

ASSESSMENT OF PERFORMANCE OF ENTREPRENEURIAL ENTERPRISE BANKING SERVICES IN NIGERIA: A STUDY OF UBA AND FIRST BANK

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Abstract

The study investigated the assessment performance of commercial entrepreneurial banking services in Nigeria, United Bank of Africa and the First Bank of Nigeria as a case study. For this purpose, customers were randomly selected within Lokoja metropolis using questionnaire to obtain the primary data. Frequency counts and percentage statistics were used to analyse the data. The hypotheses of the study were tested using Chi-square method. The findings revealed that; Some respondents were not happy with some banking services and therefore expressed their various areas of dissatisfaction, a good number of customers confirmed that they were satisfied with the level of services received from these banks, Appreciable number of customers indicated some areas of discouragements in the services rendered by the banks. The study concluded that in evaluating and appraising the operation of the commercial banks, it is accepted to a large extent by the respondents that the service rendered was satisfactory. In light of the above, the study recommended that Bank staff should be trained to continuously attend to their customers as they (customers) make their pay day possible in time.

Keywords: Performance, Evaluation, Banking Services, Customers.

Introduction

Bank in a Layman's definition can be said to be institution where people keep their money for safety and lend people money. On the other hand, the Oxford dictionary defines it as an establishment for the custody of money which it pays out on a customer's order. This seems unsatisfactory as it gives the impression that a bank is not more than a cloakroom where one deposits valuables.

The modern banking defines it as dealing in debt. Some people hold the view that profit making is the sole function of the commercial banks. This they said have occasioned the manipulation of series of marketing strategies by banks to attain its objectives of optimum profits making according to Kotler

(1990), achieving optimum profit in business involves understanding and satisfying the needs of present and potential customers.

Operations of these banks must undergo some major changes if it must break even in business of profit making, such area of change includes technology, policy, regulation, interest rate risk, customer satisfaction and others.

It can be deducted from the above that the application of the tools of financial management to the structural changes can result in achieving the goals of the industry.

Banking Era

It was during this free banking period of (up to 1952) that the three biggest foreign banks were established. The first bank to be established in Nigeria was the African Banking Corporation in 1892. In 1894, Bank of British West Africa Ltd. (BBWA) was established two years earlier, the BBWA now First Bank, therefore was the first surviving bank now in Nigeria until it was joined by Barclays Bank in 1912. In 1925, Barclays Bank now Union Bank that became parts of the Barclays Bank group of Banks.

The third biggest expatriate bank that came on board was the British and French Banks, before indigenization were subsidiaries to foreign firms with headquarters in New York, London and Paris respectively. The national bank of Nigeria (NBN) was the first indigenous bank to be established on February 11, 1933.

The second indigenous bank was the African Continental Bank Ltd. (ACB). It started operation as a private company in 1937 as Tinubu properties Ltd. and later changed to Tinubu Bank Ltd in January, 1947. Other indigenous Banks were the Nigerian Farmers and Commercial Banks Ltd. Established in January 1947. Agbonmagbe Bank Ltd. Established in 1947 and the Merchant Bank incorporation in January 25, 1952. In all, there were seven banks altogether established during the free banking era. Of all three were expatriate foreign while four were indigenous banks.

Things began to change when the country gained internal autonomy in 1957 which brought the ordinance in 1958 that established the central bank of Nigeria which began operations in July 1, 1959. The year 1959 could be regarded as watershed in annals of Nigeria banking as the third phase in the

evolution of commercial banking, with establishment of CBN in the year. The commercial banks are said to be an important institution in the financial system of any country. They deal either as borrowers or lenders with a wider cross-section of the public than any other financial institution. But the fuel lays in its ability to satisfy its customers needs, hence the question: What operations of the banks have really satisfied the needs of its customers? Against this background, the study considered how meaningful the services rendered by the banks are to their customers and the economy in general.

Research Questions

- i. Do you agree that the level of services rendered by your bank is okay for now?
- ii. Do you aware of 5mins benchmark policy for draft and check issuance offered by your bank?
- iii. Have you benefited from the loan facilities offered by your bank?

