

# ACADEMIA

Accelerating the world's research.

## A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal -Included in the International...

ESR Journal

### Related papers

[Download a PDF Pack](#) of the best related papers 



[Effects of the e-CRM Implementation on Customer-bank Relationship \\*\\* Master Student in ...](#)  
Publisher ijmra.us UGC Approved

[Nepalese SFBs Trust in Information Technology](#)  
Publisher ijmra.us UGC Approved

[International Journals of Multidisciplinary Research Academy \(IJMRA\) , Research](#)  
International Journal

## CUSTOMERS' PERCEPTIONS OF ELECTRONIC BANKING IN NIGERIA

**AKINYOMI, Oladele John\***

### **Abstract**

This study examines customers' perception of e-banking in Nigeria. Survey research design was employed in the study. Data were collected using structured Likert-scale questionnaire administered to 300 purposively selected banks' customers in Lagos. Descriptive statistic was used in analyzing the data. The analysis revealed that customers patronize the various e-banking channels introduced by banks in Nigeria. Among the electronic delivery channels, ATMs ranked the topmost followed by telephone banking. The introduction of electronic banking has led to reduction in time spent on bank transactions; and also enhanced timely response to customers' enquiry about their bank accounts' status. However, the introduction of the e-banking channels is associated with increased bank charges on customers' accounts. The major recommendation is for banks' management to charge moderate fees on services rendered to their customers. This will enhance customers' loyalty which is fundamental in ensuring profitability and corporate sustainability.

**Key Word:** Customers' loyalty, E-Banking, Nigeria and Sustainability.

*\* Financial Studies Department, Redeemer's University, Ogun State, Nigeria*

## Introduction

Hasan, Baten, Kamil and Parveen (2010) observed that since the beginning of the last century, the world of business has seen dramatically developments in the areas of use of information technology and communication. These developments have contributed to the transformation in the performance of various economic sectors, including banking. Financial services industry has been affected by such transformation, which led to the emergence of modern concepts such as: e-finance, e-money and e-banking (Mohammad, 2010). In Nigeria, the recent plan by the Central Bank of Nigeria (CBN) to introduce cashless policy throughout the country has brought to the fore the significance of electronic banking to the Nigerian economy.

## Statement of problem

The last decade of the 20th century was a credible witness to the crucial implication of information technology in business and finance as traditional paper-based transactions were surrogated by electronic network transactions which include primarily internet-based electronic stock exchange, electronic banking (e-banking), e-cash services and smart cards (Azouzi, 2009). Specifically, automated teller machines (ATM) substitute cashier tellers, the internet surrogates mail, electronic cash and smart cards replace traditional bank operations, the bank branch is displaced by call centres (Herbst, 2001). For this reason, it seems worthy to note that the impact of information technology has been significant in the banking and financial services industry as observed by Bughin (2004). Although advancement in information technology is changing drastically the way in which people live and particularly banks offer their products and services (Ravi, Schrick and Parzinger, 2001), studies focusing on customers' perception of electronic banking in Nigeria remain scarce and therefore call for investigation.

### Research questions

Subsequent to the research problem stated above, the following research questions have been raised in order to be able to investigate customers' perceptions of electronic banking in Nigeria.

1. What is the degree of awareness of electronic banking in Nigeria?
2. What types of electronic delivery channels are available to banks' customers in Nigeria?
3. How does electronic banking affect service delivery in Nigerian banks?

### Objectives of the study

The following are the objectives of this study:

1. To determine the degree of awareness of electronic banking in Nigeria.
2. To ascertain the various types of electronic delivery channels which are available to banks' customers in Nigeria.
3. To investigate how electronic banking affects service delivery in Nigerian banks.

### Literature review

Globalization and information technology (IT) have taken the world by storm and this has posed great challenges to the banking industry (Garuba, 2008). Information technology has changed not just the business world but also the world we live in. Garuba and Aigbe (2010) report that the wonders of modern technology have made it possible for bank customers to interact with an electronic banking facility such as automated teller machine (ATM) rather than with a human being for cash transactions. Electronic banking is one of the newest services offered by Nigerian

banks to their customers (Komolafe, 2010). Electronic banking involves amongst others, automated teller machine (ATM), point of sales (POS), and telephone banking among others.

Ahasanul, Ahmad and Abu (2009) compared several electronic distribution channels available for banks in Malaysia and concluded that customer orientation towards convenience, service, technological change, knowledge about computing and the internet; affect the usage of different channels. Furthermore, Azouzi (2009) found that the most important factors encouraging consumers to use electronic banking are lower fees followed by reducing paper work and human error, which subsequently minimize disputes between the customer and the bank.

