HIMALAYAN JOURNALS

Himalayan Economics and Business Management

ISSN Print : 2709-3549 | ISSN Online : 2709-3557 Open Access

Research Article

Eeffect of Electronic Banking and Financial Performance of Banking Sector in Nigeria (Evidence from Stanbic Bank Mamaraba, Abuja Nigeria)

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Article History
Received: 25.08.2022
Accepted: 20.09.2022
Published: 30.09.2022

Citations:
Odumusor, Charles Joseph & Ewa, Collins; (2022); Eeffect of Electronic Banking and Financial Performance of Banking Sector in Nigeria (Evidence from Stanbic Bank Mamaraba, Abuja Nigeria). *Hmlyan Jr Eco Bus Mgn; 3*(6), 26-34.

Abstract: This study was carried out to assess the effect of electronic banking on financial performance is Stanbic Bank using Mbarara branch as a case study in Mbarara Municipality, Mbarara district. The objectives of the study were; to examine the types of E-banking used by Stanbic Bank, to evaluate the effectiveness of electronic banking methods employed by Stanbic Bank –Mbarara Branch, to establish how E-banking has influenced the financial performance of Stanbic Bank and to establish the challenges of E-banking in Stanbic Bank. A non-experimental design was used to select a sample size of 50 respondents and Purposive and Simple random sampling procedures were used. Data was collected using questionnaires; it was later analyzed to be presented as a report. This study indicates that there are several electronic payment methods being used by Standard Chartered Bank and they include; credit cards, internet banking and withdrawing, use of debit/ prepaid cards and electronic fund transfer cards. Also, several factors were identified as benefits to electronic payment to Standard Chartered Bank and these were; reduced manual labour, maintenance of customer contact, reduced duplication, transparency and improved sourcing. Findings on the effectiveness of electronic banking methods employed at Stanbic bank Mbarara branch indicated that the methods offer quick services to its clients; respondents can easily transfer money from one account to another electronically; there is insufficient number of ATM booths. Findings revealed that Electronic Banking has satisfied most of people banking needs; Centenary bank is characterized by long ques; few break downs in ATM machine; the presence of breakdowns of ATM machines affects electronic banking services hence affecting the level of client's satisfaction. High costs of machine maintenance, cash-based economy, channel conflicts and lack of more skilled and experienced labour force turned out to be the main constraining factors limiting profitability of Standard Chartered Bank that would be accruing from the use of electronic payment methods. Majority of the respondents strongly disagreed that the Customer are satisfied according to the way Stanbic bank carry out their electronic systems and this implies that the relationship between electronic banking and financial performance is weak. The Pearson's correlation between electronic banking and financial performance stood at 0.388 which is a weak direct relationship between the two variables Then the study ends up by making recommendations about; massive sensitization of public on electronic payment methods, introduction of other electronic payment methods by financial institutions, reducing over reliance on cash-based economy and lastly more comprehensive studies about electronic payments methods.

Keywords: Electronic banking, financial performance, E-commerce, E-finance & internet banking.

1. INTRODUCTION

Electronic banking is the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television. According to Khan (2007), Internet (electronic) banking includes the system that enables financial institution customers, individuals or businesses, access accounts, transact business, or obtain information on financial products and services on public or private network including Internet. According to Saha and Zhao (2005), customer satisfaction is defined as a collection of outcomes of perception, evaluation and psychological reactions to the consumption experience with a product/service.

Banking industry has traditionally operated in a relatively stable environment for decades. However, with the advent of Internet banking, the industry is characterized by dramatically aggressive competition. The shift from traditional branch banking to Internet banking has meant that new strategies to attract new customers and retain existing ones have become critical (Wong, 2005). Electronic Banking allows customers to access banking services 24 hours a day, 7 days a week. Like ATMs, Electronic banking empowers customers to

choose when and where they conduct their banking transactions.

According to Kenneth (2000) states the financial performance as the ability of organizations to perfectly utilize its goals within organization and also maximum use of the total costs of production. According to the United Nations recommendation Act 2002) and invoices reports that with the improvement in the application of electronic banking (payments) like online payment terminologies have led to improvement on profitability of the business organization. Gray (1994) said that profitability of the business organization depends on the utilization of the business-related goals and objectives.

Electronic payment methods such as credit cards, debit cards, automated clearing house networks have changed the exchange transactions of goods and vendors on the e-business industry in developed countries like China (Burton, 2005). E-business is a progressive industry that is becoming popular among merchants all around the world. Many individuals have put up small e-business to earn. Through electronic payments, the importance of using cash as the only means of exchange value has decreased. For small e-businesses, one would need to have these types of electronic payment to ensure profit maximization. Electronic payment emerged in the late 1960s in more developed nations as communication tool that enable companies within an organization to exchange. Electronically a wide range of business documents including purchase orders invoices, shipping orders and confirmations.

Electronic banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. The following terms all refer to one form or another of electronic banking: personal computer (PC) banking, internet banking, virtual banking, online banking, home banking, remote electronic banking, and phone were banking. PC banking and internet or online banking is the most frequently used designations. It should be noted, however, that the terms used to describe the various types of electronic banking are often used interchangeably (Hawke, 2001). This raises a lot of questions: are customers really enjoying these Electronic Banking services? Are they satisfied with the electronic banking services and products? Is there any relationship between Electronic Banking and consumer satisfaction? This study will proffer answers to these questions; the study seeks to empirically examine the impact of Electronic Banking Service on financial performance at Stanbic Bank Mamaraba Branch, Abuja, Nigeria

1.2 Statement of the Problem

Despite the growing interest and importance of Electronic banking in many financial institutions in Uganda, the implementation of such innovations in Stanbic Bank-Mamaraba Branch has remained low, the adoption rates among clients and its usage has not brought significant outputs in the way clients become happy with the services offered, and indeed extent literature indicates that despite such growing interest, no significant studies that have focused on consumer adoption and more so, customer satisfaction. One of the benefits banks derive from Electronic Banking in banking operations especially with respect to service delivery is improved efficiency and effectiveness of their operations so that more transactions can be processed faster and most conveniently, which will undoubtedly impact significantly on the overall performance of the banks. The customers on the other hand, stand to enjoy the benefit of quick service delivery, reduced frequency of going to banks physically and reduced cash handling, which will give rise to higher volume of turnover. However, this development at Stanbic Bank- Mamaraba Branch seems not to have achieved its aims. Long Queues are still seen at the banking hall, bank customers still handle too much cash, and hardly do people talk about the electronic banking products that are available Stanbic Bank-Mamaraba Branch, Abuja, Nigeria.

