

# **SOCIO - CULTURAL DETERMINANTS OF ELECTRONIC BANKING ADOPTION IN OWERRI, IMO STATE**

**OGU, HENRY AMUZIE**

**DEPARTMENT OF SOCIOLOGY, UNIVERSITY OF PORT HARCOURT, RIVERS STATE, NIGERIA.**

**&**

**WOSU EZE, PhD.**

**LECTURER, DEPARTMENT OF SOCIOLOGY, UNIVERSITY OF PORT HARCOURT, PORT HARCOURT**

## **Abstract**

*The study examined the socio-cultural determinants of electronic banking adoption in Owerri, Imo State. The cross-sectional research design was deployed with a sample size of 400 respondents. To elicit data, copies of questionnaire were administered amongst 400 respondents; in addition to focus group discussions (FGDs) in selected communities - Umunneato, Nnarambia, Emekuku, Ihiagwa, Owerri municipal and Nwaorieubi communities of Owerri senatorial zone. Data were analyzed using descriptive statistics and the thematic analysis approach. Findings revealed that most people in the study areas utilized electronic banking services. The most used electronic banking platforms are the Automated Teller Machine (ATM), mobile banking and Point of Sale(POS) terminals, while the least used is the internet/online banking. The study also, identified preference for traditional banking systems, preference for cash transactions, and general lack of confidence in the banking sector as socio-cultural factors influencing the adoption of electronic banking. The study concluded that both the traditional and conventional electronic modes of banking should be complementary to each other rather than opposites, as both co-exist and collectively serve the banking needs of the people. The study, recommended the need for the banking sector to integrate elements of traditional banking in electronic banking systems to enhance its adoption, as well as increased sensitization of the populace on the benefits of electronic banking.*

*Keywords: Electronic Banking, Socio-Cultural Determinants, Adoption, Owerri.*

## **Introduction**

The advent of the information communications technology (ICT) has transformed the way we live our lives in today's world. ICT based innovations have aided ease of doing business as they have increasingly become crucial aspect of modern trade, commerce and the economy in general (Mollel, 2008). The banking sector has become a significant beneficiary of the recent ICT revolution as almost every banking operation has been automated to run on electronic platforms (Emmanuel and Adebayo, 2011). The integration of ICT into the banking sector has recorded several gains for the sector including time reduction, improved operations, increased profitability, improved customer relationship, streaming of operations, expansion of activities, improved service, minimization of exposure to risk in turbulent markets, among many others (Grainger-Smith and Oppenheim 1994).

The banking sector in Nigeria has long integrated electronic banking as most banks have increasingly shifted their focus to using electronic delivery channels such as the internet, telephone and mobile phones in providing services for their customers. This has in turn resulted in satisfying customers' preferences, higher returns and higher market penetration for the banks as it widens their scope for service provision and increased efficiency to realize economics of scale (Adesola, Moradeyo, & Oyeniyi, 2013). Drawing from the gains of early adopters of ICT in banking, the trend in financial service industry in the last decade has witnessed the replacement of over-the-counter banking with technology-driven electronic delivery channels which has made banking easier for customers and has reduced the need for them to visit bank branch offices.

In view of the foregoing, while the existing extant literatures have addressed the adoption of

electronic banking in Nigerian financial sector and its benefits to operators (Auta, 2010; Agbolade, 2011; Luka & Frank, 2012; Abubakar, Nasir & Haruna, 2012; Dawodi & Osondu, 2013; Adesola, Moradeyo, & Oyeniyi, 2013), others have focused on its benefits to customers and productivity of banks (Dauda & Akingbade, 2011; Omotoso, Dada, Adelowo & Siyanbola, 2012). However, little has been done to assess the adoption of electronic banking systems in the country. More so, few studies have been able to address the socio-cultural factors that influence the adoption of electronic banking and this suggests a gap in knowledge. It is in a need to fill this gap in knowledge that this study examined the socio-cultural determinants of electronic banking in Owerri, Imo state. The study placed emphasis on taking critical stock of the socio-cultural values and attitudes that either promote or hinder the adoption of electronic banking in the study area.

