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BANK CUSTOMERS' PERCEIVED IMPORTANCE OF TECHNOLOGICAL INNOVATIONS IN THE BANKING INDUSTRY

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Abstract

The study was concerned with determining the level of importance of technological innovations in the banking industry. The population of the study was made up of 1684 bank customers. The data generated for the study by means of questionnaire were analyzed using mean, standard deviation, t-test and analysis of variance (ANOVA) Results of the study showed that bank customers accepted as important the technological innovations relating to internet-banking services/facilities, point of sale terminal services/facilities, and Tele-banking services/facilities. Two hypotheses were formulated among which include; there is no significant difference in the mean of response among the Male and Female bank customers regarding the level of importance of point of Sale terminal services/facilities. The study found among others that male and female bank customers do not differ significantly on the level of importance as regards point of sale terminal service/facilities, Also the bank customers in the three Local Government Areas of Ilorin (Ilorin East, West and South) do not differ significantly in their perception on the level of importance regarding the items relating to Tele banking service/facilities. It was recommended among others that the benefits of the technological innovations in the banking industry should be made known to bank customers and the general public so as to inspire their high adoption of these technologies.

Keywords: Bank customer, Technological innovations and banking industry

Introduction

The revolution in information and communication technologies has become central to the development in the banking industry. Technology is changing the banking industry from paper work to virtual office. It has also changed the internal accounting and management system of banks. It is now changing the delivery systems banks use to interact with their customers.

Most banking industrial analysts include technological changes on the list of factors affecting the driving force in the structure and performance of banking industry (Eric, 2009) All over the world, banks are still struggling to find a technological solution to meet the challenges of a rapidly changing

environment. Banks with the ability to invest and integrate information will soon take control in the high competitive global market of today Technologies have been the motivating factors for many of the recent bank mergers banking industries with less technology management, seek merger with others that have better technology (Clark, 2010). Bankers are convinced that investing in the new advanced technology will reduce cost and increase profitability (Burred, 2000). There are higher costs for banks that conduct transactions via paper work compared to electronic means. For example, a transaction handled via the internet may cost a bank a lesser amount than a deposit/withdrawal by cheque over the counter at a branch office. New banking technology makes use of debit cards, automated teller machine (ATM) cards, master cards etc which instantly deducts money from an account, when the card is swiped across the ATM machine. Technology in banking through electronic means allows customers to pay bills and transfer money from one account to another. Through these channel, bank customers can also get access to information such as account balances, statement history, etc. Some banks, according to Micheal (2010), have begun offering online account aggregation, which makes up in one place, detailed and up to date information on customers transaction held at various banking institutions. Such advancement in technology has also led to improvement in the ways in which banks process information. Use of cheque imaginary which allows banks to store photographed cheque on the computer is one of such examples that have been implemented by some banks in Nigeria. Other types of technology have greatly affected the lending side of banking industry for example, the availability and growing use of credit scoring. The software allows loans to be approved in minutes rather than days, making lending department more efficient. It is also true, according to Staff (2009), that the technological trend in the financial services and banking market is toward flexible system to ease the manageability of a company's overall operations. Still more, new technologies in banking industry ease customers' operation of accounts at any branch institution. Such technologies according to Michael (2010) are but not limited to the following:

- Automated Teller Machine
- Point of Sale Terminal
- Mobile banking or Banking on wheels
- Cash Card
- Pay-direct
- Telephone banking
- Internet Banking
- Electronics fund transfer
- Master Cards

- Alerts
- Auto-Writing cheque

These technologies do not only speed up the operations of the banks but also more importantly offer according to Enebe (2004), 'Non-stop cash withdrawal, remittance and easier enquiries". These technologies assist consumers to receive 24-hour services through which inquiries regarding balances and transactions in the account can be made over the internet or through phones. As a result of these technological changes, method of deposits and withdrawals changed greatly and more incentives are offered to customers. Development of interest on the customers progress become the concern of the banking institutions (Us banker 1997).Today, technological advancement in the world is engulfing every aspect of the world's system. Financial Institution and other organizations are developing from minor to major, and from mundane to modern as well as from manual to technological knowhow. Banks and other Financial Institutions are doing everything to ensure that their functions are made as simple as possible. They also struggle to reduce the stress and complexities associated with customers' operation of various accounts. According to Iwudu (2011) "this age has been described as the computer age" whereby technology is over taking manual, mundane and strenuous methods of financial transactions, storage and withdrawal in all modern banks in the world.

