actually increased customer patronage as they prefer to bank where service delivery is fast and efficient. 93% also feel that e banking has the benefit of fast response to customer enquiries concerning cash balances.

5.3 Problems of electronic banking in Nigeria

The mean responses on consumer perception about identified problems of electronic banking in Nigeria are presented in Table III

Table III: Problems of electronic banking in Nigeria

No	Item	Mean	Rank
1	Wrong debiting of consumer accounts	32.0	6
2	Wrong account balances	31.5	7
3	Frequent maintenance of computer gadgets	28.6	8
4	Irregular power supply	25.5	9
5	Frequent breakdown of servers	50.1	4
6	Low signal strength of servers	60.1	2
7	Frequent breakdown of ATM facilities	61.2	1
8	Unskilled IT banking staff	40.1	5
9	Undue delays in processing inter bank cheques	58.2	3

Data with respect to Table III shows that electronic banking in Nigeria has a lot of problems. In many instances ATM facilities breakdown and customers are not able to access their cash balances. In other cases there are frequent breakdown of servers and even when they are functional they have very low signal strengths. Such low signal strengths makes it difficult to carry out normal banking activities efficiently and promptly. These are evidenced by the mean values of 50.1 and 60.1 respectively. The result is that consumers cannot access their cash balances. In spite of the introduction of e banking systems, there is also undue delays in processing of inter bank cheques as evidenced by its mean value of 58.2. It usually takes up to three working days contrary to the expectations of the goals of electronic banking.

Other problems are with respect to unreliable IT manpower who commits errors in debiting, crediting and checking of consumer accounts. In addition to this, irregular power supply was also identified as a problem with a mean value of 25.5 which is one of the major problems of the Nigerian society. It is worthwhile to mention that the most important problems according to the rank assigned to them are frequent breakdown of ATM facilities, low signal strength of servers and delays in the processing of inter bank cheques.

6. Conclusion and Policy Recommendations

This paper has focussed on appraising the extent to which the laudable objectives of e banking has been realized from the customers' point of view. Three research objectives guided the study and data were collected through interviews and questionnaire and analysed descriptively using percentages, means and rank. It was discovered that many banks have sufficient quantity of computer facilities to equip them for electronic banking. These facilities have made possible diversification of their products to consumers such as introduction of ATM, home banking, use of payment cards to mention but a few. Unfortunately a lot of work needs to be done to improve the efficiency of electronic banking policy in Nigeria. This is based on the fact that in many of the banks, consumers still experience difficulties in deposit and withdrawal of money, long queues, interbank transfers, unreliable ICT facilities and inefficient banking staff to mention but a few. In line with the foregoing it is recommended that

- Banks should be equipped with better IT facilities in order to improve their service delivery to customers
- Banks should employ better qualified IT staffs in order to minimize computer errors in handling consumer accounts
- Improvements should be done by management of banks to improve speed of inter bank transfers

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