Challenges and Prospects of Electronic Banking in Nigeria

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Abstract

E-banking presents benefits such as online banking and elongated banking hours to customers. These benefits provide comfort, convenience and ease of use for bank transactions. Before the advent of e-banking, customers could only make transactions from a bank’s brick and mortar branch offices. E-banking has facilitated the integration of the functions of some large banks that have several branches around the country on a centralised network so that transactions can be carried out at any branch on the network without the customer being physically present in the branch. Nevertheless, e-banking like any other human activities is fraught with different challenges as well as prospects. The paper discussed the challenges and prospects of e-banking in Nigeria using the data gathered through the administration of questionnaires in Sokoto metropolis.

1. Introduction

The focus of this paper is on the challenges and prospects of electronic banking (e-banking) in Nigeria. E-banking presents benefits such as online banking and elongated banking hours to customers. These benefits provide comfort, convenience and ease of use for bank transactions. Before the advent of e-banking, customers could only make transactions from a bank’s brick and mortar branch offices. E-banking has facilitated the integration of the functions of some large banks that have several branches around the country on a centralised network so that transactions can be carried out at any branch on the network without the customer being physically present in the branch.¹

In addition, e-banking enables customers to access their accounts and perform online transactions anytime of the day as they would on the physical floors of the bank at their own comfort, pace and convenience without any human intervention. The omission of middlemen in the e-banking operation is also beneficial to the bank in terms of reduced labour costs and

increased efficiencies in the banking operations which may enable the bank to provide value-added services to its customers. Nevertheless, e-banking like any other human activities is fraught with different challenges as well as prospects as discerned from the data gathered through the administration of questionnaires in Sokoto metropolis.

In line with the above, the paper presents the analysis and interpretation of data collated through the administration of delivery and collection questionnaires. The questionnaires were targeted at one hundred and twenty (120) respondents; out of which, sixty (60) were lawyers and the other sixty (60) were bankers. One hundred and twelve (112) copies of the questionnaires were recovered, which constitutes 93.33% of the distributed copies. Fifty seven (57) of the sixty (60) copies distributed to lawyers were recovered, this forms 95%. In the same vein, fifty five (55) of the sixty copies distributed to bankers were recovered, this forms 91.7%.

2. Method of Data Collection

Data is collected using different tools such as observation, interviews or questionnaires. Use of questionnaires as general term however includes all techniques of data collection in which each person is asked to respond to the same set of questions in a predetermined order. Design of questionnaires will affect the response rate and the reliability and validity of the data intended to be collected. Response rates, validity and reliability can be maximised by: careful design of individual questions; clear and pleasing layout of the questionnaires; lucid explanation of the purpose of the questionnaires; pilot testing; and careful planned and executed administration.

The main purpose of any research questionnaires should be to help the researcher in extracting maximum data, with the help of minimum questions, from the respondents. The questionnaires thus act as standard guide for the researcher who needs to ask the questions in same way because without this standardisation, the process can get haphazard.

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2 ibid.
4 ibid, p.361.
Questionnaires are very important part of data collection methodology which ultimately facilitates the analysis.\(^5\)

Design of questionnaires differs according to how it is administered, and in particular, the level of contact the researcher has with the respondents. There are basically two types of questionnaires: self-administered and interviewer-administered questionnaires.\(^6\)

Self-administered questionnaires are usually completed by the respondents. These include internet/intranet mediated questionnaires which are administered electronically; postal/mail questionnaires which are posted to respondents who return them by post after completion; and delivery and collection questionnaires which are delivered by hand to each respondent and collected later.\(^7\)

On the other hand, in interviewer-administered questionnaires, responses are recorded by the interviewer on the basis of each respondent’s answer. These include telephone questionnaires which are administered using the telephone; and structured interviews where interviewers meet respondents and ask questions face to face.\(^8\)

The method adopted in the collection of data in this paper is the administration of delivery and collection questionnaires which is influenced by factors such as: characteristics of the respondents; importance of reaching particular persons as respondents; importance of respondent’s answers not being contaminated or distorted; size of sample required for the analysis; type of questions asked and number of questions asked.

Hence, the targeted respondents for this purpose were one hundred and twenty (120), out of which one hundred and twelve (112) responded constituting 93.33% as illustrated in diagram 1 below.

