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An Investigative Study on Factors Influencing the Customer Satisfaction with E-Banking in Nigeria

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Abstract

This research work intends to investigate the factors influencing the customer satisfaction with e-banking in Nigeria. The study covered twenty (20) randomly selected banks in Ibadan, Oyo state, Nigeria. A structured questionnaire was used in gathering relevant data from the bank staff and their customers respectively. 105 questionnaires were filled and returned by the respondents. The participants were drawn randomly from different departments of selected banks in Ibadan metropolis. The selection was done in such a way that to include all categories of workers (Senior and Junior staff) and cut across the gender, while their customers' selection was done in banking hall. The result reveals that quality service (SMS alerts, E-mail alerts, and electronic opening of account etc.) and Automated Teller Machine are the major factors that influence customer satisfaction significantly in Nigerian banks. The study also reveals that telephone banking; mobile banking, point of sale terminals, smart cards and television banking have positive influence on customer satisfaction. The paper recommends that management should improve on the service quality, increase the numbers of ATM dispensers, confidentiality of consumer data should be protected.

Keywords: E-banking, ATM, Point of sales, Smart cards, Telephone banking and customer satisfaction.

Introduction

Electronic banking products and services are prime importance for banks to operate and remain in a global competitive environment. E- banking service is based on the use of new technologies to provide various banking services directly to customers around the clock. Banks offer a wide range of these services that can be used by electronic tools such as ATM, cell phone, cards, television banking, point of sales and Internet (Ammar, 2012). CBN (2003) reports that following e-banking are available in the Nigerian banking system: ATM, smart cards, telephone banking, personal computer (PC) banking, mobile banking and internet banking. Al- Hajri, (2008) agrees that Banks must make adjustments in service to meet customer needs by providing an excellent service to customers, through e- banking products. Ovia (2002) states that e-banking is the delivery of banking services and products through the use of electronic devices to customers irrespective of place, time and distance. He went further to state that this form of transaction process has transformed the cash based economy to an electronic based. E-banking includes the systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet (Gio, 2005).

It is important for banks to offer services electronically to differentiate themselves from competitors. Banks need to provide information for customers on various competing services, which make it possible to compare them and then select the one that best meets customer requirements (Almazari and Siam, 2008). Banks are strife for surviving and they need to attract their customers in different ways through providing convenient, accessible and acceptable services of products to their customers. Yan Ma and Ding (2010) say that customer satisfaction and value are considered central to acquire competitive advantage and long-term success of the company through good service delivery system. Also, Sirdeshmukh, Singh and Sabol,(2002) agree that customer satisfaction regulates behavioral intentions of loyalty toward the service provider. Ojokuku and sajuyigbe, (2012) assert that customer satisfaction has a powerful impact on firms' performance and is considered as an important source of competitive advantage.

Ho, and Ko, (2008) state that choosing to use electronic banking services by customers can mean easier, lower-cost, around the clock availability, and time savings in managing of financial services, and can also mean the anxiety, complexity, risk and difficulties in accessibility which might lead customers to refuse to continue using e-banking services. The electronic banking literature lacks empirical evidence about how a person's attitude affects their choice of financial service delivery channel (Karjaluoto, 2002).

This research paper intends to investigate factors that influencing customers' satisfaction with e-banking in the selected banks in Ibadan, Nigeria.

Empirical Review of Electronic Banking

According to Arunachalam and Sivasubramanian (2007), e- banking is where a customer can access his or her bank account via the Internet using personal computer (PC) or mobile phone and web-browser. In addition, Ongkasuwan and Tantichattanon (2002) further defines e-banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their web enabled computers with Internet connection to banks' web sites any time they wish. E-banking service also enables bank customers to perform transactions such as transfer and payments, access of latest balance, statement viewing, account detail viewing, customization, print, downloading of statements and obtaining of a history statement on all accounts linked to the bank's customers' Auto Bank (ATMs). Electronic banking can be defined as the provision of information or services by a bank to its customers, describes it as an electronic connection between bank and customer in order to prepare, manage and control financial transactions (Karjaluoto, 2002). E-banking is also defines as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels (Gio, 2005). Daniel (1999) describes electronic banking as the provision of banking services to customers through Internet technology. Daniel (1999) describes electronic banking as the provision of banking services to customers through Internet technology.

According to Khan (2007), Internet banking includes the system that enables financial institution customers, individuals or businesses, access accounts, transact business, or obtain information on financial products and services on public or private network including Internet. Kim et al., (2006) is of view that e- banking is the act of conducting financial intermediation on the Internet. It is that process whereby the customer is able to access, control and use his/her account over the Internet. Since the mid-1990s, there has been a fundamental shift in banking delivery channels toward using self-service channels such as electronic banking, mainly the use of automated teller machines (ATMs) and internet banking. Pikkarainen et al (2004) define internet banking as an "internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments". With the exception of cash withdrawals, internet banking gives customers access to almost any type of banking transaction at the click of a mouse.