Bora (2009) conducted a study on internet banking in Turkey and observed that it was the changing consumer attitudes rather than bank cost structures that determine the changes in distribution channels; he added that virtual banks can only be profitable when the segment that prefers electronic media is approximately twice the size of the segment preferring street banks. Convenience of conducting banking outside the branch official opening hours has also been found significant in cases of adoption of electronic banking. Banks provide customers convenient, inexpensive access to the bank 24 hours a day and seven days a week. Salim (2008) and Uppal (2010) pointed out that each ATM could carry out the same, essentially routine, transactions as do human tellers in branch offices, but at half the cost and with a four-to-one advantage in productivity.

A reduction in the percentage of customers visiting banks with an increase in alternative channels of distribution will minimize the queues in the branches (Thornton and White, 2001). It

has been observed by Jahangir and Begum (2008) that increased availability and accessibility of more self-service distribution channels helps bank administration in reducing the expensive branch network and its associate staff overheads. Bank employees and office space that are released in this way may be used for some other profitable ventures (Sana, Mohammad, Hassan & Momina (2011). This ultimately leads towards improved customer satisfaction and the institution's bottom line (Al-Smadi, 2011).

### Methodology

The study employs the survey research design method in evaluating customers' perception of e-banking in Nigeria. Primary data were collected with the aid of structured questionnaire administered to purposively selected bank customers in Nigeria. The questionnaires were designed to ascertain customers' perceptions on the effect of electronic delivery channels on the banking services in Nigeria. The responses were measured with a five-point Likert-type rating scale, where: Strongly Agree (SA) = 5; Agree (A) = 4; Neutral (N) = 3; Disagree (D) = 2; and Strongly Disagree (SD) = 1.

### Data Analysis

The analysis of the primary data collected, with the aid of structured questionnaire for the purpose of this study is presented below.

**Table 1:** Do your bank use any electronic delivery system in its operations?

| Responses | Frequency | %     |
|-----------|-----------|-------|
| Yes       | 275       | 97.52 |
| No        | 7         | 2.48  |
| Total     | 282       | 100   |

**Source:** Field Survey, 2012

The results, as indicated in table 1 reveal that, 97.52% representing 275 out of a total of 282 respondents use one form of electronic banking medium or the other. This indicates that bank customers to a large extent patronize technological innovations introduced by banks in Nigeria.

**Table 2:** What types of electronic delivery channels do you enjoy from your bank?

| Electronic delivery channels                     | Frequency | %     |
|--------------------------------------------------|-----------|-------|
| Automated teller machines (ATMs)                 | 268       | 95.04 |
| Electronic fund transfer at point of sales (POS) | 97        | 34.40 |
| Telephone banking                                | 105       | 37.23 |
| Internet banking                                 | 66        | 23.40 |

**Source:** Field Survey, 2012

Table 2 above shows the types of electronic delivery channels enjoyed by the respondents from their banks. From the responses, it is clear that ATMs ranked as the most widely accepted and highly used electronic delivery tool indicating 95.04% of the total respondents. This is followed by telephone banking with a frequency of 105 representing 37.23% of the respondents. Electronic funds transfer at Point of Sales and internet banking were ranked to be the least used electronic delivery channel by bank customers. Since ATMs are the widely accepted and highly utilized delivery channel, it is important at this point to ascertain the frequency of its usage among bank customers. This is shown in table 3 below.

**Table 3:** How often do you use ATM facility per month?

| No of usage per month | Frequency | %     |
|-----------------------|-----------|-------|
| 1-5 times             | 17        | 6.03  |
| 6-10 times            | 80        | 28.37 |
| 11-15 times           | 147       | 52.13 |
| 16-20 times           | 25        | 8.87  |
| Above 20 times        | 13        | 4.61  |
| Total                 | 282       | 100   |

**Source:** Field Survey, 2012

Table 3 shows the results of the frequency of ATM usage among bank customers in Nigeria. The results show that customers frequently used the ATMs for bank transactions such as cash transfers, checking account balance, cash withdrawals and printing mini statements. A total of 80 and 147, representing 52.13% and 28.37% of respondents respectively visit ATM points about six to ten times and eleven to fifteen times respectively in a month. However, 6.03%, 8.87% and 4.61% of respondents pointed out that, they visit ATM points one to five times, sixteen to twenty times and above twenty times respectively every month.

**Table 4:** How often do you visit your bank per month?

| No of usage per month | Frequency | %     |
|-----------------------|-----------|-------|
| 1-5 times             | 229       | 81.21 |
| 6-10 times            | 53        | 18.79 |
| 11-15 times           | -         | -     |
| 16-20 times           | -         | -     |
| Above 20 times        | -         | -     |
| Total                 | 282       | 100   |

**Source:** Field Survey, 2012

The frequency of customers' bank visits is shown in table 4. Out of the total of 282 respondents, 229 representing 81.21% mentioned that, they visit their banks one to five times every month. The results indicate that banks' customers in Nigeria still find it useful to visit their bank branches every month to transact some banking business such as detailed bank statement requests, loan application, foreign funds transfer, deposits and other transactions for which the ATMs can not be used.

