

**TITLE PAGE**  
**EFFECT OF ELECTRONIC BANKING ON CUSTOMER SATISFACTION**  
**CASE STUDY OF G.T BANK**

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**BEING A RESEARCH PROPOSAL SUBMITTED TO THE DEPARTMENT**  
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## DECLARATION

I **MERCY ISHAYA KPT/CBMS/19/48527** hereby declare that this project **EFFECT OF ELECTRONIC BANKING OF CUSTOMERS SATISFACTION CASE STUDY OF G.T BANK** has been carried out by me under the supervision of **MAL. YUSUF AHMED TIJANI** of the Department of Business and Management Studies, Kaduna polytechnic. This project has not been presented for award of any degree in any institution. All sources of information are specifically acknowledged by means of reference.

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Signature

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Date

## APPROVAL

This is to certify that this project report titled **“EFFECT OF ELECTRONIC BANKING OF CUSTOMERS SATISFACTION CASE STUDY OF G.T BANK”** written by **MERCY ISHAYA KPT/CBMS/19/48527**, has been read and approved as having met the requirements governing the preparation and presentation of research project in Kaduna Polytechnic. It is hereby approved for meeting the requirement for the award of High National Diploma in Business Administration and Management studies, and for its contribution to knowledge and literary presentation.

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## **DEDICATION**

This project work is dedicated God and to my Mum and Dad who has been supporting me throughout my study and also to my brother and sisters who has been supportive towards my academics.

## **ACKNOWLEDGEMENTS**

I would like to use this section to express my profound gratitude to quite a number of persons that inspire, encourage, guided and supported me in the journey of this dissertation

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My sincere appreciation goes to the Head of Department DR. TUNDE LAWAL for his elderly advice and encouragement throughout the period of the study.

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## **ABSTRACT**

This project work analysis and validates the evident that Centenary bank customers have a lot of knowledge about the electronic banking services available at the bank for example Phone banking, Personal computer banking, ATM services, and E-NSSF payment systems. It follows from the above findings that many potential problems associated with customers not being satisfied are because of poor communication with staff, management does not focus on customers' needs and requirements, product ambiguity, and management do not know and understand customer expectations and needs. This project also shows way forward to improve Electronic banking and customer satisfaction.

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## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of Study**

During the last years, the banking industry around the world has been undergoing a rapid transformation. The deepening of information technology has facilitated better tracking and fulfillment of commitments, multiple delivery channels for online customers and faster resolution of issues has developed noticeably. The financial services industry is altering rapid and visible.

Previous ways of doing business are fading fast. Together with this fast transition is also the rising competition among banks. One of the greatest influences behind all of this is the growing development in information technology. Because of this, costumers have not been familiar with the ways of electronic banking services and its systems. Therefore, it is due to this that the research focused on the impact of Electronic Banking on customer satisfaction in commercial banks. To add on that, this chapter will show the background, problem statement, purpose of the study, study objectives, research questions, and the scope of the study in terms of geography, variable, time, and the significance of the study.

Technological developments particularly the area of telecommunications and information technology are revolutionizing the banking industry. With the development of this technology, electronic commerce is now holding a promise of new revolution. A number of studies have examined the development of electronic banking and its operations. It is widely believed that the impact of e-commerce enables banks to provide an inexpensive and direct way of exchanging information and to sell or buy products and services. Today, financial sector firms are competing to increase their profit share in the market. Among these firms, banks have radically shifted from traditional banking to branchless mode of banking.

Adoption of latest technology has enabled banks to extend their customer base, where electronic banking has proved to be the chief advancement. Therefore, with globalization, GT bank have no choice but to adopt electronic banking services to enhance effective service delivery that transcends to customer satisfaction, if they really want to stay in the business race, to be profitable (Madureme, 2009).

According to Swaminathan J and Ananth A (2010) Electronic banking is the automated delivery of new and traditional banking products and services directly to the customer through the electronic communication like computers, ATM"s and Electronic websites. It is further means the provision of retail and small value banking products and services through electronic channels.

Pahnila and Pikkarainen (2004) further define Electronic banking as an, Electronic portal, through which customers can use different kinds of banking services ranging from bill payment to making investments". With the exception of cash withdrawals, Electronic banking gives customers access to almost any type of banking transactions at the click of a mouse.

