EFFECTS OF E-BANKING ON CUSTOMER SATISFACTION IN NIGERIA DEPOSIT MONEY BANKS

(A CASE STUDY OF GUARANTY TRUST BANK PLC, ILORIN)

By

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CHAPTER ONE

1.0 INTRODUCTION TO THE STUDY

1.1 Background to the Study

The new millennium brought with it new possibilities in terms of information access and availability simultaneously, introducing new challenges in protecting sensitive information from some eyes while making it available to others, Today's business environment is extremely dynamic and experience rapid changes as a result of technological improvement increased awareness and demands banks to serve their customers electronically. Banks have traditionally been in the forefront of harnessing technology to improve their products

Electronic commerce is now thought to hold the promise of a new commercial revolution by offering an inexpensive and direct way to exchange information and to sell or buy products and services. This revolution in the market place has set in motion a revolution in the banking sector for the provision of a payment system that is compatible with the demands of the electronic marketplace. Electronic-commerce in Nigeria is in an embryonic stage. However, one area of electronic-commerce that has proven successful in Nigeria is electronic banking (Ebanking). The term "electronic banking" or "e-banking" covers both computer and telephone banking. It refers to the use of information and communication technology by banks to provide services and manage customer relationship more quickly and most satisfactorily (Charity-Commission, 2003). Burr (1996) describes it as an electronic connection between the bank and the customer in order to prepare, manage and control financial transactions. Electronic banking according to Al-Abed (2003) is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brickand-mortar institution. Lustsik (2004) describes electronic banking as a variety of the following platforms: Internet banking, telephone banking, TV-based banking, mobile phone banking, and PC banking.

For the purpose of this research, we define electronic banking as the delivery of banking services and products through the use of electronic means irrespective of place, time and distance. Such products and services can include deposit-taking, lending, account management, the provision of financial advice, electronic bill payment, and the provision of other electronic payment products and services such as electronic money. The benefits of this 21st century banking are numerous. Its introduction would increase the potential of business to attain greater productivity and profitability, as trading and transactions, which would be carried out via communication networks, would be a lot faster and distance would no longer be barrier to effective transactions (Fagbuyi, 2003).

According to Sergeant (2000), the benefits of E-banking are manifold and are to be seen from the point view of the banks themselves, customers and even the regulators. According to him, for banks, E-banking brings different and arguably lower barriers to entry; opportunities for significant cost reduction; the capacity to rapidly reengineer business processes; and greater opportunities to sell cross border. For customers, the potential benefits are: more choice; greater competition and better value for money; more information; better tools to manage and compare information; and faster service. In the past few years, Nigerian banks and generally the financial services industry embraced electronic banking, which has been made possible by the advancements in information technology (IT). According to Sanusi (2002), the introduction of such e-payment products in Nigeria commenced in 1996 when the CBN granted Allstates Trust Bank approval to introduce a closed system electronic purse called ESCA. This was followed in February 1997, with the introduction of a similar product called "Paycard", by Diamond Bank.

The card based e-money products assumed an open platform with the authorisation in February 1998, of Smartcard Nigeria Plc, a company floated by a consortium of 19 banks to produce and manage cards called valucard and issued by the member banks. Many banks therefore launched their websites between 1998 and 2000 with a view to starting Internet banking. A consortium of more than 20 banks under the

auspices of Gemcard Nigeria Limited obtained CBN approval in November 1999 to introduce the "Smartpay" scheme. The CBN has additionally granted approval to a number of banks to introduce international money transfer products, telephone banking and on-line banking via the Internet, though on a limited scale (Abdulhakeem, 2002).

1.2 STATEMENT OF THE PROBLEMS

The use of technology forms the backbone for better results in banking. This is articulated in the HSBC report of 2000, which stated that benefits from technology are more than three times its cost. Today's banking situation demands continuous innovation in order to meet the yearnings and aspirations of the ever-demanding customers. Hence, banks need to roll out new products and services quickly and effectively, using latest cutting edge technology (Augusto, 2002).

Customer wants a bank that will offer services that will meet their particular needs (personalized banking) and support their business goals for instance; businessmen want to travel without carrying out cash for security reasons. They want to be able to check their balance online, find out if a cheque is cleared, transfer funds among accounts and even want to download transaction records into their own computer at work or home. Customers wants a preferential treatment and full attention by their choice bank. All these are only achievable through electronic banking.

