

An assessment of E-banking Service Quality Satisfaction: Perception of Nigerian Banking Customers

*¹Abba Babayo, ²Babagana Mele

Bursary Department, Yobe State University Damaturu, Nigeria

Submitted: 10-08-2022

Revised: 22-08-2022

Accepted: 24-08-2022

ABSTRACT

The study focuses on assessing electronic banking on customer service delivery and was done using descriptive statistics, which aided the research in generalizing and drawing conclusions. The data collection instrument used in this research work was the distribution of questionnaires to respondents from the sampled study area (fourteen banks within Damaturu) which is a total of four hundred and sixty two (462), 420 customers and 42 bank staff, which was then analyzed in a statistical package for Social Sciences (SPSS). The customers and some staff of the banking sector was the research's target population and the information gathered was analyzed using a tool. According to the study, e-banking service quality has an important emotional effect on banking services. It is recommended that the study focuses on the effect of e-banking in terms of customer's satisfaction, as well as to provide a proper solution to the raised dilemma faced while conducting e-transaction. The study goes on to conclude and recommend that the financial institutions should use proper monitoring and systematic use of automated means of minimizing irregulars and abnormalities with public funds by fraudsters.

Keywords: Banks, Customers, E-Banking, Satisfaction, Service

I. INTRODUCTION

Banking has been one of the services that provide the opportunity to use the internet to enhance business transactions that enhance customers' satisfaction. The term electronic banking was defined by Allen et al(2001) to mean the use of data or services by a bank to its clients via a computer. A more sophisticated service is the particular case that furnishes clients with the opportunity to get access to their accounts and execute transactions and to buy item online by means of the internet (Daniel, 2005). Hence, E-

banking refers to the process through which a customer digitally interacts with a bank through computers without the need of a human contact (Jayawardhena, 2004). At the early stage, e-banking was used to provide information about banking services. However, today's customers are using online banking both as a transactional as well as an informational medium, and experiencing the wide range of banking services it has to offer including account inquiry, bank statement. The use of electronic banking products or services to banking operations has turned into a subject and concerns to all banks working inside Nigeria and without a doubt a condition for domestic and global competitiveness, (Ezeoha, 2006; Ikechukwu, 2000). Banks have realized that the banking of tomorrow is quite different from the banking in the past and requires more of electronic banking transactions rather than traditional banking systems. In other words, the paper based transaction is now being replaced by electronic-based transactions. Whether a bank would be successful or not rely upon the degree to which it is putting resources into IT and utilizing it as a part of an inventive way. This territory has been noted to be a noteworthy competitive ground for banks that are working in the post-solidification time. Telephone banking, Automated Teller Machines (ATMs), internet banking, mobile banking, and network banking and many others are examples of how technology is changing traditional banking now. Essentially, competitiveness in the banking industries have called for the need to bringing on board the electronic platform into industries around the world.

1.1 Problem Statement/Justification

E-banking was adopted by banks with the view to improve their service delivery, decongest queues in the banking hall, enable customers withdraw cash 24/7, aid international payment and

remittance, track personal banking transaction, request for online statement, or even transfer deposit to a third party account. However, despite the fact that effort by banks to ensure that customers gain the benefits of e-banking, the banks are encountering lot of complaints from customers as regards, malfunctioning of Automated Teller Machines (ATMs), network interruption, online theft and fraud, non-availability of financial service, payment of hidden cost of electronic banking like Short Message Services (SMS), for sending alert, mandatory acquisition of ATM cards, non-acceptability of Nigerian cards for international transaction amongst others. In spite of all these efforts little has it impacted on the behaviors of many customers and consequently the long queues and congestions exist at the banking hall in Nigeria. The question that arises from the above argument is that, why are customers still preferring being in queues and spending more hours in the banking transactions than being at their comfort zone and banking electronically?