However, Electronic banking is a 24-hour access to cash through an automated teller machine (A TM) with Personal Identification Number (PIN) for the purpose (Marsh, 2005) or direct deposit of paychecks into checking or saving accounts. However Electronic banking includes the systems that enables financial institutions customers, individual or businesses access accounts, transact business or obtain information on financial products and service on public or private network including Electronic while it is further defines Electronic banking as the act of conducting financial intermediation through the Electronic. Many banks worldwide including developing countries like Nigeria use computers and computerized equipment like ATM"s which is the perfect example for such equipment whose

purpose is to provide banking services to customers at their convenience and such banking service include cash withdraws, balance enquiries, mini bank statement and many others, (Kateeba,200 I)

The use of the Electronic as a new alternative channel for the distribution of financial services has become a competitive necessity instead of just a way to achieve competitive advantage with the advent of globalization and fierce competition ( Flavian, and Torres,2012). There is little doubt that the proliferation of, and advancements in, Electronic-based technologies have resulted in fundamental changes in how companies interact with their customers (Ibrahim et al, 2006; Bauer et al., 2005; Parasuraman and Zinkhan 2012). However, Thomas (2002) explains that since the rise of the Electronic the way business interact with people and other businesses has changed and banks have benefited with the advantages associated with the electronic banking services. The benefits GT banks derive from electronic banking products and services delivery are improved efficiency and effectiveness of their operations so that more transactions can be processed faster and most conveniently, which will undoubtedly impact significantly on the overall performance of the banks, (Suresh Padmalatha 2011).

According to Edfy (2000) customer satisfaction is the process through which businesses ensure customer loyalty and no defection of customers to the competitors. Customer satisfaction has business leader's attention, as it is the basis for ensuring sustainability in a business. Nigell Hill et al (2008) defines it as a measure of how products and services supplied by a company meet or surpass customer expectation and there for in a competitive market place where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

According to Heskett et al (2011) the concept that the customer is important in achieving business success dates back to about fifty years ago when business management studies recognized marketing as an essential discipline.

But according to the recent research and reports customers are still unaware of these services and they have not taken time to look at them as a solution, that is why most of them are still crowding banks for withdrawals, deposits and this makes the researcher wonder and try to find out the cause of this. GT bank in Zambia have valued the importance of electronic banking in improving their organization performance and profitability.

Consumers go through "a process of knowledge, persuasion, decision, implementation, and confirmation before they are ready to adopt a product or service and get used to the service.

Electronic banking adoption common concerns include the performance and security of banking transactions as well as the confidentiality of personal account data and therefore these concerns increase the level of perceived risk which is further exacerbated by declining levels of trust in banks thus leading to low levels of Electronic banking adoption. It is asserted that GT bank customers have adopted

## **1.2 Statement of the Problem**

Since e-banking service adoption by banks, customers seem not willing to adapt to these services and this is evident by increased queues in the banking halls, customers are still carrying large amount of cash, which points to their being dissatisfied with the services. However, banks have tried to improve their systems by building more infrastructures and new services like Cente mobile to increase customer satisfaction but the problem has persisted. This is probably due to the increasing problems associated with-banking systems. This is asserted by Bwonditi

(2010) who observed that several complaints by customers about these services mostly the A TM"s, that stopping a payment, reversing a transaction and refund is not possible and hardly do people talk about these services. Therefore, that is why the researcher wants to find out the impact of electronic banking on customer satisfaction in deposit money bank (GT bank plc,zaria,).

### **1.3 Objective of the Study**

The purpose of the study was to establish the contribution of electronic banking on customer satisfaction on deposit money banks using GT Bank as a case study.

1. To find out the different e- banking services in GT bank.
2. To find out the determinants of customer satisfaction in GT bank.
3. To establish the relationship between electronic banking and customer satisfaction in GT bank.

### **1.4 Research Questions**

1. What are the different e-banking services in GT bank?
2. What are the determinants of customer satisfaction at GT bank?
3. Is there any relationship between e- banking and customer satisfaction at GT bank?

### **1. 5 Significance of the Study**

To commercial banks, the results may in providing information on the extent to which electronic banking has affected customer satisfaction.

It will further suggest alternative ways through which customer satisfaction can be ensured. To the researcher, it will act as a par fulfillment for the award of a bachelor of higher national diploma in business administration from kaduna

polytechnic.

To scholars and other researchers the finding will act as a yardstick for them to use when carrying out research in relation to this topic such that it can widen their knowledge about the problems and various solutions.

### **1.6 Scope of the study**

The study covered GT Bank plc, Zaria branch.

### **1.7 Limitations of the Study**

The researcher encountered a number of problems there was lack of comprehension of some questions especially where the respondents selected had little knowledge about a particular question.

Financial problems in gathering data about the institution and it was common with customers who do not want to share their experiences without a fee. In addition, expenses related to transport to and from the bank premises and all other related expenses such as stationary, photocopying and printing.

Time period provided was very short, so the researcher had to minimize whatever had to be done in order to be on time and do the needful. Therefore, the researcher had to do everything as quick as possible

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter contains salient issues in the existing published literature on the effect of electronic banking on customer satisfaction in GT bank in zaria. It has been carefully selected from published journals on the Electronic, text books and other relevant presentations.

### **2.2 Conceptual Framework**

Different authors have attempted to define IB differently. However, this study uses VanHoose's (2003) definition: IB is the act of conducting financial intermediation on the Electronic. With the exception of cash withdrawals, Electronic banking gives customers access to almost any type of banking transaction at the click of a mouse (De Young, 2001 ).

