

The Influence of Information Technology on the Nigerian Banking Industry

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ABSTRACT: The main purpose of this research work was to examine the influence of information technology on the Nigerian banking industries. Two research hypotheses were postulated as a guide to this study and a ten (10) items questionnaire was designed, validated and used to get the required information. Simple frequency tabulation and percentages was used to test and answer the research hypothesis. It was found out that introduction of information technology increases service delivery, improve innovation and provide new products /packages, it also help management and managers to influence their corporate planning processes, anticipate problems and take corrective measures. Based on these findings, it was recommended that managers and indeed management should tap from the knowledge available on information technology to improve on their services provision and introduction of new packages to supersede the existing ones. Also, government should improve on infrastructural provision to help enhance the proper take off of information technology development and that orientation awareness programmes should be created by managers, management, government of all level and non governmental organizations to eradicate computer illiteracy.

KEYWORDS: information technology, corporate planning, packages, services rendered and management.

1 BACKGROUND TO THE STUDY

The impact of information technology in our society cannot be overemphasized. Information technology is conceptualized by to be concerned with the various means of generating, processing and transferring information using basically computers and telecommunication gadgets. The increasing needs for information search and subsequent storage would not have been possible without the introduction of information technology through the use of internet. Technological development particularly in the area of telecommunications and information are revolutionizing the way business is done.

In the banking industry, information technology has increased the speed in which financial dealings can be easily assessed and has also created the link between the various banking institutions in the country. The first giant step in electronic revolution was the computerization of financial institutions. Once, we often hear of e-banking, e-commerce and even the used of Automated Teller Machine (ATM), this and many more are the after effect of the introduction of information technology in the economy.

In Nigeria, the introduction of these services comes as a result of the financial liberalization policy of the Federal Government which comes as a tool for actualizing the goals and the policy thrust of the National Economic Empowerment and Development Strategy (NEEDS) as well as the Millennium Development Goals (MDGs) of International Monetary Fund (IMF) and world bank. Information technology consist of the convergence or merging of various aspects of electronic technology such as the use of microcomputers for the processing and storage of information, the application of electronic spreadsheet and business modeling programmes, word processing for preparing standard reports and other correspondents at high speed, and electronic mails (e-mail) for transmitting message from one location to other without the use of papers.

In line with global trends, businesses in Nigeria too have been undergoing tremendous changes since achieving independent in 1960. The first step in the evolutionary process was the gradual deregulation of the financial sector, which commenced in the 1970's. Since Nigeria banking industry is model towards the British banking industry, the various services practiced by the British is adopted into the Nigerian banking system. The introduction of Automated Teller Machine (ATM) can be considered as the first and the most visible piece of evidence of the emerging electronic banking in Nigeria. Today, the use of computers has revolutionized the way information is generated, collected, processed, stored, retrieved and disseminated. One way of doing this is through the effective utilization of computerized database or electronic resources like CD-ROM and internet.

For the purpose of this study therefore, the researcher will focus mainly on the influence of information technology on banking services control or improvement and effect of information technology on corporate planning.

2 LITERATURE REVIEW

This segment is aimed at reviewing related literature and views espoused by some authors on the impact of information technology in the Nigerian Banking Industry and will be done under the following subsections; the influence of information technology on banks service provision and impact of information technology on banks corporate planning.

2.1 THE INFLUENCE OF INFORMATION TECHNOLOGY ON BANKS SERVICE PROVISIONS

The banking industry is today the fastest growing industry in the country. According to [8], the introduction of information technology which came as a positive fallout from liberalization programmes of the Federal Government have brought about growth in the number of banks thereby creating competition in the industry forcing many banks to adopt various strategies that will enable them consolidate their existence. Again, he [8] further buttresses his point by opining that the trend of competition, the banking industry witnesses a rapid transformation due mainly to improvement in service delivery.

Furthermore, in line with [8]'s assertion, [2], opined that the introduction of new products and services in the market was another positive spill over of the increased competition in the banking industry. Some of these new products are technology-based. A lot of them are existing products repackaged, branded and aggressively marketed and promoted. But in the process, value is added, the consumers now has greater choice and now feel more satisfied. Some of the innovation and services rendered as a result of information technology are Automated Teller Machine (ATM), magnetic link character recognition; electronic funds transfer (EFT), SQL Image machine, home and office banking, electronic card products, electronic money transfer services. Other packages rendered after the advent of liberalization includes provision for the payment of fee based product such as VAT, school fees, National Examination Council fee, West African Examination Council fee, Unified Tertiary Matriculation Examination fee, Electricity bill, water rate, Telephone bill, custom duties, importers fee, Property development tax, are now paid in the banks; provision of business advisory services, introduction of business development unit, subsidiaries services etc [16].

It is noteworthy that apart from the fact that these services continue to provide succor to the generality of people, it also serves as avenues to generate the much added foreign exchange to the economy. Therefore, the tremendous patronage which these services continued to enjoy in the country's financial sector makes other banks to plan to put in place money transfer services in future, so we can conclude that information technology has made banking easier and service rendered effective and efficient.

2.2 IMPACT OF INFORMATION TECHNOLOGY ON BANKS CORPORATE PLANNING

Information technology has impacted positively on organizational planning such as banks corporate planning, this is evidence in the work of [5], who posit that information technology helps managers to determine and interpret what each segment of the organization must do so that every function will be integrated with all related activities and all duplications

and gaps avoided as far as possible through appropriate planning. It also helps to provide clear cut policies for guidance and coordination of personnel who are accountable for day to day executive decision. This implies that information technology through its logical operations and interpretation helps managers to decide before time, what each part of an organization is to do at a particular time and how best to perform such tasks efficiently in order to avoid wastage of time and resources.

