

**ALTERNATIVE DELIVERY CHANNELS OF BANK SERVICES AND
CUSTOMER LOYALTY IN SELECTED BANKS IN ASABA DELTA
STATE**

BY

**NDUGBE Emeka
PG/13/14/223314**

**BEING A DISSERTATION SUBMITTED TO THE DEPARTMENT OF
BUSINESS ADMINISTRATION AND MARKETING, FACULTY OF
MANAGEMENT SCIENCES,
DELTA STATE UNIVERSITY, ASABA CAMPUS**

**IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF MASTER OF SCIENCE (M.Sc.) DEGREE IN
MARKETING**

SUPERVISOR: DR. A.P. OLANNYE

JULY, 2017.

DECLARATION

I hereby declare that this dissertation is a product of my original ideas and has not been previously submitted either in part or in full to any institution for the award of any certificate or degree whatsoever.

.....

NDUGBE Emeka
(PG/13/14/223314)

CERTIFICATION

It is hereby certified that this dissertation which was written and submitted by **NDUGBE Emeka (PG/13/14/223314)** of the Department of Business Administration and Marketing, Faculty of Management Sciences, Delta State University is accepted in partial fulfillment of the requirement for the award of Masters (M.Sc) degree in Marketing.

.....
Dr. A.P. Olannye
Research Supervisor

.....
Date

.....
Dr. J.O Ogbor
Head of Department Business
Administration/Marketing

.....
Date

.....
Prof. Mrs. R.N. Okoh
Dean Faculty of Management Sciences

.....
Date

.....
External Examiner

.....
Date

DEDICATION

I dedicate this research work to God Almighty and my lovely wife.

ACKNOWLEDGEMENTS

I thank the Almighty God who gave me the grace and inspiration for the accomplishment of this study. Without His divine guidance, this research would not have been possible.

Special gratitude to Dr. A.P. Olannye who supervised this research, he provided expert advice and support on this research and his dedication to student's success is unquantifiable. I am indebted to you Sir for your cooperation, understanding, corrections and patient in the course of this work.

Also, worthy of mention is the Dean Faculty of Management Sciences Prof. Mrs. R.N. Okoh and the Head of Department Business Administration and Marketing Dr. J.O. Ogbor, who charted the path for this journey.

Without missing words, special gratitude goes to Dr. E.S. Ekakitie, Dr. O.P.B. Opia, Dr C.C Osuji, and Dr (Mrs) A Onuora, for their support, advice, encouragement and corrections which were also key to the success of this research.

I am indebted to Prof. C.G.E. Salami, Dr. D.O. Arubayi, Dr. E. Eguenu and all the other lecturers in the Department of Business Administration and Marketing as well as the faculty officer and other non-academic staff toward the course of this programme.

My appreciation also goes to my lovely wife for her patience and understanding during this programme. I cannot fail to mention the role played by my friends Uzuh Emmanuel, Magnus Ojei and Onobrakpeya A. Stanley for their support and all my colleagues in the office for their prayers and success wishes.

ABSTRACT

The alternative service delivery channels that were focused on in this study are; automated teller machine, online banking, point of sales and mobile banking as it influences customer loyalty. This study examined the effect of alternative service delivery channels on customer loyalty in the Nigerian banking industry. Stratified random sampling technique was applied at picking the sample. The study made use of a sample size of 242 employees from selected banks operating in Asaba metropolis Delta State, Nigeria. Cross sectional survey research design method was adopted for this study. Data were analyzed using descriptive statistics and multiple regression analysis. In all four hypothesis tested in this study, the p-value were less than 0.05 thus the null hypothesis were rejected. This implies that there exists a very significant relationship between the availability of alternative delivery channels of bank services and customer loyalty. The study concluded that; customers will use different service delivery systems depending on their assessment of each channel and how it contributes to the overall service offering. Therefore, banks can tap into this opportunity by making ATM's, online platforms, POS and mobile banking applications available at all time, so as to reduce queue time in the banking hall and give customers convenience and control over banking services. The study therefore, recommend that effective co-operation should be developed among banks as the value of internet banking is increased by linking one activity with other both within and outside suppliers, channels and customers. Furthermore, a better collaboration and integration between the Internet Service Providers (ISP) and the banks is advised to achieve better quality control and accessibility.

TABLE OF CONTENTS

Title Page	i
Declaration	ii
Certification	iii
Dedication	iv
Acknowledgements	v
Abstract	vi
Table of Contents	vii
CHAPTER ONE: INTRODUCTION	
1.1 Background to the study	1
1.2 Statement of problem	4
1.3 Research questions	6
1.4 Objective of the study	6
1.5 Statement of Hypotheses	6
1.6 Significance of the study	7
1.7 Scope of the study	8
1.8 Limitations of the Study	8
1.9 Definition of Major Terms	9
CHAPTER TWO: LITERATURE REVIEW	
2.1 Introduction	11
2.2 Conceptual Review	11
2.2.1 Concept of Alternative Delivery Channels	11
2.2.2 Components of Alternative Delivery Channels	13

2.2.3	Automated Teller Machine (ATM)	14
2.2.4	Online Banking Services	15
2.2.5	Point of Sales (POS) Service	16
2.2.6	Mobile Banking	17
2.2.7	Concept of Customer Loyalty	18
2.2.8	Benefits of Alternative Banking Channels	21
2.2.9	Conceptual Model	24
2.9.1	ATM and Customer Loyalty	25
2.9.2	Online Banking and Customer Loyalty	26
2.9.3	POS Service and Customer Loyalty	28
2.9.4	Mobile Banking and Customer Loyalty	29
2.3	Theoretical Review	30
2.3.1	Innovation Diffusion Theory	30
2.3.2	Technology Acceptance Model (TAM)	35
2.4	Empirical Review	36
2.5	Summary	38
CHAPTER THREE: RESEARCH METHODOLOGY		
3.1	Introduction	40
3.2	Research Design	40
3.3	Population of the Study	41
3.4	Sample Size	42
3.5	Sampling Techniques:	43
3.6	The Research Instrument	44
3.7	Validity of Research Instrument	44

3.8	Reliability of Research Instrument	45
3.9	Methods of Data Collection	46
3.10	Techniques of Data Analysis	46
3.11	Measurement Variable	47

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1	Introduction	48
4.2	Data Presentation	48
4.3	Data Analysis	50
4.3.1	Bio data Response	50
4.4	Test of Hypotheses	61
4.5	Discussion of Results	63
4.5.1	Automated Teller Machine (ATM) and Customer Loyalty	63
4.5.2	Online Banking and Customer Loyalty	64
4.5.3	Point of Sales (POS) and Customer Loyalty	64
4.5.4	Mobile Banking and Customer Loyalty	65

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1	Summary	66
5.2	Conclusions	68
5.3	Recommendations	68
5.4	Contribution to Knowledge	70
5.5	Suggestion for Further Studies	71
	References	72
	Appendices	81

LIST OF TABLES

Table 3.1:	Showing the population spread of bank staff	42
Table 3.2	Proportion Sample Size from Each Bank	43
Table 3.3:	Showing the Reliability Test Statistics	45
Table 4.1:	Questionnaire Retrieval Table	49
Table 4.2:	Bio-data of respondents	50
Table 4.3:	Showing ATM Question from number 5-8	51
Table 4.4:	Showing Online Banking Question from number 9-12	53
Table 4.5:	Showing POS Question from number 13-16	55
Table 4.6:	Showing Mobile Banking Question from number 17-20	56
Table 4.7:	Showing Customer Loyalty Question from number 21-24	58
TABLE 4.8	Model Summary	59
Table 4.9	Fitness of the Model	59
Table 4.10:	Regression Analysis of alternative delivery channels of bank services and customer loyalty	60

LIST OF FIGURE

Figure 2.1 Conceptual Model of the Study	25
--	----

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The Nigeria Banking Industry has witnessed a remarkable growth in terms of deposit base, number of branches, total asset and volume of loans and advances, especially since the deregulation of the sector in the recent past years. However, given the nature of demand in the market, they are required to do more particularly in providing services as needed by their customers and other stakeholders in the industry.

The demand for better-quality services, cost reduction, flexibility, and competitiveness seems to be faced by Nigerian banks. While addressing these demands, banks seem to be experiencing unprecedented advances in technology, a changing population and workforce, new skills requirements, and enhanced capabilities for partnerships and new lines of communication. As a result, these banks are experiencing a fundamental restructuring. The banking sector has already begun implementing new approaches to doing business. They appear to have devised alternative means of service delivery. As a matter of fact, important lessons could be learned from their experiences.

Riding on the bank of the ever evolving technological advancements to address these services challenges, banks developed and adopted the use of Alternative Delivery Channels for efficient delivery of their various services. According to Mwangi (2007), alternative Service Delivery is changing the way

organizations work. It seems to open up a vast array of new solutions to service delivery issues. By using Alternative Service Delivery, business organizations especially banks appear to be realizing the benefits of focusing their businesses on the things they do best while allowing other firms to deliver other activities and functions they could not do best. Alternative Service Delivery could be a way in which the organizations achieve their goals of business renewal and providing effective and efficient services. According to Ovum Analyst Research (2013), alternative service delivery could also be a means of continuing to provide some services or products, which have been provided traditionally by the other firms through or in partnership with organizations outside the organization. These products or services may be provided either to the public or to users within the organization.

Customer loyalty is a deeply held commitment to re-buy or patronize a preferred product or service consistently in the future, thereby causing repetitive purchasing of the same brand, despite situational influences and marketing efforts. It can also be defined as the degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using this provider when a need for this service arises.

Alternative Service Delivery could also be known as alternative delivery initiatives or as alternative program delivery. According to Mwangi (2007), using Alternative Service Delivery, providers ranging from public agencies to private sector companies will be able to provide services or products to Nigerians and to the public, while making the best use of scarce resources. In the Nigerian Banking sector

today, the use of alternative service delivering appears to be competitive. All the banks in the country seem to be using related alternative service delivery to ease customers the stress of queuing up in the banking halls. Such service delivery as ATM, online banking, POS and mobile banking among others are being used in the banking sector.

Rose, (1999) explained that “an ATM combines a computer terminal, record keeping system and cash vault in one unit, permitting customers to enter the bank’s book keeping system with a plastic card containing a Personal Identification Number (PIN) or by punching a special code number into the computer terminal linked to the bank’s computerized records, 24 hours a day”. Once access is gained, it offers several retail banking services to customers.

Leow,(1999) tele-banking has numerous benefits for both customers and banks. As far as the customers are concerned, it provides increased convenience, expanded access and significant time saving. On the other hand, from the banks’ perspective, the costs of delivering telephone-based services are substantially lower than those of branch based services. It has almost all the impact on productivity of ATMs, except that it lacks the productivity generated from cash dispensing by the ATMs. For, as a delivery conduit that provides retail banking services even after banking hours (24 hours a day) it accrues continual productivity for the bank.

POS is an abbreviation for Point of Sale (or Point-of-Sale, or Point of Service). The term is applicable to a retail shop or store, the checkout/cashier counter in the store, or a location where such transactions can occur in this type of

environment (Jun and Cai, 2001).The idea of Internet banking according to Essinger, (1999)is, to give customers access to their bank accounts via a web site and to enable them to enact certain transactions on their account, given compliance with stringent security checks.

Internet Banking, which is described as the provision of traditional (banking)services over the internet, by its nature offers more convenience and flexibility to customers coupled with a virtually absolute control over their banking. Service delivery is informational (informing customers on bank's products, etc) and transactional (conducting retail banking services).As an alternative delivery conduit for retail banking, it has all the impact on productivity imputed to Tele-banking and Personal Computer-Banking. Audit is the most cost-efficient technological means of yielding higher productivity. Furthermore, it eliminates the barriers of distance / time and provides continual productivity for the bank to unimaginable distant customers. The objective of the study is to examine alternative service delivery channels and its effect on customer loyalty.

1.2 Statement of the Problem

Alternative channels of delivering banking services were brought into limelight in Nigeria due to frequent delay and long queue in the banking hall. Occasionally, many of the customers out of frustration and unnecessary delays do complain of the bank's operations. Some customers who are in need of quick and fast service delivery leave the banking hall for other banks which they usually described

as providing fast-track banking services. The use of alternative channels of banking is increasing on daily basis. It is important to study the issues and challenges towards the use of these services in the Nigerian banking industry.

Although, alternative banking channels provide an extremely useful service to banks customers, at times they can be very frustrating to use and therefore there is a lot of room for improvement. The customers were facing different types of problems with which alternative channel such as ATM is directly related. Machine complexity, machine breakdown, poor quality notes, network failure, unsuitable location, forgot ATM pin number, High frequency of use, safety and security are the major problems of ATM users. Customers do not like ATMs because of impersonality, vision problem, fear of technology and reluctance to change and adopt new mode of delivery of service.

The Nigerian banking industry has been in operation for many decades serving customers within the country. Despite the long existence of the industry, customers appear to be experiencing poor services, inconveniences and high costs of transactions while using the banking halls. This seems to have led to poor customer loyalty, hence the reason why commercial banks introduced alternative banking systems. It is therefore necessary to ascertain how customer loyalty can be enhanced via alternative banking service specifically in online banking, ATM, POS, and Mobile banking services.

1.3 Research Questions

This study is guided by the following research questions:

- i. What is the impact of automated teller machine on customer loyalty?
- ii. What is the effect of online banking services on customer loyalty?
- iii. To what extents does point of sales services affect customer loyalty?
- iv. What are the effects of mobile banking on customer loyalty?

1.4 Objectives of the Study

The general objective of the study is to examine alternative delivery channels of bank services and its effect on customer loyalty. The specific objectives are to:

- i. ascertain the effect of automated teller machine on customer loyalty.
- ii. find out the impact of online banking services on customer loyalty.
- iii. examine the effect of point of sales services on customer loyalty.
- iv. determine the effect of mobile banking on customer loyalty.

1.5 Statement of Hypotheses

HO₁: There is no significant relationship between ATM services and customer loyalty.

HO₂: There is no significant relationship between online banking services and customer loyalty.

HO₃: There is no significant relationship between POS services and customer loyalty.

HO₄: There is no significant relationship between mobile banking and customer loyalty.

1.6 Significance of the Study

This study is significant because it enriches the extant body of knowledge by integrating the constructs of alternative banking channels in a manner that has not been done previously. Specifically, this study shall access. Access bank, Diamond bank, Eco Bank, First City Monument Bank, Fidelity Bank, First Bank, GTB, UBA, Zenith Bank, Skye Bank and its customers.

