**THE EFFECT OF ELECTRONIC PAYMENT SYSTEM ON CUSTOMER SATISFACTION IN NIGERIA BANKING SYSTEM**

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**ABSTRACT**

This study was carried out to examine the effect of electronic payment system on customer satisfaction in Nigeria banking system with special reference to Access bank plc of Nigeria. Specifically, the study aims to evaluate the effects of electronic payment system on banks customers, assess the impact of electronic payment system on the bank’s service delivery, examine the effect of electronic payments on competitive advantage of the bank and ascertain the effect of electronic payment system on increase in market size of the banks. A total of 30 responses were validated from the survey. From the responses obtained and analyzed, the findings revealed that there is a relationship between electronic payment system and banks service delivery in Nigeria banking sector. The findings also revealed that there is a relationship between electronic payment system and banks service delivery in Nigeria banking sector. The study thereby recommend that there should be a downward review of the charges associated with the use of point of sales terminals so as to encourage increased use and ease the pressures associated with the accessibility of ATMs. Also, banks should also continue to search for ways to improve the performance of the e-payment services by constantly seeking feedback from customers.

C****HAPTER ONE****

****INTRODUCTION****

****1.1.  Background of the Study****

Today’s business environment is extremely dynamic in nature. It has experienced rapid changes as a result of technological improvements, increased awareness and demands for banks services. The Banking industry of the 21st century operates in a complex and competitive environment characterized by these changing conditions and highly unpredictable economic climate, thus, information and communication technology (ICT) is at the centre of this global change.  Amedu (2005) asserts that banks over the time have been using electronic and telecommunication networks for delivering a wide range of value added products and services. Therefore, information systems could not be ignored because they play a critical role in current Banking system in Nigeria.

Electronic banking is known as e-banking, virtual banking or an online Banking, it is a service that allows customers to access their bank information, conduct financial transactions, make deposits, withdrawals and pay bills through the internet without having physical visit to their banks. It provides the convenience of accessing banking facilities from the comfort of their home/offices. (Awamleh & Fernandez, 2005).

The concept of electronic banking system began when the first Automated Teller Machine were instated in the 1970s. An ATM machines allowed deposits to be made from the remote locations-- a convenience for customers who otherwise would have had to withdraw cash personally from their bank. The advantages offered by ATM Machines quickly split over to encompass other areas of bank services, computerizing manual system for greater efficiency and time savings. The concept behind ATM machines gave rise to smart cards, intranets and internet banking, electronic funds transfer {EFT}, NIBSS (Nigerian interbank settlements system), POS {Point of Sales Service.}, Access mobile, and other electronic devices (Ahasanul, 2010).

The growth in the application and acceptance of internet-driven technologies means that delivering an enhanced service is more achievable than ever before, however it is also more complex and fraught with potential costs and risk. The internet introduces customers to a new perception of business time as always available and demanding an urgent and rapid response. The serves as a challenge for managers who must to reconcile their business and their own personal perceptions of time with the perceived reality of internet time, as the internet has decisively shifted the balance of power to the customer.

Presently, banks in Nigeria are adding value to their services for customer’s satisfaction. The customers have more choices in choosing their banks because the new age IT (Information Technology) is bringing about sweeping changes in the banking industry, forcing them to reengineer many of their basic processes and systems. Few of the technology-driven electronic banking services being offered are viz. Automated teller machines ATM, Electronic Clearing Service (ECS), electronic funds transfer (EFT), tele-banking, internet banking etc. New technological capabilities are now being effectively used to create value and to better manage customer relationship in Nigeria banking system. (Raji, 2010).

****1.2    Statement of the problem****

In Nigeria, customers of banks seek for safety of their funds and increased returns on their investment. Customers demand efficient, fast and convenient services. Many customers today want banks that offer them services that will meet their particular needs and support their business goals. For instance, a business man wants to travel without carrying cash for security reasons. The central bank of Nigeria has emphasized the need for banks to provide more efficient services to their intending and potentials customers. Therefore, the introduction of electronic banking system in the Nigerian financial industry is expected to play an important role in the delivery of efficient and effective services. Unfortunately, most Nigerian banks are still lagging behind in adopting and equipping themselves with the current and sophisticated electronic devices as a results of non availability of financial, management and human resources, which would have given them more competitive advantages and attract more customers to themselves. One is therefore inclined to wonder what could be responsible for the non adoption of the present banking gadgets. Is it that the present employees of the banks cannot make use of these advance gadgets? Or are the gadgets too costly to be acquired by the banks? These are the questions which this project intends to seek appropriate solution.

****1.3  Objectives of the study****

The main objective of this research is to appraise the effect of electronic payment system on customer satisfaction in Nigeria banking system. Specifically, the study will examine the following objectives:-

1. To evaluate the effects of electronic payment system on banks customers.
2. To assess the impact of electronic payment system on the bank’s service delivery.
3. iii. To examine the effect of electronic payments on competitive advantage of the bank.
4. iv. To ascertain the effect of electronic payment system on increase in market size of the banks.

