

**ON-LINE BANKING: A TOOL FOR CUSTOMER VALUE
CREATION. A CASE STUDY OF OCEANIC BANK
INTERNATIONAL PLC YOLA BRANCH,
ADAMAWA STATE.**

BY

**OBIEFUNA OBIAGELI ROSEMARY
PGDM/MT/08/0348**

**THE DEPARTMENT OF MANAGEMENT TECHNOLOGY
SCHOOL OF MANAGEMENT AND INFORMATION
TECHNOLOGY.
FEDERAL UNIVERSITY OF TECHNOLOGY, YOLA.**

AUGUST, 2010

**ON-LINE BANKING: A TOOL FOR CUSTOMER VALUE CREATION. A CASE
STUDY OF OCEANIC BANK INTERNATIONAL PLC YOLA BRANCH,
ADAMAWA STATE.**

BY

OBIEFUNA OBIAGELI ROSEMARY

PGDM/MT/08/0348

A POST GRADUATE DIPLOMA IN MANAGEMENT PROJECT SUBMITTED TO

**THE DEPARTMENT OF MANAGEMENT TECHNOLOGY SCHOOL OF
MANAGEMENT AND INFORMATION TECHNOLOGY.**

FEDERAL UNIVERSITY OF TECHNOLOGY, YOLA.

**IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD POST
GRADUATE DIPLOMA IN MANAGEMENT TECHNOLOGY (PGDM) HONS. IN
MANAGEMENT**

AUGUST, 2010

APPROVAL PAGE

This is to certify that the research project titled “On-line Banking: a tool for customer value creation. A case study of Oceanic Bank International PLC Yola Branch, Adamawa State”, was carried out by **Obiefuna Obaigeli Rosemary (PGDM/MT/08/0348)**, and has been supervised, read and approved as meeting the partial requirement for the award of Post Graduate Diploma in Management, School of Management and Information Technology, Federal University of Technology Yola, Adamawa State.

MR. E. SAMBO
PROJECT SUPERVISOR

DATE

MR. A.U ALKALI
HEAD OF DEPARTMENT

DATE

MR. E. SAMBO
COORDINATOR (PGDM)

DATE

PROF. A. NUR
DEAN SPGS

SIGN AND DATE

DEDICATION

This project is dedicated to my lovely Father Late Mr. Gabriel Nwakile, my daughter Late Miss Chidumebi MaryAnn Obiefuna, and to all Children who died as a result of Sepsis.

ACKNOWLEDGMENT

I am indebted to the merciful God for his sustenance and presence in my Life. My Gratitude goes to my Supervisor, Mr. Ejika Sambo who against all odds found time to guide me throughout the period of this work. I am equally grateful to all staff of management department for a job well done. I also acknowledge my Mother Mrs. Augustine Nwakile and my Father In-Law Mr. Gabriel O. Obiefuna, my Siblings and my In-Law for their prayers.

To my dear Hubby Mr. Gabriel Ike Obieiuna for his fatherly affection, for being there for me and for his financial and moral support throughout my entire study in school and I say thank you to you.

I remain grateful to my Children David, Chimamanda and Chidinma Obiefuna for their understanding through the course of study.

To my friends and colleagues, Helen, Uche, Chy, and Ngozi, Flozzy, Lize and all PGDM students 2008/2009 session, our time together shall forever remain in my heart.

	Page no
Title	i
Certification	ii
Dedication	iii
Acknowledgment	iv
Table of Contents	v
Abstract	vi
Chapter One: Introduction	1
1.1 Background of the study	1
1.2 Statement of the problem	3
1.3 Objectives of the study	4
1.4 Research Questions	5
1.5 Significance of the study	6
1.6 Scope of the study	7
1.7 Limitations of the study	8
1.8 Definition of terms	9
Chapter Two: Literature Review	10
2.1 Online-Basic Structures and topology	10
2.2 The technology factor in Banking	10
2.3 Online real time (Internet Banking)	12
2.3.1 Origin of online (internet Banking)	12
2.3.2 The Challenge	12
2.3.3 Advantage of online (internet Banking)	13

2.3.4	Types of online (internet banking)	13
2.4	Regulatory and supervisory concerns of online Banking	14
2.4.1	Making online safe	14
2.4.2	Benefits of online banking lo customers	15
2.5	Growth of online Banking	15
2.6	Common online parts	15
2.6.1	TC/IP Protocol	15
2.6.2	File transfer Protocol	15
2.6.3	Electronic mail (E-mail)	16
2.6.4	World Wide Web (WWW)	16
2.7	Customer value creation	16
2.7.1	Relationship between Banking and Customer value creation	16
2.7.2	Current Issues	17
2.7.3	Winning Strategy	18
2.8	Historical background of Oceanic Dank Plc.	18

Chapter Three: Research Methodology

3.1	Research Design	21
3.2	Population of the study	21
3.3	Sample of the study	21
3.4	Sampling technique	21
3.5	Data collection method	21
3.6	Instrument of data collection	21
3.7	Validation and Reliability	22
3.8	Method of data Analysis	22

Chapter Four: Data Presentation and Analysis	23
4.1 Date Presentation	28
4.2 Data Analysis	28
4.3 Discussion of Findings	29
4.3.1 Customers	29
4.3.2 Interview	30

**Chapter Five: Summary, Conclusion and
Recommendation**

5.1 Summary of findings	31
5.2 Conclusion	32
5.3 Recommendations	33
References	34

ABSTRACT

Online Banking improves the quality of services rendered by Banks. This study aims to know whether the implementation of online products by Oceanic Bank PLC can create customer value, which is an important element in the development of a modern bank. Data collection of the study would be carried out using survey method of research (questionnaire and personal interviews) directed to the staff and customers of Oceanic Bank Yola to provide the needed information for the study. Results that were obtained from the analyzed (questionnaires) reveals that customer have embraced the online services and are satisfied by the performance of these services provided by the bank. Thus, it proves that the bank has created some customer value. The study recommends that the bank establish staff-customer forum where customers will air their views and also receive an enlightenment lectures about the alternatives E-business products and the bank should maintain continuous customer satisfaction and also improves on the quality of their products/services in order to achieve quality customer value.

