ANALYSIS OF OBSTACLES TO UPTAKE OF INTERNET BANKING SERVICES IN NIGERIA

M. Edwin Agwu[1]

[1]Covenant University, Manchester Business School.
edwinagwu@yahoo.co.uk, edwin.agwu@covenantuniversity.edu.ng

ABSTRACT

There is ample evidence that the external environment has always thrown challenges even to the best business organisation. And the various stories from around the world of business give credence to these challenges. Today, as always, the increasing speed and scale of changes, which has become part of every business cycle, means threats and opportunities arise faster and more often. As rising competitive intensity forces even the best businesses to return to basics, the old adage that past successes has never guaranteed future success is never truer than now. This study investigated and analysed the factors affecting the adoption of internet banking services in Nigeria. The objectives, among others, were to explore the reasons for the usage ad non-usage of internet banking services in the Nigerian. The theoretical model utilised was the Technological Acceptance Model (TAM), a model which have been used to explain consumers' intention to use a technology. Subjects for the study were bank managers, bank customers and students. The study found all the beliefs especially security, privacy and infrastructures to be significant factors affecting the adoption of internet banking services in Nigeria. The deduction from the findings was that for internet banking to assume a developmental dimension in Nigeria and for the country to be fully integrated and respected in the global financial environment, the prevalent level of frauds in Nigeria (and among Nigerians) must be addressed.

1. INTRIODUCTION

The convenience of being able to access accounts at any time, as well as the ability to perform transactions without visiting a local branch, draws many customers to sign up for internet banking services (Ndubuisi, *et al,* 2004). It seems like an obvious choice to leave the hassles of traditional money management behind in exchange for this high-tech alternative. However, there are potential problems associated with banking over the internet of which many customers have come to realise. It has become necessary for customers to weigh the advantages and disadvantages of online banking before signing up. Traditional branch-based retail banking remains the most widespread method for conducting banking transactions in Nigeria as well as many other African countries, (Ezeoha, 2005; Agwu, 2014). However, the internet technology is rapidly changing the ways personal financial services are being designed and delivered. Presently, all

commercial banks in Nigeria have adopted the internet banking technology to improve their operations and reduce costs.

Despite all their efforts aimed at developing better and easier Internet banking systems, these remained largely unnoticed by the customers, and certainly were seriously underused in spite of their availability. Therefore, there is need to understand users' perception and fears about internet banking services, and the need to identify other factors that can affect their intention to use the services. This issue is important because the answer holds the clue that will assist the Nigerian bank managers to formulate appropriate marketing strategies to promote new forms of internet banking systems in the future. Moreover, previous researches in internet banking from the Euro-centric angle, has pointed out that customer's acceptance of the technology is the key in the future development of internet banking and called for further research that can facilitate a comprehensive understanding of this customer-based electronic revolution (Ezeoha, (2005). It has become crucial for the banks to understand specifically who is adopting and utilizing this new commercial technology and why (Gavin, 2006). An understanding of important user characteristics and the interactions of these characteristics with internet banking procedures will assist the banks to predict the users of the new technology. Moreover, theoretically sound and empirically tested models can as well assist banks and their managers, policy makers, ISP providers and researchers as they strive to understand which customers will accept and use the technology, and why these particular customers are poised to adopt the new procedures, (Mbarika, *et al*, 2005). This study intends to investigate the reasons for the usage and non-usage of internet banking services in the Nigerian context. It will equally explore what the banks have been doing to address the problems, and recommend ways these banks can effectively market internet banking services with a view to increasing both the awareness and usage by customers. The content draws a correlation between usage and non-usage of internet banking services, and analyses the reasons for usage and non-usage. To develop a deeper understanding of the relationship between customer's beliefs and internet banking acceptance, the next section examines the Nigerian banking environment for the present research.

2. REVIEW OF RELATED LITERATURE

2.1 The Nigerian Banking Environment

Nigeria started the road to socio-political, economic, and technological development after the year 1999. The year marked the debut of democratic rule after long years of military dictatorship, characterized by lack of vision, economic depression, looting and inadequate infrastructural development, (Agwu, Atuma, Ikpefan and Aigbiremolen, 2014). Consequently, the year 1999 marked the nation's journey to civilization, economic growth and technological development. However, electronic banking services are still at their lowest ebb with only the ATM services rated highest among others, (Nwankwo, 2006). Nigeria is largely a cash-based economy with over 65% of funds residing outside the banking sector as against the developed world where the money in circulation is 4% and 9% in the UK and US respectively (Ojo, 2004 and Ovia, 2003). The cash-based economy is characterized by the psychology to physically hold and touch cash: a culture informed by

ignorance, illiteracy, and lack of security consciousness and appreciation of merits of digital payment (Ovia, 2002).

