

The Proponents of Snail Pace Transition of Commercial Banks in Developing Countries

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Abstract—With the development of the World Wide Web (WWW) banks have increased their usage of electronic banking channels for receiving instructions and providing their services to their clients. This form of banking has generally been referred to as e-banking or internet banking; Of course noting that the kind of products and services delivered by the banks over these electronic channels tended to vary in content, capability and sophistication. The study was a descriptive type of research where close ended self-completion questionnaires were distributed to (n=96) commercial banks within five major towns in Swaziland. The findings of the study were Banks generally face difficulties when adopting and implementing e-banking, the study highlighted that they face challenges in as far as trying to install user friendly systems, coupled with the costly processes of finding and retaining talented specialist in the e-banking field of IT. Banks also face problems with specialized IT infrastructure being hard to come by in terms of software and hardware. So the scarcity of these resources tends to be the main hurdle in e-banking adoption

Index Terms—Banking, electronic, internet, online commerce.

I. INTRODUCTION

Internet banking has come as a break-through in innovation resulting in significant improvements based on new technologies, which have led to remarkable changes in consumption patterns in the financial industry [1]. The definition of e-banking varies among researchers, but in most instances e-banking, internet banking or online banking, are often used synonymously. Internet banking allows banks to deliver an inexpensive and direct method of doing business, through exchanging information, and the buying and selling of products and services [2].

According to [3] internet banking is a system, through which banks are able to conduct their business activities, allowing their customers to transfer funds, pay their bills, view and check their savings account balances, making mortgage payments and conducting purchase and sale of financial instruments. [4] state that internet banking refers to the systems that make it possible for the bank's clients to access their accounts and general information relating to products and services offered by the bank through its website, without the inconvenience and tedious exercise of sending letters, faxes, original signatures and telephone confirmation.

Adoption on internet banking has remained sluggish in

most of the developing countries [5]. Customers today are demanding more from banking services especially customers from developed countries. Customers want new levels of convenience and easy to use financial management tools, products and services that traditional banks cannot offer. According to [5] clients want to use online banking systems, because of the perceived ease of use, perceived usefulness and security provided by online banking. Adoption and implementation has been slow in banks and among customers in developing countries [6]. In Ethiopia credits cards were introduced in 2009 but most shops and hotels still prefer cash [6]. In Zimbabwe internet banking was introduced in 2007 [7].

Literature [8]-[10] states that there are problems when it comes to the adoption and use of internet banking in the African continent. The banks in developing countries are characterised by long dwindling queues which shows that there are problems in the usage of internet banking [8], [10]. Whiles [11]-[13] states that internet banking is a service provided by banks to their customers seven days a week, there is no time when the customers will find the bank closed. The customers are able to access their accounts at any time of the day. Coupled with that, the customers do not have to wait in long queues in order to perform transactions, but they can do all their banking with relative ease, with just a simple click of a button when-ever and where-ever they are [12], [13]. However, There are still long queues in the banks month end in almost all the banks; one would expect that those customers would have resorted into internet banking to save time and cost. The argument is that if the banks encourage and teach the customers to the use of digital payments systems, the banks would cut down on the staff that is needed to attend to these long queues inside the bank. This study wants to find out what is causing the snail pace in the internet banking in Swaziland.

Internet banking is strongly promoted so as to bring about a change in consumer banking behavior. Internet banking offers many benefits to both the banking institution and the customer [12], [13]. It gives customers access to almost any type of banking transaction. The Internet banking has the advantage that the customer does not have to travel to and from a bank. In this way, the customer saves time and money and provides convenience and accessibility which results to a positive impact on customer satisfaction. Customers can manage their banking affairs when they want [13]. Table I shows some of the benefits the customer would enjoy.

However, in Swaziland the adoption of this technology has been moving at a snail pace among the banks and their customers, despite the advantages it comes with. The study

therefore, seeks to find out as to what are the major causes of what seems to be a snail pace transition of local banks in Swaziland in the internet age. There are studies that have been done on the adoption of e-banking in Swaziland but there are no studies that have looked at the snail pace adoption of e-banking.

TABLE I: SOME OF THE BENEFIT OF INTERNET BANKING

Benefit	Literature
Cost Savings	[14], [15]
Enables Mass Customization	[16]
Market and Communication	[17], [18]
Increased Customer Base	[16]
Enable Innovation	[19], [3]
Development of non-Core Business	[18]

II. METHODOLOGY

The study seeks to investigate causes of what seems to be a snail pace in the adoption of electronic banking with the commercial banks in Swaziland. The study is a quantitative study of which data was collected using a structured questionnaire, adapted and modified as used by [20]. The questionnaire was sent out to bank employees in each of the selected banks; First National Bank, Standard Bank, Nedbank, Swazibank and Swaziland Building Society. The data was then analysed using mean and standard deviation. In the study, a self-completion questionnaire was given to four employees in each bank and one of them was a manager or senior employee in that branch. This enabled the researcher to generalise to a larger group of individuals, helping to: (1) identify the degree of internet banking penetration in the banking sector; (2) gain an insight into the factors that encourage bank management to adopt internet banking services; (3) know why it is taking some time for banks to adopt internet. The paper sought to identify the proponents of what seems to be a snail pace transition of commercial banks from their customary operations to the new age of electronic banking. The sample consisted of all the commercial banks in Swaziland since they all offer internet banking. All the commercial banks have their headquarters in Mbabane (Capital city), hence it was imperative to focus on branches in five towns as they generally reflect technologies by sister branches. Closed-ended questionnaires were given to four employees in each bank.