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Online, banking entails using Internet as a remote delivery channel for banking services. These banking services include opening a deposit account, transfer of funds among different banks by an individual account holder, Checking of balance, and new banking services such as electronic bill presentment and payment (EBPP) that allows customers to receive and pay bills on a bank's website.

Before the introduction of online banking, the business of banking was manually operative and this continues to increase more with the passing of time. Banks and Customers could not rely on technology since man developed the use of electronics in Banking not before the 1950's,

Customers wasted lime in bank, services rendered by bank were inefficient, there were cases of fraud and also the risk of carrying huge cash from one location to the other. All these problems created lots of dissatisfaction in the banking industry. First generation banks lacked efficiency as they could not develop certain products that arc available today with the aid of electronics. It was not possible for them to offer services beyond the banking hall of their branches.

Customers who reside in places far or long distanced away the premises of banks could not be easily reached. Therefore, banks were confined to offer services to only a limited part of the society. This resulted to a problem, which caused dissatisfaction on the side of the customers, and it also affected the banking operations as banks were focused on three areas:

- Managing competition
- Meeting customers' service expectations and
- Cutting costs (Gandy 1999). These objectives can be met through the use of technology. However banks were encouraged to network all their branches, these networking led to online banking in the early 1980's (Bainbrdge 2006).

These problems faced by the banking Industry were addressed by banks introducing the online banking services aimed at serving their customers better and increasing customers satisfaction. There is need to

ascertain how online banking services have been utilized by the customers to gain optimum satisfaction. The variety of products and services offered by bank to its customers are expected to be accessible and strives to fill the gap of customers' unmet needs. At what rate has these products and services performed.

Solution to the above slated problems is expected of this study and it would use information obtained through data collection. Method of data collection is through the primary and secondary sources such as the use of questionnaire, interviews, internet services etc.

Data collected are subject to analysis and conclusion will be drawn. The problems mentioned above will be tackled at the end of the study.

1.2 STATEMENT OF THE PROBLEM

Time wasting, inefficiency, fraud and risk of carrying huge cash were among the numerous or many problems faced by the bank Customers before the advent of the internet, and all these created dissatisfaction in the industry.

Traditional and modern banks offer the customers online banking as a value added service aimed at serving their customers better. In other words online banking is expected to facilitate customers satisfaction. However, how effective tan online banking assist customers gain optimum satisfaction or benefits.

Online banking as services delivered through an electronic communication backbone (internet).

Customers would be able to access the variety of products and services provided by online banking, and these enhances customers quest for quality services and product and thereby fills the gap of their unmet need. How has these services performed, how well has these services performed, how well informed are customers, the availability of the products and services and its importance to the banks.

Therefore, the problem is how the bank, can create awareness, inform, create, develop and place online their products and services to develop or maximize the needed customer satisfaction and continuous patronage.

1.3 OBJECTIVES OF THE STUDY

Competition is stiff in the banking industry, so banks need to strive hard to attract more customers and create ways of satisfying the needs of the customers so that customers value is enhanced. The main objective of this study is to determine how oceanic bank international PLC, Yola can use their online products /services to create long term customer value.

Other objectives of the study are:

1. To determine the benefits of products/services provided by Oceanic bank through online banking to its customers
2. To evaluate the extent of customers awareness/enlightenment of the products and services provided through the online banking
3. To examine the frequency with which customers use the online through the internet.
4. To determine the implication of online services on the cost of banking products and services
5. To establish the level of awareness of online Banking by customers.

1.4 RESEARCH QUESTIONS

This study will attempt to answer the following questions:

- What methods are designed by Oceanic Bank to satisfy its customers online?
- How do customers benefit from the products/services provided by Oceanic Bank through the online services?
- Are customers fully aware of the online banking
- What are the effect and implications of online services on the cost of banking products and services
- How often does the customers transact online?

1.5 SIGNIFICANCE OF THE STUDY.

The significance of this study can be viewed in the following ways:

- The management and staff of Oceanic Bank Plc, Yola branch will benefit from the study.
- It will help to create awareness to the customers about the importance of online banking and products/services provided by it.
- The study will aid other researchers for further research.
- The study would serve as an aid to the bank for the need of creating quality services and products for existing and new customers.

1.6 **SCOPE OF THE STUDY**

The scope of this study is confined to Oceanic Bank Plc, Yola Branch because most of the information needed for this study will be collected from the branch staff and customers' of the bank who live in Yola and its environs.

1.7 **LIMITATIONS OF THE STUDY**

The researcher encountered some problems during the course of the study, Some of the problems which were inevitable, are:

1. Accessibility of respondents needed for data collection or information for the study.
2. Unavailability of funds at the time of the research at the disposal of the researcher was another major constraint that limit the study.
3. Time constraint was another limitation though the researcher was able to carry out the research despite the lime constraint.

1.8 DEFINITION OF TERMS

Online: Equipment or devices that communicate with a computer network. Connections can be directly in a LAN using dedication cables connections-Very Small Aperture Terminal (VSAT) or indirectly (as in using the Internet).

