

E-banking services impact and customer satisfaction in selected bank branches in Ibadan metropolis, Oyo state, Nigeria

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ABSTRACT

This study perused the impact of E-banking services on customer satisfaction of selected bank customers in bank branches located in Challenge, Dugbe, Agbeni, Gbagi, Ojoo, and Secretariat districts in Ibadan metropolis. The study employed a cross-sectional survey design and convenience sampling technique. One hundred (100) bank customers were surveyed through a self-report questionnaire. Four research questions and two hypotheses were tested using Pearson correlation analysis and, t-test for independence at $p \leq 0.05$. The results revealed high utilization of electronic banking products (ATM (98%), internet banking (85%), electronic transfer (97%). Constraints experienced include internet network failure, bank fraud and business loss due to failed e-transactions. Customers were satisfied with e-banking due to its cashless nature, cash accessibility, saves time from bank visitation and seamless transactions. The study exhibited that customers used and were glad with e-banking products. Customers' segmentation and more investment in e-banking infrastructure were advised for promoting electronic banking services.

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1. Introduction

Electronic banking has occasioned an astounding growth in several countries particularly Africa and has remodelled the normal banking activities in Nigeria. Ovia (2005) conceptualise Electronic banking as providing services to customers via internet or mobile technology such as mobile phone, computers and Automated Teller machines (ATM), etc. These services enables financial institutional customers, people or businesses to access accounts, business transaction, or get data on monetary product through internet telecommunication networks (Prakash & Malik, 2008). The Electronic Payment Methods (EPM) are simplified and personalized ways of conducting financial transactions (using mobile or internet) without involving physical cash or paper cheque reducing the instance where individuals have to carry large sums of cash and join lengthy queues on bank premises in order to conduct financial transaction (Jenevive & Anyanwaokoro, 2017). E-banking offers speed, efficiency, comfort and security compared to physical banking procedures. Automated Teller Machine (ATM) and Point of

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Sale (POS) have eliminated the need to use cheques and paper documentation (Jenevive & Anyanwaokoro, 2017).

Electronic payment strategies have been adapted in Nigeria advancing by the increase in the share volume and worth of transactions accomplished through the ATM, POS, and Mobile phones, etc. For instance the volume of transactions executed with the ATM was put at N548.60 million in 2009 and this increased to N74.9 trillion in 2016 (Adegbesan, 2017). Thus, it is not doubtful concerning the penetration of electronic payment approaches in Nigeria (Jenevive & Anyanwaokoro, 2017). In Nigeria major cities and financial hubs, E-banking services are increasingly gaining ground as the customers received them as panacea to the problems of poor quality services peculiar to the Nation's banking system. However, what is unknown is the level to which e-banking services have reduced the stress or problems associated with banking and enhanced customers' satisfaction (Taiwo & Agwu, 2017). Emergent literature have identified that electronic banking in Nigeria is costly, occasioned by epileptic internet services, increase in the size of cash deposits, and increased exposure to fraudulent activities (Afolabi, 2009; Taiwo & Agwu, 2017).

In the Ibadan metropolis, banking organizations are promoting electronic banking for use among its customers, however level of utilization seems low which was evidence with long queues at bank branches, low deployment of POS at supermarkets and most government and private organizations still prefer paying cash at revenue points evidenced in urban centers in Nigeria (Bello, 2005). Suggesting that the e-banking service is possibly ignored and underutilized despite its availability. It is in view of that the current study appraised the state of e-Banking adoption in the Ibadan metropolis and level of satisfaction with these products in the Ibadan metropolis. Specifically, this study seeks to:

- Identify the various electronic bank products presented/offered to bank customers in the metropolis.
- Describe the socio-economic characteristics of the responding bank customers.
- Appraise the consumer satisfaction with electronic services offered by banks.
- Evaluate the frequency at which branch visitation by customers have decline with adoption of e-banking services.

Two hypotheses stated that:

1. E-banking have not significantly enhanced customer satisfaction among bank customers in Ibadan.
2. The adoption of E-banking products and services has not caused a significant decline in bank visitation.

