**EFFECT OF E-BANKING ON ORGANIZATIONAL PRODUCTIVITY**

# ABSTRACT

The purpose of the study is to investigate the effects of electronic banking on organizational performance at case study of Dangote cement plc. The study will be of great significance as it will help financial institution to know more challenges affecting E- banking Skills and take corrective measures to improve the business. The study used a case study research design, where the targeted population will be 88 respondents. Stratified sampling research method was used in the study and the sample size of 44 respondents representing 50% will be selected. Questionnaires will be the main instrument used to collect data and then data was analyzed using descriptive statistics and presented using frequency tables and percentages.

At the end of the research we recommend that organizations need to adopt electronic systems in their implementation of services, In addition, the researcher recommends that there is need for banks to invest in training of employees to understand electronic systems in the organization.

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CHAPTER ONE

**INTRODUCTION**

# 1.1 Background of the study

Mobile banking is an innovation that has progressively rendered itself in pervasive ways cutting across several financial institutions and other sectors of the economy. During the 21st century mobile banking advanced from providing mere text messaging services to that of pseudo internet banking where customers could not only view their balances and set up multiple types of alerts but also transact activities such as fund transfers, redeem loyalty coupons, deposit cheques via the mobile phone and instruct payroll based transactions(Vaidya 2011).   
The world has also become increasingly addicted to doing business in the cyber space, across the internet and World Wide Web. Internet commerce in its own respect has expanded in various innovative forms of money, and based on digital data issued by private market actors, has in one way or another substituted for state sanctioned bank notes and checking accounts as customary means of payments (Cohen 2001). Technology has greatly advanced playing a major role in improving the standards of service delivery in the financial institution sector. Days are long gone when customers would queue in the banking halls waiting to pay their utility bills, school fees or any other financial transactions. They can now do this at their convenience by using their ATM cards or over the internet from the comfort of their homes. Additionally due to the tremendous growth of the mobile phone industry most financial institutions have ventured into the untapped opportunity and have partnered with mobile phone network providers to offer banking services to their clients. ATM banking is one of the earliest and widely adopted retail e-banking services in Nigeria (Nyangosi et al. 2009). However according to an annual report by Central Bank of Nigeria its adoption and usage has been surpassed by mobile banking in the last few years (CBK 2008). The suggested reason for this is that many low income earners now have access to mobile phones. A positive aspect of mobile phones is that mobile networks are available in remote areas at a low cost. The poor often have greater familiarity and trust in mobile phone companies than with normal financial institutions.

# 1.2 Statement of the Problem

A fundamental assumption of most recent research in operations improvement and operations learning has been that technological innovation has a direct bearing on performance improvement (Upton and Kim, 1999). Strategic management in financial institutions demand that they should have effective systems in place to counter unpredictableevents that can sustain their operations while minimizing the risks involved through technological innovations. Only financial institutions that are able to adapt to their changing environment and adopt new ideas and business methods have guaranteed survival. Some of the forces of change which have impacted the performance of financial institutions mainly include technological advancements such as use of mobile phones and the internet. Since the beginning of e-banking Nigerian financial institutions have witnessed many changes. Customers now have access to fast, efficient and convenient banking services. Most financial institutions in Nigeria are investing large sums on money in information and communication technology (ICT). However while the rapid development of ICT has made some banking tasks more efficient and cheaper, technological advancements have their fair share of problems; for example they take a large share of bank resources, plastic card fraud particularly on lost and stolen cards and counterfeit card fraud. Thus there is a need to manage costs and risks associated with internet banking. It is crucial that internet banking innovations be made through sound analysis of risks and costs associated to avoid harm on banks performance. Bank performance is directly dependent on efficiency and effectiveness of internet banking and on the other hand tight controls in standards to prevent losses associated with internet banking. In order not to impair on their prosperity, financial institutions need to strike a balance between tight controls and standards in efficiency of internet banking. This is only possible if the effects of internet banking on financial institutions and its customers are well analyzed and understood. Mobile money has emerged as a strong competition to financial institutions in Nigeria. Initially cellular phones were developed to improve communication from the earlier primitive forms of communications such as smoke and drums. Financial institutions introduced ICT as an improvement to the banking channels. This has thus enabled bank customers’ access information relating to their accounts, (Tiwari, Buse and Herstatt, 2007.). In this regard mobile phone service providers have taken mobile money services deeper into the financial sector by offering a range of financial services through their networks.

In the light of growing competition within the financial sector it has become imperative for banks and other financial institution to develop new products and services in order to attract new and retain existing customers. Most banking organizations face challenges in in developing E- banking Skills as a new product for its customers and of banks with an aim of enhancing its service delivery. Due to competitive market and technology the institution has not been able to perform well due to a comprehensive risk management strategy to assure customers that E- banking Skills is safe just like the direct banking method. This has made the financial institution not be able to rip the full benefits of E- banking. The research therefore aims to assess the effects of electronic banking on organizational performance.

# 1.4 Objectives of the study

1. To examine the impact of internet banking on organizational productivity.
2. To examine the extent to which organizations in Nigeria make use of E-banking
3. To make recommendations to cushion the Challenges of electronic Banking Usage.

# 1.5 Research questions

1. To what extent does internet banking affect organizational productivity?
2. To what extent does organizations in Nigeria make use of E-banking?

# 1.6 Significance of the Study

The study is to help managers of different institution to know more challenges affecting E- banking Skills and take corrective measures to improve the business. It is also to help the staff members and other of Enterprises to know the risks and the benefits of E- banking. Through the study it will also help the case study Dangote cement company to increase it E- banking transactions mostly in rural areas so that they can get more customers and improve their image to customers.