Ezeoha (2006a) attributed the slow space of development of internet banking to lack of adequate infrastructure, low internet penetration, absence of open standards/trust among banks and providers as well as absence of adequate legislation or national policy on IT development. According to (Olesin, 2006), image problem was another issue. The Advance Fee Fraud code-named 419, is one of the most popular internet frauds and it probably had its origin from Nigeria. Lately, the country has been very prominent among the list of fraudulent nations, (Ezeoha 2006a; Agwu, Iyoha, Ikpefan and Atuma 2015). Consequently, there has been outright rejection of payment cards issued by Nigerian banks on the international arena. Another very important issue is lack of security. There is need to put in place effective security measures to safeguard bank customers' money and details as well as the media of transmission (Nwankwo, 2006). It is a general knowledge that banks thrive or collapse based on their ability to provide appropriate financial services that satisfy customers' needs. Internet banking is a web-enabled technology, which facilitates access to information that improves customer service, productivity, and increases a bank's competitive advantage, (Gavin, 2006). Nevertheless, internet technology also introduced entirely new sets of challenges, especially security issues that banks had to deal with to balance their business portfolio, (Ovia 2002). Balancing the quality of services, stability, customer services on one hand, and accessibility, agility, convenience, innovation, security, and speed on the other hand was astounding, and most importantly addressing the security concerns of various customers is uppermost, (Ezeoha, 2006a). The internet banking paradigm encouraged bank customers to access their financial information at any time and anywhere by logging on to a website, (Ndubisi & Sinti, 2006; Agwu, 2014). The major concern that banks faces today is how to continuously assure their customers of the safety of their money due to the increasing fraudulent activities (Mbarika, *et al*, 2005). Though, many banks have introduced different online security to ensure safety, there is still fear on the part of the customers, based on what they hear, and read in the tabloids, especially with identity theft, cloning, etc; all serves as serious concerns on the part of the customers; and these have resulted in Nigeria economy being mostly cash based and more than 65% of the money in circulation being outside the banking sectors, (Ezeoha, 2006a; Kayode-Adedeji and Agwu, 2015).

Prior studies: Prior studies on internet banking ranges from Sathye's (1999) study in Australia, Tan and Teo's (2000) research in Singapore, other studies were carried out in South Africa, New Zealand, Estonia, Korea, Taiwan, and among the Malaysian internet banking researches were (Ndubisi and Sinti, 2006). Unfortunately, these prior studies on internet banking adoption in various countries have produced mixed results, which have added to the difficulty in articulating the internet banking adoption drivers. Thus, research on internet banking remains inconclusive. Within the few extant studies, however, there are conflicting results with respect to the relative importance of the factors that explain internet banking adoption. For example, while Tan and Teo (2000) found risk to be a very significant factor, Ndubisi & Sinti (2006) found it to be only marginally significant, and plausibly attributed the outcome to the promotional strategy adopted by Malaysian internet bankers, which boasts of adequate security. Moreover, research on internet banking has overlooked the potency of the features of the internet banking site itself.

For example, the influence of transaction oriented (e.g. speed, interactivity, clarity of procedural information, etc.) on one hand and the influence of culture, education, infrastructure, technology cost, language, etc on the other on internet banking adoption. In this research, this author addresses the above by analyzing their impact on customers' acceptance and usage of internet banking services in Nigeria. Internet or Electronic banking encompasses a wide range of commercial activities that can be categorized into business-to-consumers and business-to-business sectors, (Bickersteth, 2005). Fundamentally, it focuses on the electronic exchange of information using information and telecommunication infrastructures (particularly the World Wide Web and the Internet). According to Agwu, (2014), the iindustry sectors such as banking have openly embraced electronic banking to improve their performance and gain a strategic competitive advantage and wide customer base. There are four interlinked factors driving the global acceleration of banking on the internet; according to Bickersteth, (2005), these are:

- accelerating customer demand
- increased competition between banks and new entrants
- the relentless drive by the banks to reduce costs and achieve new levels of efficiency; and
- world-wide deregulation of the financial services market.

Statistics indicate that ATMs, telephone banking and home banking, in the developed countries, presently make up more than 50 percent of all banking transactions and total non-branch activity is expanding at a rate of 15 percent per year (Longe and Chiemeke 2007). In common with many electronic surveys that point to information security being the number one concern for both businesses and consumers according to Mbarika, et al, (2005), this uptake is being challenged by concerns of users and potential users towards the security and privacy of internet banking transactions as well as confidentiality regarding the processing of personal information (Achour, et al 2005). In Nigeria, Agwu, Iyoha, Ikpefan and Atuma (2015) posits that the modernization of the payment process started with the introduction of the MICR. This was followed by the establishment of ATMs for cash dispensing, account balance enquiry and payment of utility cheques. In 1993, the Central Bank of Nigeria (CBN), introduced the use of payment cards (smartcard) and paper-based instrument. Similarly in 2004, the CBN also introduced a broad guideline on electronic banking which included the introduction of ATM, e-money products such as credit and debit cards, (Longe and Chiemeke, 2007).

2.2 Theoretical Framework

The Technological Acceptance Model (TAM) was chosen as a guiding theoretical framework for this study, which is well known in the information systems literature and used to gain insights into the extent of internet usage as a distribution channel for financial system. TAM was originally developed by Davis (1989) to predict user acceptance of computer technology in the workplace. It has the advantage of being well grounded in established social psychology theory.

It is based on the TRA (Ajzen and Fishbein, 1980), and is described as "an analytical simplification of how functionality and interface characteristics relate to adoption decisions" (Lee, 2009). According to TAM, the following belief constructs are considered to be the main determinants of technology acceptance behaviours: perceived usefulness ("the prospective user's subjective probability that using a specific application system will increase his or her job performance within an organizational context") and perceived ease of use (i.e. "the degree to which the prospective user expects the target system to be free of effort" as shown in Fig. 1) (Davis et al., 1989, p. 985).