\(^7\) ibid.
\(^8\) ibid.
Sixty (60) of the one hundred and twenty (120) questionnaires were distributed to lawyers out of which fifty-seven (57) copies were recovered which form 95% of the distributed copies as illustrated in diagram 2 below.

The other sixty (60) of the one hundred and twenty (120) copies were also distributed to bankers out of which fifty-five (55) copies were recovered which equally form 91.7% of the distributed copies as illustrated in diagram 3 below.
The qualification, professionalism and employment status of the respondents are illustrated in diagram 4 below. All the respondents held either university degree or higher national diploma (HND). About thirty one percent (31%) held postgraduate qualifications. About fifty two percent (52%) are members of professional bodies of which lawyers constituted the greater percentage. Further, about sixteen percent were self employed. The self employed respondents are all lawyers.

Diagram 4

The gender ratio of the respondents was unbalanced. This is shown in diagram 5 below. Such an outcome was however not deliberate, but reflected the actual situation on the ground. It was a variable beyond control. Out of the one hundred and twelve (112) respondents, thirty two (32) which is 28.57% were females. The rest were males. This however has no impact on the validity of the data. The aim was not to analyse individuals, but factual situation.
The geographical scope of the data collated is confined to the Sokoto metropolis of Sokoto State – Nigeria. This is so because the banks in the State concentrate and do business mainly in the metropolis with scanty branches in the suburb areas of the State. Furthermore, all major banks in Nigeria are represented in Sokoto metropolis. To that extent, the use of the metropolis as a pilot study is reasonable.

The outcome of the data analysis and interpretation may not however necessarily be a conclusive proof in this regard, but rather will serve as pilot testing for further research in this area. The outcome of the further study may produce different results or conclusions.

3. Analysis of Data

Data in a raw form (before been processed and analysed), convey very little meaning to most people. These data therefore need to be processed and analysed to make them useful by turning them into information. Analysis techniques such as graphs, charts, tables, diagrams and statistics help to explore, present, describe and examine relationships and trends within data as demonstrated in diagrams 1-8 in this paper. Virtually, any paper of this nature is likely to involve some numerical data or contain data that could be used to help answer some questions and meet the objectives of the paper. Thus, the data collated for this purpose are processed and analysed in diagrams 6, 7 and 8 below.

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9 ibid, p.414.
Diagram 6 – Lawyers Result

<table>
<thead>
<tr>
<th>Questions</th>
<th>a)</th>
<th>b)</th>
<th>c)</th>
<th>Total</th>
</tr>
</thead>
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<td>Q1</td>
<td>02 = 3.5%</td>
<td>25 = 43.9%</td>
<td>30 = 52.6%</td>
<td>57 = 100%</td>
</tr>
<tr>
<td>Q2</td>
<td>07 = 12.3%</td>
<td>27 = 47.4%</td>
<td>23 = 40.3%</td>
<td>57 = 100%</td>
</tr>
<tr>
<td>Q3</td>
<td>01 = 1.8%</td>
<td>30 = 52.6%</td>
<td>26 = 45.6%</td>
<td>57 = 100%</td>
</tr>
<tr>
<td>Q4</td>
<td>46 = 80.7%</td>
<td>06 = 10.5%</td>
<td>05 = 8.8%</td>
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</tr>
<tr>
<td>Q5</td>
<td>54 = 94.7%</td>
<td>02 = 3.5%</td>
<td>01 = 1.8%</td>
<td>57 = 100%</td>
</tr>
<tr>
<td>Q6</td>
<td>09 = 15.8%</td>
<td>23 = 40.4%</td>
<td>25 = 43.8%</td>
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</tr>
<tr>
<td>Q7</td>
<td>41 = 71.9%</td>
<td>06 = 10.5%</td>
<td>10 = 17.5%</td>
<td>57 = 100%</td>
</tr>
<tr>
<td>Q8</td>
<td>53 = 92.9%</td>
<td>03 = 5.3%</td>
<td>01 = 1.8%</td>
<td>57 = 100%</td>
</tr>
<tr>
<td>Q9</td>
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<td>09 = 15.8%</td>
<td>47 = 82.4%</td>
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<td>07 = 12.3%</td>
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Diagram 7 – Bankers Result

