

TITLE PAGE

AN ASSESSMENT OF CUSTOMER PROTECTION AND THE
CHALLENGES OF A CASH-LESS ECONOMY. (CASE STUDY UNITY
BANK PLC)

By

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CERTIFICATION

This research by Haruna Saidu (Adm No: 13220207004) has been examined and found acceptable in partial fulfillment for the award of Masters in Banking and Finance (MBF) Degree, Usman Danfodio University, Sokoto and approved for its contribution to knowledge.

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DEDICATION

This research work is dedicated to my grandmother Hajiya Fatima Adamu, mother Hajiya Mairo Mohammed and father Alhaji Saidu Adamu. For been responsible for my upbringing. Alhamdullilahi.

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In the name of Allah the Beneficent, the Merciful.

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ABSTRACT

Cash-less policy is a situation where the volume of the physical cash been used in the economy is reduced rather than total elimination of such. This had been in practice in most advanced countries. However only on Jan1, 2012, the pilot scheme of the policy was introduced as one of the financial services by Central Bank of Nigeria (CBN) in Lagos as a pilot state, been the economic nerve of the country. This policy takes the form of where no one uses cash for major purchases but instead, but instead, credit cards, charge cards, cheques, or direct transfer from one account to another through e-banking or mobile banking. Limits of cash transactions were set for both corporate and individual transactions. An is therefore made to critically appraise the pros and cons of this cashless policy introduced into the Nigerian economy within the context of customer protection and the challenges in a cash less enemy (case study Unity Bank Plc. With a view to determine its workability as proposed and introduced by the apex bank of Nigeria. Some recommendations that are considered to aid its success are also made.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY:

The Nigerian Bankers Committee commissioned a study (2000) to identify cost drivers and possibility of proffering lasting solutions. Results of the study indicated among others, high cash intensity in the economy and its impact on high cost structure in the financial value chain. On average 30% of branch physical space and employees are devoted to cash logistics, handling and storage- the total cash management costs (excluding cost of production, distribution, processing and destruction by (CBN) was projected to exceed N192billion by end of 2012. The study also showed that only 10% of customers were responsible for cash transactions above N150,000 in banks daily. This implies that the cost of cash for the 10% customers that make high volume cash transaction was subsidized by the mass public (90%) of banking customers. (Umeano C. David Head , Shared Services Office , (CBN June 2012)

In view of the findings of the study, CBN introduced the cash policy on cash based transactions which stipulate a cash service charge on daily cash withdrawal or cash deposits that exceed N500,000 for individuals and

N3,000,000 for corporate bodies. The new policy on cash based transactions (withdrawal and deposits) in banks, aims at reducing and not eliminating the amount of physical cash circulating in the economy, and encouraging more electronic based transaction (payment for goods, services, transfer, etc) through electronic devices as ATM , POS, Mobile and Internet Banking CBN believe this policy will have a direct impact on banking industry's efficiency and cost structure. It is expected to reduce the cost of cash to the financial system, which will result in significant savings that can be passed onto customers in form of reduced cost of banking services and lower lending rate to customers. Against this background. This study intends to analyze the challenges of E-Banking or electronic based system with Unity Bank as reference study.

1.2 STATEMENT OF THE PROBLEM

The world is evolving new systems and policies every day. Gone are the days when communication was limited to face to face, signals or by postages. Today, communication can take place between two or more people from any distance in the world through telephone or internet or other technological means. But the technological world is not stopping at that rather new innovations are coming out making life easier and of course more sophisticated. However, quite a number of problems are associated with this

policy including power failures long queue associated with danger of attack by robbers on notice of huge withdrawal at ATM station. There are also problem of illiteracy among users on how to use ATM or credit cards to carry on their transaction. Services of either bank staff or others will be called for and hence secrecy of account balance no longer exist in rural areas, stationing ATM are even more dangerous.

As they come, these innovations have had significant impact on the way things are being done all over the world and whatever is dictated as the new trend by the technology power house becomes the target of every nation. Thus the trend of e-payment that began in the United States of America some decades ago has become the next big thing for developing countries, including Nigeria.

1 To what extent is Nigeria's drive to development and modernization of e-payment system in line with Nigeria' vision 2020 goal of being amongst the top 20 economies of the world.

- 2 How can the cost of e-banking services (including cost of credit) be reduced and drive financial inclusion by providing more efficient transaction options and greater research.

- 3 To what extent is Nigeria drive to development and modernization of e- payment system in line with Nigeria' vision 2020 goal of being amongst the top 20 economies of the world.
- 4 How can the cost of e-banking services (including cost of credit) be reduced and drive financial inclusion by providing more efficient transaction options and greater research.

1.3 OBJECTIVE OF THE STUDY:

The main objective of this research work is to examine the impact of cash-less or e-payment system in Nigeria banking system.