Fig. 1: User Acceptance of Computer Technology
   (Davis, F. D., Bagozzi, R. P., and Warshaw, P. R., 1989)
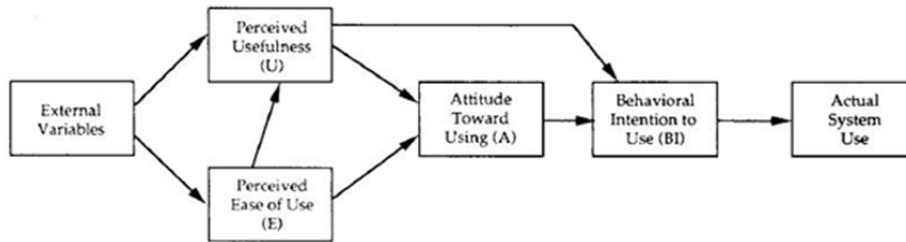
TAM provides several advantages, such as wide use in the IT field and being parsimonious, it was being utilized in this study since this author is interested in examining a more complete set of antecedents that could better explain the intention to adopt an innovation. By decomposing attitudinal structure, the expectation is to have a higher explanatory power and a more precise understanding of the antecedents of behaviour (Taylor & Todd, 1995). The specific antecedents tested in this study should provide value to designers or providers of an innovation in their efforts to influence innovation usage and acceptance in Nigeria.

3. METHODOLOGY

The qualitative research methodology was utilised for this study. Qualitative approaches emphasized processes of perception and their meanings to seek to understand how these meanings emerge and change. The qualitative methodology used in this study is known as Participatory Action Research. It is a strategy that embraces the principles of participation, reflection, empowerment, and emancipation of people who are interested in improving their situation (Berg, 2004). Participation action research, as described by Stringer (1999), suggests that the working principles of action research include building relationships, communication, participation and inclusion. Further, Stringer (1999), helps us to understand how action research is used by applying the model ''look, think, and act''. This method implies that the researcher listens, observes, and studies self and participants; think about and evaluate what has been discovered through dialogue; and interprets findings to develop a plan of action in collaboration with participants. Berg (2007) further describes action research as a systematic and organized way to approach research in that it enables reflection on the part of the participants and researcher. Based on the above, the author believes that participatory action research is a good fit for this study.

It is also a loose belief that internet banking services, good as it may be, is also loathed by some bank staff and as a result cannot pass its advantages on to the bank customers or allay their fears when they bring up issues, which are though evident but can be explained; of which this could, to some extent lead to triability on the part of the bank customers. To further explain the chosen method of research, the researcher reviewed Paly's (2003) insights, which states that qualitative research is about the science of human behaviour and must take into account people's perceptions and perspectives. It is important to understand what they think. According to (Glesne 2006), qualitative researchers seek to understand and interpret how the various participants in a social setting construct the world around them. To make their interpretations, the researcher must gain access to the multiple perspectives of the participants (p.5). To this end, the researcher decided to conduct a focus group and face to face interviews. The focus group and interviews were chosen as two research methods that would engage participants. For both focus groups and interviews, the researcher, as facilitator, used appreciative inquiry as a method of communication. This communication method enables a focus on what is working and exploring strategies that build on success (Bushe, 2006). Bushe (2006), states that appreciative inquiry is effective in ''developing new approaches to human resource issues that will be well accepted by organizational members and lead to positive change'' (p.1). Using appreciative inquiry, the researcher hopes to elicit constructive comments on both the positive and negative aspects of internet banking services from the practitioners (bank workers) and the end users (customers, students, farmers, etc).

3.1 Data Collection Tools

Using a qualitative approach, a number of data collection methods (interviews and focus group discussions) were used to uncover appropriate knowledge of the factors that influence the adoption of internet banking services in Nigeria.

3.2 Participant Profile

The twelve males and eight females who participated in the focus group discussions and interviews were aged between 20 and 57 years. This age group was selected on the basis of being representative of people in mid-life and mid career phase (Levinson, 1978 adapted by Arnold, 1997) and therefore the group most likely to be most aware and also must have heard and or utilized internet banking services. They also stand a better chance of giving a vivid analysis of the reasons for the usage and non-usage of internet banking services in Nigeria based on their exposure and experiences. This method was necessary to collect the needed data. The method allowed the researcher to screen respondents and allowed respondents to think about relevant key issues before they answered at their convenience. Qualification of participants ranged from secondary school certificates to postgraduate degrees and income level varied from zero income on the part of the students to =N=800,000 (eight hundred thousand Nigerian naira) a month equivalent of £3,475.26 at an exchange rate of £1 to =N=230 . Preliminary discussion revealed that they have all had bank accounts and have used different ranges of banking services. – e.g. branch counter, ATMs, internet banking, etc.

3.2.1 Focus Group

The first tool utilized to collect qualitative data was focus group. A focus group was conducted with bank managers, bank customers, students of higher institutions, and other stakeholders in order to understand what they believe are the factors affecting the usage and non-usage of internet banking services in Nigeria, furthermore, what is currently being done by the banks to promote the internet banking services to the stakeholders were equally reviewed. Both Glesne (2006) and Berg (2007) agree that a focus group is an effective way of collecting a vast amount of information from various perspectives. Glesne adds that it may also ''give voice to personal experience'' (p.104) and augments personal experiences. This is advantageous because it enables others to hear experiences that spark memories or thoughts that are similar or can be expanded upon. Some of the drawbacks; however, include the fact that stronger personalities may influence the rest of the group's opinions or what is being said or not said. The quality of information obtained may also rely on the skills of the facilitator and, while giving voice to individual experiences is important, it is really group opinion that is considered in data analysis (Berg, 2007). The process of setting up focus group was extensive. Initially, a set of questions was developed and was pilot tested for clarity and understanding. However; it was thought that more information might be elicited if the questions were not so focused and more open-ended. This allowed for more exploration into areas that brought depth to the focus group (Palys, 2003). A set of six questions were finally created, see Appendix A.