# 1.7 Scope and Limitation of the Study

The study sought to find out the impacts of electronic banking on organizational performance at Dangote cement plant, Obajana Branch. The target population is 88 respondents from which a sample size of 44 respondents were selected using stratified sampling procedure.

Unwilling respondents limited the data collection by refusing to answer questions or by giving exaggerated information on the topic under research study.

**1.8 Operational Definition of Terms**

**Automated Teller Machine: I**s an electronic telecommunications device that enables the customers of a financial institution to perform financial transactions without the need for a human cashier, clerk or bank teller.

**Credit Card**: Is a payment card issued to users as a system of payment. It allows the cardholder to pay for goods and services based on the holder's promise to pay for them. The issuer of the card creates a revolving account and grants a line of credit to the consumer (or the user) from which the user can borrow money for payment to a merchant or as a cash advance to the user.

**Electronic Banking:** is an electronic payment system that enables customers of a financial institution to conduct financial transactions on a website operated by the institution, such as a retail bank, virtual bank, credit union or building society. Online banking is also referred as Internet banking, e-banking, virtual banking and by other terms.

**Smart Card:** is a device that includes an embedded integrated circuit that can be either a secure microcontroller or equivalent intelligence with internal memory or a memory chip alone. The card connects to a reader with direct physical contact or with a remote contactless radio frequency interface

# CHAPTER TWO

# LITERATURE REVIEW

# 2.0 Introduction

The main purpose of studying literature review is to assess what has been done in the past studies by scholars concerning effects of electronic banking on organizational performance. This review also assists the researcher to limit the research problem to define it better. The literature review will be sourced from published materials.

# 2.1 Concept of E-banking System

Dabholkar (2004), assert that the past decade has seen dramatic losses in the banking industry. Firms that had been performing well suddenly announced large losses due to credit exposures that turned sour, interest rate positions taken, or derivative exposures that may or may not have been assumed to hedge balance sheet risk. In response to this, commercial banks have almost universally embarked upon an upgrading of their risk management and control systems. Online banking (or Internet banking or E-banking System) allows customers of a financial institution to conduct financial transactions on a secure website operated by the institution, which can be a retail or virtual bank, credit union or building society.

Davis, (2006) adds that to access a financial institution's online banking facility, a customer having personal Internet access must register with the institution for the service, and set up some password (under various names) for customer verification. To reduced risk password for online banking is normally not the same as for telephone banking. Financial institutions now routinely allocate customer numbers (also under various names), whether or not customers intend to access their online banking facility. Customer numbers are normally not the same as account numbers, because a number of accounts can be linked to the one customer number. The customer will link to the customer number any of those accounts which the customer controls, which may be cheque, savings, loan, credit card and other accounts.

For banks to access online banking, the customer would go to the financial institution's website, and enter the online banking facility using the customer number and password. Some financial institutions have set up additional security steps for access, but there is no consistency to the approach adopted.

Davis, et al (2009) the effectiveness of SMES access to Financial resources in banks depends on efficient Management Information System, computerization and net working of the branch activities. The data warehousing solution should effectively interface with the transaction systems like core banking solution and risk systems to collate data. An objective and reliable data base has to be built up for which bank has to analyze its own past performance data relating to loan defaults, trading losses, operational losses etc., and come out with arks so as to prepare themselves for the future risk management activities. Any management model is as good as the data input.

Delone, et al (2005), E- Banking underscores the fact that the survival of an organization depends heavily on its capabilities to anticipate and prepare for the change rather than just waiting for the change and react to it. The objective of E-banking System is not to prohibit or prevent risk taking activity, but to ensure that the risks are consciously taken with full knowledge, clear purpose and understanding so that it can be measured and mitigated. It also prevents an institution from suffering unacceptable loss causing an institution to fail or materially damage its competitive position. Functions of risk management should actually be bank specific dictated by the size and quality of balance sheet, complexity of functions, technical/ professional manpower and the status of MIS in place in that bank. There may not be one-size-fits-all module for all the banks to be made applicable uniformly. Balancing risk and return is not an easy task as risk is subjective and not quantifiable where as return is objective and measurable. If there exist a way of converting the subjectivity of the risk into a number then the balancing exercise would be meaningful and much easier.

Banking is nothing but financial inter-mediation between the financial savers on the one hand and the funds seeking business entrepreneurs on the other hand. As such, in the process of providing financial services, commercial banks assume various kinds of risks both financial and non-financial. Therefore, banking practices, which continue to be deep routed in the philosophy of securities, based lending and investment policies, need to change the approach and mindset, rather radically, to manage and mitigate the perceived risks, so as to ultimately improve the quality of the asset portfolio (Frischtak, 2002).

In today's fast moving business, customers need faster and more secure services for their financial transactions. Commercial banks in Nigeria have the privilege of various delivery channels for their products and services. This includes the brick and mortar branch office networks, automated teller machines (ATM‟s), tele-banking or mobile banking via the telecommunication channel and Internet banking (Market Intelligence, 2003).

# 2.1.1 Organizational performance

Performance is the level to which a organization fulfills the objectives of dependability, cost speed, quality, and flexibility (Slack, 2007). The importance of E-banking can be drawn from its effect on firm performance and, more particularly, on final product features such as cost, design, manufacturability, quality and so on (Narasimhan et al., 2004). Narasimhan further argues that strategic evaluation of organization performance helps buying organizations in improving their operations in a number of ways including: aiding in supplier process improvement, which in turn enhances firm’s overall performance; allows for optimal allocation of resources for E-banking development programs; and helps managers in re-engineering their supplier network on the basis of performance.

