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Exploring the Link between Internet Banking Adoption and Satisfaction of Bank Customers

[1]Okon Saviour Sylvester*, [2]Sampson Emem Akaninyene,
[3]Ekanem Unyime Ezikiel
[1&2] Department of Marketing, University of Uyo, Uyo- Nigeria
ememsampson30@gmail.com
[3]Department of Marketing
Akwa Ibom State University, Obio Akpa, Nigeria.
ekanemunyimephd@yahoo.com
**Corresponding Author's email:* saviourokon76@yahoo.com

Abstract: *This study investigated the relationship between internet banking adoption and customer satisfaction. The study was conducted using the four major banks in Nigeria because of the heightened presence of their banking services on the Internet. 370 participants who were mainly online banking customers were conveniently selected into the study. The structured questionnaire was used to collect data from the respondents on the extent of their satisfaction with bank's online services. The findings showed that significant proportion of respondents reported high level of satisfaction. Thus, it was established in the study that internet banking services and customer satisfaction are positively related. It is suggested that deposit money banks should continue to investment and build capability in the provision of internet banking services to further enhance customer banking experience.*

I. Introduction

Internet banking represents that form of e-banking whereby a customer's banking instructions are received and treated via the internet. It provides clients opportunity to enjoy services of a banking institution from their homes or offices (Abaenewe, Ogbulu and Ndugbu, 2013). The implication of this is that customers can purchase any goods of their choice by simply placing an order on the net, direct their banking institution to settle the seller based on the invoiced amount while the products in question are delivered to the destination so chosen by the buyer. Similarly, Ayuba and Ibrahim (2015) defined internet banking to involve using the internet in delivering banking services which may include bills payment, checking account balance, transferring funds, buying certificates of deposits and financial instrument and payment for mortgages (Singhal and Padhmarbhan, 2008; Ahasanul, Ahmad, and Abu, 2009).

Moreover, Jun and Cai (2001) envisaged internet banking as applying internet as a channel of delivering services for a banking institution, such as traditional services of account opening, funds transfer and modern banking services including electronic payment and bill presentation. As noted by Worku, *et al.* (2016), internet banking provides bank customers with a platform of carry out transactions on a website that is secured and operated by the financial institution such as credit union or society, retail or virtual bank. Equally, it includes transactions that relate to online application. Accordingly, financial institutions increasingly carryout operations on websites in which customers can inquire about account balance, exchange and interest rates.

Moreover, Abrol (2014) views internet banking as being among the fast-growing technologies in recent times. It involves the provision of service or information by a banking institution to its clients using the internet. Also, it is considered a supporting channel that is used together with other platforms in providing banking services in a convenient way to the customer at no additional cost any time at office or home. Internet banking is equally seen by Singh and Malhotra (2004) as providing banking services and products over communication and electronic networks directly to customers. In essence, banking with internet implies using a system which empowers customers of banks to have access to accounts operated by them and information regarding service and products offered by the bank via its website without the use of fax messages, correspondences, confirmation through telephone and signature images.

Customer satisfaction on the other hand, assesses the extent to which services/products provided matches or surpasses a customer's expectation (Beard, 2014). Kotler and Keller, (2006) offered the most thorough definition of satisfaction which explains individual's feeling in terms of disappointment or pleasure resulting from comparison of a product's perceived performance against expectations. It is a vague idea which involves variables such as product quality, product location atmosphere and product/service price (Grimsley, 2016). Adeoye and Lawanson (2012) state that the satisfaction of a customer shows an assessment of service/product in term of its ability to meet customers' expectations and needs. This therefore means that satisfaction signals customers' expectation of product and actual perception (Oliver, 2000).

Despite the importance of customer satisfaction to every product or service user, and the benefits of using the internet to provide banking services to customers, the relationship between internet banking usage and customer satisfaction in the context of Nigerian banking environment has not been sufficiently explored and empirically documented. Therefore, the main objective of this study is to examine the linkage between the adoption of Internet baking and customer satisfaction in Nigeria.