As much as electronic banking offers so many services that a human teller cannot do, electronic banking on banks profitability is negative in the short run. This is because of the costs and investments the banks carry to have the technical and electronic infrastructure, train their workers to be skilled and competent and prepare what is called an electronic bank environment where the banks can electronically operate. Electronic banking helps in effective flow of information which is centrally to the best interest of an organization. It is therefore upon the above argument that the study resort is to find out the relationship between electronic banking and financial performance in Stanbic Bank-Mamaraba Branch, Abuja, Nigeria.

1.3. Objective of the Study

This study was based on the following objectives;

(i) To establish how E-banking has influenced the financial performance of Stanbic Bank-Mamaraba Branch, Abuja, Nigeria.
(ii) To establish the challenges of E-banking in Stanbic Bank-Mamaraba Branch, Abuja, Nigeria.

1.4. Research Questions

1. What extent has transactions of E-banking influenced the financial performance of Stanbic Bank-Mamaraba Branch, Abuja, Nigeria
2. What are the challenges of E-Banking in Stanbic Bank-Mamaraba Branch, Abuja, Nigeria

1.5 Research Hypotheses

In search of answers to research questions raised above, these hypotheses are stated as follows;

Ho^1: There is no significant relationship between E-banking and the financial performance of Stanbic Bank-Mamaraba Branch, Abuja, Nigeria

Ho^2: There are no challenges of E-banking in Stanbic Bank-Mamaraba Branch, Abuja, Nigeria.

2. Literature Review

2.1 Concept of the Electronic Banking

The concept of electronic banking has been defined in many ways. Daniel (1999) defines electronic banking as the delivery of banks' information and services by banks to customers via different delivery platforms that can be used with different terminal devices such as a personal computer and a mobile phone with browser or desktop software, telephone or digital television. According to Arunachalam and Sivasubramanian (2007), Internet (electronic) banking is where a customer can access his or her bank account via the Internet using personal computer (PC) or mobile phone and web-browser. In addition, Ongkasuwan and Tantichattanon (2002) further defines Internet (electronic) banking service as banking service that allows customers to access and perform financial transactions on their bank accounts from their web enabled computers with Internet connection to banks' web sites any time they wish. Internet banking service also enables bank customers to perform transactions such as transfer and payments, access of latest balance, statement viewing, account detail viewing, customization, print, downloading of statements and obtaining a history statement on all accounts linked to the bank's customers‟ Auto Bank (ATMs).

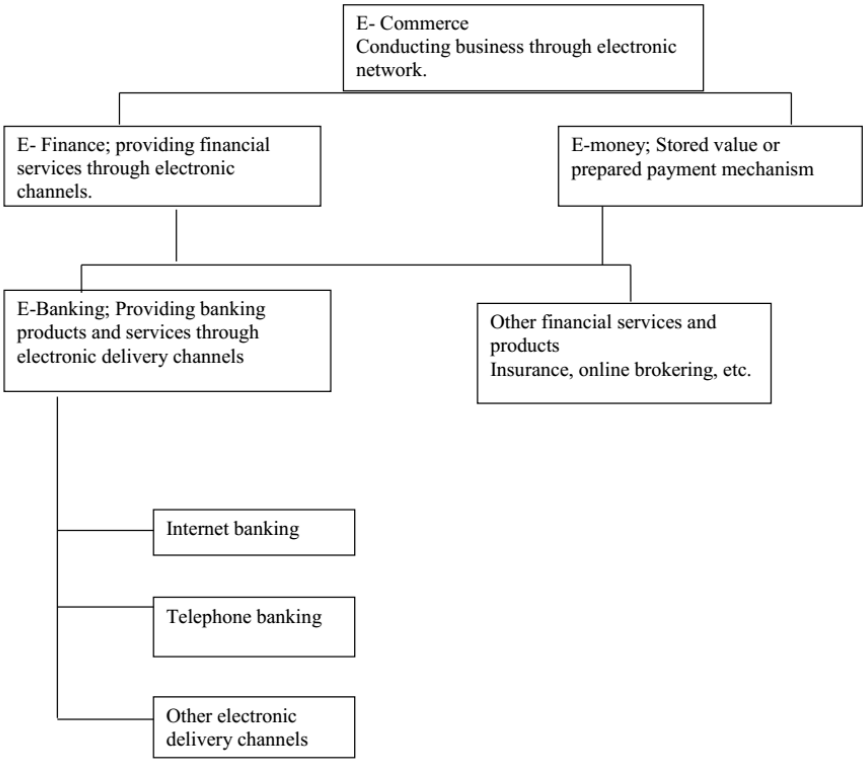
According to Khan (2007), Internet (electronic) banking includes the system that enables financial institution customers, individuals or businesses, access accounts, transact business, or obtain information on financial products and services on public or private network including Internet. Internet (electronic) banking is the act of conducting financial intermediation on the Internet (Kim *et al.*, 2006). It is that process whereby the customer is able to access, control and use his/her account over the Internet.

According to Burras (1995) electronic banking is characterized by the use of data communication networks to establish electronic connections between banks and customers/clients in preparation, management and control of financial transactions. Pardon (1977) observed that a variety of electronic banking technologies in recent years had expanded. With financial institutions, technologies like direct deposit, automated teller machines and credit/debit cards have been the key investments and innovations. He however observed that these innovations and creations need an environment that is customer friendly and likely to improve on their satisfaction. He noted that in a clientele world, the customer is the king so if these technologies are meant to improve on service delivery and satisfaction, electronic banking possess a better future.