- 1 To evaluate the prospect of e-payment system on Unity bank plc.
- 2 To evaluate the impact of e-payment system on unity bank plc
- 3 To examine whether e-payment system has improved the fortune of the bank.
- 4 To examine customers resistance due to prevailing culture, and to offer useful recommendation for improved performance of banks in line with cash-less policy.

1.4 SCOPE AND LIMITATIONS OF THE STUDY:

The research is an assessment of how is to promote and entrench electronic payments, as the channel for payment and settlement. In order to conduct an empirical investigation into the adoption of e-payment system in Nigeria and will examine the nature of e-payment system in unity bank plc and the challenges of the new policy on the customer period covered 2007 to 2013.

Just like it was in the early days of GSM, pessimism, fear and despondency have been the reaction from some quarters. Several questions being asked are e.g Can this work in a society that is largely informal in many regards? Can Nigeria achieve success of a cash less society in the present state of infrastructure? How about security of transaction and who takes responsibility in the case of fraud. Information gathered is limited to those accesses and made available by the available by the respondents and also gathered from end users. However, the impacts of this limitation will be reduced to the barest minimum.

1.5 SIGNIFICANCE OF THE STUDY:

This study is expected to be significant in a number of ways.

Firstly, this study is expected to enable bank executive and policy makers to be aware of how the cash less policy would have a direct impact on banking industry efficiency and cost structure.

Secondly, It is expected also to reduce the cost of cash to the financial system, which will result in significant savings that can be passed onto customer in form of reduced of banking services and lower lending rate to the borrowers.

Thirdly, the research is also significant because it is expected to outline and analyze how cash less policy aims to curb some of the negative consequences associated with the high usage of physical cash in the economy.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction :

The chapter is a review of literature and will be presented in six part including this introduction. The second part is conceptual review of literature followed by this new cashless hub is the third part. Part four is a review of driving cashless policy products. Part five is security challenge of cashless economy. While part six is the regulatory challenge of the policy.

2.1 Literature and Conceptual Review

The Cashless policy has been in operation in Nigeria [June, 2012] but the awareness building and policy proclamations about it had been on for the past two years. The CBN restates the justifications for it as follows:

1. To drive development and modernization of the Nigerian payment system in line with vision 2020. An efficient and modern payment system is positively correlated with economic development, and is a key enabler for economic growth.
2. To reduce the cost of banking services (including cost of credit) and drive financial inclusion by providing more efficient transaction options and greater reach.

3. To improve the effectiveness of monetary policy in managing inflation and driving economic growth.

4. To curb some of the negative consequences associated with the high usage of physical cash in the economy, including:

High cost of cash: There is a high cost of cash along the value chain - from the CBN & the banks, to corporations and traders; everyone bears the high costs associated with volume cash handling.

High risk of using cash: Cash encourages robberies and other cash-related crimes. It also can lead to financial loss in cases of fire and flooding incidents.

High subsidy: CBN analysis showed that only 10% of daily banking transactions are above N150,000 but the 10% account for majority of the high value transactions. This suggests that the entire banking population subsidizes the costs that the tiny minority 10% incur in terms of high cash usage.

Informal Economy: High cash usage results in a lot of money outside the formal economy, thus limiting the effectiveness of monetary policy in managing inflation and encouraging economic growth.

Inefficiency & Corruption: High cash usage enables corruption, leakages and money laundering, amongst other cash-related fraudulent activities.

5. To harness the various benefits from an increased utilization of e-payment systems. These include:

For Consumers: Increased convenience; more service options; reduced risk of cash-related crimes; cheaper access to (out-of-branch) banking services and access to credit.

For Corporations: Faster access to capital; reduced revenue leakage; and reduced cash handling costs.

For Government: Increased tax collections; greater financial inclusion; increased economic development. Increased tax collections; greater financial inclusion; increased economic development.

The CBN further declared that only 8% of cash transactions in 2010 was above N150000; that it did not limit cash withdrawal but made it more expensive, that the banking industry [including CBN] spends about N200bn annually managing cash and that there were other complementary policies including improving the safety and density of ATM and promoting the POS mechanism[Sanusi, 2011b]. Other justifications include the high percentage of space, employees and other resources deployed to cash management [about 30%] and the fact that about 10% of customers that withdraw more than N150000 account for about 70% of branch cash value, thus imposing

cost on other customers. There are also the issues of unacceptably higher cash in circulation, and low penetration of 78 *B.E.A Oghojafor, Ik. Muo and G.C Aalaneme* alternative payment systems [13/100000 in Nigeria, 1063 in S/Africa 463 in Uganda and 2061 in Singapore] [Nwodo, 2011].