This study will identify potential impediments to customer loyalty and establish ways of fostering positive attitudes towards channel deliveries of the banks. This study will act as a significant empirical form of reference for alternative channel delivery agents who are planning new organizational changes. While the results may not be generalized, they may shed some light on changes in organizations with volatile markets and competition on whether alternative service delivery channels are the best tools for customer loyalty. Since much research has focused on customer loyalty and its benefits to organizations, this study takes a stance on emphasizing the importance of alternative service delivery channels in enhancing customers' loyalty.

Some studies have been done on alternative service delivery but very few were done as it relates to customer loyalty and none was done in relation to banks in Asaba, metropolis. This study will therefore be of significant to these establishments as it will help them to know the necessary step to take in introducing alternative service delivery to the firms. Finally, this study will provide information as regard how ATM, online banking, POS and mobile banking relates with customers' loyalty.

1.7 Scope of the Study

This study covered some alternative service delivery channels in the Nigerian banking Industry. It covered ten (10) selected banks branches in Oshimili South Local Government Area of Delta State namely; Access bank, Diamond bank, Eco Bank, First City Monument Bank, Fidelity Bank, First Bank, GTB, UBA, Zenith Bank, Skye Bank and its customers. These banks branches were selected because of the complaints by majority of their customers. These banks were also chosen because of their popularity in the State. The study is limited to Asaba in Oshimili South Local Government Area, the capital of Delta State.

The population element that was employed for this study was limited to banks staff. The adopted indicators for this study include ATM, Online banking, POS and mobile banking. It was assumed that the indicators would make for easy measurement of alternative service delivery channel on customer loyalty in the Nigerian banking industry.

1.8 Limitations of the Study

The researcher encountered some problems while carrying out this study. These are inclusive of the fact that many employees of the banks dislike questions that appear to be probing them and they seemed to have special liking for secrecy, thereby they made attempt to avoid the researcher and they didn't give more vital information as regard to the questionnaire presented to them.

Negative attitude of some respondents who thought that the information was not be necessary for their benefit gave little attention to the question presented to them. Some top managers were not always available for contact this made the researcher to frequently visit the bank branches in order to get more valid information. The study is for academic purpose this made the researcher to limit himself to the study.

1.9 Definition of Key Terms

Alternative service delivery: Alternative delivery channels, defined as those channels that expand the reach of services beyond the traditional bank branch channel.

Online banking: Online banking service is the process of rendering services to consumers over the internet for purchases of tangible and intangible products.

ATM: ATM stands for; Automated Teller Machine. It is also referred to as a cash machine, a cash dispenser machine that allows users transact business without queuing in the banking hall.

POS: POS is an abbreviation for Point of Sale (or Point-of-Sale, or Point of Service). The term is applicable to a retail shop or store, the checkout/cashier counter in the store, or a location where such transactions can occur in this type of environment.

Mobile banking: Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct a range of financial transactions

remotely using a mobile device such as a mobile phone or tablet, and using software, usually called an app, provided by the financial institution for the purpose.

Customer Loyalty: This is a deeply held commitment to re patronize a preferred service consistently in the future, thereby causing repetitive same brand or same brand set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, areas such as: concept of alternative delivery channels, ATM, online banking, POS Services, Mobile banking, concept of customer loyalty, etc were all reviewed. This study reviewed previous empirical studies and also provided the conceptual framework for the study.

2.2 Conceptual Review

2.2.1 Concept of Alternative Delivery Channels

A channel is a gateway for execution of a service. A channel can be an office, media, tool, or an application; it can be manipulated by human interaction or through a systematic front-end interface. The 'Alternate Delivery Channel (ADC)' approach emerged as a result of a pressing need to ensure proper handling and communicating of scattered services, products, and/or commodities that were previously not following a systematic process flow (Owens and Anna, 2006). ADCs have evolved gradually and adapt to serve consumer needs at their convenience. ADC serves as an alternate to complement the existing delivery channels. At this stage, it cannot be considered as a replacement to the existing structured delivery channels, but rather as an advanced interface to leverage the use of any service that is also being offered through conventional channels. For more than 20 years, ADC has proven its ability to

meet consumer's expectations by ensuring accuracy, convenience, and timeliness in service 24/7.

In the banking sector, Alternate Delivery Channels are channels and methods for providing banking services directly to the customers. According to Ovum Analyst Research (2013), customers can perform banking transactions through their ATM, contact the bank's Call Center for any inquiry, access the digital Interactive Voice Response (IVR), perform transactions through Internet Banking, and even on smartphones through mobile banking, etc. These channels have enabled banks to reach a wide consumer-base across geographies. Alternative delivery channels, defined as those channels that expand the reach of services beyond the traditional bank branch channel, have emerged as a result of innovations in information and communication technology and a shift in consumer expectations. ADCs are transformative in nature, accommodating the demand for access to financial services "anytime, anywhere, anyhow". They rely heavily on information and communication systems and devices ranging from ATMs to mobile phones, all of which enable the instant transmission of financial and non-financial information between the customer and financial services providers. New technologies increase efficiency through automation, reduce operational costs, and improve service quality by cutting down on waiting times and offering more convenient access and reduced cost to the end-consumer (www.ifc.org/financialinclusionafrica).

ADCs ensure the smooth flow of regular transactions and provide banks with higher profits with lower operational expenses and transaction costs. "Channelize

through channels” is the new paradigm for banking today, which in earlier times relied solely on the branch network – where expanding the business meant adding more branches at high real estate and licensing costs (Chinedu, Chima, and Emeka 2012). The evolution of Alternate Delivery Channels has changed the dynamics of the branch network. The traditional branch services which included, Cheque/Cash deposits, Teller Services, etc. have now shifted to other channels; ADCs have now become independent of branch to provide unique services including, Cheque/Cash withdrawal, Foreign Exchange services, Funds Transfers, Bill Payments, and now even mobile top-ups. This exponential expansion of services has now made the customers more inclined towards ADCs.

2.2.2 Components of Alternative Delivery Channels

There are various components of alternative delivery channels used by commercial banks in Nigeria. But, for the purpose of clarity and brevity, the researcher will only focus on four commonly used channels which are;

1. Automated Teller Machine (ATM)
2. Online Banking
3. Point of Sales (POS) and
4. Mobile Banking

2.2.3 Automated Teller Machine (ATM)

ATM stands for; Automated Teller Machine. It is also referred to as a cash machine, a cash dispenser and ‘the hole in the wall’ among other names (Kevin and David, 2008). The ATM is an electronic computerized telecommunications device that allows financial institutions (e.g. bank or building society) customers to directly use a secure method of communication to access their bank accounts. According to Komal (2009), ATM is a self-service banking terminal that accepts deposits and dispenses cash. Most ATM’s also let users carry out other banking transactions (e.g. check balance). Melba and Merlin (2013) asserted that ATM’s are activated by inserting a bank card (cash or credit card) into the card reader slot. The card will contain the customers’ account number and PIN (Personal Identification Number) on the cards magnetic stripe.

Muhammad (2010) stated that when a customer is trying to withdraw cash for example, the ATM calls up the banks computers to verify the balance, dispenses the cash and then transmits a completed transaction notice. According to Shamsuddoha, Chowdhury, and Ahsan (2005), the idea for an ATM originally was to simply replace or reduce the workload of a bank teller (i.e. the person in the bank who gives out money to customers). The ATM would help reduce banks overheads as wages would be decreased. As for who created the first ATM or where it was first used is a topic of much debate (Sultan and Komal, 2009). Basically what answer you get when the question ‘who invented the ATM?’ is asked depends on who you ask. Miller (2006) presents the facts as he knows it about the history and invention of the ATM. The

notion of having a bank machine which automatically dispensed cash to customers came about in the 1930's.

2.2.4 Online Banking Services

An online service refers to any information and services provided over the Internet. These services not only allow subscribers to communicate with each other, but they also provide unlimited access to information (Sheth and Sharma, 2005). Online service is the process of rendering services to consumers over the internet for purchases of tangible and intangible products. Consumers of such services visit web stores from the comfort of their homes and offices to make purchases (Ozuru and Emezi, 2016). According to Wan, Luk and Chow (2005), online services can range from simple to complex. A basic online service may help subscribers gain needed data through a search engine, while a complex one might be an online mortgage application from a bank. Online services may be free or paid.

Online services provide an infrastructure in which subscribers can communicate with one another, either by exchanging e-mail messages or by participating in online conferences (forums) (Udo, Bagchi, 2010). In addition, the service can connect users with an almost unlimited number of third-party information providers. Subscribers can get up-to-date stock quotes, news stories hot off the wire, articles from many magazines and journals, in fact, almost any information that has been put in electronic form. Of course, accessing all this data carries a price. According to Proomrow (2003), online services if not done properly may cause

customer disloyalty, hence the importance of delivering efficient, effective and quality services with remarks and excellent customer experience.

Online banking service or internet banking is therefore an internet based platform provided by banks for easy interaction and rendering of services between the bank and its customers. The platform services as a two way communication platform between the bank and its clients and enables the customers perform most of their banking transactions through the web without having physical contact with the bank. This platform has become one great service delivery tool for banks that adopted it.

2.2.5 Point of Sales (POS) Service

The point of sale (POS) or point of purchase (POP) is the time and place where a retail transaction is completed. It is the point at which a customer makes a payment to the merchant in exchange for goods or after provision of a service. At the point of sale, the merchant would prepare an invoice for the customer (which may be a cash register printout) or otherwise calculate the amount owed by the customer and provide options for the customer to make payment. After receiving payment, the merchant will also normally issue a receipt for the transaction. Usually the receipt is printed, but it is increasingly being dispensed electronically.

It can apply to the actual Point of Sale (POS) Hardware & Software including but not limited to: electronic cash register systems, touch-screen display, barcode scanners, receipt printers, scales and pole displays. Point of Sale Systems are utilized

in many different industries, ranging from restaurants, hotels & hospitality businesses, nail/beauty salons, casinos, stadiums, and let's not forget - the retail environments. In the most basic sense, if something can be exchanged for monetary value - a Point of Sale System can be used.

2.2.6 Mobile Banking

Mobile banking refers to the use of a Smartphone or other cellular device to perform online banking tasks while away from your home computer, such as monitoring account balances, transferring funds between accounts, bill payment and locating an ATM. Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct a range of financial transactions remotely using a mobile device such as a mobile phone or tablet, and using software, usually called an app, provided by the financial institution for the purpose. Mobile banking is usually available on a 24-hour basis. Some financial institutions have restrictions on which accounts may be accessed through mobile banking, as well as a limit on the amount that can be transacted (Tiwari, Buse and Herstatt, 2006b).

According to Vaidya (2011), the types of financial transactions which a customer may transact through mobile banking include obtaining account balances and list of latest transactions, electronic bill payments, and funds transfers between a customer's or another's accounts. Some also enable copies of statements to be downloaded and sometimes printed at the customer's premises; and some banks charge a fee for mailing hardcopies of bank statements. From the bank's point of

view, mobile banking reduces the cost of handling transactions by reducing the need for customers to visit a bank branch for non-cash withdrawal and deposit transactions. Transactions involving cash or documents (such as cheques) are not able to be handled using mobile banking, and a customer needs to visit an ATM or bank branch for cash withdrawals and cash or cheque deposits. According to Tiwari, Buse and Herstatt (2007), mobile banking differs from mobile payments, which involves the use of a mobile device to pay for goods or services either at the point of sale or remotely, analogously to the use of a debit or credit card to effect an EFTPOS payment.

2.2.7 Concept of Customer Loyalty

Customer loyalty research has mainly centered on the loyalty consumers display towards tangible and intangible products that is often referred to as brand loyalty (Daniel, 2012). Although, the concept of customer loyalty to tangible goods (brand loyalty) has been studied extensively by marketing scholars, relatively little empirical research has examined loyalty to service organizations (service loyalty). Significant gaps exist in marketing literature in explaining what leads customers to become loyal to service organizations. Loyalty is therefore an attitude or behavior that customers explicitly vocalize or exhibit. Loyalty has both behavioral and attitudinal dimensions. The behavioral repurchase consists of repeated purchase of product while attitudinal loyalty refers to attitudinal commitment or favorable

attitude toward a product resulting in repeat purchasing behavior. It is a biased purchase response resulting from an evaluative attitude favoring the purchase.

Anderson and Jacobson (2000) say that customer loyalty is actually the result of an organization creating a benefit for customer so that they will maintain or increase their purchases from the organization. They indicate that true loyalty is created when the customer becomes an advocate for the organization without incentives. There are several factors that attempt to explain customer loyalty in service organizations but this study specifically focused on service quality, satisfaction and value. These antecedents were included in the conceptual model in order to assess how they affect customer's loyalty towards service providers. Cronin et al. (2000) point out that when service quality, satisfaction and value are investigated separately as drivers of loyalty outcome behaviors, they consistently have a statistically significant effect on loyalty.

Little has been studied on the simultaneous effects of service quality, satisfaction and value on customer behavioral loyalty. This study extended the marketing theory relative to service quality, value and satisfaction as antecedents of customer loyalty in service organizations. Most businesses are faced with keen competition. The ability to win, satisfy and retain a customer becomes a great success factor for any business. A few approaches to measuring customer loyalty are listed below.

Retention Rate: Customer Retention is one key area of measuring customer loyalty. It shows the willingness of a customer to remain with a particular company and

continue to enjoy its products or services despite the offerings of completion. It measures the attrition rate on the company or its product/service. In the banking industry, retention rate is measured through the level of inactive and dormant accounts volume of the bank.

Advocacy: Advocacy as means of measuring customer loyalty tries to check how willing the customers are to recommend the company's product or service to other users of that product/service. It shows how satisfied a customer is with the company and its services. It takes a satisfied customer to win his/her advocacy to other prospects and clients.

Though Advocacy and Retention are interrelated, there is still a distinction between the two. Advocacy preaches the brand, which does not necessarily mean or translate to purchase, while Retention requires the customer to actually engage in purchase of the company's product/service which is a true indication of customer satisfaction.

Net Promoter Score: NPS (Net Promoter Score) is another simple way to measure customer loyalty. Like Advocacy, NPS measures how likely your customers are to recommend your company and its product/services to a friend. Only a loyal customer will refer your business to a friend.