E-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. E-banking includes the systems that enable financial institution customers, individuals or businesses, to access accounts, transact business, or obtain information on financial products and services through a public or private network, including the Internet. Customers access e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), Kiosk, or Touch Tone Telephone (E-banking, n.d).

Electronic banking is an umbrella term for the process by which a customer may perform banking transactions electronically without visiting a brick-and-mortar institution. The following terms all refer to one form or another of electronic banking: personal computer [PC] banking, internet banking, virtual banking, online banking, home banking, remote electronic banking, and phone are banking. PC banking and internet or online banking are the most frequently used designations. It should be noted, however, that the terms used to describe the various types of electronic banking are often used interchangeably. Electronic banking is the wave of the future. It provides enormous benefits to consumers in terms of the ease and cost of transactions. But it also poses new challenges for country authorities in regulating and supervising the financial system and in designing and implementing macroeconomic policy (Saleh & Schaechter, 2002)

What is electronic banking?



Electronic banking has been around for some time in the form of automatic teller machines and telephone transactions. More recently, it has been transformed by the internet, a new delivery channel for banking services that benefits both customers and banks. Access is fast, convenient, and available around the clock, whatever the customer's location (see illustration above). Plus, banks can provide services more efficiently and at substantially lower costs. For example, a typical customer transaction costing above $1 in a traditional "brick and mortar" bank branch or $0.60 through a phone call costs only above $0.02 online.

Electronic banking also makes it easier for customers to compare banks' services and products, can increase competition among banks, and allows banks to penetrate new markets and thus expand their geographical reach. Some even see electronic banking as an opportunity for countries with underdeveloped financial systems to leapfrog developmental stages. Customers in such countries can access services more easily from banks abroad and through wireless communication systems, which are developing more rapidly than traditional "wired" communication networks. (Saleh & Schaechter, 2002).

2.2. Concept of E-Banking Systems

For many consumers, electronic banking means 24-hour access to cash through an Automated Teller Machine (ATM) or Direct Deposit of pay checks into checking or savings accounts. But electronic banking now involves many different types of transactions. Electronic banking, also known as electronic fund transfer (EFT), uses computer and electronic technology as a substitute for checks and other paper transactions. EFTs are initiated through devices like cards or codes that let you, or those you authorize, access your account. Many financial institutions use ATM or debit cards and Personal Identification Numbers (PINs) for this purpose. Some use other forms of debit cards such as those that require, at the most, your signature or a scan. The federal electronic fund transfer Act (EFT Act) covers some electronic consumer transactions.

Electronic Fund Transfers. EFT offers several services that consumers may find practical: Automated Teller Machines or 24-hour Tellers: are electronic terminals that let you bank almost any time. To withdraw cash, make deposits, or transfer funds between accounts, you generally insert an ATM card and enter your PIN. Some financial institutions and ATM owners charge a fee, particularly to consumers who don't have accounts with them or on transactions at remote location. Generally, ATMs must tell you they charge a fee and its amount on or at the terminal screen before you complete the transaction. Check the rules of your institution and ATMs you use to find out when or whether a fee is charged.

Direct Deposit: Lets you authorize specific deposits, such as pay checks and social security checks, to your account on a regular basis. You also may pre-authorize direct withdrawals so that recurring bills, such as insurance premiums, mortgages, and utility bills, are

paid automatically. Be cautions before you pre-authorize direct withdrawals to pay sellers or companies with whom you are unfamiliar; funds from your bank account could be withdrawn fraudulently.

Pay-by-phone systems: Let you call your financial institution with instructions to pay certain bills or to transfer funds between accounts. You must have an agreement with the institution to make such transfers and Personal Computer Banking; Lets you handle many banking transactions via your personal computer. For instance, you may use your computer to view your account balance, request transfers between accounts, and pay bills electronically.

Debit Card Purchase Transactions: Let you make purchase with a debit card, which also may be your ATM card. This could occur at a store or business, on the Internet or online, or by phone. The process is similar to using a credit card, with some important exceptions. While the process is fast and easy, a debit card purchase transfers money-fairly-quickly from your bank account to the company's account. So, it's important that you have funds in your account to cover your purchase. This means you need to keep accurate records of the dates and amounts of your debit card purchases and ATM withdrawals in addition to any checks you write. Also be sure you know the store or business before you provide your debit card information, to avoid the possible loss of funds through fraud. Your liability for unauthorized use and your rights for error resolution may differ with a debit card.

Electronic check conversion; Coverts a paper cheque into an electronic payment in a store or when a company receives your cheque in the mail. In a store, when you give your cheque to a cashier, the cheque is run through an electronic system that captures your banking information and the amount of the check. You are asked to sign a receipt and you get a copy for your records. When your cheque has been handed back to you, it should be voided or marked by the merchant so that it cannot be used again. The merchant electronically sends information from the check (but not the cheque itself) to your bank or other financial institution, and the funds are transferred into the merchant's account. When you mail-in a cheque for payment to a merchant or other company, they may electronically send information from your cheque (but not the cheque itself) through the system, and the funds are transferred into their account. For a mailed cheque, you should still receive advance notice from a company that expects to send your cheque information through the system electronically. The merchant or other company might include the notice on your monthly statement or under its terms and conditions. The notice also should state if the merchant or company will electronically collect from your account fee – like a "bounced cheque" fee – if you have insufficient funds to cover the transaction.

Use of credit cards, the most common method of making payments online is by the use of credit card, this card is issued to a person to or business organization for goods and services as well as obtaining cash against the particular work done for the business organization and these cards are so important to organization because the reduce on the creation of errors and this is normally done by business organizations and financial institution. (Bailly, 1995).

Debit or pre-paid cards**,** this method of payment is always issued to person for withdrawing money from or to a savings or current account. These automatically increase the performance of the institution leading to easy sourcing by the buying institution (Intercoms, 2000) and Digital or electronic cash E-cash**,** According to Gray (1994) this refers to any of the various methods that allow a person to buy goods or services by transmitting a number from one computer to another. The number may be in or of digits issued by the bank to the buying organization and they use for example digital cash, cyber buck cash and others.

