

**EFFECTS OF INTERNET USE ON CUSTOMERS' SATISFACTION AND SOCIAL  
RELATIONSHIP IN SELECTED BANKS IN SOUTH WESTERN**

**NIGERIA**

**BY**

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### **CERTIFICATION**

This is to certify that this research was carried out by KOLAWOLE, Taiwo Oabode of the Department of Sociology and Anthropology, Faculty of Social Sciences, Obafemi Awolowo University, Ile-Ife, Nigeria, under my supervision

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### **Abstract**

This study examined the volume and level of Internet use by each of the selected banks; assess the effects of volume and levels of use of the Internet on social interaction between staff and customers in the selected banks; explore customers' level of satisfaction in relation to volume and levels of Internet use by the banks in the selected banks and examine the attitude of customers to Internet use. These were with a view to examine whether or not Internet use has effects on social relationship and customers' satisfaction in the Nigerian banking sector.

The study used primary data with the aid of questionnaire administration and observation technique. It was carried out in Lagos, Oyo and Osun States that were purposively selected from the six states in Southwest geo-political zone of Nigeria mainly because most of bank's zonal, regional and national headquarters are located in the states. Five purposively selected internationally categorised banks; First Bank Plc, Guaranty Trust Bank Plc, Skye Bank Plc, UBA Plc and Zenith Bank Plc were used for the study. In all, five hundred respondents (customers) were sampled, using judgmental sampling technique, that is, one hundred customers from each bank. Descriptive statistics such as mean, frequency tables, and percentages were used at univariate level while cross tabulations, Chi-square and one way ANOVA were employed.

The result showed that out of the entire existing Internet banking facilities in the selected banks, 78 % and 57.2 % of the respondents mostly used only Automated Teller Machines (ATM) and Text message respectively than other facilities with majority of these respondents coming from First and Zenith banks plc. About 73.4 % of the respondents expressed good knowledge of Internet use for banking operations and services and 68.8 % used one form of Internet facility or

the other while 26.6% and 27.8% do not have Internet banking knowledge nor use any form of Internet facility respectively. On the determinant and what motivate customers to Internet use, 24.2% maintained that quality of service is a strong determinant. The variation across the banks however revealed that majority expressed the performance of the bank in First bank plc (45%) and UBA bank plc (25%) and good customer care in Guaranty Trust bank plc (32%) and Skye bank plc (30%). The findings further revealed that 33.4% believed that Internet use enhance good social relationship between customers and staff. About 44% of the respondents maintained that they have overall satisfaction with their bank's operations and services via Internet use. Findings further indicated strong significant relationship between some variables. Such variables include good social relationship ( $\chi^2 = 173.75$ ,  $p < 0.05$ ), overall satisfaction ( $\chi^2 = 94.54$ ,  $p < 0.05$ ), and change of attitude of respondents towards banking operations ( $\chi^2 = 88.32$ ,  $p < 0.05$ ). The one way Anova showed significant relationship between effects of volume and level of Internet use on social interaction between customers and staff ( $F = 5.46$ ,  $p < 0.05$ ); on customers' satisfaction ( $F = 3.94$ ,  $p < 0.05$ ) and in respect to customers' attitude ( $F = 3.06$ ,  $p < 0.05$ ).

The study concluded that the effects of Internet use on customers' satisfaction and social relationship in the banking sector varies from bank to bank based on the bank's management style, philosophy and core values as the overall goal of this study.



## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

Work is a crucial part of contemporary life, and it is intimately tied to other aspects of our lives, and these other aspects affect our experiences at work as workers and as customers just as work affects them. Organisations are mainly formal as there are rules and regulations guiding the conduct, behavior and attitude of all the stakeholders (management, employees and customers). From diverse studies, formal organizational structure is the rule in organizations in developed nations, however, this is not always the case with organizations in developing countries. Organisations in developing societies like Nigeria are seen to be more characterized by informal forms of relationship both among the staff as well as customers.

The Nigerian banking sector is especially inclined towards this form of informal social relationship that characterizes the traditional banking system. Before the evolution of technology, banking operations and services were done manually with little or no technology. Within this arrangement, the demographic characteristics (economic, gender, title, status and position) of some customers play a very prominent/important role in terms of social relationship with their bankers. For instance, some customers were perceived as more important than others because of their socio-political and economic status. The formal structure of the banking hall then and the design of specialized work, enabled bank employees to have interpersonal interaction with customers virtually in all the existing units with little or no administrative caution either at branch, regional or national level. It was possible for bank staff to accommodate visitor(s) during working hours. This created more informality in interacting with co-workers and customers. This is because

the pattern of social relationship in place then, knitted both staff and customers together and this may have made customers' satisfaction to be very high.

These favoured customers were always accorded warm and unusual informal respect by virtually all the workers at the expense of their busy schedule because the level of social relationship was very high and such customers were well satisfied than others. Such customers hardly came to the banking hall and if they did, the onus of whatever brought them to the bank was shouldered by the manager, at a time the manager may instruct one of the staff to accomplish the task for such customers not minding the volume of work the staff had or what he/she was doing at that material time. Such social relationship (informality) is also practiced by newly recruited fresh female graduates in the marketing unit when they go out to market the bank's new products or services. This practice is becoming worrisome because it exposes the girls to a lot of abuse. These marketers are usually given outrageous and unrealistic targets to meet in order to keep their job. Unfortunately, when such humongous target is not met, the job of such workers is often threatened.

In the contemporary world, communication has become very necessary in virtually all human activities. For instance, the Internet has brought about a change in the structure of the bank, work design and the environment. Today, banks that have overhauled its payment and delivery systems and applied ICT to their operations are seen to satisfy their customers and are the ones surviving and prospering in the new millennium (Harold and Jeff 1995; Wherein 2000). The old practice of informal relationships among workers and customers has been affected, leading to a more formal relationship. In virtually all the organisations, management has come up with very tight conditions guiding work and the relationship between employees and customers which may

invariably affect customers' satisfaction, especially with the use of the Internet facilities to discharge their specified work in formal settings such as the bank.

The introduction of electronic banking makes banking operations and service delivery excellent. It is important to note that electronic banking has its own attendant negative effect, especially when there is network or service downturn. An instance of this was recorded in First Bank Plc regional headquarters in Kano State, in the year 2009, which led to an unpleasant service failure for a week. The operations manager of the bank reported that work was completely incapacitated for a whole week; forcing some of the customers to attempt to attack the staff when management could not contain the embarrassing situation. Yet another instance was recorded in First Bank Plc, Obafemi Awolowo University, Ile-Ife branch in 2010, experienced a similar embarrassing situation. There was network failure for a whole day, all banking operations and services were paralyzed and some students needed money to travel after the end of the semester. After so many unsuccessful attempts to withdraw money to satisfy their needs, some of the students made the bank uncontrollable for the workers to the extent that some stood on the counters shouting and screaming and even threatened to set the branch ablaze.

A third example was when an accountant of a multi-national company in Nigeria came to GT Bank Plc, Ile-Ife in the year 2013 to confirm the payment of his wife's gratuity. The confirmation according to him took two full days. The second day became rowdy as the customer literally shook the whole bank because the usual informal treatment he expected was not accorded him. He was made to follow the protocol like all other customers. These three scenarios motivated the choice of this study.

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