Organization performance measures, too, help improve efficiency and effectiveness of supply chain (Handfield et al., 2008). As Lysons et al., (2009) points out financial and non-financial performance measures which include: quality, time/ responsiveness, innovation, physical environment and safety price performance, cost-effectiveness, revenue, administration efficiency, internal customer satisfaction, organization performance and strategic performance .

According to (Myla, 2010) organizational performance can be indicated by the cost effective control alternatives applied to rectify cost inefficiencies or, in short, minimize costs while maximizing profits. Myla (2010) further points out that the cost control initiatives should not impact the customer’s perceived value, nor should they run afoul of safety laws.

# 2.1.2 The development of ICT and banking service relations

Through online banking, customers are better able to act and interact by removing the various constraints that are liable to be imposed by a third party (such as constraints of time, space or expertise), thus enabling them to act independently of an adviser but with the support of online banking resources. The capacity of an online customer for action, information and interaction are thereby increased; the customer thus emerges as a new agent in the banking process ([Mavri and Ioannou, 2006](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b25)). Although many studies have shown how ICT tend to alter the socio-professional and organisational factors of customer service advice and banking in general ([Al-Taitoon and Sorensen, 2004](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b2); [Joseph et al., 2005](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b18)), far fewer studies have taken account of their impact on customers and the effects of these impacts on the modalities of the service subsequently delivered in customer contacts based on an approach shifting from an intra-organisational to an extra-organisational perspective ([Peterson and Balasubramian, 2002](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b29); [Plé and Lefebvre, 2004](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b30)). The present study aims to remedy this defect.

# 2.1.3 ICT and the development of customer competence

Some customers use online banking to improve their banking knowledge and competence and to pre-produce the service they require ([Bernard, 2001](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b6)). Internet banking users typically compare or search for the most appropriate online services ([Curry and Penman, 2004](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b10); [Lassar et al., 2005](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b1002); [Kuisma et al., 2007](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b19); [Liao and Wong, 2008](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b1003)). The identified uses show that some customers use consultations to acquire a form of banking ‘knowledge’ or ‘know-how’ (knowledge of products and their methods of calculation, use of accounts, acquisition of data in the context of a loan, comparison and simulation) and to develop greater proactivity ([Prahalad and Ramaswamy, 2000](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b31); [Liao and Tow Cheung, 2002](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b23)). The result is a ‘wiser and more rigorous’ behaviour displayed by some customers ([Rodie and Kleine, 2000](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b33)). The role of pre-information and the pre-analysis of their situation are qualitatively different in the exchange situation and in the modalities of service production in customer contacts used to confront and finalise decisions. Initial virtual transactions (through emailing) increase and imply new interpersonal skills for CAs; this is because they require a conception of a customer contact as a ‘moment’ in a temporal sequence formerly constructed by the customer autonomously. The relation is inscribed simultaneously in a real triadic relation (CA–Information Technology (IT)–customer), although with the active participation of new virtual agent (online banking technologies and previous uses) that redefines certain conditions of exchange and negotiation. Faced with an increasingly independent and autonomous customer, professional agents thus tend to lose certain prerogatives and a degree of power. To this extent, virtual services foster more reactive and opportunistic attitudes in customers during customer contacts ([Prahalad and Ramaswamy, 2000](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b31)). In fact, before the development of banking ICT, the adviser and the customer operated exclusively in a distinctly asymmetrical position in access at information in face-to-face customer contacts. The development of Internet banking services may be seen to affect the roles, responsibilities and power relations of the actors involved in the production and delivery of services. It is precisely these trends and their consequences for the use of CA competence and available IT applications that will be explored throughout this study.

# 2.1.4 The development of customer competence through ICT and the implications for CA competence

A CA must be capable of adapting to the frequent variations in the level of customer competence and the different forms of collaboration between themselves and their customers entailed by these variations. This situation determines the conditions of face-to-face service delivery. With the development of their competence through ICT, the most well-informed customers are liable to require a different kind of service involving a shared reflection and more sustained collaboration. There are three potential areas in which a customer's range of skills tend to evolve: knowledge (the customer acquires new knowledge), know-how (the customer seeks to understand the logic of the service rather than passively acquiesce to a ready-made solution) and interpersonal skills (the customer wishes to confront her own point of view with the point of view of an expert). Faced with a better informed and more competent customer, advisers are thus required to manage heterogeneous situations and to adapt to unpredictable ‘events’. Online banking only serves to reinforce this trend because it tends to increase the areas of uncertainty and instability that add to the initial difficulties raised by the relational dimension of services ([Du Tertre and et Blandin, 2001](http://onlinelibrary.wiley.com/doi/10.1111/j.1468-005X.2011.00266.x/full#b11)). The management of interactions is made all the more complex by the fact that the CA and the customer have no real experience of working in common. Before any action is taken, there will be a time necessary for adjustment, co-evaluation and consultation (a process subject to established time constraints). Every customer situation is regulated according to the various forms of competence of service pre-production that condition the type of competence effectively used during customer contacts. The dynamics of this triad—CA/IT/customer—is thus reconfigured and reconstituted at every appointment.

