The Perception and Use of Electronic Banking among Business Executives in Lagos State, Nigeria

By

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ABSTRACT

The study focused on perception and use of e-banking services among business executives in Ikeja Local Government Area, Lagos, Nigeria. The study aimed at finding out what influence the use of e-banking services by business executives.

The study made use of cross-sectional survey design. The study area was stratified into communities and organizations sampled randomly as possible for the study. A questionnaire was used to collect data from one hundred and fifty one business executives’ selected using accidental sampling method. Statistical methods used for the analyses were frequencies for descriptive statistics, while regression analysis was used to test the hypotheses.

Findings revealed that ATM is the most used e-banking service while International Card Scheme is the least used. Gender and level of education are the two demographic variables that influenced business executives the most in their use of e-banking services. There are generally both positive and negative reviews about service quality and security/privacy of the e-banking services. The study revealed that business executives believe that the e-banking services were easy to use, useful and convenient.

The study recommended that security/privacy and service quality of e-banking services/platforms should be improved and that effort should be directed to improving users’ confidence in the use of the platform.

Keywords: Electronic banking, business executive and internet.

1. INTRODUCTION

In the wake of the Internet revolution, electronic banking emerged and allowed businesses to interact more effectively with their customers. The e-banking was speculated that these would lead to a massive shift in marketing practices leading to superior business performance (Brodie, Winklhofer, Coviello and Johnston, 2007). Karjaluoto, Mattila and Pento (2002) also indicated that Internet technology is the main electronic distribution channel in the banking industry. The banking industry has been using this new communication channel to reach its varieties of customers. Banking opportunities are local, global and immediate in E-banking. Internet banking offer services regardless of geography and time and banks thus enabling to provide their services to customers for them to use at their convenience. As Karjaluoto, Mattila, and Pento (2002, p. 261) argued ‘banking is no longer bound to time and geography. Customers over the world have relatively easy access to their accounts, 24 hours per day, and seven days a week’. The authors further argued that, with internet banking services, the customers who felt that branch banking took too much time and effort are now able to make transactions at the click of their fingers.

E-banking is about using the infrastructure of the digital age to create opportunities both local and global. Daniel (1999) described electronic banking as the provision of banking services to customers through Internet technology. Other authors (Daniel, 1999; Karjaluoto et al., 2002) indicated that banks have the choice to offer their banking services through various electronic distribution channels and technologies such as Internet technology i.e. e-mail services (which improve communication between individuals and the bank, within the bank, with the bank and external parties and between the banks), video banking technology, telephone banking technology, and WAP (Wireless Application Protocol) technology. E-banking has become a very important technological advancement for businesses. It changes business practices, enables the dramatic lowering of transaction costs, and the creation of new types of banking opportunities that address the barriers of time and distance.
Revolution started in Nigeria banking system in 2003 with the introduction of Guideline on Electronic Banking by the Central Banking of Nigeria. This was accompanied by bank reformation exercise in June 2004. The reformation exercise left Nigeria with 25 strong and reliable banks against 89 banks previously in existence. The surviving banks of the recapitalization exercise have enormously engaged the use of ICT as a platform for effective and efficient delivery of banking services (Ayo, Ekong and Fatudimu, 2007). The banks’ huge investment in telecommunication networks and various E-banking services delivery could be seen as an effort towards measuring up with global standard. This is among other reasons such as increased customer demand, increased competition among banks themselves; derive minimized cost, new entrants, and better service delivery (Muniruddeen, 2007). While E-banking services are numerous in number, there is not enough evidence of consumer acceptance and their stance towards the use of the services. For us to accept that E-banking has fully gained prominence in Nigeria, customer’s acceptance, attitude and confidence in the system need to be validated. Muniruddeen (2007) indicated that half of the people that have tried E-banking services will not become active users of the system. Findings have also shown that insecurity; inadequate operational facilities like telecommunication and electric supply are among hindrances to online banking in Nigeria (Ezeoha, 2005).

The goal of this study is to examining the factors that influence users’ acceptance of E-banking taking to consideration their attitude and confidence in the use of the system. The impact of perceived Usefulness (PU), perceived Ease of Use (PEOU), Security and Privacy (SP), perceived Convenience (PC), and Service Quality (SQ) is sought to determine the level of users’ acceptance of the various E-banking services.