1.3 RESEARCH QUESTIONS

i. What are the prospects of electronic banking in Guaranty trust bank plc?
ii. What are the impacts of electronic banking in Nigeria deposit money bank?
iii. Is there any relationship between deposit money banks and electronic banking system?

1.4 OBJECTIVES OF THE STUDY

Specifically, the study objectives are;

i. To evaluate the prospects of electronic banking in Guaranty trust bank plc
ii. To evaluate the impacts of electronic banking in Nigeria deposit money bank

iii. To examine whether electronic banking system has improved the fortune of the bank.

1.5 RESEARCH HYPOTHESIS

The following hypothesis are formulated in null form and to guide the study

Ho_1: Electronic banking does not have prospect in Guaranty trust bank plc

Hi_1: Electronic banking have prospect in Guaranty trust bank plc

Ho_2: Electronic banking does not have impacts of electronic banking in Nigeria deposit money bank

Hi_2: Electronic banking have impacts of electronic banking in Nigeria deposit money bank

Ho_3: Electronic banking does not improve bank customer relationship

Hi_3: Electronic banking bank improve customer relationship

1.6 Significance of the Study

The study would enable the banks executives and indeed the policy makers of the bank and financial institutions to be aware of electronic banking as the product of electronic commerce with view to making strategic decisions. The research is equally significant because it would provide answers to factors militating against the complementation of electronic banking in Guaranty Trust Bank plc, prove the success and growth associated with implementation of electronic banking. It is also going to be a valuable tool for students, academician, institution, corporate managers and individual that want to know more about electronic banking trends in Nigeria.

1.7 Scope and the Limitation of the Study

The research work is centered on the effect of electronic banking has significantly improved the profitability of Nigeria Deposit Money Banks, particularly Guaranty Trust Bank of Nigeria. The data collected covers the period of 2008-2010 for the pre adoption electronic banking and 2017-2019 for post adoption of electronic banking.

Since the objectives of the study has been to determine whether electronic banking has significantly improved the profitability of Nigeria Deposit Money Banks in

Nigeria with regards to return on equity (ROE) and return on Assets (ROA), the data was grouped into pre and post adoption of electronic banking.

1.8 Definition of Terms

Bank: A bank is a financial institution that accepts deposit from the public and creates credits, lending activities can be performed either directly or indirectly through capital market. Due to their importance in the financial stability of a country banks are highly regulated in most countries.

Banking: in its modern sense evolve in the 14th century in the prosperous cities of renaissance Italy but in many ways a continuation of ideas and concepts of credit and lending that has their roots in the ancient world. Banking began with the first prototype banks of merchants of the ancient world which made grain loans to farmers and traders who carried goods between cities and this system is known as a barter system.

E-banking: also known as online banking, internet banking or virtual banking, is an electronic payment system that enables customers of a bank or other financial institution to conduct a range of financial institution through financial institutions websites. The online banking system will typically connect to or be part of the core banking system operated by a bank and is in contrast to branch banking which was the traditional way customers accessed banking services.

Electronic Payment System (EPS): this refers to those where the processing off payment instructions is carried out by the banking system electronically.

Credit Card: this is a payment card issued to users as a system of payment. It allows the cardholder to pay for goods and services based on the holder's promise to pay for them.

Debit Card: this is a plastic payment card that provides the cardholder electronic access to his or her bank account(s) at a financial Institution.

Electronic Commerce: this is commonly k own as e-commerce is a type of industry where buying and selling of product or services as the internet and other computer networks.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

Electronic banking system is a conventional banking system started in Nigeria in 1952. Since then, the industry has witnessed a lot of regulatory and institutional advances. The industry was being controlled by at most five out of the 89 banks in existence before the commencement of the ongoing banking industry reformation in the country. Multiple branch systems is also one of the notable features of Nigerian banks, with a total of 89 banks accounting for about 3017 bank branches nationwide as at 2004. As well, the industry is faced with heavy challenges, including the overbearing impact of fraud and corruption, erosion in public confidence, a poor capital base, persistent cases of distress and failure, poor asset quality, and so on. Part of the moves to resolve these lingering problems include the banking reform initiated by the Central Bank of Nigeria in June 2004, which is largely targeted at reducing the number of banks in the country and making the emerging banks much stronger and reliable. So far, the banking reform has been a success story with 25 mega banks emerging after recapitalization exercise which ended 31st December 2005.