The use of the Electronic as a new alternative channel for the distribution of financial services is important for achieving a competitive advantage (Flavian, Torres and Guinaliu, 2004). All banks using the Electronic as an additional delivery channel and those using only the Electronic as a delivery channel can equally compete for customers around the world. This is why the popularity of IB as a delivery channel for financial services is increasing in this era (Karjaluoto et al., 2002).

## **2.3 Types of Electronic Banking**

According to Molla (2002), there are different forms of Electronic Banking based on: a bank's proprietary software, personal computers using dial-up software, on-line services, and the World Wide Web. Electronic banking based on a bank's proprietary software uses the bank as an "electronic gateway" to customer accounts. In this case, customers install this software on their home computers to enable them to transfer funds and pay bills electronically. Electronic Banking based on personal computers using dial-up software makes use of home finance software to link customers to banks for online banking. Electronic Banking based on on-line services involves banks setting up retail branches on subscriber-based online services, as is the case with America Online. Electronic Banking based on the World Wide Web bypasses subscription based services and allows banks to interact directly with their customers through the World Wide Web. In Uganda's case, mixtures of the third and fourth types of IB-based features are the commonly used types by customers.

### **2.3.1 Electronic Banking**

This is where a customer can access his or her bank account via the Electronic using personal computer (PC), or mobile phone and web browser. However Marsh (2005) defined electronic banking as a 24 hour access to cash through an automated teller machine (ATM) with Personal identification Number (PIN) or direct deposit of paychecks into checking or saving accounts. Insely and Fleming (2000) say that electronic banking is an umbrella term for the process for which a customer may perform banking transactions electronically without visiting a brick and Mortar institution. Bhattacharjee (2001) summarizes it all and defines it as an integrated system that can provide customers" flexible, convenient and inexpensive platform with integrated services of online personal banking products including



online checking and saving accounts, money market accounts, certificate of deposit, credit cards, home equity loan, home mortgage, insurance, investment services, portfolio management and other related financial services.

Therefore using Electronic banking, bank customers can conduct the same banking transaction provided by brick and mortar branch at any time and any place through a simple and userfriendly browser Polatoglu and Ekin (2001 ).

Through Electronic banking, you can check your transactions at any time of the day, and as many times as you want to. In a traditional method the banks customer gets quarterly statements from the bank. If the fund transfer has to be made outstation, where the bank does not have a branch, the bank would demand outstation charges. Whereas with the help of online banking, it will be absolutely free for you. Recently GT bank offers a number of electronic banking services and lets go a head and elaborate on these services.

EB offers many benefits to banks. The main benefits to banks are cost savings, reaching new segments of the population, efficiency, enhancement of the bank's reputation and better customer service and satisfaction (Brogdon, 1999).

The more those clients convert to IB, the greater the monetary saving will be. According to Robinson (2000), the cost of an electronic transaction is dramatically lower than the cost of a face-to-face branch transaction. In a study conducted by Booz-Allen and Hamilton (1997), it was found that the establishment of specialized IB requires only US\$! - 2 million, which is lower than branch-based banking set up. The traditional bank's running costs account for 50% -60% of its revenues, while the bank's running costs of IB is established at 15% - 20% of its revenues.

IO Robinson (2000) adds that IB strengthens the relationship between the service

provider (e.g. bank) and the customer because it brings banking services directly to a customer's home, office or mobile phone. This creates customer loyalty. The author further asserts that online services are a must for banks that have to compete with a growing number of services from other financial institutions, investment concerns and insurance companies. This is in light of the fact that banking is no longer tied to time and place. As a result global competition is expected to broaden.

` that the single most important driving force behind the implementation of full-service Electronic banking by banks is the need to create powerful barriers to customers exiting. The author argues that once a customer moves to full-service Electronic banking, the likelihood of that customer moving to another financial institution is significantly diminished.

The main reasons for this behaviour can be found in the consumer behaviour theory, which indicates that switching always requires much time and effort from the individual consumer. The author concluded that the competitive advantage of Electronic banking for banks is very significant.

Burns (2000) argues that electronic banking customers are more valuable to banks than traditional customers. Through electronic banking, banks can achieve better cross-channel productivity and performance. The move towards Electronic banking increases the need for a holistic approach to channel and process management, especially when integrating new delivery channels into existing frameworks (as many traditional banks are currently doing). Burns (2000) indicates that the Electronic will not replace other delivery channels, but will offer increased flexibility and the opportunity for improved service.

Electronic banking customers are said to be more loyal to their bank than non-

Electronic banking customers (Mols, 1998). Mols concluded a survey in Denmark and presented some interesting insights about Electronic banking users. His results suggest that Electronic banking customers: are more satisfied with their bank; have higher switching barriers; provide more positive word-of-mouth opinions about their bank; have higher repurchase intentions; have lower price sensitivity; have a lower propensity to exit and a higher propensity to complain.