Customer Lifetime Value (CLV): Customer lifetime value is another good measurement of customer loyalty. It shows how often a customer patronizes a particular brand and how long they remain a customer. It will show you if your

customers are becoming more loyal over time. If a customer is purchasing often and over a long time, the customer can be classified as loyal customer.

Share of Wallet: This is a simple calculation that shows the true loyalty of your customer. Share of Wallet measures the proportions of your customers' total spend on a particular product/service category that come to you. In a competitive business where customers buy same product or service from different suppliers, the percentage of the customer's total expenditure on that product/service category that comes to you determines the value the customer has placed on your business. The higher your share of the wallet indicates the customer's loyalty to you. It's calculated as: *customer spend / customer category spend*.

2.2.8 Benefits of Alternative Banking Channels

The technological innovation has brought about several gains to the banking industry in Nigeria and the world at large. Some of these can be identified as convenience to banking, enhanced customer access and awareness, speedy or faster process and transmission of information, reduction of fraud levels and improved risk management. Other benefits are global compliance that is, adopting trends to provide seamless and standardized services worldwide and easier marketing of banking services among others. Katz *et al.*, (2011) in a study, found that the most important factors encouraging consumers to use online banking and other banking channels like ATM, POS, Quick teller etc. are lower fees followed by reducing paper work and human error, which subsequently minimize disputes (Oliver., 2000). Taylor (2005)

concluded that it was changing consumer attitudes rather than bank cost structures that determine the changes in distribution channels; they added that virtual banks can only be profitable when the segment that prefers electronic media is approximately twice the size of the segment preferring street banks.

Convenience of conducting banking outside the branch official opening hours has been found significant in cases of adoption of e-banking. Banks provide customers convenient, inexpensive access to the bank 24 hours a day and seven days a week. Folkes *et al.*, (2007) pointed out that each ATM could carry out the same, essentially routine, transactions as do human tellers in branch offices, but at half the cost and with a four-to-one advantage in productivity. Given that the ICT is now creeping into the banking industry in Nigeria, its functions could not be completely regarded as substitute for tellers in the banking hall. There are a number of times where the ATMs fail to function thus making the customer unable to access the service.

Lucas (2002) found a positive correlation between convenience and alternative banking and remarked that a primary benefit for the bank is cost saving and for the consumers a primary benefits is convenience. Multi-functionality of an IT based services may be another feature that satisfies customer needs (Hui et al., 2008).

Alternative banking also increases competition within the banking system and also from non-bank financial institution (Rose, 2009). The Internet increases the power of the customer to make price comparisons across suppliers quickly and easily. As a consequence, this pushes prices and margins downward (Berry et al.,

2005). Institutional encouragement of the use of IT-based services and IT service fees are another important dimension (Fornel, 2002). Cantrell (2007) conducted a banking survey in the US and found that increases in service fees were one of the main driving forces behind the move of some large bank customers to smaller community banks.

Tom and Lucey (2005) pointed out that banks are responding to the Internet differently, and that those which see the Internet as a complement and substitute to traditional channels achieved better communication and interactivity with customers. Debe Rioux et al (2000) argued that the alternative banking extends the relationship with the customers through providing financial services right into the home or office of customers. The banks may also enjoy the benefits in terms of increased customers loyalty and satisfaction (Williams, 2000).

Kindo, (2011) viewed the same situation differently and argued that customers like to interact with humans rather than machines. They found more possibilities for asking questions and believe that bank clerks are less prone to errors. It is thus essential that any face-to-face transactions are carried out efficiently and courteously. This increases the possibility of selling the customer another service that they need and also promotes a good image and enhances customer loyalty. The findings obtained by Aladwani (2001) suggest that, attitude is an important variable which influence the usage of alternative banking services such as telephone banking and ATM services. Therefore, customers who have negative attitude towards alternative

banking services especially individuals who cannot read and write, are less likely to use such services than those with positive attitude.

Davies, (2009) found that low levels of email usage and a preference for doing over-the-counter transactions at bank branches are the main reasons for not using e-banking in Turkey. The opportunity to conduct a trial may help to convince reluctant customers (Aladwani, 2001). Boon and Ming (2003) concluded that banks in Malaysia should concentrate on enhancing their operation and product management through a mixture of branch banking and alternative channels such as; ATMs, POS, online banking and mobile banking etc.

2.2.9 Conceptual Model

Although, previous researchers such as; (Daniel, 2012; Eyad, 2014; Aysha & Muthumani, 2015) have carried out study in this area, but not much has been carried out in the Nigeria context specifically banks located in Asaba metropolis of Delta State. Hence, the reason why the researcher has chosen this framework;

**Alternative Delivery Channels of bank services
(Independent Variable)**

**Customer Loyalty
(Dependent Variable)**

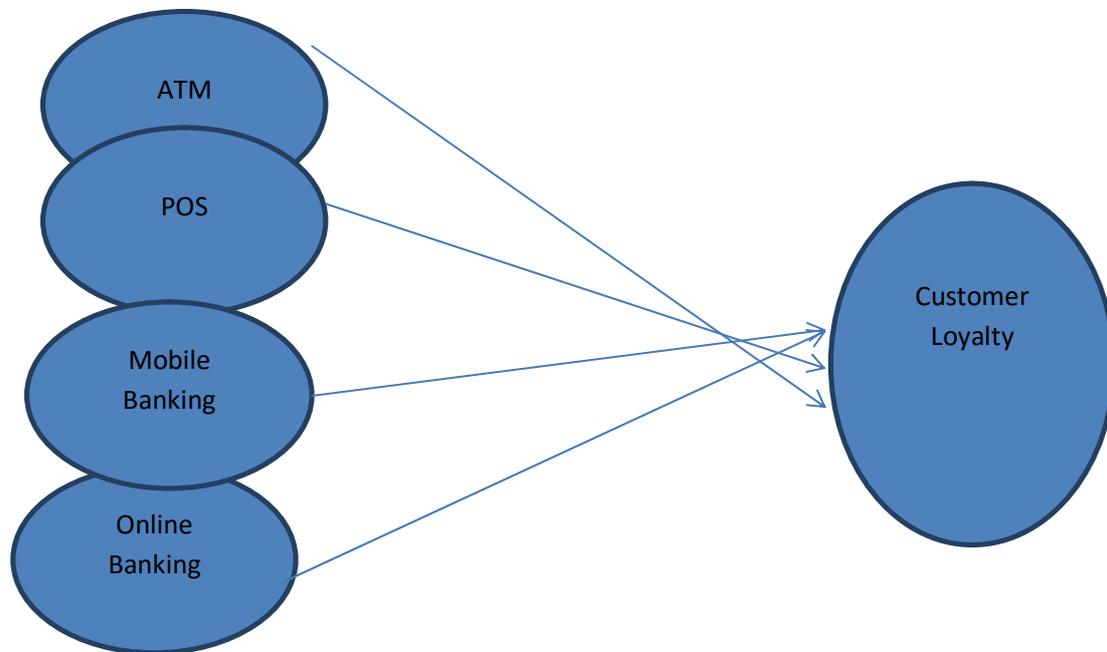


Figure 2.1 Conceptual Model of the Study

Source: Researcher's Model (2016)

The model above indicates that the variables of alternative service delivery used by banks could have direct relationship with the dependent variable which is customer loyalty. Hence, ATM services could lead to customer loyalty if appropriately used. Again, POS could also enhance customer loyalty. The model also shows that mobile banking could result to customer loyalty. And finally, online banking services may lead to customer loyalty.

2.9.1 ATM and Customer Loyalty

Earlier research by Brownlie (1989) has recommended that some consumers have positive attitudes towards ATMs based on dominant perceptions of

convenience/accessibility/ease of use. As observed by Malcolm (2008). On the other hand, Reichheld and Sasser (1990) have recognized the benefits that customer loyalty delivers to a bank. For instance, the longer a customer stays with a bank the more utility the customer generates. This is a result of a number of factors relating to the time the customer spends with a bank. Without usage of technology the banking sector cannot provide customers with a satisfactory service (Patricio et al., 2003). Effective service delivery according to Chinedu, Chima & Emeka (2012), is a new or significantly improved service concept that is taken into practice.

According to, Patricio et al. (2003) customers will use different service delivery systems dependent on their assessment of each channel and how it contributes to the overall service offering. Hence service satisfaction will not merely be based on isolated service encounters and experiences but rather on the overall feelings of satisfaction. With automated teller machines networks already in place in most of the urban areas, the drive is now focused towards the rural areas where the use of automated teller machines is still uncommon (Musiime and Biyaki, 2010).

2.9.2 Online Banking and Customer Loyalty

Online service entails delivery of tangible/intangible products to consumers through the internet platform. Customer service on the web can take several forms such as answering customers inquires, providing search and comparison capabilities, providing technical information to customers, allowing them to track order status, and placement of online orders etc (Ozuru & Kalu, 2011). In today's business world,

companies can no longer ignore the importance of online business which resumes great attention to rendering services that will be accepted to by their customers. The use of internet or online services has improved the pattern or changed the way consumers purchase goods and services in Nigeria. The internet is now a platform that most online shops explore in order to beat competitors in a fierce competitive environment (Jones et al, 2003). Good customer service equals good customer retention and good online business enterprises like airline industry to differentiate their services from their competitors. A successful airline service industry will adopt a strategy that allow them build customer loyalty, fulfill a broader range of customer needs and increase the effectiveness of their sales and service (Reynolds, 2004). Online customers bring a whole new set of customer service expectations that never existed with brick-and-mortar stores, customer expects easy way of buying and a fast delivery system.

Banks like First bank, First Monument bank, Oceanic bank, Stanbic IBTC, Zenith bank, Diamond, etc that operate in Asaba, Nigeria and nationwide now pay great attention to online services in order to satisfy their customers. Good customer relations warrant customer to come back for more and less relations requires a customer service strategy that puts in place policies, services, software, hardware that enable customers feel confident when making online transactions. Online services are not done haphazardly, rather, it takes planning, organizing, implementation and control to enable the achievement of the organizational goals. Online customers do

not need to queue up online or be bored by unnecessary web pages before getting what they want (Reynolds, 2004).

2.9.3 POS Service and Customer Loyalty

One of the most effective ways to increase sales is by paying attention to what customers want and need. With a CRM-friendly POS system, businesses can easily collect and keep track of customer preferences and buying histories and transmit them to CRM systems in real time. Not only does this information help businesses better target marketing campaigns and upsell at the point of sale, but it also lets them cater offerings to individuals or groups of customers to improve the customer experience. With the increasing comfort level of consumers with POS, technology is already prompting banks to begin looking at ways to enhance self-checkout systems while the industry management continues to evaluate upgrade alternatives.

Lucas (2002) in his literature review concluded that time and convenience are among the most important factors bank managers should consider when selecting and implementing checkout processes for their retail outlets. Lucas (2002) found that demand is high for POS technology therefore, can reduce queue time in the bank and give customers convenience and control. In the attempt to meet this demand, bank managers in the banking industry are exploring different techniques and evaluating current technology in checkout systems to help them improve their current customer checkout process.

2.9.4 Mobile Banking and Customer Loyalty

Mahdi and Mehrdad (2010) used chi-square to determine the impact of mobile banking in Iran and their findings from the viewpoints of customers is that, mobile banking caused higher advantages to Iranians. In other words, Iran banks provide services that the customers are deriving satisfaction with particular reference to the use of mobile banking. In a similar study, Jayawardhena and Foley (2000) explore mobile banking as a new delivery channel arguing that mobile banking may help to overcome the inherent disadvantages of traditional banks and it is very clear that if mobile banking is conducted successfully it leads to big volume of transactions. Mahdi and Mehrdad (2010) concluded that ATMs in banking sectors will cause cash circulation decreases, the efficiency of banking sector will increase, as client banking costs decrease (less cash fees to pay), shop keeper / service provider costs will decrease, and bank costs decrease (cash storage, less checking and processing costs), and that customers don't have enough knowledge related to mobile banking in Iran.

Larger banking groups are better placed to go online with mobile phones via an internet bank. Although, mobile internet banks can pursue an aggressive strategy to position them in the market, and quickly attract new clients with high yielding deposits, this seems less important for traditional banks, which have already reached a stable position in the market (Jayawardhena and Foley, 2000). Instead, large banks can better reap the benefits of scale effects and obtain larger productivity, gains via cost reductions in branches and personnel (Jayawardhena and Foley, 2000). They so

receive a more stable flow of income and so obtain a strategic advantage over other banks (Nickerson and Sullivan, 2003).

Financial innovation is aimed at obtaining more capital at the lowest cost as possible and majority of the fund composition is high-cost funds such as deposit accounts or time deposits. Only a small amount of funds are low-cost, such as saving accounts. Therefore, banks must innovate well and every innovation must be communicated effectively and attractively to their targeted market (Iftekhhar, Schmiedel and Song, 2009). Customers prefer to deposit money into a system in which they can obtain a good payment service (Kemppainen, 2003 & 2008). Innovation improves the movements of deposits from checking accounts to money market deposit accounts, increases use of brokered deposits, and higher average wage rates for bank employees for click and mortar banks (Sushanta and Ho, 2006).

2.3 Theoretical Review

Here the researcher reviewed two main theories which are; innovation diffusion theory and technology acceptance model.

2.3.1 Innovation Diffusion Theory

An innovation is an idea, practice or object that has distinguishable features perceived to be new. Diffusion is a process by which the innovation is communicated through certain channels over time among the members of a social system. It is dependent on the perceived characteristics of an innovation. Rogers (1983) proposed

a theory of diffusion, which highlighted five (5) innovation characteristics that either increase or reduce the rate of acceptance of a technological innovation.

According to this theory, the adoption of innovation is explained by five (5) innovation attributes namely: relative advantages, compatibility, complexity, trial ability and observe ability. In terms of relative advantage, the use of new technology is highly dependent on the comparable benefits derived from its use. New technology is considered to possess a relative advantage over existing technology based on its perceived usefulness or its ability to enhance the user's state of well-being defined either economically, financially, physically or socially (Taylor & Todd, 1995). Davis (1989) suggested that ease of use refers to the extent to which the new system would require less physical and mental effort in getting output and is based on subjective opinions of customers.

