

**THE SIGNIFICANCE OF GLOBAL SYSTEM MOBILE  
(GSM) IN THE MARKETING OF BANKING SERVICE  
IN NIGERIA**

**(A CASE STUDY OF FIRS BANKS PLC)**

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## **CERTIFICATION**

This is to certify that this project has been completed, read through and approved as meeting part of the requirements of the Department of Banking and Finance, Institute of Finance and Management Studies, Kwara State Polytechnic for the Award of Higher National Diploma in Finance Management Studies.

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## **DEDICATION**

I dedicated this project to Almighty Allah, the creator of the heaven and the earth, who gave me knowledge and wisdom. Also, to my parent Mr. and Mrs. Adeniran who is behind my every success and achievement.

## **ACKNOWLEDGMENT**

I give glory to Almighty Allah, the most beneficent, the most merciful for guiding and sparing my life through all the year and years .

My profound gratitude goes to my able supervisor, MR AJIBOYE W.T for taken his time to supervise my project from the beginning to the end. I pray almighty Allah reward you and your family with guidance, protection and all good things of life.

I must appreciate the effort of all my lecturer in banking and finance. Thank you for impacting your knowledge on me. Gods knows the best way to reward you.

I must also give a big thank to my best mummy in the whole world for her financial support and encouragement on her children, who always want to raise all her children help to normal standard way of living, And always want the best for her children, thanks for everything's. WURA MI♥

I will been ingrate if I fail to appreciate the immense contribution of my second mummy which her name is Mrs. Abdulganiyu SakiratFolashade♥  
Thank you so much my second mummy.

My shout out goes to my project coordinator Mrs. OTAYOKEH and my partner, friends. You are all wonderful.

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# CHAPTER ONE

## 1.0 Background to the Study

Banking can simply be expressed as the business of keeping, lending, exchanging and issuing money [Barnhart and Barnhart, 2000]. It can also be expressed as the business of bankers.

Banking today is undergoing a radical transformation. The symptoms are obvious; new products, new players, new channels are appearing daily. This transformation is taking place across all sectors of the banking industry. Information technology is one of the major issues on any bank chief executive's agenda, thrust into prominence by the massive and increasing magnitude of its costs at a time when competitive pressure has never been greater, (Carrington *et al.*, 1994 ).

Information system/technology can be any organized combination of people, hardware, software , communications networks, and data resources that collect, transforms, and disseminate information in an organization,[[http://www.jonathandonner.com/dpnnerteller.m-banking use pdf](http://www.jonathandonner.com/dpnnerteller.m-banking%20use%20pdf). Banks urgently need to improve the ability to think strategically about information technology investments.

Only banks that use their technology resources effectively have the opportunity to secure real competitive advantage in this fast changing industry through real product or service differentiation.

Since 1980, banking in the UK has undergone tremendous structural changes, this has been primarily the result of new regulation and new technology, which itself precipitated the change in regulation. One of the most important regulatory changes is the abolition of credit controls on sterling lending, which was followed by the expansion of the

## 1.1 Statement of the Problems

Studies on the impact of GSM on the marketing of banking services in Nigeria are inadequate. The introduction of GSM has transformed the way banking services are marketed and delivered. However, there is a paucity of research on the significance of GSM in the marketing of banking services in Nigeria.

## **1.2 Research Questions**

- I. What is the impact of GSM on the marketing of banking services in Nigeria?
- II. What is the level of adoption of GSM by banks in Nigeria?
- III. What are the factors that hinder the effective use of GSM in the marketing of banking services in Nigeria?

## **1.3 Objectives of The Study**

The following are the objectives of this study:

- I. To examine the impact of GSM on the marketing of banking services in Nigeria.
- II. To investigate the level of adoption of GSM by banks in Nigeria.
- III. To identify the factors that hinder the effective use of GSM in the marketing of banking services in Nigeria.

## **1.4 Research Hypothesis**

HO: There is no significant relationship between GSM usage and the marketing of banking services in Nigeria.

HA: There is a significant relationship between GSM usage and the marketing of banking services in Nigeria.

## **1.5 Significance of the study**

The following are the significance of this study:

- I. The results from this study will educate bank managers and marketers on the impact of GSM on the marketing of banking services in Nigeria.
- II. This research will contribute to the body of literature on the topic, providing valuable insights for future research.



## **1.6 Scope and Limitation of The Study**

This study will cover the relationship between GSM usage and the marketing of banking services in Nigeria.

## **1.7 Definition of Terms**

The internet: Internet is a global system of interconnected computers network that use the internet protocols suitable to serve billions of users worldwide, Wikipedia, the mobile banking system is routed through the internet allows accessibility to customers.

The mobile phone: This is a device that can be used to make and receive telephone calls over a radio network.

ATM: The ATM (automated Teller Machine) is an innovation customer delivery service, fund transfer payment of bill etc the use of ATM as a customer to transact banking business using a coiled ATM about the introduction of the mobile view which apparently efforts customer the opportunity to perform all ATM transaction aside withdrawals on the banks of an using the mobile cells.

## **1.8 Plan of the Study**

This study is divided in to five chapters; the first chapter which is the introduction shall present the background of the study, statement of the problem and objective of the study among others. Chapter two will deal with the literature review and the role of information technology on banks performance. Chapter three shall be dedicated to the methodology adopted for data collection and analysis. Data presentation, analysis/result finding and interpretation will be covered in chapter four. The concluding part of this research work will be chapter five where in a nutshell the summary, the conclusion and the recommendation would be discussed.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0. Introduction**

Today's business environment is very dynamic and undergoes rapid changes as a result of technological innovation, increased awareness and demands from customers. Business organization, especially the banking industry of the 21st century operates in a complex and competitive environment characterized by these changing conditions and highly unpredictable economic climate. Information and communication technology (ICT) is at the centre of this global change curve (Laudon and Laudon, 1991) contend that managers cannot ignore information systems because they play a critical role in contemporary organization.

The application of information and communication technology concepts, techniques, policies and implementation strategies, to banking services has become a subject of fundamental importance and concerns to all banks and indeed a pre-requisite for local and global competitiveness. Information technology directly affects how managers decide, how they plan and what product and services are offered in the banking industry.

Conventionally, it is generally believed that information is the key to the success of a business yet the paradox behind the so-called information technology productivity has led many managers to believe that huge investment does not commensurate with increase in productivity.