****1.4  Research questions****

 The following research questions were developed in order to guide the study:

1. Does the electronic payment system enhance service delivery in the banking system?
2. Does the electronic payment system increase the market size of the banks?
3. Does the electronic payment system enhance the competitive advantage of the bank’s?
4. Does the electronic payment system enhance customer satisfaction of the banks?

****1.5  Research hypotheses****

The following hypotheses were formulated

H01: There is no relationship between electronic payment system and banks service delivery in Nigeria banking sector

H02: There is no relationship between electronic payments system and customer     satisfaction in Nigeria banking sector.

****1.6  Significance of the study****

This study will be of immense benefit to the intending and present customers of the banks as it will open their eyes to the great advantages of the usage of electronic banking and also to the bank, as the introduction and selling of this product will bring about increase in the bank customers base, increase in deposit and as tools for favorable competitions in the industry. The research is equally significant because it would provide answers to factors militating against the implementation of electronic banking in the financial industry as a whole and also valuable tool for students, academician, institutions and individuals that wants to know more about electronic banking system.

****1.7  Assumptions of the study****

       The assumptions that will guide the procedure for the study include;

i.      Electronic banking was assumed to be important means of enhancing customer satisfaction

ii.     That the elements that will make up the case study corporate with the researcher by filling and returning the questionnaires that will be administered.

iii.    That the respondents that will be selected for the study have adequate knowledge and information about manpower planning process.

iv.    That the information that will be supplied by the respondents will be assumed to remain constant through the period of the study.

****1.8  Scope and limitations of the study****

In terms of coverage, this study will focus on the effect of electronic payment system on customer satisfaction in Access bank Plc.. This means that issues relating to electronic banking will be explained. In view of the technicalities involved, it would be unrealistic to assume that all necessary facts have been gathered in the process of the study. Information is limited to those accesses and made available by the respondents and also have gathered from end users.  More so, since financial industries have many forms, the study will only be limited to access bank plc of Nigeria. Some of the constraints are:-

**Time constraints**

The researcher finds it difficult to go round all the bank branches due to limited time availability, as a result of this, the data were only collected from few banks randomly.

**Inadequate data**

Electronic banking  is a recent developed system in which not all banks have embraced, those that have embraced it were able to give their information to the researcher and those that have not fully embraced it were unable to give accurate data to researcher.

**Lack of funds**

Due to the nature of this work, researcher find it difficult to raise the funds needed to carry out the research appropriately, as a result of this, few banks branches were selected based on the available finance to enable researcher get the needed information.

**CHAPTER TWO**

**REVIEW OF LITERATURE**

**INTRODUCTION**

Our focus in this chapter is to critically examine relevant literature that would assist in explaining the research problem and furthermore recognize the efforts of scholars who had previously contributed immensely to similar research. The chapter intends to deepen the understanding of the study and close the perceived gaps.

Precisely, the chapter will be considered in three sub-headings:

* Conceptual Framework
* Theoretical Framework
* Empirical framework

**2.1 CONCEPTUAL FRAMEWORK**

**Concept of E-Banking**

Electronic banking is the use of the internet as a remote delivery channel for providing services, such as opening a deposit account, transferring funds among different accounts and electronic bill presentment and payment. To Ahasanul (2009) Electronic banking (e-banking) is the newest delivery channel of banking services. E-banking implies provision of banking products and services through electronic delivery channels. Electronic banking has been around for quite some time in the form of automatic teller machines (ATMs) and telephone transactions. In more recent times, it has been transformed by the internet – a new delivery channel that has facilitated banking transactions for both customers and banks. For customers, the internet offers faster access, is more convenient and available around the clock irrespective of the customer’s location, thereby bringing about greater customer satisfaction. (Jayshree, 2013; Ekienabor (n.d)) Electronic banking is the conduct of banking business electronically which involves the use of information communication technology to drive banking business for immediate and future goals. Daniel (1999) describes e-banking as the provision of banking services to customers through internet technology. Electronic banking as defined by Basel Committee on banking supervision include the provision of retail and small value banking products and services through electronic channels as well as a large value electronic payment and other wholesale banking services delivered electronically. However, the definition of electronic banking varies among researchers partially because electronic banking refers to several types of services through which bank customers can request information and carry out banking services. Electronic banking implies the provision of banking products and services through electronic delivery channels. Electronic banking has been around for quite some time in the form of automated teller machines (ATMs) and telephone transactions. In more recent times, it has been transformed by the internet – a new delivery channel that has facilitated banking transactions for both customers and banks called internet banking or online banking. For customers, the internet offers faster access, more convenient customer experience and around the clock availability irrespective of the customer’s location, thereby bringing about greater customer satisfaction (Jayshree, 2013; Ekienabor (n.d)).