In the bid to catch up with global developments and improve the quality of their service delivery, Nigerian banks have no doubt invested much on technology; and have widely adopted electronic and telecommunication networks for delivering a wide range of value added products and services. They have in the last few years transformed from manual to automated systems. Unlike before when ledgercards were used, today banking has been connected to computer networks, thereby facilitating the practice of inter-bank/inter-branch banking transactions. Developments at home, such as the introduction of mobile telephone in 2001 and improved access to personal computers and Internet service facilities have also added to the growth of electronic banking in the country.

However, whereas local banks most commonly practice real time online intranet banking, the integration of customers into the process is far from been realized. Many of

the reasons are attributed to the high prevalence of Internet fraud and lack of an adequate regulatory framework to protect the banks from the volatility of risks associated with Internet banking, especially at the levels of communication and transaction. In the main, Nigeria is globally regarded as the headquarters of Advance Fee Fraud which is perpetrated mostly via the Internet. (Journals of International affairs Vol 51, 209-301).

2.1 CONCEPTUAL FRAMEWORK

The vast majority of the recent literature on electronic money and banking suffers from a narrow focus. It generally ignores electronic banking entirely and equates electronic money with the substitution of currency through electronic gadget such as smart cards and virtual currency. For example, Freedman, (2000) proposes that electronic banking and electronic money consist of three devices; access devices, stored value cards, and network money.

Electronic banking is simply the use of new access devices and is therefore ignored. Electronic money then is the sum of stored value (smart) cards and network money (value stored on computer hard drives). What is most fascinating and revealing about this apparently popular view is that electronic banking and electronic money are no longer functions or processes, but devices. Within this rather narrow scope for electronic banking and electronic money, there are nonetheless many research that address one or more of the challenges facing it.

Santomero and Seater (1996), Prinz (1999), and Shy and Tarkka (2002), and many others present models that identify conditions under which alternative electronic payments substitute for currency. Most of these models indicate that there is at least the possibility for electronic substitutes for currency to emerge and flourish on a large scale, depending on the characteristic of the various technologies as well as the characteristics of the potential users.

Berentsen (1998) considers the impact that the substitution of smart cards for currency will have on monetary policy, arguing that although electronic substitutes for currency will become widespread, monetary policy will continue to work as before

because this currency substitution will leave the demand for central Bank reserves largely intact. Goodhart (2000) discusses how monetary control would work in an economy in which Central Bank currency has been partially or completely replaced by electronic substitutes.

2.1.1 Electronic Banking and the Common Banking Products

The use of information technology in banking operations is called electronic banking. Ovia (2001) however argues that electronic banking is a product of e-commerce in the field of banking and financial services. In what can be described as Business-to-Consumer (B2C) domain, services such as balance enquiry, request for cheque books, recording stop payment instruction, balance transfer instruction, account opening and other forms of traditional banking services are operated (Beiry and Linoff, 1999). Banks are also offering payment services on behalf of their customers who shop in different e-shops.

2.1.2 Telephone and PC Banking Products

This is a facility that enables customers, via telephone calls, to find out about their position with their bankers by merely dialing the telephone numbers given to them by the banks. In addition, the computers or the phone would require special codes given to the customers as a means of identification of authentic users before they can receive any information they requested for. This is a service introduced into banking as a result of computer telephone technology being made available (Ovia, 2001). The technology of e-banking has a universe of possible applications, limited only by the imagination. These areas include: Account balance enquiry; Account statement printing; Intra-Banks Account to Account transfer; Inter-banks Account to Account transfer; Download Account Transaction and many others. Telephone and PC banking brings the bank to the doorstep of the customer, it does not require the customer to leave his premises. Interactive Voice Response becomes a regular feature of operations, Text-to-speech capability becomes a reality. A uniformed messaging capability becomes permanent feature of the bank.

2.1.3 The Card System

The card system is a unique electronic payment type. The smart cards are plastic devices with embedded integrated circuit being used for settlement of financial obligations. The power of cards lies in their sophistication and acceptability to store and manipulate data, and handle multiple applications on one card securely (Amedu, 2005). Depending on the sophistication, it can be used as a Credit Card, Debit Card and ATM (Automated Teller Machine) card. While the electronic card is gaining popularity in the USA and Nigeria, the Spanish financial institutions demonstrated the highest implementation and update of smartcards across Europe (Amedu, 2005). The Smart Card was introduced into the Nigerian market to reduce or eliminate problems of carrying cash about. It is electronically loaded with cash value and carried like credit card and stores information on a microchip. The microchip contains a "purse" in which value is held electronically. In addition, it also contains security programs; these protect transactions between one card user and the other.