Internet banking, this is also one of the new tools used in electronic payments, it has been widely been used by different business organizations like banking institutions. They drastically use this mechanism payment which has led to increased levels of profitability hence improving the flexibility of the organization and Telephone billing systems, this is a new approach used by banks; here telephone transactions allow the customer to purchase an item or service and have the amount billed to his or her telephone. This is mainly used on items such as down loads; time measured for charitable donation, online for example the use of phones for banking and saving like MTN mobile money (Telecommunication guidelines Network Guidelines, 12th Feb.2008)

2.3 Advantages of E-Banking

Kim *et al.*, (2006) asserted that, Internet banking has advantages for banks to maintain competition, to save costs, to enhance mass customization, marketing and communication activities, and to maintain and attract consumers. Katri (2003) stated that the Internet banks serve also as gateways offering identification and authorization services to a number of third-party service providers.

Rationale for „banks" to provide Internet banking services, Ongkasuwan and Tantichattanon (2002) indicate that internet banking helps banks in cost saving, increase customer base, enable mass customization for e-Business services, extend marketing and communication channel, search for new innovation services, and explore and development of non-core business. However, customers" ability to subscribe to the Internet-based banking services depend on several factors such as user-friendly interface, level of Internet experience, types of services provided, (for example e-

mail, file transfer, news, online financial services, shopping and multimedia services), attitude and perception, access and delivery time and experience with the Internet.

2.3.1 Factors Influencing the Adoption of Electronic Banking

Accessibility: Accessibility defines as the ability of users to access information and services from the web is dependent on many factors. These include the content format; the user's hardware, software and settings; internet connections; the environmental conditions and the user's abilities and disabilities (Godwin-Jones 2001; Hackett and Parmanto, 2009). The term "web accessibility" generally relates to the implementation of website content in such a way as to maximize the ability of users with disabilities to access it. For example, providing a text equivalent for image content of a web page, allows users with some visual disabilities access to the information via a screen reader.

The techniques and approaches that create more accessible web pages for people with disabilities also address many other access issues such as download speed and discoverability (Godwin-Jones 2001; Hackett *et al.,* 2004; Hackett and Parmanto, 2009). Jun *et al.,* (1999) revealed reliable/prompt responses, attentiveness, and ease of use had considerable impacts on both customers perceived overall service quality and satisfaction. It also indicated that there is a significant positive relationship between overall service quality and satisfaction. Yang and Jun (2002) redefined the traditional service quality dimensions in the context of online services, and suggested an instrument consisting of seven online service dimensions (reliability, access, ease of use, personalization, security, credibility, and responsiveness).

Joseph *et al.,* (1999) considered banking service quality with respect to technology use, such as ATMs, telephone, and the internet and identified six dimensions. They were convenience/accuracy; feedback/complaint management; efficiency; queue management; accessibility; and customization. Therefore, it is hypothesized that accessibility has positive effect on customer satisfaction.

Convenience

E-banking provides higher degree of convenience that enables customers to access internet bank at all times and places. Apart from that, the ease of access of computers is perceived as a measure of relative advantage (Daniel, 1999, Black *et al.,* 2001; Polatoglu and Ekin, 2001; Gerrard and Cunningham, 2003). Johnston (1995) revealed that there are some service quality determinants that are predominantly satisfiers and others that are predominantly dissatisfies with the main sources of satisfaction being attentiveness, responsiveness, care and friendliness. The main sources of dissatisfaction are integrity, reliability, responsiveness, availability and functionality.

According to Ainscough and Luckett (1996), the provision of customer interactivity is an important criterion that attracts users in the delivery of e-banking. Gerrard and Cunningham (2003) also identify other factors of paramount importance in ensuring the success of e-banking, i.e., the ability of an innovation to meet users' needs using different feature availability on the web site. For instance, the provision of interactive loan calculators, exchange rate converters, and mortgage calculators on the web sites draw the attention of both users and non-users into the bank's web site. A UK study uncovered five key service quality attributes, such as security related issues, convenience, speed and timeliness of the service, and product variety/diverse features (White and Nteli, 2004). Therefore, it is hypothesized that convenience has positive effect on customer satisfaction.

Privacy

Customers have doubts about the trust ability of the e-bank's privacy policies (Gerrard and Cunningham, 2003). Trust has striking influence on user's willingness to engage in online exchanges of money and personal sensitive information (Friedman *et al.,* 2000; Wang *et al.,* 2003). Privacy is an important dimension that may affect users' intention to adopt e-based transaction systems. Encryption technology is the most common feature at all bank sites to secure information privacy, supplemented by a combination of different unique identifiers, for instance, a password, mother's maiden name, a memorable date, or a few minutes of inactivity automatically logs users off the account. Besides, the Secure Socket Layer, a widely-used protocol use for online credit card payment, is designed to provide a private and reliable channel between two communicating entities; the use of Java Applet that runs within the user's browser; the use of a Personal Identification Number, as well as an integrated digital signature and digital certificate associated with a smart card system (Hutchinson and Warren, 2003). Thus, a combination of smart card and biometric recognition using fingerprints offers a more secure and easier access control for computers than the password method. Zeithaml *et al.,* (2000) developed e-SERVQUAL for measuring e-service quality, identifying 11 dimensions: access; ease of navigation; efficiency; flexibility; reliability; personalization; security/privacy; responsiveness; assurance/trust; site aesthetics; and price knowledge. Hence, it is hypothesized that privacy has a positive effect on customer satisfaction

Security

Assurance about security relates to the extent to which the web site guarantees the safety of customers` financial and personal information, an area which has witnessed a proliferation of research interest (Kimery and McCord, 2002; Miyazaki and Krishnamurthy,

2002). Security can be assured by providing a privacy statement and information about the security of the shopping mechanisms and by displaying the logos of trusted third parties. For example, displaying trusted third-party logo guarantees a certain level of security protection and has been shown to significantly influence how consumers regard the trustworthiness of e vendors (Jiang *et al.,* 2008).

