

Appraisal of the Use of Information Communication Technology (ICT) in Commercial Banks in Minna Metropolis

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Abstract

Purpose: The aim of this paper is to appraise the use of Information Communication Technology in Commercial Banks in Minna.

Design/Methodology/Approach: A survey research design was adopted for this study. 5 research questions were posed. The population consisted of 40 marketing staff in the 4 commercial Banks in Minna. Frequency counts and percentages were used to analyze the data.

Findings: The major findings of the study showed that adoption of IT has improved the operations of the bank. The study revealed that the 4 commercial banks has all the facilities such as ATM, electronic fund transfer, PIRC, electronic data interchange, smart cards, local area network, and telephone banking.

Practical Implications: Based on the above findings, it was notice that unless banks make effort at training their staff on IT through seminars and workshop.

Originality/Value: The value of this paper lies in its identifying the extent to which adopted innovative technologies affect the banking system

Keywords: Appraisals, Commercial Bank, ICT, Minna Metropolis, Niger State, Nigeria

Introduction

Today's business environment is very dynamic and undergoes rapid changes as a result of technological innovation, increased awareness and demands from customers, business organizations, especially the banking industry of the 21st,centuary that operate in a complex and competitive environment, characterized by these changing conditions and highly unpredictable economic climate. Laudon and Laudon (2009) stated that managers cannot ignore information technology because they play a critical role in contemporary organizations. They pointed out that the entire cash flow of most fortune companies is linked to information system.

The application of information and communication technology concepts, techniques, policies and implementation strategies to banking services has become a subject of fundamental importance and concerns to all banks and indeed a prerequisite for local and

global competitiveness. ICT directly affects how managers decide, how they plan and what products and services are offered in banking industry. It has continued to change the way banks and their corporate relationships are organized worldwide and the variety of innovative devices available to enhance the speed and quality of service delivery.

Ayo (2001) explained that financial service providers should modify their traditional operating practices to remain viable in the 21st century and the decades that follow, they claim that the most significant short coming in the banking industry today is a wide spread failure on the part of senior management in banks to grasp the importance of technology and incorporate it into their strategic plans accordingly. Agboola, (2002), claim that only banks that overhaul the whole of their payment and delivery system and apply IT to their operations are likely to survive and prosper in

the new millennium. He advised banks to re-examine their service delivery system in order to properly position them with work of the dictates of the dynamism of information and communication technology.

The banking industry in Nigeria, has witnessed tremendous changes linked with the development in ICT over the years. The quest for survival, global relevance, maintenance of existing market share and sustainable development has made exploitation of the many advantages of IT through the use of automated devices imperative in industry. This study evaluates the response of commercial banks in Minna, Niger State to these new trends and examines the extent to which they have adopted innovative technologies in their operation and the resultant effects.

Information technology over the years has evolved and their implications are ever increasingly applied in various facets of the contemporary world of human endeavour. The application of computer and information technology cannot be overemphasized in the present age of the competitive business environment. Firms have always sought ways of improving upon the flow of communication between the strata of management that exists in a business firm.

Objectives of the study

The general objective of the study is to find out the use of Information Technology in some commercial banks in Minna metropolis.

Specifically, the study is designed to

1. Determine the nature and degree of adoption of innovative technologies being used by these selected banks.
2. Identify the degree of utilization of the identified technologies.
3. Evaluate the impact of the adoption of information technology on banks operations.
4. Assess the role of information technology in commercial banks.

Research questions

The following research questions guided the study.

1. What is the nature and degree of adoption of innovative technologies

used by these selected commercial banks?

2. What is the degree of utilization of the identified technologies?
3. What is the impact of the adoption of IT devices on banks operation?
4. What is the role of information technology in commercial banks?