1.2 Objectives of the Study

The main objective of this work is to appraise the impact of electronic banking on customers' satisfaction in Nigeria. However, the specific objectives of this work include the following:

- i. Assess customers' preference between banking in the halls and e-banking.
- ii. Examine the benefits and challenges associated with electronic banking
- iii. Determine the level of customer patronage of electronic banking services

II. LITERATURE REVIEW

2.1 Conceptual issues

2.1.1 Concepts of E-Banking

Rapid growth and improvement in information technology (IT), globalization of market and high competition have led to the distribution of financial services via electronic systems, known as e-banking (Mahdi, Rezaul, and Rahman, 2010). Essentially, internet banking is a banking channel that give consumers the opportunity to carry several transaction, either financial or non-financial through a bank's websites. The technological revolution produced modern technical instruments which have been used to facilitate and improve banking services. The electronic services represent the forms of self-services, so that the customer can do what he needs himself. In this regard the electronic services should be designed on the basis of the needs, wants, expectations, and experiences of the customers according to the following standards,

firstly the electronic services should have the easiness to use so that the customer can perform the tasks easily, secondly the speed of electronic services should be high, and finally the electronic services should have the credibility, and there should be compatibility between these services and other technical services. The concept of electronic banking has been defined in many ways. Daniel (1999) defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as personal computers and mobile phone through browser or desktop software, telephone or digital television. Similarly, Lustusik (2004) defines E-Banking services as a variety of e-channels for doing banking transactions through Internet, telephone, TV, mobile, and computer. Banking customers' desires and expectations with regard to service are expanding, as technology advances and improves. These days, the customer wants to operate and do his or her banking transactions at any location without going to the bank, at any time without being limited to the bank's working hours, and to do all his or her payments (purchasing, bills, stocks) in a fast and cost-effective way. Consequently, financial services quality ought to be characterized by independence, elasticity, freedom, and flexibility, to accommodate these desires (Khalfan and Alshawaf, 2004).

2.1.2 E-banking service quality

With a shift from manual to electronic operations, all banks nowadays offer e-banking services. Hence, the basic strategy to outperform your competitors and gain competitive advantage is obviously by providing superior quality service delivery (Amin, 2016). The concept of e-banking service quality (EBSQ) has consequently gained a prominent place in the services marketing literature during the last decade. Jun and Cai (2001) defined EBSQ as "consumers' evaluation of the quality of banking services delivered through internet. To this end, E-banking provides some exceptional services that are not accessible in offline banking, for example lack of interpersonal interaction, ubiquity and localization (Bauer et al., 2005). The ubiquity of e-banking services means access to banking services at any time and from anywhere (Al-Hawari, 2015). Localization means banks can track the location of the users and provide location-based banking services, such as information on the availability of ATMs (Amin, 2016). Previous studies such as (Jun and Cai, 2001; Ho and Lin, 2010; Amin, 2016) measure service quality in the e-banking context by considering reliability,

website design, privacy and security and customer service and support as the crucial dimensions explaining EBSQ. Essentially, improving EBSQ, in these context will enable banks to retain a loyal customer base to their e-banking services.

2.1.3 Customer Satisfaction and e-banking service quality

Customer satisfaction is one of the most important concepts in the field of marketing studies (Jamal, 2004). Broadly speaking, it links processes from purchasing of goods or services with after sales phenomena such as attitude change, repeat purchase, and brand loyalty (Churchill and Surprenant, 1982). Oliver (1980) opined that, feeling of satisfaction arises when customers compare their perception of actual product or service performance with their expectations. Essentially Studies have shown that customer satisfaction is an antecedent of increased market share, profitability, competitive advantage, positive word of mouth, and customer retention (Anderson, Fornell, and Lehman 1994; Abubakar, 2014). By and large, the conception of e-Banking by banking sector in Nigeria has been to making financial transactions easier and convenient to its teaming customers. Hence the sector is ken and dynamic in achieving these objective with a view to meet and satisfy their varying demand. A number of varying definitions have been proposed to explain customer satisfaction. Yet the notion of comparing post product/service performance with pre-formed expectations seems to be common to most definitions. Oliver (1981) defines satisfaction as an emotional post consumption evaluative judgment concerning a product or service

Researchers for example (Negi, 2009; Ladhari, 2009) have confirmed that providing quality service to customers would make them remain loyal to an organization, as well as attract the attention of prospective ones, increase corporate image and guarantee profitability of an organization. Consistent with Negi 2009, loyal consumers are considered an asset to an organization. Husain and Akhtar (2016) posited that a customer’s pleasure is the provider of

absolute gains of a quality uprising, which is primarily dependent on customer’s cognizance of overall service quality. Essentially, It is important to take note of how customer’s regard service quality and how it will affect their satisfaction level, and by this banks can highlight the gap in service quality delivery in order to take remedial actions to improve their activities. Essentially this study is premise to provide a tendency a customer will be frequently attracted to benefit from e-banking services and spread a positive word of mouth about e-banking services