The policy is also expected to help the CBN in achieving its objective of expanding, deepening and modernizing the payment system in Nigeria; break the traditional barriers hindering financial inclusion for millions of Nigerians and bring low cost secure and convenient financial services to urban, semi-urban and rural areas across the country especially through mobile payment services, create an environment for more effective monetary policy implementation and curb the menace of inflation[Sanusi, 2012]

There is no doubt that going cashless is and will continue to be beneficial. Swartz, Hahn & Layne-Farrar[2004] undertook a case-study based cost benefit analyses and declared unequivocally that the shift towards a cashless society improves economic welfare, though with the caveat that the benefit is not equal for all the parties. But going cashless will not automatically generate all the enumerated benefits. In the first instance, it is theoretically and practically impossible to have a cashless society [Muo, 2011:13] and as Mike Lee, the CEO, World ATM Association, who is critical stakeholder in this cashless debate has argued , ‘the cashless society is about as a real

possibility as a paperless office'[Lee, 2008]. We are using the concept in its Nigerian and everyday meaning because its monetary and macroeconomic interpretations and implications are quite different.

2.2 THE NEW CASHLESS HUB PAGES OLOJO OLUWASEGUN ECONOMY

Needless to say, the potential for government (or corporate I or foreign government) abuse here is potentially limitless, as Timothy Alexander Guzman put it in a good article on the roll out of this plan. “the problem with a cashless society is that the state can terminate year electronic financial lifeline if anything were to happen within the country for example any form of protests, economic down towns, a war of if a financial institution such as master card were to go bankrupt”. Jac-Millen.

A cross section of expert has shown their concern about the policy. A good number of them believe that Nigerian lacks the requisite supporting infrastructure for success of the policy while a few believe it can still make a posture different notwithstanding the suddenness.

Oracle of the Nigerian IT industry and president of the institute of software practitioners of Nigeria said issues of technological advancement needs to have a straight line policy that will address the needs of the society.

We are putting the cart before the horse sometimes because now we do not have a national transaction bill. It is national e-transaction bill as law, framework that will establish all the sub domain of a cashless society and e-commerce you can not just create-commerce and give licensed people start to do business.

He pointed out that the CBN as not even consulted with the domain experts that will facilitate the success of this kind of project. In his words what I believe is that there are domain experts which need to be consulted by CBN, which they have not done one of those domains will be the institute of software practitioners of Nigeria.

According to Femi Mosakin, renowned IT professional and director, Adkolm-emerald microfinance bank, the problem of the unavailability of the right supporting technology and infrastructure is a major constraint. The time France, he started is also in realistic.

A development communication, nor Peter Ogundro emphasized that Nigeria must embrace new technology but implementing it in phases is newly important, recognizing that Nigeria is a country with different constituents units that are not the same in characteristics.

According to Dr. Madozie Godwin O, managing director of solutions pharmaceutical limited. The CBN governor should review the policy which may carry consequences especially with the last in the policy implementation within this rather narrow scope for electronic banking and electronic money, there are nonetheless many research that address one or more of the challenges facing it. Tarkka (2002) and many others present models that identify conditions under which alternative

Electronic payments substitute for currency most of these models indicates that there is at least the possibility for electronic substitutes for currency to emerge and flourish on a large scale, depending on the characteristic of the names technologies as well as the characteristics of the potential users.

Cohen (2001) distinguishes between monetary control and monetary autonomy, where monetary control is the ability of the CBN to control monetary aggregates demand and the supply of money, while monetary autonomy is the ability of the CBN to influence output and prices. Cohen argues that the introduction of electronic current substitutes will not reduce monetary control, but may reduce monetary autonomy central bankers such as freedman (2000), have argued that the stat can always use its power to regulate electronic money providers if thy prove to be detrimental to monetary policy or financial stability. Helleiner (1998) makes the case that

such coercive power will still be effective in a world of electronic banking. Tanaka (1996) on the other hand, purposes the establishment of a monetary authority in cyberspace that will control electronic currency substitutes.

2.3 DRIVING CASHLESS POLICY PRODUCTS

The E-payment Providers Association of Nigeria (EPPAN) has said it would continue to create nation wide awareness on cashless policy in order to bring its many benefits to the people of Nigeria. EPPAN, one of the institutions charged with the responsibility to create awareness on the cashless mini literature by the CBN, successfully hosted its 3rd Annual E-payment summit in Abuja. The summit was sponsored by VISA inc, ITX integrated services, transact limited, citiserve limited and was supported by CBN, NIMC, Federal Ministry of Communication of Technology and Nigerian Inter Bank Settlement System (NIB'S).

Experts in the industry have called on the government as the biggest spender, to lead by example by embracing e-governance and all its ramifications. It is gratifying to note that the government has already set the pace with e-payment of salaries and even payment to contractors. It has shown example by even embracing the policy as quickly and effectively as

possible and would therefore be difficult for the ordinary consumers not to do same.

2.4 DEFINITION OF RELATED TERMS:

CASH LESS ECONOMY or an e-payment system is a situation where there is little or very low use of cash in a given society. It is a financial system that establishes that means for transferring money between suppliers and users of funds, usually by exchanging debits or credits between financial institutions.

CREDIT CARD: Is a payment card issued to users as a system of payment. It allows the card holder to pay for goods and services based on the holder's promise to pay for them. It allows the consumer a continuing balance of debit, subject to interest being charged.