Information Technology has been defined by various authors in different ways in the view of Adelman, (2002) information technology (IT) is a general term that describes any technology that helps to produce, manipulate, store, communicate; disseminate information. Presumably, when speaking of information technology as a whole, it is noted that the use of computer and information are associated

Looking at the concept of information technology from another angle, (Oketunji 2009), quoting Marghalana (2006) is of the view that information technology is a term which encompasses the notion of the application of technologies to information handling these includes generation, storage, processing, retrieval and dissemination etc.

In another perspective, Ayo (2001) defined information technology as the use of computer system and telecommunication equipment in information handling. In this direction, he identified three basic components of information technology.

These components include

- a. Electronic processing using computer
- b. Transmission of information using telecommunication equipment
- c. Dissemination of information in multimedia

With the success of ATM in banks, there is incentive to develop new product and new delivery channels, such as home banking via phone and personal computer, network allowed banks to reach new customers outside the market served by their branches and created the opportunity for greater price competition.

Fleet Boston, was, named after the major of feel financial and bank Boston, took a jump into cyber space. The firm announced plans to spend 100 million dollars over 18 months to lunch a high powered new internet site that will offer not only traditionally banking services but also stock

trading manual fund, credit cards, mortgages, investment advice financial news, and bill payment all in one website blaise.

In 1980, the banking industry consisted a large number of relatively small firms operating in geographically distinct local market products and services. Primarily, taking deposit and making loan were delivered via the branches and the calling office, which emphasized face – to – face contact with customers. These customers were for the most part relatively unsophisticated and trust their bankers to act in their best interest.

Twenty years later, the dramatic advancement in information technology (IT), banking customers have become increasingly surveyed, making use of multiple distribution channels and demanding an over increasing variety of complex products. Completion has emerged from nontraditional gutters to take advantage of new technology and challenges old certainties.

Agboola (2001), found a positive correlation between organized and the use of highly skilled workers. Brynjolkson and Hitt (2003) estimated a production for a panel of 600 large US firms finding that the contribution of investments to output growth significantly exceeds its factor share implying a positive effect of computers on productivity growth in the long run. The results also suggest that if capital deepening is associated with far reaching organizational changes within the firm. The policy relevance of IT investment has spurred international organizations to collect data and to sponsor research programmed. OECD (2004) gathered a set of the impact of IT on economic performance in advance countries.

Brown (2010) conclude that “information technology contributes significantly to firm high level output”. In fact, they find that IT capital contributes an 81% marginal increase output, whereas non IT capital contributes 6%. Similarly they show that IT labour is more than twice as productive as non IT labour.

Laudon and Laudon (2009), on the other hand, concludes that there is significant benefit from investment in information technology specially banking industry.

The following are the roles of information technology in banking:-

1. Technology has opened up new markets, new services and efficient delivery

channels for banking industry. Online electronic banking, mobile banking and internet banking are just a few examples.

2. IT has also provided banking industry to deal with the wherewithal to deal with the challenges the new economy poses. IT has been the corner stone of recent financial sector reforms aimed at increasing the speed and reliability of financial operations and of initiatives to strengthen the banking sector.
3. IT has set the stage for unprecedented increase in financial activity across the globe. The progress of technology and the development of the worldwide networks have significantly reduced the cost of global funds transfer. IT enables banks in meeting such high expectations of the customers who are more demanding and are also more techno savvy compared to their counterparts of yesteryears.
4. IT has been providing solutions to take care of their accounting and back office requirements. IT also facilitates the introduction of new delivery channels in form of ATM mobile banking and the likes. IT deployment has assumed such high levels that it is no longer possible for bank managers to manage their IT implementations on a standalone basis with IT revolution, bankers are increasingly interconnecting their computer systems not only across branches in a city but also to other geographical locations with high speed networks and connecting them to the internet. As a result, information systems and networks are now exposed to a growing number.