Benefits of e-banking

Indeed the use of the internet 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 fiercer competition. Ojokuku and Sajuyigbe, (2012) state that electronic banking facilitates the customers' access to their accounts and executing transactions electronically in an easier way through visiting the bank websites at any given time. In utilizing this facility, individuals and companies are saving a lot of their time and money. Siam, (2006) also agrees that electronic services contribute in reducing costs, increasing profits, activating bank's management, increasing bank's effectiveness and its competitive degree. This reflects the direct relation between increasing client's needs to reduce time, costs and between electronic banking services. Gbadeyan and Akinyosoye, (2011) believe that the use of e–banking has brought many benefits amongst which include: there are no barrier limitations; it is convenient; services are offered at minimal cost; it has transformed traditional practices in banking; the only way to stay connected to the customers at any place and any time is through internet applications; it results in high performance in the banking industry through faster delivery of information from the customer and service provider; customers prefer the use of e–banking because it saves time; it makes possible the use of innovative product or service at a low transaction fees and it encourages queue management which is one of the important
dimensions of e–banking service quality. Amor, (1999) also agrees that with the online services customers can facilitate themselves by a number of ways: they can view their account details, review their account histories, payment and transfer funds, order and re-order cheques, pay utility bills, get loans by filling the loan application form online, activate or replace credit cards and get in touch with the customer care department.

Lustsik (2003) and Gurau (2002) as cited in Gbadeyan and Akinyosoye, (2011) explain multiple benefits to customers by e-banking services:

- The main benefit from the bank customers' point of view is significant saving of time by the automation of banking services processing and introduction of an easy maintenance tools for managing customer's money.
- Reduced costs in accessing and using the banking services.
- Increased comfort and timesaving — transactions can be made 24 hours a day, without requiring the physical interaction with the bank.

- Quick and continuous access to information. Corporations will have easier access to information as, they can check on multiple accounts at the click of a button.
- Better cash management. E-banking facilities speed up cash cycle and increase efficiency of business processes as large variety of cash management instruments is available on Internet sites.
- Speed. The response of the medium is very fast; therefore customers can actually wait till the last minute before concluding a fund transfer.
- Funds management. Customers can download their history of different accounts and do a what-if analysis on their own PC before affecting any transaction on the web. This will lead to better funds management.

Constraints of e-banking

Gbadeyan and Akinyosoye, (2011) identify major problems of e- banking amongst which include: the case of Internet criminals and fraudsters attempt to steal customer information through various methods such as phishing and pharming. In other word, there is increased concern about privacy and security of customers' information as a result of the fragility of information collected and held electronically and transferred via computer – mediated communications. Williamson, (2006) also agrees that through e-banking fund transfers is very easy for criminals to hide their transactions; there is inaccessibility to e–banking due to poor internet penetration, customer inflexibility to new technology, low educational level, poor computer literacy and constructive use of Internet services; language, cultural and logistical barriers; different legislation and information overload to customers. Howcroft, Hamilton, and Hewer (2002) find that the most important factors encouraging consumers to use online banking are lower fees followed by reducing paper work and human error. Nancy et al. (2001) study find that customers' complain about computer logon times which are usually longer than making a telephone call. In addition, respondents felt that they have to check and recheck the forms filled in online, as they are worried about making mistakes. Ladejo and Akanbi, (2012) identify lack of specific laws to govern Internet banking as a major concern for both the bankers and the customers. This relates to issues such as unfair and deceptive trade practice by the supplier and
unauthorized access by hackers. Nwaze (2009) as cited in Alabar, (2012) identified the basic constraints of Internet banking in Nigeria as:

- Inadequate ICT infrastructure
- Inadequate funding
- Absence of appropriate legal and regulatory framework
- High cost of bandwidth/telephone lines/internet access
- Service inter-exchange congestion and slow internet connectivity due to high international tariffs
- Unexpected system failure
- Complacence/illiteracy
- Security (Cyber security, data integrity, protection of customer's confidential information and identity theft).

Electronic Banking and Customer Satisfaction

According to Saha and Zhao (2005), customer satisfaction is defined as a collection of outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service. In other words, Saha and Zhao further define customer satisfaction as a result of a cognitive and affective evaluation where some comparison standard is compared to the actually perceived performance. Customer's satisfaction holds the potential for increasing an organization's customer base, increase the use of more volatile customer mix and increase the firm's reputation (Fornell, 1992, as cited in Alabar, 2012). Consequently, obtaining competitive advantage is secured through intelligent identification and satisfaction of customer's needs better and sooner than competitors and sustenance of customer's satisfaction through better products/services. Technology is then essential in providing faster and more efficient services to customers. Technology acquisition must be based on actual needs and the proven ability to deliver customer – friendly solutions (Alabar,2012).

Previous research (Ojokuku and Sajuyigbe, 2012; Alabar, 2012; Gbadeyan and Akinyosoye, 2011; Oladejo and Akanbi, 2012) agree that e-banking services have significant effect on customer satisfaction. Robinson (2000) argues that the online banking extends the relationship with the customers through providing financial services right into the home or office of customers. ovia (2002) finds that electronic banking usage has a considerable effect on customer satisfaction among the electronic banking users, while it has a negative impact on non-users. It was concluded that customer care and customer retention should be taken into consideration, because the convenient, easy and fast banking services is associated with the human and technology based delivery processes so that they are linked with the customers' perceptions of how these bank services are delivered to them. Casaló et al. (2008) who contend that higher levels of website usability might lead to higher levels of consumer's affective commitment to the website as well a direct, positive and significant relationship between satisfaction in previous interactions and the consumer's commitment to a financial services website.