2. Literature review

This inquiry was anchored on the Disconfirmation theory by Oliver (1980) which postulates that consumer satisfaction with service or products is directly proportional to the magnitude and direction of the consumers' cognitive experience resulting from comparison of service performance and consumer expectations. Satisfaction is consumers' fulfilment response (Fang et al., 2010). In Nigeria, electronic banking products are gaining ground as customers received them as solution to the challenges of banking services delivery peculiar to Nigerian banks. E-banking have helped the banking organizations deliver more efficient services with less processing time, improved flexibility of transactions and reduction in overhead personnel costs (Adesina & Ayo, 2010).

Appraisal of e-banking adoption and satisfaction with the services have shown that e-banking usage increased with the perception that it is convenient, very easy to use, reduce transaction time and flexible (Adesina & Ayo, 2010). However, experts suggest that the rate at which Nigerians accept the products is far below expectation (Suleimon, 2007).

Addai et al. (2015) survey study demonstrated a positive association between customer satisfaction and e-banking availability, reliability and convenience. Srivastav and Mittal (2016) investigated positive and negative variables influencing customers' satisfaction with Internet banking. They found that trust and service quality was associated with internet banking services and adoption. Ismail and Alawamleh (2017) found that e-banking adoption had a positive effect on Jordanian banks and customers' satisfaction rates. Firdous and Farooqi (2017) in an exploratory study found that dimensions of e-banking service quality was associated with consumer satisfaction.

3. Methodology

The inquiry was conducted within the Ibadan metropolis, Oyo state, Nigeria. The Primary data collected from cross-sectional field survey using questionnaires. The target population of the study comprised of banks customers sampled at the premises of bank branches located in the six business districts which include; Challenge, Dugbe, Agbeni, Gbagi, Ojoo and Secretariat Branches. These areas constitute the major business districts in the Ibadan metropolis. In this study, 100 customers were conveniently sampled from the customers visiting the selected branches.

3.2 Instrument

The questionnaire consisted of three parts. Part I tapped demographic information such as age, marital status, education attainment, etc. Part II sought information perceptions and disposition to electronic banking services. This was captured using items adapted from customers' satisfaction with E-Banking standardized instrument by Kumbhar (2011). The reliability was $\alpha = 0.91$. The sub-dimensions of the scale include perceived value, brand perception and cost effectiveness; easy to use, convenience, problem handling, security/assurance and responsiveness, system availability, and fulfillment compensation. A cumulative customer's satisfaction index was estimated by summing the scores on all the items. High scores on the measure suggest high gratification and vice versa. Part III sought customer responses on frequency of visiting bank branches after embracing e-banking based on reason for visiting the bank. 4 items were scored on a Likert scale arrayed from 1 = Not all, to 5 = every day of the week. Reliability was 0.78 Cronbach alpha. The frequency of visit index was calculated by adding all the scores on the four items. Survey items on adoption, use of e-banking and service quality were responded to on a Likert scale arrayed from 1 = "Strongly Disagree" to 5 = "Strongly Agree" using items adapted from Kumbhar (2011). Reliability was 0.82 cronbach alpha. The section also contains items asking questions on perceived constraints to the use and adoption of e-banking products.

3.3 Procedure

Prior to the exercise of data collection, permission was sought and secured from the relevant authorities in the selected banks to conduct the study among its customers. In addition, research assistants were employed and trained in data collection techniques to enable them effectively seek audience from sampled customers.

3.4 Method of data analysis

The data was analysed using SPSS for windows version 20.0. The descriptive statistics include frequency counts and simple percentage. The Pearson correlation statistics were used to establish the co-variant relationship between the variables and t-test for independence used to examine differences between variables at $p \leq 0.05$ level of significance.

4. Results

Result revealed that more than half of the respondents were males below the age of 30 years, 29 % were age between 31 to 40 years and 21% were ≤ 40 years. 64% of the customers were married and

75% possessed First degree certificate, 15% had secondary school education and 10% were primary school certificate holders. 80% of the consumers had less than 5 dependents, 13% had 5-9 dependents and 7% had above 10 dependents. 55% of the consumers earned below =N= 200, 000, 26% earn between =N= 201,000-=N= 500,000 and 19% earned above =N=501,000 monthly.