# 2.1.5 Electronic mobile devices and customer service delivery

In Nigeria, majority of banks have introduced internet banking, mobile banking and other e-banking facilities, to enhance delivery channels to their customers. It is however, important that the introduction of these products be accompanied with programs to broaden consumer horizon by enhancing their knowledge in the new and more innovative way of conducting banking business. For example, while Internet banking is fast and convenient mode of conducting banking transactions, this is yet to gain acceptance among banking consumers, due to fears of apprehension in this mode of banking.Electronic banking depends on providing customers, partners, and employees with access to information, in a way that is controlled and secure (Soludo, 2005). Technology must provide security to meet the challenges encountered by E-Banking.

In recent years, and taking advantage of new information technologies, two groups of new payment methods, referred to generically as electronic money (e-money), have been developed and introduced: smart cards and software-based products to make payments over the Internet. Until now, the most revolutionary systems of e-money are still at their infancy, and there is debate concerning the degree of adoption that could take place in the coming years (Soludo, 2005). In the meantime, we are witnessing the introduction of mixed products that coexist with some incipient experiences of pure digital cash. Pre-paid cards can serve as a payment mechanism by loading and storing monetary value in the chip embedded in the card. The value loaded in the card can later be used to pay for goods and services. The introduction of smart cards seeks to replace cash in most of the small transactions for which hard cash is currently used. The introduction of this new payment mechanism will go through different stages. Initially, consumer habits must change. Once reasonable acceptance is attained, point-of-sale terminals would spread rapidly.

# 2.2 Types of E-banking platforms used by banks

# 2.2.1 Smart card use and Organizational performance

Bateson, , et al (2004), continuing technology developments and innovations are having significant impact on the way banks interact with their customers, suppliers and counterparties, and how they undertake their operations. Banks face the challenge of adapting, innovating and responding to the opportunities posed by computer systems, telecommunications, networks and other technology-related solutions to drive their businesses in an increasingly competitive domestic and global market.

Morris, et al. (2003), the internet in particular offers major opportunities for banks to reach new markets and expand the range of products and services they provide to customers. The very accessibility and dynamism of the internet brings both benefits and risks. As banks rely increasingly on information technology and the internet to operate their business and interact with the market, technology risks will potentially increase, both for individual banks and the financial industry at large. In this networked and market-driven environment, it is critical that banks have flexible and responsive operating processes as well as sound and robust risk management systems. The board of directors and management of a bank are responsible for managing its risks, including technology risks which are becoming more prevalent and complex. The risk management process requires the board and management to decide on what and how much to invest in security and controls in computer systems, telecommunications and networks. As a general principle, a risk management framework would require the following actions to be taken: identify, classify and assess risks that are relevant to the bank's operations. Develop a documented plan containing policies, practices and procedures that address and control these risks.

Dabholkar, (2004), a sound and robust framework requires the board and management to be responsible and accountable for managing and controlling technology risks. This responsibility calls for banks to perform risk identification and assessment by going through the spectrum of relevant risks and carrying out impact analysis of the various risks on their business operations and systems. Risks that are deemed material to the organisation should be thoroughly evaluated and prioritized to enable a strategy to be developed for addressing and mitigating these risks.

# 2.2.1 Mobile banking(Telebanking )

In Nigeria equity’s mobile banking service is over four years old and was initiated with the objective of increasing outreach and making available commercial banking services in densely populated rural areas, with difficult terrain, that are hardly served by formal financial institutions or where formal financial institutions withdrew their services. Each mobile unit centre serves a radius of 30 – 40 kilometers of areas that have poor accessibility and high levels of insecurity. Equity was motivated by the desire to ‘take banking services closer to the people.’ The target clientele for Equity’s mobile banking units are small and micro business entrepreneurs and smallholder farming households in rural centres lacking in infrastructure such as accessible road networks, telephone and electricity and cost-efficient transport services (White ,2001)

Electronic financial services, whether delivered online or through remote mechanisms, have spread rapidly. Countries and consumers are increasingly getting connected. These new technologies not only allow countries to leapfrog in connectivity, they also open new channels for delivering e-financial services. Since the mid-90s investment in banking technology has focused upon online banking and brokerage services to increase convenience. E-finance has lowered the costs of providing financial services. The Internet eliminates many processing steps and labor costs, while avoiding the fixed costs of branch development and maintenance. A typical customer transaction through a branch or phone call costs is as minimal as possible (Marshall , et al 2007).

The owner costs for providing financial services have also allowed greater access to financial services. Internet-based services are sometimes as popular in emerging markets as industrialized ones. For example, online banking is nearly as widespread in Brazil as in the United States. Due to the apparent lack of fixed line infrastructure in many developing nations, most financial institutions have implemented wireless financial platforms to expand access to their services. Concurrent with these realities, four new technology related industry trends have occurred: outsourcing, open architecture, integrated strategies, and new methods of e-payment (Gronroos, ,2000).

Continued economic integration and the new delivery channels for financial services, such as the wireless protocols, will increase opportunities for banks to deliver financial services to remote areas. However, these opportunities are not limited to the formal economy. The underground (criminal) economy of the world have adopted technology as well. Integration of financial services across the wireless medium has created an opportunity for identity theft, fund transfer, and extortion (Dabholkar, 2004).

# 2.2.3 Electronic Funds Transfer (Debit and Credit Cards systems)

Electronic funds transfers have become one of the more common financial transactions in the age of technology. The effect that EFTs have had on money has been revolutionary in that old methods of handling money have changed considerably, while new methods have also been invented. Exchanging money has also become faster and more efficient because of EFTs. Because of this fact, purchasing and payments have been streamlined and easier to track. There have been other effects of EFTs on money, (Amar, 2009).

