E - Banking, Service Quality and Customer Satisfaction in Selected Nigerian Banks

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Abstract: Electronic banking is an important tool for all banks to survive in the competitive Nigerian Banking Industry. This study examines the relationship between the quality of service and customer satisfaction in the e-banking era. A sample of 398 respondents was selected, out of the total number of 66,895 customer population. Structured questionnaires and interview were used in collecting the data. Descriptive statistics was adopted in analyzing the data from the respondents. The results revealed that there is a significant relationship between quality of service and customer satisfaction. The paper concludes that E-banking has a positive impact on the quality of service in the Nigerian banking sector, but not on customer satisfaction. The study suggests that staff training and development should be enhanced in the banking industry in order to render quality and timely services to their customers.

Keywords: E-Banking, Service quality, Customer satisfaction

1. Introduction

Electronic banking has impacted Nigerian banking Industry in a tremendous way. The application of bank products and services with the help of internet is called E-banking. Electronic banking is the application of Telecommunication devices to perform banking transactions (Okoro 2014). E-banking has brought in a great change in Nigerian banking sector. Nigerian environment is turbulent; therefore Nigerian banks have been dynamic in so as to meet this trend. The emergence of E-banking has been making banking practices easier since its conception in Nigeria. The concept has moved Nigerian banks to a new height; they could compete favorably with other banks world over.

The banking industry believes that by adopting the new technology – e-banking, the banks will be able to improve customer service level and tie their customers closer to the bank (Onyeukwu and Osuagwu 2016). There are still some challenges of e-banking in Nigeria such as fraud, long waiting days for reversal of failed transactions, long queues and so on.

This study’s objectives were to; x-ray the effect of electronic banking on customer satisfaction in selected Nigerian Banks. Examine the effect of e-banking products on service quality and customer satisfaction and assess the challenges affecting e-banking and customer satisfaction. Null Hypotheses were raised in line with the objectives of the research. There is no significant relationship between e-banking, service quality delivery and customer satisfaction.

2. Literature Review

Some researchers as Adeyemi, Ola and Oyewole (2014) conducted a study on electronic banking product and service in Nigeria. Their findings showed that all the banks have at least one particular form of electronic service including e-banking service, Internet banking service, and e-banking. Though various e-banking systems have been implemented and accepted by the
customer, e-payment remains the most widely used of the e-banking solutions (Adesina and Ayo, 2010).

Previous studies showed the evidence support this relationship between customer satisfaction and service quality (Yee, Yeung, & Cheng, 2011). Nonetheless, there are also debates about the causal relationship between customer satisfaction and service quality (Brady et al., 2002). Service quality, in turn, is described as an antecedent to customer satisfaction (Naik, Gantasala, & Prabhakar, 2010; Olorunniwo, Hsu, & Udo, 2006).

Another researcher says that Customer satisfaction is the cause of service quality (Bitner, 1990). Service quality and satisfaction are neither satisfaction nor service quality. (Dabbolkar, 1995; McAlexander, Kaldenberg & Koenig, 1994). There is the lack of consensus about the conceptualization of the service quality and customer satisfaction. Service quality is the expectation of any organization in order to enhance customer satisfaction.

Another study by Onyeukwu (2010) was carried out in Nigeria. Eight banks with the sample size of 397 respondents were surveyed. One-way ANOVA test was performed for checking the hypotheses. The study revealed that some Nigerian banks are not comprehensively training their staff because of its high cost. This has been hampering their employees' performance in the area of service delivery. Hence the customers are not maximally satisfied even with the introduction of electronic banking.

3. Methodology

Cross-sectional survey design had been employed because the researcher seeks to obtain information from a cross-section of respondents comprising of different customers of different banks. The population of this study covers all the customers of the selected banks, namely, First Bank Plc, Guarantee Trust Bank Plc, Fidelity Bank Plc, United Bank for Africa Plc and Zenith Bank Plc.