**Table 5:** Electronic banking makes enquiry about your bank accounts' status faster.

| Responses         | Frequency | %     | Mean Score |
|-------------------|-----------|-------|------------|
| Strongly Agree    | 211       | 74.82 |            |
| Agree             | 67        | 23.76 |            |
| Undecided/Neutral | 2         | 0.71  |            |
| Disagree          | 2         | 0.71  |            |
| Strongly Disagree | -         | -     |            |

|       |     |     |      |
|-------|-----|-----|------|
| Total | 282 | 100 | 4.73 |
|-------|-----|-----|------|

**Source:** Field Survey, 2012

Table 5 shows the responses of customers to the statement “Electronic banking makes enquiry about your bank accounts’ status faster”. The analysis revealed that out of a total of 282 responses, 98.58% agreed that electronic banking makes enquiry about their bank accounts’ status faster. Meanwhile 0.71% representing 2 respondents disagreed. A mean of 4.73 also confirms that electronic banking makes enquiry about bank accounts’ status faster.

**Table 6:** Electronic banking reduces the time involved in bank transactions

| Responses         | Frequency | %     | Mean Score |
|-------------------|-----------|-------|------------|
| Strongly Agree    | 197       | 69.86 |            |
| Agree             | 66        | 23.40 |            |
| Undecided/Neutral | 5         | 1.77  |            |
| Disagree          | 12        | 4.26  |            |
| Strongly Disagree | 2         | 0.71  |            |
| Total             | 282       | 100   | 4.57       |

**Source:** Field Survey, 2012

In responding to the statement “electronic banking reduces the time involved in bank transactions”, table 6 confirm that electronic banking reduces the time involved in bank transactions. Out of 282 respondents, 263 representing 93.26% agreed that the time involved in transacting business with their banks has been reduced significantly with e-banking. A total of 14 respondents representing 4.97% however disagreed with this view. A mean score of 4.57 further confirms the perception of customers that e-banking reduces the time spent at the bank in order to transact business.

**Table 7:** E-banking ensures efficient service delivery

| Responses         | Frequency | %     | Mean Score |
|-------------------|-----------|-------|------------|
| Strongly Agree    | 88        | 31.21 |            |
| Agree             | 172       | 60.99 |            |
| Undecided/Neutral | 10        | 3.55  |            |
| Disagree          | 4         | 1.42  |            |
| Strongly Disagree | 8         | 2.84  |            |
| Total             | 282       | 100   | 4.16       |

**Source:** Field Survey, 2012

Table 7 above provides the responses of customers to the statement “E-banking ensures efficient service delivery”. A total of 260 representing 92.2% of the customers who responded agreed that e-banking ensures efficient service delivery. The number of respondents who however disagreed was 12 representing only 4.26% of the respondents while 3.55% of the respondents held a neutral view. A mean score of 4.16 shows that e-banking in Nigeria enables banks to deliver efficient services to their customers.

**Table 8:** Quality of services have improved since the introduction of e-banking

| Responses         | Frequency | %     | Mean Score |
|-------------------|-----------|-------|------------|
| Strongly Agree    | 71        | 25.18 |            |
| Agree             | 189       | 67.02 |            |
| Undecided/Neutral | 13        | 4.61  |            |
| Disagree          | 9         | 3.19  |            |
| Strongly Disagree | -         | -     |            |
| Total             | 282       | 100   | 4.14       |

**Source:** Field Survey, 2012

Table 8 above revealed the responses to the statement “quality of services has improved since the introduction of e-banking”, majority of the customers generally agreed with the statement. A total of 260 signifying 92.2% of respondents agreed that e-banking improves the quality of bank products and services while 9 (3.19%) of those who responded disagreed with this position. The mean score of 4.14 confirmed that e-banking improves the quality of products and services offered by banks.

**Table 9:** E-banking provides adequate responses to inquiries on products/services information

| Responses         | Frequency | %     | Mean Score |
|-------------------|-----------|-------|------------|
| Strongly Agree    | 99        | 35.11 |            |
| Agree             | 156       | 55.32 |            |
| Undecided/Neutral | 15        | 5.32  |            |
| Disagree          | 9         | 3.19  |            |

|                   |     |      |      |
|-------------------|-----|------|------|
| Strongly Disagree | 3   | 1.06 |      |
| Total             | 282 | 100  | 4.20 |

**Source:** Field Survey, 2012

Table 9 shows that out of a total of 282 respondents, 255 representing 90.43% of the respondents agreed that e-banking provides adequate responses to their inquiries of products/services information. Meanwhile 12 representing 4.25% of the respondents disagreed to the statement. This fact is further reflected by the mean score of 4.20 which confirms that e-banking provides adequate responses to customer's inquiries.

