

Assessment of Information and Communication Technology Management on Customer Service Delivery in Nigeria Banking Industry

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ABSTRACT

Assessment of Information communication Technology Management (ICTM) on customer service delivery in Nigeria banking industry was studied in Ondo State, Nigeria. This was with a view to identifying the benefits of using ICT and the challenges facing the use of ICT in banking industry. Also, to examining how ICT has enhanced efficiency in customer service delivery in the industry. The study covered four banks in Nigeria. The research instrument used was questionnaire. It elicited information on the objectives of the study. The data collected was analysed using descriptive and inferential statistics. The results indicated among others that ICT enhances the speed of service delivery (3.62), reduces paper work (3.62), unreliable network (3.62), connectivity (3.62), high cost of installation and maintenance (3.40) and cybercrime challenges (3.37) were above average, while products/ service quality improvement (0.011) was significant. The study recommended that Nigeria banking industry should provide adequate security of transactions back-up for critical data files. Also, government should provide adequate regulatory framework for consumer protection and security of transaction.

Keywords: Information Communication Technology, Technology management, Banking industry, Service delivery and Assessment.

INTRODUCTION

The adoption and utilization of Information and Communication Technology (ICT) is fundamental to the growth and sustainability of the banking system, it is a requirement for local and global competitiveness. As a result of globalization, the application of ICT in the banking industry has increasingly become an essential factor for

business development. Also, a platform for gaining competitive advantage, especially in a highly competitive industry like banking. This therefore, made it imperative for banks to invest in ICT to meet certain requirements for modern payments system designed to handle large-scale processing of transactions.

The Nigerian banking sector recorded remarkable growth in the mid-90s in the number of banking institutions that were registered to begin operation. The political crisis and abuse of human rights records of the then military government brought serious global sanctions on Nigeria. The public sector and the Nigerian economy during this period seriously deteriorated. The Nigerian banking sector struggled, but to no avail; it became distressed. All these came to an end when Nigeria returned to democratic governance in May, 1999, when Nigeria emerged from her economic sanctions and global isolation. For the banking sector, it brought about a new phase of sanitization, including organizational and ethical reforms and recapitalization. [1].

The Nigerian banking sector realized that it had become very evident from the developments of other banks around the world that the tremendous role of ICT in the management of information and business processes is a necessary strategy to adapt in order to remain in business. The internet technology and web based commerce have dramatically transformed the financial services industry in the last ten years [2]. [3] Pointed out that the technology has provided an adequate platform for the financial services practitioners to adequately provide services to its customers. Information and communication technology will always play a dominant role in the financial services sector [1]. Furthermore, [4] opined that ICT can increase the competitive advantage of the financial services institutions. According to [3], ICTs can provide powerful strategic and tactical tools for organizations, which, if properly applied and used, could bring great advantages in promoting and strengthening their competitiveness.

On the other hand, [5] stated that financial activities supported by ICTs include but are not limited to marketing, advertising, information, withdrawal and deposit, services, balance checks, and so on. Hence, ICTs is useful for numerous functions of the financial services organizations. From business management and control point of view, financial institutions also employ ICTs in most functions, from administrative tasks and accounting to financial management, human resources and procurement [6]. [7] argued that ICTs play a critical role in the operational management of financial services activities. ICTs not only contribute to the formulation of all elements of the marketing mix, but also determine the strategic directions, partnerships and ownership of financial organizations. ICTs are instrumental in rearranging financial institutions alliances and concentrations; it is likely that technology may provide a major motivation for merger and collaborations [8].

Information technology acts as an enabling tool in achieving customer service advantages in three ways: clerical effectiveness/automation, operational efficiency; and/or information generation and strategic effectiveness or transformation [9]. [10] found that customer service is being nurtured as a valuable asset in differentiating products in one or more of four forms; distribution, transaction, relationship or strategic. The strategic sourcing of ICT services is a proven cost-reduction and capability building function [11]. This provides an understanding to practitioners on which services to use and what for, where, and so on, to drive for value and how to manage the relationships. Successful financial institutions are market-oriented organizations which are well-managed with the top management setting clear, sound and long-term strategies' The interest in ICT in the Nigerian banking sector is definitely a reflection of what is going on in the Western world as well as one of the outcomes of the aggressive marketing strategies of ICT companies. The Nigerian banks that took the step to adopt ICT in their operations are

yet to make much impression on their customers. The length of time spent on queues to carry out transactions is yet to be reduced, hence the study.