Internet banking was made possible by the creation of Web browsers. In this mode of online banking, consumers do not have to purchase additional software (all they need is the browser), store any data on their computer, backup any data, or wait for software upgrades or new versions (Kolsaker and Payne, 2002; Dong-Her *et al.,* 2004). All transactions occur on a secure server of a bank via the internet. The bank has all of the required data and software to execute the transactions. Customers go the bank's Web site, log in, and then take advantage of the bank's internet services. Typical bank services are account access and review, transfers of funds between accounts, bill payment, and then a widening variety of new services and products.

Security plays an important role in internet banking and so there are several protocols for internet security of encrypted data packets (Kolsaker and Payne, 2002; Dong-Her *et al.*,; 2004). Customers are not aware of the encryption; however, only certain versions of popular internet browsers are acceptable to some banks due to their security limitations (Kolsaker and Payne, 2002; Dong-Her *et al.*,; 2004). Therefore, it is hypothesized that privacy has a positive effect on customer satisfaction.

Speed

Hoffman and Novak (1996) find that there is a significant correlation between download speed and user satisfaction. Speed of download depends on the nature of the site downloaded content, the computing hardware and method of connection used to download information (Jayawardhena and Foley, 2000). Most sites demonstration is small snapshots, and some users have to download the program in order to view the demonstration. Most people perceive downloading may import unwanted viruses, and consume hard disk space. Very often, slow response time after any e-interaction leads to a delay of service delivery and makes consumers unsure about whether or not the transaction is completed (Jun and Cai, 2001). Johnston (1997) illustrates those certain actions, such as increasing the speed of processing information and customers, are likely to have an important effect in terms of pleasing customers; however other activities, such as improving the reliability of equipment, will lessen dissatisfaction rather than delight customers and suggests that it is more important to ensure that the dissatisfiers are dealt with before the satisfiers. Thus, it is hypothesized that speed has positive effect on customer satisfaction.

Fees and Charges

Service quality attributes in e-banking industry are important since human- internet interaction is the main service delivery and communication channel. Offering high quality services to satisfy consumers' needs, at lower costs, are potential competitive advantage of e-banking. Some studies show that e-banking has successfully reduced operating and administrative costs (Devlin, 1995; Siriluck and Speece, 2003). Cost savings have helped e-based banks offer lower or no service fees, and offer higher interest rates on interest-bearing accounts than traditional banks (Gerlach, 2000; Jun and Cai, 2001). Therefore, it is hypothesized that fees and charges have positive impact on customer satisfaction.

2.4 Electronic-Banking and Financial Performance

From different literatures, electronic banking services like Automated Teller Machines attracted many people to open up current accounts especially those who prefer convenience. These machines are located in various places of convenience like shopping malls, universities, hotels and airports. Their installation in such areas have reduced overcrowding in the bank's premise and increased the transactions completed in a day (Baxley, 1987).

The installation of various automated teller machines by commercial banks in their branches is one of the motives to increase customer base and acquire more deposits available to the bank. This in the long run increases the bank's revenue that determines the profitability level and finally the general financial performance (Baxley, 1987). Electronic banking plays a big role in terms of saving to the bank and the client [reduced costs]. This is as a result of efficiency and effectiveness maintained by various systems like electronic fund transfer, personal computer banking and ATMS.

The elimination of paper work would also minimize costs in stationery and also administrative costs of human tellers and other personnel that would affect such transactions. As seen from above, the operating costs determine the firm's profitability and therefore the application of electronic banking system minimizes the level of such costs hence crucial in determining the financial performance levels of Banks (Onunga, 1998).

The banking sector is considered to be an important source of financing for most businesses. The common assumption, which underpins much of the financial performance research and discussion, is that increasing financial performance will lead to improved functions and activities of the organizations. The subject of financial performance and e-banking into its measurement is well advanced within finance and management fields. It can be argued that there are three principal factors to improve financial performance for financial institutions; the institution size, its asset

management, and the operational efficiency [e-banking]. To date, there have been little published studies to explore the impact of these factors on the financial performance, especially the commercial banks (Central Bank of Oman, 2004).

Generally, the financial performance of banks and other financial institutions has been measured using a combination of financial ratios analysis, benchmarking, measuring performance against budget or a mix of these methodologies (Avkiran, 1995). The financial statements of corporations published should commonly contain a variety of financial ratios designed to give an indication of the corporation's performance (Ian, 2000).

As it known in accounting literature, there are limitations associated with use of some financial ratios. Asset management, the bank size, and operational efficiency are used together to investigate the relationships among them and the financial performance. Simply stated, much of the current bank performance literature describes the objective of financial organizations as that of earning acceptable returns and minimizing the risks taken to earn this return [Hempel G. Coleman, 1986]. There is a generally accepted relationship between risk and return, that is, the higher the risk the higher the expected return. Therefore, traditional measures of bank performance have measured both risks and returns. The increasing competition in the national and international banking markets, the changeover towards monetary unions and the new technological innovations herald major changes in banking environment and challenge all banks to make timely preparations in order to enter into new competitive financial environment (Chu Mei, 2001).

(Chiena Ho, and Song Zhu, 2004) showed in their study that most previous studies concerning company performance evaluation focus merely on operational efficiency and operation effectiveness which might directly influence the survival of a company. By using an innovative two-stage data development analysis model-in their study, the empirical result of this study is that a company with better efficiency does not always mean that is has better effectiveness. A paper in the title of efficiency, customer service and financing performance among Australian financial institutions (Elizabeth Duncan, and Elliott, 2004) showed that all financial performance measures as interest margin, return on assets, and capital adequacy are positively correlated with customer service quality score.

2.5 Challenges of E-Banking Revolution

An extended study conducted by Daft (1982) revealed that the introduction of E-banking may be a good idea but on the part of customers, they are keener to risk associated with the particular type of innovation. Daft identified what he described Strategic Risk by inference a financial institution's board and management should understand the risks associated with E-banking services and evaluate the resulting risk management costs against the potential return on investment prior to offering E-banking services.