DEBIT CARD: (Also known as a bank card or check card) is a plastic payment card that provides the card holder electronic access to his or her bank account at a financial institution. Some cards may bear a stored value with which a payment is made, while most relay a message to the card holders bank to withdraw from a payers designated bank account.

AUTOMATED TELLER MACHINE (ATM): Is an electronic telecommunication device that enables the customers of a financial

institution to perform financial transaction without the need for a human cashier.

POINT OF SALE MACHINE (POS): Is the payment device that allows a customer makes a payment to the merchant in exchange for goods and services.

MOBILE BANKING: Is a system that allows customers of a financial institution to conduct a number of a financial transaction through a mobile device such as mobile phone or tablets.

INTERNET BANKING: Or online banking is an electronic payment system that enables customer of a financial institution to conduct financial transaction on a website. It is also referred to as E-banking or virtual banking.

ELECTRONIC WEB COLLECTION: This enables the bank partner with universities and higher institution of learning to handle Admission, Registration, Examination management and fees collection needs.

INSTANT MONEY TRANSFER: Allows transfer of money between accounts at different banks.

2.4.1 POINT OF SALE MACHINE

Handles sales transactions and other business functions, it is a machine need to accept cards for payment of goods and services. POS terminal allows a card holder to have a real-time online access to funds and information in his/her bank account through debit or cash cards. Its benefits are:

- 5 Elimination of cash theft and cash currency
- 6 24/7 access and secured transaction
- 7 Ability to trade sales and collections
- 8 Cheaper means of transaction for both individual and corporate
- 9 It encourages spontaneous buying by card holder

2.4.2 AUTOMATED TELLER MACHINE (ATM)

Is a self service machine, that dispense cash and performs same human teller functions like balance enquiry, bills payment, mini statements, and so on.

ATM transactions are carried out through the use of a debit/credit card which enables the card holder(s) to access and carryout banking transactions without a teller. ATM benefits includes:

- 10 Decongest banking halls
- 11 Convenience of banking transaction

12 Quick service

13 24 hours access to fund anywhere anytime

14 It provides security for funds, since it is safer to carry cards than cash in wallets.

15 However, the proportion of cash transaction is increasingly on the decline especially in advanced economic (Amedu, 2005).

2.4.3. DEBIT AND CREDIT CARDS

A debit card linked to your account savings or current that enables you make payments on POS terminals, the internet with draw cash from customer with a revolving credit line, via all channels-POS, web and ATM.

The smart card was introduced the Nigerian market to reduce or eliminate problems of carrying cash about (Amedu, 2005).

2.4.4. INTERNET BANKING

Allow customer to perform banking transactions via internet, without the waiting and restriction association within branch banking.

This aspect of banking is still at the basic informative stage (Ovia, 2001) this is so despite the widely acclaimed benefits of internet banking against the traditional branch banking practice.

2.5 SECURITY CHALLENGES OF CASHLESS ECONOMY

The issue of security is also standing as a major obstacle of course many have had implantable experience of ATM fraud, which is now raising serious security concerns on the planned e-payment system. The reliability of the system to prevent any act of hacking by intruders remains a major threat. Suffice it to say that the apprehension over security of the system is not only coming from the non elite in fact, the technology experts are many of cyber attaches as they argue that the Nigerian cyber space is not secure. It security experts have alerted that while the cashless policy is poised to increase online transactions and deployment of payment plat forms such as the ATMs and POS terminals, the security of these e-payment plat forms is not yet being given poverty attention by the stake holders. The experts observed that Nigeria has no cyber security emergency response programme in place.

2.6 THE REGULATORY CHALLENGES

As myriad as the challenges to a successful cashless economy in the Nigerian may seem, the regulators appear to have found a way around it to make headway. Optimists of the new system have waved off what appeared to be the major impediments in terms of infrastructure nothing that the coming of GSM was faced with same obstacles, yet the country has a success story to tell today.

The CBN on its part is not learning anything to exchange as it has taken very possible steps to achieve success even in the face of the nation's peculiar challenges. Notwithstanding the constraints, in communication and power infrastructure, the CBN is poised to manage the situation for the points of sales terminals, the type being deployed all come with dual sim switch over to the next one, which will help manage issues in terms of communications.

By the late 1990s, following record growth of internal and computer usage in the country, almost all the regulations finding the banking industry, including the Banks and Other Institutions Act of 1991 were lacking adequate provisions to accommodate the emerging trend. Most even a mention of electronic banking or any manner of its application was mentioned in any of these prevailing regulatory documents. The situation created a lot of gaps between the levels of CBN regulatory tools and the advanced information technology. This at the same time made the banks vulnerable to all kinds of

risks including transactions strategic, reputation and foreign exchange risks (Soludo, 2005). This deficiency notwithstanding, it is not until 2003 when maiden guideline on electronic banking came into force. The electronic banking guideline emerged from the findings of a technical committee on electronic banking set up by the Central Bank Of Nigeria in 2003 to find appropriate modalities for the operation of electronic banking in the country. It was indeed the findings and recommendation of the committee that led to the adoption of a set of guidelines on electronic Banking in August 2003. Of the key provisions of the guidelines, only a section deals with issues that banks should.