II. Literature Review

Several studies have been conducted to examine the use of the internet to provide bank services to customers (Shah and Siddique, 2006; Driga and Isaac, 2014) Some authors claim that as a banking service alternate channel, internet banking started with basic functions including on the spot information access on account balance, interest rate, and establishing eligibility for loan. Today, the platform has graduated to such services as bill payment online, cash management services for both corporate and individuals and funds transfer from one account to another (Khan *et al.*, 2009, Singhal and Padhmanbhan, 2008). New commercial opportunities for e-commerce and new trading association have been created nationally and globally from online and internet networks. Harris and Spencer, (2002) noted that this has led to some people having the perception that e-banking is an unavoidable element in banking services. Internet banking is one means of staying connected to the customer at any time and place. It is convenient, efficient and flexible. Internet banking entails the use of the World Wide Web (www) to sell goods and services. A lot of internet banking activity is directed towards directing customers to an organization's website, where they are encouraged to make purchases on-line or through other channels (Epsterin and Yuthas, 2007). Internet banking includes a broad range of strategies for interacting on-line with customers and other stakeholders.

As noted by Driga and Isac (2014), internet banking is a banking service that is more developed, a system which empowers customers to have access to their accounts and general information concerning the products and services of the bank and also performance of transacting with the bank directly via personal computer with internet as a channel of delivery. Accordingly, customers are enabled to have access to their accounts details through the banks' website and are also permitted to transact for banking operations including payment of bills, transfer of funds, checking account balance, and buying certificates of deposits and mortgages. There are a number of studies that spot choices of customers in relation to utilizing different service delivery options while having an interaction with their financial institutions. Judging from a worldwide survey on consumer banking conducted by EY in 2014, the internet is the preferred banking method globally.

John and Rotimi (2014) consider internet banking as part of Nigerian banking industry's new service or product. According to them, this is due to the success overwhelmingly recorded by online banking in developed societies. On the strength of this, Nigerian banks are embracing this service even as changes are radically taking place in Nigeria financial space (Ovia, 2005). Simon and Senaji (2016) posit that internet banking is concerned with using telecommunication networks and internet in delivering sundry value added services or products to customers of financial houses. Internet banking is also seen by Sanli and Hobikoglu (2015) as a channel of distribution that provides banking services on internet. This channel of banking has the capacity to offer entire basket of branch banking services with ease and speed even as it is independent of location and time. It is available anywhere worldwide via the computer having 24 hours access to internet.

In essence, banking with internet implies using a system which empowers customers of banks to have access to accounts operated by them and information regarding service and products offered by the bank via its website without the use of fax messages, correspondences, confirmation through telephone and signature images. Firdous and Farooqi (2017) describe it as a payment system which electronically facilitates bank customers to carry out their banking transactions on bank website such as virtual union. The method is seen as a modern channel which adds a new perspective to customer satisfaction. It is regarded as an outstanding way of reducing cost and enhancing customer service. It is considered as the cheapest delivery channel for banking products. In modern-day banking environment, internet banking is managed as an activity in banking operations and as a crucial element in banks' portfolio of service delivery channels.

Internet banking involves using internet platform in delivering banking services which may include bills payment, funds transfer, checking current and savings account balances, payments of mortgages, buying financial instruments and certificates of deposit (Sanghal and Padhmanbhan, 2006). Also, Jun and Cai (2001) describe IB as using internet as a channel for delivering banking services such as transferring funds from one account to another, opening of account, electronic payments and bill presentation.

Furthermore, Peace and Robinson (2009) refer to internet banking as banking model whereby individual customers are able to enquire their account balances, transfer funds, manage assets online for example stock and pay bills. For Singh and Malhotra (2004), it is utilization of the services and product of banking institutions over telecommunication and electronic networks by customers directly. The electronic delivery of banking services is suitable for use by financial houses in building relationship with clients and meeting their own expectations. (Ching, 2008; Lamb, *et al.*, 2002). According to Coupey (2001) the internet has offered several benefits to marketers including bank marketers without traditional tools used in marketing. It makes it possible for marketers to generate information displays that are flexible, offer more detailed information coupled with ability to interact with the technology and the advantage of a single combination of its presentation such as sound, video and text into radio, television and print. Today in Nigeria, many consumers have imbibed the internet culture; as a result, both Nigerian and foreign organisations are now using the internet to serve their customers. Thus, it is now possible to undertake banking transactions without leaving one’s home or office.