Statement of the problem

The problem of the study therefore is that today technological advancement in the world is engulfing every aspect of the world's system, still the benefit of these technological innovations are not known by some bank customers hence many customers are still very backward in adopting these modern banking technologies. The researcher therefore is burdened with whether ascertaining the level of importance of these technological innovations can inspire to a high extent the level of adoption of these innovations in the banking industry. Therefore, the study is used to rate the level of importance of these technological innovations in the banking industry.

Research Questions

The following research questions guided the study

1. What are the levels of importance of Internet banking service/facilities in the banking industry?
2. What are the levels of importance of point of sale terminal service/facilities in the banking industry?

3. What are the levels of importance of tele-banking service/facilities in the banking industry?

Research Hypotheses

The following research hypotheses were formulated for the study:

H_{01}: There is no significant difference in the mean of response among the Male and Female bank customers regarding the level of importance of point of Sale terminal services/facilities.

H_{02}: There is no significant difference among the opinions of bank customers in the three Local Government Areas of Ilorin (Ilorin East, West and South) on the level of importance of tele-banking service/facilities.

Methods

The study was designed as a survey and carried out among the customers of banking services in the three Local government areas of Ilorin. (Ilorin East, West and South) The population of the study was made up three thousand two hundred and eighty four (3284) bank customers according to the customers' services units in all the registered banks from the three Local government areas of Ilorin. Stratified random sampling was used in selecting 600 customers each from each of the local government areas. Out of the1,800 Questionnaire that were distributed, 1684 responses were received.

The questionnaire was made up of sections A-D. Section A consisted of3 items on personal data of the respondents, section B was made up of 13 items on bank customers' opinion on the level of importance of internet banking service/facilities, section C consisted of 17 items on bank customers opinion on the level of importance of point of Sale terminal services/facilities while section D contained 14 items on the level of importance of tele-banking services/facilities.

The response categories of the questionnaire are as follows:

Highly Important	(HI)
Important	(I)
Undecided	(UD)
Slightly Important	(SI)
Not Important	(NI)

The reliability of the instrument used for the study was established through a test retest administration of 100 copies of the instrument and correlated with product moment correlation co-efficient and it yielded 0.86 which is considered high enough for the instrument to be reliable. T-test and analysis of variance (ANONA) were used in analyzing the data generated from this study. Items with

mean scores of 3.5 and above were taken to be relevant for the study while those below 3.5 were taken to be irrelevant In testing the hypotheses, a null hypotheses was accepted at 0.05 level of significance when the calculated t or f ratio was less than the critical t or table of f, otherwise the null hypothesis was rejected.

Results

Table I

Mean (X) responses and Standard Deviations on the level of importance of Internet banking service/facilities

S/N	Internet banking services/facilities	$(\overline{X})$	SD	Remark
1.	Accessing account through the internet	3.97	1.10	Important
2.	Effecting transfer of fund through the internet	3.61	1.32	Important
3.	Making demand for standing order through the internet	3.55	1.32	Important
4.	Paying bills over the internet	3.61	1.32	Important
5.	Monitoring account on-line through the Internet	3.50	1.32	Important
6.	Stopping cheque payment through the internet	3.47	1.48	Undecided
7.	Recharging phones through the internet	3.67	1.22	Important
8.	Comparing services with other banks through The internet	3.39	1.29	Undecided
9	Making purchases on line through the internet	3.56	1.30	Important
10.	Checking for information about account even When the bank is closed through the internet	4.00	1.08	Highly Important
11.	Paying for insurance through the internet	3.47	1.48	Undecided
12.	Purchasing stocks and bonds without intermediary through the internet	3.54	1.37	Important
13.	Applying for loan through the internet	3.61	1.32	Important

Table 1 showed that the 10 items are within the real number limits of important and highly important. Three items fell within the mean of 3.47 and 3.39 which are within the number limit of undecided. However, the data in their order of importance are item 10, 1, 7, 4, 2, 13, 9, 3, 12, 5, 6, 11 and 8. From the table, it was seen that the above technological innovations are important in the running of banking industry.

Table 2
Mean of Response and Standard Deviations on the level of importance of point of sale terminal services/facilities.

