

Examining the Factors Contributing to Customer Satisfaction on Electronic Banking Services in Nigerian Commercial Banks

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ABSTRACT

Electronic Banking Services (E-banking) has become an area of attention among researchers and banks managers due to its strong impact on business performance, lower costs, profitability, customer loyalty, and customer satisfaction. This is a research in progress paper discussing the determinants influencing E-banking services towards effective Customer Satisfaction in Nigerian Commercial Bank, with the intention to highlight the issues from the customer points of view. Based on the literature, several factors (Convenience, Reliability and Availability) were postulated that have a positive and direct impact on E-banking services on customer satisfaction. Thus, it includes several hypotheses derived from literature to be tested empirically. The research will be guide by the conceptual model presented in figure 1, which will be tested using Structural Equation Modelling. The conceptual model in figure 1 highlighted the relationship between the identified variables in Nigerian commercial banks. Hence, the expected outcome and gaps of the research could also provide a new direction for future research.

Keywords: Customer Satisfaction, E-banking services, Commercial Banks and Nigerian

1.0 INTRODUCTION

For many banks, inclination to Electronic banking (E-banking) services improves customer services, as well as a means for expanding customer base beyond a limit of geographical location (Martins et al., 2014). Essentially, e-banking allows customers to inquire information and to carry out most banking services such as account balance inquiry, bill payment and inter account transfer through the internet among others. Today, quite a number of customers' access e-banking services using some electronic devices such as a personal computer (PC), Personal Digital Assistance (PDA), Automated Teller Machine (ATM) and telecommunication routes (Okiro&Ndungu, 2013). Today, e-banking has emerged as a new medium of delivering banking product/services to customers. This innovation intended to provide customers with more valuable services including convenient and easy to access to their money and other banking information they may need.

However, few commercial banks in Nigerian adopted and utilized the full channel of electronic banking services. This presupposed that only a few have actually gone beyond the use of online banking, ATMs, Mobile banking, POS and Telebanking in their electronic banking services. As compare to other countries, E-banking growth and development is at a promising stage in Nigeria (Abbad et al., 2012; Jamaluddin, 2014; Tchouassi, 2012; Stankevičienė & Mencaitė, 2012), yet the changing profile of customers and the resultant competition within the commercial banks in Nigeria has provided a fillip for service innovation to its growth.

2.0 CUSTOMER SATISFACTION

Recent growth in technology and innovation has fast-traced the desire for commercial banks customers for exceptional services to meet the current trend of technological advancement. Contemporary studies on e-banking acknowledged that factors that drive customers satisfaction are security, trust, web site design, availability of options, convenience and reliability are consider among the influential factors of e-banking on customer satisfaction (Martins et al., 2014; Safeena et al., 2012; Fonchamnyo, 2013; Abbad, 2013; Liébana-Cabanillas et al., 2013; Chu et al., 2012).

Apparently, this study buttress that availability of E-Banking, convenience of e-banking and reliability of E-banking are considered as the bedrock of customer satisfaction.

2.1 Convenience

Convenience is considered to be the dimensions of E-banking that enables customers to access E-banking services at any time and beyond the limit of

geographical location (Villa-Real, 2014; Chu et al., 2012; Fonchamnyo, 2013; Chavan, 2013). The conveniences of E-banking forenabling customers to check their account balance, pay bills, apply for loan, trade securities and conduct other financial transactions 27/7; have make customers to become satisfied when they are able to perform their banking transition at any geographical location. Previous studies have also empirically acknowledged a positive relationship between e-banking convenience and customer satisfaction. For example, Chu et al., (2012); Raza et al., (2015); Amin, (2016) and Mou et al., (2017) explained convenience as the critical dimensions for the success of adopting and patronising E-banking among customers.

Thus, it's therefore hypothesis in this study that conveniences a dimension of e-banking services has a positive impact on customer satisfaction.

2.2 Reliability

Reliability explains the promptness of delivering E-banking services in an accurate way an inline advertised attributes. Many studies (Bacinello et al., 2017; Graupneret al., 2015; Masoud & AbuTaqqa, 2017) argues that the success of e-banking heavily depend on e-banking services and reliability. Hasandoust & Saravi, (2017) confirmed that reliability is among the key factors that customers consider before and even during usage of E-banking services. Consequentially, prior researchers have revealed that reliability (such as prompt responses, attentiveness, and error free E-banking plat forms) have a considerable impact on customer satisfaction.

Hence, this stud proposed the E-banking reliability has a positive impact on customer satisfaction.

2.3 Availability

E-banking availability is recognised as the ability of users to access banking information and services from the web. Customers can access e-banking services only when the services is available (Rao, 2017). Masoud & AbuTaqqa, (2017) conducted a studies in order to access customers' perception, satisfaction and reaction to E-banking services, their finding revealed that, availability is among the key driving force for customer satisfaction in E-banking service delivery.

Other studies (Rodrigues et al., 2016; Brar et al., 2015) also reported the relationship between e-banking services availability and customer satisfaction quite differently by stating that satisfaction level of e-banking users is directly related to the availability.

Hence, this also presupposed that there exists a positive relationship between E-banking

availability and customer satisfaction.

