

Assessment of Online Banking on Online Purchase Service Delivery in Nigeria

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Abstract:- The research work assessed online banking on online purchase service delivery in Nigeria. The objective of the study was to assess internet banking, mobile banking and point of sale terminal on online purchase service delivery in Nigeria. The research work employed survey research design in assessing the phenomena. The population of the study consisted of 28,667,139 registered customers of Deposit Money Banks in Nigeria. Four hundred (400) respondents were sampled using purposive sampling technique. Three research questions were raised to guide the study and a structured questionnaire developed and validated by the researcher was used for data collection. The research questions raised were answered using mean and standard deviation. Findings from the study revealed that internet banking services gives customers access to their bank accounts for the purpose of online purchases and provides convenient and flexible services to customers. Again, mobile banking enables customers to access their banks for 24 hours for the purpose of online transactions. It was recommended among others that there is the need for prompt attention on the security of customers account so as to reduce loss of fund by customers through cyber fraud, and the need for constant power supply for effective and efficient transaction, by customers

Keywords:- Assessment, Internet Banking, Online Banking, Online Purchase, Service Delivery.

I. INTRODUCTION

The banking sector has witnessed tremendous changes the world over as a result of new development in information and communication technology. The quest for survival, global relevance, maintenance of existing market share and sustainable development have made the exploitation of many advantages of information technology through the use of automated devices imperative in the banking sector and other sector that require the use of technology. Banking activities have increasingly depended on Information and Communication Technology (ICT). This is because of the enormous advantages that are derived when technology is employed in the banking sector. The use of technology has helped to increase the efficiency of people in most of the activities that are carried out on a daily basis in the banking sector. Most financial institutions are introducing and expanding their electronic banking services on a daily basis because of the benefit of technology (Kannabira and Narayan 2005).

Electronic banking or online banking is an electronic payments system that enable a customer of a bank or other financial institution to conduct a range of financial transactions. It allows an individual to conduct financial transactions through the internet and involves transactions that can be conducted using the internet (Ezeoba, 2005). It is designed to enable bank customers to conveniently withdraw and deposit money without visiting a bank. Online banking gives you the ability to manage your bank account over the internet using a computer or mobile device, hence the customer does not need to visit the bank before making his/her bank transaction. More commonly known as e-banking or online banking, it is the newest delivery channel for banking services. Electronic banking refers to several types of services through which customers can request information and execute transactions via telephone, digital television, computer or mobile phone. "E-banking includes the provision of retail and small value banking products and services through electronic channels as well as large scale electronic payments and other wholesale banking services which are delivered electronically, (Ling & Huat, 2016)

Daniel (2014) is of the opinion that electronic banking helps in the distribution of information and services by banks to customers via different delivery platforms that can be used with a personal computer or other intelligent devices. According to Allen (2001), e-banking refers to the supply of information or services by a bank to its customers, via a computer or television. Keivani, Jouzbark, Khodadadi and Sourkouhi, (2012) are of the opinion that e-banking ensures that banking services are made available to customers 24-hour-a-day, 7-day-a-week and accessibility through a type of advanced information system.

Banks have a vital role to play by making their vast financial resources available for financing and promoting development. The availability of financial capital is a prerequisite for the rapid development and transformation of any nation's economy. The provision and efficient management of scarce resources is facilitated by the existence and appropriate functioning of financial institutions in an economy which is used in providing service delivery to consumers. According to Aladwani (2001) Banks are institutions that help in providing purchase services safe keeping of money, valuable goods and documents like wills and others. Some of the services these banks offer to their customers in promoting economic development in Nigeria include: Loan and overdraft facilities, inland bills and

purchase facilities, requirement leasing, export financing amongst others.

E-banking services in modern days include: Telephone Banking, personal Computer Banking, Internet Banking, Branch Networking, Mobile Banking, Point of Sales Terminal and Automated Teller Machine among others. These services helps customers in there online banking activities and purchase services at customers' convenience. They also help in reducing the movement of large cash because transactions are mostly done online.