1. **Banking in Nigeria**

The world has become a global village with the array of development. On the information superhighway of course, Nigeria represent a part of this development. Assisted by the deregulation measure introduced in the 1980s, there was an astronomical increase in the number of banks both merchant and commercials. The Structural Adjustment Programme (SAP) initiated in 1986 by the Babangida Administration brought to an end the kind of banking services rendered by the first generation of banks, which have been described as "Arm Chair Banking". The SAP changed not only the structure but also the content of banking business. By 1989, the number of banks had increased from 32 to 81 together with numerous nonbank financial institutions. Just as the number of banks grew tremendously from 40 in 1985 to 125 in 1991, the SAP made possible the licensing of more banks and which posed more threat to existing ones and the more aggressive the marketing techniques adopted by them. Prior the current banking reformation programme by the Federal Government, there were about 82 approved commercial and merchant banking institutions in Nigeria by the Central Bank of Nigeria (CBN) even after the era of distress syndrome that swept away the industry in the mid 1990s leading to the collapse of many banks and finance houses. The financial restructuring of 2005, which necessitate N25 billion as minimum capital base, now reduced the number of commercial banks to 25. The objective of the consolidation process is to strengthen the financial sector and to enable them to face foreign competition in the not too distant future. In the process of the intense competition, adoption of electronic banking was seen as a necessity to maintaining a good competitive position, whereas, ebanking stormed the British Banking scene in the late sixties. Nigeria started the long and tortuous journey in November 1990 when Societe Generale bank launched their first Automated Teller Machine. Today, the scenario is different, because banks have not only adopted computerization but have advanced from very simple and basic retail operations of deposit and cash withdrawal as well as cheque processing, to the delivery of sophisticated products such as foreign exchange and internet rate swaps which is effectively enhanced through the Internet.

**Benefits of E-Banking**

Generally, the automation of banks makes transaction and data processing very easily accessible for quick management decision making. The main benefit from the bank customers’ point of view is significant saving of time by the automation of banking services processing and introduction of an easy maintenance tools for managing customer’s money. For corporate customers, e-banking Reduces cost in accessing and using the banking services, Increase comfort, provide quick and continuous access to information, Better cash management, Reduced costs, Convenience, Speed and Funds management (BankAway! 2001; Gurău, 2002). Electronic banking helps the banks to speed up their retail and wholesale banking services. The banking industry believes that by adopting the new technology – e-banking, the banks will be able to improve customer service level and tie their customers closer to the bank. What actually motivate the investments in electronic banking are largely the prospects of minimizing operating costs and maximizing operating revenue.

**To the Customer:**

Permanent access to the bank, Lower transaction costs/general cost reductions, Access anywhere, Less time consuming, Very safe and secure method and Helps to transfer the money immediately and accurately.

**To the Bank:**

Banks need not open new branches as customers can have access to their accounts 24 hours a day. The customers do all the work themselves so staff numbers can be reduced. It reduces overhead costs (heating and lightening, insurance, salaries etc. It makes banks to be more competitive and creative in providing incentives to customers.

**Challenges in E-Banking**

The adoption of electronic banking (e-banking) has brought major challenges to the banking industry in terms of risk exposure. The volume of deposits has increased as well as the fraudulent practices experienced by Nigerian banks since its adoption in the econom. Another challenge is the ability to adopt global technology to local requirements (Jayshree, 2013), the ability to strengthen public support for efinance, the ability to keep the confidentiality, integrity and authentication of the institution (Grethen 2001). E-banking has created many new challenges for bank management and regulatory and supervisory authorities. They originate not just from increased potential for cross border transactions but also for domestic transactions based on technology applications which raise many security related issues. Inordinate tolerance for corruption among Nigerian public and government agencies; weakness of the existing legislative/judicial institutions to make and enforce relevant laws on cyber-crimes; quality of graduates in terms of professional values and ethics; chronic unemployment among graduates, and the widening gap between the few rich and the many poor caused mainly by bad governance. In the main, erosion of good value principles and corruption constitute the greatest cause of rising cyber-crimes among Nigerians (Domestic electronic payment in Nigeria.

**Types Of E-Banking**

There are many electronic banking delivery channels to provide banking service to customers. Among them ATM, POS, Mobile banking and internet banking are the most widely used and discussed.

**ATM**

Automated Teller Machine (ATM) is a machine where cash withdrawal can be made over the machine without going in to the banking hall. It also sells recharge cards and transfer funds; it can be accessed 24 hours/7 days with account balance enquiry [Madueme, 2009].