EFTs is a method used to send or receive money between two parties. This method can be used by both individuals and organizations. EFT transactions are conducted by financial institutions and payment systems around the world. Money can be sent or received using various types of EFT. The more common types used are electronic bill payment, receipt of government benefits, purchase of goods and bank transfers. These types of transfers can often be conducted by the use of a plastic card with a metallic strip on back containing the account information of the account holder; the two most common cards are debit and credit cards issued by financial and government institutions. (Bateson, 2004)

EFTs has increased the speed at which money is passed between parties. Where transactions previously took days to complete, they now can be completed in minutes. EFT transactions have also significantly reduced the need to handle physical currency. The accuracy of transaction amounts has also increased because there is a reduced need to rely on handwritten or hand-counted transactions. Currency exchange is also significantly simplified because the money is automatically changed to the correct currency at the proper exchange rate. The locations of parties involved in financial transactions no longer need to be in the same location or the same country to conduct business. Because of EFT ability, money can be sent and received around the world without direct communication between the parties involved. Account holders also no longer need to pay or take payment in person. Funds no longer need to be sent through postal mail services to reach recipients (Bitner, 2001).

# 2.2.4 Contribution of E-banking on revenue growth

The total internet can be bewildering and elusive in it’s ever expanding size, rate of growth, variety of its uses and users, the claims and hype advanced on its behalf, technology and the innovations it has made possible. A realistic business model for Electronic commerce on the internet must derive from an understanding of what we know today rater than on what some people think will happen sometime soon (Keen etal., 1998).

Electronic business is the conduct of business generally with the assistance of telecommunications and telecommunications based tools (Clarke, 2001). Clarke adds that electronic business encompasses a wide range of activities such as electronic commerce, electronic publishing, electronic service delivery (ESD) and that its scope extends across the business activities of all categories of organizations and individuals, whether undertaken for profit or as a service to the community. In this view electronic business consists of electronic commerce, electronic marketing, electronic franchising, electronic engineering, electronic learning or electronic procurement (Amor, 2000). Clarke (2001) defines the provision of services online in various service domains including government, banking, financial services, reservation for travel, entertainment and learning as ESD.

A distinction in the literature on electronic business is often made between business to business (B2B) e-commerce and business to consumer (B2C) e-commerce. Kalakota and Whinstone (1997) observe that this classification is based on the strategic success factors and the underlying technologies of electronic commerce. They explain that the difference is in the use of the internet to automate the conduct of business with suppliers or other business partners for business to business ecommerce and the selling of merchandise or providing services to customers for business to consumer e commerce. For B2B e commerce, the use of EDI (Electronic Data Interphase) is common. EDI is the family of standards for expressing structured data that represents e-commerce transactions such as a means for communicating offers to potential buyers (e-catalogues), a set of mechanisms for setting prices(e-auctioning) and electronic documents such as invoices, debit and credit notes.

# 2.2.5 The Concept of E-banking Strategy and Strategy Implementation

The core concept of strategic management is strategy. Ansoff (1990) defines strategy as a systematic approach for managing change which consists of first positioning of the firm through strategy and capability planning, secondly real time strategic response through issue management and thirdly systematic management of resistance during strategic implementation. Chandler (1962) in his definition of strategy emphasized the determination of basic long term goals and objectives, the adoption of courses of action to achieve them and the allocation of resources as being central to the concept of strategy. Strategy is fundamental in the planning process since strategic decisions influence the way organizations respond to their environment. Schender and Hofer (1979) define strategy intems of its function in the organization. They assert that the purpose of strategy is to provide directional cues to the organization that permit it to achieve its objectives while responding to the opportunities and threats in the environment. Strategies exist at several levels in any organization ranging from the overall business (or group of businesses) through to individuals working in it. Corporate Strategy is concerned with the overall purpose and scope of the business to meet stakeholder expectations. This is a crucial level since it is heavily influenced by investors in the business and acts to guide strategic decision-making throughout the business.

# 2.2.6 Challenges for Implementing Electronic Banking

Regardless of the many benefits from use of Internet banking, there are some challenges that banks are facing on implementing the strategy. Firstly Internet banking requires good infrastructure. This means to use Internet banking, banks and customers need to invest in the acquisition of proper supportive infrastructure. Implementing web technology as a business channel requires organizational ability and resources to utilize web technology more efficiently, such as hardware and software. So can the shortage of knowledgeable personnel, even if the technology is there. The lack of experience and knowledge in using online business can inhibit adoption. Customer knowledge barrier may come from a lack of diffusion capability, and the lack of investment in training for internal employees (Chircu and Kauffman, 2000).

Secondly, security is another concern when using Internet banking. Banks have to make sure that the systems they are putting in place are totally secure so as not to put the funds and customer information at risk. A lot of customers on the other hand have questioned how safe the Internet systems are. This has led some rejecting the adopting Internet banking; this is due to risky nature of the Internet. Hackers are a constant reminder of how unsafe Internet banking can be. Thirdly legal requirement for the safe use of the Internet banking are lacking. This is due to the fact that the technology is fairly new (Burnham 1996). A lot of countries, Nigeria included do not have law covering the usage of Internet banking.