2.1.4 The Automated Teller Machine (ATM)

Worldwide, the use of paper cash still remains the most widely used and acceptable means of settling financial transactions and obligations. However, the proportion of cash transactions is increasingly on the decline, especially in advanced economies (Amedu, 2005). In USA, where the use of cash is still prominent, compared to European countries, it represents 50 percent or more of the total transactions. Of course, cash is a non-electronic payment method. However, the physical carriage of cash as well as the visit to the bank branches is being reduced by the introduction of an electronic device-the ATM. An ATM device allows a bank customer to withdraw cash from his account via a cash dispenser (ATM), and the account is debited immediately. A fundamental advantage is that it needs not to be located within the banking premises. It is usually in stores, shopping malls, fuel stations and many other social places.

2.1.5 **Benefits of Electronic Banking**

Rogers (2016) posit that the rate of adoption of a new innovation is related to (perceived) relative advantages. The greater the perceived related advantages, the faster the adoption.

However, the benefits of electronic banking are:

a) **Speed up settlement of transaction:** Electronic banking speed up settlement of transaction to their customers and payment of debt.
b) **Electronic banking:** has also helped to reduce the rate at which a customer visits banks. Any customer which wished to withdraw can easily go to any branch bank that is close to him or her and withdraw from the automated teller machine (ATM) through the help of the interbank switch and also saves time and reduces stress of the customer.
c) **Move into cashless society:** the introduction of the electronic machine has reduced the use of raw cash, thereby moving the country into a cashless economy.
d) **Reduction of theft:** The use of electronic payment has reduced the rate of theft of stealing in the society.
e) **Clearance of goods:** Payment system in the customers areas helps in ensuring easy facilitation of electronic of clearance of goods by importer, also the money accrue to the government would be paid up electronically thereby making the gathering of revenue very easy and checking of any fraudulent moves.

2.2 THEORETICAL FRAMEWORK

2.2.1 Marketing Theory

Trust-based marketing is a marketing theory based on building consumer relationships through trustworthy dialogue and unbiased information. The concept was originated by Dr. Glen L. Urban, professor and former dean of the MIT Sloan School of Management. Trust-based marketing focuses on customer advocacy techniques that assist consumers in making informed purchase decisions based on comprehensive marketplace options and equitable advice.

The theory contends that being honest and open is the best path to building consumer trust and creating a more loyal customer base. This is said to give customers increased consumer power through Internet access to product information and competitive pricing. Companies therefore can no longer rely on traditional models of "push marketing" in which a product's positive attributes may mask unsuitable characteristics.

For customers wanting to make an informed decision on a complex decision purchase, trust-based marketing is claimed to provide consumers with unbiased advice. The theory is that in competitive markets, companies need to approach their customers with respect and acknowledge that product and competitor information is easily accessible. Companies that provide consumers with comprehensive product options, including their competitor's, will earn the trust of the consumer even if it does not result in an immediate sale. When impartial and candid information is presented, a consumer's loyalty towards the company increases and greater lifetime profitability per customer will be achieved.

Obisesan (2018) also state that marketing is the use of existing and potential resources of an organization to satisfy customer needs as a profit. Also, said, financial services are the products and service that would have been available directly from a fully service bank branch

2.2.2 Social Construction Theory

Another theory related to analyzing electronic banking and perhaps the most relevant is Trevor Pinch and Wiebe Bijker’s Social Construction of technology theory. This theory argues that technology does not determine how people receive and use mobile technology, but that people determine how and in what ways technology is used. The theory posits that the use of a technology cannot be understood without understanding how it is socially integrated within the society.

Within different social contexts, technology can take different meanings adoption depends on how society views the technology. The decomposition theories of planned behavior not only keep the theory of planned behavior, principle but also add important value of the original theory, as it adds a bigger number of belief and constructs o the models (Vankash, Davis and Morris, 2007). The theory of planned behavior is used in this study to explain how electronic banking is adopted and how it influence a profitability of a deposit money bank.

