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ABSTRACT

This work assessed the impact of Information and Communication Technology deployments on Deposit Money banks performance, 2012-2017. The general objective of this study is to determine the impact of ICT deployments on Deposit Money Banks performance. Two specific objectives and two hypotheses were formulated and tested in the study. The researcher adopted ex-post facto research design in the study. The data was collected from the First bank's annual report from the bank's website covering the period of 2012-2017. The independent variable of the study is ICT deployments, while the dependent variable of the study is deposit money banks performance. Simple regression analysis was used to test the objectives and the hypotheses were retested using Pearson correlation analysis to determine the relationship between the dependent and independent variable. The analyses were carried out using statistical package for social sciences (SPSS). The result showed that point of sale has positive and significant relationship with return on asset. Also, the result equally indicated that automated teller machine has positive and significant relationship with banks deposit. The study concluded that Information Communication Technology innovation has influenced Deposit Money Banks in a positive way. Based on the findings of the study, the researcher recommended as follows: The management of the financial institutions should make more adverts on the use of Point of Sales (POS) and Automated Teller Machine (ATM) so as to encourage more people to use it which on the long run will increase the performance of the Nigeria banking system. More so, the cost of procuring POS and should be drastically reduced, to make it affordable to retailers, filling stations, and supermarkets, so as to promote the performance of the Nigeria banking system.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

In the 1990s when Information and Communication Technology (ICT) was not in existence, banks experienced many hardships and restrictions. Customers had to visit their various branch banks to withdraw money. There were no computers, internet etc., rather information and activities were handled manually and this made banking work cumbersome. There were long queues at the banks on some days when the bank staff could not handle the workload. There was no cashless economy. People carried cash around with them and so on. But now the use of ICT in banks changed all these things and also improved banks performance in the whole world.

In this 21st century, information communication technology has vastly developed and has led to development in the whole world. Banks have always been at the forefront of controlling and making use of technology to improve their performance and services to their customers. Today banks operate in a complicated and competitive environment due to the nature of our highly unpredictable economy. The use of ICT in banks brought competition, flexibility, efficiency etc. to the banking industry and has also played a very important role in improving service delivery standards in the banking industry. For example, the use of Automated Teller Machine (ATM) now allows customers to carry out their various banking transactions beyond banking hours. It allows customers to withdraw money without going inside the bank.

The use of mobile banking allows the customer to do any transaction and check their balances without stress. This has created a cashless economy where there is no need for carrying cash around;

transactions are done through the internet. The use of computers and internet made bank works faster and easier. We also have point of sales, smartcards, etc. The use of ICT has helped the banking industry in improving their performance. With ICT, customers and employees have access to information in a way that is controlled and safe. ICT infrastructure evolved to become a critical factor driving productivity and growth in global economies with varying implications among developed and developing nations (Steinmueller, 2001). It is important for developing nations not to isolate themselves from the changes occurring due to the development in the ICT globally (Gholami et al, 2004). This is partially because ICT is transforming the global economy and creating new network that crosses cultures as well as minimizes distances. However, it is important to note that increased investments in ICT without the involvement of other socioeconomic factors may not improve growth in developing nations (Mbaerika et al, 2003). Researches by Grigorian, et al., (2002); Nzotta and Okereke, (2009); Thiel, (2001) has shown that globalization has caused intense competition in the banking industry, worldwide. The world is seen as a global village which turned the markets and economies in like manner. The phenomenon called globalization has significantly intensified competition in three particular aspects in the way competition had evolved giving it a new dimension; (i) Banks faces pressures from a wide and diverse range of competitors; (ii) the regulatory environment has become less protective of the banking sector and (iii) competition has become global in nature (Abdulsalam, 2006). The universal banking system was introduced in Nigeria in the early 1990s and rest of the world as an offshoot of globalization. Under this new system, banks were no longer specialized in either merchant banking or commercial banking; rather they are allowed to provide banking and other financial services to their customers under the new universal banking license. Banks could therefore provide commercial banking, stock broking, insurance business, and asset and trustee management services under the new banking regulation. It also prompted a rapid and significant branch office expansion program with its attendant significant increases in the volume of customers' transactions in banking industry for survival and profitability (Johnson, 2005). The increased demand for information and communication technology (ICT) in banking sector became imminent and unavoidable in the world at large and Nigeria in particular. Invariably, the future lies in the ICT driven banking systems and services. Banks have embarked on deployment of ICT based banking products and services such as automated teller machine (ATM), internet banking, mobile banking solutions, point of sale terminals, computerized financial accounting and reporting, human resources solution among others (Ovia, 2005). Linked to this, was the banking license liberalization of the early 1990s in Nigeria. The landmark period witnessed the birth of the new generation banks (i.e. GT Bank, Zenith Bank, etc.) that commenced operations with the state-of-the-art technology, which exposed the sluggishness and inefficiency of the older banks (i.e. the three Giants; First Bank, UBA and Union Bank). Some researchers had shown that the then "re-engineering" fever, compelled the old generation banks to change. It was further stated that the trend actually took selected commercial banks some time to follow suit because the issues were much more than designing algorithms and chewing seminal computing papers from first class journals. Based on the above, this study is focused on investigating the impact of ICT deployments on banks performance. In measuring performance of a bank, there are financial performance and non financial performance. For this study the researcher measured one financial performance which is return on asset (ROA) and one non financial performance which is the Bank deposits; which is the mirror of how the bank is accepted by the public.