# 2.2.7 Organizational Response Strategies to E-banking challenges

The new strategy should be consistent with the strategic direction of the company and be appropriate to the prevailing market conditions. The expertise and knowledge of strategy makers in managing change are crucial, and only active participation from all levels of management will ensure its success. The potential impact of ongoing and future projects on the new initiative should be considered and an overall maintenance strategy is needed

to guide those with responsibility for the day-to-day operation of the new strategy. This must ensure senior management commitment to the implementation process. The impact of organizational culture on communication, coordination and cooperation between different levels of management and functional areas should be addressed, especially in relation to the potential impact of the new strategy on informal networks, politics and key stakeholders (Barodoel and Sohal, 1999).

Previous research has shown that positive involvement of top management acts as support to a new system (Chattopadhyay, 2001). This is largely because senior managers must manage the necessary culture change required (Jackson, 2001). Without a consistent message and senior level champions for the initiative the company might fail to achieve the buy-in of other managers within the organization. Management should ensure that they have the time and resource to properly implement improvement efforts and be realistic about the time and wider impacts of strategy implementation demands placed on their employees. A key person should champion the strategy change and facilitate it. He must have excellent knowledge of the new strategy and have the necessary politicalsupport to implement it. Wang and Ahmed (2001) suggest that strong internal motivationand emotional involvement are necessary if implementation is to be successful.

# 2.3 conceptual framework

The study seeks to find out the effects of electronic banking on organizational performance. The independent variable for the study is Electronic Banking which is Internet banking, Smart Cards, ATM and Smart cards, while the dependent variable is the organizational performance

Internet banking

Smart Cards

Organizational Performance

Automated Teller Machines

Credit cards

# Figure 2.0 Conceptual framework

**Source; Author**

Internet banking contributes provides an effective transaction system in the organization, through paybill services banks can be able to collect customer deposits

Smarts cards usage effectively contributes to the reduction in cash theft among the employees, it is also evident that smart cards have contributes a lot in efficiency in transaction processes

ATM are automated teller machines that dispense cash to the banks customers, this effectively reduces customer queue therefore reduces time wastage

# CHAPTER THREE

# RESEARCH DESIGN AND METHODOLOGY

# 3.1 introduction

This chapter contains the research design used, target population of the study, the sampling procedure and sample size, data collection instrument, validity and reliability of the study, data collection procedure and data analysis.

# 3.2 Research Design

A Case study research design was adopted for this study as it gives intensive and detailed description of existing phenomenon among the E-banking System with intent of employing data to justify and make more intelligent plans. This design is suitable as it describes rather than predict and it is effective in studying a single entity in depth in order to gain an insight into the larger case of the E-banking System that are coming up.

# 3.3 Target Population

The study targeted a population of 88 respondents who constitute 4 top managers, 6 credit officers, and 20 customers who work in Dangote cement Plant. The following table shows how the target population will be drawn.

# Table 3.1 Target population

|  |  |
| --- | --- |
| **Stratum** | **Target population** |
| Top managers | 4 |
| Credit officers | 6 |
| Teller | 20 |
| Marketing | 58 |
| Totals | 88 |

## Source (Dangote Cement)

# 3.4 Sampling design and Sample size

The study employed stratified sampling technique in selecting the respondents. Cochran (1977) stated that stratified sampling involves the division of a population into smaller groups known as strata. In stratified random sampling, the strata are formed based on members' shared attributes or characteristics. A random sample from each stratum is taken in a number proportional to the stratum's size when compared to the population. These subsets of the strata are then pooled to form a random sample.

The sample size represent 50% of the target population where (Patton, 2002) recognizes 10% to 30% in a case study research design This ensured that each member of the target population had an equal and independent chance of being included in the sample. The table below shows how the sample was considered from two categories

# Table 3.2 Sample Size

|  |  |  |  |
| --- | --- | --- | --- |
| **Stratum** | **Target population** | **Procedure** | **Sample Size** |
| Top managers | 4 | 4×0.5 | 2 |
| Credit officers | 6 | 6×0.5 | 3 |
| Customers | 20 | 20×0.5 | 10 |
| Owners of retails | 58 | 58×0.5 | 29 |
| Totals | 88 | 88 | 44 |

## Source (Dangote Cement)

# 3.5Data collection Instruments

The main tool of data collection instrument used was questionnaires. The questionnaires consist of both closed ended questions. The questionnaires were sub-divided into sections so as to capture the response and details required. The purpose for using questionnaires is because they are easier to administer and easy to analyze, since each item is followed by an alternative answer. Questionnaires was not to pressure the respondents. The researcher will use random sampling to administer the questionnaire to the respondents. Questionnaires were taken by the researcher to the respondents, whom after answering the questions collected by the researcher herself. This type of administration was the best because the researcher was be able to identify where the respondents had difficulties.

# 3.6 Description of Data Collection Procedures

The researcher personally administered the questionnaire which helped to clarify difficult questions thus save time and ensure quick response. The researcher later picked the completed questions from the respondents.

# 3.7 Validity and Reliability of Research Instruments

Validity is defined as the accuracy and meaningfulness of inferences according to Mugenda (1999) which are based on research results. The study applied construct validity as a measure of the degree, to which the data obtained from the research instrument meaningfully and accurately reflects a theoretical concept. Mugenda (1999) suggest the reliability is the degree to which research instruments yield consistently result of data after research trials in testing reliability errors are the deviation from true measures are to the facts that have not been effectively addressed by the research. To ascertain the reliability of questionnaire, pretested method will be subject to the respondent that formed the part of the study to determine constancy of results. The data collected will be reliable since the questionnaire method used can be applied elsewhere and similar result found.