CHAPTER THREE

METHODOLOGY OF THE STUDY

3.1 UNITY BANK PLC A HISTORICAL PERSPECTIVE:

Unity bank plc (formerly Intercity Bank Plc) was incorporated on 27 April,1987 as a private limited liability company. It converted to a public limited company on 8 September, 1992. The bank changed its name from Intercity Bank plc to Unity Bank Plc after its merger with 8 other banks in line with the consolidation reform of the central bank of Nigeria which was announced in July, 2004.

Unity Bank Plc came into effect from 1 January 2006 and its shares were quoted on the Nigerian Stock Exchange. The bank merged with the following banks on 22 December 2005:

16 Centre point Bank Plc

17 First interstate Bank Plc

18 Pacific Bank Plc

19 Societe Bancaire Nigeria Ltd

20 Tropical Commercial Bank plc

It further merged with the following banks on 2 march,2006

21 Bank of the North Limited

22 New Africa Bank Plc

23 NNB International Bank Plc

The entire IT structure of unity bank has been stratified into three major phases namely phase I: Technology Integration; Phase II: business innovation and growth; Phase III: Continues improvement. The technology integration which was concluded at the end of March 2007, involves migrating partners to a modern, state of the art banking application- Banks, along with deployment of Banks, also integrated all the branches into a single wide area network (online real time) infrastructure, to facilitate the delivery of new service to customers across Nigeria in any of their 230 branches.

With “Innovate – with IT (phase II of their IT strategy) the bank have achieved a number of milestone achievement in two areas of business: Product innovation and operational efficiency.

Operational efficiency: The bank has deployed internal business integration solutions that facilitate secured low cost, Instant transmission of information between various location and staff.

Product innovation: They have built new products based on their new technology, cutting across their different customer segments. The new products include Interswitch paydirect, western union money transfer, local fund transfer, E-mail Statement, E-transact, Debit cards and a suite of electronic channels.

Interswitch Paydirect: With interswitch paydirect, they are able to deliver seamless collection service to all their corporate and public sector customers and simplify payment services for utility bills and subscription for consumers and private banking clients.

Western union money transfer: Unity bank has second largest 230 branch network out of all western union agent in Nigeria. They are able to offer faster turnaround time on wumt transactions because of their business integration platform and they make their pay outs in both local and foreign currencies.

Local funds transfer: With banks and their online real time branch network. Unity Bank has one of the most extensive reach and they now offer instant electronic funds transfer services from any of their branches.

3.2 Population of Study

The population use din this study covers the 50 customer service officer of unity bank plc. The population selected was designed to obtain adequate and divers view pertaining to the level of impact of cashless banking in Unity Bank.

3.3. Sampling Techniques

The techniques is used to measure that all the segment of the population is included in the sample. The sample is drawn from customer service officers of the Unity Bank Plc.

3.4 Sample Size

The sampling size need by the researcher in this study constitute 50 Unity Bank officers.

3.5 Sources of Data

The research uses both the primary and secondary data in the study. The primary data are collected by the researcher through the use of questionnaire while the secondary data are data collected from CBN electronic banking guideline, electronic banking/business report of Unity Bank Plc and CBN Billion publication: (April-June 2012) etc.

3.6 Method of Data Analysis

The study used both descriptive and inferential statistics in analyzing the data. Also, simple frequency counts, percentages and the chi-square were used in the data analysis.

3.6.1 Test of Hypothesis and Inference

The chi-square was employed by the researcher to test the significance of the responses from the customer service officers of Unity Bank Plc (respondent). The chi-square test is performed by defining the number categories and observing the number of case falling into each category and knowing the expected number of cases fully in each category, the formulae for the chi-square is:

$$Z^2 = \text{or } X^2 = 2$$

Where $Z^2 = \text{chi-square}$

$O_i =$ number of observed case in category

$E_i =$ number of category, summation nums from $l=1$ to $l=k$

3.6.2 Decision Rule and Justification

A set of decision rules is the verbal equivalent of a graphical decision tree, which specifies class membership based on hierarchical sequence of (contingent) decisions. Each rule is a set of decision rules therefore takes the form of a horn clause where in class membership is implied by a communication of contingent observation.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1 PROCEDURE OF ANALYSIS

A total of 50 questionnaires were distributed to the various customer service officers of Unity Bank Plc. After the questionnaires were filled by the respondents and collected back, they were screened and sorted out by the researcher. Detail of the returned questionnaires shows that out of 50 sent out, 45 only were completed and returned while 3 were not returned and 2 were rejected because they were not properly completed. Hence 90% of the respondents returned their questionnaires, upon which our analysis will be based. The first issue to be presented is the qualification of respondents given in the following.

4.2.1 Qualification of respondent

The data will be analyzed using simple frequencies as tables, percentages, totals among others before the data is subjected to more sophisticated tool of analysis i.e chi-square.