<table>
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<tr>
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<th>b)</th>
<th>c)</th>
<th>Total</th>
</tr>
</thead>
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<td>55 = 100%</td>
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<td>55 = 100%</td>
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<td>Q7</td>
<td>39 = 70.9%</td>
<td>08 = 14.5%</td>
<td>08 = 14.5%</td>
<td>55 = 100%</td>
</tr>
<tr>
<td>Q8</td>
<td>49 = 89.1%</td>
<td>05 = 9.1%</td>
<td>01 = 1.8%</td>
<td>55 = 100%</td>
</tr>
</tbody>
</table>
4. Interpretation of Data

In order to capture the level of appreciation of e-banking; as well as to provide answer to who shoulders responsibility in some circumstances of e-banking transactions; and to discuss the challenges and prospects of e-banking transactions, a questionnaire survey was conducted. The survey targeted lawyers and bankers. The result of the survey conducted on lawyers is summarised in diagram 6. Diagram 7 summarised the result of the survey conducted on bankers; while diagram 8 gave the overall summary of the result of the survey.

For instance, 92.9%, 89.1% and 91.1% of the respondents in diagrams 6, 7 and 8 respectively prefer e-banking to manual banking in column Q8 each.

As regards the bearer of responsibility for loss occasioned in customer’s account by third party activities, 43.8% of the respondents are of the opinion that interswitching agency should bear the responsibility in diagram 6 column Q6. 45.4% of the respondents opined that customer should bear the responsibility in diagram 7 column Q6. However, in diagram 8 column Q6, 34.8% of the respondents tally in their opinion as to the bearer of the responsibility between bank and interswitching agency respectively.
With regard to the common challenge of e-banking in Nigeria, 82.4%, 67.3% and 75% of the respondents in diagrams 6, 7 and 8 respectively suggested network failure as the most common challenge of e-banking in Nigeria in column 9 each.

As to whether the challenges of e-banking are surmountable in the Nigerian context, 71.9%, 70.9% and 71.4% of the respondents in diagrams 6, 7 and 8 respectively agreed that the challenges are surmountable in column 7 each.

Having analysed and interpreted the data in the foregoing pages; and considering the fact that every aspect of human life is comprised of challenges and prospects, the paper proceeds to discuss the challenges and prospects of e-banking in the subsequent pages as result of the survey conducted on the respondents. But first, the challenges are discussed.

5. Challenges of E-Banking

The development of e-banking has brought a number of issues of concern to the fore. The issues may constitute challenges to hitch-free e-banking operations in Nigeria. The challenges flowing from the outcome of the survey conducted on the respondents may relate to amongst other things: operation; security; credit; foreign exchange; manpower expertise; supervisory capacity; basic infrastructure; reputation and legal. It should be noted however that the questionnaires did not necessarily and specifically address some of the challenges in particular. This is owing to the fact that some of the challenges are ancillary to others.

5.1 Operational Challenges

Operational challenges of e-banking are the central of system availability and security to the dependability on new technology which provides services. Operational drawbacks arise from fraud, processing errors, system disruptions, or other unanticipated issues resulting in the bank’s inability to deliver products or services. These exist in each product and service offered. The level is affected by the structure of the bank’s processing environment, including the types of services offered and the complexity of the processes and supporting technology. In most instances, e-banking activities will increase the complexity of the bank’s activities and the quantity of its operational risks especially if the bank is offering innovative services that have not been standardised. Customers expect e-banking services to be available 24
hours a day, 7 days a week, but in most cases, the services are erratic and/or system and machine do fail.\textsuperscript{10}

5.2 Security Challenges

E-banking creates new security issues with respect to confidentiality and integrity of information, non-repudiation of transactions, authentication of users and access control. The need to maintain adequate and reliable safeguards in order to prevent, detect and contain possible threats to the security and integrity of financial transactions is a challenge.\textsuperscript{11}

Security breaches are most frequently discussed in terms of the danger that hackers may intercept messages, misuse the information or modify the content of the message. E-banking carries pervasive security challenges because there is no central management of the internet. Furthermore, since internet protocols carry no identity, it is possible for anyone to pose as someone else. Security threats in this respect can be internal or external to the system.\textsuperscript{12}

However, data encryption may serve as a solution to security risks. This refers to mathematical calculations and algorithmic schemes that transform plaintext into cyphertext (a form that is non-readable to unauthorised parties). The recipient of an encrypted message uses a key which triggers the algorithm mechanism to decrypt the data, transforming it to the original plaintext version. Before the internet, data encryption was seldom used by the public as it was more of a military security tool. With the prevalence of online shopping, banking and other services, even basic home users are now aware of data encryption.\textsuperscript{13}

Today's web browsers automatically encrypt text when making a connection to a secure server. This prevents intruders from listening to private communications. Even if they are able to capture the message, encryption allows them to only view scrambled text or what many call unreadable gibberish. Upon arrival, the data is decrypted allowing the intended recipient to view the message in its original form.\textsuperscript{14}


\textsuperscript{11} ibid.