The investigation of the impact of information technology on organizational and employed performance has been and continues to be a major research concern for both academic and practitioners.

## **2.1 CONCEPTUAL REVIEW**

### **Conceptual Clarification**

#### **Concept of Information Technology**

Information is data that have been processed through the computer system. Information is processed/analyzed data that informs a recipient about a situation. It is the meaning assigned to data within some context for use of that data, Walters, (1992).

According to Mejabi (2016), Information Technology is a general term that describes any technology that helps to produce, manipulate, store, communicate and/or disseminate information. Microsoft Encarta 2009 defined information technology as the processing of data via computer: the use of technologies from computing, electronics, and telecommunications to process and distribute information in digital and other forms. Information technology combines the technology of computers and communications to provide information processing services throughout the office or around the world.

Information technology is a term which generally covers the harnessing of electronic technology for the information needs of businesses at all levels, Anderson (1990). In addition, Longley and Shain (1992), defines information technology as the acquisition, processing, storage and dissemination of vocal, pictorial, textual and numerical information by a micro-electronic based combination for computing and telecommunication. While an information system (IS) is a group of formal process that together collects, retrieve, process, store and disseminate information for the purpose of facilitating planning, control, coordination and decision making in organizations. Information technology on the other hand provides the technical solutions identified in the (IS) information system; including the networks, hardware and software Grainger-Smith and Oppenheim (1994). Porter and Miler (1985) conceive of information technology to broadly encompass the information that business creates and use as well as a wide spectrum of increasingly convergent and

linked technologies that process the information. In addition to computers, the data recognition equipment, communication technologies, factory automation and other hardware services are involved.

Traditionally, telephone, radio and television were referred to as media technology, Hanson and Narula (1990).

Information technology is basically an electronic device and it's based on integrated circuits or silicon chips. Hanson and Narula (1990) further identified two major forms of information technology, namely information technology as Telematics, meaning —Big media and Ethnotronic, meaning —Small media. Telematics are to be identified with such technologies as computers, telephone, satellites, television, radio, video and those that rely on large scale infrastructures. Ethnotronics includes technologies such as typewriters, audio cassette records, fax machines, paper copies, calculators, digital watches and other more personal types of technologies.

## **Data**

Data are raw, unanalyzed facts, figures, events from which information can be developed. A data is a basic raw fact that can be processed and converted to a meaning output called information. It is the encoded representation of facts, ideas and instructions such that the representations can be processed, communicated and interpreted by computers and/or people, Walter (1992).

## **Computer**

A computer is a programmable, multi-purpose use machine that accepts (raw facts and figures) and processes or manipulates it into information that we can understand and utilize. It's an electronic data processor and device that accepts processes, stores, and outputs data at high speeds according to programmed instructions, Microsoft Encarta (2009).

## **Communication**

Communication often called telecommunication allows data and information to be transmitted from one point to another electronically. It is the transfer of idea or information from data processing system to ultimate users. The ultimate purpose of communicating is to inform the receiver.

### **Online**

It is a term used for a direct or immediate communication link between two devices. Online links are contrasted with offline links, in which only direct communication is possible. Thus, a telephone link is online, whereas, a telegram link is offline. The terms online and offline are further used to denote the difference in time between when data is input into a system and when it is processed. A computer works online if input data is processed immediately (real-time processing operating mode) and offline if there is a significant time period between input and processing time, Clems and Sachwill (1992).

### **Disk storage**

This is data storage on optical or magnetic disc in memory system. It is characterized by low cost and relatively fast access to data stored on it Longley and Shain (1989). External memories such as C.D. ROMS, DVD ROMS, flash drives, external hard drive etc are capable of storing and retrieving billions of information in a small portable device.

### **Internet**

The internet also known as the net is a massive connection of networks linking millions of computers via protocols, hardware and communication channels. It has enabled the automation of several tasks which have been carried out manually in the past. Internet is a term used to describe the collection of national and international computer networks which form a vast global network of computer network-based communication Fisher (1995). Those who have access to the internet can send

messages to other internet connected people at any part of the world within the twinkle of an eye. Some of the services available on the net include e-mail, bulletin boards, electronic journal, mailing lists and many more.

In view of the above concepts, we can therefore say that the information technology is of utmost relevance to individual performance within the organization.

The truth is that information and deployment of information technology has changed the nature of work, approach to work and service delivery; this has resulted in various outcomes for the individual employee and the organization at large. For instance the mobile phones have allowed managers to stay in touch with their field personnel no matter how far the distance is. Luthans (2002), corroborated to this by stating that the text compatibilities of the cell-phones have also enabled formal and informal communications amongst individuals of the same organization with several distances apart.

The portable laptops and palmtop that can handle banking transactions of the day, report presentations, share data and other critical tasks help employees communicate with each other via the email and the internet. More recently, the Personal Digital Assistant (PDA) which are wireless handheld and connected to the internet have made virtually all information available, anywhere, anytime.

The following are relevant applications of information technology within the organization:

### **Electronic Mail (email)**

It permits the transmission of letters, memos and other documents from one terminal or computer to another in a different office, city, state or country Fuori and Gioia (1991). Email uses a central switching center which is responsible for renting mailboxes to subscribers and acting as the public telephone network link. Anderson (1990), when a message is created on the sender 's system, it is addressed to a remote mailbox and it's transmitted by telephone line or wireless network to the mailbox

services operator and forwarded to the receiver. The receiver enters a personalized code (password) via the keyboard in the terminal/computer-which allows him to read the messages on a visual screen. The transmitted messages are stored in an electronic mailbox on the receiving computer until the recipient is ready to read them and /or print as a hard copy on paper. The advantage of this is that, it is fast and saves time difference problems.

### **Voice Mail**

This is a system in which a caller sends a voice message to a recipient who is unable to receive the message at the time of call. The audible message is converted into digital data and stored in the computer memory.

Voice mail is closely related to e-mail except that voice messages are spoken into a telephone, digitalized, recorded and transmitted. They may be played back when the intended receiver accesses his or her —mailbox. Once received, a message can be sent to any number of recipients, Fuori and Gioia (1991).

### **Bibliographic Service**

These are essentially electronic libraries. They are sources of information which can be accessed through the internet on the computers. Unlike a physical library that is situated in a particular location. The e-library or virtual library is accessible anywhere and at any time you find a computer, internet connection and other necessary login details (where necessary).