S/N	Point of sale terminal services/facilities	Mean	SD ($\overline{X}$)	Remark
1.	Allowing card users access to funds in their account with the bank in an on-line time basis	3.56	1.28	Important
2.	Giving account balances to card users from terminals.	3.66	1.26	Important
3.	Allowing card users to make payments for goods and services through online.	3.52	1.31	Important
4.	Allowing card users to make use of the services/facilities at shops	3.97	1.10	Important
5.	Allowing cards users make use of point of sale terminal services in hotels	3.61	1.32	Important
6.	Allowing card users make use of the services/ facilities in the restaurants.	3.67	1.22	Important
7.	Allowing card users make use of the services/ facilities in the supermarkets	3.56	1.30	Important
8.	Allowing card users make of the services/ facilities in airline transactions. Important	4.00	1.80	Highly
9.	Allowing card users make use of sale terminals in schools.	3.54	1.37	Important
10.	Allowing merchants to operate fully without Any risk of carrying money about	3.56	1.30	Important
11.	Allowing details of distributors to be incorporated into receipt during action.	3.56	1.30	Important
12.	Allowing card users lower operational costs	3.66	1.26	Important
13.	Giving card users immediate value for transactions.	3.52	1.31	Important
14.	Reducing transaction risks for card users by avoiding physical cash	3.54	1.37	Important
15.	Allowing administrative convenience by lessening much paper work	3.46	1.32	Undecided
16.	Increasing sales because of the nature of its quick service	3.56	1.28	Important
17.	Increasing patronage because of the case of its operation.	3.66	1.26	Important

Table 2 indicated that bank customers endorsed that point of sales terminal services/facilities are important. The data indicated point of sale terminal service/facilities in their order of importance as item number 8, 4, 6, 17, 12, 2, 5, 1, 17, 16, 11, 10, 9, 14, 3, 13 and item no 15.

Table 3

Mean of Response and Standard Deviations on the level of importance of Tele-banking services/facilities

S/N	Tele-banking services/facilities	Mean	SD (X)	Remark
1.	Carrying out banking transactions through Telephones	4.55	0.81	Highly Important
2.	Gaining access into accounts by the use of personal identification (pin)	4.58	0.88	Highly Important
3.	Using Tele-banking as alternative to traditional branch banking	4.51	0.85	Highly Important
4.	Receiving massages concerning accounts' transactions	4.56	0.85	Highly Important
5.	Making withdrawals to designated bank accounts	4.54	0.82	Highly Important
6.	Having cheque withdrawals sent to the registered addresses of account holders	4.59	0.88	Highly Important
7.	Paying in money using the direct deposit Service	4.55	0.76	Highly Important
8.	Checking balances and transactions history	4.58	1.01	Highly Important
9.	Changing bank accounts types	4.61	0.69	Highly Important
10.	Amending internets' payment instructions	4.61	0.68	Highly Important
11.	Setting notices on accounts	4.68	0.71	Highly Important
12.	Opening new accounts through tele-banking	4.60	0.88	Highly Important
13.	Changing pass words through tele-banking	4.59	0.97	Highly Important
14.	Making internet transfers in any currency through tele-banking	4.58	0.84	Highly Important

Data in Table 3 indicated thatall the items fell within 4.51 and 5.00 showing that those technological innovations relating tele0banking services/facilities are highly important.

The data in Table 3 also revealed tele-banking services/facilities in their order of importance as item 11, 10, 9, 12, 7, 1, 5, 3, 2, 14, 6, 4, 13 and

Table 4
Result of the t-test analysis of the mean of response Male and Female bank customers regarding the level of Importance of point of sale terminal services/facilities

Variables	N	Mean ($\bar{x}$)	SD	DF	t-cal	t-crit	Decision
Male bank customers	689	3.57	1.29	1682	0.33	1.96	Retained
Female bank customers	995	3.55	1.30				

Table 4 revealed that there are 689 male bank customers and 995female bank customers. Male bank customers had mean of 3.57 and standard deviation of 1.29 while female bank customer had mean and standard deviation of 3.55 and 1.30 respectively. The t-calculated value was 0.33 which is less than the t-critical value of 1.96 at 0.05 level of significance. Therefore, the null hypothesis which states that there is no significant difference in the mean of response among the Male and Female bank customers regarding the level of importance of point of Sale terminal services/facilities in the banking industry was retained. This implied that Male and Female bank customers do no differ significantly on the level of importance of point of Sale Terminal Services/facilities.