Poor E-banking planning and investment decisions can increase a financial institution's strategic risk. On strategic risk E-banking is relatively new and, as a result, there can be a lack of understanding among senior management about its potential and implications. People with technological, but not banking, skills can end up driving the initiatives. E-initiatives can spring up in an incoherent and piecemeal manner in firms. They can be expensive and can fail to recoup their cost.

The start-up costs of an e-bank are high. Establishing a trusted brand is very costly as it requires significant advertising expenditure in addition to the purchase of expensive technology (as security and privacy are key to gaining customer approval). Perhaps one of the greatest banes to customers by embracing to electronic businesses has to do with risk arising from fraud, processing errors, system disruptions, or other unanticipated events resulting in the institution's inability to deliver products or services. This risk could exist in each product and service offered (Earl, 2000).

Earl further commented that banking activities has the likelihood of increasing the complexity of the institution's activities and the quantity of its transaction/operations risk, especially if the institution is offering innovative services that have not been standardized. Since customers expect E-banking services to be available 24 hours a day, 7 days a week, financial institutions should ensure their E-banking infrastructures contain sufficient capacity and redundancy to ensure reliable service availability. Even institutions that do not consider E-banking a critical financial service due to the availability of alternate processing channels, should carefully consider customer expectations and the potential impact of service disruptions on customer satisfaction and loyalty.

Another security issue associated with E-banking as introduced by the Economist journal (1999) recounts that E-banking potentially expose hitherto isolated systems to open and risky environments. Security breaches essentially fall into three categories; breaches with serious criminal intent (fraud, theft of commercially sensitive or financial information), breaches by 'casual hackers' (defacement of web sites or 'denial of service' - causing web sites to crash), and flaws in systems design and/or set up leading to security breaches (genuine users seeing / being able to transact on other users' accounts). All of these threats have potentially serious financial, legal and reputational implications.

According to Saleh and Schaechter (2002), this changing financial landscape brings with it new challenges for bank management and regulatory and

supervisory authorities. The major one's stem from increased cross-border transactions resulting from drastically lower transaction costs and the greater ease of banking activities, and from the reliance on technology to provide banking services with the necessary security.

Regulatory Risk: Because the Intern*et al.*,lows services to be provided from anywhere in the world, there is a danger that banks will try to avoid regulation and supervision. What can regulators do? They can require even banks that provide their services from a remote location through the Internet to be licensed. Licensing would be particularly appropriate where supervision is weak and cooperation between a virtual bank and the home supervisor is not adequate. Licensing is the norm, for example, in the United Stated and most of the countries of the European Union. A virtual bank licensed outside these jurisdictions that wishes to offer electronic banking services and take deposits in these countries must first establish a licensed branch (Saleh and Schaechter, 2002).

Determining when a bank's electronic services trigger the need for a license can be difficult, but indicators showing where banking services originate and where they are provided can help. For example, a virtual bank licensed in country X is not seen as taking deposits in country Y if customers make their deposits by posting checks to an address in country X. If a customer makes a deposit at an automatic teller machine in country Y, however, that transaction would most likely be considered deposit taking in country Y. regulators need to establish guidelines to clarify the gray areas between these two cases (Marhar, 2003).

Legal Risk: Electronic baking carries heightened legal risks for banks. Banks can potentially expand the geographical scope of their services faster through electronic banking than through traditional banks. In some cases, however, they might not be fully versed in a jurisdiction's local laws and regulations before they begin to offer services there, either with a license or without a license if one is not required. When a license is not required, a virtual bank-lacking contact with its host country supervisor – may find it even more difficult to stay abreast of regulatory changes. As a consequence, virtual banks could unknowingly violate customer protection laws, including on data collection and privacy, and regulations on soliciting. In doing so, they expose themselves to losses through lawsuits or crimes that are not prosecuted because of jurisdictional dispute (Saleh and Scheachter, 2002).

Money laundering is an age-old criminal activity that has been greatly facilitated by electronic banking because of the anonymity it affords. Once a customer opens an account, it is impossible for banks to identify whether the nominal account holder is conducting a transaction or even where the transaction is taking place. To combat money laundering, many countries have issued specific guidelines on identifying customers. They typically comprise recommendations for verifying an individual's identity and address before a customer account is opened and for monitoring online transactions, which requires great vigilance (Kwan, 1992). In a report issued in 2000, the organization for economic cooperation and Development's Financial Action Task Force raised another concern. With electronic banking crossing national boundaries, whose regulatory authorities will investigate and pursue money launding violations? The answer, according to the task force, lies in coordinating legislation and regulation internationally to avoid the creation of safe havens for criminal activities.

Operational Risk: The reliance on new technology to provide services makes security and system availability the central operational risk of electronic banking. Security threats can come from inside or outside the system, so banking regulators and supervisors must ensure that banks have appropriate practices in place to guarantee the confidentiality of data, as well as the integrity of the system and the data. Banks' security practices should be regulatory tested and reviewed by outside experts to analyze network vulnerabilities and recovery preparedness. Capacity planning to address increasing transaction volumes and new technological developments should take account of the budgetary impact of new investments, the ability to attract staff with the necessary expertise, and potential dependence on external service providers. Managing heightened operational risks needs to become an integral part of banks' overall management of risk, and supervisors need to include operational risks in their safety and soundness evaluations (Saleh and Scheachter, 2002).

Reputational Risk: Breaches of security and disruptions on the system's availability can damage a bank's reputation. The more a bank relies on electronic delivery channels, the greater the potential for reputational risks. If one electronic bank encounters problems that cause customers to lose confidence in electronic delivery channels as a whole or to view bank failures as system wide supervisory deficiencies, these problems can potentially affect other providers of electronic banking services. In many countries where electronic banking is becoming the trend, bank supervisors have put in place internal guidance notes for examiners, and many have released risk-management guidelines for banks (Saleh and Schaechter, 2002).