3.2.2 Interviews

The second tool used in the collection of qualitative data was as described above; they were administered to the individual participants through an interview process. One advantage of using interviews is that rapport can be built with each of the stakeholders, (Palys, 2003). The purpose of the individual interviews was to gain a deep insight into the factors affecting the usage and non-usage of internet banking services in Nigeria. Other advantages of interviews, as described by Palys (2003), include high participation rates because interview subjects are directly approached to participate. Another advantage is being able to clarify and validate information from participants during interview; this can provide more depth and breadth to the research findings. Berg (2007) echoes Palys' comments regarding the value of interviews, and further describes an interview as a conversation. Although the majority of the talking is done by the participants, the face-to-face interaction allows for some detailed dialogue. The interviewer is actively listening to reflect and tune into areas that need further exploration. However, disadvantages of interviews, as described by Palys (2003), include the idea of ''reactive bias.'' Reactive bias involves being sensitive to one's own reactions to a participant's responses (Palys, 2003, p.160). For example, if interviewers nod their heads in reaction to a participant's response; it can be interpreted in several ways. The participant may receive it as a cue that this is the direction the interviewer wants them to go, when in fact the interviewer may just be acknowledging what they have heard. Similar to Paly's concept of reactive bias is the notion of ''social interpretations'', as described by Berg (2007). Berg states that ''social interpretations are viewed as the affected messages transferred from one acting individual to another through nonverbal channels'' (p.120).

In Berg's view, ''nonverbal channels of communication include body gestures, facial grimaces, signs, and symbols'' (p.120), was well as other nonverbal cues. Yet another disadvantage of interviews is the time and cost it takes to set and conduct individual interviews, compared to surveys or non-interactive methods of research.

4. ETHICAL ISSUES

The opportunity to conduct research using human participants is not a privilege but necessitates a heightened sense of responsibility. Palys (2003) discusses the idea that entering into qualitative research is really about entering into a relationship. This relationship is based on conduct or behaviour that follows certain principles. Glesne (2006) further supports the idea of developing a relationship, making the point that the research and methodology are not just about satisfying the researchers interests in adding value to the development of issues being researched , but being sensitive and respectful of the everyday interaction with participants, the supporters of the research, and the data. Participants in this study were apprised of all information relating to the research work; this included the reason for the research, where it was to be conducted and over what time frame, what was involved, and whom it would benefit. The participants were ensured anonymity through the use of a coding scheme developed by the researcher to ensure participant confidentiality. A confidential agreement for both focus groups and interviews was signed by all who were involved in this research. Pseudonyms were used to maintain participants' confidentiality. The focus group and interview participants were, in line with ethical requirements, simply numbered from 1 – 20, i.e. participant 1 to participant 20. Their agreement to participate was voluntary and they were free to withdraw any or all their contribution at any point during the research process, up until the time the data was analyzed and themed. Upon withdrawal, all documents associated with their contributions would be shredded and disposed.

5. THEMATIC EVIDENCES

Based on the analysis of the interviews and focus group discussions, five themes emerged; these are: perception, cultural implications, languages, income and education, cost of equipments; and security and privacy

Theme 1: Perception

Perceived Ease of Use and Perceived Usefulness

Prior research has empirically found positive relationship between perceived ease of use and perceived usefulness as critical factors on the use of internet banking (Pikkarainen *et al.*, 2004). Electronic banking provides higher degree of convenience that enables customers to access internet bank at all times and places. Virtually all the participants repeatedly acknowledged the ease of use of computers and their usefulness and some expressed unreserved willingness to try. The general views of the participants are summed up in the words of participants 3 and 6: *Participant 3: "I have used the internet banking services and find it extremely useful, time saving and effortless. Such innovation has added a new dimension to work and personal life, making it easy, noble and gentle''. In the same*

vein, Participant 6 stressed: "I was introduced to the services by my bank manager since 2002 and it has been of enormous help to my business.

The account department has fewer staff and I am always on top of my expenses as I can check online and even pay salaries from any where I am, even in the night. Furthermore, the accessibility of computers is perceived as a measure of relative advantage (Akinci, *et al,* 2004; Gerrard and Cunningham, 2003). Therefore, it is a general knowledge that convenience and accessibility have positive effect on consumer adoption of electronic banking. According to Pikkarainen *et al.,* (2004), the provision of customer interactivity is an important criterion that attracts users in the delivery of electronic banking. Gerrard and Cunningham (2003) also identified other factors of paramount importance in ensuring the success of electronic banking, i.e. the ability of an innovation to meet users' needs using different feature availability on the web site.

