

The Impact of Electronic Banking on Human Resources Performance in the Nigerian Banking Industry

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ABSTRACT

The survey examined the impact of electronic banking on Human Resource (HR) performance in the Nigerian banking industry, using First Bank Plc as a case study. The objective was to determine how the introduction of e-Banking has impacted on the efficiency and effectiveness of service delivery by the bank's personnel and on bank-customers relationship and customer satisfaction. Structured questionnaire was used with the aid of personal interview to collect data from thirty five respondents randomly sampled from five purposively selected branches of First Bank Plc. Chi-square test was applied for data analysis. Result showed among other things that introduction of electronic banking has impacted positively on the bank's HR performance, in terms of improved efficiency and effectiveness of service delivery by bank personnel. Bank-customer relationship and customers' satisfaction was also found to have been greatly enhanced. Hence, Government should lower the tariff on information technology-aided tools and equipment imported and possibly subsidized the cost.

Keywords: *E-Banking, HR Performance, Service Delivery, Bank Customer Relationship, Customer Satisfaction*

INTRODUCTION

The evolution and recent developments in information and communication technology has changed the way organizations operate and do business especially in the banking industry. Electronic banking has in particular brought a complete paradigm shift on the bank's performance and on service delivery in the banking industry (Abubakar and Rasmainsi, 2012). The introduction of electronic banking has changed manual and traditional forms of doing business and are being replaced by the sophisticated technology that is based on automation and interconnection of computers and other electronic devices. For instance, ledger books, paper invoice, printed materials and business trips are being replaced with online billing and payments, elaborate website with product information and real-time teleconferencing across continents and time zones. Information technology has radically changed how banking is done all over the world, the volume and speed of banking transaction has improved tremendously as a result of quantum growth in information technology, which has created business opportunities for banks (Amedu, 2005). Abubakar and Rasmainsi (2012) observe that Information and communication technology has become the heart of the banking sector, which is the heart of every robust economy.

Ovia (2001) says that the banking industry has moved into an era of menu-driven ultra robust specialized software programmes called banking applications and these applications can carry out virtually all banking functions relying heavily on information collection, storage, transfer and processing. Banking is becoming highly ICT based and because of its inter-sectoral link, it appears to be reaping most of the benefits of evolution in technology, as can be seen by its application to almost all areas of its activities. In recent times, Information and Communication Technology (ICT), which basically involves the use of electronic gadgets especially computers for storing, analyzing and distributing data, is having a dramatic influence on almost all aspects of individual lives and that of the national economy- the banking sector inclusive. The increasing use of ICT has allowed for the integration of different economic units in a spectacular way. This phenomenon is not only applicable to Nigeria but other economies of the world, though the level of their usage may differ. In Nigeria, ICT usage especially in the banking sector, has considerably improved, even though it may not be as high as those observed for advanced countries (Amedu, 2005).

The Nigerian Banking System

The conventional banking system in Nigeria started in Nigeria in 1952 (Steven, 2002). Since then, the industry has witnessed a lot of regulatory and institutional advances. The industry was being controlled by about five out of the 89 banks in existence before the commencement of the merger and acquisition of banks in 2004. Multiple branch systems is also one of the notable features of Nigerian Banks, with a total of 89 banks accounting for about 3017 branches nationwide as at 2004. At present, the total number of Nigerian banks are 20 excluding Savannah Bank and with globalization, Nigerian banks have no choice but to adopt electronic banking services to enhance effective service delivery that transcends to customers satisfaction, if they really want to remain in the business, let alone be profitable (Madureme, 2009). The major challenges of e-banking adoption are inadequate ICT infrastructure, inadequate funding, absence of appropriate legal and regulatory framework, unexpected system failure and Cyber security, poor state of electricity, among many others and these have placed Nigerian banks on the bench in an industry that ought to be vibrant.

Ezeoha (2005) as cited in Alabar (2012) discovers that Internet banking is slowly been embraced by customers because Internet practice in Nigeria has been abused by cyber attackers who use real and deceptive banking websites to spoof users' sensitive information and funds thus adding voice to security concerns as a major factor inhibiting the use of e-banking. A similar study conducted in Benin, Nigeria, Egwali (2009) as cited in James (2012) concludes that Security Indicators (SI) are not very effective at alerting and shielding users from revealing sensitive information to spoofed e-banking sites and also Karjaluo, Mattila and Pentto (2002) in a study to determine online banking acceptance, discovered that attitude towards online banking and its usage is significantly affected by Prior Computer Experience, Prior Technological Experience, Personal Banking Experience and Reference Group Influence. Rotchanakitumnuai and Speece (2004) on

the other hand, found out that Web Benefits (Information Quality, Information Accessibility, Information Sharing, and Transaction Benefit) and Web Barriers (Organisation Barrier, Trust, and Legal Support) are key factors influencing e-banking adoption by customers.

