ETHICAL CONSIDERATIONS IN SELF SERVICE TECHNOLOGY AND CUSTOMERS’ PATRONAGE OF BANKING PRODUCTS IN NIGERIA

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ABSTRACT
The developments in Information and Communications Technology (ICT) are contributing to the exponential growth and profitability of financial institutions worldwide. It has transformed the way banks deliver their services using technologies like Automated Teller Machines (ATMs), the Internet, credit cards, and e-banking. The current consolidation in banking together with an expected technology driven globalisation of banking infrastructure, threaten to marginalise the parties who choose not to participate. This paper examines the ethical issues in self service technology and how it impacts on the customers’ patronage of banking products in Nigeria. Data was sourced for this paper through interview and documentary sources. The paper establishes that there is a problem of privacy of information about individuals. It therefore recommends that all data about customers and business partners should be considered a business secret, even if they no longer have status of a customer.

Keywords: Ethics; Customer; Bank; Products; Nigeria

1.0 INTRODUCTION
Banks in Nigeria have to redefine their target market, redevelop and repackage needs satisfying products because of enhanced competition stemming from the deregulation of banks in Nigeria,. Furthermore, they have to reach out to the general public to curve a niche in the market. This results in banks (old and new generations) offering online products with a view to satisfying varied needs of customers and potential customers.
The development in Information and Communications Technology (ICT) has significantly contributed to the exponential growth and profitability of financial institutions. Over the last two decades, financial institutions have witnessed a rapid shift under the pressure of technology world-wide (Lee, 2009). This development has transformed the way banks deliver their services, using technologies such as Automated Teller Machines (ATMs), phones, the internet, credit cards, electronic funds transfer at point of sales, and electronic cash.

The new technology offers institutions including banks some efficient delivery channels through which customer banking requirements can be delivered more conveniently and more economically (Bitner, 2001; VanHoose, 2009). In general terms, increasing convenience in a way of raising consumers’ surplus provided new technology that substitutes trip to the branch is adopted by the banks. The technology based services imply different combinations of accessibility attributes (time, distance and search cost), ease of use and price. The bundle of services provided electronically is usually not the same as the one available at a branch. For this reason, new technology based banking services with high customer value may offer better service conditions to harmonise the flow of information and services across the globe.

1.1 Objectives
The objective of this paper is to find out the ethical issues in Self Service Technology (SST) which is in use by banks in Nigeria. The paper also aims at identifying the impacts of SST on the customers’ patronage of banking products in Nigeria. The paper intends to recommend ethically best practices for banks to increase service efficiency and customer confidence as well as patronage using SST.

1.2 Methodology
The paper uses both desk research and interview to obtain data. The interview covers selected bank officials and customers. The rest of the paper is divided into four sections. Section two that follow reviews relevant literature on SST in banks. Session three discusses about ethical issues relating to SST in banking operations. Section four presents the findings of the paper and draws conclusions while Section five provides recommendations.

2.0 LITERATURE REVIEW
In the Sub-Saharan Africa, development in ICT is radically changing the way businesses are conducted. Electronic commerce is now thought to hold the promise of a new commercial revolution by offering an inexpensive and direct way to exchange information and to sell or buy products and services. This revolution in the market place has also set in motion a revolution in the banking sector for the provision of payment system that is compatible with the demands of the electronic marketplace (Balachandher, et al, 2001).

2.1 What is Information Technology (IT)?

IT is defined as the modern handling of information by electronic means, which involves its access, storage, processing, transportation or transfer and delivery (Bitner, et al., 2002). Innovation in information processing, telecommunication and related technologies – known collectively as “information technology” (IT) – are often credited with strong growth in many economies (Coombs, et al., 1987). It is apparent then that technological innovation affects not just banking and financial services, but also the direction of an economy and its capacity for continued growth.

Alu (2002) is of the opinion that IT affects financial institutions by easing equity, saving time, and improving service delivery. In recent time, investment in IT by commercial banks has served to streamline operations, improve competitiveness, and increase the variety and quality of services provided. According to Yasuharu (2003), implementation of IT and communication networking has brought revolution in the functioning of the banks and the financial institutions.