Methodology

The study covered twenty (20) randomly selected banks in Ibadan, Oyo state, Nigeria. A structured questionnaire was used in gathering relevant data from the bank staff and their customers respectively. 105 questionnaires were filled and returned by the respondents. The participants were drawn randomly from different departments of selected banks in Ibadan metropolis. The selection was done in such a way that to include all categories of workers (Senior and Junior staff) and cut across the gender, while their customers' selection was done in banking hall. In order to establish the reliability of this instrument researchers used a test – retest method. The result of the reliability test was 0.86 showing that the instrument is reliable. In confirming the validities of the instrument, face and content validities were ensured the instrument was given to an expert. Data collected were analyzed by using multiple regression analyses.

Model specification

Customer satisfaction (CSF) = F(e- banking products or services) while e-banking products are measured by Automated Teller Machine (ATM), smart cards (SMC), point of sales (POS), mobile banking (MOB), television banking (TLB), telephone banking(TPB) and quality service (QAS). Thus this led to formulation of model;

$CSF = \beta 0 + \beta 1\ ATM + \beta 2\ SMC + \beta 3\ POS + \beta 4\ MOB + \beta 5TLB + \beta 5TPB + \beta 6QAS + \beta 7 + Ui$

Data Analysis

Table 1

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.827[a]	.684	.661	.24558	2.344

a. Predictors: (Constant), television banking, smart cards, point of sales, mobile banking, Automated teller machine, guality service, telephone banking

b. Dependent Variable: Customer satisfaction

Table 2

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.664	7	1.809	29.999	.000[b]
	Residual	5.850	97	.060		
	Total	18.514	104			

a. Dependent Variable: Customer satisfaction

b. Predictors: (Constant), television banking, smart cards, point of sales, mobile banking, Automated teller machine, quality service, telephone banking

Table 3

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.253	.224		-1.125	.263
	Point of sale terminals	.153	.082	.151	1.869	.065
	smart cards	.080	.079	.079	1.016	.312
	Automated teller machine	.211	.077	.229	2.737	.007
	mobile banking	.172	.088	.158	1.953	.054
	telephone banking	.204	.110	.195	1.857	.066
	quality service	.248	.100	.237	2.493	.014
	television banking	.020	.052	.025	.383	.703

a. Dependent Variable: Customer satisfaction

Interpretation of result

Table 1, 2 and 3 show that independent variables (ATM, smart cards, point of sale terminals, mobile banking, telephone banking, quality service and television banking) are joint predictors of customer satisfaction ($R^2 = 0.684$; $F (7, 97) = 29.999$; $P<.01$). The predictor variables jointly explained 68.4% of the variance of customer satisfaction, while the remaining 31.6% could be due to the effect of extraneous variables. This implies that banks' customers derived satisfaction from quality service, use of automated teller machine, telephone banking, mobile banking, point of sale terminals, smart cards and television banking (β = 0.237, 0.229, 0.195, 0.158, 0.151, 0.079 and 0.025) respectively. Quality service (SMS alerts, E-mail alerts, and electronic opening of account etc.) being enjoyed by customers and use of automated teller machine have significant influence on customer satisfaction with ($\beta = 0.237$; $t = 2.493$; $P<.05$; $\beta = 0.229$; $t = 2.737$; $P <.05$) respectively while telephone banking, mobile banking, point of sale terminals, smart cards and television banking also influence customer satisfaction but insignificant respectively. This result is conform to previous studies (Alabar, 2012; Ojokuku and Sajuyigbe, 2012; Gbadeyan and Akinyosoye, 2011; Khan, 2007; Siam, 2006; Saha and Zhao, 2005; Tomiuk and Pinsouneault, 2001 and Robinson, 2001) who assert that e-banking products or services influence customer satisfaction.

Conclusion and Recommendations

This study investigates e-banking products that influence customer satisfaction in Nigerian banks. The study reveals that quality service (SMS alerts, E-mail alerts, and electronic opening of account etc.) and Automated Teller Machine are the significant factors that influence customer satisfaction in Nigerian banks. The study also reveals that telephone banking; mobile banking, point of sale terminals, smart cards and television banking have positive influence on customer satisfaction. The result indicates that e-banking service is the only key for Nigerian banks to access global market. It is concludes that e-baking signifies higher levels of service delivery efficiency and this was supported by the research findings of Agboola, (2001) that online banking allows customers to get their current account balance at any time. Customers do not need to wonder either a cheque has been cleared or the status of their deposits in savings account.

Customers can now have access to their account outside working hours to make withdrawal through ATM to attend to their needs. This has also resulted in higher customer satisfaction.

Based on the findings of the study, it is therefore recommended that management should improve on the service quality, increase the numbers of ATM dispensers, confidentiality of consumer data should be protected.

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