Home Banking: A type of Banking service that allows a customer access or internet with a financial institution from a remote location by using a telephone, television set, terminal, personal computer or other device to access a telecommunication system which links to the institution's computer center.

Offline: Equipment or devices that are not in direct connection with central processor of a computer system, or connected only intermittently.

Internet: A worldwide network of computer commonly called information super highway.

Operating System: Operating system controls the activities of computer's software and hardware and equally allows users to run their own programs.

Online-Real Time: An operating system that allows direct accesses to the communication equipments and their facilities with prompt update to Information retrieval.

CHAPTER TWO

LITERATURE REVIEW

INTRODUCTION

2.1 ONLINE-BASIC STRUCTURES AND TOPOLOGY

Online is a large combination of individual computers and Computer networks connected to and communicated with each other using the same communication protocol-TCP 111 (Transmission control Protocol/Internet Protocol).

A network is formed when two or more computers are connected and connecting two or more networks results to inter-network or internet.

The internet is the largest example of such system which is described as information super high way, a means to reach enumerable potential destinations. The destination being any of the connected networks and host computers (Anigbogu 2000).

Online evolved to its present state from a US Department of Defense Project Arpanet

(Advance research project Administrations. Network), developed in the late 1960's and early 1970^s as an experiment l wide area networking (Anigbogu 2002).

The main advantage of ARPANET was the continuation of the operation of the network even when a segment of it is lost or destroyed since its operation did not depend on operation of any single computer. ARPANET moved out of pentagon's control and was more independent by 1980's.

In 1986, the natural science foundation (NSF) established a network based on ARPA protocol, using commercial telephone lines for connectivity.

The NSFNET became accessible by larger scientific community, general users and the numbers of host computers grow rapidly, NSFNET has become the framework of today's internet (Anigbogu 1999).

Computers can communicate over a network with each other through communication Protocol viz, TCP/IP. Transmission control protocol (TCP) is a set of rules which define how computers communicate with each other for one to access internet one must have an account in a host computer, set up by one of the ISPs (Internet Service Providers). These accounts enable a client computer to access and use available programs on the web (French1996).

2.2 THE TECHNOLOGY FACTOR IN BANKING

Technology contributes to the improvement of the services offered by banks to their customers. It produced information cheaply and quickly. This has reduced costs incurred by the banks and make the working environment of their staff more friendly and acceptable.

According to Choralan and Steinman (1988), banks depend on technology to materialize their business plans. For this reason, a great deal of the existing banking services and practically all of the new banking products revolve, in one way or another, around technology infrastructure. Significance of information technology (IT) to modern banking is reflected in the high percentage of banks expenditure, which is targeted at computing and communication.

Technology has become an increasingly vital element in the competitive landscape of the financial services industry. It has changed the very nature of selling and delivering of financial products.

As stated by Gandy (1999), banks are focused on three areas:

- i. Meeting customers' service expectations
- ii. Cutting costs
- iii. Managing competitions,

Technology can help hanks to accomplish these targets. Banks undertaking new financial products and services options that would help them grow or expand without losing existing customers.

Financial product or services newly offered by bank intends to build on infrastructure which allows bank to offer a uniform service across many delivery channels, give quick access to consolidate data both on

individual and on the whole of the customers base, and which allows for the rapid development and introduction of new products.

The network infrastructure was decentralized in the early days of banking technology. Thus, each branch had its own server applications, database and other such assorted hardware and software. The disadvantage of Decentralized network is the cost and the management front. The decentralized models involve huge capital expenditure and resources, here there is no coordinator or one central point.

According to Vohra(2003), general manager of ICICI bank, confirms this when he says "we had problems with updating applications, trouble shooting, etc before we opted for centralization. Technology representatives had to be present at each branch to provide support."

This was the case till multi channel came into the picture. These concepts inevitably led to the need for a centralize database. The database had to update instantly. The networks were run and the management with a lesser costs. When private sector banks realized that work can be done efficiently, other banks began to show interest. Their database was also consolidated. Centralization which used a data center has helped a lot in improving and simplifying the network from the operations, user and administration perspectives. From a cost perspectives, Centralization has also been very effective (Anigbogu 2000).

2.3 **ONLINE-REAL TIME (INTERNET* BANKING:**

Online banking uses today's computer, technology to give the customer the option of bypassing the time-consuming, paper-based aspects of traditional banking in order to manage one's finances more quickly and efficiently. Some fear that internet banking will be the only banking method available in the near future. As quoted by (Gandy 1999) Technology has reduced both the role and value of financial intermediaries, collapsing margins in many banking business including corporate lending, brokerage and global custody". Banking online is bank(s) which exist entirely on the internet, where they offer almost the

same range of services and hold on to the same regulations as the corner bank.

Online banking is a sector that makes transfers payments and credit services. Due to growing demand for such services, banks have been developing their online offerings in order to meet customer expectations. Most banks now feature sophisticated transaction enabled service, some have had to rearrange their platforms as their business model changes. Some studies reveal that some customers-often like to conduct their business in person rather than over the web.

In this information era, customers want to widen their ability on financial dealing, speed up access time to information, such as having their statements on demand rather than monthly and want other financial background information with which to come to their on conclusions.

2.3.1 ORIGIN OF ONLINE (INTERNET) BANKING

Previously electronic banking packages were not internet based. The increased number of personal computers and expansion of the internet presented both an opportunity and challenge for the banking industry.

Financial institutions have used powerful computer networks to automate millions of daily transactions, today, the only paper record is often the customers' receipt at the point of sale. Now that customers are connected to the Internet via personal computers, banks envision similar economic electronic process to home use.