**Table 10:** The introduction of e-banking has resulted in increasing bank charges

| Responses         | Frequency | %     | Mean Score |
|-------------------|-----------|-------|------------|
| Strongly Agree    | 212       | 75.18 |            |
| Agree             | 63        | 22.34 |            |
| Undecided/Neutral | 5         | 1.77  |            |
| Disagree          | 2         | 0.71  |            |
| Strongly Disagree | -         | -     |            |
| Total             | 282       | 100   | 4.72       |

**Source:** Field Survey, 2012

Table 10 above revealed the responses to the statement that “the introduction of e-banking has resulted in increasing bank charges”. Even though 7 representing 2.48% of the respondents disagreed with this assertion, 275 representing 97.52% of the respondents agreed that e-banking has resulted in increased bank charges. This fact is further confirmed by the mean score of 4.72 which shows that bank charges have increased as a result of increased investments in IT Innovations.

## Conclusion

This study examines customers' perception of e-banking in Nigeria. Data were collected using structured questionnaire administered to banks' customers in Lagos. The analysis of the data revealed that customers patronize electronic delivery channels introduced by the banks in Nigeria, in which ATMs ranked the topmost. However, the introduction of the e-banking channels is associated with increased bank charges on customers' account.

### Recommendations

Though banks need to charge their customers fees on the various services provided to them, however, such charges should not be too much so as for the customers not to consider them as exploitative. Moderate charges should be embraced by banks so as to enhance as much as possible the retention of their customers which will affect the banks' profitability and long term sustainability.

### References

- Ahasanul, H., Ahmad, Z. H. I., & Abu, H. D. (2009). Issues of e-banking transaction: An empirical investigation on Malaysian customers' perceptions. *Journal of Applied Sciences*, 9(10): 1870-1879
- Al-Smadi, M. O. (2011). The impact of e-banking on the performance of Jordanian banks. *Journal of Internet Banking and Commerce*, 16(2). Available online at <http://www.arraydev.com/commerce/jibc/>
- Azouzi, D. (2009). The adoption of electronic banking in Tunisia: An exploratory study. *Journal of Internet Banking and Commerce*, 14(3), Available online at <http://www.arraydev.com/commerce/jibc/>
- Bora, A. (2009). Changing face of banks and the evaluation of internet banking in Turkey. *Journal of Internet Banking and Commerce*, 14(1). Available online at: <http://www.arraydev.com/commerce/jibc/>
- Bughin, J. (2004). Attack or convert: early evidence from European on-line banking. *Omega* 32, pp. 1-7

- Garuba, A. O. (2008). *Fundamentals of banking*. Benin: Ambik Press Ltd.
- Garuba, A. O., & Aigbe, P. (2010). Automated teller machine (ATM) and its challenges in contemporary Nigerian banking industry. *AAU JMS Vol. 1, No. 1, December*
- Hasan, A. H., Baten, M. A., Kamil, A. A., & Parveen, S. (2010). Adoption of e-banking in Bangladesh: An exploratory study. *African Journal of Business Management*, 4(13),: 2718-2727
- Herbst, A. F. (2001). E-finance: Promises kept, promises unfulfilled, and implications for policy and research. *Global Finance Journal* 12, pp. 205-215.
- Jahangir, N., & Begum, N. (2008). The role of perceived usefulness, perceived ease of use, security and privacy, and customer attitude to engender customer adaptation in the context of electronic banking. *African Journal of Business Management*, 2(1): 032-040,
- Komolafe, B. (2010). Legal fireworks over offsite ATMs begin tomorrow. *Vanguard*, May 10th, p. 26
- Mohammad, M. A. (2010). E-Business and on line banking in Bangladesh: An analysis. *AIUB Business Economics Working Paper Series*, No 03, Available online at: <http://orp.aiub.edu/WorkingPaper/WorkingPaper.aspx?year=2010>
- Ravi, N., Schrick, P., & Parzinger, M. (2001). Bankers' perspectives on internet banking. *e-Service Journal*, 1(1): 21-36
- Salim, A. (2008). The adoption of e-banking: The case of Omani banks. *International Review of Business Research Papers*, 4(5), October-November, pp. 120-128
- Sana, H. S., Mohammad, K. M., Hassan, H. S., Momina, A. (2011). The impact of e-banking on the profitability of banks: A study of Pakistani banks. *Journal of Public Administration and Governance*, 1(1): 31-38
- Thornton, J., & White, L. (2001). Customer orientations and usage of financial distribution channels. *Journal of Services Marketing*, 15(3), pp. 168-85.
- Uppal, R. K. (2010). Emerging issues and strategies to enhance M-banking services. *African Journal of Marketing Management*, 2(2): 029-036, Available online at: <http://www.academicjournals.org/ajmm>