A pre-test survey was carried out before sending the questionnaires. The questionnaires were given to one of the bankers in each branch, who have experience with internet banking and that the banker should not have been one of the chosen respondents of the study. To answer the objective, mean and standard deviation was computed. The items were ranked (highest to lowest) according to the extent to which they influence the transition from customary operations to the new age of internet banking. Correlation analysis was used to determine the strength of the relationship amongst the

proponents of what seems to be a snail pace transition of commercial banks from their customary operations to the new age of internet banking.

III. FINDINGS

Respondents rated nine items (Table II) to indicate the proponents of what seems to be a snail pace transition of commercial banks from their customary operations to the new age of e-banking. Mean and standard deviation values were computed and rank ordered by mean values. For purposes of data interpretation, mean values above 2.36 indicated proponents whereas means below 2.36 are not proponents of snail pace transition. The following are proponents that contribute to the snail pace transition: it is not easy to provide services to clients (3.57), it is not easy to install user-friendly systems (3.00), it is expensive to find and retain talented specialists in the IT field (2.71), and lack of infrastructure (software and hardware) a hurdle/problem (2.44). The research results show that it is not easy to provide services to clients and to install user friendly systems and that is why customers are packed in the banking halls because the banks are not providing user friendly systems.

TABLE II: PROPONENTS OF WHAT SEEMS TO BE A SNAIL PACE TRANSITION OF COMMERCIAL BANKS

Descriptive Statistics	N	Mean	Std. D.	Variance
it is not easy to provide services to clients	53	3.57	1.15	1.32
it is not easy to install user-friendly systems	51	3.00	1.34	1.80
it is expensive to find and retain talented specialists in this (IT) field	55	2.71	1.24	1.54
lack of infrastructure (software and hardware) is the main hurdle/problem	54	2.44	1.27	1.61
most customers do not know how to use and are unaware of some e-banking services provided by banks	54	2.20	.99	.99
it can be quite expensive at initial stages	63	2.03	1.15	1.32
electronic banking systems are expensive to implement	58	2.00	1.02	1.05
most customers demand it	46	1.87	.96	.92
e-banking is convenient to bank clients	70	1.43	.49	.25
Overall Mean		2.36		

In setting up e-banking services commercial, banks must make sure that the systems are well integrated and more convenient to the customer. If the technology is not easy to use customers will not accept that technology [21]. Customers must not only find the technology easy to use but should also see the usefulness of that technology [21]. It is therefore, necessary for the banks to install user friendly systems if they expect the customers to use e-banking. Behavioural intentions

of customers to use technology are dependent on the perceived usefulness and the perceived easy to use of the technology. Customers do not want to navigate from website to website to access services. The services have to be easier to use and less expensive than the alternative traditional banking, otherwise customers will opt to queue at the bank than use e-banking.

Infrastructure has been identified as one of the problems that cause the banks to move at a snail pace. The cost of implementing e-banking can be very high since it requires infrastructural development, training of staff members and sometimes even outsourcing some of the e-banking services. But for e-banking to work the banks have to invest both in the infrastructure and training development. For the banks to retain talented specialist they have to train their own staff and find ways of retaining those employees.

Table III below shows the proponents that contribute to the snail pace transaction in the banks in a correlation analysis. From the information displayed in the table below researchers were able to outline the relationships that exist between the items. These correlations are as follows; researchers found a significant positive (0.78(L:J) correlation between banks' challenges in trying to install user friendly systems and costly processes of finding and retaining talented specialist in the e-banking field of IT. The banks finding it difficult to install user friendly system because there is a problem in getting or retaining IT specialist who would be able to adapt the systems to suit the people who need them. There is also a significant positive (0.641(K:J) relationship between lack of infrastructure (software and hardware) being the main hurdle/problem and the costly processes banks engage in trying to find and retain talented specialists in the IT field . It is only talented specialist in IT who would know which software and hardware to buy but if there is a problem in getting the specialist then e-banking is going to be at a snail pace.

Researchers further found that there is a significant positive (0.57(L:K) correlation concerning banks in finding it difficult to install user-friendly systems and the lack of infrastructure in the form of hardware and software. If there is lack of infrastructure then installing user friendly systems is going to be a problem as well because the software used or the hardware used may not be user friendly for the customers. Similarly there are multiple significant positive (0.51 (N:J); 0.36(N:K); 0.57 (N:L); 0.43N:M)) correlations established between the banks' inability to easily provide e-banking services to customers and the costly processes of having to find and retain talented specialists in the IT field, lack of infrastructure (software and hardware) being the main hurdle/problem, banks experiencing difficulties in installing user-friendly system and most customers not knowing how to use some of the e-banking services provided by banks. The researchers concluded that it is not easy to provide services to the clients and the reasons was not installing user friendly systems and thus customers could not use the systems. Which was as a result of not retain specialist in the IT fields who would know which software and hardware the banks needed to use.