### **Materials and Methods**

The study was conducted in 6 communities in Owerri senatorial zone of Imo state which included; Owerri municipal, Umunneato, Emekuku, Nnarambia, Ihiagwa and Nwaorieubi. The choice of these communities was informed by the fact that banks are already established in and around them. Data were collected through the administration of copies of questionnaires and focus group discussions technique. A total of 400 respondents participated in the survey through the simple random sampling technique while 78 persons of different groups and/or categories participated in the Focus Group Discussions (FGDs). Participants of focus group discussions were purposively selected and FGD was conducted for men and women groups respectively in each community. Data analysis involved the use of descriptive statistics and simple percentages with the aid of the Statistical Package for Social Sciences software (SPSS, Version 20) and Microsoft Excel (Version 2010), while the thematic analysis was used for the qualitative data.

### **Results and Discussions**

#### **Socio-Demographic Characteristics of Respondents**

Primarily, the results showed the socio-demographic features of the respondents. As indicated in table 1, out of the 400 respondents who participated in the study, 57.3% of them were men, while 42.7% were women. This shows that there is a 14.6% gender differentials in the sample as more men participated in the study than women. The age distribution of the respondents from the table shows that whereas 1.3% of the respondents were within the age category of less than 20 years, 2.5% were within the age category of 20-29, while 21.3% were within the age range of 30-39. Also, while 26.7% were within the age range of 40-49 years, 20.7% were within the age range of 50-59, whereas 27.5% of the respondents were above 60 years. There were more middle aged people than younger or elderly persons in the sample. More so, the educational distribution of the respondents indicated that whereas 6.3% of the respondents did not have any form of formal education, 22.5% of them had primary education. Furthermore, the data shows that while 32% of the respondents have attained secondary education, 36.8% of them have attained tertiary education, while only 2.5% of the respondents have had one form of vocational education or the other. The occupational distribution also shows that out of the 400 respondents, 23.8% were engaged in farming, while 2.5% were engaged in fishing. Also, the data indicates that while 23% of the respondents were engaged in one form of petty trade or the other, 10% were artisans, 26% were civil servants, 7.5% were retirees, and 1.3% was students, while 4.6% of the respondents were unemployed. Lastly, the percentage distribution of the residence pattern of the respondents shows that while only 28.7% of the respondents resided in urban centers especially around the Owerri municipality, about 71.3% resided in rural areas outside of the city.

**Table 1: Socio-Demographic Characteristics of Respondents**

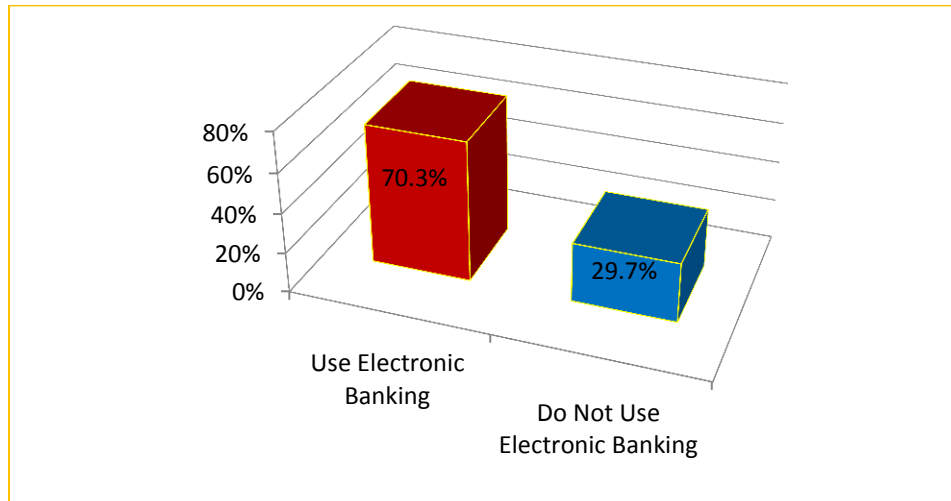
Variables	Frequencies (n = 610)	Percentages (%)
1. Gender	<b>400</b>	<b>100</b>
Male	229	57.3
Female	171	42.7
2. Age	<b>400</b>	<b>100</b>
Less than 20	5	1.3
20-29	10	2.5
30-39	85	21.3
40-49	107	26.7
50-59	83	20.7
60 and above	110	27.5
3. Educational Attainment	<b>400</b>	<b>100</b>
No Formal Education	25	6.3
Primary	90	22.5
Secondary	128	32
Tertiary	147	36.7
Vocational	10	2.5
4. Primary Occupation	<b>400</b>	<b>100</b>
Farming	95	23.7
Fishing	10	2.5
Trading	92	23
Artisan	40	10
Civil Service	104	26
Retiree	30	7.5
Student	5	1.3
Unemployed	24	6
5. Residence Type	<b>400</b>	<b>100</b>
Rural	285	71.3
Urban	115	28.7