Perceived Trust

While 100% of the focus group participants and interviewees admitted that they have all heard about the existence of internet banking services in Nigeria, only 14% stated that they have used and still using internet banking services while 76% posited that they prefer the human touch to their financial transactions, i.e. a face-to-face encounter with a bank staff, another 10% simply stated that they are not computer literate and cannot use it. Further reasons given were that they do not like the technology and also afraid that the internet will distort their accounts. Ghosh, (1997), stressed that trust and fear affect online banking customers who are victims of internet fraud. Ezeoha, (2006b) pointed out that people do not like to be ripped off, whether online or offline. Countless press reports about people's credit cards being stolen or stakeholder database systems being hacked by crooks are reported daily. Online bankers are afraid of unethical consumers, thieves, and bogus-card gangs, (Denny, 1998). This was echoed by participant 4 who pointed out that: *"I do not trust the system in the least, my account details have twice been cloned while using my debit card online; and most bank customers have no trust as well and would rather go to the bank for the money to be transferred by a bank staff, than do it him or herself as he or she will get all the blames should anything go wrong. My case of over four months is still under investigation by my bank and my money is gone".* During the focus group discussion, participant 10 stated that: *"the internet is entirely unregulated and can be hacked in at any time, even in developed countries".* And participant 4 in agreement with participant 10 commented, thus: *"A visit to some internet cafés will give you more reasons not to use internet banking services as issues relating to internet frauds are openly discussed and stolen account details are checked online"* and even sold to willing buyers. The researcher could therefore deduce from the discussion that, even amongst the highly educated, there is fear of usage as they are very much aware of the lapses. According to participant 13, MD of a thriving retail business, one of the interviewees and a bank customer for more than 25years, he stressed that: *"Lack of and limitation of government policies, regulations and e-commerce laws, as well as legislation to protect customers, workers and to make the internet secure serves as one of the major reasons why internet banking is still crawling in Nigeria".* Perception of the internet banking services also varied widely among bank customers that participated in the interviews.

One of the interviewees, participant 3, stated: *"that majority, especially those outside the cities, which accounts for a greater percentage of the population of the country, does not understand banking. This is the major reason why they love to hold physical cash at all times".*

Perceived Infrastructures

Hand in hand with these are the lack of infrastructure and weak communication channels – the national carrier – Nigerian Telecommunication Limited (NITEL) also has its own problems and these translates to the end-users, especially after rainfall, it might take hours and even days for the telephone lines to work properly. In addition, the Nigerian Electric Power authority (NEPA) and its incessant power fluctuation, which in most cases causes damage to various types of appliances, even with high powered stabilizers – forms another serious reason why customers will rather go to the bank than buy a computer for home use as the telephone and light might never give it the opportunity to work. It was observed that existing telecommunication networks are often limited to urban areas, and even these offer poor services in contrast with the ultra high-speed systems present in IT-advanced countries. The resultant effect of the above (if and when it works), is a broken and/or slow internet communications, even inside the banking sectors and many offices, these has pushed banks to purchase and install high powered generating sets, which often make a loud noise in and outside the banking environment. Many customers, organizations, small businesses and individuals who participated in this work have simply not adopted the internet banking system because of the above mentioned reasons, although many customers understands that adopting internet banking will make their banking transactions easy, i.e. Perceived Ease of Use (PEOU) and also believes that the technology is user friendly, i.e. Perceived Usefulness (PU), unfortunately they have not transferred this attitude towards the application of the internet operations.

Theme 2: Cultural Implications

Nigeria is a robust state with more than 100 ethnic groups and different cultures. It is the culture for traders to keep their money under their pillows, roof tops and some even dig holes within their premises to hide their money. The idea of banking has come of age in Nigeria but the online banking is only gradually gaining grounds, the view of participant 17 is summed up thus: *"Internet banking is alien to our culture and has not been accepted by even the well educated let alone the non-lettered men and women in the urban and rural areas; moreover, the screaming headlines scares many away from using the system".* Participant 4 and 5 took the researcher down memory lane by referring to the bank failures of the 1990s, during which so many families lost their savings and many lost their jobs, and attributed it as a discouraging factor which will make it difficult for them to embrace banking in full and the internet banking services; according to Participant 4: *"then we had passbooks but now no passbooks, the screen figures can change at any time and you will have nothing to argue your case, statements are not delivered on time and you cannot tell what is happening until you visit the branch".*

Theme 3: Languages, Income and Education

There are more than 250 tribes' in Nigeria (see Appendix 2) and these accounts for different languages which has become a stumbling block to education especially with new

ideas like internet banking. The problem with the languages and its effect in the business cycle are summed up as follow: *Participant 6: ''the different languages make it difficult if not impossible to communicate and the use of interpreters (if any is available) makes communication stressful. Telling someone who cannot speak the lingua franca (English language) about internet banking is a waste of time and energy, and transacting the normal buying and selling is sometimes a hard hill to climb''.* In resonating with participant 6, participant 9, a customer with one of the top banks comments thus: *''the level of education and earning power of most customers; is a big problem. Unlike in the Western world where most workers are paid weekly, the Nigerian workers at all levels receive their salary on monthly basis and sometimes getting the salary at the end of the month is difficult as they are owed by their employers (government or private) for months. The big question then is: how do you talk to such people about internet banking when the money is not in their hands''. Furthermore, and due to the educational gap between the North and South, it is absolutely difficult to get the Moslem educated women in the purdah to understand the importance of a new technology such as internet banking services.* The level of literacy also plays a key role. Apart from the major towns and cities, most rural areas and villages have neither light nor good roads. The inhabitants of these areas, which form the bulk of the Nigerian population, have only the primary school leaving certificate and to some extent the general certificate of education (GCE) to show in terms of educational qualification. They are mostly peasant farmers dealing in crops and animals. Since most of their lives are lived more in these rural areas, they have nothing to do with the hustle and bustle of the city life and getting them to use internet banking services will amount to pouring water in a basket. They will neither understand nor try using it; most of these rural areas do not have a bank branch. Participant 20, a poultry seller in a popular market in Lagos, bared her mind thus: *''I can never go to the bank because I do not understand English language. I don't understand the language they speak in the banks. Someone come here to ask me to bring my money to the bank but I am afraid I might loose the little I have. I would rather keep it at home than the bank''.* Her fears and words were corroborated by participant 9 and echoed by participant 2 when they both stated that they believe that banking is for those in the cities. They pointed to the previous bank failures of the 1990s as a major problem, and the news of how many people lost their savings and no one could be held responsible.