TABLE III: PEARSON'S CORRELATIONS

Correlations		I	J	K	L	M	N	O	P	Q
I	Pearson	1								
	Sig.									
	N	58								
J	Pearson	.28	1							
	Sig.	.04								
K	Pearson	.16	.64	1						
	Sig.	.28	.00							
L	Pearson	.15	.78	.57	1					
	Sig.	.30	.00	.00						
M	Pearson	.23	.34	.05	.35	1				
	Sig.	.11	.02	.72	.01					
N	Pearson	.05	.51	.36	.57	.43	1			
	Sig.	.71	.00	.01	.00	.00				
O	Pearson	.59	.49	.40	.40	.03	.31	1		
	Sig.	.00	.00	.00	.00	.81	.03			
P	Pearson	.17	.163	.15	.17	.17	.17	.20	1	
	Sig.	.20	.235	.25	.21	.20	.21	.11		
Q	Pearson	.15	.051	.18	-.17	-.10	.06	.03	.26	1
	Sig.	.33	.750	.26	.30	.54	.69	.82	.08	

- I= electronic banking systems are expensive to implement, J= it is expensive to find and retain talented specialists in the IT field
- K= lack of infrastructure (software and hardware) is the main hurdle/problem
- L= it is not easy to install user-friendly systems
- M= most customers do not know how to use and are unaware of some e-banking services provided by banks
- N= it is not easy to provide services to clients
- O= it can be quite expensive at initial stages
- P= e-banking is convenient to bank clients
- Q= most customers demand it

Finally researchers established that there exist multiple significant positive (0.60(O:I); 0.49(O:J); 0.40(O:K); 0.41(O:L); 0.31(O:N)) relationship between e-banking being expensive at the initial stages and the e-banking systems being costly to implement, it is expensive to find and retain talented specialists in the IT field, it is not easy to install user-friendly systems and the difficulty experienced by banks in their bid to provide e-banking services to their clients. From the correlation it shows that banks are finding it expensive at initial stage probably that is why they are finding it expensive to implement yet [19] states that the banks have to bare the expenses at initial stage but will benefit in the long run when they have loyal customers. It must be viewed as a long term process which is an investment that the banks have to make. Because of the initial costs the banks have to incur, it means

they should also get specialist in IT who will be able to determine the infrastructure needed, as well as install easy and user friendly systems that way they will be able to produce services to clients that will be used.

Another problem is the number of people that have access to internet in Swaziland. In the study it is pointed out that infrastructure is a problem, even if the banks wanted their customers to use the internet, if there is poor infrastructure then it will slow down the process of the bank. The confidence of e-banking transaction would still be another problem to the customers that have access to the internet. Another problem that would make customers prefer the traditional system to the internet is the availability of the internet which is an infrastructure problem. If the internet is working in one minute and the next minute it is not working customers will not trust internet banking and will resort to the traditional method of banking. The clients would rather go and queue at the bank to get their transaction done than to go and pay at the internet café to do a transaction. Which will be costly for the customer since the bank is going to charge them for the transaction process and will also have to pay the internet café

Banks generally face difficulties when adopting and implementing e-banking, the study highlighted that they face challenges in as far as trying to install user friendly systems is concerned, coupled with the costly processes of finding and retaining talented specialist in the e-banking field of IT. Banks also face problems with specialized IT infrastructure being hard to come by in terms of software and hardware. So the scarcity of these resources tends to be the main hurdle in e-banking adoption.

Banks also have to provide attractive compensation packages and fringe benefits in order to lure and retain talented specialists in IT. A system developed in-house would be one alternative as it would be tailored for that particular bank, this would allow for testing to be done concurrently with development resulting in lower costs. Another option would be for banks to buy tailor-made systems from outside vendors, such systems would require a lot of testing to ensure they are working properly and are user friendly.

IV. CONCLUSION

Banks find e-banking adoption a precarious road to navigate due to the exorbitant costs that tend to be incurred at the initial stages combined with e-banking systems being costly to implement [22]. Banks also often find it difficult in installing user-friendly systems and as a result experience difficulty in providing e-banking services to their clients.

Reference [8] came to the conclusion that quality of infrastructure tends to be a major inhibitor in the adoption of electronic banking services. [23] underlined the element of availability of qualified human resources, alluding that the availability of highly skilled professionals in IT is dire in deploying e-banking projects. In their study on e-banking at the Woolwich bank in the UK, [23] found that the shortage of readily trained human resource can be a handicap in the implementation of internet and electronic device projects.

It is recommended that banks invest significantly in testing

their systems extensively before use to ensure that they function properly to deliver the level of service that is expected and to provide these services in the most customer-friendly way possible. They need to be willing to spend whatever amount financially possible when it comes to systems development to overcome their IT infrastructure problems.

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