Source: Fieldwork, 2018

### Use of Electronic Banking

The study as part of its objectives investigated the rate of electronic banking usage amongst the study population. Results as indicated in figure 1 show that 70.3% of the respondents adopted and operated electronic banking platforms while 29.7%

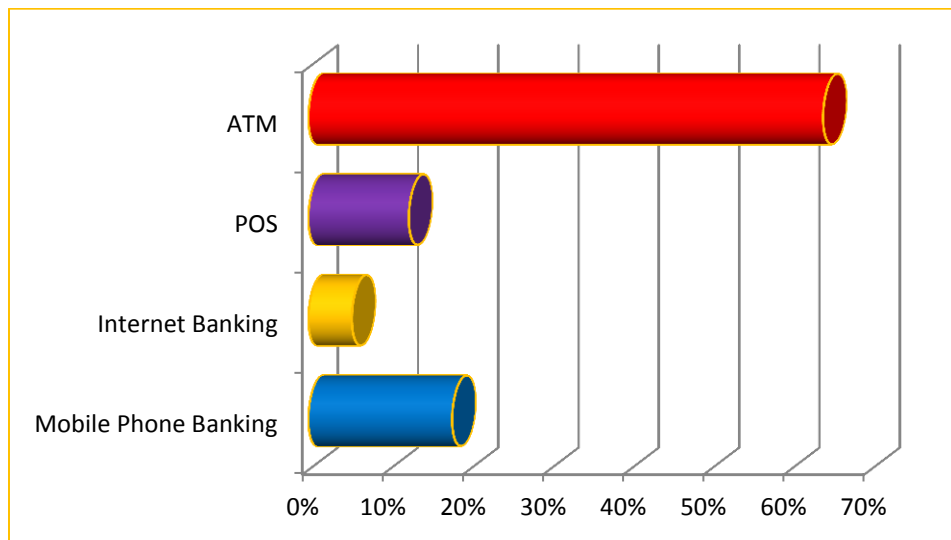
of the respondents did not use electronic banking services. This tends to show that the adoption rate of electronic banking is high amongst the study population because majority of the respondents adopted and utilized electronic banking channels.



**Figure 1: Distribution of Respondents by Use of Electronic Banking**

More so, for respondents who utilized electronic banking channels in conducting transactions, investigation was conducted to ascertain the preferable electronic banking platforms they used. As shown in figure 2, most of the respondents (64.1%) had Automated Teller Machine (ATM) Cards and used that

to withdraw and transfer funds. This is followed by 17.9% who used mobile phone banking and the Unstructured Supplementary Service Data (USSD) codes, while 12.5% used Point of Sale (POS) machines to purchase items, do transfers and make withdrawals through the bank agents.