2.3 EMPIRICAL REVIEW

In recent years, many authors have in one way or the other investigated the introduction of electronic banking and its effect on Nigeria banking sectors in developed countries.

Sullivan [2020], in his study took sample of banks that are located in tenth Federal Reserve District that have adopted internet bank and those that have not. Comparing their financial performances and risk positions, he observed that the profitability and risks of these grouped banks were similar.

Siam [2020] citing the works of Shuqair (2016) on "practical electronic banking services by the Jordanian banks", pointed out that one of the most important findings in that study is the high cost of electronic banking services on the short run due to the training of employees, and the cost of the infrastructure. The implication of this finding is that electronic banking services will have a negative effect on the bank's profitability in the short run.

Onay et al [2018], in their study reveal that adoption of online banking and its investment is a gradual process. They posit that electronic banking does not seem to have a significant impact on the performance of Turkish banks measured in terms of ROA, ROE or margin in the year of adoption of the technology. Further, they showed that in the following year, there was significant decrease in profitability which was also attributed to the increase in Information Technology expenditure following the adoption of the new technology

Bello and Dogaruwa (2015) also examined and assessed the impact of e-banking services on customer's satisfaction in Nigerian banking industry. Their study found out that many banks customers in Nigeria are fully aware of the positive development in information technology and telecommunications which led to the introduction of new delivery channels for Nigerian Deposit Money Banks products and services. The aim was to satisfy and get customers delighted. Most customers however, still patronize the bank's branches and find interaction with human tellers as very important. Secondly, the study found that customers enjoying electronic banking services are still not satisfied with the quality and efficiency of the services. This is expressed in the number of time customers physically visits banks and length of time spent before such services are received. Customer's perception of and reactions to these development are issues concern to both government and banking industry.

2.4 RESEARCH GAP

Research on the effects of e-banking on customer satisfaction in Nigeria deposit money banks has been relatively limited despite the growing importance of e-banking adoption, usage pattern and challenges, rather than specifically on its impact on customer satisfaction. Therefore the research gap in the area can be identified as follows:

1. **Limited empirical studies**
2. **Contextual factors**
3. **Customers [perception and behavior**
4. **Service quality and innovation**
5. **Comparative studies**

It is notably that addressing these research gaps would not only contribute to the academic literature on e-banking and customer satisfaction but also provide practical insight for Nigeria deposit money banks to improve their electronic banking services and enhance customers satisfaction levels.

CHAPTER THREE

3.0 METHODOLOGY

3.1 INTRODUCTION

This chapter explains the methodology implored to carry out the field survey which chapter comprises of Research Design, Population of the study, Sample size and Sampling Techniques, Methods of data collection, Methods of data analysis, and Limitation to Methodology

3.2 RESEARCH DESIGN

Design is the "specification of procedures for collecting and analyzing the data necessary to help solve the problem such that the difference between the cost of obtaining various levels of accuracy and the expected value of information associated with each level of accuracy is maximized". It comprises a series of prior decisions and provides a master plan for executing a research project.

3.2 POPULATION OF THE STUDY

In this research work the Guaranty Trust bank, Plc constituted the population studied, however, it was not possible to study the bank entirely, the researcher adopted a survey techniques and as such the branch in Ilorin metropolis (Ilorin main branch) was selected for the study. A population of one hundred (100) was targeted and studied

3.4 SAMPLE SIZE

A sample was determined to obtain a broad view on the economic implication of electronic banking from the bank under study based on this the population of one hundred (100) was targeted. Thus, from the target population the sample size was determined using the formulae below:

$$n = \frac{N}{1+n\,(e)2}$$

Where n = sample size

N = the target population (100)

e = margin of error (5%)

$$\therefore n = \frac{100}{1+100\,(0.05)^2}$$

$$= \frac{100}{1+0.25} = \frac{100}{1.25} = 80$$

3.5 METHOD OF DATA COLLECTION INSTRUMENT

The primary and secondary sources of data collected were adopted in this research work.

Primary Source: Data in the category were collected mainly though visits, personal participation and observation and distribution of questionnaires to the bank under study.

The various methods were adopted independently to reduce the incidence of bias or subjective views about the subject on investigation.

Secondary Source: Secondary data in this research work were collected through the review of related literature; the relevant literatures were obtained from books journals, magazines, and newspapers.

