

CHALLENGES OF DEPLOYING ICT INFRASTRUCTURE TO ELECTRONIC BANKING IN NIGERIA CASHLESS ECONOMY - A CASE STUDY OF SELECTED BANKS IN AWKA, ANAMBRA STATE.

Nwani Emmanuel Chinweuba

Department of Computer Science, Federal Polytechnic, Oko, Anambra State, Nigeria.

emmanuel.nwani@federalpolyoko.edu 08033610029

ABSTRACT

This research study employs the percentage method to analyze the response of some selected bank employees and customers in Awka the Anambra State Capital. From the view point of the banks the result of the analysis showed that the adoption of E- banking and the provision of E-banking channels has not led to increased productivity and some of the challenges faced in the provision of banking services to customers which includes power failure, breakdown of ATM machine unavailability of bandwidths for connection to a network among others has really affected the ability of the banks to provide adequate and satisfying services to their customers and that customers are not properly utilizing electronic banking channels that is made available. From the customers point of view, it was deduced from the result that most customers do not use the ATM which is the most popular electronic banking channel and the few customers that know how to use the ATM do not know how to use it to effect transfer or pay for transactions.

INTRODUCTION

Wikipedia (2013) defined electronic banking as a banking in which funds are transferred through an exchange of electronic signals over a network connecting financial institutions rather than the exchange of cash, cheques etc. Kyle (2019) refers to electronic banking as the provision of both retail and wholesale banking, mostly retail products and services through electronic channel. These products and services include but not limited to deposit taking, lending, account management, financial advisory services, bill payment and purchases. The industry like most industries has been transformed by technological innovations. These has made it possible to offer alternative delivery channels for services such as automated teller machines, electronic banking and internet banking, credit cards and the execution of payment through electronic transfer at point

of sale. Many banks have installed modern computer connectivity that would enable them achieve communication of data and multimedia over the internet and extranets. Banks of the future realize that the bank of tomorrow requires more of electronic manipulations in banking transactions. Mark (2001) captures electronic banking as an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a bank building. Electronic banking is faced with problems such as insecurity and congestion of internet, existing business environment also pose some challenges to the smooth operation of E- banking in Nigeria which is epileptic power supply, dominance of cash transaction in the economy and low level of awareness among Nigerians and its impact on the operations of financial institutions.

THEORETICAL FRAMEWORK

In examining the implication of cashless system, it is necessary to review how conventional money has evolved. Money performs a number of roles in economic activity: it is a unit of account, store of value, medium of exchange and means of deferred payment. Also money has evolved over the centuries to minimize the function of transaction cost that are involved in exchange. The process can be observed from the development of the very first monetary products. For instance conducting economic transactions in barter economies involved high transaction costs as considerable time and effort was required in finding suitable partner. Subsequently another facet in the evolution of money is the need for tangibility and divisibility. Hence, the advent of such money (notes and coins) made the process less costly by allowing people specialize in production based on their strengths and enabling the monetary authorities mint in convenient denominations, thereby creating divisibility (Baddeley, 2004). However there has been drift towards electronic money, which is quite difficult to define because it blends technological and economic characteristics (Basel Committee, 1998). Several scholars have attempted to analyse the cashless system or e-banking. However, it becomes clear that few studies present a comprehensive evaluation of cashless banking implications in developing countries. Most ignore its economic benefits while some do incomplete examination of its negative implications.

REVIEW OF EMPIRICAL LITERATURE

Okoro and Kigbo (2014) investigated the problems and prospects of e- transactions (the Nigeria perspective) using questionnaire and adopting two hypothesis, chi square

statistical tool was adopted in testing the hypothesis. The result revealed that there is significant relationship between e-transaction in promoting economic growth but this has not been harnessed as it is still at its infant stage and the attitude of government, corporate bodies and individuals pose a problem to e- transactions as they are enslaved in fears resulting from insecurity, technical problems, anonymity and cultural problems.