**Internet Banking**

Internet banking 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 society. It may include of any transactions related to online usage. Banks increasingly operate websites through which customers are able not only to inquire about account balances, interest and exchange rates but also to conduct a range of transactions. Unfortunately, data on Internet banking are scarce, and differences in definitions make cross-country comparisons difficult [Kannabira, 2005].

**POS**

Point of sale (POS) also sometimes referred to as point of purchase (POP) or checkout is the location where a transaction occurs. A "checkout" refers to a POS terminal or more generally to the hardware and software used for checkouts, the equivalent of an electronic cash register. A POS terminal manages the selling process by a salesperson accessible interface. The same system allows the creation and printing of the receipt. Because of the expense involved with a POS system, the eBay guide recommends that if annual revenue exceeds the threshold of $700,000, investment in a POS system will be advantageous. POS systems record sales for business and tax purposes. Illegal software dubbed "zappers" is increasingly used on them to falsify these records with a view to evading the payment of taxes [Kannabira,2005].

**Mobile Banking**

Mobile banking (also known as M-Banking, mbanking) is a term used for performing balance checks, account transactions, payments, credit applications and other banking transactions through a mobile device such as a mobile phone or Personal Digital Assistant (PDA). The earliest mobile banking services were offered over SMS, a service known as SMS banking. Mobile banking is used in many parts of the world with little or no infrastructure, especially remote and rural areas. This aspect of mobile commerce is also popular in countries where most of their population is un-banked. In most of these places, banks can only be found in big cities, and customers have to travel hundreds of miles to the nearest bank. The scope of offered services may include facilities to conduct bank and stock market transactions, to administer accounts and to access customized information.

**Customer Satisfaction**

Customer satisfaction leverage on the expectations and insight about the services offered. The satisfaction idea leverages on the numerous psychological and physical components. Electronic services have provided benefits for customer satisfaction in dealing with financial institutions with the number of services rendered to their customers. Customers find it very easy and satisfactory in operating in modern banking these days because most of the activities done are at their own convenient which has ended the era of queue system in the banking hall (Ijeoma et al., 2020). Satisfaction is defined as the overall customer approach towards service rendered or an emotional response to the differences between what customer expected and what is being offered, regarding the accomplishment of some need, goal, or desire (Hansemark & Albinson, 2004). Customer satisfaction can also be defined as a verdict following consumption knowledge about the particular service being rendered if it meets its expectation to the customer (Oliver, 1997). Kotler (2000) describes Satisfaction as an individual perception of enjoyment and dissatisfaction resulting from comparing a product or services apparent performance in relation to his or her expectations.Satisfaction can be related with feelings which an individual derived from a particular product or service in a particular time. Most research affirms that the evidence of pre-consumption expectation is the factor of satisfaction. This explains that a customer has earlier stated the rate of performance of a product before consumption. In terms of consumption, customers’ knowledge of the product helps in comparing its expected product performance level while judgment is drawn based on satisfaction comparison. Customer satisfaction leads to customers’ retention and this is a measure of how products or services meet or surpassed customer expectations. In a competitive market like the banking industry, it consists of various strategies aimed at keeping, meeting or exceeding customers’ expectations. Saha and Zhao (2005) see customers’ satisfaction as a collection of outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service. In other words, it is a result of a cognitive and affective evaluation where some consumption standard is compared to the actually perceived performance. Thus, if the performance perceived is less than expected, customers will be dissatisfied, and where the perceived performance exceeds expectations, customers will be satisfied and this would lead to positive behaviours or outcome (Saha & Zhao, 2005). A satisfied customer tend to be loyal, takes less time, are less sensitive to prices and pay less attention to competitors advertising (Odusina & Onakoya, 2017).

**Customer Satisfaction in E-Banking**

During the recent years, the development of e-channels has dramatically changed the rules and operation in the banking industry. mentioned that while the industry has moved instantly to deploy and offer new banking services via echannels for customers and in consequence the e-banking services have boomed promptly .Today, several financial institutions are endeavoring to emphasize customer –oriented services. For this sake, it is crucial to implement new banking services in order to develop and keep better relationships with customers. Hence building up competitive predominance almost depends on customers‟ satisfaction with banking service. It is recognized that banks gaining higher customer satisfaction will have a conspicuous marketing ascendancy because the higher customer satisfaction is associated with greater revenues, increased cross-sell rations, higher customer retention and bigger market share [Kannabira, 2005]. A study conducted by [Al-Sukkar, 2009] examined the impact of customer satisfaction on customers‟ behavioral responses. The findings of the study indicated that when customers assessed customer satisfaction to be high, they either decided to stay with the existing service provider or subdue their negative behavioral intensions. Customer satisfaction is also found to have strong positive association with word-of mouth communication. The research results confirm prior research and indicate that the customer satisfaction dimensions are not industry specific, but also country specific. The authors suggest developing strategies to enhance behavioral responses to customer satisfaction and prohibit negative ones. Such strategies can include meeting customers desired service levels, preventing service problems from occurring, dealing effectively with dissatisfied customers, solving service problems effectively when they occur and dealing with customer complaints positively.