Hypotheses of the Study

Hypothesis I:

H₀: Several customers are not satisfied with the present services of the commercial banks.

Hypothesis II:

H₀: Most customers are not aware of the products offered by the bank as such cannot easily harness the opportunity.

Literature Review

Like their counterparts elsewhere in the world, commercial banks obtain their funds from two main sources-Deposits & Capital and Reserve. This accounted for why Nwankwo in his book "Nigeria Financial System" classifies these sources as the financial bedrock of the economy.

Commercial banking in Nigeria is said to be the bedrock of the economy unlike the financial institutions (except the Central Bank of Nigeria(CAN) they create the money they lend Doyle (1979) approaches this as "money market". By definition, commercial banking can be an institution in the financial system which either as borrowers or lenders with a wider cross-

section of the public. They are known as commercial banks in most developing countries but are given several names in developed countries. In the United Kingdom, it is called the clearing banks while in Europe and Australia, it is called credit banks and trading banks respectively. By whatever name they are known, the fact remains that they have general characteristics which make them similar

To Webster's (2013, p. 112) defined the bank as an institution for lending, borrowing, exchanging, issuing, or caring for money, or an office or building used for banking purposes. Bank is defined as a place of business for keeping, lending, exchanging and issuing money, paying interest on money deposited as savings by Barnhart and Barnhart (1987, p. 157). (For Wyld ((1985, p. 77). Originally bank was the table or counter of a money changer, an institution or establishment where money is dealt with. However Hawkins (1986, p. 54) defined bank as establishment where money is deposited in accounts, withdrawn and borrowed.

Methodology

The basic reason for carrying out this study was to find out and appraise the level of impact the commercial banks' services rendered for its numerous customers. It was necessary to evaluate the customer's assessment of their services. Therefore, the study was for both an appraisal and evaluative one as the idea was to find out the extent of the effect on the customers. For the numerous commercial banks in the country and the needs to achieve good result, the study was only limited to two of the first generational banks, UBA Plc and First Bank Ltd. The selection of these banks was based on their years of banking business, their network system and specialization in the industry.

Method of Data Collection

Primary data collection method was used in this study through the instrument of questionnaire which were administered to a cross-section of UBA and First Bank customers in Lokoja metropolis. The questionnaire were open ended questions. The above data collection techniques was supplemented with data from printed materials such as journals, textbooks/secondary data etc.

The Study Population

The study was limited to two commercial banks, UBA and First Bank narrowed to Lokoja Branches of the banks, selected so as to achieve meaningful result from the study. The customers within the metropolis were easily reached individually. Thus it made the study result oriented by limiting it to a manageable population of Lokoja metropolis of the banks customers.

Sample Size/Technique

The subjects for the study were drawn from UBA and First Bank of forty eight (48) customers in Lokoja municipality. A stratified random sampling method or technique was adopted to ensure that each group was equitably represented in the sample. The subjects were very selected to reflect the variable of both sexes. The nature of the sampling facilitates, easy collection of the response of the people concerned. The study however, shows that the businessmen appeared to be the only dependable population that provided objective information and an accurate insight into the extent of availability of the degree of use as well as the variations in the application of the various items of instructions. 70% of the customers (respondents) who provided dependable objective information, were businessmen; 20.0% civil servant, and bankers only 10.0% gave objective information respectively.

The study makes use of descriptive statistics such as frequency, percentage and the chi-square statistical test instrument was also employed in testing and evaluating the hypothesis. The result of the test enable the study to either accept or reject the hypothesis. This technique was adopted to ensure that primary data are classified, organized and analysed to achieve the objectives of the study. The variable were structured as yes or no.

$$\text{Formular} = \chi^2 = \frac{\sum(O-E)^2}{E}$$

Where \sum = Summation Symbol

O = Observation frequency

E = Expected frequency

Method of Data Analysis

There are several techniques of data analysis. For this study, the data collected were analysed using frequency table, percentages and normal approximation to binomial (special case of proportion mean) statistics was used to test the stated hypothesis. This is because the normal distribution is

often a good approximation to the binomial, especially when N is large and (probability) not too close to zero (0) or one (1). The limiting sense of the normal approximation is in terms of a standardized variable n less its mean and divided by its standard deviation.