Table 4.1

Qualification of respondents

Alternative	Frequency	Percentage
OND	0	0
HND	20	44
BSC	20	44
MBF/MSC/MBA	5	12
PHD	0	0
Total	45	100

Source: Field work, 2014

Table 4.1 shows the number of respondents by qualifications. The data collected indicated that 20 or 44% of respondents are Bsc holders, 20 44.0% are HND holders, whole 5 or 12% are masters degree holders and non among have PhD. Therefore it could be inferred that majority of the customer service officers are graduates. The next issue to be presented is the work is experience of respondents as presented in the table below:

4.2.2: Working experience of respondents with Unity Bank Plc.

The research was able to meet with the different respondents to know their years experience with Unity Bank Plc.

Table 4.2: Works experience of staff with Unity Bank Plc.

Alternative	Frequency	Percentage
1-5years	20	44
6-10	25	56
11-15yrs	0	0
16-20yrs	0	0
21yrs	0	0
Total	45	100

Source: Field work, 2014

Table 4.2 shows how long the respondents have been working with the bank from the data collected, it could be seen that 20 or 44% of respondents here spent 1-5yrs working with the bank, while 6-10yrs 25 or 66%. Because Unity Bank is only 8yrs old by 2014. In view of this fact, it could be deduced from the analyzed data in table 4.2 70% of the respondents have spent appreciable period of 5yrs and above working for the bank. This is

followed by a breakdown of administrative cadres of respondents is the following:

4.2.3: Cadre of Respondents

The cadre of respondents executive trainee to banking officers (30) and the senior banking officers to manager (5) were ascertained and are shown in table 4.3 below.

Table 4.3: Administrative cadres of Respondents

Alternative	Frequency	Percentage
ET to BO	40	89
SBO to mgr	5	11
Total	45	100

Source: Field work, 2014

Table 4.3 shows that 40 or 89% of respondents are junior officers. While 11% are senior officers. Therefore the bank junior officers are more in the branch operations than the senior or as. This issue is linked with professional qualification of respondents as presented below:

4.2.4: Professional qualifications of respondents

Alternative	Respondent	Percentage
Institute of chartered accountants	ICAN 15	33
Chartered institute of bankers of Nigeria (CBN)	30	67
Certified auditor	0	0
Certified information system	0	0
Total	45	100

Source: Field work, 2014

Table 4.4: shows that 15 or 33% are members of chartered institute of accountants of Nigeria. 30 or 67% are professional banker. While non is certified auditor.

4.2.5: Challenges threat to electronic bank

Threat involved in electronic banking is the next issue investigated and is presented in the table below:

Table 4.6: Threats of electronic banking

Alternative	Frequency	Percentage
Adequate security	12	26.7%

Legal threat	10	22.2%
ATM	10	44.4%
Poor communication link	3	6.7%
Total	45	100

Source: Field work, 2014

Table 4.6 shows that all respondents is 45 or 100% were of opinion that the bank places more emphasis on challenges or threat of cashless policy in other to be effective. Assessment of the threat are as analyzed in the following table:

4.2.6: Threat assessment of electronic Banking:

Alternative	Frequency	Percentage
Very high extent	5	11.1
A moderates extent	25	55.6
Very lower	10	22.2
Indifferent	5	11.1
Total	45	100

Source: Field work, 2014

On the assessment of the Unity Bank electronic banking system 5 or 11.1% are of the opinion that the threat is to a high extent 25 or 55.5% agreed that

the threat is to a moderate extent. Based on the data collected, it shows that the bank has low incidence of threat in electronic banking system. The next issue to be presented is respondents assessment of Unity Banking Plc electronic payment system.

4.2.7: Presented is response assessment of Unity Bank’s electronic system. As presented below.

Table 4.8: Unity Bank electronic channel assessment

Alternative	Frequency	Percentage
Excellent	5	11.1
Very good	30	66.7
Good	10	22.2
Fair	0	0
Poor	0	0
Total	45	100

Source: work, 2014

Table 4.8 shows the assessment of electronic banking system of Unity Bank 30 or 66.7% respondents are of the opinion that it is very good while 5 or 11.1% said excellent. While 10 or 22.2% considered it as good. And non

said it is poor or fair because Unity Bank plc have interest heavily on information technology.

4.2.8: The level of information technology training to staff in Unity Bank Plc is shown below:

Table 4.9: IT program and staff training.

Alternative	Frequency	Percentage
Strongly agreed	30	66.7
Agreed	10	22.2
Undecided	5	11.1
Strongly disagree	0	0
Total	45	100

Source: work, 2014

On the assessment of training development program for Unity Bank officers.

The table 4.9 shows that 30 or 66.7% strongly agreed that the information technology training for its staff is sufficient and 10 or 22.2% agreed it is efficient. Therefore the bank has strong training development for all it staff.

This is followed by level of customer satisfaction given in the table below:

4.2.9: Level of electronic banking and customer's satisfaction.