2.2 Banks IT products and services

Banking products and services simply put, electronic banking has been described as the use of magnetically encoded plastic cards at terminals outside a regular bank location for cheque cashing, deposits and other money transfer functions (Hall, 2004). Banking has gone digital and a cashless society is slowly being evolved. In the age of electronic banking, the use of money in tangible form becomes less important. Electronic banking embraces payment cards (including credit cards, debit cards, cash cards, and smartcards (electronic purses) (Kim and Prabhakar, 2002).
Home banking services are further developments, which enable bank customers to perform banking services through telephone lines, television and personal computers. Now consumers can conduct business from video-conferencing kiosks and in the pipeline is interactive video banking via cable or satellite (Liu and Ravichandran, 2008). Electronic networking of branches through the use of the Very Small Aperture Terminal (VSAT) *inter alia* has further enhanced efficiency of banks leading to greater customer satisfaction (Liu and Ravichandran, 2008). Customers need not physically visit the branches where they maintain accounts and can obtain a myriad of services ranging from knowing their bank balances to cash withdrawals from other branches of their banks. Customers want to bank in more places and at any hour so banks are now offering electronic services that extend their reach far beyond their branches.

Internet banking is a new innovation with many banks and credit unions maintaining websites and the numbers are increasing weekly. Although the sites are primarily used for marketing purposes, some banks offer on-line enquiries and bills payment services (Kim and Prabhakar, 2002).

Electronic payments with e-cash are further innovations in electronic banking. E-cash providers claim that they accommodate a range of convenient electronic payment mechanisms making it easy for all prospective buyers to purchase goods or services on the Internet (Ciciretti, 2009).

Electronic payments with e-cash are software based systems which allow users to send electronic payments from any personal computer (PC) to any other PC or workstation, using many computer networks including the Internet.

**3. SELF SERVICE TECHNOLOGY (SST) IN BANKS**

Dabholkar (1994) puts it succinctly that Self Service Technology (SST) is a person-to-technology service delivery. In a more elaborate definition, Meuter, *et al.* 2000 define SST as technological interfaces that enable customer to produce a service independent of direct service employee involvement. SSTs are viable for banks and other financial intermediaries because information processing is essential to their services. The technology holds great promise of future simplification and automation. For instance, the next generation of international payment systems (e.g. electronic funds transfer networks) based on smart card technology with embedded
digital IDs can be expected to simplify use of self service and cross border transactions by global standardization.

Use of IT and self service has the potential for order of magnitude reduction to the cost of processing and transmitting information. SST empowers authorized human users (as well as computer applications) to obtain or update information and perform qualified transactions from enterprise databases, on their own using natural language, via communications channels such as email, web, network and voice anytime without depending upon human actions. SST helps banks to reduce operating cost like training, equipments, communications and scaling up (Hall, 2004).

3.1 SST delivery

Technology innovations have been identified to contribute to the distribution channels of banks. The electronic delivery channels are collectively referred to as Electronic Banking (E-banking). E-banking is really not one technology, but an attempt to merge several different technologies. Each of these evolved in different ways, but in recent years different groups and industries have recognized the importance of working together. Bankers now seek a kind of evolution in their business, partly, because the world has taken a quantum leap in the use of self service technologies in the last several years. The various electronic delivery channels are discussed below:

3.1.1 Automated Teller Machines (ATMs)

Rose (1999), describe ATMs as follows: “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. They are mostly located outside of banks, and are also found in airports, malls, and places far away from the home bank customers. They were introduced first to function as cash dispensing machines. However due to advancements in technology, ATMs are able to provide a wide range of services, such as funds transfer between two or more accounts and bill payments. Banks tend to utilize this electronic banking device, as all others for competitive advantages.
The combined service of both the Automated and Human tellers imply more productivity for bank during banking hours. Also, as it saves customers tie in service delivery as alternative to queuing in the banking halls. ATMs are cost efficient way of yielding higher productivity per period of time than human tellers (an average of about 6,400 transactions per month for ATMs compared to 4,300 for human tellers, Rose, 1999). Furthermore, as ATMS continue when human tellers stop, there is continual productivity for the banks even after banking hours.

3.1.2 Telephone Banking

Telebanking (telephone banking) can be considered as a form of remote or virtual banking, which is essentially the delivery of branch financial services via telecommunication devices where the bank customer can perform retail banking transactions by dialing a touch-tone automated system of the bank utilizing Automated Voice Response (AVR) technology” (Balachandher, et al., 2001).