**2.2 THEORETICAL FRAMEWORK**

**Disconfirmation Theory**

Disconfirmation theory argues that satisfaction is related to the size and direction of the disconfirmation experience that occurs as a result of comparing service performance against expectations. This theory differs from the Negative theory in that it accounts for the direction of the discrepancy between the actual experience and the expectation of the user. Szymanski and Henard found in the meta-analysis that the disconfirmation paradigm is the best predictor of customer satisfaction. Kannabira and Narayan (2005) cites an updated definition on the disconfirmation theory, which states Satisfaction is the guest’s fulfilment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or over-fulfilment. Based on this theory, when the banks advertise their various electronic payment systems to the banking public and customers use them, these customers will compare their experience with what they envisaged. There is likely to be some form of disconfirmation either positively or negatively. Confirmation occurs when actual experience of the e-payment service conforms to expectation Disconfirmation occurs when the actual experience does not conform to expectation. In the positive sense, a customer gets more value and gratification than expected from using the e-payment service. In the negative aspect, the customer gets less value or gratification than expected. Confirmation or a positive disconfirmation will lead to satisfaction of the customers while a negative disconfirmation will lead to customer dissatisfaction.

**Innovation Diffusion Theory (IDT)**

The innovation diffusion theory was postulated by Robinson T. in the year 2000. Robinson argues that people’s aim to employ technology as a modality to perform a traditional activity. The crucial factor that determines the espousal of an innovation at the general level is as followed complexity, compatibility, relative advantage, trainability, and observability. Good number of banks has taken advantage of information communication technology in their operation in order to improve the standard of its operation. This recent innovation is being achieved through massive development of websites and mobile applications that befits the bank customers’ needs. Customers are avail the opportunity to have access to bank operations in anywhere they go as long as there is the availability of the internet connectivity. This theory is concerned with the way in which a new technological idea, artifact or techniques or new use of an old one, migrates from creation to use. According to IDT, technological innovation is being communicated through a particular medium on time basis among the relative social system. Technological innovation passes through stages which includes: experience (expose to its existence and understanding its function); affiliation (the forming of favourable attitude to it); decision (engagement to its adoption); implementation (putting it to use); and confirmation (reinforcement base on positive outcome of it). So many modifications have been put forward to check internet banking threat and fraud. Most users include learned class, people with high society status; more open to both mass media and inter-personal medium for communication and have more contacts with change agents. Mass media medium are relatively more vital at the experience stage, whereas inter-personal medium is relatively more vital at the persuasion stage. Innovation decisions might be optional (where individual or institutions has a real opportunity to accept or reject an idea) or authority based (where decision is being imposed by another individual or institutions which possess the necessary power, status or technical expertise). Barnes and Coritt (2013) recommend to managers the need for understanding a certain capacity of any technology and what it tends to offer and ensure its use is considered with their operations as well as understands relatively costs and constraints of operating that technology. Internet banking highly relied on the information communication technology since most of its operation is being done on the internet. Customers can interface with their account freely without being present in the banking hall.

**2.3 EMPIRICAL FRAMEWORK**

Odusina and Onakoya (2017) examined the relationship between electronic payment system and customer retention in banks. The method of analysis involved a comparative analysis of selected banks in Nigeria based on their long standing in the industry, competitiveness, and their level of ICT compliance. Also, questionnaire was drawn to capture the grey area of EPS, customers’ retention, entrepreneurial development in banks. A total of 200 respondents answered the questionnaire, SPSS was used to analyze the respondents’ outcome and the result showed positive and significant relationship between Electronic Payment System and Customers’ Retention.

Omodele and Onyeiwu (2019) examined the impact of electronic banking service on customer satisfaction. The study specifically probed on the various dimensions of electronic banking service quality as well as on the relationship between customer satisfaction and the various electronic banking service quality dimensions. A descriptive survey research design was adopted. The sample size was 93 respondents. The main research instrument used was questionnaire. Data collected were analyzed using descriptive statistic followed by Pearson correlation, and regression analysis to test the hypotheses. The findings revealed that there is a significant relationship between customer satisfaction and the various electronic banking service quality dimensions and electronic banking service quality has significant impact on customer satisfaction.

Fenuga and Oladejo (2010) investigated the effect of electronic payment on customer service delivery in Nigerian banks as brought about by the problem of satisfying customer’s need in Nigerian banking industry. Four commercial banks (United Bank for Africa, First bank, Zenith bank and Intercontinental bank) in Nigeria were studied using a survey design which focused on the population of the four selected commercial banks in Nigeria. One hundred (100) respondents were stratified proportionately amongst customers of the selected banks with the aid of questionnaire randomly administered. Chi-square and regression analysis were employed in testing whether there is significant relationship between the level of automation banking services and improvement in delivery of services to their numerous customers in Nigeria. The study concluded that electronic payment has significant impact on the services render by the banking industry in Nigeria thereby improves customer service delivery, better management efficiency, increased profit and customer satisfaction in Nigeria.