Consequently, libraries were consulted, prominent among them were the institute of management and technology library, national library, central bank of Nigeria (C.B.N)) zonal library, Banking and Finance Department library (Caritas University) and Caritas University main library etc. More so, in this era of globalization, information from the internet was also valuable.

3.6 METHOD OF DATA ANALYSIS

To accomplish the research, analysis of the data was of utmost importance since the data collected was in disarray and as such cannot make any meaning to the reader.

Direct report of the qualitative data from observation has been made while descriptive statistics was utilized in the analysis of the descriptive data collected from questionnaires to generate frequencies and parentages. Statistical analysis is carried out on each of the research questions based on the data extracted from the computation of data which was affected using simple parentages after which comparisons were done to determine the effectiveness in achieving the desired objectives.

3.7 LIMITATION OF STUDY

Time is a major factor to the researcher as research of this kind requires enough time in gathering of data, but it was not given to carry out the research, distribution, collection and analysis of questionnaire.

One other constraint to the research work is the fact that some staffs of the Bank were not cooperative as some fails to respond to the questionnaire distribute

Finally, finance was as a fact the most limited factor, in spite of this the researcher have to travel out to the sampled organization to interview some of the managers and supervisors.

CHAPTER FOUR

4.1 DATA PRESENTATION, ANALYSIS AND FINDINGS

4.1 DATA PRESENTATION

The method of data analysis was based on the statistical table format using frequency distribution and consequently converted into percentages for easy analysis. Each tabular presentation represents the analysis of each question in the questionnaire which was subsequently described and with further discussion.

In all, eighty (80) questionnaires were administered of which seventy were returned the seventy questionnaires received formed the basis for our analysis and conclusion.

OBJECTIVE 1

The extent of automation in the payment system

TABLE 4.1: Would You Say That All The Operations Of Your Bank Are Fully Computerized?

Variables	Frequency	Percentage (%)
Yes	45	64
No	25	36
Total	70	100

Source: Field survey 2025

From the table, 45 respondents who filled the questionnaires of the bank are fully computerized.

Out of the 70% respondents 25 representing 36% did not agree with this, from the above it is clear that a good number of Nigeria banks based their operations on computer technology.

TABLE II

TABLE 4.2: Does Your Bank Use Computer Technology In The Rendition Of Banking Services?

Variables	Frequency	Percentage (%)
Yes	70	100

No	-	-
Total	**70**	**100**

Source: Field survey 2025

All the respondents shared the same view or agreed that computer technology is used by the bank in the rendition of banking services.

TABLE III

TABLE 4.3: Does your bank offer computer based payment services (such as smartcard, money transfer internet payment)?

Variables	**Frequency**	**Percentage (%)**
Yes	60	86
No	10	14
Total	**70**	**100**

Source: Field survey 2025

With a total of 60 respondents representing 86% saying yes, it is deducible that banks in Nigeria offer one kind of computer based payment services, while 10 respondents representing 14% disagree with it.

TABLE IV

TABLE 4.4: To what extent does your bank use computer technology to offer computer based payment services?

Variables	**Frequency**	**Percentage (%)**
Large extent	42	60
Some extent	28	40
No extent	-	-
Total	**70**	**100**

Source: Field survey 2025

From the above, 60% of respondents are of the view that computer technology is greatly used in rendition of services while 40% described the use of computer technology in service rendition as some extent.

OBJECTIVE 2

The major problem associated with the development of electronic momentary transfer system (electronic banking) in the Nigeria economy.

TABLE V: To What Extent Are The Problems Hindering Electronic Payment System?

Problem	Large extent	Some extent	Partly	No extent	%
Infrastructure deficiencies such as critic power supply and communication link	35	-	-	-	50%
Non- provision of adequate security for fraud prevention	-	-	15	-	21%
Inadequate skilled managers and requisite tools on end users and client systems	-	-	-	-	-
High change or cost for the e-payment terminals	10	-	-	-	14.5%
Lack of government support on improvement of e-banking	-	-	-	-	-
Low level of awareness and over dependence on cash by the public for all types of transactions	10	-	-	-	14.5%
Total	**55**		**15**		**100%**

On the list of problems hindering the implementation of electronic payment system in Nigeria is the problem of infrastructural deficiencies, which is associated with erratic power supply and communication link. 50% of the respondents recertified it was having a very great impact on the development of electronic payment system in Nigeria. 10 respondents, representing 14.5% respectively identified the problems of high charge or cost in using the payment terminals, while 15 respondents constituting 21% said that inadequate security for fraud prevention has little impact on the development of electronic payment system in Nigeria. 10 respondents representing 14.5% complained that there is low level of awareness and over dependence on cash by the public for all types of transaction in the economy.