Mobile banking is a system or platform in which customers are automatically updated on any changes in their account. These charges may come in the form of account debits and credits or any charges to the account. All that is needed for mobile banking is a mobile phone with a well-functioning text messaging system. This system uses short text messaging system to inform customers of their account (Chovanova, 2006). However, Wisniewski (2021) observed that mobile banking on online transactions include: accessing the bank 24/7, optimizing one's money, paying IOUs, strengthening security, providing added controls, offering clarity of where one's financial data is going, and gives tailored options. Different banks use different services to help their customers to maximized their satisfaction

For example, GTB bank Nigeria Plc, uses Automated Teller Machine, Guaranty Trust Bank uses Cards (money when you need it at your convenience), Guaranty Trust Bank has Automated System (GAPS), Gt-connect, Gt-Internet Banking, GT-Mobile Money and Point of sale terminal (POS).

E-banking helps to enhances electronic fund transfer at the point of sales. According to Monocello (2010), point of sale for online purchase increases efficiency, it is easy to use, expands payment capabilities, ensures greater accuracy, provides inventory management and reporting as well as provides faster service. Thus customers account would be debited immediately with the cost of purchase in an outlet such as a petrol station or supermarket. The implication of this is that customers can make payment for goods and services without necessarily coming in contact with physical cash as the purchase price would be debited on the buyer's card and credited on the seller's account.

The ability of Nigerian banks to retain and satisfy their customers with the current banking reform largely depend on the development of information technology and e-banking. This is because the increasingly global acceptance of e-banking has made it so easy and convenient for bank customers to perform bank transactions and can manage their bank accounts from anywhere in the world at any time (Timothy, 2012). This trend has been encouraged for years, since online banking also saves lots of resources for the banks such as staff training, investment for Automated Teller Machines and branches, and other operational costs. The e-banking operation has enhanced bank's users' experience of banking activities tremendously (Aladwani 2012). It is

against this background that this study assessed online banking on online purchase service delivery in Nigeria.

A. *Statement of the Problem*

Available evidence shows that electronic banking even though plausible has come with certain challenges like insecurity of online transactions, failure of Automated Teller Machines to dispense cash sometimes, Plastic card and Automated Teller Machine fraud and also privacy concerns. Bank customers complain of network downtime, 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 Automated Teller Machine (ATM) cards, and non-acceptability of Nigerian cards for international transaction amongst others. As a result of these challenges, customers are not satisfied with service delivered by these banks. Studies have shown that poor network service which have leads to several incomplete online transactions has affected online purchase service delivery. Effort has been put in place to address these concerns by the central bank of Nigeria and other financial institutions but yet there are still concern on online banking and customer service delivery. This concerns have implication for online banking and purchase services to both customer and the banks. There are some studies that have been conducted on e-banking but the studies are not related to the current study and the researcher is not aware of any current study that seek to address online banking and customer service delivery hence the need for this study so as to cover the gap that has not been covered by the reviewed literature hence the need to conduct the present study. The present study therefore seek to answer the broad questions; what is the effect of online banking on online purchase service delivery in Nigeria?

B. *Aim and Objectives of the Study*

The aim of the study was to assess online banking on online purchase service delivery in Nigeria. Specifically, the objectives of the study are to:

- Determine the effect of internet banking on online purchases/reservations in Nigeria.
- Examine the effect of mobile banking on online purchase in Nigeria.
- Find out the effect of point of sale terminal on online purchase in Nigeria.

C. *Research Questions*

- What is the effect internet banking on online purchases/reservations in Nigeria?
- What is the effect of mobile banking on online purchase in Nigeria?
- What is the effect of point of sale terminal on online purchase in Nigeria?

II. METHODOLOGY

The study employed survey research design in assessing the phenomena. This design was appropriate because the method allows the researcher to collect data on a sample after which the findings is generalized on the entire population of the study. Hence the data was collected from a sample of bank customer and there after the result was generalized on the population of bank customers in Nigeria. The population of this study consists of the 28,667,139 registered customers of Deposit Money Banks (DMBs) in Nigeria that have BVN issued by CBN (NIBSS 2017) as cited by daily trust newspaper of Tuesday 9th may, 2017. Four hundred (400) respondents (customers) were sampled based on Yamane (1968) formula given by Adefila (2008) as shown below.

