

## Chapter 12

# Adoption and Acceptance of Online Banking: A Comparative Study of UK and Nigeria Retail Banks

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### **ABSTRACT**

*The introduction of electronic banking has revolutionised the financial and banking industry, with an increase in the flow of finances and capital remotely and also serve as a strategic move for firms to promote their financial services in emerging market. The research is a comparative study of the adoption and acceptance of online banking in a develop country like UK as opposed to an emerging market like Nigeria. The study reveals that majority of UK customers are more confident using online banking and carry out most of their banking transaction online. Unlike Nigerian customers where having access to the internet is considered as luxury. Furthermore, both countries highlighted security/privacy and fraud as the key constraint to fully embracing online banking.*

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## **INTRODUCTION**

The banking services in developing and emerging markets is growing and there is increasingly trend in using internet and other technologies to enhance the banking services. Undoubtedly rise in the use of information technology has had a significant effect on the adoption of electronic banking (online/internet banking); with the internet playing a more central role in e-commerce and in companies' central plans. This has led to the transition from the traditional use of branch banking to self-service banking, i.e., the shift towards using electronic delivery channels such as the mobile phone for private banking, the telephone and online or internet banking (Yousafzai, 2012). Hence, banking is no longer restricted by location or time thus, making banking convenient and accessibly by clients and customer on a 24hours, 7days a week basis. Financial institutions and banks have over the years improved through the introduction of information technology (Cheng, et al., 2006). Mid-1990s brought about a significant shift in the way banking is being carried out to the use of self -service. The financial institution activities have always heavily relied on the use of information technology (IT) in order to process, acquire and disseminate information to customers (Damapour, 2001). Information technology is not only important for processing customer's information; it also gives banks the means to easily differentiate product and services.

There are many reasons, because of which the banks should use IT and online banking in the emerging markets. Primarily online/internet banking is aimed at minimizing the time and the cost spent on carrying out transaction. Clearly, for banks and financial institution to see growth in customers' usage of online/internet banking, they need to address and improve on the concerns of their customers, thus, it is only wise for banks and financial institutions to highlight and understand the factors that affect customers fully adopting online/internet banking. The acceptance of online banking has seen a rapid growth in the number of customers using private banking. Europe is considered to the leader in usage of online/internet banking technology (Schneider, 2001). However, the adoption of internet is at its early stages in most emerging countries like Nigeria compared to UK that is a developed country. Hence, the purpose of this study is to explore the Adoption and Acceptance of On-line Banking. The objective is to understand issues of information technology that hinders the complete adoption of online/internet banking and how to mitigate them.

## **BACKGROUND**

The explosion of the internet has revolutionised the banking sector and also enhanced the globalised flow of organisation finances and capital market (Klimis, 2010: Fried-

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