Electronic Banking and the Common Banking Products: The use of information technology in banking operations is called electronic banking. Ovia (2001) however argues that electronic banking is a product of e-commerce in the field of banking and financial services. In what can be described as Business-to-Consumer (B2C) domain, services such as balance enquiry, request for cheque books, recording stop payment instruction, balance transfer instruction, account opening and other forms of traditional banking services are operated (Beiry and Linoff, 1999). Banks are also offering payment services on behalf of their customers who shop in different e-shops.

Telephone and PC Banking Products: This is a facility that enables customers, via telephone calls, to find out about their position with their bankers by merely dialing the telephone numbers given to them by the banks. In addition, the computers or the phone would require special codes given to the customers as a means of identification of authentic users before they can receive any information they requested for. This is a service introduced into banking as a result of computer telephone technology being made available (Ovia, 2001). The technology of e-banking has a universe of possible applications, limited only by the imagination. These areas include: Account balance enquiry; Account statement printing; Intra-Banks Account to Account transfer; Inter-banks Account to Account transfer; Download Account Transaction and many others. Telephone and PC banking brings the bank to the doorstep of the customer, it does not require the customer to leave his premises. Interactive Voice Response becomes a regular feature of operations, Text-to-speech capability becomes a reality. A uniformed messaging capability becomes permanent feature of the bank.

The Card System: The card system is a unique electronic payment type. The smart cards are plastic devices with embedded integrated circuit being used for settlement of financial obligations. The power of cards lies in their sophistication and acceptability to store and manipulate data, and handle multiple applications on one card securely (Amedu, 2005). Depending on the sophistication, it can be used as a Credit Card, Debit Card and ATM (Automated Teller Machine) card. While the electronic card is gaining popularity in the USA and Nigeria, the Spanish financial institutions demonstrated the highest implementation and update of smartcards across Europe (Amedu, 2005). The Smart Card was introduced into the Nigerian market to reduce or eliminate problems of carrying cash about. It is electronically loaded with cash value and carried like credit card and stores information on a microchip. The microchip contains a "purse" in which value is held electronically. In addition, it also contains security programs; these protect transactions between one card user and the other.

The Automated Teller Machine (ATM): Worldwide, the use of paper cash still remains the most widely used and acceptable means of settling financial transactions and obligations. However, the proportion of cash transactions is increasingly on the decline, especially in

advanced economies (Amedu, 2005). In USA, where the use of cash is still prominent, compared to European countries, it represents 50 percent or more of the total transactions. Of course, cash is a non-electronic payment method. However, the physical carriage of cash as well as the visit to the bank branches is being reduced by the introduction of an electronic device-the ATM. An ATM device allows a bank customer to withdraw cash from his account via a cash dispenser (ATM), and the account is debited immediately. A fundamental advantage is that it needs not to be located within the banking premises. It is usually in stores, shopping malls, fuel stations and many other social places.

Cheque: A cheque is a paper based payment instrument whose usage is still gaining ascendancy. The automation focus on this instrument is to reduce the number of clearing days and improve on security arrangement in the course of settlement and collection. For example, in Nigeria, the Central Bank of Nigeria (CBN) has embarked upon online clearing and Nigerian banks have keyed into the process (CBN, 2003).

Point of Sale terminals: POS terminals handle cheque verifications, credit authorization, cash deposit and withdrawal, and cash payment. This enhances electronic fund transfer at the point of sale (EFTPOS). EFTPOS enables a customer's account to be debited immediately with the cost of purchase in an outlet such as a supermarket or petrol station (Ugwu, Oyebisi, Ilori and Adagunodo, 1999). It consists of the accumulation of electronic payment messages by the retailer, which are subsequently passed on to appropriate institutions for processing. The purchase price is debited on the buyer's account and credited on the seller's account.

Electronic Banking Profitability and Efficiency: Commercial banks, assaulted by the pressure of globalization and competition from non-banking financial institutions, sought ways to add value to their services. The question "what drives performance?" Is at the top in understanding superior performance and hence striving for it. Substantial research efforts have gone into addressing this question, starting from the strategic level and going down to operational details. Wide ranging adoption of e-banking system by retail banks has been a major strategy for driving performance (Martin, 2003).

Bank Customer Relationship: This is a special contract where a person entrusts valuable items with another person with an intention that such items shall be retrieved on demand from the person to whom it was entrusted by the person who so entrust. Thus the banker is the one who is entrusted with valuable items, while the person who entrust the items with a view to retrieving it on a demand is called the customer. The relationship is based on contract. It is based on certain terms and conditions. For instance, the customer has the right to collect his deposit on demand personally or by proxy. The banker too is under obligation to pay, so long as the proxy is duly authorized by the customer (Berry and Linoff, 1999).