Reputational Risks: Also stem from customer misuse of security precautions or ignorance about the need for such precautions. Security risks can be amplified and may result in a loss of confidence in electronic delivery channels. The solution is consumer education – a process in which regulators and supervisors can assist. For example, some bank supervisors provide links on their websites allowing customers to identify online banks with

legitmite charters and deposit insurance. They also issue tips on internet banking, offer consumer help lines, and issue warnings about specific entities that may be conducting unauthorized banking operations in the country (Saleh and Schaechter, 2002).

3. METHODOLOGY

This chapter presents the methodology that was used in the study; it gives a description of the study area and the methods that were used to collect data from the field. It gives a summary of the research design, sample population and size, data collection instruments, data type, data processing and presentation and the problems encountered during the process of data collection and analysis.

3.1 Research Design

The study used cross-sectional survey design using Stanbic Bank - Mamaraba Branch, Abuja, Nigeria as a case study. During the study, both qualitative and quantitative methods were the main methods used. Under qualitative, the researcher used responses from respondents. However, for quantitative method, the qualitative research design was descriptive in nature and this enabled the researcher to meet the objectives of the study. A statement was used to assign variables that were not adequately measured using numbers and statistics. The quantitative research design was used in form of mathematical numbers and statistics assigned to variables that may not be easily measured using statements or theme.

3.2 Study Population

This section included a collection of study units for which samples of interest were possibly determined. The study population was; the study population which consisted across section of the finance, administration, disposal unit, data and information department of the institution. The study population comprised of 50 representatives of Stanbic Bank of Mbarara branch, including bank manager & bank top administrators, banking officers, account& finance department and bank customers. These were chosen because these are the people who offered, receive and manage the services respectively.

3.3 Sample Size Determination

The study used of sample size of 50 respondents

3.4 Research Instruments

Self-administered questionnaire was used to collect primary data where by both open and closed questions were designed to collect data from the study respondents. The respondents were filled by the questionnaire themselves. This questionnaire tool was used to collect data from Stanbic Bank employees. The method was used since it provided high level of confidentiality as the study respondents were answering the questions at their convenient time.

In depth interviews were conducted on the Bank Clients. Here, an interview guide was written to help the researcher to obtain more information relevant to the study variables during data collection. Clients of the bank were approached and interviewed during the data collection time.

Interview Guide; an interview guide was also drafted with a set of questions that the researcher asked during an interview and this was structured (close ended) in nature. The researcher personally recorded the provided responses as per the study respondents during the process of carrying out an interview. This tool was used to collect information from respondents selected from Stanbic Bank Mbarara Branch

Documentation/ Secondary Data: Secondary data was also used in this study as; the researcher was to collect secondary information from different sources like; text books, internet, newspaper, magazines, journals among other sources. This information will be reviewed by visiting places like libraries and internet cafes.

3.5 Data Presentation and Analysis

Data analysis**;** Both quantitative and qualitative methods were used during data analysis. Quantitative data involved use of frequencies, tables against their percentages, that is pie chart and this showed values that aided in data interpretation. Qualitative data was presented in writing useful information from the respondents as presented in relation to the study variables. After collecting all the necessary data, these data were coded and edited, analyzed and rephrased to eliminate errors and ensure consistency. Both qualitative and quantitative data analysis was used. Qualitative data was analyzed in the field as it is being collected (verbatim reporting) using coding sheets while quantitative was analyzed by using computer programs like Microsoft word and Microsoft excel. Also under qualitative analysis, thematic analysis was used and in quantitative data analysis; graphs, tables and pie charts were used for data analysis and presentations of findings.

3.6 Validity and Reliability of Research Instrument

Validity is defined as the extent to which an instrument for research measures what it was set out for (Kolhari, 2004). It is therefore cantered on accuracy and appropriateness of the inferences which are premised on the research results to ensure face and content validity of instrument.

To determine the validity of the research instrument, the questionnaire was presented to different test and measurement experts to scrutinize the items. The face and content validity approaches were adopted. The experts and supervisor inputs was used by the researcher in effecting corrections before the questionnaires was presented to and approved by the supervisor and used.

Reliability is the degree of consistency with which an instrument measures what it was supposed to be measuring (Kothari, 2004). In order to ensure reliability of research instrument,

4. Data Analysis

Table 1: Showing the Nature of Respondents

Nature of Respondents	Frequency	Valid Percent	Cumulative Percent
Sex			
Male	30	60.0	60.0
Female	20	40.0	100.0
Total	**50**	**100**	
Age difference			
15-30	20	40.0	30.0
31-40	20	40.0	80.0
41 and above	10	20.0	100.0
Total	**50**	**100**	
Time Spend Working at the Bank			
1 Month – 1 Year	05	10.0	10.0
1 - 2	10	20.0	30.0
2 – 3	15	30.0	60.0
3 and above	20	40.0	100.0
Total	**50**	**100**	
Position			
Sales officer	25	50.0	50.0
Loan officer	10	20.0	70.0
Tellers	05	10.0	80.0
Customer advisors	08	16.0	96.0
Accountant	02	04.0	100.0
Total	**50**	**100**	
Department			
Procurement	05	10.0	10.0
Sales	15	30.0	40.0
Administration	05	10.0	50.0
Information and stores	25	50.0	100.0
Total	**50**	**100.0**	

Source: Field work 2022

From the study findings Table above analyses the sex composition of respondents in the study area. Most of the respondents (60%) were males with females constituting slightly over forty percent (40%). Socio-cultural expectations of the society reason more males engage in financial and calculative businesses or institutions than females. These argue that females tend not to prefer offering science as well as mathematical education they are thus left for men hence men execute what they have acquired in class by serving or working in such financial institution. To the researcher, females were fewer than males because they prefer largely offering arts in higher institutions of and therefore have largely ended as social workers, secretaries to mention but a few

From the study findings, the study population was mainly composed of people from different age groups. Respondents aged between 15 – 30 years comprised of forty percent (40%), those aged between 31 – 40 years comprised of slightly over forty percent (40%) where as those aged forty years and above comprised only twenty percent (20%).