Table 1
Electronic banking utilization

Item	Yes	No
ATM	99(99%)	1(1%)
Internet banking	85(85%)	15(15%)
Bank transfer	97(97%)	3(3%)
E-money/purse	14(14%)	86(12%)
POS	31(31%)	69(69%)
Mobile money	29(29%)	71(71%)

Source: Authors computation

The larger percentage of the consumers reported using ATM, internet banking while only few reported the use of bank transfer, POS and mobile money and majority reported non-utilization of E-money/purse.

Table 2
Perception of the quality of e-banking services offered by the service provider

	SD	DA	U	A	SA
Electronic banking makes cash readily available whenever you need it	3(3%)	15(15%)	3(3%)	50(50%)	29(29%)
Using electronic banking saves time from going to the bank	3(3%)	5(5%)	6(2%)	47(47%)	44(44%)
Electronic banking services makes transaction easier and safer	5(5%)	3(3%)	4(4%)	48(48%)	41(41%)
Electronic banking exposes one to internet fraud and credit	10(10%)	28(28%)	10(10%)	36(36%)	16(16%)
Electronic banking helps me to save time from visiting branch banks to conduct banking transactions	4(4%)	5(5%)	3(3%)	50(50%)	38(38%)
Electronic banking allows me to conduct my business 24 hours/day without waiting for banks opening hours	7 (7%)	7(7%)	3(3%)	57(57%)	27(27%)

Source: Authors computation

79% opined that electronic banking makes cash readily available whenever need arise. 83% reported that electronic banking saves time from going to the bank, 90% viewed that electronic banking services makes transaction easier and safer. 52%reported that electronic banking increases their vulnerability internet fraud and credit, 88% opined that electronic banking helps to save time from visiting branch banks to conduct banking transactions, 84%) agreed that electronic banking allows the conduct of baking business 24 hours/day without waiting for banks opening hours.

Table 3
Impact of electronic banking on visitation to bank branches in the last six months after embracing e-banking products

Activities to carry out at the bank	No response	Not all	On demand	Once or twice in a month	3 to 4 times in a week	Every day of the week
For banking transaction	18(18%)	9(9%)	35(35%)	30(30%)	8(8%)	1(1%)
For enquiry	28(28%)	9(9%)	35(35%)	22(22%)	5(5%)	1(1%)
To transfer money	33(33%)	11(11%)	28(28%)	25(25%)	1(1%)	4(4%)
To receive money	17(17%)	6(6%)	38(38%)	21(21%)	14(14%)	6(6%)

Source: Authors computation

Table 3 shows that larger proportion (35%) of the respondents reported that with introduction of electronic banking activities their visitation to the bank branches is now on demand, 30% now visits the bank branches once or twice in a month. Only, 35% now visits the bank for enquiry when demanded compare to 22% who visit once or twice in a month. 28% presently visits the bank branches to transfer money on demand and 38% reported visiting the bank to receive money only when necessary to do so while 21% visit the bank once or twice in a month to receive money.

Table 4
Satisfaction with electronic banking

Items	SD	DA	U	A	SA
I enjoy electronic banking which affords customers to take less cash around	2(2%)	8(8%)	3(3%)	48(48%)	40(40%)
I am completely satisfied with the services delivered by my bank	3(3%)	16(16%)	38(10%)	45(45%)	26(26%)
I feel very pleased with services offered through electronic banking	7(7%)	15(15%)	5(5%)	46(46%)	26(26%)
I feel absolutely delighted with the electronic banking	3(3%)	11(11%)	11(11%)	52(52%)	24(23%)
I would like to remain as a customer of my present bank due to it electronic banking	4(4%)	13(13%)	9(9%)	47(47%)	27(27%)
I consider myself to be loyal to my bank and electronic	3(3%)	7(7%)	8(8%)	50(50%)	33(33%)

Source: Authors computation

Significant number of the respondents agreed that they enjoy electronic banking, which affords customers to take less cash around, makes cash readily available whenever need arise. Majority were satisfied because electronic banking saves time from going to the bank, makes transaction easier.

Table 5
Constraints to the utilization of electronic banking

Constraints	Yes	No
Being stranded due to electronic banking problems	56(56.1%)	44(44%)
experience credit card theft/online bank fraud	14(14%)	86(86%)
Business loss or challenges due to inability transact with heavy cash due to bank restraints	20(20%)	80(80%)

Source: Authors computation

Table 5; reveals that Constraints reported by a number of the respondents include being stranded due to electronic banking (56%), credit card theft/online bank (14%)and business loss or challenges due to inability to carry heavy transactions at the counter(20%).