### **Teleconference**

This is possible when a group of people decides to meet without having to come together in a single location. Teleconferencing is done electronically by various media including the computer. This service is relatively inexpensive, there is no travel cost and the times spent outside office for meeting are grossly minimized.

## **Video conference**

These system permits group of people in different geographical locations to see as well as hear one another. The technology utilizes satellite links for transmission.

## **Evolution of Information Technology**

There are few aspects of life nowadays which are unaffected by information technology, whether in the office, factory or home, the bank, supermarket fuel station and in many other places. Lucey (2008), noted that is used to carry out transactions, provide information, record data, make decisions and perform an ever-increasing range of tasks. It not only affects how individual activities are performed but through new information flows it also greatly enhances a company's ability to exploit linkages between activities both within and outside the company as Porto and Miller (2005) noted.

Information technology embraces data processing system and decision making based on the fact that it's communicated by the control systems. A highly organized data processing system is essential for connecting and converting data into machine readable language (in some instance) prior to processing the data such activities require a well-defined system which emanates from efficient system design it should be a system that would produce information for management as a by- product of processing data rather than a primary point in its own right, hence it gives birth to management information technology system (MIS).

It is a general term that describes any technology that helps to produce, manipulate, store, communicate and or disseminate information.

Microsoft Encarta (2009) defined information technology as the processing of data via computer, the use of technologies from computing, electronics and telecommunication s to process and distribute information in digital and other forms. Information technology in technology combines the technology of computers and



communication to provide information processing services throughout the office or around the word.

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### **Development of Information Technology in Banking Industry**

The first stage of information technology in banking started with on attempt to automate the process of banking services, which was done through mechanization it was a mere process of simple electro mechanical devices such as note counters and accounting calculators to effect on basic transactions such as computation and counting of money, another stage of information technology was in routine data processing especially in information storage and retrieved, during the late 1950s and throughout the 1960s, business data was processed through punched card equipment and massive than today's microcomputers.

The 1970's saw the advent of the primitive user networks as terminate get connected to the massive mainframe as a result of the challenges posed by large volume of business data. This was the foundation era of information technology system (IT) management system (MIS) and decision support system (DSS). The 1980's witnessed the fusion of telecommunications and networking technologies for business deployment. This was the emergence of data processing, office information system (OIS) and personal computers (PC) the 1990s till date advances technology which transforms the way banks do, business and how the emerging global

information infrastructure has levered to shape and support potential networking technology to enhance corporate performance and competitiveness.

### **Information Technology in Growing Nigerian Financial Market**

In positioning the Nigerian financial market for competitiveness in the 21st century, the deployment of information technology will play a dominant catalytic role in growing the market. This view is consistent with Bill Gates powerful statement on the direction of digital economy. According to Gates, —The successful companies of the next decades will be the ones that use digital tools to re-invent the way they work. These companies will make decisions quickly, act efficiently and directly touch their customers in positive ways. Going digital will put you on the leading edge of a shock wave of change that will shatter the old ways of doing business Gates, (1999).

Learning from the above remarks, it is obvious that financial institutions worldwide are compelled by the emergence of information and communication technology (ICT) to fast forward to a more radical transformation of business systems and models. The hype of e-banking, e-commerce and everything is gradually being embraced by Nigerian financial institutions that are poised to be in the vanguard of narrowing the digital divide. The power of information is best understood in the context of how economies of nations are being influenced and propelled by information revolution. The following popular comment by Noah Samara, founder for World space; clearly attributes the success or failure of nations to how you find information; look behind the poverty of nations and you find lack of information. We can now further appreciate why countries are beginning to compete and fight over control of information, not natural resources. In the past few years, banking activities in Nigeria had depended heavily on the deployment of information technology. The net value of information technology investment by Nigerian financial institutions is estimated at over N50 billion. This huge amount is an indication of the desire of Nigerian financial market to deploy information technology as a strategic resource in competitive

positioning for the 21st century. There are also clear indications that banks in Nigeria would thrive, on web based services in view of the overwhelming enthusiasm e-banking/internet banking is generating in Nigeria 's rapidly changing financial landscape.

### **Impact of Information Technology in Nigeria Banks**

Information technology has become a key element in the economic development of Nigeria and indeed the banking industry in general. Balogun (2016) also confirms that ICT is a concept that is having a remarkable effect on almost entire aspects of the human endeavours. Developing countries are increasingly being faced with the challenges of technological advancement and the constant proliferation of technologies. As part of the developmental process IT driven businesses, globally are growing in leaps and bounds for example the e-business, e-commerce, e-finance, e-banking etc. Information and Communication Technology have contributed to the distribution channels and networking of Nigerian Banks.

The electronic delivery channels are collectively referred to as electronic banking. E-banking is really not one technology but an attempt to merge several different technologies. Balogun (2016) also affirms that ICT involves the application of principles to engage physical component in processing, distributing, producing, transforming information to achieving an intended goal. ICT gadget includes telecoms, TV and Radio broadcasting, hardware and software, computer services and electronic media. The convergence of computer and Telecommunication after about four decades of applying computers to routine data processing, mainly in information storage and retrieval, has created a new development where information has become the engine of growth around the world. This development has created catch-up up (Balogun, 2016).

Information Technology affects financial institutions by easing enquiry, saving time and improving service delivery. In recent decades, investment in IT by

commercial banks has served to streamline operations, improve competitiveness and increase the variety and quality of services provided. According to Ukah (2013) Nigerian banking industry has become highly ICT-based and is reaping the benefits of a technological revolution as evidenced by its application in most of its operations. Many commercial banks are making huge investments in technology to maintain and upgrade their infrastructure, in order not only to provide new electronic information based service, but also to take timely advantage of new off-the-shelf electronic services such as online retail banking which is making it possible for very small institutions to take advantage of new technologies at quite reasonable costs. These developments may ultimately change the competitive landscape in the financial services market.

Information and Communication Technology (ICT) facilitate the networking of commercial bank branches and to other banks within and outside the nation. Computerization and inter-connection of geographically scattered stand-alone bank branches and other banks at national and global levels into one unified system in the form of a wide area network (WAN) or enterprise network (EN); for the creating and sharing of consolidated customer information or records. It offers a quicker rate of inter-branch transactions as the consequence of distance and time are eliminated. Hence, there is more productivity per time period.