\textsuperscript{12} ibid.


\textsuperscript{14} ibid.
Data encryption schemes generally fall in two categories: symmetric and asymmetric. Each system uses a key which is shared among the sender and the recipient. This key has the ability to encrypt and decrypt the data. With asymmetric encryption, a pair of keys is created and assigned – a private key and a public key. The public key can be known by anyone and used to encrypt data that will be sent to the owner. Once the message is encrypted, it can only be decrypted by the owner of the private key. Asymmetric encryption is said to be somewhat more secure than symmetric encryption as the private key is not to be shared.

5.3 Credit Challenges

E-banking provides the opportunity for banks to expand their geographical range. Customers can reach their banks from literally anywhere in the world. Inadequate procedures to determine the creditworthiness of borrowers applying for credit through e-banking procedures which is an important element in making sound credit decisions could heighten credit risks for banks. Furthermore, verification of collateral and perfecting security agreements can be challenging with out-of-area borrowers.

5.4 Foreign Exchange Challenges

Foreign exchange challenges are paramount when a loan or portfolio of loans is denominated in a foreign currency or is funded by borrowings in another currency which is facilitated through e-banking. In some cases, banks do enter into multi-currency credit commitments that permit borrowers to select the currency they prefer to use in each rollover period. Foreign exchange challenges can be exaggerated by political, social or economic developments. The consequences can be inauspicious if one of the currencies involved is subjected to stringent exchange controls or is subject to wide exchange-rate fluctuations.

5.5 Manpower Expertise Challenges

Using online banking effectively requires some basic computer literacy and familiarity with navigating the internet. Those who are afflicted with technophobia or are simply

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15 ibid.
17 ibid.
inexperienced with this particular genre may not be comfortable with this concept. Computer literacy in Nigeria is very low. Most of the old staff in some banks may lack the computer related technical background needed to handle e-banking transactions. The inadequacy of available relevant stock of human capital in this crucial area no doubt could lead to loss of customers’ confidence.\footnote{18}

Likewise, it is difficult for a bank to reach its customers through online banking if the majority of its customers do not have computers and/or are computer illiterate. Fear of change can significantly affect the acceptance of internet banking by Nigerians. Most people are used to making transactions physically and attributing feel and touch to the medium of exchange. The average Nigerian may not yet be comfortable with the digital form of transaction. They may be worried about others using their account information to perform unauthorised transactions. Change is a problem with almost every society. People are comfortable with how they do things. Getting people to change requires a great deal of change management.

5.6 Supervisory Capacity Challenges

Lack of regulatory/supervisory technical skills could pose a great challenge when appraising e-banking environment due to lack of visible audit trail for most of the transactions. By the nature of their responsibilities, lack of skills of regulators/supervisors in the latest versions of firewalls and encryption methodologies may affect their supervisory role in examining financial instruments that are information technology (IT) dependent in the banks they examine.\footnote{19}

Hence, National Information Technology Development Agency (NITDA) established in 2001, is saddled with the role and responsibility of human capacity building among others, in the public service. It provides IT training for civil servants in collaboration with private sector.\footnote{20}

5.7 Basic Infrastructure Challenges

\footnote{18} \url{http://www.ffiec.gov/ffiecinfobase/booklets/e-banking/ebanking_01_risks.html} (06 January 2014).
\footnote{19} ibid.
The ability of Nigerian banks to satisfy and retain their customers while delivering e-banking services will no doubt depend largely on the development of their IT infrastructure. The ineffectiveness and high cost of telecommunications and internet services in the country, coupled with epileptic power supply are strong factors capable of being inimical to effective and efficient delivery of e-banking services to customers. Moreover, the customers too need accessibility to internet or telecommunication network in order to enjoy e-banking services offered by their respective banks.\textsuperscript{21}

System and infrastructure failures can adversely affect the entity’s reputation and result in a potential loss to customers. Such failures can result in the loss of data. System failure can be caused by server or software failure, either at the entity or at a service organisation used for outsourced functions. Infrastructure failure which can be caused by a major trunk line failure or power failure is not ordinarily within the direct control of the entity. When e-banking activities are significant, this could have a material effect on the financial system and the challenge here is to prevent such failures and ensure business continuity in the event of their occurrence.\textsuperscript{22}