Compatibility is the second dimension of Diffusion Innovation Theory and refers to the extent to which the innovation is deemed to be aligned with customer values, past and potential wants and needs. Al-Majali and Nik Mat (2011) refer to compatibility as the extent to which the innovation supersedes all other options in meeting the desires and needs of the adopter. It generally refers to the ability of the technology to fit within the lifestyle of the customer. The third dimension of Diffusion Innovation Theory model is complexity which relates to the amount of physical and mental effort requires understanding the innovation. The level of complexity of internet banking is a function of the level of skill and expertise the customer has with the internet and computer.

Trial ability allows the adopter the opportunity to test the innovation on a limited time scale before full adoption takes place. Rogers (1983) argued that trial of innovation reassures the adopter and reduces risks and uncertainty associated with adopting the technology. There is a positive correlation between the likelihood of adopting innovative technology and the opportunity given to customers to experiment with this technology prior to adoption. The fifth and last component of the DIT model is observability, which is the extent to which the technology is observable by others. Because of the nature of the service under investigation, the relevance of this construct to the study's purpose was deemed redundant. In other words, most if not all banking transactions are done privately, not observable or visible to others. Therefore, the construct of observability which implies speculation by others does not apply to private purchases, a conclusion supported by Al-Majali and Nik Mat (2011).

Diffusion innovation theory is one of the earliest attempts by researchers to model technology acceptance among customer public. Rogers (1983) extended the diffusion of innovation theory by investigating characteristics of adopters likely to accept innovative technology. He identified five (5) clusters of adopters of new technology which varied according to the time the new product was adopted during its life cycle. These groups are: innovators, early adopters, early majority, late majority and laggards. Each cluster differs according to the rate of adopting innovative technology.

The first group labeled as innovators, is generally a group of customers that exercise tremendous eagerness and thirst for new ideas. Innovators generally have higher incomes, are better educated, are more self-confident and rely less on group norms. The second cluster labeled early adopters follow innovators in their adoption, and although they are not the first adopters, they do so relative early in the product's life cycle. They are much more reliant on group norms and values compared to innovators and it is because of this group affiliation, they are more likely to become opinion leaders.

The third group of customers, early majority follows next. This group is likely to collect more information on products and services before adoption. Their tendency to adopt is highly dependent on recommendations and suggestions made by early adopters or opinion leaders. The late majority group adopt only after the product has been tried by other groups and proven to be successful. They are highly dependent on group norms and adoption is highly dependent on social compliance. Rogers (1983) classified this group as older with less education. The final group of customers to adopt the product is referred to as laggards. By the time this group adopt the product, it is often superseded by something else. Laggards are suspicious about new product and are often alienated by rapidly advancing societies. They generally belong to the lowest socio-economic status.

Overall, the diffusion process is influenced by the norms and values of the target market. Group norms are often classified as modern or traditional. Modern markets are more likely to accept changes; they have a greater respect for education

and science, and are more cosmopolitan. In today's modern society a new generation of customers has entered the market bringing with them a technology based lifestyle never seen before. Typically between eighteen (18) and thirty (30) years old, this group labeled Digital-Natives or Millennial have typically grown up in an era of ongoing technological progress and widely saturated media environment. Most have grown-up with the internet and are adept at using it for product research and purchasing. According to Moriarty (2004), the primary source of information for the millennial generation is the internet, a source they trust and favour.

Although not as large as the previous generation in terms of numbers, members of the millennial generation have higher incomes and higher propensity to consume. Additionally, millennial generation are less risk adverse compared to previous generations, are more inclined to switch suppliers of services, are more pessimistic towards businesses and business activities, and are less loyal in their purchase tendencies (Lancaster & Stillman, 2002). They are also less price conscious and place a greater level of importance on materiality and personal convenience and when making purchases. These inherent group characteristics have a direct impact on the generation's use of technological options in their purchase decisions. But using technological options is dependent on the perceived features of the technology will ultimately encourage or discourage this group from adopting it. In other words, the likelihood of adoption and loyal tendencies of technologies by millennial members depends on the nature of the technology.

2.3.2 Technology Acceptance Model (TAM)

Theories and models used in studies related to the innovations, acceptance and use of new technology are many. For instance, focusing on the technological issues (Davis 1989) advances the Technology Acceptance Model (TAM). This model relates the individuals' behavioural intentions and his/her ICT use. It is suggested that, the actual behaviour of a person is determined by his behavioural intention to use, which is in turn influenced by user's attitude toward and perceived usefulness of the technology. However attitude and perceived usefulness are both determined by ease of use. Adopting the TAM model requires the understanding of end-users requirements regarding usefulness and user friendliness (Pedersen, Leif, Methlie and Thorbjornsen, 2002). From this model, usefulness and user friendliness affect users' attitudes towards any service (ibid.). Davis (1989; 1993), thus suggest that it is important to value user requirements based on perceived usefulness and the user friendliness of the technology rather than other objective measure.

Critiques of this model are directed to its inclination to the technological/ technical aspects of the technology in question ignoring other factors such as social aspect of the users. In practice, constraints such as limited ability, time, environmental or organizational limits and unconscious habits will limit the freedom to Wang, Wang, Lin and Tang (2003) were interested to identify the factors that determine acceptance of internet banking by the users. According to the Technology Acceptance Model (TAM), perceived ease of use and perceived usefulness constructs are believed to be fundamental in determining the acceptance and use of various

information technologies (IT). These beliefs may not fully explain the user's behaviour toward newly emerging IT, such as internet banking.

Using the TAM as a theoretical framework, Wang et al. (2003) introduces “perceived credibility” as a new factor that reflects the user's security and privacy concerns in the acceptance of internet banking. Wang et al. (2003) examines the effect of computer self-efficacy on the intention to use internet banking. The results strongly support the extended TAM in predicting the intention of users to adopt internet banking. It also demonstrates the significant effect of computer self-efficacy on behavioural intention through perceived ease of use, perceived usefulness, and perceived credibility (Wang et al., 2003).

2.4 Empirical Review

Financial innovations enable firms from all sectors to raise money in larger amounts and at a cheaper cost than they could elsewhere (Lerner, 2006). It becomes obvious that there is a tendency for a bank to minimize costs and expenditures. The other major benefit from alternative banking channel innovation is fee based income (Dew, 2007). If a bank joins in an ATM network, it can generate income from other banks' customers that use its ATM machines or from third parties that cooperate with it. Advanced retail payment transaction technologies will foster innovation and growth in the retail banking sector. This will further create more value associated with retail payment services for banks. On the other hand, if more retail payment transactions have been done through POS instead of retail payments offices, banks

can be more cost efficient and obtain more income which will also affect customers share earnings, therefore increasing the level of customer loyalty in the bank (Iftekhhar, Schmiedel and Song, 2009). Innovations of retail payment services have a larger impact on bank performance in countries with a relatively high adoption of retail payment transaction technologies (Iftekhhar, Schmiedel and Song, 2009). ATMs as studied by Massoud and Bernhardt (2002) and McAndrews (2002) consider the possibility that ATM surcharges can impact banks profitability, both directly as well as indirectly through a so-called customer relationship effect. This indirect effect results from a customer at a small bank with relatively few ATMs switching his/her deposit account to a larger bank with a larger number of ATMs in order to avoid paying ATM surcharges. If switching occurs then higher ATM surcharges should result in an increase in the market share of bank products (e.g. deposits) and profitability of larger banks and a decrease in the market share of deposits and profitability of smaller banks (McAndrews, 2002).

Malhotra and Singh (2009) in their study on the impact of internet banking on bank performance and risk found out that on average internet banks are larger, more profitable and are more operationally efficient. They also found that internet banks have higher asset quality and are better managed to lower the expenses for building and equipment and that internet banks in India rely substantially on deposits. They further found out that smaller banks that adopt internet banking have been negatively impacted on profitability. Kagan, Acharya, Rao and Kodepaka (2005) in their study on whether internet banking affects the performance of community banks found that

banks that provide extensive online banking services tend to perform better which makes customer prefer such bank to the others. They further found out that online banking helps community banks improve their earning ability as measured by return on equity and improved asset quality by reducing the proportion of overdue and underperforming assets.

Hernando and Nieto (2006) while studying whether internet delivery channels change bank's performance, found out that adoption of internet as a delivery channel involved gradual reduction in overhead expenses (particularly, staff, marketing and IT) which translates to an improvement in banks' profitability. As a result mobile banking, users can now perform common banking transactions such as writing checks, paying bills, transferring funds, printing statements and checking account balances online using their mobile phones (Acharya and Kagan, 2004).

2.5 Summary

This chapter has been able to review literatures relating to alternative services channels of banks as it affect customers loyalty in the Nigeria banking industry. Areas focused on are; concept of alternative delivery channels, components of alternative delivery channels, automated teller machine (ATM), online banking, point of sales (POS) services, mobile banking, concept of customer loyalty, benefits of alternative banking channels, conceptual model, ATM and customer loyalty, online services and customer loyalty, POS service and customer loyalty, mobile banking

and customer loyalty. Also, theoretical review includes; diffusion innovation theory and technology acceptance model (TAM) and empirical review.

Studies conducted by Shu and Strassmann, 2005; Kozak , 2005; Brynjolfsson and Hitt, 2000; Massoud and Bernhardt , 2002; McAndrews ,2002; Malhotra and Singh 2009; Kagan, Acharya, Rao and Kodepaka ,2005etc where done almost exclusively in the Nigerian context and has not addressed the effect alternative delivery channels of banking services may have on customer loyalty in the banking industry in Asaba. Therefore, this study was focused on filling this gap in literature.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter is concerned with providing the methods adopted in carrying out this research study. Therefore, the following procedures will be applied:

- Research design
- Population of the Study
- Sample size
- Sampling techniques
- Methods of Data collection
- Research instrument
- Validation and Reliability of research instrument
- Techniques for data analysis
- Measurement of Variables

3.2 Research Design

Research design refers to the approaches, framework or plans for carrying out research studies (Olannye, 2006). According to Elikwu (2008) it is described as a programme that is meant to guide the researcher in the process of collecting, analyzing and interpreting observations. Research design, articulates the tools through which the empirical data are gathered and analyzed. According to Anyiwe, Idahosa and Ibeh (2005), research design is a guide showing how the data or information concerning a research problem is to be collected and analyzed within the research setting and economy of time and materials. The authors also suggest

that a research design refers to the approaches, framework and strategy of conducting research studies.

The research design used for this study was the cross sectional survey research design. According to Granger and Newbold (2004), survey research method is concerned with the collection and analysis of data for the purpose of relating the respondent view to the subject matter in order to achieve the stated goal. The reason for these methods is that, the study made use of primary data. It helped the researcher in collecting the required data and also helped in answering the research questions in order to achieve the research objectives.

3.3 Population of the Study

According to Elikwu (2008) “Population is the totality of any group, persons or objects which is defined by some unique attributes”. The population of this study was 610 bank employees which consist of senior, middle and lower management staffs of the selected ten (10) banks in Asaba metropolis, Delta State (Source: Human Resource Departments of the Banks, 2016). These bank share a feature in terms of recruitment and employing people. Since it is not possible to study the entire population of banks in the banking sector due to geographical constraints, the researcher has chosen ten (10) banks out of the nineteen (19) existing banks in the country as the sample for this study.

For the purpose of this study, the research population comprised of lower, middle and the senior management cadres of employees of the selected banks, and is

presented in the table below: Access bank, Diamond bank, Eco Bank, First City Monument Bank, Fidelity Bank, First Bank, GTB, UBA, Zenith Bank, and Skye Bank.

Table 3.1: showing the population spread of bank staff

SN	Banks	Number of Staff
1	Access bank	70
2	Diamond bank	40
3	Eco bank	150
4	FCMB	80
5	Fidelity bank	40
6	First bank	90
7	GTB	40
8	UBA bank	40
9	Zenith bank	30
10	Skye bank	30
Total		610

Source: Human Resource Departments of the Banks (2016)

3.4 Sample Size

The sample size of any research study refers to the representation of the population from which it is being drawn (Olannye, 2006). For the purpose of this research, the appropriate number of representation of the population for this study was determined using the Taro Yamen's sample size formula thus:

$$n = \frac{N}{1 + N (e)^2}$$

Where n = sample size sought

e = level of significance

N = population size

Working reveals the desired sample size thus:

The sample sought is:

$$n = \frac{610}{1 + 610(0.05)^2}$$

$$n = \frac{610}{1 + 610(0.0025)}$$

$$n = \frac{610}{2.525} = 242$$

Therefore, the sample size that was used in this study constitutes 242 staffs.

TABLE 3.2 Proportion Sample Size from Each Bank

SN	Banks	Number of Staff
1	Access bank	$(70/610) \times 242 = 27.8$
2	Diamond bank	$(40/610) \times 242 = 15.9$
3	Eco bank	$(150/610) \times 242 = 59.5$
4	FCMB	$(80/610) \times 242 = 31.7$
5	Fidelity bank	$(40/610) \times 242 = 15.8$
6	First bank	$(90/610) \times 242 = 35.7$
7	GTB	$(40/610) \times 242 = 15.9$
8	UBA bank	$(40/610) \times 242 = 15.9$
9	Zenith bank	$(30/610) \times 242 = 11.9$
10	Skye bank	$(30/610) \times 242 = 11.9$
Total		242

Source: Human Resource Departments of the Banks (2016)

3.5 Sampling Techniques:

The study used the stratified random sampling method in the procedure that eventually led to the picking of the banks whose employee participated. The procedures includes the grouping of the banks in Asaba, Delta State and setting up of

a table of random numbers whereby the list of banks was adopted as a result of its convenience. A stratified random sampling method was adopted for this study as this technique gives every member an equal chance of being selected or chosen. This was due to the fact that the population was divided into sub strata.

3.6 The Research Instrument

The research instrument that was used in this study was a structured questionnaire which response format was in the five point likert scale form whereby the respondents would be asked to give answers ranging from strongly agree to strongly disagree. It is particularly suitable at measuring or obtaining evaluative response towards an object (Agbonifoh and Yomere, 1999), requiring intense evaluation of his attitude stating how well he agrees or disagrees with a statement; hence its usage in this study. The likert questionnaire scale format was assigned numbers that ranges from: One (1): for strongly disagree; Two (2): for disagree; Three (3): for Undecided; four (4): for agree; and five (5): for strongly agree.