Also, with the several networked branches serving the customer populace as one system, there is a simulated division of labour among bank branches with its associated positive impact on productivity among the branches. Furthermore, the information sharing infrastructure put in place by the banks curtails customers travel distance to bank branches thereby providing more time for customers' productive activities.

In Nigeria, ICT usage especially in the banking sector, has considerably improved, even though it may not have been as high as those observed for advanced countries.

Information and communication technology has provided self-service facilities (automated customer service machines) from where prospective bank customers can complete their account opening documents directly online. Furzaneh (2012) in their research say that customers are encouraged to utilize ICT banking as first priority. Increasing the customer's arousal by ICT advertisements to use ICT banking creates a positive attitude toward the bank's brand, which in-turn is the key factors in ICT banking effectiveness. It assists the customer to validate their account numbers and receive instruction on when and how to receive their cheque books, credit and debit cards

The Global System Mobile (GSM), the mobile banking service basically allows customers to operate their accounts online. It offers retail banking services to customers at their offices/homes as an alternative to going to the bank branch/ATM. This saves customers time, and gives more convenience for higher productivity.

The Automated Teller Machine (ATM) is a combination of a computer terminals, record keeping system and cash vault in one unit, permitting customers to enter the bank's book keeping system with a plastic card containing a Personal Identification Number (PIN). The ATM work for 24 hrs. The bank monitors and loads cash when it is out of cash. Apart from serving cash withdrawal purposes, the same ATM can also accept deposits. ATMs are a cost- efficient way of yielding higher productivity as they achieve higher productivity per period of time than human Tellers; it saves customer's time in terms of service delivery as an alternative to queuing in bank halls.

Electronic Funds Transfer is an on-line system that allows customers to transfer funds instantaneously from their bank accounts to merchant accounts when making purchases (at purchase point). A POS uses a debit card to activate an Electronic Fund transfer process (Chorafas, 1988). Increased banking productivity results from the use of EFT POS to service customers shopping payment requirements instead of clerical

duties in handling cheques and cash withdrawals during banking hours, hence continual productivity and accrual to the bank even after banking hours. It saves customers invaluable time and energy in getting to bank branches or ATMs for cash withdrawals and this can be harnessed into other productive activities. Information technology has afforded customers and service providers the opportunity of paying bills and performing transactions of any kind electronically. Electronic payment can be credited and debited the same day customers can also make payments for goods and services without necessarily having physical contact with the cash. The Banks can send customer's statement of account, enquiries, promos, and the request of any kind is carried out via the electronic mailing facility.

### **Globalization, Information Technology and Nigerian Commercial Bank**

The inter co-operation and integration of various financial system of the world via international trade, investment and distribution of vital information aimed towards the creation of synergy in the world market, production processes and general economic development is called Globalization, Sheikh (1999).

Babatunde (2002), on the other hand defined globalization as the process of rapid economic integration driven by the liberalization of trade investment and capital flows as well as rapid technological changes in the information revolution.

The forces of globalization have continued to advance while the competition in banking industries across the world has become more intense by the day. Nigeria banking industry has not been spared from the growing competition as the banks continue quest to open up and develop more market. These competition pressures make it increasingly necessary for Nigerian banks to diversify their income base through increased efficiency as well as seek to grow their volume of business; this led to the adoption of a global outlook and strategy. It can therefore be easily understood that now is the time to examine globalization as it affects Nigeria bank.

Global network according to Sheikh (1999) have dismantled national boundaries and barriers and created a global village where one can access information from any part of the world by mere touch of a button—A growing global village. This global village has availed the Nigerian banking industry to offer the general public cheaper and better service of genuine international standard. He further stated that for the local banks, positive response in some of the below listed areas will ensure their survival and relevance:

- i. Consistent manpower development program will provide staffs with the competency to deliver efficient and courteous service.
- ii. Product innovation, improved quality of service and efficient internal control system.
- iii. Acquisition of functional and appropriate technology to support the chosen system operations.

### **Benefits of Applying Information Technology**

Competition has allowed banks to start looking for innovation that will keep their customers and even in win more. In recent years, the financial sector has been an interesting case for service innovation as it moves towards using the website for commercial purpose through internet banking and information technology Adeyemi (2008)

Accad (2004) stated technology Adeyemi (2008) price clarity and consumer empowerment afforded by information technology eventually led to product and price competition.

The ways which banks operate make it possible to accommodate function and process in other sectors like the government (vehicle license registration) schools now pay their workers through e-payment medium via the banks.

Odebanji (2002), identified access to various branches with ease is enabling management to effectively use the bank resources as one of the in-house advantages that online facilities give commercial banks. Information technology has made it possible for customers to access their account balance their account balance by recharge cards and pay bills (TV subscription, water rate, and electricity).

The following include some of the major impacts of information technology in Nigeria's banking system:

**i. GSM Banking**

This mode of e-banking makes use of the Global System for Mobile communication (GSM) phones as the primary electronic device. GSM has improved the operational efficiency of many banks in the country. The mobile banking services basically allow customers to operate their accounts with the operating banks from mobile phones to a large extent as long as their phones and network support SMS (short messaging service). The user could be able to check account balance up to his two last transactions.

**ii. Automated Teller Machines (ATMs)**

ATMs are a computer-controlled device that dispenses cash, and may provide other services to customers who identify themselves with a Personal Identification Number. ATM dispenses cash at any time of the day and night, unlike the traditional method where customers have to queue for a very long time in order to withdraw cash or transfer funds. Journal of computer science and engineering, volume 7, issue 2, June 2011 66

**iii. Adoption of the ICT Integrated Project**

Banks in Nigeria have successfully completed information and communication technology integration project which enables them to communicate easily across as many employees as possible within and outside the country to deliver radically-enhanced customer-centric services.



#### **iv. Funds Transfer**

Customers can now electronically transfer funds across the globe without any problem or delay as compared to the traditional method before the advent of information technology when funds are seriously delayed before they are delivered to the recipients.

#### **v. On-Line Banking**

With the aid of information technology, online banking provides the opportunity of paying bills and performing transactions of any kind electronically. Electronic payments can be credited or debited the same day. Customers can make payments for goods or services without necessarily coming in contact with physical cash and running the risk of handling a large amount of money.