Electronic Banking or Electronic Fund Transfer Services available in Banks Automated Teller Machines (ATMs). These are electronic terminals that let you bank almost virtually any time. For customers to withdraw cash, make deposits, or transfer funds between accounts, they generally insert an A TM card and enter their PIN"s. ATM"s have a positive response. Since the introduction of the first cash dispenser 30 years ago, ATM technology has gradually become the electronic face for most bank customers. They are 24 hours around the clock electronic cashiers which provide access into customers account by use of A TM cards on the banks ATM machine located on site in all branch offices and off site in strategic places in the main towns around the country. GT now has a good network of these ATM machines in most of the important business towns which are also VISA electronic enabled and thus you can withdraw cash for your use locally. Wakefield J. (2010).

According to Morris C. (2004), ATMs have extended banking services to the remote areas depositing and withdrawing of funds can be carried out thus yielding positive results. Looking at the service range of ATM as reported by Chattered Institute of bankers journal (1995) and eter Wandri of Daily Monitor, include, cash withdraws, school fees payment, balance inquiry, ordering of financial statements, topping up air time, and also paying credit and utility bills to mention but a few. ATMs come with advantages like, they save time, one does not need to come to the

bank and wait in a cue or fill some paper work every time one wants to withdraw cash.

Ramsay (2000) in his managerial auditing journal says that ATMs are also easy to use and the machine guides the customer through each step. All what the customer has to do is to follow the instruction appearing on the screen.

### **2.3.2 Mobile Application**

Mobile APP is a 24/7 full banking service that allows GT Bank customers to perform financial transactions and access banking information using their mobile phones anytime and anywhere, here a customer can see his balance, mini statement, fund transfer, Airtime purchase and bill payment using your phone. Benefits of this service to the customers include a 24/7 banking at your finger tips, convenience- allows transactions from anywhere, anytime, simple to use, instant services received like airtime, transfer of money.

### **2.3.3 SMS Banking**

SMS banking uses short text messages sent through the client's mobile phone. SMS text messages are used for both passive and active operations similarly as with classic telephone banking. A client can automatically receive information about his account balance the message is sent to the client immediately after a certain operation is performed, or on request: a client sends the bank a correctly formatted message, which processes it and answers the clients request by SMS. Information sent on request mostly concerns current interest rates or currency exchange rates. Providing these is simple for the bank because this is publicly accessible information that needs no protection. A client however can request information about the balance in his account, which is not public information and must be protected when it is provided. Passwords are used for this purpose or

technologies based on the principle of an electronic key. A client however is required to know the code of every transaction including constant and variable symbols.

#### **2.3.4 Direct Deposit**

Another E-banking service is the direct deposit and these let you authorize specific deposits like paychecks, Social Security checks, and other benefits to your account on a regular basis. A customer may pre-authorize direct withdrawals so that recurring bills like insurance premiums, mortgages, utility bills, and gym memberships are paid automatically. Bank customers should also be cautious before they pre-authorize recurring withdrawals to pay companies they are not familiar with, funds from their bank account can be withdrawn improperly. Therefore, customers should make sure that direct recurring payments take place and are for the right amount.

#### **2.3.5 Mail Banking**

Mail banking is another electronic banking service that makes it possible to communicate with the bank by electronic mail or e-mail. The most frequently used service is sending account statements at agreed periodicity to the client's mailbox. E-mail are not used for operations that are more complex. Payment Instruments and Self-Service Zones Apart from those already mentioned, there are other more or less widely known forms of electronic banking, including a payment card.

An electronic wallet represents a chip card similar to a payment card that contains a record of a financial sum that is available to its owner. A self-service zone is a fully automated alternative work place of a bank with terminals and devices that clients can use to get various bank services.

It enables active and passive operations offered by the bank to be made without the presence of a bank employee. Devices are constructed for very easy use with simple intuitive controls (user friendly)

### **2.3.6 Personal Computer Banking**

PC banking helps customers to handle many banking transactions using their personal computers.

For example, you may use your computer to request transfers between accounts and pay bills electronically. Customers can get a number of benefits that 24 hours availability of the services, hassle free and no queues.

### **2.3.7 Debit Card Purchase or Payment Transactions**

A payment card is currently one of the most widely used payment instruments designated for authorized holders through which they can perform non-cash payments or cash withdrawals from an extensive network of automated teller machines. These let you make purchases or payments with a debit card, which also may be your ATM card. Transactions can take place in-person, online, or by phone. The process is similar to using a credit card, with some important exceptions. A debit card purchase or payment transfers money quickly from your bank account to the company's account, so you have to have sufficient funds in your account to cover your Purchase. This means you need to keep accurate records of the dates and amounts of your debit card purchases, payments, and ATM withdrawals.

### **2.3.8 Telephone banking**

Africa has experienced an incredible boom in mobile phone use over the past decade. Today there are more than 500million mobile users and in Nigeria alone

over 10 million people or about 30% of the population own mobile phones, and the number is growing rapidly every day.

In respect to this research, telephone-banking technology means availability, accessibility, and use of telephones (wired or wireless telephones) to engage in deposits, withdrawals and account balance inquiry by users in the industry.