2. LITERATURE REVIEW

Online banking was initially introduced by Security First Network Bank in US in 1995 (Gandy, 1995; Liao, Shao, Wang, & Chen, 1999), in Estonia in 1996 (Eriksson, Kerem, & Nilsson, 2005), in South Africa in 1996 (Singh, 2004), in Australia in 1997 (Sathy, 1999), in Turkey in 1997 (Polatoglu and Ekin, 2001), in Singapore in 1997 (Gerrard, Cunningham, 2003), in China in 1997 (Polatoglu and Ekin, 2001), in Singapore in 1997 (Gerrard and Cunningham, 2003), in China in 1997 (Laforet and Li, 2005), in England in 1998 (White and Ntel, 2004), in Hong Kong in 1999 (Wan, Luk, & Chow, 2005), in Romania in 1999 (Gurau, 2002), and in Thailand in 1999 (Jarwachirathanakul and Fink, 2005). Only in middle 2001 was online banking first introduced in Taiwan, by FuBon Bank (renamed Taipei FuBon Bank since 2004), in Nigeria in 2003 by Central Bank Nigeria. Electronic banking and payments services are still at the early stages of development in Nigeria. Nigeria’s slow adoption of electronic banking practices is rapidly changing for the better. Awareness of electronic payments in Nigeria is increasing and it accounted for N360 billion worth of transactions in 2008. These, according to Adeyinka Adeyemi, managing partner at Intermac Consulting during the recent presentation of the 2008 e-banking Customer Survey Report. Adeyemi said that 7,500 point of sale terminals have been installed across Nigeria—a figure that is set to double within the next six months. Mobile banking and Electronic Funds Transfers (EFTs) are also gaining popularity. According to the survey, 97% of Nigerians that are aware of ATMs use the service; of the 67% of the respondents that were aware of SMS banking only 48% used it; and of the 45% aware of Master card, only 10% use the service.

The advent of Internet, electronic commerce, communication technology and users’ response to this technology has opened opportunity for many businesses including the financial institution. Adoption of electronic banking service delivery is fast gaining ground in Nigeria. Different e-Banking channels such as electronic cards, internet banking and mobile banking services have been introduced. Electronic banking offers benefits to both banks and customers. Pikkarainen et al. (2004) mentioned two fundamental reasons underlying online banking development and penetration. First, those banks get significant cost savings in their operation through e-Banking services. It has been proven that online banking channel is the cheapest delivery channel for banking products once established. Second, that banks have reduced their branch networks and downsized the number of service staff, which has paved the way to self-service channels as quite many customers felt that branch banking took too much time and effort. On the other hand, customers enjoy self-service, freedom from time and place constraint, and reduced stress of queuing in banking hall. Therefore, time and cost savings and freedom from place have been found the main reasons underlying online banking acceptance. It was indicated that electronic banking services delivery are the cheapest, the most profitable and wealthiest delivery channel for banking products (Pikkarainen et al, 2004).

However, not all bank customers engage in the use on e-Banking services. There are multiple reasons for this. First, customers need to have an access to the Internet in order to utilize some e-Banking facilities such as Internet and Mobile banking facilities. Furthermore, most new online users need first to learn how to use the service. Second, nonusers often complain that online banking is incomprehensible, difficult to use and has no social dimension, i.e. the lack of face-to-face situation at branch (Karjaluoto 2001; Mattila et al., 2003). Third, customers are afraid of security issues (Ezeoha, 2005). In another research carried out by Tunmibi and Falayi (2013), most of the sampled customers of Nigeria banking industries responded that network is unreliable and there is an occasional
experience of cash deduction without cash withdrawal when using ATM. They noted that IT security is a major challenge to e-banking in Nigeria and the banking industry is not stable enough for e-banking.