#### **vi. Electronic Mail**

Information technology has given rise to electronic mail which improves communication between individuals, external parties and the bank within or across various geographical regions or boundaries. The availability of online information provides bankers and customers with a powerful vehicle for research.

#### **vii. Bankers Automated Clearing Services**

This involves the use of Magnetic Ink Character Reader (MICR) for cheque processing. It is capable of encoding, reading and sorting cheques. Also, request for cheque books or purchase of draft can be made and granted via electronic devices that are web-enabled.

Summarily, the impact of information technology in banking industries in Nigeria cannot be over-emphasized. It has provided flexible and convenient services to customers. Most current e-banking applications make use of the Internet which allows

customers to obtain current account balances at any time. Customers do not need to bother themselves once money have been deposited or withdrawn from their accounts as most banks in Nigeria employs the use of short message service (SMS) to intimate customers of their balances immediately the transaction is performed.

### **Challenges and Issues Faced by the Banks**

Banking sector in Nigeria faces numerous challenges to adopt advanced technologies as well as E-banking application and seize the opportunities presented by ICT applications in general. Key challenges in technology and E-banking applications are:

#### **i. New Technologies**

Some of the banking sector in Nigeria still finds it hard to adapt with the new technologies, because Nigeria is still under developing. The banks try to use advanced technologies and attract customers. The new software's requires high configured hardware devise computer to maintain centralized servers and individual PC's and also to use these software employee's needs more skills.

#### **ii. High Rates of Illiteracy**

Illiteracy we have to consider it as major problem. Banking sector provide proper features like ATM machines, E-banking and M-banking to their customers, they in a position unable to taste the sweetness of these facilities. Most of the customers to the banks they don't know how to read and write.

#### **iii. Frequent Power Interruption**

Lack of reliable power supply is a key challenge for government. Due to this industrialization is very difficult. This will impact the banking sector, and also difficult for smooth running E-banking and E-business in Nigeria.

#### **iv. Resistance to Changes in Technology among Customers and Staff**

- i. Lack of awareness on the benefits of new technologies.
- ii. Fear of risk
- iii. Lack of trained personnel with existing infrastructure.

- iv. Tendency to continue with existing infrastructure
- v. People and government may resist the new technologies.

**v. Cyber Security Issues**

Cyber security is not permitted only to Nigeria, is a global challenge that requires global and multi-dimensional response with respect to policy, social-economic, legal and technological aspects. The customers are expecting from banks well secured transactions. Banks introduces new technologies like E-banking and M-banking in the market attention should be drawn to the prevention of cyber crimes (ITU 2006).

**vi. Political Instabilities**

This are threatening trait that do not provide a very conducive environment for to improve banking sector. Political instabilities inevitably disturb smooth operations of business and free flow of goods and services.

**vii. Low internet connectivity:**

Though there is a reflection of growing dependence on internet technology, there has hitherto been low supply, slow in terms of connection speed and expensive but with the expected development of recently faced wireless there is hope of better service.

**viii. Low Tele-density:**

Nigeria has one of the lowest tele-densities in the world in the world Pre-GSM roll out. Teledensity is the number of landline telephones in use for every 100 individuals living within an area. A teledensity greater than 100 means there are more telephones than people. Third-world countries may have a teledensity of less than 10. It is practically impossible to grow and expand the Nigerian financial market without adequate telecommunication infrastructure.

**ix. Dearth of E-Workforce**

Nigeria was rated low on the technological achievement index (AI) by the ONDP human development. This is largely connected with technological capacity of the country.

#### **x. Security**

The greatest fear of bank executives and customers is hackers gaining unauthorized access to bank servers. It is not enough to acquire sophisticated information equipment but explosive to information technology related failure shouldn't be high.

According to Woherem (2000), the challenges facing Nigeria commercial banks in their attempt to ensure a smooth exchange of electronic data and information are:

1. The need to build a better and more optional infrastructure that will serve as a backbone for communication within the banks.
2. The need for banks to come together to collaborate in sourcing for new and common technological equipment to provide common standards for credit and electronic wallet cards.
3. The need to professionalize information technology system development and use by management in Nigeria banks.
4. The need to impress the government and the public, the importance of improving the present telecommunications infrastructure.

5. The need to establish independent private radio and satellite networks. To combat these challenges, the following were proffered by Woherem:

- i. A reduction in import duties, tax and the time it takes information technology equipment to be cleared is needed.
- ii. The government should be sensitized about the need to formulate policies that would allow for long term investments in the telecommunication industry.
- iii. Emphasis should be placed on the importance of maintaining existing infrastructure and equipment.
- iv. The awareness of banks and indeed the general public on the advantages of information technology and communication should be increased by way of enlightenment campaign and through any other productive means.

## **2.2 THEORETICAL FRAMEWORK**

### **Innovation Diffusion Theory (1997)**

According to Shy (1997), diffusion theory posits five characteristics of innovations that affect their diffusion: relative advantage (the extent to which a technology offers improvements over currently available tools), compatibility (its consistency with social practices and norms among its users), complexity (its ease of use or learning), trialability (the opportunity to try an innovation before committing to use it), and observability (the extent to which the technology's outputs and its gains are clear to see). Diffusion studies have demonstrated that innovations affording advantages,

compatibility with existing practices and beliefs, low complexity, potential trialability, and observability, will be more extensively and rapidly diffused than an innovation with the cluster of opposite characteristics (Shy, 1997).

### **Theory of Planned Operational Control (1996)**

According to Model (1996) the Theory of Planned Operational Control (TPOC) is a descendant of the theory of reasoned action (TRA) and adds a third antecedent of intention, perceived operational control, to the TRA model. Perceived operational control is determined by the availability of skills, resources, and opportunities, as well as the perceived importance of those skills, resources, and opportunities to achieve outcomes. The Theory of Planned Operational Control (TPOC) holds that attitudes, subjective norms, and perceived operational control are direct determinants of intentions, which in turn influence accounting operations. Senn, G., 1996.

### **Contingency Theory (2010)**

This theory suggests that an accounting information system should be designed in a flexible manner so as to consider the environment and organizational structure confronting an organization (<http://www.rhsmith.umd.edu/faculty/gordon>). Accounting information systems also need to be adapting to the specific decisions being considered. In other words, accounting information systems need to be designed within an adaptive framework. Key theories in Management Information System include; Cognitive theory and Task-Technology theory (Hall, 2010).