## **2.4 Electronic Check Conversion**

This service converts a paper check into an electronic payment in a store. When the customer gives her check to a cashier in a store, the check is ran through an electronic system that captures the customers banking information and the amount of the check. The customer signs a receipt and gets a copy for her records. When the check is given back to her, it should be voided or marked by the merchant so that it cannot be used again. The merchant electronically sends information from the check (but not the check itself) to the customer's bank or other financial institution, and the funds are transferred into the merchant's account.

The success of electronic banking, as agued by many researchers, depends probably on bank service quality, customer preferences, and satisfaction. Recent studies found that consumer behavior is changing partly because of more spare time. The way of use of financial services is characterized by individuality, mobility, independence of place and time, and flexibility (Seitz and Stickel, 2004).Despite the fact that banks have taken this innovative step in adding value to customers, some environmental factors are affecting banks in achieving the desired level of their intentions. Financial institutions on a global scale have lost over 650 billion (\$5 billion) to Electronic banking fraud from 2005 to 2007. He further stressed that, when such losses are incurred, banks are very fast in passing the bill to the final consumer (bank customers) which does not create any value to them.

This situation heightens fear amongst consumers of this very product/service

## **2.5 Concept Customer satisfaction**

Businesses always start and close with customers and hence customers must be treated as the King of the market. All the business enhancements, profit, status, image etc, of the organization depends on customers. Hence, it is important for all the organizations to meet all the customers' expectations and identify that they are satisfied.

### **2.2.2 Definition**

Customer satisfaction is the customers overall feeling of contentment in a business interaction (Elaine 2005). Customer satisfaction is defined as a measure of how products and services supplied by an organization meet or surpass customer satisfaction. According to Berry (2000) customer satisfaction is defined using 10 dimensions of satisfaction which include quality, value, timelessness, efficiency, ease of access, environment, interdepartmental team work, frontline services, behavior, commitment to the customer and innovation. Satisfaction may develop quickly or it may be cultivated over a period. It is the overall pleasant experience after consuming a product or service. Therefore, customer satisfaction is the state of mind that customers have about a company when their expectations have been met or exceeded over the life time of the product or service.

The international consortium, (2005) spells out the ability to be flexible in managing customers enables the business to reap the benefits of good customer satisfaction and this is because customer satisfaction is closely linked to quality in recent years. The achievement of customer satisfaction leads to company loyalty and product repurchase. Clearly defining and understanding customer satisfaction can help any company identify opportunities for product and service innovation



and serve as the basis for performance appraisal and reward systems. Only customers can evaluate service in light of their unique expectations. Consequently, responsibility for measuring and demonstrating continuous service improvements should focus to the service professional. Only when service teams are actively involved in every facet of the service business, including measurement of quality, can organizations capture the enthusiasm needed to radically enhance service delivery.

## **2.6 Empirical Review**

Consumer satisfaction can be determined by a number of factors that is to say customer expectations, fees and charges, quality, customer care, and many others as discussed below.

Product perceived performance and expectations, if the performance falls short of the expectations, the customer is dissatisfied. And when the performance exceeds expectations, the customer is highly satisfied or delighted.

Many companies are aiming for high satisfaction because customers who are just satisfied still find it easy to switch when a better offer comes in. Customer satisfaction does not only result from providing excellent service, but from customers perceiving that a company delivers a service that is unique. Achieving this quality of service takes a serious commitment from every employee in the organization through providing excellent service that exceeds customers' expectations to the extent that they are willing to tell others about their experience. Oliver (1980) found that disconfirmation can affect customer satisfaction. Positive disconfirmation (perceived performance above the expectation) increased consumer satisfaction and while negative disconfirmation (perceived performance below expectation) decreases consumer satisfaction Customer Service

## **2.7 Service Quality**

Service quality or perceived service quality is a determinant of customer satisfaction. Some researchers state that service quality and satisfaction measure the same underlying concept and therefore are the same. Other authors argue that satisfaction with a specific transaction precedes the perception of the overall quality of the firm and therefore is the antecedent of perceived quality. Finally others suggest that the concept of satisfaction and quality are different and that it is the perceived service quality that will affect customer satisfaction. Fornell (1992) finds that as a general psychological phenomenon, satisfaction is primarily a function of customer's quality experience with a product or service. So over all it is expected that the greater the perceived quality, the higher the level of customer satisfaction.

## **2.8 Needs and desires of the customers.**

This is one of the determinants of customer satisfaction (Grigoroudis 2010). In order for a business to meet the needs and desires of customers, the business must know the needs and desires of the customers. This information is vital not only for successful business but also for understanding and improving customer satisfaction. This important component helps to set the standards and components of satisfaction from the perspective of the consumer.

## **2.9 Value of Products and Services**

According to SwaminathanJ & Ananth A (2010) perceived value of the product is one of the determinants of customer satisfaction. Customer satisfaction depends greatly upon receiving a quality product with the expected value attached and service at a competitive price. Not only is the customer looking for the right product or service, he is looking for someone who is knowledgeable about the product or service as well.

