

E-payment of the Nigerian Banking Sector And customer's Satisfaction:

(The FirstMonie Initiative)

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Abstract

The banking sector in Nigeria has continued to diversify in nature to satisfy its customer's desire for faster and effective electronic mobile banking services. In a strong quest to meet the yearnings of its teeming customers through this trends, First bank of Nigeria Plc has constantly changes from one electronic banking trend to another and the recent of such transformation agenda was the lunching of FirstMonie on the 19th of September 2012, which has been regarded as a right step in Nigerian banking reform. This study strictly engaged participant observation method as an observer for data collection. The study discovered that even though the customers using FirstMonie services are experiencing one problem or the other at the collection points, still, the new package scored more than average regarding the products acceptability.

Introduction

Mobile money enables you create an e-wallet on your phone for making payment for goods and services and is not essentially tied to your bank account. Mobile money is aimed at reducing the circulation of cash. It enables people to pay for goods and services without need for cash. Invariably, mobile banking is banking biased while mobile money is payment biased, but both can converge or work hand in hand.

Based on this background understanding and in an attempt to ensure that the vast majority of the unbanked and the under banked Nigerians enjoy superior financial services, one of Nigeria's bank brand, First Bank of Nigeria Plc (FBN) also added their own mobile money transfer services called 'FirstMonie' on Wednesday 19th of September 2012 (<http://www.proshareng.com/news>), *into the arrays of existing e-money transfer services being*

enjoyed by Nigerians in their different banks before now such as UBA Bank- Umobile, Cash fast, U-direct and UBA MasterCard Trust, ACCESS Bank- Access Mobile, FCMB- FCMB ATM Cardlex, ECO Bank- ECO Mobile, Union Bank- Stallion Mobile transfer etc). All these electronic money transfer services marks the beginning of the long awaited financial revolutionary trends in the Nigerian banking sector today.

Banking Sector in Nigeria.

Banks play a role of considerable economic significance as intermediaries in mobilizing public savings and channelizing the flow of funds for productive purposes, keeping on the process of the economic growth of the country. In realizing the importance of the role of the banks in economic development, government of Nigeria took several major initiatives after the country attained independence in 1960 to gear the banking system to serve the national objective which is to maintain the country's steady financial flow and to also safe guide the cash deposits of Nigerian's (Singh and Arora 2011:45). These major steps became imperative because an efficient financial sector is an engine for economic growth of any nation. Infact, it converts the fuel of savings into kinetic energy for the economy (Singh and Arora 2011:46).

Another government financial reform in Nigeria began in 2004 which is just a consolidation programme, necessitated by the need to strengthen the banks. Thus, these reforms actually got to the climax following the banking crisis of 2008. The Central Bank of Nigeria articulated a blue print known as "*The Project Alpha Initiative*" for reforming the Nigerian financial system in general and the banking sector in particular. As a result, banks were consolidated through mergers and acquisitions, raising the capital base from N2 billion to a minimum of N25 billion, this reduced the number of banks from 89 to 25 in 2005, and later to 24 (Sanusi 2012:117).

As reported by Ayo et al. (2007), virtually all the 24 banks in Nigeria that survived the recapitalization exercise engaged the use of ICT for efficient service delivery. All the banks have one form of e-Payment system or the other (Gbolahan, 2005). E-payment systems simply involve automated processes of exchanging monetary value among parties in business transactions and transmitting this value over the information and communication technology (ICT) networks. The common e-Payment channels include the payment cards (debit or credit), online web portals, point of sales (POS) terminals, automated teller machines (ATM), mobile phones, automated

clearing house (ACH), direct debit/deposit and real time gross settlement (RTGS) system (Nnaka, 2009).

Presently, banks in Nigeria are adding value to their services for customer's satisfaction. The customers have more choices in choosing their banks because the new age IT (Information Technology) is bringing about sweeping changes in the banking industry, forcing them to re-engineer many of their basic processes and systems. Few of the technology-driven electronic banking services being offered are viz. Automated Teller Machines ATM, Electronic Clearing Service (ECS), Electronic Funds Transfer (EFT), tele-banking, internet banking etc. New technological capabilities are now being effectively used to create value and to better manage customer relationship. Without mincing word, Ayo and Ukpere (2010: 1153) affirmed that out of all the information technology innovations that awashed the banking industry, the automatic teller machine (ATM) is the most widely used e-Payment instrument in Nigeria. It is responsible for about 89% (in volume) of all e-Payment instruments since 2006 to 2008, before the emergence of better e-banking technologies.

Reddy (2001) stated that technology in banking service in Nigerian banking sector today has become a veritable tool for achieving greater success owing to the fact that the efficiency of a banking sector depends upon how best it can deliver services to its target customers, in order to survive in today's competitive environment and provide continual customer satisfaction. Most importantly, the providers of banking services are now required to continually improve the quality of services to meet customer's satisfaction.