Technological innovations are having significant importance in human general and professional life. This era can safely be attributed as technology revolution. The quick expansion of information technology has imbibed into the lives of millions of people. Rapid technology advancements have introduced major changes in the worldwide economic and business atmosphere (Qureshi et al, 2008). Research on consumer attitude and adoption of internet banking showed there are several factors predetermining the consumer’s attitude towards online banking such as person’s demography, motivation and behavior towards different banking technologies and individual acceptance of new technology

The theoretical model for this study is based on The Technology Acceptance Model (TAM). It is an information systems theory that models how users come to accept and use a technology. TAM has been validated as a powerful and parsimonious framework (Davis, 1989; David, Bagozzi, and Warshaw, 1989). TAM is one of the most influential extensions of Ajzen and Fishbein’s Theory of Reasoned Action (TRA) in the literature. TAM is an adaptation of the Theory of Reasoned Action (TRA) to the field of Information Science. TAM posits that perceived usefulness and perceived ease of use to determine an individual’s intention to use a system with intention to use serving as a mediator of actual system use. Perceived usefulness is also seen as being directly impacted by perceived ease of use. Earlier, Rogers noted that understanding the technology leads to adaptation of innovative service/product by customers is known as ease of use. Recently, Chen and Barnes (2007) have empirically found that two technological aspects of the interface, namely perceived ease of use and perceived usefulness significantly affect customer adaptation intentions.

3. RESEARCH METHODOLOGY

The study was limited to the business executives in Ikeja LGA. Ikeja is an outer-ring suburb of the city of Lagos and capital of Lagos State. It is also one of Nigeria’s 774 Local Government Areas (LGAs). Ikeja Local Government is said to be Nigeria’s industrial capital. Communities in Ikeja include Oregun, Ojodu, Opebi, Akiode, Alausa, Agidingbi, Ikeja, Ogba, Maryland and Government residence Area Ikeja. The total population of the business organizations is 1347 (Ministry of Commerce and Industry, 2008/2009). Organizations were stratified into 11 communities (Area) in Ikeja LGA. The communities were Oregun, Ojodu, Opebi, Akiode, Alausa, Agidingbi, Ikeja, Ogba, Maryland, Airport road and Government residence Area Ikeja. Organizations were chosen using accidental sampling. From each Area, 18 organizations were selected. Therefore, 18 business executives were sampled in each Area in Ikeja LGA. A total number of 202 business executives were systematically selected, that is 15% of the population. Questionnaire was used as the research instrument for the study and frequency distribution table was adopted for the descriptive analysis.

4. RESULT

4.1 Demographics

Majority of the respondents were between the age’s brackets of 31-40 years old with (41.1%) respondents in this age bracket. There are (25.8%) respondents who are below 30 years old and (26.5%) respondents between the ages of 41 and 50 years old. There are (56.3%) male respondents and (43.7%) female respondents. The figure showing male with a higher figure is peculiar with the Nigerian business environment consisting of business executives which is an area mostly dominated by men. In other words, there are often more male business executives than there are female. Also, (57.6%) of the 151 respondents are married with (38.4%) single, (3.3%) separated and (0.7%) divorced. These indicate that (45.7%) of the 151 respondents have a first degree with 21.2% and (31.9%) having a HND and a Masters degree respectively. This shows a high literacy level among the business executives who acted as respondents in carrying out this research. Most of the 151 respondents fell in other sectors of the economy not listed while, (65.6%) of the 151 respondents fell into the five broad economic sectors listed in this study. It occurs that (7.3%) business executive’s organization reside at Oregun, (7.9%) reside at Agidingbi, (8.6%) reside at Maryland, Ogba, Opebi, and Ikeja, (9.3%) reside at Airport, (9.9%) reside at Ojodu, GRA and Alausa while (11.3%) reside at Akiode, out of 18 respondents that was allocated to each area to constituent 202 respondents for this study. This shows the level of participations among stratified Areas in Ikeja LGA.
4.2 Other Results