4.2 Hypothesis testing

H₁: E-banking have not significantly enhanced customer satisfaction among bank customers in Ibadan. The hypothesis was tested using Pearson r correlational test and summary presented in Table 6.

Table 6
Pearson correlation test showing the relationship between e-product and services utilisation and Customer satisfaction

Variables	Mean	S.D	Df	r	P
Customer satisfaction	25.43	5.29	378	.36**	<.01
Utilization of electronic banking products and services	7.59	2.08	378		

**Pearson correlation significant 0.01 level of significance (2 –tailed)

The results obtained from the test are shown in Table 5 shows that utilization of e-banking products, services was a positive co-variant of customer satisfaction ($r = .36, p < .01$) indicating that in electronic banking products, services significantly relate to increase in satisfaction. The null hypothesis not accepted and the working hypothesis is supported.

H₂: The adoption of E-banking products and services has not caused a significant decline in bank visitation. The hypothesis was tested using t-test for independence statistics and summary presented in Table 7:

Table 7

t-test summary table showing the influence of electronic banking utilisation on Frequency of bank visitation

	Level of electronic banking utilization	N	Mean	S.D	df	t	P
Frequency of Bank visitation	Low utilization	104	8.85	5.44	98	3.37	<0.01
	High utilization	63	4.93	3.65			

Results in Table 7, reveals that low utilization of e-banking products ($M=8.85, S.D= 5.44$) significantly occasioned reported lower averaged frequency of bank visitation compared to high utilization of electronic banking products ($M=4.93, S.D =3.65$). The result indicates that utilization of electronic banking services reduced the constancy of bank visitation ($t(98) = 3.37, p < .01$). This demonstrates that high utilization of e-banking products reduced frequency of bank visitation among the present sample. The null hypothesis is not accepted and the working hypothesis is supported.

5. Discussion

From the results, this study has empirically demonstrated that there was a high utilization of electronic banking products. ATM, internet banking and electronic transfer are the commonly utilized e-banking products. This is consistent with findings from Bello (2005), Taiwo and Agwu, (2017), Adesina and Ayo (2010). It was confirmed that internet network failure, bank fraud and business loss due failed e-transactions were the common constraints reported by the customers. This is also consistent with Taiwo and Agwu (2017), Adesina and Ayo (2010). The findings showed that there was a significant decline in bank visitation which disagrees with earlier findings by Bello (2005). This finding however agrees with the work of Worku et al. (2016) who found a significant decline due to the adoption of e-banking products.

Customers were satisfied with e-banking with emphasis on its cashless nature, cash accessibility, saves time from bank visitation and seamless transactions. This is in agreement with Firdous and Farooqi (2017) who found association between dimensions of e-banking service quality and consumer satisfaction. The study also demonstrated that E-banking utilization was associated with customer satisfaction. This is in agreement with findings of Addai et al. (2015), Srivastav and Mittal, (2016); Ismail and Alawamleh (2017) who demonstrated that e-banking services was associated with increased customers satisfaction with banking services.

6. Conclusion and Recommendation

This inquiry has demonstrated that the patronage of e-banking products is on the increase and bank clients are satisfied with e-banking experience. The banking organisations were advised to increase awareness about electronic banking system through sensitizing its customers, particularly the non-adopters, about the various gains associated with e-banking so as to encourage its adoption. To further reduce the challenges associated with users interface, graphical presentation and pictorials should be on display at bank's branches. The banking organizations should endeavor to minimize the costs

associated with e-banking. They should not introduce fees for similar banking services that are free-of-charge in the physical world (for example, at bank branches and/or ATMs). For further studies, it was advised that researchers interested in future inquiry can extend the research to corporate customers, and comparison could then be made between private and corporate customers to include factors influencing decisions to embrace, select e-banking and services perceived to be useful. In addition, the sample size should be increased in a study of the whole banking sector.

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We declared that there is no conflict of interest, this study was entirely self-sponsored and informed consent obtained from the respondents.

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