3.7 Validity of Research Instrument

Content validity was used to test if the content of the questionnaire has really addressed what it is supposed to measure. Content validity has been defined as the degree to which elements of an assessment instrument are relevant to and representative of the targeted construct for a particular assessment purpose (Haynes, Richards and Kubany, 1995). According to Ogbor (2012), validity is concerned with the question “Is one measuring what one thinks one is measuring? Validity is

concerned with what the test is actually measuring. For the purpose of this study, content validity was used by giving the questionnaire to some team of lecturers who are experts in the field of management sciences to assess the content of the questionnaire so as to determine whether the information gathered from the respondents will be relevant to the objective of the research collected from the literature review.

3.8 Reliability of Research Instrument

Reliability can be achieved through statistical procedures. Ogbor (2012) affirms that the concept of reliability deals with an issue of consistency or accuracy of an instrument. Reliability demonstrates that the test is measuring consistently. Cronbach's Alpha based test was used to test for the reliability coefficient. A reliability coefficient of 0.7 and above, are high and is acceptable while a reliability coefficient of 0.6 and below shows poor reliability (Sekaran, 2003). The reliability test result is shown below;

Table 3.3: Showing the Reliability Test Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.836	.836	20

Source: Field Survey (2016)

Table 3.3 showed the reliability test result in which the Cronbach Alpha coefficient is 0.836 which implies that the four components of alternative service delivery which are; ATM, Online banking, POS, Mobile banking and Customer loyalty (proxy by customer deposit) are good and fit enough to measure what it intend to measure.

3.9 Methods of Data Collection

The strategy for obtaining the data for this study involves the administration of validated questionnaire which is the primary data. Source for data collection for this study were obtained from the primary source. Primary data entails the use of questionnaire, and direct observation to obtain information relevant to the study. The researcher used the linkert five-scale questionnaire model.

3.10 Techniques of Data Analysis

According to Grofel, (2003) the method/techniques of data analysis simply means the statistical tool or techniques utilized in processing the data collected, with a view to arriving at valid conclusions. The statistical techniques adopted for this study is the multiple regression analysis via the use of SPSS version 23. The justification for the choice of multiple regressions as the statistical tool for this work is the fact that it was able to produce a robust and dependable result since it is highly efficient and technically reliable. This was for the purpose of ascertaining the strength of relationship that exist among variables, determine to what extent the independent variable accounted for change on the dependent variable, as well as to

test the statistical significance that exists among the variable respectively. Regression analysis used to test the hypothesis was conducted at significance level of 0.05. Study makes use of frequently distribution table for data presentation, descriptive statistics for data analysis while simple regression is used for test of Hypotheses.

3.11 Measurement Variable

In order to assess the effect of alternative service delivery channel on customer loyalty in the Nigerian banking industry, the researcher operationalized service delivery channels into four major constructs which are; ATM, Online banking, POS, Mobile banking and Customer loyalty (proxy by customer deposit).

Therefore, the following model specification was developed;

$$Y = F(X)$$

The statistical model for the study is given below:

$$CL = \alpha_0 + \alpha_1 ATM + \alpha_2 OB + \alpha_3 POS + \alpha_4 MP$$

Where:

CL = Customer Loyalty

ATM=Automated Teller Machine

POS= Point of Sales

OB= Online Banking

MP= Mobile Payments

α = Constant Coefficient

α_{1-4} = Coefficients

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

In this chapter the research takes decisive action at presenting the variables obtained from the field survey conducted by the researcher

4.2 Data Presentation

Data presentation analysis and test of hypothesis represent a three (3) phrase approaches which serves as a link between the research objectives and research findings. Howard (2012) points out that data presentation includes the description of the data set disseminated with the main variables covered the classification information on the time period covered and if applicable the base period sued. In another view, Osuala (2005) huts that data presentation entails the use of tables, charts, and graphs to demonstrate the trend, pattern and behaviour of any research data. Following the perspective discussed above, the researcher administered a total of 242 copies of questionnaires to respondents drawn from Ten Deposit Money Banks in Delta state. The pattern of retrieval is presented below in table 4.1:

Table 4.1: Questionnaire Retrieval Table

SN	Banks	Questionnaire administered	Percentage Usable
1	Access Bank	20	8.3%
2	Diamond Bank	40	16.5%
3	Eco Bank	30	12.2%
4	FCMB	20	8.3%
5	Fidelity Bank	20	8.3%
6	First Bank	32	13.2%
7	GTB	20	8.3%
8	UBA bank	20	8.3%
9	Zenith Bank	20	8.3%
10	Skye Bank	20	8.3%
Total	10	242	100%

Source: Field survey (2016)

Table 4.1 shows that 242 copies of questionnaires were administered to staffs of the ten selected banks and of this figure 242(100%) of these questionnaires were successfully retrieved because the researcher personally administered the questionnaires to each banks.

4.3 Data Analysis

Here, data were presented using simple percentage approach.

4.3.1: Bio data Response

Table 4.2: Bio-data of respondents

S/N	QUESTION	RESPONSE	RESPONDENTS	PERCENTAGE
1	Gender	Male	185	76
		Female	57	24
2	Age	Below 30	108	45
		31-40	87	36
		Above 40	47	19
3	Educational Qualification	OND/NCE	103	43
		HND/B.sc	45	18
		Masters	27	11
		Others	67	28
4	Marital status	Single	98	40
		Married	144	60
		Others	0	0
5	Years of Banking Electronically with the Bank	1-5year	30	12
		6-10years	112	46
		Above 10years	100	42

Source: Field survey (2016).

From table 4.2 above, 185(76%) of the total respondents are male while 57(24%) are female; 108(45%) of the respondents are below 30 years, 87(36%) are within 31-40 years and 47(19%) are above 40 years age. Academically, 103(43%) of the total respondents are OND/NCE holders, 45(18%) have HND/B.sc degrees, 27(11%) have masters' degree while 67(28%) have other degrees. 98(40%) of the total respondents are single while 144(60%) are married and 0(0%) are others.

Finally, years of banking electronically with the banks 30(12%) are 1-5years, 112(46%) are 6-10years and 100(42%) are 10years and above.

Other Research Questions

RESEARCH QUESTION 1: What is the impact of automated teller machine on customer loyalty?

Table 4.3: Showing ATM Question from number 5-8

S/N	STATEMENTS	SA 5	A 4	U 3	D 2	SD 1
5	Customers develop positive experience and loyalty towards a bank based on convenience and accessibility of their bank ATMs.	78 (32.2%)	91 (37.6%)	12 (5%)	24 (10%)	37 (15.2%)
6	Customers are satisfied when they can perform their banking services during off banking hours with the use of the ATM.	83 (34.3%)	81 (33.5%)	9 (3.7%)	31 (12.8%)	38 (15.7%)
7	Customers consider such factors as availability of functional ATM services in their choice of a bank	68 (28.1%)	103 (42.6%)	12 (5%)	34 (14%)	25 (10.3%)
8	The availability of functional ATM services to achieve convenience banking is a good product to win and retain a customer	73 (30.2%)	97 (40.1%)	15 (6.2%)	31 (12.8%)	26 (10.7%)

Source: Field survey (2016)

From table 4.3 above, 78(32.2%) of the total respondents strongly agreed to the assertion that inquire thus: “Customers develop positive experience and loyalty towards a bank based on convenience and accessibility of their bank ATMs”, 91(37.6%) agreed. 12(5%) is undecided while 24(10%) disagreed and 37(15.2%) strongly disagreed to the first question. For the second question, 83(34.3%) of the total respondents strongly agreed to the assertion that inquire thus: “Customers are satisfied when they can perform their banking services during off banking hours with the use of the ATM”, 81(33.5%) agreed. 9(3.7%) is undecided while 31(12.8%) disagreed and 38(15.7%) strongly disagreed. For the third question, 68(28.1%) of the total respondents strongly agreed to the assertion that inquire thus: “Customers consider such factors as availability of functional ATM services in their choice of a bank”, 103(42.6%) agreed. 12(5%) are undecided while 34(14%) disagreed and 25(10.3%) strongly disagreed. For the fourth question, 73(30.2%) of the total respondents strongly agreed to the assertion that inquire thus: “The availability of functional ATM services to achieve convenience banking is a good product to win and retain a customer”, 97(40.1%) agreed. 15(6.2%) are undecided while 31(12.8%) disagreed and 26(10.7%) strongly disagreed.

RESEARCH QUESTION TWO: What is the effect of online banking services on customer loyalty?

Table 4.4: Showing Online Banking Question from number 9-12

S/N	STATEMENTS	SA 5	A 4	U 3	D 2	SD 1
9	Customers are satisfied when they are able to perform their banking transactions from the comfort of their homes and offices through the online banking platform.	82 (34%)	89 (36.8%)	20 (8.3%)	36 (14.9%)	15 (6%)
10	Customers develop a strong liking for a bank that enables them interact and relate with the bank through their online platform.	104 (43%)	74 (30.6%)	16 (6.6%)	26 (10.7%)	22 (9.1%)
11	Non availability of functional online banking service can make a customer reduce patronage to the bank.	106 (43.8%)	84 (34.7%)	13 (5.4%)	18 (7.4%)	21 (8.7%)
12	Online banking provides convenience and round the clock banking services to the customers; thereby creating strong affinity between the bank and its customers.	70 (29%)	118 (48.8%)	7 (3%)	15 (6%)	32 (13.2%)

Source: Field survey (2016)

From table 4.4 above, 82(34%) of the total respondents strongly agreed to the assertion that inquire thus: “Customers are satisfied when they are able to perform their banking transactions from the comfort of their homes and office through the online banking platform”, 89(36.8%) agreed. 20(8.3%) is undecided while 36(14.9%) disagreed and 15(6%) strongly disagreed to the first question. For the second question, 104(43%) of the total respondents strongly agreed to the assertion that

inquire thus: Customers develop a strong liking for a bank that enables them interact and relate with the bank through their online platform, 74(30.6%) agreed. 16(6.6%) is undecided while 26(10.7%) disagreed and 22(9.1%) strongly disagreed. For the third question, 106(43.8%) of the total respondents strongly agreed to the assertion that inquire thus: “Non availability of functional online banking service can make a customer reduce patronage to the bank”, 84(34.7%) agreed. 13(5.4%) are undecided while 18(7.4%) disagreed and 21(8.7%) strongly disagreed. For the fourth question, 70(29%) of the total respondents strongly agreed to the assertion that inquire thus: “Online banking provides convenience and round the clock banking services to the customers; thereby creating strong affinity between the bank and its customers”, 118(48.8%) agreed. 7(3%) are undecided while 15(6%) disagreed and 32(13.2%) strongly disagreed.

RESEARCH QUESTION THREE: To what extent does point of sales services affect customer loyalty?

Table 4.5: Showing POS Question from number 13-16

S/N	STATEMENTS	SA 5	A 4	U 3	D 2	SD 1
13	POS enables customers make payments for goods and services with the use of their debit/credit cards	173 (71.5%)	35 (14.5%)	4 (2%)	16 (6.6%)	14 (5.8%)
14	Customers develop good experience when they can conveniently transact with their cards through a POS terminal.	93 (38.4%)	105 (43.4%)	13 (5.4%)	16 (6.6%)	25 (10.3%)
15	Business owners are satisfied with the use of POS as a means of collection of their sales proceeds from their customers.	106 (43.8%)	69 (28.5%)	19 (7.9%)	21 (8.7%)	27 (11.2%)
16	POS eliminates the risk of carrying cash by customers either for payment for goods and services or for lodgement of sales proceeds.	81 (33.5%)	94 (38.8%)	13 (5.4%)	32 (13.2%)	22 (9%)

Source: Field survey (2016)

From table 4.5 above, 172(71.5%) of the total respondents strongly agreed to the assertion that inquire thus: “POS enables customers make payments for goods and services with the use of their debit/credit cards”, 35(14.5%) agreed. 4(2%) is undecided while 16(6.6%) disagreed and 14(5.8%) strongly disagreed to the first question. For the second question, 93(38.4%) of the total respondents strongly agreed to the assertion that inquire thus: “Customers develop good experience when they can conveniently transact with their cards through a POS terminal”, 104(43.4%) agreed. 13(5.4%) is undecided while 16(6.6%) disagreed and 25(10.3%) strongly disagreed. For the third question, 106(43.8%) of the total respondents strongly agreed to the

assertion that inquire thus: “Business owners are satisfied with the use of POS as a means of collection of their sales proceeds from their customers”, 69(28.5%) agreed. 19(7.9%) are undecided while 21(8.7%) disagreed and 27(11.2%) strongly disagreed. For the fourth question, 81(35.5%) of the total respondents strongly agreed to the assertion that inquire thus: “POS eliminates the risk of carrying cash by customers either for payment for goods and services or for lodgement of sales proceeds”, 94(38.8%) agreed. 13(5.4%) are undecided while 32(13.2%) disagreed and 22(9%) strongly disagreed.

RESEARCH QUESTION FOUR: What is the effect of mobile banking on customer loyalty?

Table 4.6: Showing Mobile Banking Question from number 17-20

S/N	STATEMENTS	SA 5	A 4	U 3	D 2	SD 1
17	Mobile banking channel has become a key element in the bid to earn customer loyalty	79 (32.6%)	105 (43.4%)	14 (5.8%)	27 (11.2%)	17 (7%)
18	Mobile banking is one of the most convenient banking service delivery platforms and gives the customer good banking experience.	87 (36%)	87 (36%)	12 (5%)	37 (15.3%)	19 (7.9%)
19	Customers are satisfied when they make electronic bill payments, buy airtime and make fund transfers through mobile banking	110 (45.5%)	100 (41.3%)	2 (0.83%)	13 (5.4%)	17 (7%)
20	Mobile banking is a very convenient service delivery channel as it provides the customer with on-the-go banking services on 24/7 basis and helps in meeting customers' service expectations.	79 (32.6%)	89 (37%)	23 (9.5%)	22 (9.1%)	29 (12%)

Source: Field survey (2016)

From table 4.6 above, 79(32.6%) of the total respondents strongly agreed to the assertion that inquire thus: “Mobile banking channel has become a key element in the bid to earn customer loyalty”, 105(43.4%) agreed. 14(5.8%) is undecided while 27(11.2%) disagreed and 17(7%) strongly disagreed to the first question. For the second question, 87(36%) of the total respondents strongly agreed to the assertion that inquire thus: “Mobile banking is one of the most convenient banking service delivery platforms and gives the customer good banking experience”, 87(36%) agreed. 12(5%) is undecided while 37(15.3%) disagreed and 19(7.9%) strongly disagreed. For the third question, 110(45.5%) of the total respondents strongly agreed to the assertion that inquire thus: “Customers are satisfied when they make electronic bill payments, buy airtime and make fund transfers through mobile banking”, 100(41.3%) agreed. 2(0.83%) are undecided while 13(5.4%) disagreed and 17(7%) strongly disagreed. For the fourth question, 79(32.6%) of the total respondents strongly agreed to the assertion that inquire thus: “Mobile banking is a very convenient service delivery channel as it provides the customer with on-the-go banking services on 24/7 basis and helps in meeting customers’ service expectations”, 89(37%) agreed. 23(9.5%) are undecided while 22(9.1%) disagreed and 29(12%) strongly disagreed.