As indicated above, the variations in age structure were pointed out as a result of various factors, the major one being the fact that people lying in the age bracket of 15 – 30 are the youth who now days largely engage in high / advanced institutions of learning a warding them satisfying qualifications a long side fresh brains thus are largely opted for by such efficiency yearning financial institutions. This thus explains why those falling between 15 – 30 years and many compared to the rest. Others in the bracket of 31 – 40 and above were fewer because these qualified earlier thus cannot easily cope up with the ever-increasing modern systems of finance handling especially due to current usage or utilization of modern information and technology equipment and methods.

From the above table, Respondents were asked about their duration of stay/work in the study area that is Stanbic Bank. It was hoped that the workers / respondents time of the stay on work influenced their impact in the area. Those who had stayed longer in the study area were further believed to have witnessed several changes, trends and patterns of work / services offered by the institutions to its clients (10%) slightly low ten percent had stayed / worked Stanbic Bank for a period of only 0ne month to one year. Only twenty percent (20%) of the respondents had worked with Stanbic Bank for a period of 0ne - two years while the rest of the respondents (30%) and 40% had worked / stayed with Stanbic Bank for a period of two to three year and three and above years respectively. Hence those over two years were more knowledgeable than those below two years.

As indicated from the above table, among the background characteristics of respondents that were

noted by the researcher was the position of responsibility, respondents held in the area of study. Slightly less than a half of the total number of respondents 25 (50%) were working as sales officers, 05 (10%) worked as tellers/ cashiers, 0ther 02(4%) were working as accounts, 10 (20%) were also working as credit/ loans officers, and 08(16%) were also working as customer advisors/ front desk attendants/ assistant administrators.

To the researcher, sales officers participated more than any other officers because they were easily found less busy compared to the rest of Stanbic Bank employee who hardly got time to respond to the researchers' request. However, other respondent's views were equally important even when they did not have enough time to respond to the researcher. From the study findings, slightly over thirty percent (50%) respondents were found working at the information and data management equipment, and equally the same number (50%) of respondents were from administration and store, finance and accounting departments respectively.

Hypothesis 1 (Ho^1)

There is no significant relationship between electronic banking and financial performance of Stanbic Bank Mamaraba Abuja, Nigeria

Table 2: Showing whether there is a Relationship between Electronic Banking and Financial Performance

		Electronic banking	Financial performance
Electronic banking	Pearson Correlation	1	0.388***
	Sig. (2-tailed)		**0.0005**
	N	50	50
Financial performance	Pearson Correlation	0.388***	
	Sig. (2-tailed)	0.0005	
	N	50	50

Source: Field Work, 2022

According to the table 2 (above), Findings revealed that there is a relationship between electronic banking and financial performance as evidenced by the correlation coefficient of 0.388

Hypothesis Two (Ho^2)

There is no challenge of electronic banking in stanbic bank, Mamaraba Abuja, Nigeria

Table 3: Showing if there is Any Challenge of Electronic Banking in Stabic Bank Mamaraba, Abuja

		Electronic banking	Financial performance
Electronic banking	Pearson Correlation	1	0.388***
	Sig. (2-tailed)		**0.0005**
	N	50	50
Challenges of Electronic Banking	Pearson Correlation	0.388***	
	Sig. (2-tailed)	0.0005	
	N	50	50

Source: Field Work, 2022

According to the table 3 (above), the result revealed that there are no much challenges of electronic banking in Stanbic Banking Mamaraba, Abuja as evidenced by the correlation coefficient of 0.388

4.2 Discussion

The findings revealed that there is a significant relationship between electronic banking and the performance of Stanbic Bank Mamaraba, Abuja. This is as result of positive usage of electronic banking by the customers, such as ATM machines, online banking POS services etc. this has helped enhanced the financial performance of Stanbic Bank, Mamaraba, Abuja. The study also revealed that there are no much challenges of electronic banking in Stabic Bank, Mamaraba Abuja. This is as a result of the customers are well educated on the usage of electronic banking as it is easy, fast and reliable. Hence electronic banking has a vital role in Stanbic Bank Mamaraba, Abuja

Conclusion

Basing on data analysis and discussion that mentioned, hence this study can be concluded that the responses of respondents on electronic banking variable is positive; majority respond are agree and strongly agree to the effects of electronic banking methods employed at Stanbic Bank – Mamaraba Branch, the service is quick, easy to use, easy to transfer money electronically. The insufficient number of ATM booths and the customer representatives for on-line services fairly respond to clients queries on a timely fashion, were the major factors negatively affecting electronic banking methods employed at Stanbic Bank –Mbarara Branch Mamaraba, Abuja. Findings reveal that Electronic Banking has satisfied most of people

banking needs, most bank clients enjoy using e-Banking, this results into a high level of satisfaction. The few break downs in ATM machines and the long queues lowers the level of satisfaction. Findings revealed that there is a positive relationship between electronic banking and financial performance.

The study findings further revealed that various effective measures were in place to counteract the challenges to electronic payment methods and these were; strict inspection, emphasis on commitment by staff and compliance of staff on the use of information technology. All these were found very relevant and high yielding to the wellness of S Stanbic Bank Mamaraba, Abuja. businesses. Customers get their money at their convenient time and this has reduced queuing.

Finally, the study concludes that electronic payment methods contributes significantly to clients and Stanbic Bank Mamaraba, Abuja, in terms of effectiveness in service provision and rising profitability respectively.

5.3 Recommendations

The study therefore made the following recommendations

1. Banks' staff and officials should be adequately trained in e-banking products and services to be able to address customers' needs and challenges.
2. Banks need to well package and market E-banking Products and services effectively to customers to close the seemingly knowledge gap that exists among the populace with regard to the benefits that can be derived from the services.
3. Massive sensitization campaigns to enrich the public about the existing electronic payment methods in financial institution since the public seem not to be aware of electronic payment methods that exist in these financial institutions and how significant they are in business transaction.
4. There is need for the government to revisit the economy from being cash based to electronic systems where business transaction would be done by electronic banking services.

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