Table 1: Sampled Bank’s Customers’ Strength

| Bank                      | Customers’ strength |
|---------------------------|--------------------|
| First Bank Plc            | 15,835             |
| Guarantee Trust Bank Plc  | 13,303             |
| Fidelity Bank Plc         | 10,092             |
| Access Bank Plc           | 14,936             |
| Zenith Bank Plc           | 12,729             |
| **Total**                 | **66,895**         |

*Source: Field Survey, 2018*

Based on the above, it means 94 customers will be selected from First Bank of Nigeria Plc, 79 customers will be selected from the Guarantee Trust Bank Plc, 60 customers will be selected from the Fidelity Bank Plc, 89 customers will be selected from Access Bank Plc and 76 customers will be selected from Zenith Bank Plc. Sample size is Three Hundred and Ninety –Eight customers.

4. Results and Discussion

Table 2 displays the responses obtained from the surveyed banks' customers on whether a Service quality of Banks has improved excellently since the adoption of E-banking. 84 (or 22.2%) respondents Strongly Agreed to the statement, 114 (or 30.1%) respondents Agreed, 20 (or 5.3%) respondents neither Agreed nor Disagreed, 118 (or 31.1%) respondents Disagreed.
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and 43 (or 11.3%) respondents Strongly Disagreed. From the foregoing, the position of the majority is that Service quality of Banks has not improved excellently since the adoption of E-banking. The chart above furthers help to provide deeper insights into the tabular presentation.

**Table 2:** Electronic banking has improved the quality of bank services

|               | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|-----------|---------|---------------|--------------------|
| Strongly Agreed | 84        | 22.2    | 22.2          | 22.2               |
| Agreed        | 114       | 30.1    | 30.1          | 52.2               |
| Undecided     | 20        | 5.3     | 5.3           | 57.5               |
| Disagreed     | 118       | 31.1    | 31.1          | 88.7               |
| Strongly Disagreed | 43 | 11.3   | 11.3          | 100.0              |
| **Total**     | **379**   | **100.0** | **100.0**    |                    |

*Source: Field Survey, 2018*

**Table 3:** The E-banking services provide by banks offer services according to the customer's needs and requirements

|               | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|-----------|---------|---------------|--------------------|
| Strongly Agreed | 83        | 21.9    | 21.9          | 21.9               |
| Agreed        | 91        | 24.0    | 24.0          | 45.9               |
| Undecided     | 24        | 6.3     | 6.3           | 52.2               |
| Disagreed     | 88        | 23.2    | 23.2          | 75.5               |
| Strongly Disagreed | 93 | 24.5   | 24.5          | 100.0              |
| **Total**     | **379**   | **100.0** | **100.0**    |                    |

*Source: Field Survey, 2018*

Table 3 depicts the response of obtained from the surveyed banks' customers on whether E-banking services provided by banks offer services according to the customer's needs and requirements. 83 (or 21.9%) respondents Strongly Agreed to the statement, 91 (or 24.0%) respondents Agreed, 24 (or 6.3%) respondents Undecided, 88 (or 23.2%) respondents Disagreed and 93 (or 24.5%) respondents Strongly Disagreed. From the foregoing, the majority "Strongly Disagreed" that E-banking services provided by banks offer services according to the customer's needs and requirements. The chart above furthers help to provide deeper insights into the tabular presentation.

**Table 4:** Service quality and Customer’s Satisfaction are inter-dependent

|               | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|-----------|---------|---------------|--------------------|
| Strongly Agreed | 156       | 41.2    | 41.2          | 41.2               |
| Agreed        | 75        | 19.8    | 19.8          | 60.9               |
| Undecided     | 33        | 8.7     | 8.7           | 69.7               |
| Disagreed     | 69        | 18.2    | 18.2          | 87.9               |
| Strongly Disagreed | 46 | 12.1   | 12.1          | 100.0              |
| **Total**     | **379**   | **100.0** | **100.0**    |                    |

*Source: Field Survey, 2018*
Table 4 reveals the response of obtained from the surveyed banks’ customers on whether Service quality and Customer’s Satisfaction are inter-dependent. 156 (or 41.2%) respondents strongly agreed to the statement, 75 (or 19.8%) respondents Agreed, 33 (or 8.7%) Respondents neither Agreed nor Disagreed, 69 (or 18.2%) respondents Disagreed, and 46 (or 12.1%) respondents Strongly disagreed. From the foregoing, the majority "Strongly Agreed" that Service quality and Customer's Satisfaction are inter-dependent. The chart above furthers help to provide deeper insights into the tabular presentation.