Table 4.1: Use of E-banking Platforms

<table>
<thead>
<tr>
<th>Use of Platforms</th>
<th>Aware of but don’t know how to use it</th>
<th>Know how to use but not using it</th>
<th>Using it Rarely</th>
<th>Using it Occasionally</th>
<th>Using it Frequently</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automated Teller Machine</td>
<td>1.3</td>
<td>6.6</td>
<td>2.6</td>
<td>17.9</td>
<td>71.5</td>
</tr>
<tr>
<td>Mobile Telephony</td>
<td>13.2</td>
<td>30.5</td>
<td>9.3</td>
<td>14.6</td>
<td>32.5</td>
</tr>
<tr>
<td>Internet Banking</td>
<td>11.3</td>
<td>33.8</td>
<td>9.9</td>
<td>27.8</td>
<td>17.2</td>
</tr>
<tr>
<td>International Card Schemes</td>
<td>35.8</td>
<td>31.1</td>
<td>13.2</td>
<td>7.9</td>
<td>11.9</td>
</tr>
</tbody>
</table>

Table 4.1 shows that (71.5%) of the 151 respondents have used ATM frequently. The table also shows an additional (20.5%) respondents have used ATM both rarely and occasionally. There are only total of (7.9%) respondents out of 151 respondents who don’t use the ATM at all with, only (1.3%) of these (7.9%) respondents not using it because they don’t know how it is used. The table reveals that (32.5%) of the 151 respondents have used Mobile telephony platform frequently. The table also shows an additional (23.9%) respondents have used Mobile Banking both rarely and occasionally. There are total of (43.7%) respondents out of 151 respondents who don’t use Mobile Banking at all, with (13.2%) of these (43.7%) respondents not using it because they don’t know how it is used. The table also shows that just (17.2%) of the 151 respondents have used the internet banking platform frequently. The table also shows an additional (37.7%) respondents have used Internet Banking both rarely and occasionally. There are total of (45.1%) respondents out of 151 respondents who don’t use Internet Banking at all with (11.3%) of these (45.1%) respondents not using it because they don’t know how it is used. The table summarizes that just (11.9%) of the 151 respondents have used the International card scheme platform frequently. The table also shows an additional (21.1%) respondents have used Internet Banking both rarely and occasionally. There are total of (66.9%) respondents out of 151 respondents who don’t use Internet Banking at all, with (35.8%) of these (66.9%) respondents not using it because they don’t know how it is used. The analysis shows that the ATM platform is the most used by respondents while the internet banking platform is the least used by respondents.

Table 4.2: Perceived Ease of Use of E-Banking Services

<table>
<thead>
<tr>
<th>Item</th>
<th>Strongly Disagree %</th>
<th>Disagree %</th>
<th>Don’t Know %</th>
<th>Agree %</th>
<th>Strongly Agree %</th>
</tr>
</thead>
<tbody>
<tr>
<td>It is easy to learn how to use E-banking</td>
<td>0.7</td>
<td>3.3</td>
<td>8.6</td>
<td>69.5</td>
<td>17.9</td>
</tr>
<tr>
<td>I can do most of my banking transactions with E-banking</td>
<td>2.0</td>
<td>13.2</td>
<td>11.3</td>
<td>56.3</td>
<td>17.2</td>
</tr>
<tr>
<td>It is easy to become skillful using E-banking</td>
<td>2.0</td>
<td>6.6</td>
<td>11.3</td>
<td>57.0</td>
<td>23.2</td>
</tr>
<tr>
<td>E-banking is easy to use</td>
<td>3.3</td>
<td>4.0</td>
<td>9.9</td>
<td>66.2</td>
<td>16.6</td>
</tr>
<tr>
<td>E-banking supports my special banking needs</td>
<td>0.7</td>
<td>17.9</td>
<td>13.2</td>
<td>51.7</td>
<td>16.6</td>
</tr>
<tr>
<td>It is difficult to understand how to use E-banking</td>
<td>23.8</td>
<td>58.9</td>
<td>8.6</td>
<td>6.6</td>
<td>2.0</td>
</tr>
<tr>
<td>I seldom need assistance to use E-banking</td>
<td>2.0</td>
<td>12.6</td>
<td>15.9</td>
<td>53.6</td>
<td>15.9</td>
</tr>
<tr>
<td>E-banking is within my intellectual capacity</td>
<td>1.3</td>
<td>13.2</td>
<td>3.3</td>
<td>47.0</td>
<td>35.1</td>
</tr>
</tbody>
</table>