2.3.2 THE CHALLENGE

Banking industry is facing the challenge of how to design this new channel in such a way that its customers will readily and easily learn to use and trust it. Banks want to earn their customers' trust, they are not ready to risk all that on a web site that is not trusting, and unsecured. Some banks now offer fully secured, fully functional online banking for free or for a small fee.

2.3.3 ADVANTAGE OF ONLINE (INTERNET) BANKING:

Online banking are available 24Hours a day 7days a week and are only a click of the mouse away, thus customers are offered convenience. Online banking is able to reach the worldwide market in a faster way. Traditional banking cannot survive and such banks have a very limited market. Online banking present all over the world improves customer base and customer retention. Banking work which are related to paper documentation which leads to a large amount of labor costs and human error has been reduced owing to the introduction, of electronic tools. Online banking helps the banks to save large amount of money, which were previously spent on paper, printing, postage and cheque processing. Online banking generally executes and confirms transactions at a very fast pace. Internet banking allows a bank customer to access and manage all bank accounts, including interest rates, accounts certificates of deposits and even securities, from one secure site.

Most of bank online offer sophisticated tools including account aggregation, stock quotes, rate alerts and portfolio management programs help the customer manage his/her assets more effectively.

Electronic banking services provision encourages customers to use such services frequently online. Users can learn more about what services are available by simply surveying the net from home. Thus effective banking decisions are made possible with accurate and quick information (French 1996).

Banks uses online banking to place offers such as initial public offering (IPOs) and for auction sells. More than million auctions have been completed on email since its inception in 1995 and in January 2000.

2.3.4. TYPES OF ON-LINE (INTERNET) BANKING

Presently 3 basic kinds of internet banking exist in the market place, viz

INFORMATION: This is the most basic level of Internet banking. The bank has marketing Information about its product and services on a stand alone servers. The bank can provide these services itself or by sourcing it out. Appropriate control must be placed to prevent unauthorized alterations to data in the server or web site due to the possible vulnerable to alteration of services on the website.

COMMUNICATION: This allows interaction between the banks system and the customer, it may be limited to electronic mail, account enquiry, loan applications, or static till up data. Security controls need to be in place to prevent, monitor, and alert management of any unauthorized attempt to access banks internet network and computer systems. Here, the client makes request to which the bank subsequently responds, and it works on the same principle as the e-mail.

TRANSACTION: In the internet banking, customers are allowed to execute transactions. With respect to information and communication types of internet banking, this system possesses the highest level of risk architecture and must have the highest controls. Activities of customers' here can include paying bills, transferring funds accessing accounts etc. All these demand very stringent security.

2.4 REGULATORY AND SUPERVISORY CONCERNS OF ONLINE BANKING

The regulatory and supervisory concerns can be broadly addressed under three broad categories, viz; Legal Issues, Supervisory and operational Issues,

Legal Issues: Issues relating to jurisdiction of law, Virility of electronic contract including the question of repudiation gaps in the Legal/regulatory environment for electronic commerce are covered here.

Security of online banking is one of the most important areas of concerns to the regulators. Security issues include questions of adopting internationally accepted state of the art minimum technology, standards for access control and verification of Signature.

The supervisory and operational issues include risk control measures, advance warning system, engineering of operational procedures and information technology audit. This also include whether the nature of products and services offered are within the regulatory framework and whether the transactions do not camouflage money-laundering operations.

2.4.1 MAKING ONLINE SAFE

Online being an electronic medium has the attributes of openness and freedom, and these have contributed to its biggest attractions. It is a public domain and there is no restriction on who can use it, as one adheres to its Technical parameters. This has given rise to concerns over security of data and information transfer and privacy. These concerns are common to any network including closed user group networks.

But over the internet, the dimensions of risk are larger while the control measures are relatively fewer. The key components of such concerns are

- i. Authentication, ie, assurance of the identity of the person in a deal.
- ii. Authorization, ie, a party doing a transaction authorized to do so
- iii. The privacy or confidentiality of data, information relating to any deal.
- iv. Data integrity viz, assurance that the data has not been altered.
- v. Non repudiation, viz, a party to the deal can not deny that it originated the communication or data.

2.4.2 **BENEFITS OF ONLINE BANKING TO CUSTOMERS**

The services available to customers are growing daily. New e-money currency and payment schedule have filled a gap in the market place that banks are looking forward to recover. Some basic services offered by online banking include

- 1) Open a new account
- 2) Check credit card balance
- 3) Check mortgage balance
- 4) Making bill payments
- 5) Apply for a loan

- 6) Make credit card bill payments
- 7) Transfer funds between accounts
- 8) Ability to receive and send cheque online
- 9) Wireless banking access.

2.5 GROWTH OF ONLINE BANKING

Financial institutions are actively in pursuits of internet banking business due to its fast growth. Thus, the number of customers banking online is expected to increase tremendously over the next few years, and not only in developed worlds but also in underdeveloped.

2.6 COMMON ONLINE PARTS

2.6.1 **TCP/IP PROTOCOL** is secured because data passes through TCP/IP networks are not normally encrypted. Thus, Customers, who interferes with communication between two machines will have a clear view of the data, passwords and the like. Though this is addressed through the use of secured socket layer (SSL), a transport layer security (TLS) system which involves an encrypted session between the client browser and the web server.

2.6.2 File transfer protocol (FTP) is a process for transferring files between computers on the Internet. File can be transferred to and from a computer (FTP site) without necessarily having an account with that machine. Organizations that wish to make available information to the public would normally set up a FTP site from which anyone can download document. However, certain FTP sites are available to validate users with an account I.D and password.