Kotler (2003) believes that satisfaction is a function of one’s feelings by comparing outcomes with expectations. It can be said that customer satisfaction is a response to what is being perceived in relation to perceived expectation. Customer satisfaction is the confirmation of expectancy (Oliver, 2000); the achievement of customer’s expectation from a firm’s offer. (Hansemerk and Albison, 2004). It is customer experience-based judgement (Ambler and Kokkinaki, 1997) as it measures whether a firm’s offer meets or surpasses customer expectation (Khan, 2012). Thus, the easiest way of determining satisfaction is by looking at the level of customer expectation met by a firm’s offer (Byerless *et al.*, 2008, Gerpoh *et al.*, 2001). If a customer’s expectation of a product is met, he or she normally purchases the product again, and may even introduce the product to friends and colleagues (Angelova and Zekiri, 2011). Contrarily, dissatisfied customer may never repurchase the product (Ziaie *et al.*, 2012), and will likely tell about ten people of his or her experience with the product (Angelova and Zekiri, 2011).

Ayuba and Ibrahim (2015) investigated the effect of using internet marketing on services of banks in Nigeria. The research employed a survey design with respondents from bank employees and customers. Four Nigerian banks were selected purposefully. Data were generated from primary sources using questionnaire. The population of the study was 289 and sample of 180 respondents were drawn from employees and customers of the four banks. Descriptive statistics and chi-square were used to test and analyze data. The result indicated that using internet banking has significantly enhanced the quality of customer’s services in Nigeria especially in such area as improvement in patronage, reduce time on service delivery and reduced cost of operation. The study recommended that all barriers to effective internet marketing adoption in Nigeria banks should be urgently addressed. In this study, the use of internet banking to satisfy banks customer is the focus.

III. Methodology

The research design adopted in this study was the survey method. A survey involves gathering information from a sample through the use of a questionnaire. This design was chosen because data collected through this method is standardized and allows for easy comparison. The study’s population consisted of 384 customers of the four major banks in Nigeria namely, Access Bank, First Bank, UBA and Zenith Bank. These banks are considered top performing banks and categorized as Nigeria’s Tier-I banks by Fitch rating as released in 2016. To have a representative and fair sample, ninety-six (96) customers of each of the banks were conveniently selected to participate in the study. The decision to allocate equal number of customers to each bank was based on the equality of ratings as top performing Banks. The questionnaire was used to collect primary data for the study. It has two sections; demographic section which collects personal data of the respondents, and section two which asked questions based on the research question. All statements in this section were measured on a modified four (4) point rating scale- of strongly agree, (4 points) agree (3 points), disagree (2 points) and strongly disagree (1 point). Items were checked and certified for validity and reliability before administering on respondents. Out of the 384 bank customers that were sampled and administered the questionnaire, 370 were able to return copies of their questionnaire within the stipulated timeframe. Thus, the study achieved a 96.4% survey response rate. Data analysis followed both descriptive and prescriptive analysis.

IV. Results and Discussion

Table 1: Demographic Profile of the Respondents(N=370)

Variables	Frequency	Percentage (%)
Gender		
Male	200	54.1
Female	170	45.9
Ages (years)		
Under 20	30	8.1
20-30	164	44.3
31-40	99	26.8
41-50	57	15.4
51-60	20	5.4
Education		
SSC	93	25.1
OND	70	18.9
HND/B.Sc	143	38.7
MSc/MBA	53	14.3
Ph.D	11	3.0
Occupation		
Students	147	39.73
Businessmen	76	20.54
Public servant	91	24.59
Professionals	56	15.14
Years of Patronage		
1 – 5	139	37.6
6 – 10	131	35.4
11 – 15	63	17.0
16 – 20	28	7.6
21 – 25	9	2.4

Table 1 shows that 54.1 percent of the respondents were males while 45.9 percent were females; 8.1 percent were under 20 years of age, one hundred and sixty – four (164) respondents representing 44.3 percent were in the age range between 20 and 30 years. Also, ninety – nine (99) respondents accounting for 26.8 percent were in the age bracket of 31 to 40 years. Fifty – seven (57) respondents representing 15.4 percent belong to the age range between 41 and 50 years while twenty (20) respondents accounting for 5.4 percent were 51 years and above.