For the perceived ease of use of e-banking, majority of the respondents believed e-banking is easy to use. Majority (87.4%) of 151 respondents believed it is easy to learn how to use e-banking. Also, majority (73.5%) of 151 respondents believed they can do most of their banking transactions with E-banking. (80.2%) of 151 respondents believed it is easy to become skillful at using e-banking (82.8%) of the 151 respondents believed it is easy to use e-banking services. Over half (68.3%) of the 151 respondents found e-banking flexible to accommodate their special banking needs. Also, majority (82.7%) of the 151 respondents disagreed/strongly disagreed that it is difficult to understand how to use e-banking. (69.5%) of the 151 respondents believed that they rarely need assistance to use e-banking. Mostly, (82.1%) of the 151 respondents believed e-banking is within their intellectual capacity to use.
shows that majority of the respondents believed that using e-banking is easy to use thus showing a positive sign in respondents and a perceived ease of use in the e-banking platforms they operate.

Table 4.3: Perceived Usefulness of E-banking Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Strongly Disagree %</th>
<th>Disagree %</th>
<th>Don’t Know %</th>
<th>Agree %</th>
<th>Strongly Agree %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using E-banking saves time</td>
<td>0</td>
<td>2.0</td>
<td>3.3</td>
<td>64.2</td>
<td>30.5</td>
</tr>
<tr>
<td>Using E-banking is convenient for business</td>
<td>1.3</td>
<td>4.6</td>
<td>5.3</td>
<td>57.6</td>
<td>31.1</td>
</tr>
<tr>
<td>Using E-banking is safe for business transactions</td>
<td>7.9</td>
<td>19.2</td>
<td>15.2</td>
<td>37.7</td>
<td>19.9</td>
</tr>
<tr>
<td>E-banking reduces the stress of face-face banking</td>
<td>2.6</td>
<td>2.6</td>
<td>6.6</td>
<td>62.3</td>
<td>25.8</td>
</tr>
<tr>
<td>E-banking makes business transactions more complicated</td>
<td>17.9</td>
<td>62.9</td>
<td>15.9</td>
<td>3.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Using E-banking is reliable for performing transactions</td>
<td>2.6</td>
<td>26.5</td>
<td>9.3</td>
<td>53.0</td>
<td>8.6</td>
</tr>
<tr>
<td>Using E-banking saves money</td>
<td>2.6</td>
<td>11.9</td>
<td>39.7</td>
<td>40.4</td>
<td>5.3</td>
</tr>
</tbody>
</table>

For perceived usefulness of e-banking, a fairly large number of respondents agree that e-banking has a perceived level of usefulness. Majority (94.7%) of the 151 respondents believed that using e-banking saves time. Also, majority (88.7%) of the 151 respondents believed e-banking is convenient for business. Only (57.6%) of the 151 respondents believed e-banking is safe for transactions while (27.1%) of the 151 respondents said e-banking is not safe for transactions with 15.2% respondents not sure if it is safe or not. Majority (88.1%) of the 151 respondents believed e-banking reduces the stress of face-face banking. Also, majority (80.8%) of the 151 respondents don’t believe that e-banking makes business transactions more complicated. (61.6%) of the 151 respondents believed using e-banking is reliable for performing transactions while (29.1%) of the respondents don’t believe e-banking is reliable and (9.3%) respondents are not sure. (45.7%) of the 151 respondents disagreed/strongly disagreed that e-banking saves them money, (14.5%) of the 151 respondents disagreed/strongly disagreed that e-banking saves them money while a large number of (39.7%) respondents don’t know whether e-banking saves them money or not. This shows that majority of the respondents believed that using e-banking is useful thus showing a positive sign in respondents and a perceived ease of usefulness in the e-banking platforms they operate.