2.6.3 **E-MAIL:** The Electronic mail is the most common and basic use of internet. The Email is an externally powerful part of the internet that has facilitates instant communication with people in any part of the globe. It enables attachment of documents, audio, video and voice mail, and as a

part of internet, it IS expanding as the most used communication medium for the whole world. Many website offer e-mail as a free facility to individuals. (Anigbogu 2000).

2.6.4 **WORLD WIDE WEB (WWW):** This is a segment of the internet that makes use of hyper text markup language (HTML) to link together files containing text, sound graphics, video etc, and offers a very convenient means of navigating through the net. WWW uses hypertext transfer protocol (HTTP) for communication between computers. Web document contains related document in a tree like structure and this web document are referred to as pages. The web document and web browsers are the application programs to access them, are designed to be platform independent. This Enables any web document to be accessible irrespective of the platform, of the computer accessing the document and that of the host computer The net has been made simple to use by lay user with the aid of its point and click, and this has made the internet an extremely popular medium of communication since its introduction in early 1990s'. However, its use in business has been enhanced dramatically.

2.7 **CUSTOMER VALUE CREATION**

Customer value creation is significant in a competition based industry like banking due to that fact that whoever owns the customer relationship owns the profit and future income of that customer. These include all the choices, difficult and consistent choices that a bank has to make or include in its competitive strategy in order to woo customers.

2.7.1 **RELATIONSHIP BETWEEN BANKING AND CUSTOMER VALUE CREATION**

Key customer value creation

Brand

1. A well managed brand by the bank will add/increase value to the customer thus increasing trust and satisfaction of the customer.
2. Bank's selling of high margin products can deeper its relationship with the customer by gain, a wallet-share from the customer,
3. Banks differentiates from its competitors by developing a strong brand.

Product

The product value perceived by the customer is based on customer value and not cost margins. This is based on aligning appropriate features to meet the needs of the individual customer. This is accomplished through consistent performance across all distribution channels, with features available on demand.

Service

Customer interface and transaction execution are the two components of the service competency. They have overlapping skills sets, but provide different value propositions to the customer and stakeholders.

Data processing, internet technology, customer interaction, management are the primary skills required to develop and enhance the customer interface. This includes training, empowering employees and creating knowledge embedded systems to manage customer request on demand. The development of the customer interface will strengthen the one to one relationship with the customer. This provides the basis for sustained competitive advantage.

Intellectual capital

All employees are involved in the development of intellectual capital of the bank. Management identifies and transforms "knowledge and skills across the bank. The culture of the organization's needs to foster continuous learning and practice environment

Cost Infrastructure

The management should develop competencies in organizational and system architecture, work process design, value chain management, risk and cost management systems, work process integration and regulatory compliance that will create value. In terms of flexible organization and systems to integrate new innovations, rapid response to customer preferences, improved financial performance and market changes.

Out of these, brand and customer interface are key differentiators for firms in the banking industry. Competencies and customer value creation drivers when focused can provide the significant competitive advantages,

2.7.2 Current issues that will impact on the structural component and competitive strategy in the Banking Industry.

These issues include the following;

- Rapid technological innovation and implementation
- The need for regulatory changes that promote consolidation across service segments
- Increasing sophisticated customer base.

2.7.3 Winning strategy of a customer focused world class Bank

Banks can adopt the following in an increasingly competition based industry to win the customer.

A bank vision is documented which incorporates both short term and long term strategies.

- There is an unrelenting customer-centric business focus
- The information technology strategy and business strategy are aligned
- The bank is capable of making a rapid response to market changes and competitive pressure
- Customer service level is exceptionally high and continually improved,
- Cost of services are lower than competitors

- There is a diversification of revenue streams that is continually being refreshed and renewed,
- The enterprise leverages technology and knowledge to gain competitive advantage
- Risk is effectively managed and mitigated
- Business and information technology processes are standardized.

2.8 HISTORICAL BACKGROUND OF OCEANIC BANK PLC

THE BANK

Oceanic Bank Plc was incorporated on 26th March, 1990 and licensed on 10th April, 1990. The bank commenced full banking business on 12th June, 1990. The Bank's head office is located at Herbert Macaulay Way, Wuse, Zone 6, Abuja. While the corporate office is located at Water Front Plaza, Plot 270 Ozumba Mbadiwe Avenue, Victoria Island Lagos. It was listed on the Nigeria stock Exchange on June 25, 2004.

Oceanic Bank International Plc, therefore, is a nineteen year old commercial bank with business offices located in several parts of Nigeria.

The bank has seven subsidiaries which include the following; Oceanic Registrars Limited, Oceanic Trustee Limited and Oceanic Custodian Limited, Oceanic Insurance Limited, Oceanic Homes Limited, Oceanic Securities Limited and Oceanic Asset Management Oceanic Bank International Plc. is one of the largest in Nigeria. Her financial year runs from January 1 to December 31st of the subsequent year. Oceanic bank's impressive performance over the years accounts for the quality of its customer portfolio which includes corporate organizations, High Net - worth individuals, the Federal Government and some State Government.

The bank has total assets plus contingents of N1.3 billion us at December 2008.