**Figure 2: Distribution of Respondents by Type of Electronic Banking**  
**Source: Fieldwork, 2018**

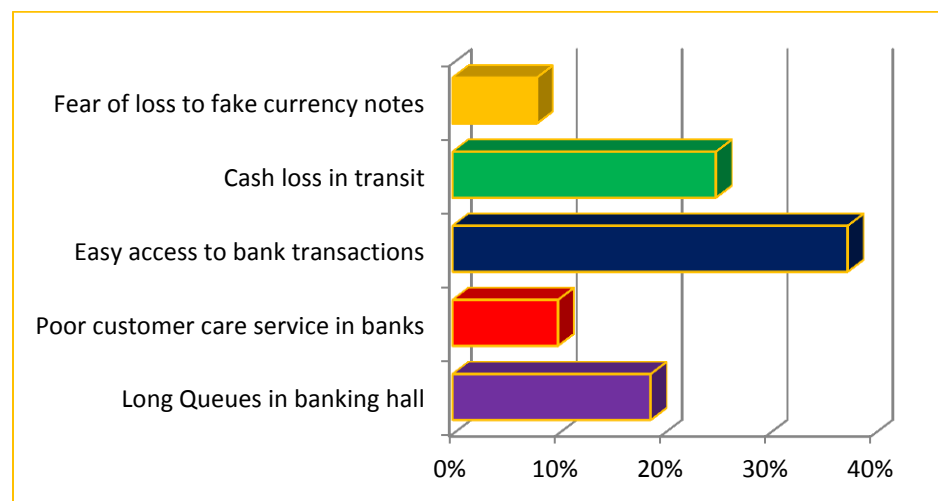
However, the least used electronic banking platform is the internet banking otherwise referred to as online banking. Only 5.4% of the respondents reported that they used internet banking channel to do financial transactions. These findings were corroborated by the focus group discussion of branch Operations staff of selected banks in Owerri zone where they unanimously asserted that:

*“The ATM is mostly used. The least used which is supposed to be the reverse is the POS. We discovered that even Shoprite, even in this hotel here, people prefer paying with cash even when they have ATM cards. Probably, when they go for shopping, they will stop at the ATM points to pick some money”*  
 FGD/Bankers/Owerri/2018.

### Reasons for Adoption of Electronic Banking

Investigation was conducted to ascertain the reasons why respondents adopted electronic banking. Results from figure 3 revealed that 37.5% of the respondents adopted electronic banking for its ability to provide customers with

easy access to bank transactions without stepping into the banking hall, while 25% of them reported to have adopted electronic banking to reduce frequency of cash in transit and imminent risk of financial loss.



**Figure 3: Reasons for Adopting Electronic Banking**  
Source: Fieldwork, 2018

In addition, while 18.8% of the respondents adopted electronic banking due to challenges of long queues in the banking hall, 10% adopted electronic banking due to poor customer service in banks, while 8% decided to use electronic banking for fear of loss arising from fake currencies as it is easier and safer to do cash transfers without getting to exchange physical cash. More so, corroborating the above findings, the bankers who participated in the study equally revealed that convenience is generally a prominent factor that has increased the rate of adoption of electronic banking in the study area. Their position is present here in the excerpt of their interview:

*“Convenience is a major factor for customers to adopt electronic*

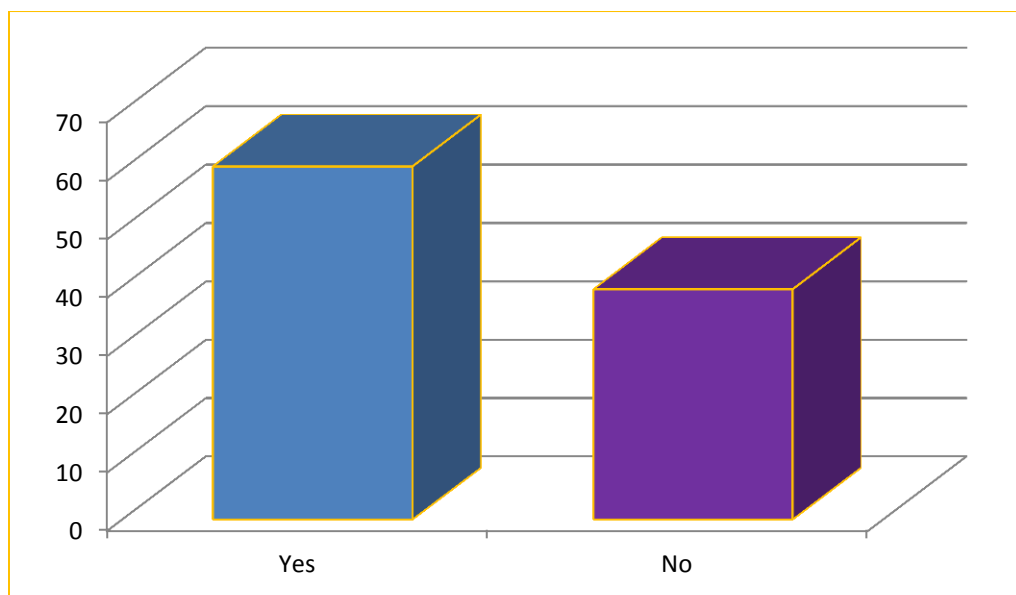
*banking. At first, they refused to take the ATM cards, saying that they want to come into the banking hall but now, you could just go to the ATM point and get your money. Initially, when customers had problems with dispense error, it could take two weeks, which was frustrating, but now, that has been worked on. Therefore, if I have GTB ATM, I go to GTBank because we have observed that if it were to be another bank, it takes a longer time. Now, within 2-3 days, issues could be resolved. The banks have even developed automatic reversal software’s, so most times, these errors are automatically reversed”*  
FGD/Owerri/Bankers/2018