## **2.10 Product Ambiguity**

Clarity of issues is also determines customer satisfaction. Product experience can often be ambiguous, such as when the quality of a product is difficult to evaluate. The difficulty may arise when a product for example clothes or insurance cannot be judged based on objective criteria, or when a product for example diamond may have many credence qualities or subjective attributes, Alternatively, there might be a potential for multiple interpretations of product quality Sometimes it is difficult to determine what is acceptable, desired, or valued from product. If the product is difficult to evaluate or ambiguous, consumers are likely to lack confidence about the performance ratings.

## **2.11 Fees and Charges**

Service quality attributes in e-banking industry are important since human-Electronic interaction is the main service delivery and communication channel. Offering high quality services to satisfy consumers' needs, at lower costs, are potential competitive advantage of e banking. So my studies show that e-banking has successfully reduced operating and administrative costs (Speece, 2003). Cost savings have helped e-based banks offer lower or no service fees, and offer higher interest rates on interest-bearing accounts than traditional banks (Gerlach et al 2000). Therefore, it is hypothesized that fees and charges have positive impact on

## **2.12 Theoretical Framework**



## **CHAPTER THREE: METHODOLOGY**

### **3.0 Introduction**

This chapter entails the description of how the research was conducted. It includes the area of study, the research design, the type of correspondents, and the research tools used, procedures for data collection, and methods of data analysis applied in the study.

### **3.1 Research Design.**

The researcher used an exploratory research design to generate basic knowledge, clarify relevant issues and to break grounds about the characteristics and nature of the problem and also to uncover the variables associated with the problem and the researcher used a cross sectional design in addition so as to establish the relationship between electronic banking and customer satisfaction

### **3.2 Research Population**

The population in the study involved GT bank staff who attend to most customers and finally a number of accessible GT customers.

### **3.3 Sample Size and Sampling techniques.**

The researcher used a non-random sampling design to focus on the few elements in the population selected properly with some prior knowledge and because of limited resources particularly time, wide dispersal of the population and absence of the sampling frame from which samples were selected. The sample size constituted 40 respondents. The formula below was used to determine the size.  $N-n$  whereby  $N$  represents the population and  $n$  represents the sample population. Therefore we assume  $N=100-60=40$ .

The sample size distribution

Respondents Number of respondents

Bank staff 10

Customers 30

Total 40

### **3.4 Methods of Data gathering**

The data was collected by use of questionnaires, documents review which entailed reading, interpreting and analyzing the information in the documents. The questions in the questionnaire were closed-ended. For close-ended questions, respondents were offered a set of answers and were asked to pick one that closely represents their views.

### **3.5 Methods of data analysis**

Data processing involved scrutiny of the responses put on the questionnaires. Then the data was sorted, edited, and interrelated. Finally, coding and tabulation of the data obtained followed.

The data collected from questionnaires where summarized in light with the objectives and the research questions of the study. The answers where translated into numeric data, tabulated with percentages and figures obtained for understanding and presentation of the data.

### **3.6 Justification of the Instrument**

The questionnaires were first administered to a selected small fraction of the sample in order to determine the degree of accuracy of the instrument.

From this exercise, a satisfactory outcome was achieved which shows that the Instrument was reliable.

## CHAPTER FOUR: PRESENTATION, INTERPRETATION, AND DISCUSSION OF FINDINGS

### 4.1 Introduction

This chapter presents the analysis of data collected from the field. Findings are presented on the respondent's characteristics, that is to say age, gender, education level, period of banking with the organization and accounts held by the respondents. They also show the knowledge respondents know about the electronic banking services, their availability at the GT bank and finally the determinates of customer satisfaction in GT Bank.

### 4.2 Characteristics of Respondents

This sub-section presents staff and customers' bio-data by gender, age, education level, duration of banking with the organization and type of account held by the sample population.

#### 4.2.1 GENDER

In order to establish the gender which frequently uses Electronic banking services, the respondents were asked to state their sex. The results are as presented below.

Table 4.1 Showing respondents by gender

Gender	Percentage
Female 22	55.0%
Male 18	45.0%
Total 40	100%

Source: Primary data

The above information shows female customers where more than male. This is attributed to the



fact that female customers love direct contact with someone. It was also found out that they like to deal with tellers for any of these transactions such that they know that their money is safe rather than dealing with machines. To use an ATM to deposit money they consider it very insecure that is why they continue to use banking halls than males who are very bold and they can use EB service without feeling insecure.

## AGE

The age of the respondents was relevant to establish the age bracket, which used the EBS in most banking halls. The results is showed below.

Age distribution of respondents

Frequency Percent

Below 25	5	12.5
26-30	14	35.0
31-35	13	32.5
36-40	5	12.5
41 & Above	3	7.5
Total	40	100.0

Source primary data

The information above shows that most of the people who use EBS in GT Bank are in the brackets of 26-30 and 31-35. Due to the advancement 111 technology, most of the things change as technology changes. Therefore, it's found out that people in the age group of 26-30 always try to find out the advancement and its very clear they always like using the new technology. It is also revealed that using the EBS is not the problem but banks do not put in a lot of effort to advertise these services which creates that gap of usage. Recently most of the people in this age

group own at least computers so they can use the services however, they say that they also fill insecure due to the Electronic fraud associated with the EBS.