Customer Loyalty

Table 4.7: Showing Customer Loyalty Question from number 21-24

S/N	STATEMENTS	SA 5	A 4	U 3	D 2	SD 1
21	The dormancy or inactive accounts level of my bank is low.	108 (44.6%)	123 (50.8%)	0 (0%)	8 (3.3%)	3 (1.2%)
22	The product per customer level of my bank is within industry average.	50 (20.6%)	170 (70.2%)	0 (0%)	9 (3.7%)	13 (5.4%)
23	My customers give referrals to their friends, business associates and relations to choose my bank.	98 (40.5%)	99 (40.9%)	3 (1.2%)	10 (4.1%)	32 (13.2%)
24	My customers are willing to give feedback to my bank on how they can improve their services.	79 (32.6%)	118 (48.8%)	2 (0.83%)	27 (11.1%)	16 (6.6%)

Source: Field Survey (2016)

From table 4.7 above, 108(44.6%) of the total respondents strongly agreed to the assertion that inquire thus: “The dormancy or inactive accounts level of my bank is low”, 123(50.8%) agreed. 0(0%) is undecided while 8(3.3%) disagreed and 3(1.2%) strongly disagreed to the first question. For the second question, 50(20.6%) of the total respondents strongly agreed to the assertion that inquire thus: “The product per customer level of my bank is within industry average”, 170(70.2%) agreed. 0(0%) is undecided while 9(3.7%) disagreed and 13(5.4%) strongly disagreed. For the third question, 98(40.5%) of the total respondents strongly agreed to the assertion that inquire thus: “My customers give referrals to their friends, business associates and relations to choose my bank”, 99(40.9%) agreed. 3(1.2%) are undecided while 10(4.1%) disagreed and 32(13.2%) strongly disagreed. For the fourth question, 79(32.6%) of the total respondents strongly agreed to the assertion

that inquire thus: “My customers are willing to give feedback to my bank on how they can improve their services”, 118(48.8%) agreed. 2(0.83%) are undecided while 27(11.1%) disagreed and 16(6.6%) strongly disagreed.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.961 ^a	.923	.921	.2533

a. Predictors: (Constant), mobile banking , point of sales services , online banking services , automated teller machine

Table 4.8 reveals the extent to which alternative delivery channels of bank services accounted for change in customer loyalty as indicated by the adjusted R square, which shows that 92%(0.921) of the change in customer loyalty is brought about by alternative delivery channels of bank services.

Table 4.9 Fitness of the Model

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	181.452	4	45.363	706.889	.000 ^b
	Residual	15.209	237	.064		
	Total	196.661	241			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), mobile banking , point of sales services , online banking services , automated teller machine

The *F*-ratio in table 4.9 tests whether the overall regression model is a good fit for the data. The table exhibited that alternative delivery channels of bank services significantly predict customer loyalty, $F(4, 237) = 706.889$, $p < .0005$. This implies that the regression model is a good fit of the data.

Table 4.10: Regression Analysis of alternative delivery channels of bank services and customer loyalty

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.268	.395		-3.208	.002
	automated teller machine	.409	.046	.391	8.861	.000
	online banking services	.087	.041	.078	2.117	.035
	point of sales services	.249	.044	.245	5.716	.000
	mobile banking	.317	.040	.302	7.950	.000

a. Dependent Variable: Customer Loyalty

Table 4.10 indicated the regression analysis result for alternative delivery channels of bank services and customer loyalty. The table reported that automated teller machine which is the first variable has positive effect on customer loyalty ($\beta = .391$, $P < 0.01$). Online banking which is the second variable has positive effect on customer loyalty ($\beta = .078$, $P < 0.01$). Similarly it was revealed that point of sales which is the third variable has positive effect on customer loyalty ($\beta = .245$, $P < 0.01$). It also showed that mobile banking which is the last variable has positive effect on customer loyalty ($\beta = .302$, $P < 0.01$).

The general equation to predict $CL = \alpha_0 + \alpha_1 ATM + \alpha_2 OB + \alpha_3 POS + \alpha_4 MP$

$$CL = -1.268 + (0.409 \times ATM) + (0.087 \times OB) + (0.249 \times POS) + (0.317 \times MP)$$

4.4 Test of Hypotheses

Four hypotheses formulated in the chapter one of this study are tested below using the results obtained from the multiple regression analysis (Statistical Package for Social Sciences version 23). The hypothesis will be tested using the decision rule as stated below:

Decision Rule: Reject null hypothesis (H_0) if p-value is less than 0.05 (5%) and if not, do not reject the null hypothesis.

Test of Hypothesis One: There is no significant relationship between ATM services and customer loyalty.

From table 4.10 the P-value of Automated Teller Machine for the primary data, the sig. value is 0.000. The value is lesser than the set value of 0.05 used as level of significance. Thus, the rejection of the null hypothesis (H_0) which states that there is no significant relationship between ATM services and customer loyalty, the alternate hypothesis (H_1) is therefore accepted which states that there is a significant relationship between ATM services and customer loyalty.

Test of Hypothesis Two: There is no significant relationship between online banking services and customer loyalty.

The P-value of online banking and customer loyalty from table 4.10 is for the primary data, the significant value is 0.035; this value is lesser than the set value of 0.05, which indicates a significant relationship between online banking and customer loyalty. Therefore, the null hypothesis is rejected (H_0) which states that there is no

significant relationship between online banking services and customer loyalty and accept the alternate (Hi).

Test of Hypothesis Three: There is no significant relationship between point of sale and customer loyalty.

From table 4.10 the P-value of point of sales for the primary data, the significant value is 0.000. Accordingly, the value is lesser than the set value of 0.05, and this showed that POS is significant. Therefore, the null hypothesis was rejected (H0) which states that there is no significant relationship between POS services and customer loyalty and accept the alternate (Hi) which states that there is a significant relationship between POS services and customer loyalty.

Test of Hypothesis Four: There is no significant relationship between Mobile Banking and Customer Loyalty

From table 4.10, the P-value of mobile payment is 0.000 for the primary data. When compared against the level of significance, it is lesser than 0.05 set value. This showed a significant relationship between mobile banking and customer loyalty. This therefore leads to the rejection of the null hypothesis (H0) which states that there is no significant relationship between mobile banking and customer loyalty and the acceptance of the alternate hypothesis (Hi) which states that there is a significant relationship between mobile banking and customer loyalty.

4.5 Discussion of Results

Here the researcher discussed the findings based on the regression analysis for both the primary and secondary data used in this study and support from the review of related literature. Table 4.8 reveals that 92% of the change in customer loyalty is brought about by alternative delivery channels of bank services. The *F*-ratio in table 4.9 exhibited that alternative delivery channels of bank services significantly predict customer loyalty, $F(4, 237) = 706.889, p < .0005$. This implies that the regression model is a good fit of the data.

4.5.1 Automated Teller Machine (ATM) and Customer Loyalty

The empirical findings from the descriptive statistics on table 4.3 displayed that majority of the respondents overwhelmingly responded positively to the various indicators in relationship to automated teller machine and customer loyalty. The result from the multiple regression analysis showed that ATM exhibited the highest positive effect on customer loyalty ($\beta = 0.391, P > 0.05$). Table 4.10 results revealed that there is a significant positive relationship between automated teller machine and customer loyalty at significant value of ($0.000 < 0.05$). This finding is consistent with the findings of Brownlie (1989) when he asserted that some consumers have positive attitudes towards ATMs based on dominant perceptions of convenience/ accessibility/ease of use. The implication of this finding is that the more customers are able to access ATM 24/7 at their own convenience and time, the more they remain loyal to the bank, otherwise they will switch to other banks that will offer them this same service in a better way.

4.5.2 Online Banking and Customer Loyalty

The empirical findings from the descriptive statistics on table 4.4 displayed that majority of the respondents overwhelmingly responded positively to the various indicators in relationship to online banking and customer loyalty. The result from the regression analysis showed that online banking exhibited the least positive effect on customer loyalty ($\beta=0.078$, $P>0.05$). Table 4.10 results revealed that there is a significant positive relationship between online banking and customer loyalty at significant value of ($0.035<0.05$). This is consistent with the finding of Jones et al, (2003) when they concluded in their study that the use of internet or online services has improved the pattern or changed the way consumers purchase goods and services in Nigeria. They went further to state that the internet is now a platform that most online shop explores in order to beat competitors in a fierce competitive environment. The implication of this finding is that online platform enables the customer to carry out banking transactions outside the banking hall at their own comfort which gives them a variety of option to explore customers experience and satisfaction.

4.5.3 Point of Sales (POS) and Customer Loyalty

The empirical findings from the descriptive statistics on table 4.5 displayed that majority of the respondents overwhelmingly responded positively to the various indicators in relationship to point of sales and customer loyalty. The result from the regression analysis showed that POS exhibited a positive effect on customer loyalty

($\beta = 0.245$, $P > 0.05$). Table 4.10 results revealed that there is a statistically significant positive relationship between point of sale and customer loyalty at a significant value of ($0.000 < 0.05$). This is consistent with the finding of Lucas (2002) in his literature review which he concluded that time and convenience are among the most important factors bank managers should consider when selecting and implementing checkout processes for their retail outlets which POS offer to customers.

4.5.4 Mobile Banking and Customer Loyalty

The empirical findings from the descriptive statistics on table 4.6 displayed that majority of the respondents overwhelmingly responded positively to the various indicators in relationship to mobile banking and customer loyalty. The result from the regression analysis showed that mobile banking exhibited a positive effect on customer loyalty ($\beta = 0.302$, $P > 0.05$). Table 4.10 results revealed that there is a significant positive relationship between mobile banking and customer loyalty at a significant value of ($0.000 < 0.05$). This is consistent with the finding of Mahdi and Mehrdad (2010) in their study when they used chi-square to determine the impact of mobile banking in Iran and their findings from the viewpoints of customers is that, mobile banking caused higher advantages to Iranians. In other words, Iran banks provide services that the customers are deriving satisfaction with particular reference to the use of mobile banking. In a similar study, Jayawardhena and Foley (2000) explore mobile banking as a new delivery channel arguing that mobile banking may help to overcome the inherent disadvantages of traditional banks and it is very clear that if mobile banking is conducted successfully it leads to big volume of transactions.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

This study examined the effect of alternative service channels on customer loyalty in the Nigerian banking industry. Alternative service channels were operationalized into automated teller machine (ATM), online banking, point of sales (POS) and mobile banking, while customer loyalty was operationalized using customer deposit from the CBN statistical bulletin. The study adopted a cross-sectional survey research design and a sample size of 242 was determined using the Taro Yamen's formula. The study also used a stratified sampling technique. The study made use of correlation and regression analytical tool and hypotheses were tested at 0.05 level of significance. The study used both primary data gather from field survey and secondary data gather from CBN statistical bulletin Vol. 25 (2015). The findings of this study are hereby summarized thus: That;

There is a significant positive relationship between automated teller machine (ATM) and customer loyalty. The ATM is an electronic computerized telecommunications device that allows financial institutions customers to directly use a secure method of communication to access their bank accounts. ATM is a self-service banking terminal that accepts deposits and dispenses cash. Most ATM's also let users carry out other banking transactions for instance check balance. The idea for an ATM originally was to simply reduce the workload of a bank teller. The ATM helps in reducing banks overheads as wages would be decreased.

There is a significant positive relationship between online banking and customer loyalty. An online service is any information and services provided over the Internet. These services not only allow subscribers to communicate with each other, but they also provide unlimited access to information. Online banking service or internet banking is therefore an internet based platform provided by banks for easy interaction and rendering of services between the bank and its customers.

A basic online service may help subscribers gain needed data through a search engine, while a complex one might be an online mortgage application from a bank. Online services may be free or paid. Online services provide an infrastructure in which subscribers can communicate with one another, either by exchanging e-mail messages or by participating in online forum. Online services if not done properly may cause customer disloyalty, hence the importance of delivering efficient, effective and quality services with remarks and excellent customer experience.

There is a significant positive relationship between point of sales (POS) and customer loyalty. The point of sale is the time and place where a retail transaction is completed. It is the point at which a customer makes a payment to the merchant in exchange for goods or after provision of a service. At the point of sale, the merchant would prepare an invoice for the customer which may be a cash register printout or otherwise calculate the amount owed by the customer and provide options for the customer to make payment. After receiving payment, the merchant will also normally issue a receipt for the transaction. Usually the receipt is printed, but it is increasingly being dispensed electronically.

There is a significant positive relationship between mobile banking and customer loyalty. Mobile banking is the use of a smartphone or other cellular device to perform online banking tasks while away from your home computer, such as monitoring account balances, transferring funds between accounts, bill payment and locating an ATM. Mobile banking is a service provided by a bank or other financial institution that allows its customers to conduct a range of financial transactions remotely using a mobile device such as a mobile phone or tablet, and using software, usually called an app, provided by the financial institution for the purpose. Mobile banking is usually available on a 24-hour basis. Some financial institutions have restrictions on which accounts may be accessed through mobile banking, as well as a limit on the amount that can be transacted.

5.2 Conclusions

Based on the findings of this study, the researcher thereby made the following conclusion;

Some customers have positive attitudes towards ADCs like ATMs based on dominant perceptions of convenience, accessibility, ease of use. The longer a customer stays with a bank the more utility the customer generates.

Online customers bring a whole new set of customer service expectations that never existed with brick-and-mortar stores; customer expects easy way of buying and a fast delivery system. Therefore, good customer service via online banking platform will equals good customer retention, hence, banks uses this medium to gain

competitive edge by ensuring that their online platforms are accessible and comprehensible.