Also, in consonant with Brady ideas, [13] observed that the application of information technology on organizational corporate planning helps managers to anticipate problems and take corrective action before they become menace to the organizations operations and to coordinate all significant activities so that personnel, facilities and materials can be schedule. This implies that with information technology, banks and business organizations can adopt the best procedures to prevail in the future, which will affect the company's products, processes and market.

2.3 METHODOLOGY

The research adopted design method for its findings. To access the influence of information technology on banks, the following research questions was drawn to serve as a guide to the research work: (i) Does information technology influences service delivery in the Nigerian banking industry? (ii) To what extend does information technology influences corporate planning process in the Nigerian banking industry? The population of study was twenty (20) staff randomly selected from five (5) banks and a ten(10) item closed –ended questionnaire was drawn to reflect the research question propose for this work. To this end, purposive sampling was adopted to select the actual sample of the study because the researcher concentrated on one segment of the population for ease of data collection. The instrument used for the collection of data was a ten items close ended questionnaire that reflects on the research questions. The response ranges from a “yes” or “no” items to determine the respondents disposition. The questionnaire was distributed directly to the respondents and supervises then collected. The data from the respondents was collated, collected, scored, tabulated and analyzed according to the set research questions. A simple percentage analysis was used to analyzed and interpret the data.

3 RESULTS

The result from the analysis of the data shown on the table below shows that 90% of workers in the bank agree that banking industry is today the fastest growing industry while10% disagree. Also, 75% of the respondents agree that the introduction of information technology has improved service delivery while 25% disagree. Consequently, 75% of the respondents agree that the introduction of information technology has provided various packages in the bank while 25% disagree. The tabular representation of the questionnaire items and the respondent's disposition is on the table below:

S/N	Items in the questionnaire	views	Frequency	Percentages
1	The banking industry is today the fastest growing industry	Yes no	18 2	90% 10%
2	The introduction of Information technology has improve services delivery in banks	Yes no	15 5	75% 25%
3	The introduction of information technology has provided various packages in the banking industries	Yes no	15 5	75% 25%
4	The advent of information has led to the introduction of new product	Yes no	13 7	65% 35%
5	As a worker in a bank, introduction of Information technology has increases competition and speed up jobs completion among various department	Yes no	19 1	95% 5%
6	Information technology helps managers determine what every segment of the bank must do	Yes no	13 7	65% 35%
7	Information technology introduction helps managers coordinate activities of workers	Yes no	12 8	60% 40%
8	Information technology help managers anticipate problems and take corrective measures	Yes no	14 6	70% 30%
9	Information technology helps management predict conditions or events that are expected to prevail in the future	Yes no	16 4	80% 20%
10	Information technology does not influence banks corporate planning	Yes no	5 15	25% 75%

4 DISCUSSION

The analysis from the tables above shows that 65% of the respondents agree that the advent of information technology has led to the introduction of new products while 35% of them disagreed. Conversely, 95% of the respondents agree that information technology has increases competition and speed up jobs completion among various departments in the banks while 5% says no or disagree. Also, the responses shows that 60% of the respondent agrees that introduction of information technology helps manager coordinate activities of workers while 40% disagree. Furthermore, 70% of the respondents agree that information technology help managers anticipate problems and take corrective measures while 30%of them disagreed. Similarly, 80% of the respondents agree that information technology help management predicts conditions or events that are expected to prevail in the future while 20% opined that information technology does not let the management established such an agreement. Also, 25% of the respondents agree that information technology does not influence bank's corporate planning while 75% says no and assert that banks corporate planning is greatly influence by information technology introduction. Fromm the foregoing analysis, it can be inferred that introduction of information technology increases service delivery, provide new packages, increases competition and speed up jobs completion among various department in the bank and promote growth in the banking industry, this corroborated [8], [5], [13]and [2]propositions.

5 CONCLUSION

The findings of the study showed that Nigeria's banking industry is one of the fastest growing industry and the introduction of information technology increases service delivery and bank's corporate planning processes. In Nigeria, there are factors impeding the development and utilization of information technology, such as illiteracy, low infrastructural facilities, low standard of living, poor power supply, corruption, lack of awareness and low patronage etc. Improvement on this factors, will lead to increase development and utilization of information technology and communication gadgets because a country that claimed to be globalizing must be able to provide basic infrastructure and must eradicate illiteracy.

From the above conclusion, it was recommended firstly that the government Federal, State and Local should endeavour as a matter of fact improve on infrastructural provision to help enhance proper take off of information technology. Secondly, managers and indeed management should tap from the knowledge available on information technology to improve on their services provision and introduction of new packages. Thirdly, the government, individuals and NGO'S should in as much as possible reduces the rate of illiteracy on the usage of computer by providing palliative and conducive measures environment for the masses to make computer studies compulsory to eradicate illiteracy. Also our examination bodies and curriculum expert should introduce computer in primary, secondary and tertiary institutions to reduce the illiteracy rate and to inculcate the habit of using computer. Finally, computer awareness and orientation programmes should be created by both tiers of government and even management staff to enforce information technology usage in our society.

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