Mwatsika (2016) examined the factors influencing customer satisfaction with ATM banking. 353 ATM card users rated the performance of ATM banking in 25 service quality attributes and further rated their perceived satisfaction with ATM banking. The regression analyses of the performance of the 25 ATM banking attributes and customers’ satisfaction first reveal that the 25 attributes adopted from empirical studies provide a perfect model for predicting customer satisfaction. Secondly, reliability and responsiveness are the key service quality dimensions of ATM banking and thirdly, the analyses revealed 12 key attributes that influence customers’ satisfaction with ATM banking and these are: ATM fees charged, ATMs not out of order, cleanliness of ATMs and ATM stations, accuracy of ATM transactions, ease of access to ATMs, readable slips, convenient location, employee accessibility to solve ATM problems, privacy at ATM stations, employee speed in solving ATM issues, ease of application process for ATM cards and cash availability in ATMs.

Akhtar, Raza Siddiqi, Maqsood, Shouqat & Ijaz (2016) identified the dimensions of A.T.M service quality that effect the customer satisfaction. In banking sector data was collected through questionnaire with five point likert scale and sample size 100 by using convenience sampling technique. SPSS 20 used as statistical tests for the analysis of correlation and regression. Regression analysis found that positive and significant result relationship between price, reliability, responsiveness, convenience, security, service quality on customer satisfaction.

Lemma and Biruk (2017) studied the effect of ATM service quality on customer satisfaction in Ethiopian commercial Banks, using proportional stratified and simple random sampling technique and cross-sectional data collected from 190 customers of Ethiopian commercial banks, in DebreMarkos town. The data collected were analyzed using Statistical tools such as mean, standard deviation, correlation, and multiple regression model. The results indicated that except assurance, tangibility, reliability, responsiveness and empathy have positive and significant effect on customer satisfaction and the customers were mostly satisfied with the responsiveness dimensions of ATM service quality. Furthermore, the tangibility, reliability, responsiveness and empathy significantly explained 79.2% of the variations on customer’s satisfaction level.

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

**3.1 INTRODUCTION**

 In this chapter, we described the research procedure for this study. A research methodology is a research process adopted or employed to systematically and scientifically present the results of a study to the research audience viz. a vis, the study beneficiaries.

**3.2 RESEARCH DESIGN**

Research designs are perceived to be an overall strategy adopted by the researcher whereby different components of the study are integrated in a logical manner to effectively address a research problem. In this study, the researcher employed the survey research design. This is due to the nature of the study whereby the opinion and views of people are sampled. According to Singleton & Straits, (2009), Survey research can use quantitative research strategies (e.g., using questionnaires with numerically rated items), qualitative research strategies (e.g., using open-ended questions), or both strategies (i.e., mixed methods). As it is often used to describe and explore human behaviour, surveys are therefore frequently used in social and psychological research.

**3.3 POPULATION OF THE STUDY**

 According to Udoyen (2019), a study population is a group of elements or individuals as the case may be, who share similar characteristics. These similar features can include location, gender, age, sex or specific interest. The emphasis on study population is that it constitute of individuals or elements that are homogeneous in description.

This study was carried out on the effect of electronic payment system on customer satisfaction in Nigeria banking system, using Access bank plc of Nigeria as a case study. Staff of Access bank plc of Nigeria form the population of the study.

**3.4 SAMPLE SIZE DETERMINATION**

A study sample is simply a systematic selected part of a population that infers its result on the population. In essence, it is that part of a whole that represents the whole and its members share characteristics in like similitude (Udoyen, 2019). In this study, the researcher adopted the convenient sampling method to determine the sample size.

**3.5 SAMPLE SIZE SELECTION TECHNIQUE AND PROCEDURE**

According to Nwana (2005), sampling techniques are procedures adopted to systematically select the chosen sample in a specified away under controls. This research work adopted the convenience sampling technique in selecting the respondents from the total population.

In this study, the researcher adopted the convenient sampling method to determine the sample size. Out of all the entire population of Staff of Access bank plc of Nigeria, the researcher conveniently selected 36 out of the overall population as the sample size for this study. According to Torty (2021), a sample of convenience is the terminology used to describe a sample in which elements have been selected from the target population on the basis of their accessibility or convenience to the researcher.

**3.6 RESEARCH INSTRUMENT AND ADMINISTRATION**

The research instrument used in this study is the questionnaire. A survey containing series of questions were administered to the enrolled participants. The questionnaire was divided into two sections, the first section enquired about the responses demographic or personal data while the second sections were in line with the study objectives, aimed at providing answers to the research questions. Participants were required to respond by placing a tick at the appropriate column. The questionnaire was personally administered by the researcher.