The of customers satisfaction derived from electronic banking and their response is shown in table 4.1 below:

Table 4.10 customer service satisfaction

Alternative	Frequency	Percentage
Strongly agreed	30	66.7
Agreed	10	22.2
Undecided	5	11.1
Disagree	0	0
Strongly disagree	0	0
Total	45	100

Source: Field work, 2014

Customer service excellence is strongly agreed to be related to the level of electronic banking platform Unity Bank Plc has. And customer satisfaction level, brings about more customer patronage and loyalty.

Hypothesis One

Electronic Banking does not have impact on the overall performance of the bank.

Table 4.13: Chi-square table on the overall performance of bank.

Respondents view	O _i	E _i	O _i -E _i	(O _i -E _i) ²	$\frac{(O_i - E_i)^2}{E_i}$
Strongly agree	20	9	11	121	13.44
Agree	25	9	16	256	28.44
Undecided	0	9	-9	81	9
Disagree	0	9	-9	81	9
Strongly disagree	0	9	-9	81	9
Total	45	45	0	620	68.88

Source: Computed from data Nov. 2014.

Therefore, Z^2 (chi-square) value calculated is 68.88 the degree of freedom $k-1$, $s-1=4$ using the statistical table to find the value of $Z^2_{4;0.05}$, the result is =9.4877.

Therefore X^2 calculated = 68.88

$$X^2 \text{ tabulated} = 9.4877$$

Decision rule: Since X^2 calculated is greater than X^2 tabulated, (68.88>9.4877) at 5% confidence level and 4 degree of freedom, the second null hypothesis is rejected and alternatively hypothesis which stated that

adoption of electronic banking would enhanced the banks fortune is accepted.

4.3.2: Hypothesis Two

Table 4.4. chi-square table on the fortune of Unity Bank.

Adoption of electronic banking does not enhanced the fortune of Unity Bank

Respondents view	O _i	E _i	O _i -E _i	(O _i -E _i) ²	$\frac{(O_i - E_i)^2}{E_i}$
Strongly agree	19	9	1	100	14.11
Agree	15	9	6	36	4
Undecided	5	9	-4	16	1.78
Disagree	6	9	-3	9	1
Strongly disagree	0	9	-9	81	9
Total	45	45	0	242	26.89

Source: Computed from data Nov. 2014.

Therefore, Z^2 (chi-square) value calculated is 26.89.

The degree of freedom $k-1=5-1=4$.

Using the statistical table to find the value of Z^2 40.05 the result is =9.4877

Decision rule: since $X^2 =$ calculated is greater than X^2 tabulate (26.89>9.4877) at 5% confidence level and 4 degree of freedom, the third null hypothesis is rejected and the decision rule: since X^2 calculated is

greater than X^2 tabulated ($14.94 > 9.4877$) at 5% confidence level and 4 degree of freedom, the second null hypothesis is rejected and the alternative hypothesis which stated that Unity Bank electronic banking do improve the bank customer relationship is accepted.

4.3.3: Hypothesis three

Table 4.4. chi-square table on the fortune of Unity Bank.

Adoption of electronic banking does not enhanced the fortune of Unity Bank

Respondents view	O _i	E _i	O _i -E _i	(O _i -E _i) ²	$\frac{(O_i - E_i)^2}{E_i}$
Strongly agree	19	9	1	100	14.11
Agree	15	9	6	36	4
Undecided	5	9	-4	16	1.78
Disagree	6	9	-3	9	1
Strongly disagree	0	9	-9	81	9
Total	45	45	0	242	26.89

Source: Computed from data Nov. 2014.

Therefore, Z^2 (chi-square) value calculated is 26.89.

The degree of freedom $k-1=5-1=4$.

Using the statistical table to find the value of Z^2 40.05 the result is =9.4877

Decision rule: since X^2 = calculated is greater than X^2 tabulate (26.89>9.4877) at 5% confidence level and 4 degree of freedom, the third null hypothesis is rejected and the decision rule: since X^2 calculated is greater than X^2 tabulated (14.94>9.4877) at 5% confidence level and 4 degree of freedom, the second null hypothesis is rejected and the alternative hypothesis which stated that Unity Bank electronic banking do improve the bank customer relationship is accepted.

4.3.5: Hypothesis four

Unity Bank electronic banking guideline does not comply with CBN electronic banking guideline.

Table 4.16: Chi-square table on the CBN electronic guideline

Respondents view	O _i	E _i	O _i -E _i	(O _i -E _i) ²	$\frac{(O_i - E_i)^2}{E_i}$
Strongly agree	0	9	-9	81	9
Agree	0	9	-9	81	9
Undecided	5	9	-4	16	1.78
Disagree	10	9	1	1	0.11
Strongly disagree	30	9	21	4.41	49
Total	45	45	0	620	68.89

Source: Computed from data Nov. 2014.