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n= Sample Size

N= Total Population

1= Constant

e= Allowable margin to err for. In this case, we consider 5% error margin adequate

$$(e)^2 = (0.05)^2 = 0.0025$$

$$n = \frac{28,667,139}{1 + 28,667, (0.0025)}$$

$$n = 400$$

Similarly, in selecting the sample for the study, the researcher adopted purposive sampling as a non-probability sampling technique. The approach was that those who

transact business on the days of the researcher’s visit to the banks and who are account holders of the selected banks are chosen. The instrument used for data collection was a structured questionnaire which was developed and validated by the researcher after literature reviewed. The questionnaire-items were based on a four-point scales of Strongly Agree (SA), Agree (A), Disagree (D), and Strongly Disagree (SD) with numerical values of 4, 3, 2 and 1 respectively. The instrument was subjected to face validation and content assessment in order to ascertain the adequacy, appropriateness and representativeness of the content of the items. The instrument was validated by two experts in management science in faculty of management science all of the University of Jos. The lecturers are grounded in the field of Management Sciences. Based on the judgment of the experts, the instrument was adjudged to be valid. To establish the reliability of the instrument, the instrument was administered to a sample of bank customers using test retest method and there after Cronbatch Alpha was used to estimate the reliability of the instrument and a reliability coefficient of 0.78 was computed which shows that the instrument is reliable and adequate for the study.

The research questions were analyzed using descriptive statistics specifically mean and standard deviation were used.

To effect decision, a mean score (\bar{X}) of 2.50 and above was considered “Agree” while a mean score of less than 2.50 was considered “Disagree”. All analyses were carried out using a Statistical Package for Social Sciences (SPSS) version 25.

III. RESULTS AND DISCUSSION

A. Research Question One

What is the effect of internet banking on online purchases/reservations in Nigeria?

Table 1: Mean Responses of Customers on the Effect of Internet Banking on Online Service Delivery

Item	Statement	N	SA	A	D	SD	\bar{X}	Remark
1.	Internet banking gives customers access to their bank accounts via a web site for all kinds of online purchases.	400	193	112	64	31	3.17	Agree
2.	Internet banking enables customers to effect transactions on their account, in line with security checks.	400	88	102	139	71	2.52	Agree
3.	Internet banking provides convenient and flexible services to customers for online purchases.	400	211	119	40	30	3.28	Agree
4.	Internet banking enables customers to transact their banking transactions online.	400	132	241	8	19	3.22	Agree
5.	With internet banking, one could check accounts, transfer funds to other people on different accounts.	400	222	167	6	5	3.51	Agree
6.	Internet banking provides innovation methods and higher profitability.	400	84	97	201	18	2.62	Agree
7.	Internet banking makes online purchasing possible by providing a 24 hours access to customers.	400	243	155	1	1	3.60	Agree

Source: Survey, 2017

Key: N = Number of Customers, SA, A, D, SD = Responses of Customers and \bar{X} = Mean of Customers

The data presented in Table 1 showed that the mean responses of customers on the items were within the range of 2.52 to 3.60. The results revealed that the entire items were rated above the criterion mean of 2.50. Therefore, the respondents agreed that internet banking affects online purchases/reservations in Nigeria.

B. Research Question Two

What is the effect of mobile banking on online purchase in Nigeria?

Table 2: Mean Responses of Customers on the Effect of Mobile Banking on Online Service Delivery

Item	Statement	N	SA	A	D	SD	\bar{X}	Remark
1.	Enables customers accessing the bank 24/7 for online transactions.	400	111	104	89	96	3.58	Agree
2.	Allows customers to optimize their money spending and to keep them informed.	400	199	175	13	13	3.40	Agree
3.	Paying IOUs online rather than payment with cash.	400	200	109	67	24	3.21	Agree
4.	Mobile banking strengthens security in the course of online transactions.	400	178	166	26	30	3.23	Agree
5.	Mobile banking provides customers with added control against online transactions.	400	188	145	47	20	3.25	Agree
6.	Mobile banking offers clarity of where customers' financial data is going.	400	211	159	16	14	3.42	Agree
7.	It gives customers tailored options, by providing a variety of options to customers	400	91	56	217	36	2.51	Agree

Source: Survey, 2017

The data presented in Table 2 revealed that the mean responses of customers on the items were within the range of 2.51 to 3.58. The table revealed that each of the items was rated above the criterion mean of 2.50. Therefore, the respondents agreed that mobile banking affects online purchases in Nigeria.