Data Presentation

The hypotheses and questions tested were carried out using the method mentioned under the method of data analysis above. Therefore, the interpretations were given based on the research questions and hypotheses tested.

Respondents Characteristics

They were men and women who were knowledgeable in the human relation matter of the banking organization. There were sixty (60) questionnaire administered to the respondents but only forty eight (48) questionnaire were returned properly filled and completed for analysis.

Data Presentation and Analysis

Table 1: Data Collected with Percentage Share Ration Per Each Branch:

BRANCH (A)	B	C	D (%)
FBN 1	20	20	100.0
FBN 2	20	15	75.0
UBA 3	20	13	65.0
TOTAL	60	48	

Source: Field Survey 2017

Percentage ratio of response to questionnaire per Branch

Column B Represents questionnaire allocation to each Branch

Column C Represents response of respondents from each of the bank

Column D Represents percentage ratio of the frequency of the numbers

Table 2:

AGE	FREQUENCY	%	VALID %	CUMMULATIVE %
Under 20	2	4.2	4.2	4.2
21-30	13	27.0	27.0	31.2
31-40	19	39.6	39.6	70.8
Above 40	14	29.2	29.2	100.0
Total	48	100.0	100.0	

Source: Field Survey 2017

Table shows that greater proportion of the respondents are within the age range of 31-40 as represented by 39.6%. it was followed by the age range of 40 and above representing 29.2% of the total sample. While those between 21-30 years represented 27.0% of the total respondents. 20 years below represented by 4.2% of the total respondents.

Table 3: Sex of Respondents

GENDER	FREQUENCY	%	VALID %	CUMMULATIVE %
Male	28	58.3	58.3	58.3
Female	20	41.7	41.7	100.0
Total	48	100.0	100.0	

Source: Field Survey 2017

Majority of the respondents are male with 58.3% while females represented 41.7% of the total samples.

Table 4: Educational Qualification of respondents

QUALIFICATION	FREQUENCY	%	VALID %	CUMMULATIVE %
HND	17	35.4	35.4	35.4
B.Sc, B.A, B.Tech etc	26	54.2	54.2	89.6
M.Sc, M.A, P.hD, D.Scetc	5	10.4	10.4	100.0
Total	48	100.0	100.0	

Source: Field Survey 2017

The largest proportion of respondents obtained first degree with 54.2%. this is followed 35.4% who were the Higher National Diploma holders, while respondents with higher degree holders/ graduates were the least represented by 10.4%.

Table 5: Marital Respondents Response Characteristics

MARRIED/STATUS	FREQUENCY	%	VALID %	CUMMULATIVE %
Married	26	54.2	54.2	54.2
Single	22	45.8	45.8	100.0
Total	48	100.0	100.0	

Source: Field Survey 2017

In terms of marital status, respondents that were married represented 54.2%, while those unmarried singles constituted 45.8% of the total samples

Table 6: Percentage of Respondents Response to Questions, 1,2 and 3.

		QUESTION 1		QUESTION 2		QUESTION 3	
BANK BRANCH		YES%	N%	YES%	N%	YES%	N%
FBN 1	20	91.2	8.8	100.0	-	16.8	83.5
FBN 2	15	83.7	16.3	93.0	7.0	24.7	75.3
UBA 3	13	92.0	8.0	73.5	26.5	29.8	71.2
TOTAL	48	89.0	11.0	88.8	11.2	23.8	

Source: Field Survey 2017

TEST OF HYPOTHESES

Hypothesis tested were:

Hypothesis I:

H0: Most customers are not satisfied with the present services rendered by the commercial banks.

H1: Several customers are satisfied with the present services of the commercial banks.