Table 4.4: Perceived Service Quality of E-banking Services

<table>
<thead>
<tr>
<th>Service</th>
<th>Never %</th>
<th>Rarely %</th>
<th>Sometimes %</th>
<th>Often %</th>
<th>Always %</th>
</tr>
</thead>
<tbody>
<tr>
<td>I receive quality service via e-banking</td>
<td>2.6</td>
<td>9.3</td>
<td>52.3</td>
<td>21.9</td>
<td>13.9</td>
</tr>
<tr>
<td>E-banking enables me to perform transactions accurately</td>
<td>1.3</td>
<td>7.3</td>
<td>44.4</td>
<td>29.8</td>
<td>17.2</td>
</tr>
<tr>
<td>E-banking provides me with accurate information</td>
<td>1.3</td>
<td>3.3</td>
<td>36.4</td>
<td>29.1</td>
<td>29.8</td>
</tr>
<tr>
<td>E-banking promptly responds to my transaction requests</td>
<td>0.0</td>
<td>4.6</td>
<td>51.7</td>
<td>29.8</td>
<td>13.9</td>
</tr>
<tr>
<td>E-banking quickly resolves problems that I have with my transactions</td>
<td>5.3</td>
<td>10.6</td>
<td>53.0</td>
<td>23.2</td>
<td>7.9</td>
</tr>
<tr>
<td>E-banking gives me prompt services</td>
<td>1.3</td>
<td>0.7</td>
<td>47.7</td>
<td>27.2</td>
<td>23.2</td>
</tr>
</tbody>
</table>

A little over half (57%) of the 151 respondents believed that e-banking is accessible at any time while (33.8%) of the 151 respondents disagreed/strongly disagreed that e-banking is accessible at any time while (9.3%) don’t know. This may be in connection with the downtime often experienced using e-banking services such as ATM service not being available or out of cash. Also, (49.6%) of the 151 respondents believed that e-banking is accessible anywhere while (37.1%) of the respondents disagreed/strongly disagreed that e-banking is accessible anywhere, (13.2%) respondents don’t know. (77.5%) of the 151 respondents believed that e-banking provides a broad range of services.
This shows a majority clearly agreed that e-banking provides other services such as bill payments and phone credit top ups. Majority (81.5%) of the 151 respondents disagreed/strongly disagreed that using e-banking makes them feel uncomfortable. This shows that majority of the respondents are familiar with the e-banking platform they use. Majority (78.1%) of the 151 respondents strongly disagreed/disagreed that e-banking requires more time they can afford. This is an indicator that most of the respondents most likely don’t spend more time using E-banking than they would use in face-face banking. (84.1%) of the 151 respondents strongly disagree/disagree that using e-banking requires more skill than they possess. This shows that most of the respondents are well skilled hence more convenient in operating the e-banking platform they use.

A little over half (56.9%) of the 151 respondents agreed/strongly agreed that their information is kept confidential while (34.4%) of the 151 respondents don’t know if their information is kept confidential or not. This indicates that majority of the respondents trust their information is safe with the bank. Also, a little below half (49.6%) of the 151 respondents agreed/strongly agreed that their transactions are strongly secured while (42.4%) of the respondents don’t know if their transactions are strongly secured. There is no clear indication on whether respondents have total trust in the security of the transactions they conduct using e-banking. Less than half (45%) of the 151 respondents trusted the technology that is used in e-banking while (27.8%) of the 151 respondents don’t trust the technology used in e-banking, (27.2%) respondents said they don’t know whether they trust the technology used in e-banking service or not. This gives a diverse opinion among respondents on whether they trust the technology used in e-banking. Less than half (47%) of the 151 respondents strongly agreed/agreed that they are not worried about the security of e-banking services while (40.4%) of the 151 respondents are worried about the security of e-banking services while 12.6% of the 151 respondents don’t know whether they should be worried or not about the security of e-banking services. Less than half (46.4%) of the 151 respondents believed that their money in the bank is secure when they use e-banking, (21.2%) of the 151 respondents don’t believed while (32.5%) of the 151 respondents don’t know whether their money is secure or not in the bank when they use e-banking. There is generally mixed views on perception of security and privacy in using e-banking services.

5. CONCLUSION

This study discovered that business executives’ are quite positive about the perceived usefulness, perceived ease of use and convenience of using e-banking. These three factors are the parameters “pulling” business executives to use e-banking platforms. It was also noted that the ATM is the most used e-banking platform while the international card scheme is the least used. The study also found out that the respondent had different perception about e-banking service quality and security and privacy respondents thus making these two factors likely deterrents to use e-banking services.

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