### Socio-Cultural Determinants of Electronic Banking Adoption

The major aim of this study was to ascertain the socio-cultural determinants of electronic banking in the study area. Evidences from the study showed that diverse socio-cultural factors have influenced the adoption of electronic banking in the study area. The following themes were identified from the FGDs analysis with respondents:

#### a. Preference for Traditional Banking Practices

Findings from the study revealed that there is a high prevalence of adherence to traditional banking practices amongst the study participants. These traditional banking practices have been in use for a long time and they have become a part of the people's culture. As indicated in figure 4, over 60.5% of the respondents were engaged in one form of traditional banking practices or the other. This is irrespective of their age, gender, and residence type or literacy level.



**Figure 4: Membership to Thrifts and Practice of Traditional Banking**  
Source: Fieldwork, 2018

The major traditional banking practices identified by the study include the following:

#### i. Self-Banking

Self-Banking involves the storage of money by individuals themselves as opposed to keeping it in the bank. Some of the respondents prefer to keep their monies themselves at home. There are several forms of self-banking such as hiding monies under beds, pillows, money bags, savings boxes/piggy banks, or burying underground, etc. The women of Umunneato community of Aboh Mbaise in their Focus Group discussion asserted thus:

*"Most of us do not go to bank to put money not to talk of using*

*ATMs. If we get small money from our petty business sometimes, we hide it under the pillow, or tie it inside our wrappers or head ties"*  
FGD/Women/Umunneato/2018.

Similarly, the men of Emekuku community in their focus group discussion stressed this point when they posited that:

*"Yes, aside going to banks, we still have our own local way of saving money such as the use of savings boxes, or burying them under the ground"*  
FGD/Men/Emekuku/2018.

ii. **Esusu**

Another prevalent traditional banking practice in the study area is the Esusu which involves the formation of local thrift/contribution societies or groups where members are made to contribute certain amounts of money for a given period (daily, monthly, or annually) and the total sum will be given to members in turns. This practice is most dominant in the study area and it is prevalent across diverse categories of people including; the young, the old, men, women, literate and non-literate respectively. The men of Nnarambia community in Ahiazu Mbaise in their focus group discussion adduced that they were fully engaged in Esusu type of banking. In their submission, they asserted thus:

*"We do Esusu contribution in this community, we call it Onyeomasinachi. We do contributions on our meeting days which are held every penultimate Sunday. Our treasurer keeps the money and we give the total sum to each member in turns"*  
FGD/Male/Nnarambia/2018.

Similarly, the women in Emekuku community asserted that they use the same Esusu system of banking to save money and to assist each other. In buttressing this practice, they had this to say:

*"In our women association, we contribute 500 naira every Saturday for one year and in first week of December, we share the money based on the number of persons doing the contribution... For the weekly one, we contribute 3,000 naira every Saturday and someone will take it and the next week, the next person will take"*  
FGD/Emekuku/Women/2018.

iii. **Akawo**

The Akawo is another prevalent traditional banking practice in the study area. Unlike the

Esusu which is group-based, Akawo is individual-based, as it involves a Collector who receives certain amount of money from contributors daily, for an agreed period and an agreed service fee. Describing the Akawo practice, the participants of the men FGD explained how the system operates. Accordingly, they averred thus:

*"There is another one we call Akawo. Usually, it is those that are into petty trading that do Akawo. Usually, the operator would go round and take money from members and save, to be given back at the stipulated agreed time and the operator gets a percentage or service charge"*  
FGD/Male/Nnarambia/2018

Both the Esusu and Akawo are informal arrangements that are based on mutual trust and personal recognition. There are no legal obligations associated with them and no institutional insurance provisions in case of loss of money and breach of contract. These shortcomings notwithstanding, both practices are predominant in the study area.

