

The Impact of Automated Banking Practices on Customers' Satisfaction

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Abstract-The study investigated the impact of automated banking practices on customers' satisfaction using some selected banks in Benin City as a case study. Primary data were collected from respondents which comprises customers' of the five selected banks in Benin City. Percentage, average score and chi-square were used to analyze the generated data. The major findings were that most of the respondents agree that the automation of banking practices or operations increases customers' satisfaction by way of quick service delivery and that the process and procedure of obtaining loans and advances are not cumbersome.

Index Terms: Customers, Satisfaction, Automated Banking Practices.

I. INTRODUCTION

According to Edegebe [1], Computerization improves efficiency of staff in organizations, but the impact is more on a highly motivated and satisfied staff. But, this paper is aimed at determining the impact of automated banking practices on customers' satisfaction in the banking sector in Nigeria . Satisfaction is the pleasure you feel when something good happens to you or when you do something that you wanted or needed to do or when you do something well [1]. Customers satisfaction can then be defined as a person's emotional response to aspects of services or products provided by any organization.

The word Computerization and automation may be used interchangeably. Kling and Iacono [2] see computerization as a social process for providing access to and support for computer equipment to be used in diverse activities such as teaching, accounting, writing and designing circuits. Computerizing operations enhance performance and efficiency by way of increases in accuracy, reliability, flexibility, indefatigability, precision, mass

storage capability, security and quick service delivery.

This research study covers the branches of Bank A, Bank B, Bank C, Bank D and Bank E in Edo state of Nigeria. The banks were chosen because initial investigation showed that they are computer friendly organizations. All their services are automated and the necessary data are available. However, the limitation of the study is that the research depended solely on the responses of the respondents.

According to Kling and Iacono [2], the United States is rapidly computerizing because they are efficient economic substitutes for labour or other technologies. Rapid computerization is simply a byproduct of cost effective computing technologies. A second reason is that computer-based technologies are simply "power-tools" for "information workers" or "knowledge workers" as drill presses are power-tools for Machinists.

According to the Nigerian Banking Decree of 1979, "Banking is the business of receiving Monies from outside sources as deposits irrespective of the payment of interests or granting of Money loans and acceptance of credits or the purchase and sale of securities..." [3]. In this regard, Osaze[3], Ehiwele and Oriakhi [4] define banking as the business of loans and advances thereof for a fee or interest as well as providing financial advice to customers.

The role of the financial sector in the process of development goes well beyond the traditional concerns about resource mobilization to finance investment. First, financial intermediaries produce financial services, which are consumed by consumers and used as input by producer in other sector of the economy. As a producer of services, the financial sector is very much a genuine part of the "real sector's Money and finance are not just a veil. Secondly, the financial system has an overwhelming influence on the allocation of the resources it mobilizes [5, 6].

II. FUNCTIONAL ROLES OF THE BANKING SYSTEM

The functional role of the banking system was identified by Aleme [7] to include, the following:

- (i) Deposit taking function-in the form of demand, time and (8) saving Deposits.
- (ii) Payment function-through the method of Chequeing or saving Accounts.
- (iii) Economic function-by way of saving/investment process and
- (iv) Service function-Provision of such services as forex, advisory roles, executors/trustees of wills, safe custody, business status Reports and references.

The importance of banks saving/investment function was stressed by Nwankwo [8] when he said the single most important function of any financial system is to mobilize savings from the surplus sector and lend to or make them available for borrowing by the deficit sectors. Banks being the largest group in the financial sector, possess the facilities for the rapid transformation of the entire economy.

A loan means the act of lending Money, which is the principal function of a banker. A loan also means a banking account where, upon approval, a loan account is opened in the customer's name, the sum being made available by transfer from the loan Account to the customer's current Account whence he may draw sums out. The loan is to be reduced at agreed intervals by an installment taken from the current account of the customer.

Onuigbo [9], enumerate certain services commercial banks operate and make available to customers in particular and the public at large.

These services include:

- (1) The handling of cash and provision of bank drafts.
- (2) The keeping of account- i.e. savings, current, Time and loan accounts.
- (3) The collection of the proceeds of cheques lodged by customers and honouring of cheques drawn by them.
- (4) The lending of money in the form of loans and advances (i.e. overdrafts)
- (5) The transfer of funds to other places periodically
- (6) The management of customers' investments such as the purchase of stocks and shares and the receipt periodic

dividends. The provision of the facilities for the safe-keeping of important documents and title deeds.