# 3.8 Data Analysis

Data was edited, coded and analyzed using qualitative analysis method where descriptive analysis was employed to analyze data. Descriptive analysis was used because it is describes the basic feature of data in the study. The data that was obtained from the questionnaire was coded, organized and presented using descriptive including frequency distribution and percentage tables in chapter four and to made and then a summary to be done.

# CHAPTER FOUR

# DATA ANALYSIS, PRESENTATION AND INTERPRETATION

# 4.1 Introduction

This chapter presents the study findings and interpretations followed by discussions on the findings.

This chapter focused on data analysis, presentation, interpretation and discussions of the findings. The researcher made use of frequency tables and percentages to present data.

# 4.2 Findings on Demographic Characteristics of the Respondents

Findings on demographic characteristics of the respondents were necessary in finding out the effects of electronic banking on organizational performance. The areas covered in this section included; gender, age, highest academic qualification and working experience of the respondents within the Organsation.

# 4.2.1 Gender of the Respondents

The study found it necessary to establish the gender of the respondents. Gender as a variable was categorized as male or female and the specific frequency and percentages accordingly as shown below.

# Table 4.1 Gender of the Respondents

|  |  |  |
| --- | --- | --- |
| **Gender** | **Frequency** | **Percentage** |
| Male | 26 | 59 |
| Female | 18 | 41 |
| **Total** | **44** | **100** |

According to the findings, a simple majority (59%) of the respondents were male while the remaining (41%) are females as indicated in Table 4.1. This is an indication of a well balanced workforce in terms of gender orientation. This could perhaps be an indication of the organizations embracing the equal employment opportunity. This is good for this study since the opinion of both genders is equally presented.

# 4.2.2 Age of the Respondents

The researcher wanted to know the age bracket of the respondents to ascertain their approach on issues related to the effects of electronic banking on organizational performance

# Table 4.2 Age of the Respondents

|  |  |  |
| --- | --- | --- |
| **Age Bracket** | **Frequency** | **Percent age** |
| 20-30 years | 19 | 44 |
| 31-40 years | 13 | 30 |
| 41-50 years | 7 | 15 |
| Over 51 years | 5 | 11 |
| **Total** | **44** | **100** |

From the results, majority (44%) of the respondents were in the age bracket of 20-30 years while 30 % were between 31-40 years. It was also clear that 15% were in the age bracket of 41-50 years and the remaining 11% were over 50 years. This is an indication that the study was able to collect data from older respondents who were well versed with the effects of electronic banking on organizational performance and the researcher was able to collect information from different age groups.

# 4.2.3 Level of Education of the Respondents

It was necessary to seek information to establish the level of education which was categorized as college and university.

This is shown in the table below

# Table 4.3 Level of Education of the Respondents

|  |  |  |
| --- | --- | --- |
| **Level of Education** | **Frequency** | **Percent** |
| Diploma | 25 | 56 |
| Undergraduate | 16 | 37 |
| Masters | 3 | 7 |
| **Total** | **44** | **100** |

From the results it was clear that majority 56% of the respondents were of Diploma level whereas a significant number (37%) of the respondents had attained the undergraduate level of education The respondents who attained the Masters level of education accounted for 7 % of the population This indicates the majority of the respondents have a college level of education with a sizeable amount with degree level of education. This forms a good population who is educated and therefore is in better position to answer questions and give a technical opinion on the subject of the study.

# 4.2.4 Working Experience of the Respondents

It was important to seek this information to establish the number of years the respondents at Cooperative bank to ascertain their experience on issues related to the effects of electronic banking on organizational performance.

# Table 4.4 Working Experience of the Respondents

|  |  |  |
| --- | --- | --- |
| **Working Experience** | **Frequency** | **Percent** |
| Less than a Year | 13 | 30 |
| 1-3 Years | 16 | 37 |
| 3-5 Years | 11 | 26 |
| More than 5 Years | 3 | 7 |
| **Total** | **44** | **100** |

Table 4.4 shows that majority (37%) of the respondents had a working experience of between 1-3 years whereas 30% had worked for a period of less than 1 year. It was also established that 26% of the respondents had a working experience of 3-5 years, it was established that 7% had worked for a period of more than 5 years. The findings indicated that varied responses could be collected from the respondents considering that those who had little experience and those who had a lot of experience participated in the study.

# 4.2.5 Impact of internet banking on organizational performance

It was necessary to find out the effect of Internet banking on organizational performance

# Table 4.5 Effect of Internet banking on organizational performance

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Organizational performance** | **SA** | **A** | **N** | **D** | **SD** |
| Facilitates efficiency in delivery of cash to the customers | 11(25%) | 23 (52%) | 5(11%) | 5(11%) | 0 (0%) |
| It reduces chances of financial fraud | 5 (11%) | 21 (48%) | 11(26%) | 5(11%) | 2 (4%) |
| It contributes to effective accountability of financial management to an organization | 5(11%) | 18(41%) | 7(15%) | 10(22%) | 5(11%) |
| It improves financial access to customers in areas where banks are inaccessible | 19 (44%) | 15(33%) | 10(22%) | 0(0%) | 0(0%) |

The findings showed that 25% of the respondents strongly agreed to the opinion that internet banking facilitates efficiency in delivery of cash to the customers whereas 52% agreed. The respondents who were not certain accounted for 11% and the remaining 11% disagreed on the opinion.

On the other hand 11% of the respondents strongly agreed that internet banking reduces chances of financial fraud whereas 48% agreed. The respondents who were not certain accounted for 26% and the remaining 15% of the respondents disagreed to the opinion.