3.0 PROBLEM STATEMENT

Nigerian commercial banks have realised that their market environment is rapidly changing and so are the customer needs and preferences. Therefore, the quality of the services the banks render should be among the few variables that distinguished them from the competition. Essentially, customers are satisfied if they derive maximum utility from the services rendered to them. Hence, Banks consider customers as the important factor in the banking industry and other industries in the economy (Kheng et al., 2010).

Aliyu et al., (2012) reported that, the level of competition to satisfied customers in Nigerian commercial Banks have introduced and expanded the usage of technological interface such as point of sale Terminals (POS), Automated Teller Machine (ATM), Online Banking services and mobile banking services. Thus, these innovations have positively affected the relations and customer services delivery in the cities and develop states, unfortunately the penetrating rate is still considered low in the rural area and other cities with low level of educational awareness.

Additionally, high level of customer expectations and intensifying fierce competition is among the key factors surrounding commercial banks in Nigeria. Therefore, these demands emphasized the need for customer satisfaction in all aspect of E-banking in Nigeria. This means that in an optimal banks relationship, both the banks and the customers' received a very significant economic benefits.

Aliyu et al., (2012) and Nwaolisa, &Kasie, (2012) reported that, Nigerian Commercial Banks have invested intensely in making E-banking services rich, with a target of improving customer satisfaction. On the same vein, the banks are in desperate need to understand the factors influencing the level of customer satisfaction on E- banking services. Thus, this research intends to pave ways

for further research to identify more factors that satisfied customers need towards effective E-banking services.

Several studies conducted in many part of the world on E-banking were done on services innovation (Masoud & AbuTaqa, 2017; Laukkanen, 2016; Ayyappan et al., 2015), however, no similar or related study were done on E-banking in relation to customer satisfaction in Nigerian commercial Banks. Therefore, this study intends to fill this gap by answering the question, what are the effect of customer satisfaction on E-banking in Nigerian commercial banks.

4.0 RESEARCH OBJECTIVES

- (i) To determine the relationship between determinant of customer satisfaction and Electronic banking services in Nigerian commercial banks.
- (ii) To establish the relationship that exists between Electronic banking services and customer satisfaction in Nigerian commercial banks.
- (iii) To develop a model using structural equation modelling that will serve as a frame work for service innovation in Nigerian banking industry.

5.0 THE CONCEPTUAL FRAMEWORK

In the light of the above literature review, this study conceptualized that E-banking availability, convenience and reliability positively affects customer satisfaction (Loureiro & Sarmento, 2017; Ayo et al., 2016; Raza et al., 2015). The conceptual framework includes the hypothesized relationships that exist between e-banking availability, convenience and customer satisfaction is presented in the conceptual framework (Figure 1)

6.0 METHODOLOGY

The data for this study will be gather from both primary source (questionnaires) and secondary source (internet web pages, journals and Books). Additionally, the population for the study will be the customers of Nigerian commercial banks residing in Kano. Convenient sampling with a support of snow ball sampling approached will be adopted in this study, since the population is infinite. This is as a result that, banks are not willing to disclose the

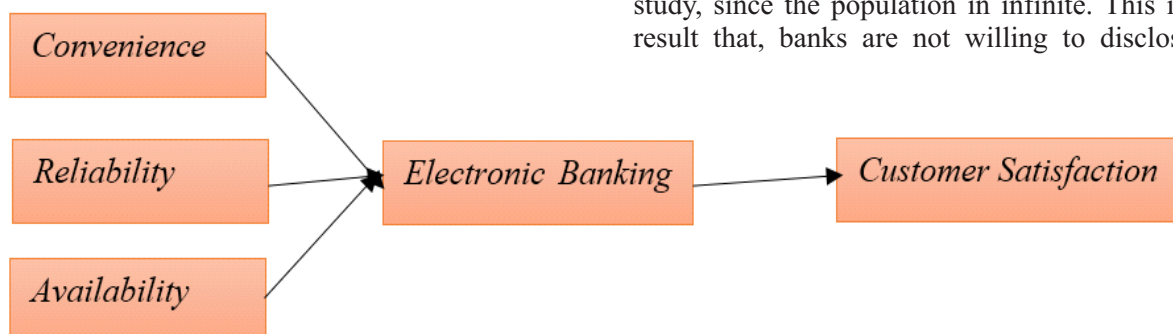


Fig. 1: Research Conceptual Framework

number of their customers due to competition and other reasons.

Consequentially, SPSS version 22.0 will be used to analyse the primary data. AMOS tool of analysis will also be incorporated to analysis the relationship among the entire variables and to ascertain which among the variable play a vital role towards effective customer satisfaction in Nigerian commercial Banks.

7.0 CONCLUSION

This is an ongoing research, which was aim to offer a basis for further academic research into the area of E-banking and evaluation of customer satisfaction in Nigerian commercial banks. This will benefit from the information of the study as it will contribute to the body of knowledge. Similarly, the nature of this study usually open more area of future research in Nigerian commercial banks for scholars. Likewise, the study will provide the basic for further background information to research organizations and scholars who will want to carry out further research in Nigerian commercial banks.

The study will also, benefit the top management of commercial banks in Nigeria, who will use it as a guide to make informed decisions on issues of customer satisfaction and E-banking services. Additionally, this study will form a baseline, which can be used to measure the progress customer satisfaction in the banking industry in the future. Finally, the study will also provide an informational and methodologies to the government which can be used as a gauge to access the level of customer satisfaction in other similar service organizations.

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