Okechi and Kepeghom (2014) examined the empirical evaluation of customers use of electronic banking system in Nigeria. The survey instrument employed involved the use of 240 questionnaires administered in Enugu, Nigeria. The result of the research showed that among all e-banking channels, ATM has the highest level of usage. The researchers recommended that bank customers should be well informed on the use of all forms of e-banking channels for their financial transactions. The evolution of e banking technology has been driven by changes in distribution channels as evidenced by automated teller machines(ATM), telephone banking, PC banking and most recently internet banking (Chang, 2013). E-banking is the term used for new age banking. E-banking is also called online banking and it is an outgrowth of PC banking. E-banking uses the internet as the delivery channel to conduct banking activities i.e transferring funds, paying bills, checking account balances, paying mortgages and purchasing financial instruments. (Mohammed, 2013). It is difficult to infer whether the internet tool has been applied for convenience of bankers or the customer's convenience. But ultimately it contributes in increasing the efficiency of the banking operation as well as providing more convenience to customers. Maholtra and Singh(2014) Investigated the state of internet banking in India and its implication on the India banking industry using information

drawn from the survey of 85 scheduled commercial banks websites, during the period of June 2004, the result showed that nearly 57% of the Indian commercial banks are providing transactional internet banking services, the result also indicated that internet banks are larger banks and have better operating efficiency ratios as compared to non-internet banks. According to Christopher and Edward (2014) E banking has become an important channel to sell the products and services and is perceived to be necessity in order to stay profitable in business.

Customers have started perceiving the services of the bank through internet as a prime attractive feature than any other prime product features of the bank. Customers have started evaluating the banks based on the convenience and comforts it provides to them. Karjaluoto and Purtara (2012) opined that banks have the choice to offer their banking services through various electronic distribution channels such as internet technology, video banking, telephone banking and WAP technology. They also viewed the internet technology as the main electronic distribution channel in the banking industry. Wang and Bright (2013) claimed that in the 1990s e banking was underutilized as business organizations used it only to market their products and services.

Thorton and White (2011) examined customer orientation and usage of financial distribution channels in the Australian financial industry and found out that more recently most financial institutions faced with competitive pressure after the introduction of deregulation in 1983 have rethought their strategies to take full advantage of IT. Rafiu (2004) empirically examined the impact of E banking on Nigeria's economy using Kaiser-Meyar-Olkin (KMO) approach and Bartlett's Test of spherity. The result indicated that E-business has increasingly become a necessary component of business strategy and a strong

catalyst for economic development and that e- banking has become popular because of it's convenience and flexibility, speed, efficiency and accessibility.

Ayo (2014) investigated the prospects of e commerce based on ability, motivation and opportunities (AMO) model and observed that virtually all companies have online presence. The paper reported that motivation and opportunities for e commerce as low, based on lack of e-payment infrastructure and access to information and communication technology (ICT) facilities.

Buse and Tiwari (2013) investigated an assessment of customer acceptance of e commerce in Germany. He observed that the highest mobile banking users are the top management, followed by self-employed, salaried class, students and others. Government employees were found not to patronize mobile banking, the most favourable reason for carrying out mobile banking is ubiquity followed by overview of bank account. The highest fear of customers about mobile banking is that of insecurity, cost and convenience.

Mardi and Merhadi (2014) employed chi square as a statistical tool to determine the impact of e-banking in Iran. Their findings from the viewpoint of customers indicated that e banking has great benefits. It was discovered that Iranian banks provide services which increases customer satisfaction. Birch and Young (2019) argue that the internet may be exploited as a new delivery channel by the financial services industry to completely reorganize the structure of the banks.

Challenges of e banking in Nigeria includes fraud risk associated with e transactions, money laundering associated with e transaction, privacy and anonymity associated with e transactions, technical problems, cultural problems, and so on.

Yuan et al (2013) investigated the characteristics of internet banking in China and discovered that internet banking transactions in China tend to be business related and that current internet banking users skew young, highly educated and wealthy. Laforet and Li (2014) investigated the market status for online/mobile banking in China using demographic, attitudinal and behavioural characteristics of online and mobile bank users. The result showed that Chinese online and mobile banks users were predominantly males, not necessarily young and highly educated. Ogbonnia and Chukwuma (2022) critically reviewed automation in banking industry. Their review concluded with positive emphasis that could improve the delivery of customer services. Mohammed and Mohammed (2013) investigated e banking usage level among retail banking outlets and to identify the factor that influence the adoption of e banking in Sudan using questionnaire administered to 400 clients using convenience sampling method. The result showed that majority of the retail banking industry clients use at least one of the e banking services. Among all e banking channels, Automated Teller Machine (ATM) is the most popular channel. The result also