**b. Lack of Confidence in the Banking Sector**

Findings from the study revealed that most respondents who did not operate a bank account or utilized electronic banking channels did so because of their lack of confidence in the banking sector. This lack of confidence is mostly associated with their prior experiences of using bank services and the collapse of banks. Most of the respondents who were of this view held their convictions so strong and in fact, they strongly reiterated that nothing could make them bank their money, much more using electronic banking channels. Excerpts from the focus group discussions reiterate the above submissions:

*"Do you know that if I have twenty million naira, I have where to put it .I don't have to go to the bank. As an engineer, if I have that kind of money,*

*I will go and buy everything I need to build this house unless the bad boys will hold me at this junction here. How much interest can bankers give me that I will go and put my money in the bank?" FGD/Male/Umunneato/2018.*

Participants of the female FGD in Nwaorieubi community shared similar sentiments as one of them posited thus:

*"If I have 100,000 naira and I have people I am contributing with, I will contribute it and somebody will take it and use it than putting it in the bank. Money in the bank doesn't yield good interest. Unless I go for fixed account, then I will get good interest. Savings account doesn't have good interest" FGD/Female/Nworieubi/2018*

The sentiments were not different in Emekuku community, as participants of the male FGD had this to say:

*I decided not to have a bank account. I had before but I closed it. They stole the money in my account. I lost like N15,000. I tried to follow up but couldn't because the process was too long. This happened last year... It's better I put my money in GP tank or under my pillow. There are more money floating in people's bedrooms and homes than in the bank. Some people don't want to hear about the bank at all. FGD/Male/Emekuku/2018.*

The lack of confidence in the banking sector indeed, is a major challenge hindering the adoption of conventional banking and electronic banking in the study area.

### **c. Preference for Cash Transactions**

The findings from the study also show that a major socio-cultural factor that influences the adoption of electronic banking is the preference to cash transactions as against cashless transactions. Most participants in the study showed a preference to cash transactions, as they believed

that business is better done genuinely with the cash and carry approach. Due to the risks associated with electronic banking such as fake alerts, poor networks, and failed transfers and so on, people tend to believe more in receiving cash than relying on cashless transfers. Corroborating the above findings, the bankers FGD in their submission, had this to say:

*"Most people still prefer to do transactions with cash instead of through the electronic platforms. I remember three years ago, when a customer that was into brewery business was given a POS and he said no. For one year, he kept that POS and didn't use it. He said we are going to send his customers to his competitors, because he believed that you must bring cash for him to see and you that is paying it, it is safer for you to bring cash, but they are telling you to bring your ATM card to put in one machine that will say successful without being sure that the money has entered the account" FGD/Bankers/Owerri/2018.*

### **d. Banking is For Rich People**

Another socio-cultural factor that hinders the adoption of electronic banking is the belief amongst the rural poor that banking is for rich people. Most of the poor rural farmers and petty traders who were on a very low income level were of the opinion that banking and electronic banking are for rich people, as the poor people have not earned enough money to cater for their family before having surplus to be saved in banks. Besides, they believed that electronic banking tools such as smart phones, gadgets, tokens and so on are very expensive and beyond their purchasing power hence, their apathy towards electronic banking. Buttressing this opinion, the participants of the women FGD in Umunneato community posited thus:

*"Banking and ATM are for big people o.... Is it the small money I get from the sale of my farm produce that I will put in the bank? Or how do I buy phone and pay for ATM card? We are very ok with our*



*Esusu contribution... We don't have money to put in the bank"  
FGD/Women/Umunneeato/2018'*

#### **e. Regional Agitation and Fear of Loss of Money in Banks**

A striking finding that emanated from the interview and FGD sessions with respondents was the fact that some respondents do not bank their money nor utilize electronic banking because of regional agitation in the South-East, especially the agitation for a Biafra Republic. Respondents who were of this view held that peradventure another civil war break out, or Biafran independence is achieved, monies of the Igbos in commercial banks in Nigeria may be lost. This fear they argued was rooted in the Nigerian civil war experience where the Nigerian Government as a punitive measure on the Igbos and Biafran secessionists, confiscated all monies belonging to Igbos in commercial banks and only paid them 1 pound out of every 20 pounds.