According to Humphrey, et al. (2006), telebanking has numerous benefits for both customers and the bank. As far as the customers are concerned, it provides increased convenience, expanded access and significant time saving. On the other hand, from the bank’s 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 lacks the productivity generated from cash dispensing by ATMs. Therefore, as a delivery conduit that provides retail banking services even after banking hours (24 hours a day) it accrues continual productivity for the bank. It offers retail banking services to the customers at their office/homes as an alternative to going to the bank branch/ATM. This saves customer time, and gives more convenience for higher productivity.

3.1.3 Personal Computer (PC) Banking

PC-banking is a service which allows the bank customers to access information about their accounts via a proprietary network, usually with the help of proprietary software installed on their personal computer”. Once access is gained, the customer can perform a lot of retail banking functions. The increasing awareness of the importance of computer literacy has resulted in increasing the use of personal computer. This certainly supports the growth of PC banking which
virtually establishes a branch in the customers’ home or office, and offers 24 hours service, seven days a week. It also has the benefit of Telephone Banking and ATMs.

### 3.1.4 Internet Banking

The idea of internet banking according to Essinger (1999) is “to give customer access to their bank accounts via website and to enable them to enact certain transactions on their account, give compliance with stringent security checks”. To the Federal Reserve Board of Chicago’s office of the Comptroller of the currency (OCC) Internet Banking handbook (2001), Internet banking is describe as “the provision of traditional (banking) services over the internet”.

Internet banking 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 Telebanking and PC-Banking. Aside that it 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.

### 3.2 Branch Networking

Networking of branches is the computerization and interconnecting of geographically scattered stand-alone bank branches into one unified system in the form of a Wide Area Network (WAN) or Enterprise Network (EN); for creating and sharing of consolidated customer information/records.

It offers quicker rate of inter-branch transactions as the consequence of distance and time are eliminated. Hence, there is more productivity per time period. Also, with the several networked branches serving the customer populace as one system, there is simulated division of labour among bank branches with its associated positive impact on productivity among the branches. Furthermore, as it curtails customer travel distance to bank branches it offers more time for customers’ productive activities.

### 3.3 Electronic Funds Transfer at Point of Sale (ETFPOS)
An electronic fund transfer at point of sale is an on-line system that allows customers to transfer funds instantaneously from their bank accounts to merchant accounts when making purchases (at purchase point). A POS uses a debit card to activate an Electronic Funds Transfer process (Chorafas, 1988).

Increased banking productivity results from the use of EFTPoS to service customers shopping payment requirements instead of clerical duties in handling cheques and cash withdrawals for shopping. Furthermore, the system continues after banking hours, hence continual productivity for the bank. It also saves customer time and energy in getting to bank branches or ATMs for cash withdrawals which can be harnessed into other productive activities.

4. ETHICAL ISSUES IN SST

There are many factors that can affect the customer's perception of benefits and value received using SST. As research indicates, what customers want from a SST encounter is not really all that different from an interpersonal service encounter. Berry and Parasuraman (1994) revealed some lessons banks should heed in order to achieve excellent service. There were:

1) Listen to customer – Conformance to company policy is not quality; conformance to the customer’s specifications is.
2) Reliability – If a service is unreliable, apologies and a friendly staff cannot compensate for it.
3) Basic service – Nothing fancy, no empty promise. Just give your customers the fundamental service and performance.
4) Service design – Service design includes employees, equipment, and the physical environment. The failure of any one component compromises quality.
5) Employee Research - Employees experience the firms' service system every day. They are the performers of the service and a valuable resource for improvements.
6) Servant Leadership - Servant Leaders have to inspire and enable their servers to do their best. Set an example as the leader.

These important lessons are not mutually exclusive; they all work in concert.

4.1 Customers ethical issues in SST
In the context of computer systems, there are some career criminals who steal by electronic means. This small group poses a large problem for society, but it is not a new thing. Thieves are thieves. Just as banks use special armored cars, they must also develop special armored computer systems. According to Harris (2002) customers perceive SST ethical issues to involve:

- Privacy of information about individuals
- Accuracy of information
- Ownership of information and intellectual property
- Accessibility of information held

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5.0 CONCLUSIONS

Many banks are making what seem like huge investment in IT to maintain and upgrade their infrastructure in order not only to provide new electronic information-base services, but also to manage their risk position and pricing. At the same time, new off-the shelf electronic services such as online retail banking are making it possible for very small institutions to take advantage of new technologies at quite reasonable costs. These developments may ultimately change competitive landscape in the financial services.