1.2 Statement of the Problem

Times have changed, and so it is with every facet of life including banking. One can now transact business across the globe through the use of Information Communication Technology (ICT). There are now electronic markets, electronic banking, electronic library, etc. Modern Banks now realized that only those that overhaul their payment service delivery and operations are likely to survive and prosper in this 21st century. The evolution of ICT dates back to 1986 when the banking sector in Nigeria was deregulated. The result of this deregulation brought far-reaching transformation through computerization and improved bank service delivery. The 21st century will bring about an all embracing convergence of computing, communications, information and knowledge. Information Communication Technology has given banks a potential they could only dream about and have given bank customers high expectations. Many commercial Banks today are still struggling with effective use of internet which limits the services to their customers. Today's business environment is very dynamic and undergoes rapid changes due to technological innovation, increased awareness and increased demands from customers. The banking industry of the twenty first century operates in a complex and competitive environment characterized by these changing conditions and highly volatile economic climate, and information and communication technology (ICT) is at the center of this global change curve (Agboola, 2006). Hence the banks that will survive and complete effectively in today's business environment must necessarily integrate ICT into its operational processes. This study therefore intends to evaluate the impact of ICT on banks performance.

1.3 Objectives of the Study

The purpose of this study is to determine the impact of Information Communication Technology deployments on banks performance.

Specifically, the study intends to find out:

1. To evaluate the impact of Information Communication Technology deployments on banks return on asset (ROA)
2. To evaluate the impact of Information Communication Technology deployments on banks deposit.

1.4 Research Questions

1. To what extent do Information Communication Technology deployments have impact on banks return on asset (ROA)?
2. To what extent do Information Communication Technology deployments have impact on banks deposits?

1.5 Research hypotheses

H0. Information Communication Technology deployments have no positive and significant impact on banks return on asset (ROA).

H1. Information Communication Technology deployments have positive and significant impact on banks return on asset (ROA).

H0. Information Communication Technology deployments have no and significant positive impact on banks deposit.

H1. Information Communication Technology deployments have positive and significant impact on banks deposit.

1.6 Scope of the Study

This study focused on the empirical analysis of the impact of ICT deployments on banks performance. The measures of banks performance are return on asset and bank deposit while the variable for banks performance is profitability. This study is limited to focus on first Bank plc Nigeria for the period of 2012 -

2017.

1.7 Significance of the Study

The Banking Industry

The findings of the study will be used by stake holders in the banking industry to make appropriate decisions towards adoption of different technological channels in delivery of services. They will understand the benefits of adopting electronic banking in their financial institutions. They will also appreciate the impact of information communication technology on their performance.

The Academicians and Scholars

Future researchers and scholars may use the survey as a source of reference for further research on the same area. It is important to document the research findings for future reference. Scholars will be keen to understand the impact of technology on financial performance in the banking industry.

The Government

The government will be interested in finding out how technology can be maximized in spurring economic growth in financial institutions.

1.8 Limitations of the Study

The researcher encountered financial problem, lack of time to cover all commercial banks in Nigeria and difficulty in collecting data used for the study.

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