Therefore, Z^2 (chi-square) value calculated is 68.89. the degree of freedom $k-1$, $5-1=4$ using the statistical table to find the value of $Z^2_{0.05, 4}$; 0.05, the result is = 9.4877

Therefore, X^2 calculated =68.89.

X^2 tabulated =9.4877

Decision rule: since X^2 calculated is greater than X^2 tabulated ($34.567 > 9.4877$) at 5% confidence level and 4 degree of freedom, the first

null hypothesis is rejected and the alternative hypothesis which state that electronic banking enhanced Unity Bank efficiency is accepted.

4.3.6 Discussion of Findings

Unity Bank has significantly improve technology average. They have taken decision steps to automate their key processes/functions within all departments in the bank in order to drive growth and efficiency ambitions and to enable them achieve top 5 ranking in utilization of business products and services along key parameters.

In hypothesis one, respondents agreed that electronic banking doe have prospect in unity bank. They also agreed that electronic banking does enhance the fortune of unity bank. Hypothesis four shows that respondents strongly agree that unity bank electronic banking does improve its bank customer relationship, while hypothesis four shows that respondent strongly agreed that Unity Bank electronic system comply with the CBN electronic guideline.

CHAPTER FIVE

SUMMARY CONCLUSION AND RECOMMENDATION OF FINDINGS

5.1 SUMMARY

Consumer protection in e – banking entails establishment of fair competition /trade practices, protection of consumer right, and resolution of e-commerce related disputes. The study was carried out in order to assess customer protection and the challenges in cash-less economy (case study unity Bank Plc)

The general introductory aspect shed light on benefits and challenges of cashless economy. The literature and publication from different authors in electronic banking and cash less policy.

Also the fortune of Unity Bank Plc was analyzed and a lot of hope and prospects are foreseen under cash less policy in relation to CBN guidelines.

5.2 CONCLUSSION

The capacity of any consumer including the best informed, to make good choices among financial products is entrenched by clear and well organized disclosures and information dissemination like this write.

The challenges faced by Unity Bank Plc, and CBN is not only to strike the right balance but also to ensure the highest standards of consumer protection without eliminating the beneficial effects of responsible innovation on consumer choice and access to credit. CBN goal is to ensure a financial system in which innovation leads to higher level of economic welfare for consumers and entire country.

5.3 RECOMMENDATIONS:

1. Infrastructure: CBN should work with Nigeria communication commission and telecom service providers to ensure that there are dedicated communication links for the pos system.
2. PTSP: Payment Terminal Service providers were licensed for effective deployment of pos terminals. Provide support and training for merchants.
3. POS terminals supplied should be the type that will adapt to the peculiarities of our country Nigeria:

- Minimum of 24 hours battery life.
- 2 sim slots for back up connectivity.
- Car charger for alternative charging of.
- Multifunctional for various transactions E.g Payment, airtime top up, cash back options. Etc.

4. Bank coordinators: to achieve information sharing, issue resolution and communication. Has a representative from each bank in the country.

5. Financial inclusion: There are various projects to ensure that the payment system transformation also leads to financial inclusion of the un banked through the licensing of the mobile payment operators.

6. To tackle the legal threat and security posed to the internet banking and e-commerce, the necessary legal codes backing the industry must be established; this will enhance the growth of the industry.

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APPENDIX

Department of Economic

Faculty of Social Science

UDUS Sokoto

November, 2014.

Dear Respondent,

I am an MBF Student in the above named Department and Institution presently conducting a research on “The impact of electronic banking in Nigeria Banking System (Critical Appraisal of Unity Bank Plc)”. In partial fulfillment of the requirement for the award of MBF. The findings are strictly to be used for academic purpose only

Thank you for sparing our time to participate in the study.

N.B.

Please tick (-) in the appropriate box provided to indicate your answers

1 What is your academic qualification?

OND () HND () B.Sc () M.Sc/MBF () PHD ()

2 How long have you been in the service of Unity Bank Plc?

1-5years () 6-10years () 11-15years ()

16-20years () 21years above ()

3 Which category of cadre do you belong to?

Executive trainee () senior banking officer-AGM ()

4 Which of these professional qualifications do you have?

ACA () CIBN () Certified Auditor ()

Certified information system ()

5 Which of these departments do you belong to?

HR () Clearing and cash management ()

Business development ()

Information Technology credit and marketing ()

6 Which category of threat does Unity Bank places more impression?

Adequate security () Legal threat ()

ATM fraud risk poor () Communication bank ()

7 How can you assess the incidence threat of Unity Bank electronic bank system?

High () Low () Moderate ()

8 How can you assess the overall performance of Unity Bank electronic banking system

Excellent () very good () fair () poor ()

9 Unity Bank plc has training programme on information technology for its staff

10 Introduction of electronic banking has eased banking transaction

11 The introduction of electronic banking has improve customer satisfaction

12 Electronic banking hence its effectiveness and efficiency of Unity Bank

13 Unity Bank Plc electronic banking have impact of its overall performance of the bank

14 Adoption of electronic banking would enhanced the fortune of the bank