Oceanic bank is a Financial Institution of very good financial condition and strong capacity to meet its obligations and as when they fall due as adjudged by Augusto and co Nigeria foremost rating Agency. Global Credit Rating (South Africa) rated the bank as A financial institution of very high credit quality, highest certainty of timely payments and outstanding short term liquidity. Oceanic Bank International Plc was named the bank of the year in Nigeria for two consecutive years by the Banker Magazine, a subsidiary of the financial Times of London. It is also the West bank in Nigeria: 5th in Africa; And 310th in the world in terms of Tier1 Capital, The Banker Magazine, Financial Times, London. It won the best bank in poverty eradication in Nigeria 2008, NAPEP, it was also rated as the outstanding support for infrastructure and economic development, by Champion newspapers. Oceanic Bank International also won 2003 CBN award for 'Best Bank in Real Sector financing' Leading investor in small and medium industries equity investment scheme, 'HIGHLY ETHICAL BANK' adjudged by CBN Bankers' committee on Real sector financing Award.

The bank is one of the foremost of the Nigerian banking industry In terms of technological innovation, excellent services and profitability.

It offers comprehensive universal banking services from various branches throughout the country with the aid of fully computerized state of the art information communication technology (ICT).

The bank has well over three hundred (300) business offices, connected online-real time; the bank's franchise covers all- state Capitals,

the federal Capital Territory (FCT), and major towns and cities in Nigeria.

The bank was on 26th march, 1990 incorporated as a private Limited Liability Company which was 100% equity owned by Nigerian Citizens and institutional investors. It commenced full banking Business ON 12th June, 1996, and became a Public Limited Liability Company after its Initial public Offering (IPO) in June 25th 2004.

Oceanic bank Chairman is OLGROGUN Michael Ibru and its managing Director/ chief Executive is Chief (Dr.) Mrs. C.A.O. Ibru

Oceanic Bank Yola Branch was established on April 2004 and has staff strength of 32 including both (Professional) and Junior (Non-professional) Staff. The bank has a good record of customer relationship and has state of the art facilities and offers some of the best banking services available in the state.

The product and services of Oceanic Bank Yola Branch include the following:

- 1) Conventional products: These include; Loan and Advances, Project Financing, Saving Accounts, Current Accounts, Drawing Against uncleared Effect, Overdraft, Home Equity line of Credit. Investment Products, Invoice Discounting
- 2) Special Products: Include;
Consumer Loan, Premium Thrift Account, oceanic safe Box Service (SBS), Small business Insurance, Personal Loan Premium, NID Current Account, NID Domiciliary Account, Rent loan, Personal Loan-Basic, Quality Education Plan, Home construction Plan, Home Acquisition Plan, Executive Savings Account, QLS Asset Finance Scheme

- 3) Electronic products: These are as follows;
Oceanic Automated teller machine, Western Union Money Transfer, Online product Order, E-Registration, Interswitch Debit Card, Mobile Banking Product (M-banking), Vpay card, E-Ticketing solution, Cashcard, Mastercard.
- 4) Other products: These include; public Sector Services, Estate planning, Financial planning, Discretionary Accounts, Treasury and Financial institution services, Education planning and Tax.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN:

The study used the survey method of data collection where staff and customers of Oceanic bank Yola Branch were interviewed on the history of online banking and as well as details and modus operand of online banking.

The aim is to generate data required for the study. The result of the interview were presented in form of tables and simple percentages, which is subsequently used in the presentation and analysis of the data obtained.

3.2 POPULATION OF THE STUDY

Customers and some senior staff of oceanic bank plc Yola branch will form the population of the study sample, which will be made up of 10 staff of Oceanic Bank and 100 of its customers making a total of 110.

3.3 SAMPLE OF THE STUDY

Sometimes it is impossible to study the entire population therefore sample of the study refers to the portion of the population selected for the study. Thus, the sample of the study is 50

3.4 SAMPLING TECHNIQUE

This study used a simple random sampling to arrive at the sample size of the study (100). The choice of this technique is that the technique gives each element of the population an equal chance of being selected at a time.

3.5 DATA COLLECTION METHOD.

Data were collected from both primary and secondary sources, and the researcher through personal contacts personally gathered the data.

Primary Data Source: These are data which deals with the study at hand and were collected through: Questionnaire, Personal Interview techniques,

The secondary data source refers to data collected from previous document, which are published from publications center or from Literature review. The secondary data here were through textbook, Internet and Journals.

3.6 INSTRUMENTS OF DATA COLLECTION

Questionnaire and personal interview are the instruments used in collecting the data for this study. A questionnaire is a set of questions that relate to the purpose or objectives of the study and the research question/hypothesis. It is one of the research instruments used in collecting basic disruptive information from a large sample. It consists of a set of questions designed to gather data or information to be used to answer the research questions and or test relevant research hypothesis for the study. A questionnaire is an instrument for eliciting descriptive factual information from the respondents (Odekunle 2005) used for data collected because they provide a quick means of obtaining respondents views on a wide range of subjects,

3.7 VALIDATION AND RELIABILITY

Validity can be defined as the characteristics used to describe research, which is meant to measure what it is suppose to measure and nothing else Jen(2002). It is necessary for researchers in data collection,

Normally, it is done by experts in the field who ensure on face value that the instrument is appropriate in measuring what it is designed to measure. Validity of a research instrument is specific to some particular use of instrument that is, and instrument that is valid for one purpose may not be for another. Each research work must be capable of measuring up to its expectations.

The validity of the information obtained from the respondents are ensured
Viz

- Questionnaire were drafted in such a way that the respondents can easily comprehend it and give answers
- The questionnaires were designed and arranged in such a way as to avoid bias.
- The researcher solicited for the views of the third parties (experts) and a sample of the questionnaires given to them for their candid views,

3.8 **METHOD OF DATA ANALYSIS**

Data Analysis is a great step in any research study. Data Analysis involves treatment of data with statistical tools in order to simplify and make the data interpretable.