Interest for Habitele:

Firstmonie is an example of banking solution based on mobile phone technology. The application is free on any SMS enabled phones. The subscriber can send money to anyone with mobile phone and the notification will come in as an SMS in form of a code that the individual can take to any nearest agent of FirstMonie or local branch of First bank to claim the money send. The other unique side of it is that the code can be presented at the ATM machine and the money will be paid. There is no personal contact with the sender of the money and for people who do not have a bank account; all that is needed is to present the money code to the cashier. For people with a bank account, no personal contact is needed
(www.punchng.com/business/money/first-bank-unveils-mobile-mon/)

The regimes of engagement raised by this application are typically Parentel and Clientele. Registration is free and the mobile phone number is usually the account number. To sign up, a subscriber need not have an account with First Bank or any bank, only a mobile phone and all that is required to register is to dial the prompt code *894# which was derives from 1894, the year FBN was established (www.firstbanknigeria.com).

FirstMonie services were created with three principles in mind: (1) how consumers receive money to fund their unique lifestyles; (2) how consumers spend money for their unique lifestyle needs; and (3) the ability of the consumer to be informed and be in control of their money. The service is available on all the major network telecommunication operators such as Etisalat, Globacom and MTN Nigeria (www.vanguardngr.com/2012/11/first-bank-launches-mobile-money). Hence, these major network telecommunication operators fit into the plan of First Bank as the preferred partners in progress because it has been estimated that over 90 million active mobile subscribers in Nigeria, representing a mobile penetration rate of 65.3 percent from inception in 2001 has been attained by these networks across Nigeria. In fact, this figure is expected to hit the roof by 2014 with an estimated rate of 118 million mobile subscribers (NCC 2011:3 as quoted in www.firstbanknigeria.com). Nigeria has remained the fastest growing mobile phone country in Africa and the third in the world where over 60% of the populace are connected (Akwaja, 2010).

FirstMonie is a scheme of mobile money aim at reaching both the banked and the vast unbanked Nigerian's via the use of mobile phone. In a quest to further correct the low penetration of banking services in Nigeria, the first money initiative was introduced into the Nigeria banking sector in order to achieve financial inclusion of the 74 % of unbanked population which is equivalent to approximately 64 million people, including 85% of adult female and 86% of rural unbanked population. While about 4 million other adults who previously banked have left the banking system today (NCC 2011 as quoted in www.firstbanknigeria.com). It is a move towards solving local money transfer within the country. The product could be used in making a wide range of transaction services such as payment of bills, transferring money to phone, transferring money from phone to ATM and vice versa and sending money to other people's phone; like a child in the university far away from home. Others include making payment for services received from persons such as mechanics,

shopping, top up airtime in the phone of user and for others (www.generatione.net/Firstmonie3/faq.html). The operations of Firstmonie services clarified bellow for clearer understanding:

The operations of Firstmonie services

- Cash In: This is the process of funding your firstmonie mobile account (registered and unregistered users).
- Cash Out: this is the process of withdrawing from your firstmonie mobile account (registered and unregistered users).
- Person to Person (P2P): This is the process of sending money from Firstmonie registered users to other mobile phone users.
- Purchases: This is the process by which a Firstmonie mobile user sends money via phone or Web to a Firstmonie mobile Merchant account in exchange for goods or services.
- Bills Payment: This is the use of Firstmonie to pay for utilities.
- Airtime Top Up: Airtime could be purchased for oneself or third party.

FirstMonie Product Types and Limits

| Product Types | Transaction Limit | Daily Transaction Limits |
|----------------------|--------------------------|---------------------------------|
| FirstMonie Classic | ₦3,000 | ₦30,000 |
| FirstMonie Gold | ₦10,000 | ₦100,000 |
| FirstMonie Platinum | ₦10,000 | ₦ 1M |

sources: (www.firstbanknigeria.com).

These transactions and products have no time barriers as they can be done at any time of the day.

In order to adequately ascertain the effectiveness, reliability and the challenges involved regarding the FirstMonie initiative by First bank, participant observation as an observer was used to sample the opinions of the users of this new product. Regular observations of about 30 First bank of Nigeria Plc, University of Ibadan branch customers who had used FirstMonie revealed that majority of them were satisfied with the new product, while very few others were seriously discontented owing to the new products slow pace of money disbursement at the FirstMonie collection/payment points across Nigeria. Hence, adequate observations of the First bank official

in charge of FirstMonie, shows that the staff in charge was working round the clock to achieve maximum satisfaction for their numerous customers in Nigeria (participant observation as an observer, inside the banking hall of Firstbank University of Ibadan branch on the 7th and 8th of May 2013). Conclusively, it is important to note that the challenges being experienced by customers using the FirstMonie services are few in comparison to the benefits and the convenience the new package offers its customers across Nigeria.

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