Employee Performance: The concept of performance is something that interests and concerns everybody, whether it is the performance of a car, or individuals and teams in organizations. An employee who performs well is seen as one who achieves good results according to some pre-determined goals. However, a person's ability, the quality of his

tools and materials, the nature of the work environment and efficient managerial coordination of the efforts of the work force, all assist the effective performance of a job. Gupta (1980) believed that performance should be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of the organization, customer satisfaction and economic contributions.

Adoption of Electronic banking in First Bank of Nigeria Plc

With its application for e-banking, First Bank of Nigeria Plc is retooling to be among the leading players driving the cash-light initiative of the Central Bank of Nigeria, (CBN) through its alternative channels including First Cards, First Mobile and First Online. The bank's e-payment solutions is in line with the benefits highlighted by the apex bank as its virtual banking products continue to drive the cash-light transactions for its customers nationwide. The e-payment solutions of the bank were designed to serve customers seamless in sync with international best practices (Ezirim, 2012). Ezirim stresses that transactions via ATMs, POS terminals, mobile phones and the Internet among others, are supported by First Bank's reliable, secure and fast alternative channels.

The card solutions include the First Bank Visa debit card which is a dual currency chip & PIN payment card that can be linked to both Naira and Dollar accounts. The card which gives easy and portable access to funds, is an international debit card accepted at over 29 million locations and for cash withdrawals at over 1.8 million ATMs in over 200 countries worldwide; wherever the Visa logo is displayed (Ezirim, 2012). Another card solution, according to Ezirim (2012), is First Bank MasterCard which is a dollar denominated credit card recognized and accepted wherever the MasterCard logo is displayed worldwide. He assures that the solution is a safe and convenient credit card system that is ideal for every day purchases on all available channels. Another card based solutions introduced by First Bank to fully support the cashless policy of the apex bank is the First Bank Classic Card which gives card holders online real time access to their funds through an ATM for cash withdrawals, balance enquiry, funds transfer, payment of bills among others or through a Point of Sale Terminal (POS), to make payments for goods and services. It is a debit card linked to customers' current card and/or savings account. Similarly, Ezirim discloses that Naira MasterCard is another product that has state-of-the-art technology equipment to support the CBN cash-less policy. He said that the product is an internationally accepted debit card issued in partnership with MasterCard Worldwide. The card, according to him allows a customer 24 hour access to his/her current or savings account within and outside Nigeria.

With consideration to the foregoing, the objective of this study is to examine the impact of electronic banking on Human Resources performance in the Nigerian banking industry. Specifically, the objectives were to examine the impact of e-banking on performance of employees of First Bank Plc., and to assess the effect of electronic banking on bank-customer relationship and customer satisfaction in First Bank Plc. Two research hypotheses were formulated in the null form as a guide for the study:

- H₀1: Electronic banking has no significant impact on the performance of employees of First Bank Plc
- H₀2: Electronic banking has no significant effect on bank-customer relationship and customer satisfaction in First Bank Plc.

METHOD

The survey research design was used in this study. It involved the use of a self-designed questionnaire in collecting data from selected First Bank staff and customers. The population of this study comprised all staff and customers of First Bank Plc. The sample size was 35 respondents randomly selected from five purposively selected branches of First Bank Plc in Ibadan Metropolis. The participants were drawn randomly from different departments of the five selected First Bank branches in Ibadan metropolis. The selection was done in such a way as to include all categories of workers (senior and junior staff) and to cut across gender, while the customers' selection was done randomly in the banking hall. The instrument used in this study was a close-ended questionnaire designed by the researcher. The response format was in likert form with indications ranging from strongly agree (5) to strongly disagree (1). In order to establish the reliability of the research instrument, a test-retest method was used. The result of the reliability test was 0.75 showing that the instrument is reliable. In confirming the facts and contents validities of the instrument, it was given to experts for verification. The hypotheses were tested at 0.05 level of significance. Data collected were analyzed using Chi-square test.