Percentage ratio is used, for the analysis of the data collected for this Study. Analysis and interpretation of the responses from the respondent to determine the level of effectiveness of online Banking on customer value creation were possible through this method.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

INTRODUCTION

Here, Data collected through the questionnaire administered and interview are presented and analyzed in order to provide answers for the research questions outlined in the previous chapter one of the study.

Fifty-Seven(57) questionnaires were distributed to the 57 respondent comprising customers and staff of oceanic Bank Yola Branch, which also formed the sample of the study. Fifty questionnaires were returned filled and were thus, used for the study.

4.1 DATA PRESENTATION AND ANALYSIS

The data collected are presented in tables and simple percentage is used as the bases for computation

TABLE 4.1.1: Frequency of going to Bank

Responses	Frequency	Percentage (%)
Once a day	4	3
More than once a day	5	10
Once a week	21	42
Once a Month	20	40
Total	50	100

Source; Questionnaire administered 2010

From the data in the table above, majority of the customers (42%) go to bank once in a week, 40% of the respondents go to bank once in a month, 10% go to bank more than once a day while the remaining 8% go to the bank once a day.

TABLE 4.1.2: Type of account operated

Responses	Frequency	Percentage (%)
Saving account	35	70
Current account	15	30
Others	-	-
Total	50	100

Source; Questionnaire administered 2010

The data above shows that 70% of the respondents have saving account and about 30% have current account. None of the respondents have other account with the bank.

TABLE 4.1.3: Reason for choice of online bank

Responses	Frequency	Percentage, (%)
Time Saving	15	30
Cost Saving	3	6
Better quality	13	26
All of the above	19	38
Total	50	100

Source: Questionnaire administered 2010

About 38% of the respondents use online services of the bank because it saves them time, cost and gives better quality. Also 30% use online because it saves them time, 26% of the respondents make use of online because it gives better quality to them. However 6% of the respondent thinks online banking saves cost.

TABLE 4.1.4: Satisfaction with the service

Responses	Frequency	Percentage(%)
Yes	48	96
No	2	4
Total	50	100

Source: Questionnaire administered 2010

From the data in the above, 96% of the respondents said they are satisfied with the services they get from the bank. However, 4% are not satisfied with the online services.

TABLE 4.1.5: Need for more services

Responses	Frequency	Percentage(%)
Yes	42	84
No	8	16
Total	50	100

Source: Questionnaire administered 2010

84% of the respondents are of the opinion that if the bank can provide more quality services through online they will patronize the products.

TABLE 4.1.6: Safety of online Banking/services

Responses	Frequency	Percentage(%)
Yes	47	94
No	3	6
Total	50	100

Source: Questionnaire administered 2010

From the above data, 94% of the respondents were of the opinion that online Banking is safe, Whilst 6% of the respondent were of the opinion that online banking is not safe.

TABLE 4.1.7: Comparison between online and offline services

Responses	Frequency	Percentage(%)
Yes	44	88
No	6	12
Total	50	100

Source: Questionnaire administered 2010

From the data in the table above, 88% of the respondents believed that online banking is far better than offline banking whereas 12% said no.

TABLE 4.1.8: Use of Wap enabled mobile phone

Responses	Frequency	Percentage(%)
Yes	33	66
No	17	34
Total	50	100

Source: Questionnaire administered 2010

From the data, 66% of the respondents have WAP enabled mobile phone that can enable them use online services whilst 34% do not have Wap enabled mobile phone.

TABLE 4.1.9: Using mobile phone for online banking

Responses	Frequency	Percentage(%)
Yes	25	50
No	25	50
Total	50	100

Source: Questionnaire administered 2010

From the data, 50% of the respondents use mobile phone in their online transaction with the bank, also 0% of the remaining respondents do not make use of mobile phone in their online transaction with the bank.

TABLE 4.1.10: Cost of online compared to offline

Responses	Frequency	Percentage(%)
Higher	15	30
Moderate	21	42
Cheaper	11	22
Indifferent	3	6
Total	50	100

Source: Questionnaire administered 2010

From the data in the table above, 24% of the respondents believed that the cost of online services compared to offline is moderate, 30% said it is higher, while 22% said it is cheaper and 6% said it is indifferent.

TABLE 4.1.11: Access to variety of bank's online

Responses	Frequency	Percentage(%)
Yes	33	64
No	17	36
Total	50	100

Source: Questionnaire administered 2010

64% of the respondents have access to all the bank's online products available at the branch as can be seen from the above table while 36% were of the opinion that they have no access to online product.

TABLE 4.1.12: Satisfaction with service

Responses	Frequency	Percentage(%)
Yes	39	78

No	11	22
Total	50	100

Source: Questionnaire administered 2010

From the data in above table 78% of the respondents are satisfied with online service.

However 22% of the respondents were not satisfied with the services

TABLE 4.1.13: Rating the Bank's online service

Responses	Frequency	Percentage(%)
Excellent	24	48
Good	20	40
Average	6	12
Poor	-	-
Total	50	100

Source: Questionnaire administered 2010

48% of the respondents rated the service excellent, 40% believed the services are good while another 12% said the services are average.

4.2 DISCUSSION OF FINDINGS

4.2.1 CUSTOMERS

The study discovered that majority of the bank's customers have savings accounts and they go to the bank at least once a week. It also indicates that the number of customers that make daily transactions in the bank is on the increase. This shows a good future of the online services and customer's confidence.

The study discovered that most customers patronize online services in order to save as well as time. Customers equally go for online services to enjoy quality services that are lacking in offline services. They are satisfied with the services and also showed willingness to patronize more of such quality products in the future. These means that the customers are satisfied and are likely to be maintained by the bank and will tell good thing about the bank. It is said that the best form of marketing are those that come from the customers.