A number of research findings have confirmed that IT has appreciable positive effects on bank productivity, cashiers’ work, banking transaction, bank patronage, bank services delivery, customers’ services and marketability of banking products. They concluded that these have positive impacts on the growth of banking (Balachandher, et al, 2001; Idowu et al, 2002; Yasuharu, 2003).

Marketing as “a management activity aimed at directing the flow of services profitable to selected customers” and banking as “an intermediary that helps in transferring fund from the surplus sector of the economy to other needy sector at a profit” it seems pertinent to establish a relationship between the two of them. In other words, banking services aim at profit while the marketing principles promise at increased profit through better services.
Considering all the imperatives for a better bank performance in Nigeria, it is imperative to note that the most important determinant apart from managerial efficiency and equality is the marketing potential in terms of quality and efficiency. Prior to the impact of marketing strategies in banking, it is usually thought that a very strong asset and capital adequacy is the only determinant of productivity. However, it is now established that a very strong asset and capital adequacy will only enable the bank to settle the conflict between profitability and liquidity.

### 6.0 Recommendations

1. Banks should ensure that their staff are aware of products and services offered by the bank, and that they offer products or service that best correspond with concrete needs of individual customers.
2. Banks should apply a standardised terminology with generally accepted meaning, so that the customers can compare similar products or services offered by different banks.
3. Banks should provide to the customers accurate and useful information related to the characteristics of products or services offered, and related to the terms, tariffs and decisions applied. In the function of services requested, it will also request the information about situation of such customer, its needs and limits. In its business policy documents, in application forms, that is, access contracts, banks cannot include vague provisions to impose undefined commitments on customers which would bring the counterparty in uncertain position regarding rights and obligations to be fulfilled.
4. When fulfilling commitments towards their customers, banks should act efficiently and with due attention, and their staff will be trained to strictly comply with the rules about banking secrecy and, in general, to act with full discretion in contact with customers.
5. Banks should do their best to avoid conflict of interests and in situations when conflicts are inevitable, they will enable equal treatment to all customers.
6. Banks should avoid giving advice to customers who may initiate violation and transactions with funds for which they assume are coming from illegitimate activities.
7. Pursuant to their obligation and applicable rules related to denial and prevention from legalisation of income coming from criminal activity (money laundering), banks should
investigate any transaction carefully and, while doing so, try to avoid hurting reputation of their customers.

8. All personal data about customer accounts must not be revealed, except in cases clearly stated in the law, direct request by a customer or his/her explicit approval.

9. In order to protect customers, for individual transactions, including personal and account data disclosure, it is necessary to have reliable customer identification.

10. Data about customers and their accounts should be used by banks only to enable effective account management and services provided to customer. Customer has a right to have access to his/her data in order to check accuracy and potentially correct the incorrect facts.

11. Banking information system should be especially protected against unauthorized access to the bank's data, as protection of both banks and customers' interests and its data.

12. If a customer finds an error in the way the bank is operating, and informs the bank about that, the bank shall try to correct the error within reasonable period of time and without delay.

13. In case of financial difficulties of customer, the bank should take care about its own interests; it will approach as a partner and show readiness to discuss the issue, while it is expected from the customer to inform the bank as soon as possible about his/her current and potentially future difficulties.

14. In their mutual relationships, banks comply with all applicable regulations and rules, as well as in the performance with other entities, with special emphasis on protection of interests of the banking profession and fairness in the relationships and implementation of a fair market game, keeping in mind to preserve a good reputation of other banks.

15. Dishonest forms of a competitive struggle are not allowed. Such forms include, but are not limited to: unreasonably low prices of banking services, unethical collection of information about competitive bank and spreading of any, and especially of inaccurate information about them.

16. Dishonest forms of cooperation with the competition are not allowed. Such forms include, but are not limited to all activities related to agreement made about prices of
banking products, division of the market or any other similar association of a closed type in order to gain advantages of market position.

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