Table 2: Responses on effect of internet banking services on bank customer's satisfaction

Statement	**SA (4)**	**A (3)**	**D (2)**	**SD (1)**
I am satisfied because of access to my account.	134 (36.2%)	153 (41.4%)	66 (17.8%)	17 (4.6%)
I am satisfied because I am well informed about bank services.	139 (37.6%)	128 (34.6%)	77 (20.8%)	26 (7%)
I am satisfied with my bank's on-line presence.	155 (41.9%)	135 (36.5%)	54 (14.6%)	26 (7%)
I am satisfied with charges on my account when I used website for transaction.	124 (33.5%)	121 (32.7%)	96 (26%)	29 (7.8%)
I am satisfied with using my bank's website because it is convenient and saves time.	160 (43.2%)	131 (35.4%)	52 (14.1%)	27 (7.3%)

NB: SA= Strongly Agree, A=Agree, D= Disagree, SD= Strongly Disagree

Table 2 shows the result of the survey on the effect of internet banking services on the satisfaction of bank customers. Out of the 370 bank customers that participated in the research, 142 respondents constituting 38.5% strongly agree that internet banking services affect the satisfaction of bank customers, 134 respondents or 36.1% agree that internet banking services influence bank customer's satisfaction, 69 respondents representing 18.7% disagree while 25 customers constituting 6.7% strongly disagree that internet banking services influence customers satisfaction. This is the least number among those respondents who strongly agree. This is an indication that internet banking services generate positive impact on the satisfaction of bank customers.

Table 3 Regression analysis of Internet banking and Customer Satisfaction.

a. Predictors: (constant), Internet banking services.

Model	R	R Square	Adjusted R square	Std. error of the estimate	Change statistics R square change	F change	df_1	df_2	Sig. F change	Durbin-Watson
1	.706[a]	.498	.493	3,01027	.498	90.625	4	365	.000	1.830

Table 4 Summary of one-way ANOVA results

Model	**Sum of squares**	**Df**	**Mean square**	**F**	**Sig.**
1. Regression	3284.868	4	821.217	90.625	.000[b]
Residual	3307.521	365	9.062		
Total	6592.389	369			

a. Dependent variable: customer satisfaction
b. Predictors: (constant), Internet banking, electronic mail banking.

The result from Tables 3 and 4 disclosed a regression coefficient of 0.135, t- value of 2.732 and p value of 0.007 which is less than the level of significance of 0.05 (2 tailed), which means that that internet banking effect on bank customer's satisfaction is statistically significant. From the analysis of data obtained with respect to effect of internet banking services on bank customer's satisfaction, the result revealed that majority of the respondents agreed that internet banking (website) services generate positive impact on the satisfaction of bank customers. Out of the 370 respondents surveyed, 276 respondents accounting for 74.6% are supporting this position. This result is consistent with studies done by Rose (2013), Abrol (2014) in India, Offei and Nuamah-Gyambrah (2016), Ayuba and Ibrahim (2015) in Nigeria which found that internet banking brings efficiency in the operations of a bank thereby enhancing the level of bank customer's satisfaction. The implication of this is that all barriers to effective internet access must be addressed by the banks.

V. Conclusion and Recommendations

From the findings of this study, it is concluded that Internet (website) banking services positively affect the satisfaction of bank customers in Nigeria. The empirical result clearly underscores that electronic banking service plays a significant role in influencing the Nigerian bank customer satisfaction. On the basis of the findings and conclusion of the study, it is recommended that managers of deposit money banks in Nigeria should pay serious attention to improvements in their telebanking services since its effect on customer satisfaction has been empirically established. In addition, Bank managers in Nigeria should sustain their investment on their internet (website) services channel through aggressive education of bank customers on the benefits of using this platform.

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