**3.7 METHOD OF DATA COLLECTION**

Two methods of data collection which are primary source and secondary source were used to collect data. The primary sources was the use of questionnaires, while the secondary sources include textbooks, internet, journals, published and unpublished articles and government publications. The reason for using both primary and secondary source of data is, so that the researcher will have concrete and more valid answers to the research questions

**3.8 METHOD OF DATA ANALYSIS**

The responses were analyzed using the frequency percentage tables, which provided answers to the research questions. The hypothesis was tested using pearson correlation statistical tool.

**3.9 VALIDITY OF THE STUDY**

Validity referred here is the degree or extent to which an instrument actually measures what is intended to measure. An instrument is valid to the extent that is tailored to achieve the research objectives. The researcher constructed the questionnaire for the study and submitted to the project supervisor who used his intellectual knowledge to critically, analytically and logically examine the instruments relevance of the contents and statements and then made the instrument valid for the study.

**3.10 RELIABILITY OF THE STUDY**

The reliability of the research instrument was determined. The Pearson Correlation Coefficient was used to determine the reliability of the instrument. A co-efficient value of 0.68 indicated that the research instrument was relatively reliable. According to (Taber, 2017) the range of a reasonable reliability is between 0.67 and 0.87.

**3.11 ETHICAL CONSIDERATION**

he study was approved by the Project Committee of the Department. Informed consent was obtained from all study participants before they were enrolled in the study. Permission was sought from the relevant authorities to carry out the study. Date to visit the place of study for questionnaire distribution was put in place in advance.

**CHAPTER FOUR**

**DATA PRESENTATION AND ANALYSIS**

**INTRODUCTION**

This chapter presents the analysis of data derived through the questionnaire and key informant interview administered on the respondents in the study area. The analysis and interpretation were derived from the findings of the study. The data analysis depicts the simple frequency and percentage of the respondents as well as interpretation of the information gathered. A total of thirty-six (36) questionnaires were administered to respondents of which only thirty (30) were returned and validated. This was due to irregular, incomplete and inappropriate responses to some questionnaire. For this study a total of 30 was validated for the analysis.

**4.1 DATA PRESENTATION**

**Table 4.1: Demographic profile of the respondents**

|  |  |  |
| --- | --- | --- |
| **Demographic information** | **Frequency** | **percent** |
| **Gender**Male |  |  |
| 17 | 56.7% |
| Female | 13 | 43.33% |
| **Age** |  |  |
| 25-30 | 9 | 30% |
| 30-35 | 8 | 26.7% |
| 35-40 | 6 | 20% |
| 40+ | 7 | 23.33% |
| **Marital Status** |  |  |
| Single  | 19 | 63.33% |
| Married | 11 | 36.7% |
| Separated | 0 | 0% |
| Widowed | 0 | 0% |
| **Education Level** |  |  |
| WAEC | 0 | 0% |
| BS.c | 25 | 83.33% |
| MS.c | 5 | 16.7% |
| MBA | 0 | 0% |

**Source: Field Survey, 2022**

**4.2 DESCRIPTIVE ANALYSIS**

**Question 1:** Does the electronic payment system enhance service delivery in the banking system?

**Table 4.2: respondent on question 1**

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 13 | 43.33 |
| No | 6 | 20 |
| Undecided | 11 | 36.66 |
| **Total** | **30** | **100** |

**Field Survey, 2022**

From the responses obtained as expressed in the table above, 43.33% of the respondents said yes, 20% said no. While 36.33% of the respondent were undecided .

**Question 2:** Does the electronic payment system increase the market size of the banks?

**Table 4.3: Respondent on question 2**

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 15 | 50 |
| No | 4 | 13.33 |
| Undecided | 11 | 36.33 |
| **Total** | **30** | **100** |

**Field Survey, 2022**

From the responses obtained as expressed in the table above, 50% of the respondents said yes, 13.33% said no , while 36.33% were undecided.

**Question3:** Does the electronic payment system enhance the competitive advantage of the bank’s?

**Table 4.4: Respondent on question 3**

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes  | 18 | 60 |
| No | 4 | 13.33 |
| Undecided | 8 | 26.66 |
| **Total** | **30** | **100** |

**Field Survey, 2022**

From the responses obtained as expressed in the table above, 60% of the respondents said yes, 13.33% said no, while 26.66% were undecided.

**Question 4:** Does the electronic payment system enhance customer satisfaction of the banks?

**Table 4.5: Respondent on question 4**

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 20 | 66.66 |
| No | 4 | 13.33 |
| Undecided | 6 | 20 |
| **Total** | **30** | **100** |

**Field Survey, 2022**

From the responses obtained as expressed in the table above, 66.66% of the respondents said yes,13.33% said no , while 20% were undecided.