**Table 5:** The service quality in Nigerian banks at present can improve customer's satisfaction significantly

|                | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Strongly Agreed| 63        | 16.6    | 16.6          | 16.6               |
| Agreed         | 71        | 18.7    | 18.7          | 35.4               |
| Undecided      | 25        | 6.6     | 6.6           | 42.0               |
| Disagreed      | 104       | 27.4    | 27.4          | 69.4               |
| Strongly Disagreed | 116    | 30.6    | 30.6          | 100.0              |
| Total          | 379       | 100.0   | 100.0         |                    |

**Source:** Field Survey, 2018

Table 5 shows the response of obtained from the surveyed banks' customers on whether the service quality in Nigerian banks at present can improve customer's satisfaction significantly. 63 (or 16.6%) respondents Strongly Agreed to the statement, 71 (or 18.7%) respondents Agreed, 25 (or 6.6%) respondents neither Agreed nor Disagreed, 104 (or 27.4%) respondents Disagreed and 116 (or 30.6%) respondents Strongly Disagreed. From the foregoing, the majority "Strongly Disagreed" that service quality in Nigerian banks at present can improve customer's satisfaction significantly. The chart above furthers help to provide deeper insights into the tabular presentation.

**Table 6:** The adoption of E-banking has led to improvement customer's satisfaction

|                | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| Strongly Agreed| 91        | 24.0    | 24.0          | 24.0               |
| Agreed         | 45        | 11.9    | 11.9          | 35.9               |
| Undecided      | 19        | 5.0     | 5.0           | 40.9               |
| Disagreed      | 95        | 25.1    | 25.1          | 66.0               |
| Strongly Disagreed | 129    | 34.0    | 34.0          | 100.0              |
| Total          | 379       | 100.0   | 100.0         |                    |

**Source:** Field Survey, 2018

Table 6 depicts the response of obtained from the surveyed banks' customers on whether the adoption of E-banking has led to improvement customer's satisfaction. 91 (or 24.0%) respondents Strongly Agreed to the statement, 45 (or 11.9%) respondents Agreed, 19 (or 5.0%) respondents, 95 (or 25.1%) respondents Disagreed and 129 (or 34.0%) respondents Strongly Disagreed. From the foregoing, the majority "Strongly Disagreed" that the adoption of
E-banking has led to improvement customer's satisfaction. The chart above furthers help to provide deeper insights into the tabular presentation.

5. Conclusion and Recommendations

The third wave has brought a lot of changes world over; the banking industry has been benefiting greatly through its electronic banking and so on. E-banking has become the fundamental electronic distribution mechanism in today's banking business. Banks have been utilizing these alternative delivery channels to serve their pool of customers with the intention to satisfy them despite all the challenges. Thus, it can be said that e-banking services have above all odds improved banking services; however, it is yet to have a significant effect on customers' satisfaction as evidence abounds on the daily challenges customers are going through with the use of any of the e-banking products especially the Automated Teller Machine (ATM). This is why long queues have remained a feature of daily banking business in Nigeria. Poor network service, insecurity, power failure amongst other issues are the reasons alluded by the customers to their dissatisfaction with the e-banking service. In line with the research findings and conclusions, this study suggests the following:

- Banks are advised to improve on their e-banking products relentlessly. Upgrade their channels (such as ATM, MPOS, and PoS) and enhance their software application (such as online application, e-mobile application) should be made where necessary so as to improve the quality of service delivered by them continuously. This was similarly put forward by Adeyemi, et al. (2014), Ogunlowore and Oladele (2014) and Alabar (2012).
- The management of Nigerian banks should put in more resources in staff training and development. This will help with quality and timely service delivery. They should also introduce other products that could enhance their customer satisfaction. This is in agreement with the study of Badara, et. al. (2013) and Akinleye et. al. (2014).
- Lastly, in order to eliminate challenges that customers face in the usage of e-banking products, banks are advised to ensure stable power supply, ensure 24/7 network service availability, improve more on the security of customers' transactions and personal data and create a platform whereby customers and bank management can interface to discuss on the (new) challenges that the former is facing and chart a new course of action so as to stimulate and ensure customers' satisfaction. Similar studies such as Yusuf and Bala (2015), Yusuf, et. al. (2015), Timothy (2012) and Bello (2005) equally put forward a similar recommendation.

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