11% of the respondents strongly agreed to the opinion that internet banking contributes to effective accountability of financial management to an organization whereas majority (41%) of the respondents agreed. The respondents who disagreed to the opinion accounted for 22% and 11% strongly disagreed. The remaining 18% of the respondents were not certain.

It was also evident from the findings that (44%) strongly agreed to the opinion that internet banking improves financial access to customers in areas where banks are inaccessible whereas 33% agreed. The respondents who were not certain to the opinion accounted for 22%.

# 4.2.6 Extent to which organizations in Nigeria make use of e banking?

The researcher sought to find out the effect of Credit cards on organizational performance

# Table 4.6 Extent to which organizations in Nigeria make use of e banking

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Credit** |  | **SA** | **A** | **N** | **D** | **SD** | **Total** |
| Mobile transfers contributes to increase in customer transactions to the organization | **Freq** | 11 | 8 | 5 | 3 | 0 | **44** |
| **%** | 40 | 30 | 19 | 11 | 0.00 | **100** |
| Mobile Banking is used to improve time management in customer service delivery | **Freq** | 17 | 6 | 4 | 0 | 0 | **44** |
| **%** | 63 | 22 | 15 | 0.00 | 0.00 | **100** |
| Internet Banking improves operational financial operations in the Organisation | **Freq** | 9 | 8 | 10 | 0 | 0 | **44** |
| **%** | 33 | 30 | 37 | 0.00 | 0.00 | **100** |
| Smart cards are used to facilitate reduction in financial fraud | **Freq** | 19 | 8 | 0 | 0 | 0 | **44** |
| **%** | 70 | 30 | 0.00 | 0.00 | 0.00 | **100** |

Tables 4.6 shows that 40% of the respondents strongly agreed that Mobile transfers contributes to increase in customer transactions to the organization, 30% agreed whereas 19% were not. The remaining 11% of the respondents disagreed to the opinion.

According to the findings, 63% of the respondents strongly agreed that Mobile Banking is used to improve time management in customer service delivery while 15% were not sure. The remaining 0% of the respondents disagreed with that opinion. It was also established that majority (33%) of the respondents agreed that Internet Banking improves operational financial operations in the Organisation, 30% agreed to that statement while 37 % were not sure. From the results findings 70% of the respondents strongly agreed that Smart cards are used to facilitate reduction in financial fraud, 30% agreed while 0% were not sure, the remaining 0% disagreed.

From the findings above we can conclude that organizations in Nigeria make use of e banking to a very large Extent.

# CHAPTER FIVE

# 5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

# 5.1 Introduction

This chapter presents the discussion of the findings, conclusions, recommendations and suggestions for further research. This study was carried out with the main purpose of finding out effects of community participation on effectiveness of local development projects

# 5.2 Summary of the findings

According to the findings, a simple majority (59%) of the respondents were male while the remaining (41%) are females as indicated in Table 4.1. This is an indication of a well balanced workforce in terms of gender orientation. This could perhaps be an indication of the organizations embracing the equal employment opportunity. This is good for this study since the opinion of both genders is equally presented.

From the results it was evident that a majority of the respondents were in the age bracket of 20-30 years while 30 % were between 31-40 years. It was also clear that 15% were in the age bracket of 41-50 years and the remaining 11% were over 50 years. This is an indication that the study was able to collect data from older respondents who were well versed with the effects of electronic banking on organizational performance and the researcher was able to collect information from different age groups.

From the research findings majority of the respondents (56%) were of Diploma level whereas a significant number (37%) of the respondents had attained the undergraduate level of education The respondents who attained the Masters level of education accounted for 7 % of the population This indicates the majority of the respondents have a college level of education with a sizeable amount with degree level of education. This forms a good population who is educated and therefore is in better position to answer questions and give a technical opinion on the subject of the study.

It was evident from the findings that (37%) of the respondents had a working experience of between 1-3 years whereas 30% had worked for a period of less than 1 year. It was also established that 26% of the respondents had a working experience of 3-5 years, it was established that 7% had worked for a period of more than 5 years. The findings indicated that varied responses could be collected from the respondents considering that those who had little experience and those who had a lot of experience participated in the study.

The findings showed that 25% of the respondents strongly agreed to the opinion that internet banking facilitates efficiency in delivery of cash to the customers whereas 52% agreed. The respondents who were not certain accounted for 11% and the remaining 11% disagreed on the opinion.

On the other hand 11% of the respondents strongly agreed that internet banking reduces chances of financial fraud whereas 48% agreed. The respondents who were not certain accounted for 26% and the remaining 15% of the respondents disagreed to the opinion.

11% of the respondents strongly agreed to the opinion that internet banking contributes to effective accountability of financial management to an organization whereas majority (41%) of the respondents agreed. The respondents who disagreed to the opinion accounted for 22% and 11% strongly disagreed. The remaining 18% of the respondents were not certain.

It was also evident from the findings that (44%) strongly agreed to the opinion that internet banking improves financial access to customers in areas where banks are inaccessible whereas 33% agreed. The respondents who were not certain to the opinion accounted for 22%.

**5.3 Conclusion**

Based on the research findings the researcher concludes that E-electronic banking has a greater impact on Organizational performance sector. On the effect of Credit cards on organizational performance.

# 5.4 Recommendation

The researcher recommends that;

1. Organizations need to adopt electronic systems in their implementation of services
2. There is need for Organizations to invest in training of employees to understand electronic systems in the organization

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