**4.3 TEST OF HYPOTHESIS**

H01: There is no relationship between electronic payment system and banks service delivery in Nigeria banking sector

H02: There is no relationship between electronic payments system and customer   satisfaction in Nigeria banking sector.

**Table 4.6: Pearson Correlation Table showing the relationship between electronic payment system (EPS) and banks service delivery in Nigeria banking sector (BSDINBS)**

|  |  |  |
| --- | --- | --- |
|  | EPS | BSDINBS |
| EPS | Pearson Correlation | 1 | .821\*\* |
|  | Sig. (2-tailed) |  | .000 |
|  | N | 30 | 30 |
| BSDINBS | Pearson Correlation | .821\*\* | 1 |
|  | Sig. (2-tailed) | .000 |  |
|  | N  | 30 | 30 |

Source: Survey data, 2022

\*\*. Correlation is significant at the 0.05 level (2-tailed)

The Pearson Correlation result in Table 4.6 contains the degree of association between EPS and BSDINBS. From the result, the Pearson correlation coefficient, r, value of 0.821 was positive and statistically significant at (p< 0.000). This indicates that electronic payment systems (EPS) will result in banks service delivery in Nigeria banking sector (BSDINBS).

Thus, EPS and BSDINBS are correlated positively.

**Table 4.7: Pearson Correlation Table showing the relationship between electronic payments system(EPS) and customer satisfaction in Nigeria banking sector (CSINBS)**

|  |  |  |
| --- | --- | --- |
|  | EPS | CSINBS |
| EPS | Pearson Correlation | 1 | .721\*\* |
|  | Sig. (2-tailed) |  | .000 |
|  | N | 30 | 30 |
| CSINBS | Pearson Correlation | .721\*\* | 1 |
|  | Sig. (2-tailed) | .000 |  |
|  | N  | 30 | 30 |

Source: Survey data, 2022

\*\*. Correlation is significant at the 0.05 level (2-tailed)

The Pearson Correlation result in Table 4.7 contains the degree of association between EPS and CSINBS. From the result, the Pearson correlation coefficient, r, value of 0.721 was positive and statistically significant at (p< 0.000). This indicates that electronic payment system(EPS) will result in customer satisfaction in Nigeria banking sector (CSINBS).

Thus, EPS and CSINBS are correlated positively.

**CHAPTER FIVE**

**SUMMARY, CONCLUSION AND RECOMMENDATION**

**5.1 SUMMARY**

In this study, our focus was on the effect of electronic payment system on customer satisfaction in Nigeria banking system using Access bank plc of Nigeria, as a case study**.** The study specifically was aimed at highlighting the effects of electronic payment system on banks customers, assess the impact of electronic payment system on the bank’s service delivery, examine the effect of electronic payments on competitive advantage of the bank and ascertain the effect of electronic payment system on increase in market size of the banks. A total of 30 responses were validated from the enrolled participants where all respondent are drawn from staff of Access bank plc.

**5.2 CONCLUSION**

Based on the finding of this study, the following conclusions were made:

1. The electronic payment system enhance service delivery in the banking system.
2. The electronic payment system increase the market size of the banks.
3. The electronic payment system enhance the competitive advantage of the bank’s.
4. The electronic payment system enhance customer satisfaction of the banks.
5. There is a relationship between electronic payment system and banks service delivery in Nigeria banking sector.
6. There is a relationship between electronic payments system and customer satisfaction in Nigeria banking sector.

**5.3 RECOMMENDATION**

Based on the responses obtained, the researcher proffers the following recommendations:

1. There should be a downward review of the charges associated with the use of point of sales terminals so as to encourage increased use and ease the pressures associated with the accessibility of ATMs.
2. Banks should also continue to search for ways to improve the performance of the e-payment services by constantly seeking feedback from customers.

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**QUESTIONNAIRE**

**PLEASE TICK [√] YOUR MOST PREFERRED CHOICE(S) ON A QUESTION.**

**SECTION A**

**PERSONAL INFORMATION**

Gender

Male ( )

Female ( )

Age

25-30( )

30-35( )

35-40( )

40+ ( )

Marital Status

Single ( )

Married ( )

Separated ( )

Widowed ( )

Education Level

WAEC ( )

BS.c ( )

MS.c ( )

MBA ( )

**SECTION B**

**Question 1:** Does the electronic payment system enhance service delivery in the banking system?

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |

**Question 2:** Does the electronic payment system increase the market size of the banks?

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |

**Question3:** Does the electronic payment system enhance the competitive advantage of the bank’s?

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes  |  |
| No |  |
| Undecided |  |

**Question 4:** Does the electronic payment system enhance customer satisfaction of the banks?

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |