THE IMPACT OF ELECTRONIC BANKING IN NIGERIA BANKING SYSTEM
(CRITICAL APPRAISAL OF UNITY BANK PLC)

BY

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CERTIFICATION

This project with the title "The Impact of Electronic Banking in Nigeria Banking System" submitted by Olorunsegun Shittu and has satisfied the regulations governing the award of the degree of Master in Business Administration (MBA), Ladoke Akintola University of Technology, Ogbomoso, Nigeria

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DEDICATION

This research project is dedicated to my wife, to the memory of my Parent and most especially to Almighty God for His abundant blessings and protection.

ACKNOWLEDGEMENT

I am most grateful to Almighty God who through His infinite mercy and love guided me throughout the duration of the programme.

ABSTRACT

Electronic banking system has become an important practice among commercial banks in Nigeria. The introduction of this electronic banking has improve banking efficiency in rendering services to customer, It was in line with this that the study aim at examine the impact of electronic banking system in Nigeria. Through the cluster sampling technique, data was collected by means of questionnaires from 40 Unity Bank officers and the result shows that Unity Bank electronic banking guidelines are in line with the CBN electronic banking guideline. The bank has an effective electronic banking system which has improve its customer's relationship and satisfaction. To this end, It is recommended that the bank information technology training programme should be encourage among the staff of Unity Bank, necessary legal codes banking should be established in order to enhanced growth of the industry.

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CHAPTER ONE
INTRODUCTION

1.1. Background of the Study

The new millennium brought with it new possibilities in terms of information access and availability simultaneously, introducing new challenges in protecting sensitive information from some eyes while making it available to others. Today's business environment is extremely dynamic and experience rapid changes as a result of technological improvement, increased awareness and demands Banks to serve their customers electronically. Banks have traditionally been in the forefront of harnessing technology to improve their products and 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. Information and Communication Technology (ICT) is at the centre of this global change curve of Electronic Banking System in Nigeria today. (Stevens 2002). Assert that they have over the time, been using electronic and telecommunication networks for delivering a wide range of value added products and services, managers in Banking industry in Nigeria cannot ignore Information Systems because they play a critical impact in current Banking system, they point out that the entire cash flow of most fortune Banks are linked to Information System.

The application of information and communication technology concepts, techniques, policies and implementation strategies to banking services has become a subject of fundamental importance and concerns to all Banks and indeed a prerequisite for local and global competitiveness Banking.

The advancement in Technology has played an important role in improving service delivery standards in the Banking industry. In its simplest form, Automated Teller Machines (ATMs) and deposit machines now allow consumers carry out banking transactions beyond banking hours.

With online banking, individuals can check their account balances and make payments without having to go to the bank hall. This is gradually creating a cashless society where consumers no longer have to pay for all their purchases with hard cash. For example: bank customers can pay for airline tickets and subscribe [1]to initial public offerings by transferring the money directly from their accounts, or pay for various gods and services by electronic transfers of credit to the sellers account. As most people now own mobile phones, banks have also introduced mobile banking to cater for customers who are always on the move. Mobile banking allows individuals to check their account balances and make fund transfers using their mobile phones. This was popularized by First Atlantic Bank (now First Inland Bank) through its “Flash me cash” product Customers can also recharge their mobile phones via SMS. E-Banking has made banking transactions easier around the World and it is fast gaining acceptance in Nigeria.

The delivery channels today in Nigeria electronic Banking are quite numerous has it is mentioned here Automatic Teller Machine (ATM), Point of Sales (POS), Telephone Banking, Smart Cards, Internet Banking etc Personal computers in the Banking industry was first introduced into Nigeria by Society Generale Bank as the popular PC easy access to the internet and World Wide Web (www) and internet is increasingly used by Bank’s as a channel of delivering the products and services to the numerous customers. Virtually almost all Banks in Nigeria have a web presence; this form of Banking is referred to as Internet Banking which is generally part of Electronic Banking. The delivery of products by banks on public domain is an indication of advertisement which is known has E-Commerce. Electronic commerce on the other hand is a general term for any type of business or commercial transaction it involves the transfer of information across the internet. E-Commerce involves individuals and business organization exchanging business information and instructions over electronic media using computers, telephones and other communication equipments. This covers a range of different types of business from consumers to retails products. However, Electronic banking as it is; is a product of E-Commerce in the field of banking and financial services. It’s offers different online services like balance enquiry, request for cheque

books, recording stop payment instructions, balance transfer instructions, account opening and other form of traditional banking services. The Internet allows businesses to use information more effectively, by allowing customers, suppliers, employees, and partners to get access to the business information they need, when they need it. These Internet-enabled services all translate to reduced cost: there are less overhead, greater economies of scale, and increased efficiency. E-Banking' greatest promise is timelier, more valuable information accessible to more people, at reduced cost of information access. With the changes in business operations as a result of the Internet era, security concerns move from computer labs to the front page of newspapers. The promise of E-Banking is offset by the security challenges associated with the disintermediation of data access. One security challenge results from "cutting out the middleman," that too often cuts out the information security the middleman provides. Another is the expansion of the user community from a small group of known, vetted users accessing data from the intranet, to thousands of users accessing data from the Internet. Application service providers (ASP) and exchanges offer especially stringent — and sometimes contradictory — requirements of per user and per customer security, while allowing secure data sharing among communities of interest. E-Banking depends on providing customers, partners, and employees with access to information, in a way that is controlled and secure. Technology must provide security to meet the challenges encountered by E-Banking. Virtually all software and hardware vendors claim to build secure products, but what assurance does an E-Banking have of a product's security? E-Banking want a clear answer to the conflicting security claims they hear from vendors. How can you be confident about the security built into a product? Independent security evaluations against internationally-established security criteria provide assurance of vendors' security claims.

Customer expectation, in terms of service delivery and other key factors have increased dramatically in recent years, as a result of the promise and delivery of the internet. Even after the "dot –com crash" these raised expectations linger.

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 "on available 24/7, and demanding an urgent

and rapid response. The challenge for managers is to reconcile their business and their own personal perceptions of time with the perceived reality of internet time. The internet has decisively shifted the balance of power to the customer.

The internet is revolutionizing sales techniques and perceptions of leading brands, and the internet is intensifying competition in all its forms.

Banking are continuing to use the internet to add value for their customers; but in order for this to work effectively - maximizing opportunities, reducing risks and overcoming problems – an E-Banking strategy is required as an impact.

The growth of the Web and Internet as new channels, the growth in their use by customers, the growth in their use by customers, and the floor of companies entering the market, presents a series of key challenges to companies. It is easy and cheap to put up a website. But to create an environment delivering effective service on the Web to a significant proportion of your customer base requires an E-Banking strategy.

Electronic Banking offers different online services like balance enquiry, request for cheque books, recording stop payment instructions, balance transfer instructions, account opening and other form of transitional Banking services.

1.2. Statement of the Problem

In Nigeria, customers of banks today are no longer about safety of their funds and increase returns on their investments only. Customers demand efficient, fast and convenient services. Customers want a Bank that will offer them services that will meet their particular needs (personalized Banking) and support their Business goals for instance; businessmen want to travel without carryout cash for security reasons. They want to be able to check their balance online, find out if a cheque is cleared, transfer funds among accounts and even want to download transaction records into their own computer at work or home. Customers want a preferential treatment and full attention by their choice Bank. All these are only achievable through electronic Banking.

In line with rendering qualities and acceptable services that most Banks in Nigeria are gearing toward and investing large sum of money in information and communication Technology, expectedly such Banks services have been improved. United Bank for Africa (UBA), Zenith Bank, GT Bank (to mention few) are in the forefront in the use of IT in rendering services to their Customers (The Guardian Newspaper April 18, 2008p 21). It also

seeks the challenges involved in Electronic Banking and Best industrial practice and the approach of implementing them in Nigeria Banking system. While also S

1.3. Objectives of the Study

The main objective of this research work is to examine impact of electronic Banking in Nigeria banking system on how difference channels could enhance the delivery of consumers and retails products, and also how Banks choose to support their Electronic Banking component/services internally, such as internet services provider, Internet banking software, Core banking vendor, Managed security service provider, Bill payment provider, Credit Business and Credit scoring company, E-Banking systems rely on a number of common components or process

Specifically the study objectives are;

I. To evaluate the prospects of electronic Banking in Unity bank PLC
II. To evaluate the impact of electronic Banking in Unity Bank PLC
III. To examine whether electronic banking has improve the fortune of the Bank.
IV. To examine the effect of electronic banking has it improve the fortune of the bank.
V. To examine whether the Bank electronic Banking guideline comply with the CBN electronic Banking guideline policy.

1.4. Statement of Research Questions

Since the release by CBN, August 2003 and the subsequent policy on the guideline of Electronic Banking system in Nigeria,

One of the question that currently being addressed is the impact of electronic Banking on the traditional banking players; there are two views that are prevalent in the Market. The controversies that the internet is a revolution that will sweep away the old order, argument in are as follow;

- Electronic Banking transactions are much cheaper than branch transactions. Banks are easy to set up with lots of new entrants. ‘Old world’ systems, cultures and structures will not encumber these new entrants; instead they will be adaptable and responsive. Electronic Banking gives consumers much more choice and consumers will be less inclined to remain loyal.

- Deposits will go elsewhere because these banks will have to fight to regain their customer base. There would be increase in their cost of funds, making their businesses less viable.
- Portal providers are likely to attract the most significant share of banking profits.
- Traditional banks will find it difficult to evolve; they will be unable to obtain additional capital from stock market.

E-Banking as an Evolution than a revolution;

1.5. Research Hypothesis

The following hypotheses are formulated in null form to guild the study.

1. **Ho:** Electronic banking does have prospect in Unity Bank Plc
   Hμ: Electronic banking does not have prospect in Unity Bank Plc

2. **Ho:** Electronic banking does impact in Unity Bank Plc
   Hμ: Electronic banking does not impact in Unity Bank Plc

3. **Ho:** Adoption of Electronic banking does enhance the fortune of Unity Bank Plc
   Hμ: Adoption of Electronic banking does not enhance the fortune of Unity Bank Plc

4. **Ho:** Electronic banking does improve Bank Customer relationship
   Hμ: Electronic banking does not improve Bank Customer relationship

5. **Ho:** The Bank electronic banking guideline does comply with the CBN electronic banking guideline.
   Hμ: The Bank electronic banking guideline does not comply with the CBN electronic banking guideline.

1.6. Significance of the Study

The study would enable the banks executives and indeed the policy makers of the banks and financial institutions to be aware of electronic banking as a product of electronic commerce with a view to making strategic decisions. The research is equally significant because it would provide answers to factors militating against the implementation of

electronic banking in Unity Bank Plc; prove the success and growth associated with implementation of electronic banking highlight the areas of banking operations that can be enhanced via electronic banking and also be an invaluable tool for Students, Academician, institutions, Corporate managers and individuals that want to know more about electronic banking trends especially in Nigeria.

1.7. Scope of the Study

In pursuance of the objective of the study; attention shall be focused on electronic banking among other electronic commerce implementation. In order to conduct an empirical investigation into the adoption of Electronic banking in Nigeria and will also examine the nature of electronic banking operations in Unity Bank Plc from 2007 to 2009.

1.8. Limitation of the Study

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 gathered is limited to those accesses and made available by the respondents and also those gathered from end users. However, the impacts of this limitation will be reduced to the barest minimum.

1.9. Definition of Related Terms

Access Products – Products that allow consumers to access traditional payment instrument electronically, generally from remote locations.

ATM Card - UB Debit Card is a Chip device consisting of circuit element on single silicon chip. The Card a complex circuits that process microprocessors with a single chips that contain the complete arithmetic and logic unit of computers. It provided for Unity Bank customers to perform balance inquiry, mini statement and cash withdrawal as well as transfers through the use of Automated Teller Machines. This green card can also be used for Internet/Online and POS transactions.

Chip Card – Also known as an integrated circuit (IC) Card. A card containing one or more computers chips or integrated circuits for identification, data storage or special purpose processing used to validate personal identification numbers, authorize purchases, verify account balances and store personal records.

Electronic Data Interchange (EDI) – The transfer of information between organizations in machine readable form.

Electronic Money – Monetary value measured in currency units stored in electronic form on an electronic device in the consumer' s possession. This electronic value can be purchased and held on the device until reduced through purchase or transfer.

Electronic Recruitment –This is an online recruitment services to all kinds and categories of clients such as (Army, navy, police and the Paramilitary) through customizable web portals and the use of scratch cards/PINs for a Prospective applicants simply buy the scratch cards, visit portal and fill relevant information. Information collected about applicants could then be analyzed appropriately using 'what if' capabilities and filtered according to several criteria to be set by client. Short listed applicants could then be contacted automatically via email or SMS or both.

Electronic Web Collection - This enables the Bank partner with Universities and higher institutions of learning to handle Admission, Registration, Examination Managements and Fees Collection needs. Electronic Admission by Prospective Candidates, Electronic School Fees Payment, Automated Registration, Examination and Results Publication/Management

Internet Banking- This is a product that enables the Bank leverage on the Internet Banking System Module in-built on the new Banking Application (BANKS) implemented by the Bank to serve the Internet Banking needs of the Bank's customers.

Mobile Banking - This is a product that offers Customers of a Bank to access services as you go. Customer can make their transactions anywhere such as account balance, transaction enquiries, stop checks, and other customer's service instructions, Balance Inquiry, Account Verification, Bill Payment, Electronic fund transfer, Account Balances, updates and history, Customer service via mobile, Transfer between accounts etc.

Payment System – A financial system that establishes that means for transferring money between suppliers and of fund, usually by exchanging debits or Credits between financial institutions.

Point Of Sale (POS) Machine - A Point-of-Sale machine is the payment device that allows credit/debit cardholders make payments at sales/purchase outlets. It allowed customers to perform the following services Retail Payments, Cashless Payments, Cash Back Balance Inquiry, Airtime Vending, Loyalty Redemption, Printing mini statement etc.

Smart Card – A Card with a computer chip embedded, on which financial health, educational, and security information can be stored and processed.

Transaction Alert - Our customers carry out debit/credit transactions on their accounts and the need to keep track of these transactions prompted the creation of the alert system by the Bank to notify customers of those transactions. The alert system also serves as notification system to reach out to customers when necessary information need to be communicated.

Western Union Money Transfer (WUMT) - Western union Money transfer is a product that allowed people with relatives in Diaspora who may be remitting money home for family up-keep, Project financing, School fees etc. Nigerian Communities known for having their siblings gainfully employed in other parts of the world are idle markets for Western Union Money Transfer.

1.10. Brief Profile of Unity Bank Plc

Unity Bank PLC is one of the leading retail banks in Nigeria which emerged from the largest merger and consolidation in Nigeria's banking industry. Following the merger and consolidation of Nine Banks Intercity Bank, First Interstate, Tropical Commercial, Pacific, Centre Point, NNB, Bank of the North and New Africa Bank limited and spearheaded by the Central Bank of Nigeria, (CBN). The financial institutions with competences in investment banking, corporate and retail banking came together in January 2006 to form Unity Bank Plc. It has 248 business offices spread across the

country and working to increase this number in the nearest future. Unity Bank is the sixth largest bank in Nigeria today by business locations. The Head Office is located at Plot 785, Herbert Macaulay Way, Central Business District, Abuja, while the Head Office Annex is at No. 290A, Akin Olugbade Street, Victoria Island, Lagos. **The Mission** of the Bank is to create superior wealth for our stakeholders and **The Vision** is to be one of the top five financial services institutions in Nigeria by 2012.

Vision Driven Strategic Objectives

a) Financial

- Attain a set minimum balance sheet size with respect to Asset size and profitability by the year 2012. This is referred to as 5-in-5 taking it from 2008 to 2012.
- Achieve Industry Top 5 position in rate of "Return on Equity"
- Achieve Industry Top 5 ratio of Income to cost

b) Customer

- Build a superior customer service environment within Unity Bank

c) Technology

- Significantly improve Technology leverage within the Bank

d) Human Capital

- Build a winning human capacity and spirit

e) Retail Focus

- Build the nation's number 1 retail Bank

Business Values: Teamwork – The Bank has all levels of staff within the bank work together to ensure that the commitments to stakeholders are delivered; Passion – The Bank is driven by the desire to exceed the qualitative and quantitative expectations of his customers; Resourcefulness – The Personnel's are ingenious and imaginative in seeking solutions to issues; Integrity – The Personnel's are forthright in all their dealings with internal and external customers and partners; Dependability - The Customers of the Bank's can always count on its reliability and loyalty; Empathy - Unity Bank holds itself to the enduring principle of showing respect and compassion to all;

Excellence – While the Bank seek to create and raise standards in the dealings for Business.

ADOPTION OF NEW NOMENCLATURE

Following the impressive performance of the subsidiaries, a Management retreat was held in February, 2009 where it was agreed that Unity Bank and its compendium of subsidiaries be adopt an Integrated Group Structure. Therefore, Unity Bank Plc and its subsidiaries will adopt a new nomenclature that includes “Group”. This is now ‘UNITY BANK GROUP’. The members of this Group include:

SUBSIDIARIES:

1) Unity Capital & Trust Limited
2) Caranda Management Services LTD
3) Unity Registrars LTD
4) Northlink Insurance Brokers LTD
5) Newdevco Investments & Securities LTD
6) UnityKapital Assurance PLC
7) Pelican Prints LTD
8) Unity Bank BDC
9) Hexali Properties Limited

ASSOCIATE COMPANIES:

1. FUG Pension LTD
2. Kakawa Discount House LTD
3. First Securites Discount House LTD
4. Banque Internationale Du Benin, Cotonou, Benin Republic
5. African Export-Import Bank,Cairo-Egypt
6. ICHL Nig LTD

OPERATIONAL STRUCTURE

The Bank's operation is divided into five zones, namely: Lagos & South West, North West, Central, North East and South.

Each of the Zones is headed by a Group Executive Director or a Zonal Head. The Zones are further broken for operational efficiency into eighteen (18) Regional Offices across the country. This helps in maintaining one of the fastest decision making processes in the industry today.

Service Efficiency- Unity Bank Plc service efficiency is more practical, meaning the business values are embedded with new thinking on the minds of our employees. The Personnel believe is that the behaviour of the people at the point of service will define the reputation. This will impact on the success of the business. The acculturation process was conceived to communicate the new brand values across board, establish clear line-of sight between our daily operations and the vision of the entire business. It aims to create verifiable monitoring processes and platforms for continuous training of our employees to ensure long-term sustainability. We have created a quality assurance system to ensure consistency in the application of our corporate brand assets bank-wide. We are confident that teamwork can be further enhanced when the fidelity of such assets are maintained without compromise in all the locations where we have established business. To us, such discipline is the surest way to sustain the desired blend of physical assets with the intangible attributes and brand values that our new assets are designed to communicate without words. Unity Bank's rebranding is a product of an innate desire to build a distinct banking service identity by redefining what we stand for, what we can do and what we can achieve through team work and continuous talent development geared at exceeding customer satisfaction.

Products: Complimenting the time-tested fare of banking products (Consumer and Corporate) Unity Bank offer Products & Channels Division is strongly positioned with a bouquet of electronic products and solutions to help drive the retail banking initiatives. To enhance service delivery we deployed 124 active and functioning ATM machines across the 6 geopolitical zones of the nation. The Bank has an arrangement to deploy 1000 ATMs jointly with CHAMS. Other products are as listed below; Unity Bank Plc has

a functional, fully equipped and staffed customer contact/call centre. This has satisfactorily handled and provided solutions to customer inquiries, prompt response and resolutions to customers' complaints, after service follow-up calls, hence achieving and giving customers the 'personal banking feel'

Technology: The Banking application known as BANKS' runs on the latest oracle 10g platform with capability for multiple sequences and responses. The application is highly integrated embedded with straight-Through-Processing (STP) features deployed in web-enabled architecture. The application is sitting on the state-of-the-art Real Application Cluster (RAC) servers. This has made it possible for all our 248 branches to provide services 24/7 online real-time as they are linked via a robust network platform comprising fiber optic, high speed RADIO and VSAT. There are other applications deployed which are equally functioning effectively and are assisting the Bank in providing efficient customer-focused services to the growing clientele pan-Nigeria.

Rebranding: Recently, Unity Bank Plc rebranded, the Bank has modified the corporate signature and changed colour schemes to capture the essence of the distinctive attributes and values that will define the way the Bank run their business in the medium and long-term. The objective is to create a refreshing and reinvigorating "look and feel" through our new corporate brand assets. Our strategy is to drive our reputational capital by building a corporate perception of meaningful partnership with our stakeholders and embedding a new culture that is driven by competent talent and characterized by quality service and improved systems and processes expected of a 21st century bank. The Re-branding of Unity Bank has equally resulted in significant changes to the architecture of the business premises nation-wide. The aim is to create natural warmth to dilute the rigid seriousness that is peculiar to most business environments.

CHAPTER TWO

LITERATURE REVIEW

2.1. INTRODUCTION:

Electronic banking system is a conventional banking system which stated in Nigeria in 1952; (Benjamin 2001). Since then, the industry has witnessed a lot of regulatory and institutional advances. The industry was being controlled by at most five out the 89 banks in existence before the commencement of the merger and acquisition of banks in Nigeria economy. Multiple branch systems is also one of the notable features of Nigerian Banks, with a total of 89 banks accounting for about 3017 bank branches nationwide as at 2004. As well, the industry was faced with heavy challenges including the overbearing impact of fraud and corruption. Erosion in public confidence, a poor capital base, persistent cases of distress and failure poor asset quality and so on. Part of the moves to resolve these lingering problems include the banking reform initiated by the Central Bank of Nigeria in June 2004, which is largely targeted at reducing the number of banks in the economy and making the emerging banks much stronger and reliable. So far, the banking reform has been a success story with 25 mega banks emerging after the recapitalization exercise which ended on 31st December, 2005 in the bid to catch up with global development and improve the quality of their service delivery. Nigerian banks have no doubt invested much on technology; and have widely adopted electronic and telecommunication networks for delivering a wide range of value added

products and services. They have in the last few years transformed from manual to automated systems. Unlike before when ledge-cards were used, today banking has been connected to information technology networks, thereby facilitating the practice of inter-banking and inter-branch banking transactions. Development domestically has the introduction of mobile telephone in 2001 and improved access to personal computers and internet service facilities have also added to the growth of electronic banking in the Nigeria banking sector. However, whereas local banks most commonly practice real time online internet banking, the integration of customers into the process is far from been realized. Many of the reasons are attributed to the high prevalence of internet fraud and lack of an adequate regulatory framework to protect the banks from the volatility of risks associated with internet banking, especially at the levels of communication and transaction. In the main, Nigeria is globally regarded as the headquarters of Advance Fee Fraud which is perpetrate mostly via the internet (Journal of international affairs vol. 51, 209-301.

2.2. The View on Electronic Banking

The vast majority of the recent literature on electronic money and banking suffers from a narrow focus. It generally ignores electronic banking entirely and equates electronic money with the substitution of currency through electronic gadget such as smart cards and virtual currency. For example, **Freedman (2000)** proposes that electronic banking and electronic money consist of three devices; access devices, stored value cards, and network money. Electronic banking is simply the use of new access devices and is therefore ignored. Electronic money then is the sum of stored value (smart) cards and network money (value stored on computer hard drives). What is most fascinating and

revealing about this apparently popular view is that electronic banking and electronic money are no longer functions or processes, but devices.

Within this rather narrow scope for electronic banking and electronic money, there are nonetheless many research that address one or more of the challenges facing it. Santomero and Seater (1996), Prinz (1999), and Shy and Tarkka (2002), and many others present models that identify conditions under which alternative electronic payments substitute for currency. Most of these models indicate that there is at least the possibility for electronic substitutes for currency to emerge and flourish on a large scale, depending on the characteristic of the various technologies as well as the characteristics of the potential users.

Berentsen (1998) considers the impact that the substitution of smart cards for currency will have on monetary policy, arguing that although electronic substitutes for currency will become widespread, monetary policy will continue to work as before because this currency substitution will leave the demand for central Bank reserves largely intact.

Goodhart (2000) discusses how monetary control would work in an economy in which Central Bank currency has been partially or completely replaced by electronic substitutes.

Cohen (2001) distinguishes between monetary control and monetary autonomy, where monetary control is the ability of the Central Bank to control monetary aggregates demand and the supply of money, while monetary autonomy is the ability of the Central Bank to influence output and prices. Cohen argues that the introduction of electronic currency substitutes will not reduce monetary control, but may reduce monetary autonomy, in other hand; **Kobrin (1997)** argues that electronic currency substitutes are

part of a general process of technological advance and globalization that are rendering national authorities of all kinds impotent and obsolete.

Lee and Longe-Akindemowo (1999) present the standard justification for regulation of financial markets – systemic risk and consumer protection; they argued that both will justify regulation of electronic currency substitutes. They noted that European regulators have already defined stored value cards as the taking of a deposit, so that only banks may issue them. Several other authors, particularly Central Bankers such as **Freedman (2000)**, have argued that the state can always use its power to regulate electronic money providers if they prove to be detrimental to monetary policy or financial stability. **Helleiner (1998)** makes the case that such coercive power will still be effective in a world of electronic banking. **Tanaka (1996)** on the other hand, proposes the establishment of a monetary authority in cyberspace that will control electronic currency substitutes.

Friedman (1999) point out that electronic banking presents the possibility that an entire alternative payment system, not under the control of the Central Bank of Nigeria may arise. In an extreme variant of **Friedman**, **King (1999)** argues that today computers make it at least possible to bypass the payment system altogether, instead using direct bilateral clearing and settlement; the responses to **Friedman.**

Woodford (2000) argue that the Central Bank will either continue to provide the payment system of choice, or will find alternative ways to conduct monetary policy through stabilization of short-term interest rates regardless of what form of money is being used.

Although this second set of research introduces some critical issues, it is too vague about what exactly is meant by electronic money and banking. Part of the vagueness stems from the focus of these papers on the payment system rather than on the payment media. Nonetheless, a complete view of electronic money and banking should include both the payment system and the media used in the system. The feasibility of an alternative payment, after all is intimately tied to the feasibility and desirability of the media flowing through that system.

2.3. Electronic Banking and the Common Banking Products

The use of information technology in banking operations is called electronic banking **Ovia 2001** argue that Electronic banking is a product of e-commerce in the field of banking and financial services. In what can be describe as Business-to-consumer (B2C) domain for balance enquiry, request for cheque books, recording stop payment instruction, balance transfer instruction, account opening and other forms of traditional banking services. Banks are also offering payment services on behalf of their customer who shop in different e-shops.

2.3.1 Telephone and PC Banking Products

This is a facility that enables customers, via telephone calls, find out about their position, with their bankers merely dialing the telephone numbers given to them by the banks. In addition, the computers on the phone would require special codes given to the customers as a means of identification of authentic users before they can receive any information they requested for. This is a service introduced into the banking balance as a result of computer telephone technology being made available Ovia (2001). The technology banking has a universe of possible application limited only by the

imagination. These areas include: Account balance enquiry; Account statement printing; intra-Banks Account to Account Transfer; inter-banks Account to Account Transfer; Download Account Transaction etc.

Telephone and PC banking brings the bank to the doorstep of the customer, it does not require the customer to have his premises; interactive Voice Response becomes a regular feature of operations; Text-to-speech capability becomes reality; A uniformed messaging capability become permanent feature of the bank.

2.3.2 The Card System

The card system is a unique electronic payment type. The smart cards are plastic devices with embedded integrated circuit being used for settlement of financial obligations. The power of cards lies in their sophistication and acceptability to store and manipulate data, and handles multiple applications on one card securely **(Amedu, 2005).** Depending on the sophistication, it can be used as a Credit Card, Debit Card and ATMs (Automatic Teller Machine). While the electronic card is gaining popularity in USA and Nigeria, the Spanish financial Institution demonstrated the highest implementation and update of smartcards across Europe **(Amedu, 2005).**

The Smart Card was introduced into the Nigerian market to reduce or eliminate problems of carrying cash about **(Amedu, 2005).** It is electronically loaded with cash value and carried about like credit card and stores information on a microchip. The microchip contains a “purse” in which value is hold electronically. In addition, it also contains security programs; these protect transactions between one card user and the other.

It can also be transferred directly to a retailer, merchant or other outlet to pay for goods and services, and like cash, transaction between individual without the needs for banks of the other third parties. Also, the system does not require central clearing. It is valued immediately. Also the system allows transfer of one value to the other hence it operates like cash.

2.3.3 The Automated Teller Machine (ATM)

Worldwide, the use of paper cash still remains the most widely used and acceptable means of settling financial transactions and obligations. However, the proportion of cash transactions is increasingly on the decline, especially in advanced economics **(Amedu, 2005).** In USA, where the use of cash is still prominent, compared with European countries, it represents 50 percent or more of the total transactions. Of course, cash is a non-electronic payment method. However, the physical carriage of cash as well as the visit to the bank branches is being reduced by the introduction of an electronic device, **ATM**.

An ATM device allows a bank customer to withdraw cash from his account via a cash dispenser (Machine), and the account is debited immediately. A fundamental advantage is that it needs not to be located within the banking premises. It is usually in stores, shopping malls, fuel stations etc.

2.3.4. Cheque

A cheque is a paper based payment instrument whose usages are still gaining ascendancy. The Automation focus on this instrument is to reduce the number of clearing days and improve on security arrangement in the course of settlement and collection. For example, in Nigeria the Central Bank of Nigeria CBN has just embarked

upon online clearing and Nigeria has signified interest and signed path to this project **(Johnson, 2005).**

2.4 The Entry of Nigerian Banks into Electronic Banking

Electronic banking both as a medium of delivery of banking services and as a strategic tool for business development, has gained wide acceptance internationally and is fast catching up Nigeria with more and more banks entering the fray. Nigeria can be said to be the threshold of a major banking revolution with net banking having already been unveiled **(Ovia, 2001)**. Of all the sectors in the Nigeria Economy, Banking stands out despite “a not too good” Economy.

Electronic banking provides the facility of accessing customer accounts from anywhere in the world by using a home computer with Internet connection, is particularly fascinating to Non-Resident Nigerians and High Net worth Individuals having multiple bank accounts. The growth potential is, therefore, immense. Further incentives provided by banks would dissuade customers from visiting physical branches, and thus get ‘hooked’ to the convenience of armchair banking.

At present, the situation does not seem to have shown any significant improvement. Whereas about 90 percent of the banks in the country offer other forms of electronic banking services like telephone banking. ATM and electronic fund transfer, Internet banking is yet to take centre stage. This aspect of banking is still at the basic informative stage **(Ovia, 2001)** this is so despite the widely acclaimed benefits of Internet banking against the traditional branch banking practice. Part of the reasons

identified for the inability of banks in Nigeria to take full advantage of this mode of banking includes lack of adequate operational infrastructure like telecommunication and power, upon which Electronic banking generally relies. Due to the inability of the banks to integrate their operations into the Internet development process, Internet banking can be said to have less in the existing banking structure in the country.

Earlier articulate reasons why Internet Banking was having a moderate economic impact in the country include that Nigerian bank customers are not on the average trained on for teller jobs and the working of internet banking, a situation which makes transaction processing via internet banking prone to error; the absence of a clearly defined legal frame-work for internet banking, leaving banks with inadequate legal cover to provide the services; and poor telecommunication infrastructure all over the country. In addition, the fact that internet assuage in the country has been abused by cyber-criminals makes its window unattractive for domestic banking operations and legitimate international operations. The inherent fear associated with patronizing internet banking services in Nigeria is again re-enforced by the growing evidences that the world over, dubious Nigerians use fake websites to scoop funds from unsuspecting victims. In some cases, these crimes are committed using existing bank sites.

2.5.1 Threats of Cyber-Crimes on the Nigerian Banking Premises

The Advances fee fraud or 419, which is one of the most popular of all internet frauds, Has its origin from Nigeria in the 1980s. Its development and spread follows the path of the developments in information technology at inception, postal letters were used as key media for committing 419 frauds. Later in the early 1990s, it became integrated into telecommunication facilities such as the telephone and fax from the late 1990s following

the introduction of computers and internet, 419 crimes became prevalently perpetrated through the use of e-mail and other internet means **(Amedu, 2005).** The latest dimension taken by the perpetrators of this crime is the use of fake internet bank site, and using that to encourage victims to open accounts with them.

The country is country is the third highest ranked in internet 'money offer' frauds. As was reported in one of the national newspapers, frauds and forgeries in Nigerian bank as at June 2005 stood at 329 or N1.15 billion monetary equivalent, against 222 cases or N1.47 billion monetary equivalent in April same year. There is even global suspicion that a Nigerian crime syndicate that coordinates global crimes such as money laundering, bank fraud and 419 seams exists today. These issues basically defeat the key ingredients of electronic banking, which includes confidentiality, integrity and availability.

Several factors are responsible for the above situation. They include 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 Nigerian (Domestic electronic payment in Nigeria) **(Amedu, 2005).** This, according to transparency International, is worsened by fact that several generations of Nigerians have been raised in this norm. Hence, what is seen as a dangerous global crime is socially acclaimed and glamorized in Nigeria.

The above situation constitutes the environment upon which Electronic banking has emerged in Nigeria. Although the level of the adoption and practice of electronic banking (especially Internet banking) has remained quite insignificant, global projections still remains that Information Technology would continue to play a revolutionary role in the development and delivery of banking products and services all over the world. In effect, it is this projection that has raised pertinent regulatory questions concerning Electronic banking, especially in Internet fraud-infested countries like Nigeria. One key issue here borders on how to handle the rising level of frauds and forgery prevalent in the entire banking system; and how to make Internet banking fit well in the banking structure of a country so notoriously identifiable with criminals use Internet access.

2.5.2 The Regulatory Challenges

At the national level, the Nigerian government and the relevant regulatory agencies have strived to match the rapidly changing electronic banking environment with necessary regulations and frameworks **(Soludo, 2005)**. Earlier efforts made to this effect included the enactment of the Failed Banks (Recovery of Debts) and Malpractices in Bank Decree No. 18 of 1994, and the Money Laundering of 1995. However, as noted above, poor enforcement procedure rendered these instruments very inactive in checking the menace of financial crimes. By the late 1990s, following record growth internet and computer usage in the country, almost all the regulations guiding the banking industry, including the Banks and Other Institution Act of 1991, were lacking adequate provisions to accommodate the emerging trend. Not even a mention of electronic banking or any manner of its application was mentioned in any of those prevailing regulatory documents. The situation created a lot of gaps between the levels

of CBN regulatory tools and the advances in information technology. This at the same time made the banks vulnerable to all kinds of risks, including transaction, strategic, reputation and foreign exchange risks **(Soludo, 2005).** This deficiency notwithstanding, it is not until 2003 when the maiden guidelines on electronic banking came into force.

The electronic banking guidelines emerged from the findings of a Technical Committee on Electronic Banking set up by the Central Bank of Nigeria in 2003 to find appropriate modalities for the operation of electronic banking in the country. It was indeed the findings and recommendations of the committee that led to the adoption of a set of guidelines on Electronic Banking in August 2003. Of the key provisions of the guidelines, only a section deals with issues relating to Internet Banking Section 1.3 paragraph 4 of the guidelines, exceptionally stresses that banks should put in place procedures for maintaining the bank's Web site, including the various security features needed for Internet banking services **(CBN, 2003).**

Despite its numerous technical specifications, the guidelines have been widely criticized as not being enough to check the growing popularity of Electronic banking against the backdrop of growing sophistication in technology related crimes and frauds. Closer examination of the contents of the guidelines equally shows that the document fails to meet up with the four key areas where Electronic banking may have regulatory impact – changing the traditional lines upon which existing regulatory structures are laid; handling concerns about existing public policy issues; changing the nature and scope of existing risks; and rebalancing regulatory rules and industry discretion. Again, some important recommendation of the Technical Committee that gave rise to the adoption of the guidelines was completely omitted. This is especially so with paragraph 6.1 of the

Committee's report, which among others recommended that all banks, intending to offer transactional services on the Internet /other e-banking products, should obtain an approval-in-principle from CBN prior to commencing these services.

Part of the criticisms is that the recent guidelines are capable of constraining the practice and development of Electronic Banking Nigeria. One of such areas, for instance, is the requirement on electronic banking product development. While acknowledgement that the existing regulations would apply wholly on electronic banking, section 4.2 of the Guidelines emphasizes that only banks, which are licensed, supervised and with physical presence in Nigeria, are permitted to offer electronic banking services in Nigeria, and that virtual banks are not to be allowed. The Guidelines also gives indications that the products/services can only be offered to residents of Nigeria with a verifiable address with the geographic boundary of Nigeria; any person residing physically in Nigeria as a citizen, under a resident permit or other legal residency designation under the Nigerian Immigration Act; any person known herein as a "classified person" who neither is temporarily in Nigeria. The Guidelines go further to indicate that the e-banking service should be offered in Naira only; and that where such a service is to be provided in foreign currency, it should be to only the holders of ordinary domiciliary accounts, and conform with all foreign exchange regulations

On some other aspects, the Guidelines have been criticized by Unity Bank executive and customer for not addressing adequately the critical issues concerning Internet security. It failed to explicitly recommend a standard that allows banks to examine potential threats that may already be in existence in each individual financial institution's current network.

In addition to this array of criticisms, the workability of proper Internet framework is also queried amidst the poor state of basic information technological infrastructure in the country. This is essentially necessary since Electronic Banking generally relies on the existence of adequate operational infrastructure like telecommunications and power to function effective. Though little success has been recorded, the supply of these requisite facilities is very erratic in the Nigerian case. Where they exist, high cost of acquisition and maintenance tend to deny a greater percentage of the population access to them. The case of Internet access is a glaring one where majority of the citizens rely solely on the services of commercial cyber cafes to meet their Internet needs. It is expected of the E-Banking Guidelines to provide procedures not only for banks investment in Internet facilities, but also in promoting customers' access to such. Unfortunately, none of such is contained in the document

Prior to the merger, each of the four banks maintained a unique brand, discernable areas of coverage, an easily identified degree of strength and competencies in various areas of banking services and a fair share of the market.

Technology is undoubtedly a very important tool of every bank's competitive strategy. It had drawn the line between success and failure. The deployment of BANKS, a web enabled new generation enterprise banking solution has enabled UNITY BANK to offer its customers banking services at their door step. The bank runs on a completely centralized system with BANKS (version 6.2) as the main Banking Application. The Bank's innovation technology driven products are products are centric and they have pioneers in the area of e-banking in Nigeria.

2.5.3 Electronic Banking Profitability and Efficiency

Commercial banks assaulted by the pressure of globalization, competition from non-banking news ways to add value to the services. The question “what drives performance?” is at the top in understanding superior performance and hence striving for it. Substantial research efforts have gone into addressing this question, starting from the strategic level and going down to operational details. A key study bench marking the strategies of leading retail banks and retail banks was carried out by the bank strategies of leading retail banks and **(Vander Velde 1992)**. This study is based on the opinions of heads of retail banks at all us commercial banks established the linkage between marketing, operations, organizing excellence. This finding led to the formulation of the service management strategy encapsulated in the trail operational capabilities service quality-performance (-SQ-P) **(Foth and Jackson 1995).** The C- SQ-P trail is, in turn, a focused view of the service profit chain described by **(Heskettet all, 1994)** based on their analysis of successful service organizations.

2.5.4 Bank Customer Relationship

Bank customer relationship, is just a special contract where a person entrusts valuable items with another person with an intention that such items shall be retrieved on demand from the keeper by the person who so entrust.

Thus the banker is the one who is entrusted with above mentioned valuable items, while the person who entrust the items a view to retrieving it on demand is called the customer.

The relationship is based on contract. It is based on certain terms and conditions. For instance, the customer has the right to collect his deposit on demand personally or by

proxy. The banker too is under obligation to pay, so long the proxy is duly authorized by the customer.

The relationship is also fiducially. The terms and conditions governing the relationship should not be leaked to a third party, particularly by the banker. Also items kept should not be released to a third party without due authorization by the customer.

2.8 Operation of Financial Institution

Financial institutions provide service as intermediaries of the capital and debt markets. They are responsible for transferring funds from investors to companies in need of those funds. Financial institutions facilitate the flow of money through the economy. To do so, saving are pooled to mitigate develop revenue. Should the yield curve become inverse, film, in this arena will offer additional fee-generating services including securities underwriting, and prime brokerage.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the techniques and procedures used by the researcher in conducting the study and accumulating the data for the study. It comprises of the description of the population of the study, sampling techniques, sample size, sources of data, method of data collection and method of data analysis and testing hypothesis.

3.2 Population of Study

The population to be used in this study covers all the 40 credit officers of Unity Bank Plc. The population selected was designed to obtain adequate and diverse views pertaining to the level and impact of electronic banking in Unity Bank.

3.3 Sampling Techniques

The technique is used to ensure that all the segment of the population is included in the sample. The sample is drawn from the credit officers of UNITY BANK Plc.

3.4 Sample Size

The sampling size to be used by the researcher in this study constitute (40) Unity Bank officers.

3.5 Sources of Date

The researcher uses both the primary and secondary data in the study. The primary data are collected by the researcher through the use of questionnaire while the secondary data are data collected from CBN electronic banking guideline, annual report of Unity Bank Plc, and CBN annual report etc.

3.6 Method of Data Analysis

The study used both descriptive and inferential statistics in analyzing the data. Also, simple frequency counts, percentages and the chi-square were used in the data analysis.

3.6.1 Test of Hypotheses and Inference

The chi-square test was employment by the researcher to test the significance of the responses from the credit officers of Unity Bank Plc (respondent). The chi square test is performed by defining the numbers categories and observing the number of case falling into each category and knowing the expected number of cases fully in each category, the formulae for the chi-square is:

$$Z^2 = \frac{(0i - Ei)}{Ei} \quad or \quad X^2 = \frac{(0i - Ei)^2}{Ei}$$

Where Z2 = Chi-square

0i = Number of observed case in category i

Ei = Number of expected cases in category i

K = Number of category, summation runs from 1=1 to 1=K

3.6.2 DECISION RULE AND JUSTIFICATION

A set of decision rules is the verbal equivalent of a graphical decision tree, which specifies class membership based on a hierarchical sequence of (contingent) decisions. Each rule in a set of decision rules therefore generally takes the form of a Horn clause wherein class membership is implied by a conjunction of contingent observations.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1. Introduction

A total of 40 questionnaires were distributed to the various credit officers of Unity Bank Plc on Kaduna State. After the questionnaires were filled by the respondents and collect back, they were screened and sorted out by the researcher. The detail of the returned questionnaires shows that out of 40 sent out, 35 only were completed and returned, while 3 were not returned and 2 were rejected because they were not properly completed. Hence 87.5% of the respondents returned their questionnaires.

4.2. Presentation and Analysis of Data

4.2.1. Qualification of Respondent

The researcher was able to meet with the respondent to know their level of qualification. The table below shows their different qualifications and their response.

Table 4.1: Qualification of Respondents

ALTERNATIVE	**RESPONDENT**	**PERCENTAGE**
OND	5	14.3
HND	9	25.7
BSC	14	40
MSC/MBA	7	20
PHD	0	0
TOTAL	**35**	**100**

Source: Field Survey, 2010

Table 4.1 shows the number of respondents by qualifications. The data collected indicated that 14 or 40% of respondents are B.Sc Holders, 9 or 25.7% are HND holders, while 7 or 20% are masters holders and non among have PHD. Therefore, it could be inferred that majority of the credit officers are B.sc. Holders.

4.2.2 Working Experience

The research was able to meet with different respondent to know their years experience with Unity Bank Plc.

Table 4.2 Years of Experience with Unity Bank Plc.

ALTERNATIVE	RESPONDENT	PERCENTAGE
1-5 years	8	22.9
6-10 years	10	28.6
11-15 years	9	25.7
16-20 years	6	17.1
21 years and above	2	57
TOTAL	**35**	**100**

Source: Field Survey, 2010

Table 4.2 shows how long the respondents have been working with the bank. From the data collected, it could be seen that 12 or 40% of respondents have spent between 1-5 years working with the bank, while 16-20 years and 2 or 25.7% between 11-15 years, 6 or 17.1% between 16-20 years and 2 or 5.7% for more than 21 years. In view of this fact, it could be deduced from the analyzed data in table 2 that 77.1% of the respondent have spent appreciable period of 5 years and above working in the bank.

4.2.3: Cadre of Respondents

Different cadre of the respondents both the junior officers and the senior credit officers were ascertained and are shown in table 4.3 below.

Table 4.3 Cadre of Respondents

ALTERNATIVE	RESPONDENT	PERCENTAGE
Junior Credit Officer	14	40
Senior Credit Officer	21	60
TOTAL	**35**	**100**

Source: Field Survey, 2010

Table 4.3 shows that 21 or 60% of respondent are Senior Credit Officers with the bank while 14 or 40% are junior Credit Officers. Therefore, the bank Senior Credit Officers are more than the junior ones.

4.2.4 Professional Qualification

The respondents were asked about their professional qualifications and their responses were presented below.

Table 4.4 Professional Qualification

ALTERNATIVE	RESPONDENTS	PERCENTAGE
Associated Chartered Accountant (ACA)	16	45.7
Chartered Institute of Bankers of Nigeria (CIBN)	15	42.9
Certified Auditor	2	5.7
Certified Information System	2	5.7
TOTAL	**35**	**100**

Source: Field Survey, 2010

Table 4.4 shows that 16 or 45.7% respondents are members of Chartered Accountants on Nigeria, 15 or 42.9% of the respondents are professional bankers and 2 both 2 or 5.5.7% are for certified auditor and certified information system respectively. Therefore, most workers in the bank are professionals and such one would expect quality services and information from them.

4.2.5: Department of Respondents

The respondents were asked of their department are from different department and their responses were presented below.

Table 4.5 Department of Respondent

ALTERNATIVE	RESPONDENTS	PERCENTAGE
Human Resources	3	8.6
Cleaning and cash management	13	37.1
Business development	2	5.7
Information Technology	1	2.9
Credit and marketing	16	45.7
TOTAL	**35**	**100**

Source: Field survey, 2010

Table 4.5 indicate that 3 or 8.6% of the respondents are the human resource department, 13 or 371% clearing and cash management, 2 or 5.7% business development, while 1 or 2.7% of the respondents are Information Technology department and 16 or 45.7% of the remaining are in credit and marketing. Therefore, it could be deduced from the data analyzed above that the credit and marketing department has the higher number of staff as such the bank will always strive to gain the larger share of market share.

4.2.6 Threat to Electronic Bank

The respondents were asked of the threat involves in electronic banking and their responses were presented below.

Table 4.6 Threat to Electronic Banking

ALTERNATIVE	RESPONDENTS	PERCENTAGE
Adequate security	0	0
Legal threat	0	0
ATM Found	0	0
Poor Communication link	0	0
All of the above	35	0
TOTAL	**35**	**100**

Source: Field Survey, 2010

Table 4.6 shows that all respondents i.e 35 or 100% of the respondents were of the agree opinion that the bank places more emphasis in all the electronic banking threat to determine its effectiveness.

4.2.7: Threat Assessment

The respondents were asked about their assessment of threat involved in electronic banking and their responses were presented below.

Table 4.7 Threat Assessment

ALTERNATIVE	RESPONDENT	PERCENTAGE
To a high extent	0	0
To a moderate extent	27	77.1
To a lower extent	6	17.1

No respond	2	5.7
TOTAL	**35**	**100**

Source: Field Survey, 2010

On the assessment of the Unity Bank Electronic Banking System, 27 or 77.1% of the respondent were on the agree opinion of moderate while 6 or 17.1% low and 2 or 5.7% show no respond and more respondent with opined of high. Therefore, based in the data collected, it shows that the bank has low incidence of threat in Electronic Banking System.

4.2.8: Respondent assessment of Unity Bank's Electronic Banking System

The respondents were asked of the assessment of Unity Bank Plc Electronic Unity Bank and their responses were presented below.

Table 4.8 Unity Bank Electronic System

ALTERNATIVE	RESPONDENTS	PERCENTAGE
Excellent	5	14.3
Very Good	27	77.1
Good	3	8.6
Fair	0	0
Poor	0	0
TOTAL	**35**	**100**

Source: Field Survey, 2010

Table 4.8 shows the assessment of electronic banking system of Unity Bank 27 or 77.15 of the respondents have the opinion that they are very good, while 5 or 14.3% excellent and 3 or 8.6% considered it as a good and none of the respondent opined that it is either fair or poor.

4.2.9: Information Technology Training Program

The researcher was able to ascertain the level of information technology training program in Unity Bank plc, and the responses are shown below:

Table 4.9 IT Program

ALTERNATIVE	RESPONDENTS	PERCENTAGE
Strongly agreed	5	14.3
Agreed	26	74.2
Undecided	3	8.6
Disagree	1	2.9
Strongly disagree	0	0
TOTAL	**35**	**100**

Source: Field Survey 2010

On the assessment of training development program for Unity Bank officers, the table 9 shows that 26 or 74.2% of the respondents were of the agree opinion, 5 or 14.3% strongly agree, 3 or 8.6% undecided and 1 or 2.9% disagree and none respondent opened on strongly disagree. Therefore, the bank have information training development program for its staff because 88.5% of the respondent were of the agree opinion.

4.2.10: Level of Electronic Banking

The respondent were asked about the level of electronic banking and response is shown in table 4.10

Table 4.10 Level of Electronic Banking

ALTERNATIVE	RESPONDENT	PERCENTAGE
Strongly agreed	11	31.4

Agreed	22	62.9
Undecided	2	5.7
Disagree	0	0
Strongly disagree	0	0
TOTAL	**35**	**100**

Source: Field Survey, 2010

Table 4.10 shows that 22 or 62.9% of respondents were of the agree opinion that electronic banking system has make banking transaction more easier, 11 or 31.45% strongly agree while 2 or 5.7% were undecided and none of the respondents is either of the disagree or strongly disagree opinion. From the data, it indicates that the banking transaction has been made easier with the introduction of electronic banking.

4.2.11. Improvement of Customer Satisfaction

The respondents were asked about the level of satisfaction derived from electronic banking and their response is shown in table 4.11 below:

Table 4.11 Customer Satisfaction Improvement

ALTERNATIVE	RESPONDENTS	PERCENTAGE
Strongly agreed	13	37.1
Agreed	21	60
Undecided	1	2.9
Disagree	0	0
Strongly disagree	0	0
TOTAL	**35**	**100**

Source: Field Survey, 2010

Table 4.11 shows that 21 or 60% of the respondents were of the agree opinion that electronic banking have improve customers satisfaction, 13 or 37.1% strongly agree while 1 or 2.9% undecided and non respondent on the opinion of disagree or strongly disagree. Therefore, agree opinion having higher percentage shows that electronic banking has really improved customer satisfaction.

4.3 Test of Hypothesis

4.3.1 Hypothesis one

Electronic Banking Does not have prospect of electronic bank in Unity Bank Nig. Plc

Table 4.12 chi-square table on the prospect of electronic bank in Unity Bank

Respondents View	**0i**	**Ei**	**0i-Ei**	**$(0i-Ei)^2$**	$\frac{(0i-Ei)^2}{Ei}$
Strongly agree	15	7	8	64	9.14
Agree	16	7	9	81	11.57
Undecided	2	7	-5	25	3.57
Disagree	1	7	-6	36	5.14
Strongly disagree	1	7	-6	36	5.14
TOTAL	**35**	**35**	**0**	**242**	**34.56**

Source: Computed from Data, 2010

Therefore, Z^2 (Chi-Square) value calculated is 34.56, the degree of freedom K-L, 5-1 = 4 from the chi-square rule,

Table x 2^2_4; 0.05 = 9.4877

Therefore, X^2 calculated = 34.5, 6

X^2 tabulated = 9.4877

Decision rule: since X^2 calculated is greater than X^2 tabulated, (34.567>9.4877) at 5% confidence level and 4 degree of freedom, the first null hypothesis is rejected and the alternative hypothesis which state that "Electronic Banking enhanced Unity Bank Efficiency" is accepted.

4.3.2 Hypothesis two

Electronic banking does not have impact on the Overall Performance of the Bank

Table 4.13 Chi-Square table on the overall performance of the Bank

Respondents view	**0i**	**Ei**	**0i-Ei**	**$(0i-Ei)^2$**	$\frac{(0i-Ei)^2}{Ei}$
Strongly agree	13	7	6	36	5.14
Agree	16	7	9	81	11.57
Undecided	2	7	-5	25	3.57
Disagree	2	7	-5	25	3.57
Strongly Disagree	1	7	-6	36	5.14
TOTAL	**35**	**35**	**0**	**171**	**28.99**

Source: Computed from Data, 2010

Therefore, Z^2 (Chi-Square) value calculated is 28.99

The degree of freedom K – 1, 5 – 1 = 4

Using the statistical table to find the value of Z^2_4; 0.05, the result is =9.4877

Therefore, X^2 calculated = 28.99

X^2 tabulated = 9.4877

Decision rule: since X^2 calculated is greater than X^2 tabulated, (28.99 >9.4877) at 5% confidence level and 4 degree of freedom, the second null hypothesis is rejected and

the alternative hypothesis which stated that “Unity Bank Plc Electronic banking have impact on the overall performance of the bank” is accepted.

4.3.3 Hypothesis Three

Table 4.14 Chi Square table on the fortune of Unity Bank

Adoption of electronic banking does not enhanced the fortune of Unity Bank

Respondents view	**0i**	**Ei**	**0i-Ei**	**$(0i-Ei)^2$**	$\frac{(0i-Ei)^2}{Ei}$
Strongly Agree	17	7	10	100	14.28
Agree	13	7	6	36	5.14
Undecided	3	7	-4	16	2.28
Disagree	2	7	-5	25	3.57
Strongly Disagree	0	7	-7	49	7
TOTAL	**35**	**35**	**0**	**226**	**32.27**

Source: Computed from Data, 2010

Therefore, Z^2 (Chi-Square) value calculated is 32.27

The degree of freedom K – 1, 5 – 1 = 4

Using the statistical table to find the value of Z^2_4; 0.05, the result is =9.4877

Decision rule: since X^2 calculated is greater than X^2 tabulated, (32.27 >9.4877) at 5% confidence level and 4 degree of freedom, the third null hypothesis is rejected and the

alternative hypothesis which stated that “Adoption of Electronic Banking would Enhanced the Bank’s Fortune” is accepted.