OBJECTIVE 3

The effect of electronic banking system on bank's profitability

TABLE VI

TABLE 4.6: Would you say that the rendition of computer based payment services have improved your banks profit level?

Variables	Frequency	Percentage (%)
Yes	45	64
No	25	36
Total	**70**	**100**

Source: Field survey 2025

From the table, 64% of the bank staff of officials who filled the questionnaires believed that the introduction of the computer based payment system has improved the profitability of their banks operation. 36% however has a contrary opinion.

TABLE VII

TABLE 4.7: To what extent has the introduction of computer based or electronic payment services improved your banks operational efficiency?

Variables	Frequency	Percentage (%)
Large extent	-	-
Some extent	10	10
Partially	15	21
No extent	45	69
Total	**70**	**100**

Source: Field survey 2025

A good number of respondents representing 69% are on the opinion that the introduction of the electronic payment system has no impact or positive influence on their banks operational efficiency. 21% said that the impact is partially or insignificant while 10% claimed its impact or positive influence on operational efficiency described may be as some extent.

OBJECTIVE 4

The impact of various electronic payment systems on banking industry.

TABLE VIII

TABLE 4.8: Has the introduction of electronic payment products such as smartcard, atms, internet payment etc reduced your customer's strength (financial ability)?

Variables	Frequency	Percentage (%)
Yes	70	29
No	50	71
Total	**70**	**100**

Source: Field survey 2025

The response from the table is a clear indication that electronic monetary system cannot lead to financial disintermediation in banking industry. 71% of the respondents said since the inception of the electronic monetary system (EMTS) that their customer's strength has not reduced. While 29% of the respondents had a different opinion.

TABLE IX

TABLE 4.9: How would you describe the relationship between your bank and customer since the introduction of the products?

Variables	Frequency	Percentage (%)
Increased customer loyalty Patronage	50	71
No changed improvement	8	11
Decreased customer loyalty	12	18
Total	**70**	**100**

Source: Field survey 2025

The introduction of EMTS from our table has shown how increased the confidence and loyalty of customers are to the banking industry, 71% of the respondents describe the relationship between bank and customers as an improved one after the introduction of EMTS has no improvement on bank-customers relationship. While 18% said that customer loyalty has declined towards the banking industry.

OBJECTIVE 5

The impact of electronic payment system on economic activities in Nigeria.

TABLE 4.10: Do you think the introduction of electronic payment products has increased the level of economic activities?

Variables	Frequency	Percentage (%)
Yes	20	28.5
No	50	71.5
Total	**70**	**100**

Source: Field survey 2025

From the above table, it is very clear that electronic payment products have not increased the level of economic activities, 71.5% agree and share this view while only 28.5% had different opinion.

TABLE XI

TABLE 4.11: It there price stability since the introduction of electronic payment products in Nigeria?

Variables	Frequency	Percentage (%)
True	22	31
False	42	63
I don't know	4	6
Total	**70**	**100**

Source: Field survey 2025

As against the general belief of many writers the introduction of SMTS has not really brought about price stability in the economy. 63% of the respondents are of this view while 31% claimed that EMTS has created an atmosphere of stability in the pricing system of Nigeria economy.

4.3 DISCUSSION OF FINDINGS

The use of computer technology in service rendition in the banking industry remains indispensable, from the responses obtained from bank official, more than 90 percent of Nigeria banks make use of information technology in offering payment services.

In a total of 70 respondents, 60 respondents representing 86% acknowledged the use of computer technology in table 4.3 providing services like money transfer, smartcard electronic funds transfer etc. this shows the extent of computer technology application in the banking industry.

Although the use of information technology (I.T.) is still not widespread in the banking industry, there are clear indications that in the nearest future I.T will become fully diffused in the industry. So far a good number of banks which offer computer based services tent to be constrained by a lot of factors. These factors constitute the major problem hindering the development of electronic banking system in Nigeria.

In this study some I.T related problems were identified they include: infrastructural deficiencies in communication link, inadequate skilled managers and requisite tools on end users and client systems non-provision of adequate security for fraud prevention.