The demand for POS technology is currently high, therefore, bankstap into this opportunity by making POS available at all time, so as to reduce queue time in the bank and give customers convenience and control. With a CRM-friendly POS system, businesses can easily collect and keep track of customer preferences and buying histories and transmit them to CRM systems in real time. Not only does this information help businesses better target marketing campaigns and upsell at the point of sale, but it also let them cater offerings to individuals or groups of customers to improve the customer experience.

Mobile banking is a new delivery channel, that help to overcome the inherent disadvantages of traditional banks and it is very clear that if mobile banking is conducted successfully it leads to big volume of transactions.

5.3 Recommendations

The following recommendations are suggested by the researcher based on the findings and conclusions of this study;

Banks should improve the uptime level of these platforms to sustain customer confidence on their use. Also, the channel applications should be made more user friendly. In the same vein, effective co-operation among banks has to be developed. The value of internet banking is increased by linking one activity with other both within and outside suppliers, channels and customers.

Furthermore, banks should collaborate with internet service providers because it will enable banks to better control quality of service as well as enhance user's accessibility.

In addition, a high quality internet infrastructure should be provided since it is one of the primary requirements for internet usage. Hence, banks should invest heavily in getting the required technological facilities so as to be able to satisfy their customers. With automated teller machines (ATM) networks already in place in most of the urban areas, the drive is now should be focused towards the rural areas where the use of automated teller machines is still uncommon. Finally, support from the government and industry regulator should be effective to increase the growth of online/internet banking.

5.4 Contribution to Knowledge

- i. This study has established an enhanced model of alternative service delivery channels of banking services through automated teller machine, online banking service, point of sales service, mobile banking service and their effect on customer loyalty in the banking industry in Asaba, Delta State.
- ii. The study has established that if alternative delivery channels of bank services are not done properly it may cause customer disloyalty, hence the importance of delivering efficient, effective and quality services with remarks and excellent customer experience is the bedrock.

- iii. The study has established that when banks invest heavily in getting the required technological facilities, it enables them to satisfy their customers.
- iv. The study has established that mobile banking is one of the most convenient banking service delivery platforms that give customers good banking experience.

5.5 Suggestion for Further Studies

This study suggested that future researchers should examine the effect of alternative service delivery on customer loyalty using other sectors of the economy other than the banking sector (e.g. Telecommunications, Airlines, Eatery, and Retail Outlets).

In addition, future researchers should carry out their study using other research design e.g. longitudinal survey research design, other than the cross sectional survey research design used in this study.

Furthermore, future researchers should also increase the sample size of their study as the sample size of 242 used in this study could be term few.

Finally, future researcher should also carry out their study using other statistical analytical techniques other than the ones used in this study.

REFERENCES

- Acharya, R.N., and Kagan, A. (2004). Commercial B2B web site attributes within the perishable sector. *Journal of Internet Commerce*, 3(4), 79-91.
- Agbonifoh, B.A and Yomere, G.O (1999). *Research methodology: In the management and social sciences*, Benin city, Uniben Press.
- Aladwani, A. (2001). Online banking: A field study of drivers, development challenges, and expectations, *International Journal of Information Management*, 21, 213–225
- Alex, M. (2015). The metrics you need to measure customer loyalty online. Retrieved 5th of April 2017 from <https://www.sweettoothrewards.com/blog/measure-customer-loyalty-online>
- Aliabadi, B., Navid, B.J. and Farshid, N. (2013). Design and explain the factors affecting customer loyalty in online banking. *Int. Res. J. Appl. Basic Sci.*, 4, 782-791.
- Anderson, H, and Jacobsen, P.Q (2000).Creating loyalty: Its strategic importance in your customer strategy. *S.A.* 55-67.
- Asika, N. (1991) *Research methodology in the behavioral sciences*, Longman Publisher Ibadan, Nigeria. 39-40.
- Asikhia, O, (2011). E-banking patronage in Nigeria: An exploratory study of gender difference. *Business Intelligent Journal*. 4(2), 345-355.
- Ayinwe, M.A; Ideahosa, D.O. and Ibeh, S.E. (2006). *Basic research method in social sciences*, Abuja: Ama Resources Nigeria Ltd.
- Aysha, Y.F. and Muthumani, S. (2015). Customer loyalty in internet banking. *Research Journal of Applied Sciences, Engineering and Technology* 10(6): 701-706,
- Baridam, D. M. (2001), *Research methods in administrative sciences 3rd edition*, Port Harcourt: Sherbrooke Associates.
- Berry, L.L., Parasuraman, A., Zeithaml, V.A. (2005), *Quality counts in services too*, Business Horizons.

- Birch, B. and Young, A. (2007).The business and technology history of automated teller machine in the UK, 1967-2005.*A Primer Conference Abstracts, 16-17th June. Queen Mary University of London.*
- Boon, K.P. and Ming, D.C (2003).Customer behaviour and preferences; *a survey report. Banking Journal*,(1),63-74.
- Boskwick, J. and Kyte, S. (1985).Validity and reliability. In R. M. Grinnel (Ed) *Social work research and evaluation* (2nded) Itasca, Il: FE Peacock.
- Bouckernooghe, D. de clerq D., Willien A. & Buelens M. (2007). An assessment of validity in entrepreneurial research administration & Society. *Journal of Entrepreneurial Research. 40(8),799 – 824.*
- Brynjolfsson, E., and Hitt, L.M. (2000). Beyond computation: information technology, organizational transformation and business performance. *Journal of Economic perspectives, 14(4), 23-48.*
- Cantrell, W. (2007). *Educational research: Planning, conducting, and evaluating quantitative and qualitative research.* Upper Saddle River, NJ: Prentice Hall.
- Chinedu, N. O.; Chima, B. O. and Emeka E.I. (2012). Analysis of the negative effects of the automated teller machine (ATM): As a channel for delivering banking services in Nigeria, *International Journal of Business and Management, 7 (7), 34-48*
- Cronin, J. Brady, M. Hult, G.T. (2000). Assessing the effects of quality, value and customer satisfaction on consumer behavioral intentions in service environment. *J. Retail. 76(2):193-218.*
- Daniel O. A. (2012). Service quality, satisfaction, perceived value and loyalty among customers in commercial banking in Nakuru Municipality, Kenya. *African Journal of Marketing Management 4(5), 185-203,*
- Davis, F.D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology.*MIS Quarterly 13(3),319–340*
- Davis, F.D. (1993). User acceptance of information technology: system characteristics, user perceptions and behavioral impacts. *International Journal of Man-Machine Studies, 38(3), 475-487.*

- Davis, M.M., Vollman, T.E. (2000). A framework for relating waiting time and customer satisfaction in a service operation, *The Journal of Services Marketing*, 4, Winter, 61-9.
- DeVon, H.A., Block, M.E., Moyle-Wright, P., Ernst, D.M., Hayden, S. J. and Lazzara, D. J. (2007). A psychometric toolbox for testing validity and reliability. *Journal of Nursing scholarship*, 39 (2), 155-164.
- Dew, K. (2007). Innovation segregation by two Australian merchant banks: A private alternative to the financial patent for protecting financial innovations and informing investors. *Working Paper*, available at <http://ssrn.com/abstract=995960>, accessed on 22 September 2011.
- Dick, A.S, Basu, K. (1994). Customer loyalty: toward an integrated conceptual framework. *J. Acad. Mark. Sci.* 22:99113.
- Dube-Rioux, L., Schmitt, B., Leclerc, F. (2009). *Consumer's reactions to waiting: when delays affect the perception of service quality. Advances in consumer research*, 16, ed. Thomas K. Srull, ed. provo, ut: Association for Consumer Research, 59-63.
- Easterby-Smith, M., Thorpe, R. and Jackson, P. (2008) *Management Research*. London: SAGE.
- Ehigie, B.O, (2006).Correlates of customer loyalty to their bank: a case study in Nigeria. *International Journal of Bank Marketing*, 24(7),494-508.
- Elikwu, M., (2008). *Research Project Mode Easy: A Simplified Approach to write and defend a Good Research Report*, Lagos: Cin-Eight Publishers.
- Essinger, J. (1999). *The virtual banking revolution: The customer, the bank and the future*. 1st ed., International Thomson Business Press, London, UK,
- Eyad, A.Q. (2014). Alternative delivery channel-a world of possibilities. *Technicle Avanza Solutions*, 7
- Farh, L.J. (2007). Survey Instrument development in OB/HRM research. *ACMR Guangzhou workshop*.
- Floh, A., and Treiblmaier, H, (2006). What is keeps the e-banking customer loyal? A Multigroup analysis of the moderating role of consumer characteristics on e-loyalty in the financial service industry. *Journal of Electronic Commerce Research*, 7(2),97-110.

- Folkes, V., Koletsky, S., Graham, J.L. (2007). A field study of causal inferences and consumer reaction: The view from the airport. *Journal of Consumer Research*, 13, 534-39.
- Fornell, C. (2002), A National Customer Satisfaction Barometer: The Swedish Experience, *Journal of Marketing*, 56 (1), 6-21.
- Fragata, A. and E. Moustakas, (2013). Investigating the determinants of e-banking loyalty for large business customers: Two empirical models. *J. Econ. Bus. Manage.*, 1(2), 204-208.
- Granger, C.W.J. and Newbold, P. (2004). Spurious regression in econometrics. *Journal of Econometrics* 2(2), 111-120.
- Hayes, B. (2009). Three ways to measure customer loyalty. Retrieved 5th of April 2017 from <http://www.mtabsurveyanalysis.com/3-ways-to-measure-customer-loyalty>
- Hayes, R.H, Pisano, G, Upton, D. and Wheelwright, S. (2005). *Operations, strategy and technology: Pursuing the competitive edge*, New York: John Wiley.
- Henseler, J., Ringle, C., and Sinkovics, R. (2009). The use of partial least squares path modeling in international marketing. *Advances in International Marketing*, 8(20), 277-319.
- Hernando, I., & Nieto M. (2006). Is the internet delivery channel changing banks' performance? The case of Spanish banks. *Working Paper n.0624, Banco de Espana*.
- Howard, D.T. (2012). *Research Dynamics*. 12th Ed. New York: McGraw Hill Incorporated
- Hui, M.K., Thakor, M.V., Gill, R. (2008). The effect of delay type and service stage on consumers' reactions to waiting. *Journal of Consumer Research*, 24(4), 469-479.
- Iftekhhar, H., Schmiedel, H., and Song, L. (2009). Return to retail banking and payments. *Working Paper Series 1135, European Central Bank*
- Jayawardhena, C., and Foley, P. (2000). Changes in the banking sector: The case of internet banking in the UK. *Internet Research: Electronic Networking Applications and Policy*, 10(1), 19-30

- Jun, M. and Cai, S. (2001). The key determinants of internet banking service quality: a content analysis, *The International Journal of Bank Marketing*, 19 (7),276-91.
- Kagan, A., Acharya, R.N., Rao, L. S., and Kodepaka, V. (2005). Does internet banking affect the performance of community banks? *Selected Paper prepared for presentation at the American Agricultural Economics Association Annual Meeting, Providence, Rhode Island July 24-27, 2005.*
- Katz-K., L; Larson, B. M., Larson, R.C. (2011). Prescription for the waiting in line blues: entertain, enlighten, and engage. *Sloan Management Review*. Winter, 32(2),44-53.
- Kemppainen, K. (2003). Competition and regulation in European retail payment systems. *Bank of Finland Discussion Papers.*
- Kemppainen, K. (2008). Integrating European retail payment systems: Some economics of SEPA. *Bank of Finland Discussion Papers.*
- Kevin, C. and David, K. (2008) Investigating the human computer interaction problems with automated teller machine (ATM) navigation menus, *International Journal of Interactive Technology and Smart Education (ITSE)*, 5(1), 59-79,
- Kheng, L.L., Osman, M., Ramayah, T., Mosahab, R. (2010).The impact of service quality on customer loyalty: A study of banks in Penang, Malaysia, *International Journal of Marketing Studies*, 2(2), 57-65.
- Komal, S.S. (2009): Impact of ATM on customer satisfaction (A comparative study of SBI, ICICI & HDFC bank). *Business intelligence journal*, 2 (2), 276-87
- Kondo, Y. (2011), *Customer satisfaction: how can I measure it? Total Quality Management*. 12(7/8), 867-872.
- Kozak, S. (2005). The role of information technology in the profit and cost efficiency improvements of the banking sector. *Journal of Academy of Business and Economics*,2(4), 341-351.
- Leow, H.B. (1999) "New distribution channels in banking services. *Banker's Journal Malaysia*, 1(10), 48-56.
- Lerner, J. (2002). Where does State Street lead? A first look at finance patents, 1971-2000. *Journal of Finance*, 57, 901-930.