4.3.4 Hypothesis Four

Unity Bank Electronic Banking does not improve its bank customer relationship

Table 4.15 Chi-Square table on customer relationship in Unity Bank

Respondents view	**0i**	**Ei**	**0i-Ei**	**$(0i-Ei)^2$**	$\frac{(0i-Ei)^2}{Ei}$
Strongly Agree	13	7	6	36	5.14
Agree	12	7	5	25	3.57
Undecided	5	7	-2	4	0.57
Disagree	3	7	-4	16	2.29
Strongly Disagree	2	7	-5	25	3.37
TOTAL	**35**	**35**	**0**	**106**	**14.94**

Source: Computed from Data, 2010

Therefore, Z^2 (Chi-Square) value calculated is 14.94

The degree of freedom K – 1, 5 – 1 = 4

Using the statistical table to find the value of Z^2_4; 0.05, the result is =9.4877

Therefore, X^2 calculated = 14.94

X^2 tabulated = 9.4877

Decision rule: since X^2 calculated is greater than X^2 tabulated, (14.94 >9.4877) at 5% confidence level and 4 degree of freedom, the second null hypothesis is rejected and the alternative hypothesis which stated that "Unity Bank Electronic banking do improve the bank Customer Relationship" is accepted.

4.3.5 Hypothesis Five

Unity Bank Electronic Banking Guideline does not comply with the CBN Electronic Banking Guideline.

Table 4.16 Chi-Square Table on the CBN Electronic Banking Guideline

Respondents view	**0i**	**Ei**	**0i-Ei**	**$(0i-Ei)^2$**	**$\frac{(0i-Ei)^2}{Ei}$**
Strongly Agree	19	7	12	144	20.57
Agree	14	7	7	49	7
Undecided	0	7	-7	49	5.14
Disagree	1	7	-6	36	5.14
Strongly Disagree	1	7	-6	36	5.14
TOTAL	**35**	**35**	**0**	**314**	**44.85**

Source: Computed from Data, 2010

Therefore, Z^2 (Chi-Square) value calculated is 44.85

The degree of freedom K – 1, 5 – 1 = 4

Using the statistical table to find the value of Z^2_4; 0.05, the result is =9.4877

Therefore, X^2 calculated = 44.85

X^2 tabulated = 9.4877

Decision rule: since X^2 calculated is greater than X^2 tabulated, (44.85 >9.4877) at 5% confidence level and 4 degree of freedom, the second null hypothesis is rejected and the alternative hypothesis which stated that “Unity Bank Electronic banking Guideline comply with CBN electronic banking Guideline” is accepted.

4.3 Discussion of Findings

From the above analysis, it is seen that in hypothesis one, you can see that respondents agreed that electronic banking does not have prospect in Unity Bank. In hypothesis, we can also see that respondents agreed that electronic banking does not that respondents strongly agree that the adoptions of electronic banking does not enhance the fortune of Unity Bank. Hypothesis four shows that respondents strongly agree that Unity Bank Electronic Banking does not improve its bank customer relationship, hypothesis five shows that respondents strongly agree that Unity Bank electronic comply with the CBN Electronic Banking Guideline.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The study was carried out in order to assess the impact of electronic banking system in Unity Bank. The general introductory aspect shade more light on the essential of electronic banking. Many literature and academic publication from different authors in electronic banking, product emerging issues in electronic. In the cause of this research, the researcher was able to find out that origin of electronic banking system is a conventional banking system which started in Nigeria in 1952.

Also the prospect of electronic banking was looked into critically. Electronic banking improved the fortune of Unity Bank. This was achieved by adopting the CBN banking guidelines.

5.2 Conclusion

Based in the summary of the major findings the following conclusions are drawn:

1. The adoption of electronic banking has enhanced Unity Bank efficiency by making it more productive and effective.
2. Electronic Banking also has a strong impact on the overall banking performance by making workers performance more effective and efficiency.
3. The adoption of electronic banking has enhanced the fortune of the bank. This is achieved through bank charges cheque withdrawal slip and withdrawal charges.

4. The electronic banking has improve the bank customer relationship by rendering effective services throughout the week. Customers can now have access to their account outside working hours to make withdrawal to attend to their needs.
5. The electronic banking guideline introduced by CBN strongly helps in effective electronic banking system. Withdrawal can be made anywhere at any time and using any bank ATM machine, customer cannot withdrawal more than some certain amount to allowed other customers have access to cash and money, can be transfer from one place to another through electronic means.

In general conclusion the electronic banking has made banking transaction to be easier by bringing services closer to its customers.

5.3 Recommendations

In order to give the growing trends of Information and Communication Technology (ICT) which involves net banking and e-commerce in banks a vision in the right directions, the following strategies are recommended for further follow up:

1. The banks must be focused in terms of their needs and using the right technology to achieve goals, rather, than acquiring technology of internet banking because other banks have it.
2. Government participation in ensuring focused telecommunication industry must be visible to reduce or remove avoidable costs of implementing e-commerce and internet banking.
3. Regulatory authorities like CBN (Central Bank of Nigeria) must stipulate standards for the banks to follow to avoid making Nigerian Banking Sector a dumping ground for the outdated technological infrastructures.

4. Training and Manpower development is another major problem militating against the growth of e-commerce in the country. Government must make right IT policy by ensuring that Computer, Communication equipments and other IT infrastructures to a large extent are manufactures in the country so that our people can acquire first hand necessary skills. Government Policy that will guide against Money laundering, fraud and Security risks posed by net banking is inevitable.
5. To counter the legal threat and security posed to net banking and e-commerce, the necessary legal codes backing the industry must be established; this will enhance the growth of the industry

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APPENDIX

Department of Business Administration,

Ladoke Akintola University of Technology, Ogbomoso, Nigeria

September 10, 2010

Dear respondent,

I am an MBA Student in the above named Department and Institution presently conducting a research on "The Impact of Electronic Banking in Nigeria Banking System (Critical Appraisal of Unity Bank Plc)" in partial fulfillment of the requirements for the award of MBA. The findings are strictly to be used for academic purpose only.

Thank you for sparing your time to participate in the study.

N.B

Please tick [√] in the appropriate box provided to indicate your answers.

1.What is your academic qualification

OND [ ] HND [ ] B.sc [ ] M.sc/MBA [ ] PHD [ ]

2. How long have you been in the service of Unity Bank Plc?

1-5 Years [ ] 6-10years [ ] 11-15years[ ] 16-20years [ ] 21 years above [ ]

3. Which category of cadre do you belong to?

Junior Credit Officer [ ] Senior Credit Officer [ ]

4. Which of these professional qualifications do you have?

ACA [ ] CIBN [ ] Certified Auditor [ ] Certified Information System [ ]

5. Which of these departments do you belong to?

   HR [ ] Clearing and Cash Management [ ] Business Development [ ]

   Information Technology Credit and Marketing [ ]

6. Which category of threat does Unity Bank places more impression?

   Adequate security [ ] Legal Threat [ ] ATM fraud risk poor [ ]

   Communication Bank [ ]

7. How can you assess the incidence threat of Unity Bank electronic bank system?

   High [ ] Low [ ] Moderate [ ]

8. How can you assess the overall performance of Unity Bank electronic banking system? Excellent [ ] Very Good [ ] Fair [ ] Poor [ ]

9. Unity Bank Plc has training pragramme on information technology for its staff ……

10. Introduction of electronic banking has eased banking transaction ……..

11. The introduction of electronic banking has improve customer satisfaction …….....

12. Electronic banking hence its effectiveness and efficiency of Unity Bank ……..

13. Unity Bank Plc electronic banking have impact of its overall performance of the bank …….

14. Adoption of electronic banking would enhanced the fortune of the bank …….....

15. Unity Bank electronic banking improves its bank, customers relationship …….
16. The bank electronic banking guideline comply with CBN electronic baking guideline ……