#### 4.2.3 EDUCATION LEVEL

In order to find out the knowledge respondents may have about these services, they were asked to state their education level. The results are as below

Table 4. 1: Showing distribution of respondents according to level of Education

Education level	Frequency	Percentage
O' Level	5	12.5
A 'level	3	7.5
Degree	19	47.5
Diploma	7	17.5
Post graduate	6	15.0
Total	40	100.

Source Primary data

Results show that most of the respondents where degree holders, which indicated that information was obtained from well-educated respondents as well as the GT bank staff are well educated. The respondents are familiar with the use of the computers and it's very easy for most of them to use the EBS services. If the person is a computer literate, it is very easy for them to operate these services hence increasing the usage, but most of them use A TM"s and keep on ignoring the other services.

#### 4.2.4 PERIOD OF BANKING WITH THE ORGANIZATION

In order to ascertain how long these respondents shared a number of issues with the bank and how they rate this organization to others, they were asked to state the period they have banked with the organization. The results are as shown below.

Period of banking with the bank	Frequency	Percentage
less than 3years	7	17.5
3-6years	14	35.0
7-9years	9	22.5
More than 9year	10	25.0
Total	40	100.0

Source: primary data

The above information shows that most of the respondents have banked with the organization for more than 3 years. Customer's show that they have banked with the organization for along period of time and this is attributed to the good and excellent work done by the organization. According to the respondents, the bank has tried to carter for their needs that is to say, they have opened up more branches to help them ease their banking. They have opened up over 100 ATM's such that customers save time without going to banking halls, E- water payment systems to help them pay their pills in time and they have kept on introducing a number EBS services to help them with their banking needs like the introduction of GT Bank Mobile by the bank. There is a lot of confidence they put in their bank and tell that they can be loyal to the bank.

#### **Accounts held**

In order to establish how frequently they use the electronic banking services, customers where asked to state the accountants they hold with the bank. Results are as shown below.

Accounts held	Frequency	Percent
current account	17	42.5
fixed deposit account	5	12.5
savings Accounts	18	45.0
Total	40	100.0

Source: primary data

Results indicate that customers held saving accounts and current accounts with the bank. The respondents said that most of them opened those accounts in order to receive their money electronically and easily. They could easily make transfers to other accounts locally and internationally through online banking anywhere, anytime and it is supported by (Moriss.c 2004) that the electronic banking services have extended banking to even remote areas. They also said it was very easy to view their account balance with the new services like GT Mobile APP. It only works if you hold a saving or current account with the bank. Making payments also becomes very easy and messages are sent to each customer once a transaction is made.

### **Electronic banking services**

This section presents findings on the knowledge and availability of electronic banking services at GT bank. Generally, from the above information, it shows that a number of respondents understand what e- banking means. It was found out that when customers enter the banking halls, they only know a few banking services. They also said that they knew ATM's very well and in their statements, they were not aware of how they can use them while depositing and making other specific transactions. With the availability of the Electronic banking services, results show that customers knew the services available. Findings revealed that respondents knew a few of the EBS"s like ATMs, PC banking, Western Union however, while they were asked apart from knowing them, how often they used them, they were very clear that most of them used A TMs and the reason for not using others was that they did not own computers and Electronic is another problem.

## Availability of Electronic banking services

In order to establish how respondents were well conversant with EB services, respondents were asked whether they knew the EBS available at GT Bank. The results are shown below;

	AGREED	DISAGREED	PERCENTAGE
• Electronic payment systems are available at GT bank	40		100%
• I can access electronic banking services	40		100%
• Personal computer banking is available	40		100%
• ATM services are available at GT bank	40		100%
• E-tax payment systems are available at GT bank	40		100%
• E-bill payment system are available at Bank	40		100%
• SMS banking services are available at	40		100%

From the information above respondents agreed that electronic payments systems, easy access of the EBS, PC banking, ATM services, E-Tax payment systems, E-bill payment systems, GT Mobile and Direct deposit were available at GT Bank. Findings on the availability of these services at the bank was very critical, respondents believed that the services were available. Although their use was very slow. The respondents were very sure of the availability though they were not sure of whether they could use them without any guidance from the bank. They were familiar with ATM"s, they only use the machines for withdrawing, and they did not use the ATMs for any other transaction because they did not trust the machine like with depositing. The bank also should try to make them aware that the services are safe but if that fails people will not vacate banking halls for taking deposits.