From the above theories underpinning, the theories that will guide this study are innovation diffusion theory and theory of operational control. In innovation diffusion theory, diffusion studies have demonstrated that innovations affording advantages, compatibility with existing practices and beliefs, low complexity, potential triability,

and observability will be more extensively and rapidly diffused as a result of information technology in the banking industry while the theory of planned operational control holds that attitudes, subjective norms, and perceived operational control are direct determinants of intentions which in turn influence accounting operation in the Nigerian banking industry.

### **2.3 EMPIRICAL REVIEW**

Morey (1990) in Madueme Ifeoma Stella (2010), observed that stores with the technology and large breakfast sales performed significantly better in terms of cutting material cost. Bender (1986), observed an optimum level of performance achieved at a range of information technology from 15% to 25% of operating cost of the firm.

Well (2002), corroborated the earlier view by identifying a negative relationship between strategic information technology and organization performance in the value of manufacturing industry. However, the following research indicates cases of no relationship between the two variables.

Morufu and Taibat (2012) researched on banker's perception of electronic banking in Nigeria purposely to find out how bankers perceive the benefits and threats associated with electronic banking by investigating banks employees' perception on electronic banking and its implications on bank service delivery. The study concluded that "minimizing inconvenience" and „government access to data" appear as the most important benefit and risk respectively while „reducing HR requirements" and „charges on high costs for services" are the least important benefits and risk associated with electronic banking.

According to Ahamad Kaleem (2018), bankers in Pakistan perceive electronic banking as a tool for minimizing inconvenience, reducing transaction costs and saving time. Similarly, they believe that electronic banking increases the chances of government access to public data, increases the chances of fraud and that there is lack of information security.

Dabwor *et al.* (2017) studied the effect of ICT adoption on the competitive performance of banks in an emerging economy: The Nigerian experience. The study adopted both inferential and descriptive design using a t-test, the findings of the study revealed that a positive relationship exists between ICT and banks performance in Nigeria. This implies that a marginal change in the level of the investment and adoption of ICT such as (Automated teller machine, Web based transactions, and Mobile payments) in the banking industry resulted in a proportionate increase in the profit level. The study recommends that it is paramount for bank management to intensify investment in ICT products to facilitate speed, convenience, and accurate service delivery. In the same vein (Olatokun and Igbinedon, 2010) in their study observed that there has been increased deployment of ATMs by banks in Nigeria; while only one bank had the ATM in 1998 this had increased to 14 in 2004. Between the beginning of the year 2005 and March 2006 debit card transactions increased from 1, 065,972 in 2004 to 144, 448,615 between January 2005 to March 2006.

Wilson *et al.* (2014) examine the impact of Information and communication technology on bank profitability, they used a sample comprising one-quarter of the banks in Nigeria quoted on the Nigeria stock exchange. The study adopted the OLS regression techniques, it was found that the regression result was in conflict with the *apriori* expectations, which indicates that IT spending in the study period had no significant impact on future operating performance. However, the study further concludes on the findings of the result which shows that technology investment is inevitable for banking institutions to enable them to continue to operate efficiently in the current competitive banking industry.

In 2014, Ahmed examines the effect of its investment on productivity and profitability by analyzing data from the Arab banks. The result of the study indicates that there are substantial returns due to an increase in investment in IT capital, a fact which



incentivizes the bank's management to shift its emphasis in IT investment from labor to capital.

Oyinkola (2018) conducted a study on the impact of Information technology on banking operations in the First bank of Nigeria PLC. The data used was primary data and the research instruments used are questionnaires and personal interview for staff and customer of the bank. Simple frequency percentage was adopted as the statistical and the hypothesis was analyzed using Chi-square. The result revealed that IT has greatly improved the growth and performance of Nigerian commercial banks and has led to increased customers satisfaction. The study recommends government support to improve local IT firms to foster importation, the lower tariff on the importation of IT related equipment and their agencies and regulatory bodies to upgrade their equipment as well.

Furthermore, Luka and Frank (2018) in their work, —The impact of ICTs on banks: A Case study of the Nigerian Banking Industry‖, collected data via questionnaires from customers in the selected banks. Guaranty Trust Bank plc, First Bank of Nigeria plc, Zenith Bank international and United Bank for Africa (UBA). The response were measured with a 5 pointer likert - type rating, where strongly agree (SA) = 5; Agree (A) = 4; Neutral (N) = 3; Disagree = 2; Strongly Disagree = 1. The results of the research indicated that investment in the ICT system and infrastructures has become a key element in productivity and growth in the banking industry

A study conducted by Madueme (2010) on the impact of ICT on banking efficiency in Nigeria using a survey of 13 banks. The findings are based on the CAMEL rating and a transcendentallogarithmic function of the banks, conclusions were made on the efficient values obtained through the CAMEL rating system were higher during post adoption era than before adoption and estimated that a 1% increase in ICT capital on average leads to 0.9185 Naira increase in bank output post ICT adoption era.

In order to determine the factors influencing customer's choice of banks in Nigeria, Maiyaki and Mokhtar (2010) evaluate the effect of availability of electronic banking facilities among others. The study adopted a survey study of 407 banks customers in 33 private and public organizations in Kano in the Northern part of the country, they found that the availability of electronic banking facilities such as ATM, online banking and telephone banking do not have a significant influence on customers banks choice decision. This result was rationalized on the ground that ICTs have become widely diffused in the Nigerian banking sector that is all firms in the industry have embraced the ICT ideology.

Oluwagbemiet *al.* (2011) in their study on the impact of information in Nigeria banking industry, they adopted a qualitative method. In their findings it was revealed that the deployment of IT facilities in the Nigerian banking industry has brought about fundamental changes in the content and quality of banking business in the country. They conclude that Nigeria banks have been rapidly transformed from being just a bank to a one-stop shop financial solution provider. The study further recommends that there should be M-Commerce implementation in Nigeria based on the rate of growth and diffusion of mobile devices.

Binugo and Aregbeshola (2014) their study assess the impact of ICT on commercial bank performance in South Africa. The analysis of the data was done using the panel environment using the orthogonal transformation approach. The finding of the study indicates that the use of ICT increases the return on capital employed as well as the return on assets of the South African banking industry. The study recommends that banks emphasize policies that will enhance proper utilization of ICT equipment rather than additional investment.