III. METHODOLOGY

Data were collected from some customers of sampled banks (fourteen purposively) using primary sources, they were chosen out of the Nigerian banks by purposive sampling technique. Questionnaire was administered in collecting data from the respondents under the study. This approach for data gathering was adopted because it saves time and reduces cost, and allows large population to be used at a time and to accurately obtain it. The below are the presentations and analysis of the result obtained from questionnaires. The data gathered were presented according to the order in which they were arranged in the research objectives ranging from demographic aspects to topical sections from the respondents while using tables and decisions rule.

Decision Rule:

The decision rule is to reject null hypothesis if the calculated significance value is (less/equal to) $\leq 0.05, 0.01$ e.t.c. Then the variable is making a significant unique contribution to the prediction of the dependent variable. However, if greater than 0.05 then you can conclude that the variable is not making a significant unique contribution to the prediction of the dependent variable. This may due to overlap with other independent variables in the model.

3.1 Population and sample frame Table

S/No.	Bank(s)	Number of customers	Number of Staff	Total
1	Access Bank	30	3	33
2	First Bank	30	3	33
3	First City Monument Bank	30	3	33
4	Fidelity Bank	30	3	33
5	Guaranty Trust Bank	30	3	33
6	Heritage Bank	30	3	33

7	Ja'iz Bank	30	3	33
8	Keystone Bank	30	3	33
9	Polaris Bank	30	3	33
10	Stanbic IBTC	30	3	33
11	Union Bank	30	3	33
12	Unity Bank	30	3	33
13	United Bank For Africa	30	3	33
14	Zenith Bank	30	3	33
	Grant Total	420	42	462

Objective 1 Hypothesis testing of assessing customers' preference between banking in the halls and e-banking.

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	1.162	.291	-.492	26	.627	-.080	.163	-.414	.254
Equal variances not assumed			-1.445	24.000	.161	-.080	.055	-.194	.034

Source: SPSS Version 23

From the above table, it indicates that the calculated significance value is 0.291 while the tabulated value is 2.11 under 0.05 level of significance, as such, it implies that tabulated value is greater than calculated value. Therefore, the null hypothesis that there is no significance effect of

customers' preference between banking in the halls than e-banking in regards to customer satisfactions, therefore, it should be rejected and conclusively there is significance effect of customers' preference between banking in the halls and e-banking.

Objective 2 Hypothesis testing of benefits and challenges associated with electronic banking

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	4.952	.035	-.835	26	.412	-.200	.240	-.693	.293
Equal variances not assumed			-2.449	24.000	.022	-.200	.082	-.369	-.031

Source: SPSS Version 23

From the above table shows that the calculated significance value is 0.035 while the tabulated value is 2.11 under 0.05 level of significance, this implies that tabulated value is greater than calculated value. Therefore, the null hypothesis that there is no significance effect of

benefits and challenges associated with electronic banking should be rejected and conclude that there is significance effect of benefits and challenges associated with electronic banking and customer satisfactions.

Objective 3 Hypothesis testing of level of customer patronage of electronic banking services
 Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Equal variances assumed	.506	.483	-.341	26	.736	-.040	.117	-.281	.201
Equal variances not assumed			-1.000	24.000	.327	-.040	.040	-.123	.043

Source: SPSS Version 23

From the above table shows that the calculated significance value is 0.483 while the tabulated value is 2.11 under 0.05 level of significance, it implies that tabulated value is greater than calculated value. Therefore, the null hypothesis state that there is no significance effect of level of customer patronage of electronic banking services should be rejected conclude that there is significance effect of customer satisfaction.