- (7) Advising customers on insurance matters
Provision of international trade services to exporters and importers e.g.
 - a. Opening of Letters of Credit (LCS)
 - b. Bills for negotiation and collection.
 - c. Open account services.
- (9) The provision of night-safe services or facilities that is putting money in, and getting it out when the bank is closed. (This service is still embryonic in Nigeria).
- (10) The provision of business status reports and references.
- (12) The handling of standing Order (S/Os), in which case the banks agree, for a minimal fee, to carry out certain instructions given by its customers such as periodical payment of school fees, club dues, transfer of funds from one account to another, etc.
- (13) The offering of business advisory, services, e.g. for a fee, the bank will arrange for a customers' income tax affairs to be dealt with by its employees who are experts on taxation. Advice is also available for customer who wishes to invest money in stock and shares.
- (14) Acting as an executor and trustee of Wills
- (15) The provision of foreign banks with travelers' cheque and foreign currencies on behalf of their customers.
- (16) The provision of establishment of "Open Credit" (i.e. Cashing Credits) for some days in other towns either in the country or abroad. A limit is usually agreed on the amount to cash.
- (17) The issuing of performance bonds, guarantees and indemnities, bankers drafts and other ancillary financial services for corporate and construction customers. There is usually a counter-indemnity given to the bank by such companies.
- (18) Issuing bank statements periodically to current account holders and issuing cheque booklets to them too.

Without dispute, the lending function is the most serious and important activity performed by the banker. Luckily for him he does not and cannot perform this

task alone. He usually has in the Branch or Area Secretariat a crop of very careful, knowledgeable and painstaking staff that does the spade-work, feeding the manager with facts and figures upon which to base his personal decision. Because of this function, the confidentiality, which it demands, and its importance as regards the financial health of the branch or area, the secretariat is usually secluded from the noise and disturbances of the mass of customers in the banking hall. They are rarely seen in the field of “combatant banking”, rather they occupy themselves in their “cold rooms” plodding on with facts and figures contained in the potential debtor’s balance sheets or application forms.

The following hypotheses are tested:

- (i) Ho1: Customers are satisfied with the services rendered by the Banking Sector.
 Ha1: Customers are not satisfied with the services rendered by the Banking Sector.
- (ii) Ho1: The process and procedure of obtaining loans and advances are Cumbersome
 Ha2: The process and procedure of obtaining loans and advances are not Cumbersome.

IV. METHODOLOGY

The study relied mainly on primary data collected from literate respondents (Customers) of Bank A, Bank B, Bank C, Bank D and Bank E in Benin City. Three branches of the banks in Benin City shall be considered. The sample size of twenty (20) Customers shall be considered for each of the bank branches. The total sample size for the five banks will be three hundred (300). These are done in order to obtain a representative sample of the population under consideration.

The simple random sampling technique shall be employed in this study. The instrument to be used shall be questionnaire which is mainly in Likert format.

The two key variables-Customers and Satisfaction were measured through customers responses to the three questions in the questionnaire Administered (1) Customers are satisfied with the prompt attention given to them (2) The process and procedure of obtaining loans and advances

are not cumbersome and (3) The Length of customers patronage (years) of the bank.

Out of the 300 prospective respondents, we were able to Retrieve 270 representing 90 percent of the sample. Five questionnaires, Four questionnaires, Eight questionnaires, Three questionnaires and four questionnaires were not returned from Bank A, Bank B, Bank C, Bank D and Bank E respectively.

III. PRESENTATION OF RESPONDENTS DATA AND TEST OF HYPOTHESES

The more realistic approach to the computation of averages across attributes is the one adopted by Chasin and Jaffe [10] in which the attribute scores were weighted with the perceived attribute importance. In order to obtain attribute importance scores in this study, the average scores were computed for each attribute. The most important attribute which is ‘Strongly Agree’ got a weight of five, followed by the second ‘Agree’ with four, ‘Undecided’ with three, ‘Disagree’ with two and the least important ‘Strongly Disagree’ obtaining a weight of one as showed in table 1.

Table 1: Chasin and Jaffe [10] Approach to Averages Computation across Attributes.

ATTRIBUTE	ABBREVIATION	WEIGHT VALUE
Strongly Agree	SA	5
Agree	A	4
Undecided	UN	3
Disagree	D	2
Strongly Disagree	SD	1

Table 2: Analysis of Customers responses during a field Survey.

QUESTIONNAIRE	Total Respondents	Average Score
1. Customers are satisfied with the prompt attention given to them.	270	3.89
2.Amenities provided by the banks are satisfactory	270	2.90
3. The bank gives equal treatment to customers.	270	2.36
4. The frequency at which the bank gives loans and advances are satisfactory.	270	2.65
5. The process and procedure of obtaining loans and advances are not cumbersome.	270	2.57
6. Statement of account is given regularly.	270	3.19
7. Interest charges on loans and advances are satisfactory.	270	2.87
8. The charges on commission on turnover (COT) are satisfactory.	270	2.95
9. The manners and ways complaints are being handled are satisfactory.	270	2.91
10. The minimum deposit amount on saving account is satisfactory.	270	3.43
11. The services rendered by the banks through Money Gram or Western Union money transfer etc is satisfactory.	270	3.29

Analyzing the average scores from T able 1 with the aid of Chasin and Jaffe [10] approach, in question 1 customers in the five selected banks are satisfied with the attention given to them since average score of 3.89 is approximately 4.This correspond to ‘Agree’ with the weight value of 4 in Chasin and Jaffe [10] Approach in Table 1.Here, the total respondents in the five selected banks is

270. In question 2, the average score is 2.90.This is approximately 3, which indicate that the respondents in the five selected banks are undecided whether they are satisfied or not with the amenities provided by all the banks based on Chasin and Jaffe [10] Approach in Table 1. The average score of 2.36 in Table 1 for question 3 shows unequal treatment to customers by the five selected Banks. The average score for question 4 average shows that the respondents in the five selected banks are undecided.