RESULTS AND DISCUSSION

The objective of this study is to examine the impact of electronic banking on HR performance in the Nigerian banking industry in terms of efficiency and effectiveness in service delivery, using First Bank Plc as a case study. The result of hypothesis testing indicated that the null forms of both hypothesis one and two were rejected and the alternative forms accepted. What this implies is that Electronic banking brought about significant improvements in the performance of the personnel (HR) of First Bank Plc. This could be attributed to the fact that all the branches surveyed have ATMs, operate telephone banking, internet banking, personal computer banking, branch networking, and electronic transfer, and these have helped and facilitated improved service delivery by employees of First Bank Plc. This has resulted in higher levels of efficiency in service delivery, and is 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 whether a cheque has been cleared or the status of their deposits in savings account. He also identified the ability of banks to provide immediate account enquiries or statements online for customers and so do not have to wait till month end for mail statement. Also, bank-customer relationship and customer satisfaction which are measures of service delivery and effectiveness were improved significantly as a

result of e-banking. Electronic banking enables financial information to be presented to customers in a user-friendly fashion, allowing them to conveniently track data in a form that is best suited for their purpose. Afolabi (2009) agrees that electronic banking has made it possible for banks to get closer to their customers to find out what they really need and deliver such needs, plus other range of services, in a customized manner and at the lowest cost. Also, Yunus and Waidi (2011) report that introduction of electronic banking has improved banks employees' performance and customers' satisfaction tremendously. This finding is also supported by Amedu (2005), who points out that for any bank to survive and wax stronger in the present global competitive environment, it must be ICT compliant. It was revealed that electronic banking has improved bank-customer relationship by making possible, the rendering of effective services throughout the week. Customers can now have access to their account outside working hours to make withdrawal and attend to their various financial needs. This has also resulted in higher customer satisfaction. It was also revealed that the introduction of electronic banking guidelines by CBN strongly helps in effective electronic banking system. Withdrawals can be made anywhere at any time and using any bank's ATM, customers have access to cash. Furthermore, money can be transferred from one place to another through electronic means.

Electronic banking has thus made banking transactions easier by bringing services closer to its customers. It was however discovered that there was need for more ICT training for the staff, to enable even better levels of performance. To test the hypothesis one, the Chi-square value calculated is 34.56 while the tabulated value is 9.4877. Hence, the null hypothesis that electronic banking has no significant effect on performance of bank employees of First Bank Plc is rejected. It is therefore concluded that electronic banking has a significant effect on performance of bank employees in First Bank Plc. The second null hypothesis that electronic banking has no significant effect on Bank-Customer relationship and customer satisfaction is rejected. Since the calculated chi-square value is greater than the tabulated value at 5% confidence level and 4 degree of freedom. It therefore concluded that electronic banking has significant effect on Bank-Customer relationship and customer satisfaction in First Bank of Nigeria Plc.

Table 1: The use electronic banking has increased the performance of bank employees which in turn leads to more return on investments

Respondents View	O	E	O-E	(O-E) ²	$\frac{(O - E)^2}{E}$
Strongly Agree	15	7	8	64	9.4
Agree	16	7	9	81	11.57
Undecided	2	7	-5	25	3.57
Disagree	1	7	-6	36	5.14
Strongly disagree	1	7	-6	36	5.14
Total	35	35	0	242	34.56

Source: Computed from Data, 2011.

Table 2: Introduction of electronic banking has improved Bank-Customer relationship and customer satisfaction

Respondents View	O	E	O-E	(O-E) ²	$\frac{(O - E)^2}{E}$
Strongly Agree	13	7	6	36	5.14
Agree	12	7	5	25	3.57
Undecided	5	7	-2	4	0.57
Disagree	3	7	-4	16	2.29
Strongly disagree	2	7	-5	25	3.37
Total	35	35	0	106	14.94

Source: Computed from Data, 2011.

CONCLUSION AND RECOMMENDATIONS

The survey as presented on this work examined the impact of electronic banking on human resources performance in the Nigerian banking industry with special reference to First Bank of Nigeria Plc. On the basis of the findings of this study, it can be concluded that the introduction of electronic banking system in the Nigerian banking sector has helped tremendously to improve the productivity of bank personnel, leading to efficiency and effectiveness in service delivery. This study also found that the implementation of electronic banking system in First Bank Plc has boosted its customer-relationship and customers satisfaction. Customers can access their account throughout the week as well as outside working hours to make withdrawal without going to the banking hall. This has engendered higher customer satisfaction. There is however the need to embark on more effective training for the workers, in order to further enhances their performance. The following recommendations were made, based on the findings of the study.

- a) Banks must be focused in terms of their needs and use the right technology to achieve goals, rather, than acquire technology of internet banking because other banks have it.
- b) Regulatory authorities like CBN (Central Bank of Nigeria) must stipulate standards for the banks to follow to avoid making the banking sector a dumping ground for outdated technological infrastructures.
- c) Bank management should have ICT training centre for their staff for more effective training.
- d) Government should lower the tariff on information technology-aided tools, and equipment imported and possibly subsidized by government. Government can also partner with multinational companies abroad to supply equipment to Nigerian banks directly at discounted rate.
- e) Management of First Bank Plc. should ensure that its staff acquire the basic and necessary ICT skills that will make them still relevant in the job.

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