In the study conducted by Nyangosi and Arora (2009) which focused on the adoption of internet banking in Nigeria, the perceived usefulness of mobile banking, analyze the banking services provided by internet and mobile phone banking, the study revealed

that ATM technology was the most available technology in user's banks. Therefore internet banking has gained popularity and become vital in financial transaction events, IT state is at initial stages and the study was useful to institutions planning to offer digital financial services especially internet banking and mobile banking to know the extent it can be used by customers and the services already in the market; also, the regulatory authorities to know the area of much interest in provision of banking services through internet and mobile phones.

Agboola (2016) observed that some payments are now being automated and absolute volume of cash transactions have declined under the impact of electronic transaction brought about by the adoption of ICT to the payment system especially in the developed countries. Emmanuel and Sife (2008) observed that positive effects of ICT have continually been noted in business, production, education, politics, governance, culture and other aspect of human life. This view is corroborated by Agboola

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter discussed the method used in the study. Research method involves various processes or methods with which the research is carried out; it involves the method employed in the research in order to help at dependable solution to a problem. This chapter contains and explained the following: Research design, area of study, Population of study, Sampling method, research instrument, Validation of Research Instrument and Method of data analysis.

#### **3.2 Research Design**

The design adopted in the execution of the study was survey method. The researcher chooses survey method as it is one method where a group of people are studied by collecting information from them. So, the design was specified to use questionnaire. The survey was used by the researcher to source for primary data.

#### **3.3 Population of Study**

The research population of this study comprises all the staff of First Bank of Nigeria. According to the statistic available to the researcher through the personnel office of the manager, it was noted that the Bank has 89 staff workers both senior staff and junior staff of the station.

#### **3.4 Sampling Size**

The researcher used 89 as sample size. Since the number of the population is not more than hundred, the research study adopted the 89 staff workers as the sample size.

#### **3.5 Research Instrument**

For this survey research, the instrument used was questionnaire. In designing the questionnaire, conscientious efforts were made to structure the series of questions in dichotomized multiple choice questions which give the respondents the chance to choose from a range of possible answers or alternatives. This questionnaire was

basically divided into two parts. The first part was the classification section that requires the biographic information of the respondents. These questions are on age, sex, level of education, marital status, income level etc.

The second part of the questionnaire possesses the questions relating to the subject matter of the study. They are easy to answer because they have two or more options ‘‘yes’’ or No’’ as the case may be and all these questions were non-committal and neutral in nature as well as structured in a close ended manner that will allow for easy coding and response identification.

### **3.6 Method of Data Presentation and Analysis**

The research administered the questionnaire on respondent to solicit for their responses as well as Interpreting the content of the instrument to those that could not understand. In this field administration of instrument this guaranteed sincere and carried information from them (respondents).

Data collected were arranged and presented in tables and analyzed in simple percentage format for easy comprehension and reference.

Number of response x 100

Number of respondent 1

### **3.7 limitation of the study**

**Time Constraints:** The study is limited by the timeframe of data collection and analysis, as it covers a period of five years (2020-2025). The rapidly evolving nature of technology and accounting practices may limit the long-term applicability of the findings beyond this period.

**Access to Confidential Data:** Due to the confidential nature of financial and operational data, there I limited access to certain proprietary information from Transport Company Travel Global, which could restrict the depth of analysis.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.0 Introduction

This chapter presents analysis and findings of the study as set out in the research methodology. The study findings are presented on the Significance of Global System Mobile in the marketing of banking services of First Bank Plc. The data was collected from First bank's financial statements for years 2016 to 2020.

#### Descriptive Statistics

This section explains the characteristics of determinants that affect the financial performance of First Bank Plc regulated by CBN. The results as per the table 4.1 below showed that OHR and D/A had the highest mean above all variables while ROA and effective lending rate (LR) had the lowest std. deviation. Overhead, market share, effective lending rate (LR) and E-bank income ratio were skewed asymmetrical to the right while D/A and L/A are asymmetrical to the left.

**Table 4.1: Descriptive statistics**

YEAR: 2016-2020

	ROA	OHR	MSHARE	D/A	L/A	LR	E/O
Mean	0.0210	0.7765	0.0520	0.7586	0.5542	0.1659	0.1214
Standard							
Error	.0022	0.0493	0.0054	0.0074	0.0086	0.0047	0.0075
Median	.02239	0.6293	0.0275	0.7634	0.5656	0.1625	0.0985
Standard							
Deviation	0.0213	0.4804	0.0528	0.0720	0.0842	0.0454	0.0730
Sample							
Variance	0.0005	0.2308	.0028	0.0052	0.0071	0.0021	0.0053
Kurtosis	0.5513	5.3727	-0.1265	2.1881	0.9080	1.4518	3.9940
Skewness	-0.8454	2.3643	0.9893	-0.9797	-0.7126	0.6106	1.7131
Minimum	-0.0378	0.3010	0.0025	0.5099	0.2559	0.0705	0.0067
Maximum	0.0590	2.6349	0.1906	0.9188	0.7070	0.3409	0.4010

**Source: Research Findings, 2025**

## Correlation Analysis

After the descriptive analysis, correlation analysis was done to indicate a linear association between variables or among the latter. This analysis helped in determining the strengths of association in the model, that is, which variable best explained the relationship between electronic banking and financial performance measured by ROA in First Bank Nigeria Plc.

**Table 4.2: Correlation between variables**

	ROA	OHR	MSHARE	D/A	L/A	LR	E/Income
ROA	1						
OHR	-0.8855	1					
MSHARE	0.5048	-0.2684	1				
D/A	-0.2370	0.1553	-0.1354	1			
L/A	0.3350	-0.3271	0.1048	0.2060	1		
LR	-0.1655	0.2787	-0.0671	-0.0054	-0.3442	1	
E/income	-0.3602	0.5229	-0.0725	0.2300	-0.2119	0.1249	1

**Source: Research Findings, 2025**

From the Table 4.2, it can be concluded that there was a negative correlation between ROA and OHR, D/A, LR and e-banking income ratio. The ROA had a negative correlation of -0.3602 with e-banking income ratio which is not significant. Market share and loan asset ratio had a positive correlation of 0.5048 and 0.3350 respectively with ROA.