Technology products include; net banking, credit card online, one view instaAlerts, mobile banking, netsafe, e-monies electronic fund transfer, online payment of excise and services, phone banking , bill payment, shopping ticket booking, prepaid mobile recharge, smart money order, cards to cards fund transfer internet banking, banking at home (express delivery), and cash on tab (normal delivery)

Information technology (IT) is the automation of processes, controls, and information production using computers, telecommunication, software

and ancillary equipment such as automated teller machine and debit cards.

Avison and Myers (2001) stated that IT is a term that generally covers the harnessing of electronic technology for the information needs of a business at all levels. Matyszak (2007) lists some banking services that have been revolutionized through the use of ICT as including account opening, customer account mandate and transaction processing and recording. Information and communication technology has provided self service facilities (automated customer service machines) from where prospective customers can complete their account opening documents direct online. It assists customers to validate their account numbers and receive instruction on when and how to receive their Cheque books, credit and debit cards.

In the view of Laudon and Laudon (2009) Information Communication Technology deals with the physical devices and software that link various computer hardware components and transfer data from one physical location to another.

ICT products in use in the banking industry include Automated teller machines, smart cards, telephone banking, MICR, Electronic funds transfer, electronic data interchange, electronic home and office banking.

Several authors have conducted investigation on the impact of ICT on the banking sector of the Nigeria economy. Agboola et al (2002) discussed the dimensions in automation in the banking industry manifest in Nigeria. They include;

- i. Bankers automated clearing services: this involves the use of magnetic ink character reader (MICR) for cheque processing. It is capable of encoding, reading and sorting cheques.
- ii. Automated payment systems: devices used here include automatic teller machine(ATM), plastic cards and electronic funds transfer.
- iii. Automated delivery channels: these include interactive television and the internet.

Agboola (2001) studied the impact of computer automation on the banking services in Lagos and discovered that electronic banking has tremendously improved the services of some banks to their customers in Lagos. The study

was however restricted to the commercial nerve center of Nigeria and concentrated on only six banks. He made a comparative analysis between the old and new generation banks and discovered variation in the rate of adoption of the automated devices.

Aragba-akpore (2010) wrote on the application of information technology in Nigerian banks and pointed out that IT is becoming the back bone of banks' services regeneration in Nigeria. He cited the Diamond integrated banking(DIBS) of diamond bank limited and electronic smart card account (ESCA) of all states bank limited as efforts geared towards creating sophistication in the banking sector. Ovia (2000) discovered that banking in Nigeria has increasingly depended on the deployment of information technology and that the IT budget for banking is by far larger than that of any other industry in Nigeria. He contended that online system has facilitated internet banking in Nigeria as evidenced in some of them launching websites. He found also that banks now offer customers the flexibility of operating an account in any branch irrespective of which branch the account is domicile.

Woherem, (2011) discovered that Nigerian banks since 1980's have performed better in their investment profile and use of ICT systems than the rest of industrial sector of the economy. An analysis of the study carried out by African development Consulting Group Limited (ADCG) on IT diffusion in Nigeria shows that banks have invested more on IT, have more IT personnel, more installed base for PC's, local area networks (LANS), wide area network (WANS) and a better linkage to the internet than other sectors of the Nigerian economy.

Research methods

The study appraises the use of information and communication technology in some selected commercial banks in Minna metropolis. The aim of this evaluation is to determine the extent to which banking staffs and customers have access to information technology for operational services in commercial banks.

Survey research method was used for the study. The study was carried out in Minna metropolis Niger state. Commercial banks located in Minna metropolis were used for the study. The population for this study is made of 4 commercial banks (Equatorial trust bank, Guaranty trust bank, Eco bank and Union bank plc.) and 40 staffs of the banks. Questionnaire

and structured interview were used for data collection. The researchers collected the instruments from the banks. The data for this study was presented in tables and analyzed using frequency counts and percentages.

Presentation and analysis of Data out of the 40 copies of questionnaire that were administered to the bank staff. 40 (100%) were retrieved. The data from the retrieved questionnaire are hereby presented using simple statistics like frequency count and percentages.