Theme 4: Cost of Equipments

The cost of computer equipments are beyond the reach of most bank customers as a result, they depend on the cybercafés which has sprung up almost on every street in cities to check their emails. According to Participant 7: *''most customers simply cannot afford the equipment; apart from the cost, the maintenance and repairs should anything go wrong are parts of the factors for non-adoption of internet banking''.* In the same vein, the Executive Vice Chairman of Nigeria Communication Commission (NCC), Ernest Ndukwe described the level of internet diffusion as very low attributing the cause to high cost of bandwidth, computers and internet infrastructure, as well as unreliable power supply. Fortunately, at the dawn of the new millennium and the introduction of the internet in Nigeria, internet/cyber cafés sprung up in major cities with majority of them in cities. Unfortunately, majority of these internet accesses are provided by cyber cafes, universities and other research centers. Cyber cafés are business out fits which are

individually owned, while the universities and research centers are regulated. The millions of individuals outside these groups are left to grapple with high cost of computer equipment and its maintenance or visit the cyber cafés.

Theme 5: Security and Privacy

Consumers associate security risk with loss of money (in cash or through the online banking websites). Previous research in countries with different levels of electronic banking adoption shows that security and privacy are important predictors of internet banking adoption. Participant 1, a seasoned banker and a top management staff, admitted being a user but pointed out that: *"most customers are frightened by the screaming headlines in various tabloids and other media on how customers are daily ripped off as a result of banking details which found their ways into the hands of the fraudsters, he stressed that these were enough warning not to use internet banking services, however, the banks are not relenting in the fight to right the wrongs".* Sathye (1999) investigated internet banking adoption by Australian consumers and identified security concerns and lack of awareness as the main obstacles to adoption. Gerrard and Cunningham (2003) found security concerns over internet banking high in both adopters and non-adopters in Singapore. Various discussants during the focus group session and all the interviewees argued that security issues and lack of privacy are among the major reasons for non-adoption of internet banking services in Nigeria. However, participant 3 stressed that: *"most bank customer are simply not aware about the existence of internet banking services and no idea of how it will impart on their businesses".* While participant 8 added that: *"it is because the service is still not widely accepted and it is clear that most customers are still not fully confident with using even ATM cards and telephone banking, customers are afraid to use internet banking because they think that any mistake or error could mean a loss of money and some shy away because of connection cost".* But participant 2 pointed out that: *"greater awareness can only be created through aggressive promotion and this could show the customers the benefits of using these new systems and could also encourage them to adopt internet banking transactions".* As mentioned earlier, many developing countries have the same problems, not only Nigeria.

6. DISCUSSION

It is a well known fact that organizations and private individuals in Nigeria are late adopters of the internet and its applications with regards to internet banking in Nigeria, as well as many other countries both in Africa and the world over has the same problems. Though there is a very strong competition among the various banks in Nigeria driving the acceptance of internet banking, however, taking into consideration the above listed problems, internet banking is definitely facing a serious problem in Nigeria. This is not unique to Nigeria as many developing countries have the same problems.

Ovia (2001), in his paper on the *Practices and Potentials of Internet Banking in Nigeria,* stated that the technology is understandably a very important tool for every banks competitive strategy; he further noted that Nigerian banks cannot immediately reap the digital dividends because of poor telecommunication infrastructures. He, however, submitted that the poor in Nigeria are financially forbidden from participating and that the

recent rollout of Global System of Mobile Communication (GSM) in Nigeria cannot solve the telecommunication problems, given the high cost of tariff associated with it.

On the issue of security, the Central Bank of Nigeria, quarterly report estimated that over =N=2billion (two billion naria) was lost annually to online frauds and scammers despite the introduction of additional security features by the Central Bank of Nigeria and the commercial bank. In spite of the various control measures adopted by banks, government policies, warnings through the print and electronic media, etc, the end of online frauds in Nigeria seems not in sight, (Ezeoha, 2006). Furthermore, the numbers of available communication infrastructures in Nigeria are grossly inadequate. An improvement in infrastructural development is desired to foster electronic banking participation in Nigeria. All Nigerian banks have internet banking facilities, but more than 87.5% of their customers do not have one. This has further corroborated the fact that there is less than a 12% acceptance of internet banking services for a population of about 150 million people in Nigeria. From the above, it is clear that enormous opportunities abound for internet banking patronage in Nigeria but for low ability and motivation on the part of the banks to promote the services and the government to promulgate necessary laws. However, to improve the level of patronage, the citizens must be motivated by offering a secure, fraud free, and efficient system and provision of adequate infrastructures. As internet banking development revolves around government officials, banks, IT firms, major players in the finance industry and other stakeholders, tremendous improvement is therefore needed in terms of policy formulation and legal framework design. This will have a resultant effect on enhanced participation in internet banking; also enhance trust, integrity and efficiency; and reduce the level of fraud as actors are traced, apprehended and made to face the full wrath of the law. With the basic communication infrastructures and adequate policy in place, bank customers and the international communities are bound to trust the system, increase the level of acceptability; and there is possibility of increased flow of FDIs and other forms of indirect investments into the country.