Equally, based on the average scores of question 5, question 6, question 7, question 8, question 9, question 10 and question 11, the respondents in the five selected Banks are also undecided. Their average scores approximate to 3 which fall under ‘Undecided’ using Chasin and Jaffe [10] Approach in Table 1.

Table 3: Percentage distribution of respondents (customers) based on the prompt attention given to them.

Variable	Frequency	% Distribution
a.Strongly Agree	80	29.63
b.Agree	128	47.41
c.Undecided	30	11.11
d.Disagree	17	6.30
e.Strongly Disagree	15	5.56
Total	270	100

The frequency distribution in Table 3 shows that 80(29.63%) of respondent say they agree strongly that prompt attention is given by the banks. 128(47.41%) respondents which constitute the majority agree that the banks gives customers prompt attention. While 30(11.11%) respondents are undecided.17 (6.30%) disagree that the banks give prompt attention to customers while 15(5.56%) respondents disagree strongly with it.

Table 4: Percentage distribution of Respondents (customers) based on the process and procedure of obtaining loans and advances.

Variable	Frequency	% Distribution
a.Strongly Agree	11	4.07
b. Agree	24	8.89
c. Undecided	99	36.67
d. Disagree	95	35.19
e. Strongly Disagree	41	15.19
Total	270	100

The frequency distribution in Table 4 shows that 11(4.07%) respondents say they strongly agree that the process and procedure of obtaining loans and advances are not cumbersome. 24 (8.89%) agree. But 99(36.67%) respondents which constitute the majority are undecided while 95(35.19%) respondents disagree that the process and manner of obtaining loans and advances are not cumbersome. 41 (15.19%) respondents strongly disagree with the statement.

Table 5: Contingency table on the impact of automation on Customers Satisfaction.

Customers	Prompt attention					Total
	SA	A	UN	D	SD	
0-5 Years with Bank	35	38	11	5	6	95
6-10 Years	37	69	12	9	4	131
11 and above	8	21	7	3	5	44
Total	80	128	30	17	15	270

Degrees of freedom=(r-1) (c-1) (1)

Where r is the contingency Table having r rows and c columns

Calculated $X^2 = \sum \sum (o_{ij} - e_{ij})^2 / e_{ij}$ (2)

where o_{ij} =observed frequency in the ith row and jth column,
 e_{ij} =expected frequency in the ijth cell.

Table X^2 is got from statistical table, while level of significance $\alpha=0.05$.

Applying equation (1) and (2), Degrees of freedom=8; level of significance=0.05; Calculated $X^2=11.444$; Table value $X^2=15.51$. Since the value of calculated X^2 is lesser than the table value, it is concluded that customers are satisfied with the prompt attention given to them.

Table 6: Contingency table on the process and procedure of obtaining loans and advances.

Customers	Loans and Advances					Total
	SA	A	UN	D	SD	
0-5 Years with Bank	3	12	68	35	14	132
6-10 Years	6	8	25	48	12	99
11 and above	2	4	6	12	15	39
Total	11	24	99	95	41	270

Applying equation (1) and (2) above, Degrees of freedom=8; level of significance=0.05; Calculated $X^2=42.926$; Table value $X^2=15.51$. Since the value of calculated X^2 is greater than the Table value; it shows that the process and procedure of obtaining loans and advances are not cumbersome.

VI. FINDINGS AND CONCLUSION

The null hypotheses Ho1 as stated previously was accepted because the computed value of chi-square was lower than the table value. While that of Ho2 was rejected because the computed value of chi-square was greater than the table value.

It was revealed from the study that customers are satisfied with both the prompt attention given to them and the process and procedure of obtaining loans and advances.

Concerning the Unhypothesised responses, in the opinion of customers:

- (1) They are undecided whether or not the Amenities provided by the banks are satisfactory.
- (2) The banks do not give equal treatment to customers.
- (3) They are undecided whether or not the Interest charges on loans and advances are satisfactory.
- (4) They are undecided whether or not the charges on commission on turnover (COT) are satisfactory.
- (5) They are undecided whether or not the manners and ways complaints are being handled are satisfactory.

Conclusively, since it has been demonstrated that customers are satisfied with both the prompt attention given to them and the process and procedure of obtaining loans and advances; effort should be made to give Customers equal treatment since the average score

was 2.36 which falls under Disagree using Chasin and Jaffe [10] Approach in Table 1.

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