5.8 Reputation Challenges

Breaches of security and disruptions to the system’s availability can damage a bank’s reputation. The more a bank relies on electronic delivery channels, the greater the potential for reputation damage. If one electronic bank encounters problems that cause customers to lose confidence in electronic delivery channels as a whole or to view bank failures as system wide supervisory deficiencies, these problems can potentially affect other providers of e-banking services. Reputation damage also stem from customer misuse of security precautions or ignorance about the need for such precautions. Security risks can be amplified and may result in a loss of confidence in electronic delivery channels.\textsuperscript{23}

5.9 Legal Challenges

E-banking carries heightened legal challenges for banks. Banks can potentially expand the geographical scope of their services faster through e-banking than through conventional

\textsuperscript{21} ibid.
\textsuperscript{22} ibid.
\textsuperscript{23} O. Sunday and P. E. Arnold, op cit.
banking. Furthermore, all documents in e-banking are computer generated. Legal challenges in e-banking are studied in the evidential, jurisdictionary and contractual perspectives.

5.9 (i) Evidential

The emergence of e-banking and its growing popularity have provoked fundamental evidential issues especially in relation to the proof of transactions conducted through the internet. The peculiarity of these issues and the confusion that has also greeted their interpretation by the courts have exposed the inability of the Nigerian Law of Evidence to cope with the admissibility of the avalanche of electronically-generated evidence that is the hallmark of e-banking.24

E-banking transactions are paperless transactions made through magnetic materials such as tapes or disks. These are in contradistinction to paper-based transactions that are embodied in a permanent form and typically expressed in words and figures usually authenticated by signatures. Such transactions can therefore not be altered without an alteration on the face of the document.25

Furthermore, it is difficult to discern as to what constitutes signature in electronically generated documents; or rather, whether digital signature is admissible in evidence. The use of digital signatures within the e-banking environment assumes the character of message authentication. This is a procedure between two parties which allows each party to verify that data received electronically is genuine and has not been altered. The message authentication code is in fact a security procedure applied to electronic payment systems. As message authentication operates in a closed environment within a particular bank, its use is regulated by the bank and particularly in the agreement between the bank and its customer.26

Though deemed and designed to serve as an electronic signature, it is an open-ended question whether the personal identification number (PIN) is an electronic signature within the remit of the law.27 Not only that, the use of electronic certification authorities will further

24 ibid.
25 ibid.
26 ibid.
27 ibid.
strengthen security.\textsuperscript{28} Nevertheless, it is humbly submitted here that the PIN should be considered as electronic signature in the eyes of the law pending any further technological development in this respect.

\textbf{5.9 (ii) Jurisdictional}

The issue of jurisdiction is a crucial one in e-banking. The question is which court assumes jurisdiction in resolving a dispute arising from a trans-border transaction between a bank and its customer in view of the fact that the banker and the customer may be in different jurisdictions with different legal systems.

A corollary of the vexed issue of jurisdiction in e-banking is the choice of law to be applicable in disputes arising from the trans-border transaction concluded over the internet. The complexity involved in the choice of applicable law has been described as follows:

The question of choice of law…is particularly difficult in the case of international computer networks where, because of dispersed location and rapid movement of data and geographically dispersed processing activities, several connecting factors could occur in a computer manner involving elements of legal novelty.\textsuperscript{29}

The United Nations Commission on International Trade Law (UNCITRAL) model law gives a guide as to the insertion of the applicable law and jurisdiction in the contractual agreement by the parties to a contract in event of dispute arising between them.

\textbf{5.9 (iii) Contractual}

Unlike the underlying banker-customer contract, most aspects of e-banking are subject to express contracts that comprehensively detail the rights and liabilities of the parties involved. It is instructive here that it is difficult to descry the parties involved contractually in automated payment system especially where electronic fund transfer at point of sale (EFTPOS) is being used.

For instance, there are purported contracts between the cardholder and card issuer; cardholder and retailer of goods; retailer of goods and retailer acquirer (the bank that is responsible to the

retailer for processing the retailer’s EFTPOS transaction); retailer acquirer (the payee bank) and card issuer (the paying bank); and retailer acquirer and retailer’s bank (this arises where the retailer acquirer is a different bank from the retailer’s bank).  