7. CONCLUSIONS, LIMITATIONS AND FUTURE RESEARCH

This study identified, among others, some of the factors affecting the adoption of internet banking services in Nigeria. The frequently mentioned factors are security/privacy and dearth of communication infrastructures, perception and culture also plays serious role in internet banking adoption in Nigeria. However, the findings suggest that promotional efforts through the print and electronic media which will directly appeal to the bank and non-bank customers to become internet bank users will encourage usage. These findings provide a platform for bank managers to plan and execute viable programs with a view to expansion of their customer base through aggressive marketing. The limitations of this research are the problem of lack of time on the part of the participants; cost of transportation and communication.

However, further research could explore this topic with a mixed method approach to uncover a wider view of bank customers with respect to internet banking services in Nigeria.

REFERENCES

Achour, H. & Benseddrine, N. (2005). An evaluation of internet banking and outline
brokerage in Tunisia, March, 2005

Agwu, M.E. (2014), Reputational risk impact of internal frauds on bank customers.
International Journal of Development and Management Review (INJODEMAR) Vol. 9, No 1, June 2014 pp. 175-192. *Available at:* http://www.ajol.info/index.php/ijdmr

Agwu M.E., Atuma O., Ikpefan, O.A. & Aigbiremolen, M.O. (2014) Impediments to e-banking services marketing in developing economies – a study of Nigerian banks. *European Journal of Business and Social Sciences (EJBSS); Volume 3, Issue 03, June 2014.* Available at: http://www.ejbss.com

Agwu, M. E., Iyoha, F.O., Ikpefan, O.A. and Atuma, O. (2015) Strategic management of operational risks in financial institutions. *European Journal of Business, Economics and Accountancy, 3 (1),* 1-20 Available at: http://www.idpublications.org/ejbea-vol-3-no-1-2015

Ajzen, I., (1985) "From Intentions to Actions: A Theory of Planned Behaviour", in
Action Control: From Cognition to Behaviour, J. Kuhl and J. Beckmann (Eds.), New York: Springer-Verlag, 11-39,

Ajzen, I., (2006), theory of planned behaviour, [Online]. Available:
http://people.umass.edu/aizen/tpb.diag.html#null-link [2/2, 2010].

Akinci, S., Aksoy, S. and Atilgan, E. (2004) Adoption of Internet banking among
sophisticated consumer segments in an advanced developing country. *International Journal of Bank Marketing* 22 (3): 212-232.

Amor, D. (2000). *The e-business revolution: Living and working in an interconnected world.* Upper Saddle River, NJ: Prentice Hall.

Anao, A.R. (2002): Positioning Nigeria for Effective Response to the Challenges of Emerging Technologies and Globalization Vanguard December 4th 2002 http://www.globalpolicy.org/globaliz/econ/2002/1240ictafrica.htm
Axelrod, R.H. (2001). *Terms of engagement*. Chapter 1: Why Change Management
Needs Changing (pp.9-28, and Chapter 2: the Engagement Paradigm (pp.29-46). San Francisco: Berrett-Khoehler Publishers, Inc.

Berg, B.L. (2007). Qualitative research methods for social sciences (6th edition); Long Beach, CA: Pearson Education.
Bickersteth, S. (2005): "Making e-commerce a reality in Nigeria", Financial Standard, vol. 7, no: 1, pg 5, Oct. 2005.
Bushe, G (2006). Appreciative inquiry. Retrieved July 26, 2010 from http://www.gervasebushe.ca,/apping.htm

Chung, W and Paynter, J. (2002). An evaluation of Internet Banking in New Zealand Proceedings of the 35th Hawarii International conference in system sciences. IEEE Hawarii, September 2002, pg 1-9.

Clements, R. B. (2003). *Internet technology handbook (* 3rd ed.). New York, Aspen.

Davis, F.D. (1989). Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology. MIS Quarterly, 13(3), pp.318-339.

Davis, F.D., Bagozzi, R.P. and Warshaw, P.R. (1989). User acceptance of computer technology: a comparison of two theoretical models. Management Science, 35(8), 982-1003

Denny S. (1998): "The Electronic Commerce Challenge", Journal of Internet Banking and Commerce, vol. 3, no: 3, June 1998, [online], http://www.arraydev.com/commerce/JIBC/9811-06.htm

Dudu, O.F. and Agwu, M. E. (2014) A review of the effect of pricing strategies on the purchase of consumer goods, *International Journal of Research in Management, Science & Technolog*y (E-ISSN: 2321-3264) Vol. 2, No. 2, pp.88-102, August 2014 Available at www.ijrmst.org

Electronic Payment Revolution (2005): Special Report, Financial Standard, vol. 7, no: 1, pp1,3, Oct. 2005.

Earis, A. R. (2003, June). *E-merchants turn fraud-busters* (Quick # 38851). Retrieved 2/13/2009 from: http://www.computerworld.com/E-Commerce merchant. Chicago, Dearborn Trade

Ezeoha, A. E. (2005), Regulating Internet Banking in Nigeria, Problem and Challenges. Part 1, Journal of Internet Banking and Commerce, December 2005, Vol. 10, No. 3. Retrieved 5th of March, 2009 from http://www.arraydev.com/commerce/jibc/

Ezeoha, A. S. (2006a): "Regulating Internet Banking in Nigeria: Problems and Challenges Part 1", Journal of Internet Banking and Commerce, vol. 10, no: 3, Feb. 2006, [online], http://www.arraydev.com/commerce/JIBC/2006-02/abel.asp

Ezeoha, A. S. (2006b): "Regulating Internet Banking in Nigeria: Problems and Challenges Part 2", Journal of Internet Banking and Commerce, vol. 11, no: 1, April 2006, [online], http://www.arraydev.com/commerce/JIBC/2006-04/Nigeria-2_F.asp

Fishbein, M. and Ajzen, I. (1976) *Belief, Attitude, Intention and Behaviour: An Introduction to Theory and Research*. Reading, MA: Addison-Wesley.