From the result of the study, most of the customers have a Wap enabled phone and are accessing the online services through their phone, and are also interested in other quality services/products as may be introduced by the bank. This indicates another opportunity to be tapped by the bank.

One of the major findings of the study is the fact that online banking and most customers have access to all their services.

It was also revealed from the study that customers of the bank are satisfied with the services offered to them online. It then implies that the bank can still invest more on IT to Create more quality services that will bring in customers patronage as can be seen in the revelations of the study.

4.2.2 INTERVIEW

The following are the findings from the interview of some senior staff of the bank conducted by the researcher,

Online banking was introduced by the bank in order to ensure prompt speedy, and responsive customer service delivery.

The bank also offer variety of services to its clients, these include among others; commercial and corporate banking services such as opening of current, saving and deposit account, E-business transactions including local and International card business such as Oceanic easy card and MasterCard, Treasury and cash management services, Foreign exchange and trade finance services funds and asset management, private banking, Investment banking and Financial advisory services.

Also, the findings reveals that the benefit of online banking to the bank are enormous Viz. ii generates and increases revenue to the bank, decongest banking hall which leads to simplified job and create conducive and professional working environment for the Staff and management, it saves time by ensuring that customers transactions are completed on record time. Online banking also projects, the bank globally such that Long and distant banking is rendered to customers. It aids security as customers can deposit or withdraw cash at any nearest branch without necessarily carrying cash over long distance.

Furthermore, the cost of online banking as revealed by the findings is far more than the conventional offline banking; this is as a result of high cost of information technology (IT) equipment, power and other

infrastructures. Though these does not prevent the bank form making a reasonable return out of the huge investment.

Finally, it has also been deduced from the respondents that the feed back from the customers have always been positive, because it minimizes the risk of carrying cash from one location to another, it is also convenient, safer and faster.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 SUMMARY OF FINDINGS

The bank introduced online banking in order to render quicker service delivery, safer transaction and also ensure easy access of account by customers and finally speedy and responsive reply by the bank.

The bank offers corporate and commercial banking services including E-business solutions, ATM and other management services.

Online banking increase revenue of the bank, simplifies job and create conducive and professional working environment for staff and management by decongesting the banking hall.

It also ensures that customers transactions are completed on time, and projects the bank globally as customers have no long distance barriers.

The cost of online banking as the finding reveals is by far move than the conventional offline banking, though attributable to high cost of information technology (IT) equipment power and other infrastructures.

The high cost of online banking does not hinder the bank from making a reasonable return out of the huge investment.

Most customers patronize online services in order to save time and cost, and also to enjoy quality services that are lacking in other banks.

The customer base of the bank is on the increase as can be seen in the increased transaction by the customers. The customers are satisfied with the services and are willing to patronize more of such quality products that may be offered by the bank in the future examples. Online payment of bills, Inter-bank money transfer, deposit of money through ATM (Automated Teller Machine)

5.2 CONCLUSION

The results of the study have shown that the bank invested more in information Technology (IT) and staff training in order to provide fast and quality services which create customer value. This has been greatly achieved by the bank as the customers are fully satisfied with all the online products available at the bank and not only that, also the customers are ready to embrace more online services that would be available in the future.

Therefore, customer value has been created through the provision of online services by Oceanic Bank Plc.

5.3 RECOMMENDATION

The following recommendations are made based on the finding and the conclusion made on the study.

- 5.1.1 The bank should device some marketing strategies that will aim at selling their current account and other accounts like fixed deposits that have fewer customers. The strategy on new account deposit could be to reduce new deposit amount to say 50% for customers willing to open current account.
- 5.1.2 The bank should invest more on IT in order to provide more online services to their teeming customers. For example, the bank can make provision for online payments of bills, inter-bank money transfer, deposit of money through ATM (automated tell Machine), and also quick remittance of wrongly debited transaction.
- 5.1.3 The bank should create an interactive forum where customers will be enlightened about the various E-business.
- 5.1.4 The bank should ensure that the level of customer satisfaction is increased and maintained by continuously improving on the quality of their products and services in order to provide the much needed customer value.
- 5.1.5 This study is recommended to form the bases for the further research in the field of online banking and customer satisfaction.

REFERENCES

Anigbogu S. O(2000): Computer Applications and operations Optimum press

publishers Awka Anambra State First Edition

Anigbogu S.O(2000): Fundamental Principles of Artificial and experts systems. Rex

Charles and Patrick Ltd publishers Nimo Anambra State. First Edition

Bainbridge, R(2006) History of online banking. Ezinearticles.com

Choralan,D& Steinman,H.(1998): Implementing Networks in Banking 7 Financial

Services London: Macmillan Press

Cronin, J.M(2007) Banking and Finance on the internet. Wiley Journals

French C.S(1996) Computer Science Fifth Edition High Holborn House publishers

London Uk. Fifth Edition.

Gandy,A(1999): Banking strategies Beyond 2000 UK.CIB Publishing

Gandy,A(1999): The network Bank, UK CIB Publishing

Internet Banking Solutionn (2001) 'Next generation retail banking' COMPAQ inspiration Technology

Jen,S.U(2002); Fundamental of Research methodology, paraclete publisher, Yola 1st

Edition

Journal of internet Banking and commerce, www.arrayder.com/commerce/jibe.

Odekunle, M.R (2005): Academic Research. RECH publishing House Yola.

First

Edition

Vohra, P.(2003): Data integration and data warehousing www.sybase.com/detail

Oceanic Bank International Plc. Annual report and accounts 2007

www.oceanicbank

.com