Statement of the Problem

The Nigerian banking industry is characterized by a high degree of inefficiency and ineffectiveness. Some banks in Nigeria render substandard services to their customers, and their delivery systems are poor. Some banks in Nigeria have failed and liquidated as fraud and related financial crimes are being committed daily in the banks and financial institutions. Managing operational risks need to be integral part of Nigerian banks overall management of risk, and supervisory need to include operational risk in the banks safety and soundness evaluation [12].

The rapid changes resulting from innovation, technological breakthroughs, increased awareness and demands from customers, make business organizations operate in a complex environment. This is characterized by these changing conditions and highly unpredictable economic climate with Information and Communication Technology at the centre of the global change curve. Therefore, the banking sector needs to come up with the applications of innovative technology, to create unique brand, customers-friendly products/services that will bring about competitive advantages in terms of brand preference and customer confidence.

Objectives of the study

The purpose of this study was to assess the level of information and communication technology management on customer service delivery in Nigeria banking industry with a view to increase customers' confidence in banking transactions. In specific terms, the objectives of this study were to:

- i. Identify the benefits of using ICT in the banking industry.

- ii. Examine how ICT has enhanced efficiency in customer service delivery in the banking industry; and
- iii. Identify the challenges facing the use of ICT in banking industry.

Research Methods

This study adopted a questionnaire survey research design. This design enables the researchers to describe the attitudes, opinions and behaviours of the population based on the data collected from the sample of the study. The study was carried out in Ondo State, Nigeria. The State was created in 1976 from the then Western State. The State consists of 18 Local Government Areas.

For the purpose of this study, the regional headquarters of the selected banks within Akure metropolis were adopted for the survey, in view of the fact that the headquarter of each of the branches coordinates the activities of the other branches in the State. The banks were carefully selected based on the geographical spread in Nigeria, period of existence and shares of customers' base in Nigerian banking industry.

The population of the study was made up of 480 junior, senior and management staff of First Bank Plc (140), Union Bank Plc (120), United Bank for Africa Plc (116), and Skye Bank Plc (104). The sample for the study was 120, drawn from the population using multistage/ purposive sampling techniques, representing 25% of the total population.

The instrument used for data collection was both structured and unstructured questionnaire. The questionnaire was designed to generate data for analyzing the objectives of the study. The data collected for the study was coded, sorted and analysed using both descriptive statistical techniques (frequency, percentage and mean) and inferential statistical techniques (Analysis of Variance and Duncan Multiple Range Test). Examine how ICT has enhanced efficiency in customer service delivery

in the banking industry was measured on 5 point rating scale with 1- very low, 2- low, 3- moderate, 4- high, and 5- very high. Identify the benefits of using ICT and challenges facing the use if ICT in banking industry were measured on 5 point rating scale with 1- strongly Disagree, 2- Disagree, 3- Agree, 4- Strongly Agree.

RESULTS AND DISCUSSION

Questionnaire Distributed and Retrieved

Table 1: Number of Copies of Questionnaire Administered and Retrieved

Banks	Questionnaire Administered	Questionnaire Retrieved	Percentage (%)
First Bank	30	24	80.0
Skye Bank	30	22	73.3
United Bank of Africa	30	24	80.0
Union Bank	30	23	76.7
Total	120	93	77.5

Total number of 120 copies of questionnaire were administered to the respondents, while 93 copies were retrieved, representing 77.5% of the respondents. Table 1 shows the breakdown of the distributed and retrieved copies of the questionnaire. Total number of 93 copies were used for the analysis of the study.

Benefits of Using ICT in Banking Industry

Table 2: Benefits of Using ICT in Banking Industry

S/ N	Perceived Benefits	Options				F	Σfx	— X	Decision
		SA	A	D	S D				
		4	3	2	1				
i.	ICT enhances speed of service delivery.	58	35	0	0	93	337	3.62	Agree
ii.	ICT has positive impact on the performance of banks.	56	37	0	0	93	335	3.60	Agree
iii.	ICT enables banks to deliver quality services to customers.	46	47	0	0	93	325	3.49	Agree
iv.	ICT enhances increase in profitability.	38	55	0	0	93	317	3.41	Agree
v.	ICT reduces paper work in banks.	58	35	0	0	93	337	3.62	Agree
vi.	ICT provides reliable access to information	45	48	0	0	93	324	3.48	Agree

Source: Field Survey 2016.