showed that high income earners and those who have current account and computer with computer literacy are more likely to use e banking services. The study identified eleven factors that affect the adoption of e banking in Sudan. These factors include: frequent breakdown of ATMs, inconvenient locations of ATMs and electronic point of sale, inaccessible internet, lack of channel for reporting technical problems, unclear legislation protecting e transactions, slow bank response for connecting erroneous transactions, weak bank role in raising clients awareness, unclear e banking guidelines and instructions, frequent power cut offs and high e banking services fee.

METHODOLOGY

This study employed the percentage method to analyse the response of some selected bank employees and bank customers in Enugu metropolis.

SOURCE OF DATA COLLECTION

A total of 80 questionnaires were administered to bank customers and employees in Awka to assess the prospects and the challenges faced by both customers and the banks in assessing and provision of e banking channels.

DATA ANALYSIS AND RESULT

QUESTION 1 : HAS THE ADOPTION OF ELECTRONIC BANKING LED TO INCREASED PRODUCTIVITY?

FREQUENCY

PERCENTAGE (%)

Often	Occasionally	Rarely	Not at all	Total
6	13	13	8	40
15	32.5	32.5	20	100

QUESTION 2: TO WHAT EXTENT HAS THE CHALLENGES OF E BANKING AFFECTED YOUR PRODUCTIVITY?

Frequency Percentage (%)

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Often	Occasionally	Rarely	Not at all	Total
14	9	10	7	40
35	22.5	25	17.5	100

QUESTION 3: TO WHAT EXTENT HAS CUSTOMERS BEEN ABLE TO ACCESS ELECTRONIC BANKING CHANNEL?

Frequency Percentage (%)

Often	Occasionally	Rarely	Not at all	Total
23	9	7	2	40
57.5	22.5	17.5	5	100

TO CUSTOMERS

QUESTION 1: DO YOU KNOW HOW TO USE THE ATM?

Response Frequency Percentage (%)

Yes	No	Total
21	19	40
52.5	47.5	100

QUESTION 2: DO YOU KNOW HOW TO EFFECT TRANSFER USING THE ATM?

Response Frequency Percentage(%)

Yes	No	Total
9	31	40
22.5	77.5	100

QUESTION 3: HAVE YOU EVER USED THE ATM TO PAY FOR TRANSACTION?

Response Frequency Percentage

Yes	No	Total
11	29	40
27.5	72.5	100

INFERENCE FROM THE RESULT

From the view point of the banks the result of the analysis showed that the adoption of E-banking and the provision of e banking channels has not led to increased productivity and some of the challenges faced in the provision of e banking services to customers which includes power failure, breakdown of ATM machine

unavailability of bandwidths for connection to a network among others has really affected the ability of the banks to provide adequate and satisfying services to their customers and that customers are not properly utilizing electronic banking channel that is made available. From the customer's point of view, it was deduced from the result that most customers do not use the ATM which is the

most popular electronic banking channel and the few customers that know how to use the ATM do not know how to use it to effect transfer or pay for transactions. This research conforms with the study of mohammed and mohammed (2013).

CONCLUSION

This research revealed that the ATM which is the most popular channel of E-banking in Awka, Anambra State Nigeria has not achieved the purpose of increase in productivity and turnover as witnessed by some other countries around the world. Maholtra and Singh (2014) study showed how banks that made use of the opportunity provided by the internet became bigger banks. The other alternative, using USSD code to make interbank transfers are not actively functional.

RECOMMENDATION

This study recommends that the banks should source for an alternative means of increasing their data bandwidth to meet with the surge in e-banking transactions as a result of recent CBN cashless policy in Nigeria. The incessant network failure during e-banking transaction should be addressed by the financial institutions to check the frustrations customers face on regular basis. This study suggests that one of the bank's staff should be assigned to the ATM points and other e-transfer medium to address difficulty faced by illiterate customers. Banks should also note that the provision of these services can lead to increased patronage and increased productivity.

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