Table 5
Summary of Analysis of Variance (ANONA) on the mean responses of bank customers in three local government areas of Ilorin regarding the level of importance of tele-banking service/facilities

Source of Variables	SS	DF	MS	F-ratio cal	F critical	Level of sig	Decision
Between groups	0.01	2	0.005	0.08	3.35	0.05	Ho_2 Retained
Within groups	1.83	33	0.06				

A check to determine whether the obtained F-ratio is statistically significant was done with 2 and 33 degrees of freedom and at 0.05 level of significance. The critical F ratio is 3.35. The calculated F-ratio is 0.08, which is less than the critical F-ratio. Therefore H_{02} was not rejected. This shows that bank customers in the three Local Government Areas of Ilorin do not differ significantly on the level of importance of tele-banking services/facilities.

Discussion of Findings

From the analysis of the first research question in table I, it was found that bank customers agreed that all the items relating to internet banking services/facilities are very important.

These items in their level of importance are item 10, 1, 7, 4, 2, 13, 9, 3, 12, 5, 6, 11 and 8. Table 2 indicated that bank customers accepted all the items on point of sale terminal services/facilities as important These items placed in their order of importance also reflect thus, items 8, 4, 6, 17, 12, 2, 5, 1, 17, 16, 11, 10, 9, 14, 3, 13 and 15.The answer to the third research question on Table 3 also indicated that items no 1, 3, 5, 7, 9, 10, 11 and 12 relating to Tele-banking services/facilities fell between the mean of 4.51 and 5.00 indicating that these items are highly important. Then, the rest of the items fell within the mean of 4.49 and 4.38 indicating that these items are important.

The results of the test of hypotheses in Table 4 implied that Male and Female bank customers did not differ significantly in their views on the level of importance of point of sale terminal services/facilities. Then finally, the result of Analysis of Variance (ANONA) in Table 5 indicated that the calculated F-ratio of 0.08was less than the critical F-ratio of 3.35 indicating that H_{02} was not rejected. However, this showed that bank customers in the 3 local government areas of Ilorin (East, West and South) did not differ significantly on the level of importance of tele-banking service/facilities.

The above findings support the earlier finding of Iwudu (2011) who pointed out that customers' benefits in the emerging technological innovations in banking industry determine whether these technologies will be adopted or not. Eric, (2009) supported the above finding, when he asserted that the technological innovations in the banking industry are so important to the extent that these technologies consider customers' conditions before their application. To further buttress this finding, the author stated that Automated teller machine (ATM) for example, was built to enable:

- Access to people who are blind
- Access to low vision users
- Access to hearing impaired users
- Access to deaf and blind users
- Access to people who have cognitive and learning disability
- Access to people who cannot read and write

Conclusion

The benefits of technology in the banking industry can be classified into three:

- Benefits to consumers
- Benefits to banks and
- Benefits to employees.

The above benefits therefore, particularly the aspects that concerned consumers should be vividly made known to them through several means as customers' benefits determine to a great extent whether the technology will be adopted by them or not. The internet for example is transforming the society. Time is collapsing. Distance is no longer an obstacle. With mouse click, people are connected 24/7 (Ugwu, 2010). On-line and other technological innovations in the banking industry provide considerable benefits to consumers. Therefore, to survive, many banks are taking actions to become part and parcel of the present economy. It is about time the government, banks and consumers realized that without the adoption of the new emerging technological innovations in the banking industry, they will be behind in the new global world of today (Ugwu 2010).

Recommendations

Based on the findings of this study, the following recommendations are made

- The banking industry should use various awareness creation media to reach and teach the public about the benefits of the technological innovations they can offer, as bank customers can only utilize these services/facilities only when they are aware of their levels of importance/benefits.
- The complex nature of the internet account opening and transactions should be explained and be made clear to the bank customers so as not to scare from being involved in the above technology
- The government should device a strategy of reducing the high price of internet access by encouraging the development of low cost access technologies for addressing the need of the rural majority by coordinating and promoting roll-out of multipurpose community centres using low cost access technologies and encourage those involved in this line of business
- Education Institutes in Nigeria should institute compulsory courses in information communication and technology (ICT) as early as at primary level into the curriculum; so as to inculcate the benefits of ICT into our children as early as possible. They should also encourage local

hardware shops to collect, refurbished and rolled-out computers that are gathering dust in most offices to high-schools and elementary schools, at least where there is electricity so that students will get exposure at early age by making use of them.

- Finally the issue of "steady power supply" should be addressed by Nigeria government to enable the country fit into the global world of the present day.

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