Nature and Degree of Adoption of Innovative Technologies being used by Commercial Banks

Table 1: Spread of ATM

Respondent	Frequency	Percentage
Headquarters and Most Braches	34	85
Headquarters and few Branches	6	15
Headquarters only	-	-
Not yet available	-	-
Total	40	100

Table 1 above shows the responses on the spread of ATM in the bank and 85 percent responded to availability of ATM in the headquarters and

most branches while 25 percent responded to availability of ATM in headquarter and few branches.

Table 2: Spread of Electronic Fund Transfer

Respondent	Frequency	Percentage
Headquarters and Most Branches	37	92.5
Headquarters and few Branches	2	5
Headquarters only	1	2.5
Not yet available	-	-
Total	40	100

In Table 2, 92.5 percent of respondents indicated that electronic funds transfer is

available in the headquarters and most branches.

Table 3: Spread of Electronic Data Interchange

Respondent	Frequency	Percentage
Headquarters and Most Branches	31	77.5
Headquarters and few Branches	9	22.5
Headquarters only	-	-
Not yet available	-	-
Total	40	100

Table 3 revealed that 77.5% indicated the spread of electronic data interchange in headquarters and most branches, 22.5%

indicate spread of ATM in headquarters and few branches.

Table 4: Spread of Smart Cards

Respondent	Frequency	Percentage
Headquarters and Most Branches	27	65.5
Headquarters and few Branches	12	30
Headquarters only	1	2.5
Not yet available	-	-
Total	40	100

Table 4 shows that 67.5% indicate the spread of smart card at headquarters and most branches, 30% indicate headquarters and few

branches, while 2.5% indicate headquarters only

Table 5: Spread of MIRC

Respondent	Frequency	Percentage
Headquarters and Most Branches	33	82.5
Headquarters and few Branches	6	15
Headquarters only	1	2.5
Not yet available	-	-
Total	40	100

Table 5 shows that 82.5% of the respondents indicate the spread of MIRC at headquarters and most branches, 15% indicate headquarter and few branches while 2.5% indicate headquarter only.

Conclusion

The importance of service delivery of banks especially commercial banks in Minna cannot be over emphasized. The operations and marketing staff accept that adoption of IT has improved the operations of the banks. The degree of adoption of IT is also very high. The banks has all the facilities of information technology such as ATM, electronic fund transfer, MIRC, electronic data interchange, smart cards, local area network, wide area network telephone banking and point of sale.

The set back in the use of IT for banks operations can be traced to the staff attitude. The bank staff don't explore IT facilities, this is responsible for the reduction of enhancing information technology efforts in banking operations. Even if the management make provision or acquire more IT materials, it will be a waste of resources if the bank staff don't make effective use of those facilities.

Most commercial banks in Minna do not have effective customer services that are charged with the responsibility of enlightening and educating their customers about their activities and operations. No matter the effort of these banks providing IT facilities to their client, the customers will not appreciate it because they lack the education and enlightenment that will make them appreciate these facilities.

As the problem of orientation, enlightenment and education affects the staff, it also affects the clients and these will not allow proper information technology driven services in commercial banks in Minna.

Recommendations

Based on the findings of the study, the following recommendations are put in place:

1. Training of staff and proffer enlightenment of the client. The banks should take quality time in training their staff on information technology facilities they are implementing. The training could be by seminars, workshop or lectures. The customers should be properly enlightened on IT facilities the bank is hoping to acquire. This enlightenment may be through the use of handbill, billboards, advertisement on television and radio and face to face.
2. User friendly IT facilities should be acquired, facilities that are commonly available and simple to operate complicated and complex facilities are not encouraging to use.
3. Cost/charges of using these facilities should be minimal to encourage the client to use. It will also create a persuasive factor on the clients to use information technology facilities.
4. Secured IT facilities should be guaranteed, client will be confident if the facility they use provide high level of security.

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