Key: SA- Strongly Agree (4); A-Agree (3); D-Disagree (2); SD- Strongly Disagree (1)

Table 2 shows the perceived benefits of using ICT in the banking industry in Nigeria. The mean ratings of the respondents range between 3.62 and 3.41, thus all the respondents have similar perception of the significance of the benefits of using ICT in banking industry. As revealed by the table, benefits of using ICT in the banking industry among others include enhancement of the speed of service delivery (3.62), reduction of paper work (3.62), positive impact on the performance of banks (3.60), and delivering quality services to customers (3.49). These perceived benefits are corroborated by [13, 14, 15, 16] that ICT provides flexibility of operating, tremendously improved the services of banks, automation manifestation and positive impact on organizational performance.

ICT Efficiency in Customer Service Delivery in the Banking Industry

Table 3: ICT Efficiency in Customer Service Delivery in the Banking Industry

S/N	ICT Efficiency	ANOVA	DMRT (sig.)	Decision
i.	Efficiency in operation	0.906	0.030	Significant
ii.	Improvement in product/service quality.	0.002	0.011	Significant
iii.	Introduction of new features in products/services.	0.263	0.070	Not Significant
iv.	Customer service improvement.	0.198	0.021	Significant
v.	Cost reduction.	0.183	0.245	Not Significant
vi.	Ease of free flow of information.	0.995	0.037	Significant
vii.	Complex operations/processes made simple.	0.108	0.022	Significant
Viii.	Multi-tasking made possible	0.120	0.015	Significant

Source: Field Survey 2016.

Table 3 shows the perceived ICT efficiency in customer service delivery in the banking industry. As revealed by the Table, the Analysis of Variance (ANOVA) and Duncan Multiple Range Test (DMRT) show that there was a significant difference ($P < 0.05$) in the perceived ICT efficiency in customer service delivery in the banking industry. Improvements in products/service quality (0.011), multi-tasking made possible (0.015), customer service improvement (0.021), complex operations/processes made simple (0.022), efficiency in operations (0.030) and ease of free flow of information (0.037) were significantly different. However, cost reduction (0.245) and introduction of new features in products /services (0.070) were not significantly different. This agrees with [12, 17] that ICT improves co-ordination of activities within organizational boundaries, improving the

quality of banking services and better ways of technological innovation that improves efficiency.

Challenges Facing the use of ICT in Banking Industry

Table 4: Challenges facing the use of ICT in Banking Industry

S/ N	Challenges	Options				F	Σfx	\bar{X}	Decision
		SA	A	D	SD				
		4	3	2	1				
i.	High cost of installation and maintenance	37	56	0	0	93	316	3.40	Agree
ii.	Customers in doubt of ICT related banking services due to insecurity	38	55	0	0	93	317	3.41	Agree
iii.	Cybercrime problems related to ICT.	34	59	0	0	93	313	3.37	Agree
iv.	Unreliable network connectivity.	62	31	0	0	93	341	3.67	Agree
v.	Poor or Lack of technological infrastructure.	45	48	0	0	93	324	3.48	Agree
vi.	Lack of adequate manpower.	39	54	0	0	93	318	3.42	Agree

Source: Field Survey 2016.

Table 4 shows the challenges facing the use of ICT in banking industry in Nigeria. The mean ratings of the respondents have similar perception of the significance of the challenges facing the use of ICT in banking industry. As revealed by the table, the challenges facing the use of ICT among others include: unreliable network connectivity (3.67), poor or lack of technological infrastructure (3.48), lack of adequate manpower (3.42), customers in doubt of ICT related banking services due to insecurity (3.41), high cost of installation and maintenance (3.40) and cybercrime problems related to ICT (3.37). These challenges are supported by the findings of [18, 10] that security concerns and inadequate operational facilities are the major factors inhibiting internet banking in Nigeria.

Also, security risk can be amplified and may result in a loss of confidence in electronic delivery channels.

CONCLUSION AND RECOMMENDATIONS

From the result of analysis, the major benefits of ICT are to enhance the speed of service delivery, reduce paper work in banks and improve banks performance. The adoption of ICT has brought efficiency in all banks operations, improvement in product/service quality, customer service, ease of free flow of information and multi-tasking has been made possible. However, the major challenges faced in the implementation of ICT include among others: unreliable network connectivity, poor or lack of technological infrastructure and security challenges due to cybercrime on related banking.

Nigeria bank industry should provide adequate security of transactions back up of critical data files and alternative methods of processing information. Also, government should provide adequate regulatory framework for consumer protection and security of transaction.

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