Furthermore, there are purported contracts, in automated delivery channels, between the bank and the customer; bank and third party service provider; and customer and third party service provider. In all these, it is difficult to determine who is liable in event of failure or breach of duty to a customer.

Nevertheless, Working Group on Electronic Commerce of the UNCITRAL had made a draft on e-commerce convention. This draft was intended to facilitate e-commerce by removing current barriers with regard to legal rules of contracts because in international business, different countries have different legal rules for contracts and these create uncertainty when the same transaction is conducted across international borders. The objectives of the model laws are to facilitate rather than regulate electronic commerce; to adapt existing legal requirements; and to provide basic legal validity and raise legal certainty.

Article 9 of the law states that: “In any legal proceedings, nothing in the rules of evidence shall apply so as to deny the admissibility of a data message in evidence solely because it is a data message”.

Article 15 also provides thus:

A data message is deemed to be sent when it enters an information system outside the control of the originator. A data message is deemed to be received if the addressee has designated an information system to receive the message, when the message enters the designated system or if the message is sent to an information system other than the designated system, when the addressee retrieves the message.

The UNCITRAL model law lays emphasis on the insertion of the applicable law and jurisdiction in the contractual agreement by the parties to a contract in event of dispute.

31 ibid.
32 <C:Documents and Settings\USER\My Documents\international-law-on-e-commerce.html> (23 December 2013).
33 ibid.
34 ibid.
arising between them. Likewise, rights and obligations should be specified by the parties to a contract. It is therefore advised that Nigeria as a nation should formulate its laws and rules on e-commerce in general and e-banking in particular by adapting the UNCITRAL model law as done in many other countries.

6. Prospects of E-Banking

The outcome of the survey conducted on the respondents in columns Q7 and Q8 of diagrams 6, 7 and 8 gave an indication that the prospects of e-banking in Nigeria is on the highest percentage and that the prospects is confidently assured.

It is worthy of note that e-banking is becoming increasingly paramount in the country because of the increasing competition from non-bank financial institutions and the demand for more efficient and convenient capabilities. In the competitive environment brought about by the deregulation coupled with the adoption of universal banking, technology seems now to be the single biggest strategic issue in banks. Several banks have realised the immense benefit of IT as a tool in bringing their products and services to the convenience and reach of their customers and also as a way of increasing their productivity. Although, there are challenges, some recent developments in the country suggest that there are reasonable prospects for the development of e-banking in the country. Some of these developments include:

i. The ongoing efforts by the present administration to bring about an improvement in the state of the nation’s infrastructural facilities both in the energy and the communication sectors of the economy. For instance, on April 16, 2011, President Goodluck Ebele Jonathan was said to have won a pan-Nigerian mandate that swept through the North and South of the nation. He ran on a promise to radically transform the nation and overhaul every aspect of the national life. The Transformation Agenda Final Report defines the goal of the reform exercise in these words:

During 2011-2015, the policies and programmes directed at addressing governance will focus on the public service, security, law and order, the legislature, anti-corruption measures and institutions, the judiciary, economic coordination, and support for private investment... These will be addressed

35 ibid.
through the implementation of the recommendations ... in the areas of public service reforms, judicial reform, anti-corruption initiative, electoral reform, land use reform, fiscal management reforms, power sector reform, police reform, financial sector reform, infra-structural development reform, and information and communication technology.36

ii. The regulatory authorities’ requirement that all approved issuers of e-money should enter into contractual agreement with the Nigerian Interbank Settlement System (NIBSS) for the clearing as well as the settlement of e-money products.37

iii. The current bills on ICT and related issues before the National Assembly which if passed would be a legal framework regulating ICT in general and e-banking in particular.38

iv. The continued efforts at improving the corporate governance of banks, especially the continued encouragement of banks by the regulatory/supervisory authorities of the need to always adopt good employment policy which will guarantee that staff recruited are people of impeccable character, integrity and high moral probity.39

v. The continued and constant upgrading of the supervisory capacity of regulatory/supervisory authorities in IT and skills to an acceptable standard through continuous training and development of staff. These efforts designed to ensure that all bank examiners are IT literate is to enable them achieve competence and necessary skills in auditing through computer-based systems so as to create the desired framework for e-banking surveillance.40

vi. The constant monitoring and attention of the authorities to money laundering threats inherent in e-banking with the EFCC Act and Money Laundering Act which require financial institutions to disclose to the EFCC any single transaction lodgement or transfer of funds in excess of certain amount.41

vii. The release of guidelines on e-banking by the authorities to banks; and more importantly, the “know your customer” (KYC) directives. The KYC directive for