### **Customer satisfaction determinates**

Customers have a number of determinates organizations have to consider such that they are satisfied. Therefore, under this subsection we will determine whether GT Bank meets the customer's needs such that they are satisfied with the services offered

#### **Determinates of customer satisfaction**

In order to establish whether customers were satisfied with the services offered by the bank, they were asked whether what they consider their satisfaction determinates are fully met by the bank and the results are as follows

	Frequency	Percentage
Agreed	20	50
Strongly agreed	19	47.5
disagreed	1	2.5
strongly disagreed	0	
Total	40	100

Source: primary data

Respondents were asked how EB affects the attainment of customer satisfaction. According to

Results, they agreed that EB affects customer satisfaction. Findings show that customers are satisfied with services offered by the bank. Customers revealed that the services offered are of a good quality such as SMS banking. They agreed that whenever a deposit or withdraw are made, an SMS is sent to the owner of the account, one can easily know the balance on his or her account hence they consider them to be of good quality. Respondents that use EB products and services are satisfied with the quality of the products and efficiency of delivery. This calls for concern. Banks therefore, need to intensify effort in seeing that customers are not satisfied but also delighted with electronic banking.









## **CHAPTER FIVE: SUMMARY, RECOMMENDATIONS, AND CONCLUSION**

### **5.1 Introduction**

This chapter highlights discussion and summary of major findings, the researcher also made conclusions based on the conclusions in chapter four and recommendations on the possible way forward to improve Electronic banking and customer satisfaction and areas of further study. The discussion was based on the study objectives and research questions as shown below;

### **5.2 Summary of Findings**

#### **5.2.1 Findings on the Availability of Electronic Banking Services in Gt Bank**

It was found out that A TM services, direct deposits, personal computer services, GT mobile, Ebill payment systems are available at GT bank since they registered the highest number of respondents who agree on their availability. Most of the respondents supported their availability however; respondents did not talk about their usage. This was due to some reasons like insecurity, reliability, inflexibility, lack of Electronic protocols, most of them where computer illiterate and it was also found out that it's not easy to get ATM cards because processing it takes a good period of time and fear of losing the cards or being stolen. Most of them said they could not use them because they do not own personal computers and it's not very easy to make transactions in an Electronic cafe in town. Results further confirmed that the respondents had some knowledge about these services at Centenary bank and they could explain what they meant and how one uses them. However, analysis revealed some of them did not know that SMS banking, and E-tax payment systems were available at the bank

#### **5.2.2 Findings on Determinants of Customer Satisfaction**

It was discovered that service quality, customer needs, flexibility, good working environment, and effective communication highly determine customer satisfaction and are crucial in order to make customers come the next time. Further analysis showed that Centenary bank has some weaknesses during service encounters for example, management does not focus on the customer's needs, and requirements, failure to understand customers or user's needs and their

services are not reliable. This implies that, customer expectations and needs are not recognized yet this is critical in customer satisfaction.

### **5.2.3 Findings on the Relationship Between Electronic Banking and Customer Satisfaction**

The findings revealed that there exists a weak positive relationship between electronic banking and customer satisfaction. Furthermore, the relationship in these two variables was tested using Pearson's correlation coefficient, which was 0.0875 and showed that there was 95% insignificant positive relationship between electronic banking and customer satisfaction. This shows that customers are not satisfied with the electronic banking services. Therefore, there is a lot of work needed to do about these services such that customers can really adjust and love them as they try to meet their satisfaction.

### **5.3 Conclusions**

After carrying out a close analysis of the study findings, it is evident that Centenary bank customers have a lot of knowledge about the electronic banking services available at the bank for example Phone banking, Personal computer banking, ATM services, and E-NSSF payment systems. It follows from the above findings that many potential problems associated with customers not being satisfied are because of poor communication with staff, management does not focus on customers' needs and requirements, product ambiguity, and management do not know and understand customer expectations and needs.

Finally, results confirmed existence of a weak insignificant positive relationship between electronic banking and customer satisfaction. 111 Centenary bank, thus customers are not yet satisfied with the e-banking services offered by the bank.

## 5.4 Recommendations

Basing on the study findings the researcher recommends the following: -

- I. The bank should consider customer sensitization about the E-banking services that is to say how to use the services, ensure their security, reliability of the services and clear operation of these services at the bank premises.
- II. The bank should continue advertising their services that is to say though many agreed to their existence they cannot tell you how to use them, how important these services can be. They should try to make the population aware of the advantages of the services.
- III. The organization needs to look at the customer satisfaction determinates such that they know clearly what they have to do to make their potential customers satisfied for example, understanding customer needs, Value and expectations because if expectations are not reached, then the organization will not ever satisfy their customers.

In order to improve on customer satisfaction, management should always consider the customer as first priority at their premises, they should not look at customers stuck, and they continue doing their own things because if that happens then customers will never be satisfied. A customer loves it when she is cared for, she cannot regret ever making you his or her bank

## **5.5 Areas for Further Study**

Although this study was on electronic banking and customer satisfaction, it could not exhaust all the researchable aspects concerning the above. Therefore, further research should be carried out on: -

- Electronic banking and customer adoption
- Impact of ATM services on customer satisfaction
- Service quality of banking services and customer need satisfaction
- Security, responsiveness and reliability of electronic banking and customer satisfaction

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