## Regression Analysis

4.3 Least square method was used to determine the line of best fit for the model through minimizing the sum of squares of the distances from the points to the line

of best fit. Through this method, the analysis assumed linearity between the dependent variable and the independent variables

**Table 4.4: Analysis of Variance (ANOVA)**

	Sum of Squares	Df	Mean Square	F	Sig. f
Regression	0.0383	6	0.0064	127.7930	0.0000
Residual	0.0044	88	0.0000		
Total	0.0427	94			

**Source: Research Findings, 2025**

Analysis of Variance's (ANOVA) f-test was used to make comparisons between two or more means; thus, testing whether a reasonable relationship exists between variables (independent variables and dependent variable); thus, helping in bringing out the significance of the regression model. To check if your results are reliable (statistically significant), look at Significance F (0.001). If this value is less than 0.05, you're OK. If Significance F is greater than 0.05, it's probably better to stop using this set of independent variables.



## Regression Coefficient

	Coefficients	Standard error	t Stat	p-value	Lower 95%	Upper 95%
Intercept	0.0423	0.0095	4.4523	0.0000	0.0234	0.0612
OHR	-0.0385	0.0019	-19.8022	0.0000	-0.0424	-0.0347
MSHARE	0.1053	0.0145	7.2529	0.0000	0.0765	0.1342
D/A	-0.0375	0.0110	-3.4175	0.0010	-0.0593	-0.0157
L/A	0.0309	0.0100	3.0938	0.0026	0.0111	0.0508
LR	0.0545	0.0174	3.1270	0.0024	0.0199	0.0892
E/income	0.0448	0.0121	3.7144	0.0004	0.0208	0.0688

**Source: Research Findings, 2025**

Variable with a high P-value (greater than 0.05) should be deleted and rerun the regression until Significance F drops below 0.05. Most or all P-values should be below 0.05. In our case all are 0.0000. Table 4.4 above shows f-value 127.7930 at significance value of 0.0000 (p is less than 0.05). It can be construed that the regression model was significant. From the data in the above table 4.5 the established regression equation was

$$Y=0.0423-0.0385X_1+0.1053X_2-0.0375X_3+0.0309X_4+0.0545X_5+0.0448X_6$$

## Discussion of Findings

This study found that adoption of electronic banking technologies boosts the financial performance of commercial banks. From the regression equation it was revealed that financial performance measures like the market share, loan asset ratio and the e-bank commission income ratio had a positive relationship with performance measured by ROA. A unit increase in overheads leads to decrease in financial performance by a factor of 0.0385, unit increase in market share leads to increase of financial performance by factor 0.1053, unit increase in effective lending rate leads to increase of financial performance by factor 0.0545 and a unit investment in electronic

banking technologies leads to an increase in financial performance by factor 0.0448. A unit increase in the size of loans leads to an increase in financial performance by factor 0.0309, while a unit increase in deposits leads to a decrease in financial performance by factor 0.0375.

At 5% level of significance and 95% level of confidence, overheads ratio had a 0.0000 level of significance, market share showed a 0.0000 level of significance, deposit asset ratio had a 0.0010 level of significance, loan asset ratio had a 0.0026 level of significance, effective lending rate had 0.0024 level of significance while e-banking income ratio had 0.0004 level of significance. Overhead ratio, market share and e-banking income ratio had the greatest effect on the. All the variables were significant because ( $p < 0.05$ ). Electronic banking has positive relation with financial performance hence the adoption of various e-banking platforms like POS, mobile banking improves the financial performance and efficiency of First Bank Nigeria Plc in the study area.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary of Findings**

This study investigated the global system mobile in marketing of banking service of First Bank Plc following the adoption of Global System Services. Nigeria is an under developing economy pressing forward in the use of global mobile banking for its banking activities. With high level of electronic banking fraud, some customers feel disheartened with the use of Automated Teller Machines (ATM), an electronic banking product. This study has provided evidence that electronic banking has advanced returns on the assets of First Bank Nigeria Plc though not significant, based on the hypotheses tested. In recent years, there are huge efforts in increasing E-banking with IT in Nigeria. It is very clear that E-Banking increase with the increase in profitability. Recently, due to a lot of E-banking economic advantages in decreasing bank charges and increasing profit, increasing in quality of giving services to clients most banks provide E-banking along with traditional banking services.

According to the research findings there is effective relationship between E-banking and bank income and also using E-bank is a mandate for the First Bank Nigeria Plc to be able to stay alive among intensive banks competition. So, the experts and scholars in banking field have to be more kind to this aspect.

#### **5.2 Conclusion**

As revealed by the empirical result on returns on assets, this study does not suggest that the adoption of e-banking is a useless investment rather it helps to satisfy customers' desire for improved service delivery and convenience. The unimproved returns may have arisen from the high cost of maintenance of equipment, software and training of staff. Electronic banking is cost intensive and will improve on total profitability performance in future as incidence of banking fraud caused by electronic facilities reduces. The study encourages the use of electronic banking technologies

based on its enormous benefits to the First bank management, customers and the regulatory authorities for improved bank performance

### **5.3 Recommendations**

- i. This study therefore recommends that the banking industry should adjust to full and effective deployment of information technology due to its sophistication since the technology is irreversible with relative perceived advantage.
- ii. That Nigerian banks should be able to accept the level of risk that they can cope with in electronic banking system, measurable to the bank's overall strategic and business plans. Though there is inherent risk for not adopting e-banking.
- iii. That banks should be able to provide adequate security both physically and electronically to check the incidence of hacking by fraudsters. Network hackers successfully steal billions of shillings and can send banks into huge losses.
- iv. That shareholders of banks should exercise patience with the bank's management in the payment of dividend as perceived future dividends will be fatter after some lag period of cost recovery.
- v. Customer illiteracy is somewhat coming on the way of e- banking as infrastructure in the country for information technology is not satisfactory, people use other electronic banking services regularly but they are not much informed about how to get advantage from e-banking like mobile banking.
- vi. Similarly, the banks management should from time-to-time train customers with regard to electronic banking, its benefits, risk exposure, physical and electronic security to avoid financial loss in the hands of fraudsters.
- vii. Also, trainings should be held for bank staff in short periods to acquaint them with modern developments of the sophisticated technology in changing times.

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