C. Research Question Three

What is the effect of point of sale terminal on online purchase in Nigeria?

Table 3: Mean Responses of Customers on the Effect of Point of Sale Terminals on Online Service Delivery

Item	Statement	N	SA	A	D	SD	\bar{X}	Remark
1.	Increased efficiency.	400	233	122	30	15	3.43	Agree
2.	Ease of use for online transactions.	400	121	201	40	38	3.01	Agree
3.	Expanded payment capabilities such as EMV chip cards, contactless payment among others.	400	299	89	10	2	3.71	Agree
4.	Greater accuracy by eliminating the need to upload or enter data into back-office systems-minimizing the risk of human error.	400	187	177	16	20	3.33	Agree
5.	Advanced inventory management capabilities.	400	192	95	86	27	3.13	Agree
6.	Consists of reporting features that allow customers to keep a close eye on expenses like cost of goods sold.	400	200	158	22	20	3.34	Agree
7.	It gives customers faster services while transacting online.	400	203	172	20	5	3.43	Agree

Source: Survey, 2017

Table 3 showed the mean responses of customers on the effect of point of sale terminal on online purchase in Nigeria. The table revealed that the mean responses of the customers on the items were within the range of 3.01 to 3.71. From the table, the entire items were rated above the criterion mean of 2.50. Therefore, the respondents agreed that point of sale terminal affect online purchases in Nigeria.

IV. DISCUSSION OF FINDINGS

Findings based on research question with regards to the effect of internet banking on online purchase in Nigeria revealed that internet banking gives customers access to their bank accounts via a web site for all kinds of online purchases; it enables customers to effect certain transactions on their account, gives compliance with security checks; provides convenient and flexible services to customers for online purchases; enables customers to transact banking transactions

online; and it makes it possible for customers to check accounts bank and also transfer funds to other people on different accounts. All these effects do not necessitate customers to be in bank for any online transaction. This finding is in agreement with Abor, (2015) who established that customers have access banking services even at their homes and offices. Buttressing this, Rikya (2007) and Han (2008) stated that the approach and adoption of the internet by businesses has uprooted the constraint of time, distance and communication making the globe really a little village.

Findings from research question two showed that mobile banking affects online purchase in Nigeria. the findings further revealed that mobile banking enables customers to access their banks 24/7 for online transactions, it allows customers to optimize their money, strengthens security in the course of online transactions, provides customers with added control against online transactions, and

offers clarity of where customers financial data is going. These findings correspond with the view of Wisniewski (2021) who found that mobile banking affects online transactions to users/customers include accessing the bank 24/7, optimizing one's money, paying IOUs, strengthening security among others. As regards strengthening security, the finding is in line with the finding of Chovanona (2006) who observed that mobile banking provides security to customers

Findings from research question three showed that point of sale terminals affects online purchase in Nigeria. This is based on the findings from the items that revealed that point of sale terminal increases efficiency, gives customers faster services while transacting online, ease of use for online transactions, greater accuracy by eliminating the need to upload or enter data into back-office systems-minimizing the risk of human error, and provides advanced inventory management capabilities. The finding is in agreement with the views of Monocello (2010) that point of sale for online purchase increases efficiency, ease of use, expands payment capabilities, ensures greater accuracy, provides inventory management as well as provides faster service.

V. CONCLUSION

From the results gathered and analyzed in this research work, it was concluded that e-banking services such as internet banking, mobile banking, point of sale terminal among others play important role when it comes to online transactions in Nigeria. For effective service delivery using these e-banking products, banks must ensure internet service is provided at all times to enable customers carry out their online transactions without the interruption of poor network and other interconnectivity among banks on online platforms.

RECOMMENDATIONS

The following recommendations have been made

- Attention should be given to security concerns, frequent power outage during transaction, and poor interconnectivity among banks on online platforms. Banks should ensure training and retraining of staff on e-banking.
- The central bank of Nigeria should create an e-banking unit that will monitor progress and challenges of such services. This will ensure effective and efficient e-banking services.

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