IV. CONCLUSION

The research carried out to assessment of E-banking Service Quality Satisfaction: Perception of Nigerian Banking Customers. In the course of achieving this overall objective, special consideration has been given to two key areas of E-banking Service Quality Satisfaction and customer satisfaction. It as well discusses literature review where conceptual issue related to the topic of study such as the concepts and overview of e-banking, e-banking service quality, customer satisfaction in line with e-banking as well as other subtheme and literatures related to the study area. Methodologies were applied in ensuring the effective conduct of the research in line with data collection methods and also focuses on presentation and analysis of data, where all collected data were presented and

analyzed by using SPSS analysis package and analysis statistical method. Therefore it concluded that e-banking service quality is paramount in the nation's revenue drive, customer and their respective transactions transparency and fight against corruption. However, the e-system adoption may affect banks liquidity and employment as well. The study on e-banking as a catalyst for enhancing efficiency service delivery in Nigeria, the public perception of the e-banking policy on the likely increases CBN policy adoption on banks.

According to the study e-banking helps to avoid borrowing and paying additional interest charges, work burden and also avoid unnecessary financial the expenditure and spending. The study therefore concluded that unified arrangement which enhances the need for of the customer's transactions, and implies that no other means should overshadow to operate in the banking system without the oversight of the CBN. It is also concluded that it is comprehensive, encompassing all satisfactory aspects, both budgetary and extra budgetary regarding the architecture of the apex bank guides.

REFERENCES

- [1]. Abubakar, A. (2014). The effects of electronic banking on growth of deposit money banks in Nigeria, *European Journal of Business Management* 6(3), 79-89
- [2]. Al-Hawari, M.A. (2015). "How the personality of retail bank customers interferes with the relationship between service quality and loyalty, *International Journal of Bank Marketing*, Vol. 33 No. 1. pp. 41-57)
- [3]. Amin, M. (2016), "Internet banking service quality and its implication on c-customer satisfaction and e-customer loyalty". *International Journal of Bank Marketing*, Vol. 34 No. 3. pp. 280-306,
- [4]. Bauer, H.H., Hammerschmidt, M. and Falk. T. (2005). "Measuring the quality of e-banking portals", *International Journal of Bank Marketing*, Vol. 23 No. 2, pp 153-175
- [5]. Churchill, G. A.. and Surprenant, C. (1982). An investigation into the determinant of customer satisfaction. *Journal of Marketing Research*, 19, 491-504.
- [6]. Creswell, J. W. (2014): *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. Sage. Thousand Oaks
- [8]. Daniel. E. (1999), "Provision of electronic banking in the UK and the Republic of Ireland". *International Journal of Bank Marketing*, Vol. 17 No. 2, pp. 72-83
- [9]. Eugene, A. W., Fornell, C. and Lehman, D. R. (1994), "Customer Satisfaction, Market Share, and Profitability: Findings from Sweden," *Journal of Marketing*, 58 (July), 53-66,
- [10]. Fowler, J.F. (2008): *Survey Research Methods*. Sage Publishing, London
- [11]. Ho, C.T.B. and Lin, W.C. (2010), "Measuring the service quality of internet banking scale development and validation", *European Business Review*, Vol. 22 No. 1. pp. 5-24.
- [12]. Jun, M. and Cai, S. (2001), "The key determinants of internet banking service quality content analysis, *International Journal of Bank Marketing*, Vol. 19 No. 7. pp. 276-291
- [13]. Khalfan, AM, and Alshawar, A. (2004). Adoption and implementation problems of 1-flanking A study of the managerial perspective of the banking industry in Oman *Alof Global Information Technology Management*, 7(1). 47-64
- [14]. Ladhari R. (2009). A review of twenty years of SERVQUAL research *International Journal of Quality and Service Sciences* 1(2) 172-198
- [15]. Lustsik, O. (2004), Can E-Banking services be profitable (University of Tartu Economics and Business Administration Working Paper No 30-2004), doi:10.2139/ssrn.612762
- [16]. Negi R. (2009). Determining customer satisfaction through perceived service quality A study of Ethiopian mobile users, *International Journal of Mobile Marketing* 4(1):51-38
- [17]. Oliver, R. L. (1980). A cognitive model of the antecedents and consequences of satisfaction decisions *Journal of Marketing Research*, 17, 460-469
- [18]. Oliver, R. L (1981). Measurement and evaluation of satisfaction processes in retail settings. *Journal of Retailing*. 57(3), 25-48.
- [19]. Oppenheim, A. N. (1992): *Questionnaire Design, Interviewing and Attitude Measurement* Printer Publishers Ltd., London