Addressing this issue, participants of the male FGD in Owerri asserted thus:

*"During the civil war era, for every Igbo man that had twenty pounds in the bank, they gave you one pound and that is what made some people to be afraid of patronizing banks even up till today. There are some people who bank their money by burying it in the ground. That is how some people used to bank their money". FGD/Male/Owerri/2018.*

In view of the foregoing, this perception and fear of loss of money to the Nigerian state has discouraged so many people in the study area to put their money in the banks, thereby acting as a hindrance to the full adoption of electronic banking system in the study area.

#### **Conclusion**

The study explored socio-cultural factors influencing the adoption of electronic banking in Owerri zone. It revealed that despite the high adoption rate of electronic banking amongst respondents in the study area, many respondents still relied on traditional banking practices such as

the esusu, and akawo. More so, while electronic banking provides safer and convenient alternatives to the populace, its adoption is influenced by several socio-cultural values and attitudes such as preference for traditional banking, preference for cash transactions, lack of confidence in the banking sector and the belief that electronic banking is for rich people. Drawing from the foregoing, electronic and traditional modes of banking exist side by side. The study concludes that it is better to view both banking systems as complementary to each other, rather than opposites. It is therefore expedient for the banking sector to rely upon the strengths and weaknesses of both modes of banking in a complementary manner which should result in creating a hybrid mode of banking that would have features and elements of both traditional and current banking, in meeting the banking needs of the people in this era of globalization.

#### **Recommendations**

Based on the findings of the study, this paper therefore recommends that elements of the traditional banking system should be integrated in the conventional banking, in meeting the needs of the people, to encourage higher adoption rate of electronic banking service. In addition to this, it is pertinent for the banking sector to sensitize the people through town hall meetings and other conventional media, on the benefits of electronic banking and the need to adopt its innovations in the new information technology-driven age that we are in.

#### **References**

- Abubakar, M., Nasir, M.G., & Haruna, S. (2012). Impact of Information and Communication Technology on Bank Performance: A Study of Selected Commercial Banks In Nigeria (2001 – 2011). *European Scientific Journal*, 9 (7): 213-238.
- Adesola, M.A., Moradeyo O.A., & Oyeniyi, K.O (2013). Impact Of Information and Communication Technology on Nigerian Banks Operations A Study Of United Bank For Africa (UBA) Plc. *International Journal*

- of Business and Management Invention*, 2(9): 7-12.
- Agbolade, O.K (2011). Information and communication technology and banks Profitability in Nigeria. *Australian Journal of Business and Management Research*, 1 (4): 102-107.
- Auta, E.M (2010). E-banking in developing economy: empirical Evidence from Nigeria. *Journal of Applied Quantitative Methods*, 5 (2), 212-222.
- Dauda, Y.A., & Akingbade, W.A. (2011). Technology innovation and Nigeria banks performance: the assessment of employee's and customer's responses. *American Journal of Social and Management Sciences*. 2(3): 329-340. *Journal of Electronics and Communication Engineering*, 7, (3): 74-79.
- Dawodu, B.F., & Osondu, M.C. (2013). The Effects of Information and Communication Technology to the Growth and Development of Banking Activities in Nigeria.
- Emmanuel, O.S., & Adebayo, A.A (2011). ICT's, Service Delivery and Operational Performance in Nigerian Banks: A Survey of Empirical Research. *African Research Review*. Vol.5 (4). 44-49.
- Grainger – Smith N. & Oppenheim C. (1994). The role of information systems and technology (IS/IT) in investment Banks. *Journal of Information Science*, 20 (5): 323 -333.
- Luka, M.K., & Ibikunle, A.F. (2012). The Impacts of ICTs on Banks: A Case study of the Nigerian Banking Industry. *International Journal of Advanced Computer Science and Applications*, 3 (9)145-149
- Molle, A., & Lukkumay, Z. (2008). Electronic Transactions and the Law of Evidence in Tanzania. Irianga, Peramiho Printing Press.
- Omotoso, K. O., Dada A. D., Adelowo C. M., & Siyanbola W. O. (2012). Linking Innovations with Productivity in a Nigeria Banking Firm: What roles for ICT? *Management 2012*, 2(5): 204-213