	O	E	O - E	(O - E) ²	(O - E) ² /E
YES	43	24	19	361	15.0
NO	5	24	-19	361	15.0
TOTAL	48	48			30.0

X^2 calculated = 30.0

Degree of freedom:- $(R - 1) (C - 1)$

$(2 - 1) (2 - 1)$

$(1) (1)$

= 1

Level of significance = 0.05

X^2 t 12.6

Decision rule: At 0.05 level of significant, reject the null hypothesis (H_0) if the test table (X^2) is greater than or equal to the critical value (X^2). If (X^2) calculated \geq (X^2) tabulated,, otherwise the null hypothesis will be accepted.

Therefore, since X^2 calculated (30.0) is greater than tabulated (122.6) at 1 degree of freedom and 5% level of significance, H_0 which is null hypothesis was rejected and the alternative H_1 hypothesis was accepted. It was therefore calculated that several customers are satisfied with the present services of the commercial banks.

HYPOTHESIS II

	O	E	O – E	(O - E) ²	(O - E) ² /E
YES	11	24	-13	169	7.0
NO	37	24	13	169	7.0
TOTAL	48	48			14.0

X^2 calculated = 14.0

Degree of freedom:- $(R - 1) (C - 1)$
 $(2 - 1) (2 - 1)$
 $(1) (1)$
 $= 1$

Level of significance = 0.05
 X^2_t 12.6

Decision rule: At 0.05 level of significant, reject the null hypothesis (H_0) if the test table (X^2) is greater than or equal to the critical value (X^2). If (X^2) calculated \geq (X^2) tabulated, otherwise the null hypothesis will be accepted.

Therefore, since X^2 calculated (14.0) is greater than tabulated (12.6) at 1 degree of freedom and 5% level of significance, H_0 which is null hypothesis was accepted and the alternative H_1 hypothesis was rejected. It was therefore concluded that customers are not aware of the products offered by the bank as such can easily harness the opportunities.

Findings

The study revealed that appreciable number of customers for the three banks shows that they were satisfied with the level of services rendered by the banks especially services concerning the research question 1 with 89.1%

and question 2 with 88.8% as indicated in table 6, column 3 and 5 respectively.

The study also revealed that majority of customers for the three banks were not satisfied with bank services concerning the issue raised by question no 3. Their disagreement was revealed in table 6, column 8 with 76.2% of the customers indicated their opinions- not satisfied with the services rendered regarding research question no 3.

Conclusion

The study revealed how satisfactory the commercial bank operations have been to the customer. Out of the sixty (60) questionnaire administered, forty eight (48) respondents response were received properly filled and completed.

The emphasis was based on the three research questions, Table 6 shows that respondents response to questions (89.1% and 88.8%) respectively agreed that the operations were satisfactory. However, they all disagreed totally to question number 3. The three bank respondents customers gave their opinion as represented by 83.5%, 75.3% and 71.2% respectively not satisfied with the commercial banks operations especially on the issue of the loan facilities offered to their customers.

In conclusion, in evaluating and appraising the operation of the commercial banks, it is accepted to a large extent by the respondents that the service rendered was satisfactory.

Recommendations

Having analyzed data collected, the study revealed that substantial numbers of customers of these commercial banks widely accepted the current level of services provided by the banks to be satisfactory, but there are some deficiencies in some areas of their services to the customers especially in the area of loan facilities.

In view of these findings, the following recommendations are given:

- i. Bank staff should be trained to continuously attend to their customers as they (customers) make their pay day possible in time. The customers are

to be considered as chief in the operations of the bank as it does not exist without them.

- ii. The bank should provide cooling system in the banking hall to make the customers comfortable.
- iii. Long waiting hours and queue should be reduced by introducing more tellers into the cubicle. Staff should also be at their working post always to attend to customers speedily.
- iv. The bank's policy in draft and cheque issuance should strictly be adhered to avoid customers' endless waiting.
- v. Problem of network failure and delay should be addressed by the bank's management to encourage customers and avoid delay.
- vi. The interest of the customers should be the priority if the bank must move forward.

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