36 B. C. Osisioma, Nigeria’s Transformation Agenda: the Management and Leadership Challenges, presented on the occasion of 2012 NIM South-East Zonal Management Summit held at King David Hotels, Regina Caeli Road, Awka on 8th November, 2012.
38 <website.informer.com/visit?domain=nassnig.org> (09 February 2014).
40 ibid.
41 ibid.
example was designed to ensure that banks put in place adequate policies, practices and procedures that would allow for a rigorous customer due diligence check. The directive was among other things, meant to ensure the effective customer identification procedures and monitoring standards for e-banking customers and proactively assess various issues posed by emerging technologies.\(^{42}\)

These series of developments in the country and numerous others have indeed given hope for the future prospects of e-banking. The effective development of e-banking by banks would go a long way to assist in minimising some of the problems which the regulatory/supervisory agencies face in the performance of some of their functions. For example, the problems associated with the late submission of returns which are sometimes inaccurate, incomplete or lack the necessary details may be reduced if the regulatory/supervisory agencies are linked online and real time to banks. Another possible benefit relates to the usual allegation that some banks keep different sets of record. This issue is also likely to be put to rest as the e-banking will make it very difficult for such practices to occur.\(^{43}\)

7. Conclusion

The paper analysed and interpreted the data collated through the administration of questionnaires. It gave an insight as to how e-banking transactions are appreciated in Nigeria despite the challenges affecting the system. In spite of the various challenges posed, the development of e-banking has prospects in Nigeria. There are enough indications on ground to show that the nation’s regulatory/supervisory authorities are rising up to the challenges so as to turn the promise under the e-banking environment to the public advantage. Various regulatory/supervisory mechanisms have been put in place to ensure the effective management of e-banking products vis-à-vis their likely impact on the system.
APPENDIX
QUESTIONNAIRE

Dear Sir/Ma,

I am Kabiru Garba Muhammad, a PhD student of the Department of Private and Business Law, Faculty of Law, Usmanu Danfodiyo University, Sokoto, conducting research for a thesis titled “An Appraisal of Techno-Legal Aspects of E-Banking in Nigeria”.

Your contribution is strongly valuable to facilitate the analysis of data to be collated through the administration of this questionnaire. Your answer/information will be treated with utmost confidentiality.

Please complete the columns below appropriately:

Gender: Male (  ) Female (  )

Highest educational qualification ……………………………………………………

Profession ……………………………………………………………………………

Job/Business/Trade ……………………………………………………………………

Please tick the applicable choice below:

1. How many bank accounts do you think a customer can operate?
   a) One (  )
   b) Two (  )
   c) More (  )

2. How often do you use automated teller machine (ATM)?
   a) Daily (  )
   b) Weekly (  )
   c) Monthly (  )

3. How often do you experience machine error while using ATM?
   a) Always (  )
4. Should a bank be liable for a wrong or illegal ATM transaction?
   a) Agree ( )
   b) Disagree ( )
   c) Indifferent ( )

5. Do you think a customer should be entitled to claim for damages for delay in the reversal of ATM error where his account is debited while cash is not dispensed?
   a) Agree ( )
   b) Disagree ( )
   c) Indifferent ( )

6. Who do you think should bear the responsibility for loss occasioned in a customer’s account by activities of a third party (hacker) due to no negligence of the bank, customer or interswitching agency?
   a) Customer ( )
   b) Bank ( )
   c) Interswitching agency ( )

7. Do you think the challenges of electronic banking are surmountable in the Nigerian context?
   a) Agree ( )
   b) Disagree ( )
   c) Indifferent ( )

8. Which do you prefer – electronic banking or conventional manual banking?
   a) Electronic banking ( )
   b) Manual banking ( )
   c) Indifferent ( )

9. What in your opinion is the common challenge of electronic banking in Nigeria?
   a) ATM error ( )
   b) Cybercrime ( )
   c) Network failure ( )

10. What do you think is more of a solution to electronic banking in Nigeria?
    a) Stable network ( )
    b) Stable power supply ( )
    c) Adequate internet security ( )

Thank you for your cooperation.