- Lucas, P. (2002). Self service at the point of sale. Credit card management, *New York: Mar 2002. 14(13),30.*
- Mahdi, S., and Mehrdad, A. (2010). E-banking in emerging economy: Empirical evidence of Iran. *International Journal of Economics and Finance, 2(1), 201-209*
- Maholtra, P., and Singh, B. (2007).Determinants of internet banking adoption by banks in India. *Emerald Internet Research,17(3), 323-339.*
- Malhotra, P., and Singh, B. (2009). The Impact of internet banking on bank performance and risk: The Indian experience. *Eurasian. Journal of Business and Economics, 43-62.*
- Mark, E. Shenxue, L. and Jean, B. (2009) Research methods for organizational learning: The Transatlantic Gap. *Anniversary Issue 40(4),439–4471350–5076*
- Maroofi, F. and Nazaripour, M. (2012).Factors affecting customer loyalty of using internet banking in Iran. *Int. J. Acad. Res. Account. Finance Manage. Sci., 2(4): 53-66.*
- Massoud, N., & Bernhardt, D. (2002).Endogenous ATM location and pricing. *Working Paper, Dept. of Finance, School of Business, University of Alberta, 2002.*
- McAndrews, J.J. (2002). A model of ATM pricing: foreign fees and surcharges. *mimeo, Federal Reserve Bank of New York, 2002.*
- Melba, R. K. and Merlin, A. T. J. (2013) Issues and challenges faced by ATM customers of State Bank of India in South Tamilnadu. *Indian Journal of Research Paripeex.2(7),345-352.*
- Muhammad, A. K. (2010): An empirical study of automated teller machine service quality and customer satisfaction in Pakistani banks, *European Journal of Social Sciences, 13.*
- Mwangi, J. (2007). Equity bank: Alternate delivery channels [Presentation]. Retrieved from <http://siteresources.worldbank.org/FSLP/Resources/Equity-NextGenerationConference.ppt>

- Nasirin, P. et al, (2009).Developing and validating a questionnaire to measure spirituality: A psychometric process. *Global Journal of Health Science, 1(1),23-29.*
- Nickerson, D., & Sullivan, R. (2003). Financial innovation, strategic real options and endogenous competition: Theory and an application to internet banking. *Federal Reserve Bank of Kansas City, Payments System Research Working Paper: PSR WP 03-01.*
- Nunnally, J. C., & Bernstein, I. H. (1994).*Psychometric theory.* New York, NY: McGraw Hill. 23-34.
- Nwadinigwe, I.P. (2002). *Fundamentals of research methods and statistics.* Lagos, Vitaman Educational Books and Publisher.
- Ogbor, J.O. (2000). Mythycizing and reification in entrepreneurial discourse: Ideology-critique of entrepreneurial studies. *Journal of Management Studies, 37(5), 605-635.*
- Olannye, P. A. (2006). *Research method for business: A skill building approach,* Lagos and Asaba: Pee Jen Publications.
- Oliver, R.L. (2000). A cognitive model of the antecedents and consequences of satisfaction decision, *Journal of Marketing Research, 17, 460-9.*
- Osuala, E.C. (2005). *Introduction to Research Methodology.* Onitsha; African First Publishing Limited.
- Ovum Analyst Research (2013): European retail banking investment strategies. *The Himalayan Times*
- Owens, J. and Anna B. (2006): Catching the technology wave: Mobile phone banking and text-a-payment in the Philippines
- Ozuru, H.N. and Emezi, P. I. (2016). Online services characteristics and customer loyalty in airline industry in Port Harcourt, Rivers State. *Haitian Research Journal on Development Studies (HRJS) 14,(1)231-241.*
- Pedersen, P., Methlie, L., and Thorbjornsen, H. (2002). Understanding mobile commerce end-user adoption: A triangulation perspective and suggestions for an exploratory service evaluation framework. *Proceedings of the 35th Hawaii International Conference on System Sciences*

- Remenyi D, Williams B., Money, A, and Swerts E. (2007). *Doing Research in Business and Management. An Introduction to Process and Method*. London: SAGE Public.
- Rogers, Mwesigwa (2010), Consumers' attitudes, perceived risk, trust and internet banking adoption in Uganda, *Dissertation Master Of Business Administration of Makerere University*
- Rose, M.A. (2009). An empirical study of ATM service quality and customer satisfaction in Pakistani banks. *European journal of social sciences*. 13(3), 333-343.
- Rose, P S., (1999). *Commercial bank management*, 4th ed., Irwin /McGraw-Hill, Boston, USA.
- Shamsuddoha, M.; Chowdhury, M. T. and Ahsan, A. B. (2005): Automated teller machine: A new dimension in the bank service of Bangladesh. <http://paper.ssrn.com/so13>
- Sheth, J. and Sharma, A. (2005) International e-marketing: Opportunities and issues. *International Marketing Review*, 22(6), 611–622.
- Shu, W., and Strassmann, P. A. (2005). Does information technology provide banks with profit? *Information and Management*, 42(5), 781-787.
- Suleiman, G.P., Mat, N.K.N. Adesiyan, O.I. Mohammed, A.S. and Alekam, J. (2012). Customer loyalty in e-banking: A structural equation modeling (SEM) approach. *Am. J. Econ.*, 55-59.
- Sultan, S. and Komal, M. (2009), Impact of ATM on customer satisfaction (A comparative study of SBI, ICICI & HDFC bank), *Business Intelligence Journal*, 2 (2), 123-131.
- Sushanta, K. M., & Ho, S.J. (2006). *The impact of information technology on the banking industry: Theory and empirics*. National Chengchi University, Taiwan
- Taylor, S. (2005). The effects of filled waiting time and service provider control over the delay on evaluations of service, *Journal of the Academy of Marketing Science*, 23, 38-48.

- Thornton, K.S., and White, G.R (2001).Speech technology for automatic teller machines: An investigation of user attitude and performance, *Ergonomics*, 41(7), 962-981.
- Tiwari, R; Buse, S. and Herstatt, C. (2006).Mobile banking as business strategy: Impact of mobile technologies on customer behaviour and its implications for banks, *Technology Management for the Global Future - Proceedings of PICMET '06*.
- Tiwari, R; Buse, S. and Herstatt, C. (2007).*The mobile commerce prospects: a strategic analysis of opportunities in the banking sector*, Hamburg University Press (E-Book as PDF to be downloaded)
- Tom, G. Lucey, S. (2005). Waiting time delays and customer satisfaction in supermarkets, *Journal of Services Marketing*, 9, (5), 20-9.
- Udo, Godwin J., Kallol K. Bagchi, Peeter J. Kirs (2010), An assessment of customers' e-service quality perception, satisfaction and intention, *International Journal of Information Management* 30, 481– 492
- Vaidya, A., (2011).Emerging trends on functional utilization of mobile banking in developed markets in Next 3-4 Years
- Wan, W. W. N.; Luk, C. L. & Chow, C. W. C. (2005). Customers' adoption of banking channels in Hong Kong. *International Journal of Bank Marketing*, 23 (3), 211-221
- Wang, Y.S., Wang, Y.M., Lin, H.H., & Tang, T.I. (2003). Determinants of user acceptance of internet banking: An empirical study. *International Journal of Service Industry Management*, 14(5), 501–519.
- William, A. (2000). *Computerization or automation of banking systems in Ghana, The way forward*. The school of business, Malardalene Hogskolan, Sweden.
- Yee, B.Y. and Faziharudean, T.M. (2010).Factors affecting customer loyalty of using internet banking in Malaysia. *J. Electron. Banking Syst.* 1-21.

APPENDIX 1

Department of Marketing,
Faculty of Management Sciences,
Delta state University,
Asaba campus.
August , 2016.

Dear Respondent,

REQUEST FOR THE COMPLETION OF STRUCTURED QUESTIONNAIRE

I am a postgraduate student of the above named institution. I am conducting a research on alternative service delivery channels and customer loyalty in some selected banks in Asaba. The questionnaire is designed to elicit your opinion on how alternative service delivery channels affect customer loyalty.

It shall be appreciated if you will kindly respond objectively to the sets of questions contained in the structured questionnaire. This exercise is strictly academic and your views will be treated with confidence.

Thanks for your time and assistance on this research.

Dr. A.P. Olannye
Supervisor

Ndugbe Emeka
Researcher

QUESTIONNAIRE

Answer the questions in the space provided below

1. Gender: Male [] Female []
2. Age: Below 30 [] 31-40 [] above 40 []
3. Education: OND/NCE [] HND/B.Sc. [] Master [] Others []
4. Marital status: Single [] Married [] Other []
5. Years of banking electronically with the bank: 1-5year [] 6-10years [] 10years above []

Please respond to these questions using the scale and tick [] only one for each question.

1 = strongly disagree, 2 = disagree, 3 = undecided, 4 = agree, 5= strongly agree.

1. What is the impact of automated teller machine on customer loyalty?

S/N	INFLUENCE FACTORS	SA 5	A 4	U 3	D 2	SD 1
5.	I develop positive experience and loyalty towards a bank based on convenience and accessibility of my bank ATMs.					
6.	I am satisfied when I can perform my banking services during off banking hours with the use of the ATM.					
7.	I consider such factors as availability of functional ATM services in my choice of a bank					
8	The availability of functional ATM services to achieve convenience banking is a good product to win and retain me.					

2. What is the effect of online banking services on customer loyalty?

S/N	INFLUENCE FACTORS	SA 5	A 4	U 3	D 2	SD 1
9	I am satisfied when I am able to perform my banking transactions from the comfort of my home and office through the online banking platform.					
10	I develop a strong liking for a bank that enables me interact and relate with the bank through their online platform.					
11	Non availability of functional online banking service can make me reduce patronage to the bank.					
12	Online banking provides convenience and round the clock banking services to me; thereby creating strong affinity between the bank and myself.					

3. To what extent does point of sales services affect customer loyalty?

S/N	INFLUENCE FACTORS	SA 5	A 4	U 3	D 2	SD 1
13	POS enables me make payments for goods and services with the use of my debit/credit cards					
14	I develop good experience when I can conveniently transact with my card through a POS terminal.					
15	Business owners are satisfied with the use of POS as a means of collection of their sales proceeds from their customers.					
16	POS eliminates the risk of my carrying cash either for payment for goods and services or for lodgement of sales proceeds.					

4. What is the effect of mobile banking on customer loyalty?

S/N	INFLUENCE FACTORS	SA 5	A 4	U 3	D 2	SD 1
17	Mobile banking channel has become a key element in the bid to earn my loyalty					
18	Mobile banking is one of the most convenient banking service delivery platforms and gives me good banking experience.					
19	I am satisfied when I make electronic bill payments, buy airtime and make fund transfers through mobile banking					
20	Mobile banking is a very convenient service delivery channel as it provides me with on-the-go banking services on 24/7 basis and helps in meeting my service expectations.					

Customer Loyalty

S/N	INFLUENCE FACTORS	SA 5	A 4	U 3	D 2	SD 1
21	The dormancy or inactive accounts level of my bank is low.					
22	The product per customer level of my bank is within industry average.					
23	My customers give referrals to their friends, business associates and relations to choose my bank.					
24	My customers are willing to give feedback to my bank on how they can improve their services					

APPENDIX

```

GET DATA /TYPE=XLSX
/FILE='C:\Users\HP\Documents\ndugbe data.xlsx'
/SHEET=name 'Sheet1'
/CELLRANGE=full
/READNAMES=on
/ASSUMEDSTRWIDTH=32767.
EXECUTE.
DATASET NAME DataSet1 WINDOW=FRONT.
REGRESSION
/MISSING LISTWISE
/STATISTICS COEFF OUTS R ANOVA
/CRITERIA=PIN(.05) POUT(.10)
/NOORIGIN
/DEPENDENT CustomerLoyalty
/METHOD=ENTER automatedtellermachine onlinebankingservices pointofsalesservices mobilebanking.
    
```

Regression

Notes

Output Created Comments Input	24-APR-2017 23:48:53 DataSet1 <none> <none> <none> N of Rows in Working Data File 242 Missing Value Handling Definition of Missing Cases Used Syntax REGRESSION /MISSING LISTWISE /STATISTICS COEFF OUTS R ANOVA /CRITERIA=PIN(.05) POUT(.10) /NOORIGIN /DEPENDENT CustomerLoyalty /METHOD=ENTER automatedtellermachine onlinebankingservices pointofsalesservices mobilebanking.
Resources	Processor Time 00:00:00.05 Elapsed Time 00:00:00.11 Memory Required 2692 bytes Additional Memory Required for Residual Plots 0 bytes

[DataSet1]

Variables Entered/Removed^a

Mode	Variables Entered	Variables Removed	Method
1	mobile banking , point of sales services , online banking services , automated teller machine ^b		Enter

a. Dependent Variable: Customer Loyalty

b. All requested variables entered.

Model Summary

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.961 ^a	.923	.921	.2533

a. Predictors: (Constant), mobile banking , point of sales services , online banking services , automated teller machine

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	181.452	4	45.363	706.889	.000 ^b
	Residual	15.209	237	.064		
	Total	196.661	241			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), mobile banking , point of sales services , online banking services , automated teller machine

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.268	.395		-3.208	.002
	automated teller machine	.409	.046	.391	8.861	.000
	online banking services	.087	.041	.078	2.117	.035
	point of sales services	.249	.044	.245	5.716	.000
	mobile banking	.317	.040	.302	7.950	.000

a. Dependent Variable: Customer Loyalty

RELIABILITY

```

/VARIABLES=convenienceandaccessibility perform availability functionalATM
onlinebankingplatform
interactandrelate Nonavailability roundtheclock debitcreditcards POSTerminal meansofcollection
eliminatetherisk channel deliveryplatforms electronicbillpayments onthegobankingservices
inactiveaccounts productpercusomer referrals feedback
/SCALE('ALL VARIABLES') ALL
/MODEL=ALPHA
/STATISTICS=DESCRIPTIVE SCALE
/SUMMARY=MEANS.

```

Reliability

Notes

Output Created		24-APR-2017 23:52:52
Comments		
Input	Active Dataset	DataSet1
	Filter	<none>
	Weight	<none>
	Split File	<none>
	N of Rows in Working	242
	Data File	
	Matrix Input	
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.
	Cases Used	Statistics are based on all cases with valid data for all variables in the procedure.
Syntax		RELIABILITY /VARIABLES=convenienceandaccessibility perform availability functionalATM onlinebankingplatform interactandrelate Nonavailability roundtheclock debitcreditcards POSTerminal meansofcollection eliminatetherisk channel deliveryplatforms electronicbillpayments onthegobankingservices inactiveaccounts productpercusomer referrals feedback /SCALE('ALL VARIABLES') ALL /MODEL=ALPHA /STATISTICS=DESCRIPTIVE SCALE /SUMMARY=MEANS.
Resources	Processor Time	00:00:00.03
	Elapsed Time	00:00:00.03

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	242	100.0
	Excluded ^a	0	.0
Total		242	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.836	.836	20

Item Statistics

	Mean	Std. Deviation	N
convenience and accessibility	4.756	.4303	242
perform	4.719	.4504	242
availability	4.860	.3823	242
functional ATM	4.789	.4087	242
online banking platform	4.756	.4303	242
interact and relate	4.731	.4441	242
Non availability	4.876	.3545	242
round the clock	4.802	.4098	242
debit/credit cards	4.760	.4278	242
POS terminal	4.731	.4441	242
means of collection	4.847	.3936	242
eliminates the risk	4.789	.4087	242
channel	4.756	.4303	242
delivery platforms	4.727	.4463	242
electronic bill payments	4.860	.3713	242
on-the-go banking services	4.789	.4087	242
inactive accounts	4.736	.4420	242
product per customer	4.715	.4524	242
referrals	4.843	.3973	242
feedback	4.756	.4398	242

Summary Item Statistics

	Mean	Minimum	Maximum	Range	Maximum / Minimum	Variance	N of Items
Item Means	4.780	4.715	4.876	.161	1.034	.003	20

Scale Statistics

Mean	Variance	Std. Deviation	N of Items
95.599	17.088	4.1337	20