Gavin Young (2006): "Nigeria should be e-payment market leader in five years, Financial Standard, vol. 7, no: 40, pg 46, May 2006.

Gerrard, P. and Cunningham, J. B. (2003) The diffusion of Internet banking among Singapore consumers. *International Journal of Bank Marketing* 21 (1): 16-28.

Ghosh Anupk, (1997): "Securing E-commerce- A Systemic Approach", Journal of Internet Banking and Commerce, vol. 2, no: 4, June 1997, [online], http://www.arraydev.com/commerce/JIBC/9704-04.htm

Glesne, C. (2006). Becoming a qualitative researcher: An introduction (3rd ed.) New York: Longman.

Hausman A. Siekpe J. (2008) The effect of web interface features on consumer online purchase intentions. Journal of Business Research

Kayode-Adedeji, T. K. and Agwu, M.E. (2015), Application of ICT to agriculture as a panacea to unemployment in Nigeria - *International Journals of Multidisciplinary Research Academy (IJMRA):* Volume 3, No. 4: pp. 26-48. Available at: http://ijamrr.com/ojs-2.3.8/index.php/ijamrr/index

Kirby, S., & McKenna, K. (1989) Experience, research, social change: Methods from the margins Toronto: Garamond Press

Longe, O.B., and Chiemeke, S.C. (2007): Information and Communication Technology Penetration in Nigeria – Prospects, Challenges and Metrics. Asian Journal of Information Technology Vol. 6, No. 3 pp280-287.

Mbarika, V.W., Okoli, C., Byrd, T.A, & Datta, P. (2005). The Neglected Continent of IS Research: A Research Agenda for Sub-Saharan Africa. Journal of the Association for Information Systems, 6(5), 130-170.

Mehrtens, J., Cragg, P.B., & Mills, A.M. (2001). A model of Internet adoption by SMEs Information & Management, 38, 165-176

Ndubisi, N.O., Supinah, R. and Guriting, P. (2004). The extended technology acceptance model and internet banking usage intention. International Logistics Congress Proceeding, Turkey, December, 973-988

Ndubisi, N.O., and Sinti, Q. (2006)" Consumer attitudes, system's characteristics and Internet banking adoption in Malaysia", *Management Research News*, Vol. 29 No.(1/2),PP. 16-27.

Nwankwo, J. (2006): Compulife. The Guardian, Wednesday, July 19, 2006 pp.33

O'Cass, A. Fenech, T., (2003) Web retailing adoption: exploring the nature of internet users Web retailing behaviour; *Journal of Retailing and Consumer Services*, 10(2), pp. 81-94.

Ojo, A. T. (2004): "Enhancing the efficiency of the payment system: Conceptual Framework", A paper presented at the 9th CBN Monetary Policy Forum, Abuja, May 2004.

Olesin Ayo (2006): "E-payment-Stakeholders worried over switching system", The Punch, May 2006.
Oronsaye Stanley (2006): "InterSwitch Achieves Thales e-security Gold Partnership Recognition", Financial Standard, vol. 7, no: 75, pg 21, July, 2005.

Ovia Jim (2002): "Payment System and Financial Innovations", A paper presented at the Annual Policy Conference, Nov. 2002.

Palys, T. (2003). Research decisions: Quantitative and qualitative perspectives (3rd ed.) Toronto: Nelson

Pavlou, P. A. (2003). Consumer acceptance of electronic commerce: Integrating trust and risk with the technology acceptance model. *International Journal of Electronic Commerce*, 7(3), 69-103.

Pikkarainen, T., Pikkarainen , K., Karjaluoto, H., & Pahnila, S. (2004). Consumer acceptance of online banking: An extension of the technology acceptance model. Internet Research, 14(3), 224-235

Salimon Alao (2006): "Moving towards a cashless economy", Financial Standard, vol. 7, no: 60, pp 19-21, June 2006.

Sathye, M. (1992), Internet Banking in Australia. Journal of Internet Banking and Commerce, Vol. 2 No. 4. September 1997

Singh Supriya (1996): "The Use of Internet Money", Journal of Internet Banking and Commerce, vol. 1, no: 4, June 1996, (online), http://www.arraydev.com/commerce/JIBC/9604-5.htm

Starita, L. (1999). Online Banking: A strategic perspective, financial services. *SMART Report Library.*

Stringer E.T. (1999). Action research (2nd ed.) Thousand Oaks, CA.: Sage Publications

Tan, M. & Teo, T.S.H. (2000). Factors influencing the adoption of internet banking. *The Journal of the Association for Information Systems*, 1(5), 1-46.

Venkatesh, V. (2000, Dec).Determinants of perceived ease of use: Integrating control, intrinsic motivation, and emotion into the technology acceptance model. *Information System Research,* 11(4), 342-366.

Venkatesh V. Morris M. Davis G. Davis F. (2003) User Acceptance of information technology: Toward a unified view. MIS Quarterly; 27 : 425-478.