Lack of government support in improvement of electronic banking, low level of awareness and over dependence on raw cash by the public in carrying out transactions and high charge or cost for the e-payment terminals, however, infrastructural deficiencies in communication link is a problem induced by the respondents as having a very great impact in the development of electronic payment system. About 50% in table 4.10 of the respondents attested to this.

However, in spite of these problem banks profit margin has continued to increase, according to our respondents it's attributed to the introduction of computer based payment services. About 63% of respondents shared this view.

But as the extent, the introduction of electronic monetary transfer system (EMTS) has improved banks operational efficiency, the general consensus is that (EMTS) has improved bank's operational efficiency, the consensus is that (EMTS) has a little or no impact on banks operational efficiency 69% of respondents are of the view that EMTS has no impact on efficiency while 21% described the impact as partial and about 10% described the impact as to some extent.

Equally, 71% of respondents are of the view that EMTS cannot lead to financial disintermediation in the banking industry while only 29% of respondents had a different opinion. By implication, the introduction of electronic banking system (EMTS) has

generally increased customer's loyalty to banks. This view was shared by about 72% of total respondents.

Be that as it may, it is not very clear as to how electronic banking (EMTS) can constitute a problem to monetary authority in terms of money control and management or how it could increase the GDP or influence economic growth. But one thing clear is that electronic banking (EMTS) seems to show some level of uncorrelation with economics growth neither does it increase the GDP of a nation. On the average about 75% of respondents had shared this view.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMENDATIONS

5.1 SUMMARY

The introduction of electronic banking in Nigeria has a strong influence on the development of the payment system in particular and the banking system in general. However, the introduction of the system, involves commitment of huge amount of financial resources on computer technology and telecommunication facilities, computer technology is a primary requirement for the proper functioning of the electronic monetary transfer system (EMTS)/electronic banking.

The use of computer in payment system would not reduce the importance of branch banking in Nigeria or reduce customer's confidence on the banking industry, from responses obtained from staff of the bank studied; the introduction of electronic banking has rather increased customer's loyalty to banks in general.

The major problems hindering the effective operation of electronic banking in Nigeria are infrastructural deficiencies such as erratic power supply, lack of government support and high charge on payment terminals (POS, ATMS) e.t.c. These problems are only peculiar to Nigeria as it is known that in developed countries issues like power failure or failure links are not in existence.

However, the introduction of electronic Banking System has also contributed significantly to bank income by way of fee or changes gotten from these services.

5.2 CONCLUSION

The Nigeria system is as old as the banking industry; this dynamism is manifested by the nature and quality of payment products paraded in the system. These products range from common paper money, cheque, cash to electronic payment Products such as Automated teller machine (ATM), SMARTCARD telephone Banking, internet Banking etc with the introduction of these electronic payments products, it is expected that the volume and cost of processing cheque will be drastically reduced or eliminated.

The C.B.N other financial authorities and banks have a role to play in enhancing the system through effective banking and momentary policies, efficiency and stability are also ensured and promoted. Furthermore, to sustain the electronic payment system, certain strategic measures must be taken to reduce negative effects of the problems identified as obstacles to the smooth functioning of the system.

5.3 RECOMENDATIONS

Uninterrupted Power Supply: The government should endeavor to provide 24 hours uninterrupted power supply because without electricity, these products cannot be boosted and effective, but in this country, there is erratic power supply, therefore all banking industry should have a standby generator incase of power failure, in other to cover the deficiency of power failure.

Government Supports: In smooth functioning of the payment system the government have the major role to play, in aspect of financing the payment system which require a lot of capital to maintain and also in the aspect of creating awareness the government should endeavor to inform the public about the benefits derived on the payment system.

Provision of skilled manpower and computer Wizard in operation of the payment system: Skilled manpower and computer wizard should be employed by every Bank, in other to stop, prevent fraudulent personal and hackers from manipulating the Banks data and stealing money from the Banks accounts. Provision and maintenance of public network, system such as telephone (Nitel) the availability of these basic infrastructures is fundamental to the efficient functioning of the payments system.

Failure to maintain these infrastructures implies that the banks must be ready to provide their own communication networks and operate electronic generating sets to ensure reliable power supply.

Collaboration among banks: Electronic payment system as a result of its huge financial involvement requires that banks must jointly set and manage a network system such as ATMs v-cards etc. collaboration helps to spread and reduce the initial costs of setting up the electronic Banking system.

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