

**INFLUENCE OF E-BANKING SERVICES ON SMALL SCALE BUSINESSES IN BAUCHI STATE, NIGERIA**

**BY**

**Maina Abdullahi Alhassan: Department of Vocational and Technology Education, Faculty of Technology Education, Abubakar Tafawa Balewa University, Bauchi, Nigeria**

**Adamu Ibrahim (PhD): Department of Vocational and Technology Education, Faculty of Technology Education, Abubakar Tafawa Balewa University, Bauchi, Nigeria**

**&**

**Amina H. Abdul (PhD): Department of Vocational and Technology Education, Faculty of Technology Education, Abubakar Tafawa Balewa University, Bauchi, Nigeria.**

**Corresponding author: mainaabdullahialhassan@gmail.com**

**Abstract**

*The study focused on influence of e-banking services on small scale businesses in Bauchi State, Nigeria. The study has two objectives, two research question. Descriptive survey research design was used for the study. The population of the study was 5574 management Staff of registered small-scale businesses in Bauchi State Nigeria. The sample for the study was 500. The instrument for data collection was structured questionnaire of 20 items. The content and face validity of the instrument w determined by three (3) experts. A pilot test was conducted in Gombe State, with 20 selected management staff of registered business. The obtained reliability coefficient was .897. The data were collected by the researcher with the help of six research assistants covering the 3 senatorial zones in the State. Data collected was analyzed using mean, standard deviation to answer the research questions while the null hypotheses were tested using Simple Linear Regression (SLR). The Statistics Package of Social Science (SPSS), 23 was employed to run the SLR at 0.05 level of significant. The findings of the study revealed that E-Banking Services on Small-Scale Businesses has a significant influence on purchase activities, sales activities, e-banking fraud, financial management and online theft activities. Conclusively, the study further recommended that all Small-Scale Businesses in Bauchi state should employ e-banking services their day-to-day business transactions.*

**Keywords: E-banking services, Small scale, Businesses and E-purchases**

**Introduction**

The changing landscape of technological revolution has tremendously shifted ways of carrying out business activities in the last decade. As asserted by Afolabi (2013), the introduction of technology in banking service has enabled banks to connect to various business organizations and as such allowing individuals to buy, pay and make other financial transactions electronically. To the authors, this indicated that online banking has brought about new ways under which banks operates, by providing customers with new technologies service that makes business activities faster and convenient. The introduction of E-banking has therefore, improved customer service level and tie their customers closer to the bank. Taiwo, and Agwu, (2017) reported that E-banking has brought a great change in Nigerian banking sector. The authors stressed that, the introduction of e-banking has led to the development and growth of economic, political and educational sectors.

On their own part, Abdul *et al.* (2020) stated that the growing number of applicants for e-banking has facilitated production, marketing, distribution and payment of goods and services. According to Stella and Jeffery (2019), electronic banking has affected the operations, performance and sustainability of small-scale enterprises. The authors maintain that, E-banking helps in making transactions more convenient, saving of time, quick transaction alert and cost saving. The authors added that, E-banking offers the following attractive benefits for Small Businesses such as; financial management, sales, purchases and payments of goods and services. In the same vein, Yang, Li, Ma and Chen (2018) reported that, e-banking has helped in the operation of SSBs. E-banking can be defined as the application of Telecommunication devices to perform banking transactions (Okoro 2014). According to Taiwo, and Agwu, (2017) E-banking is a banking arrangement, with which the customer can perform various transactions over the internet, which is end-to-end encrypted, that is, it is completely safe and secure. The authors stated that, e-banking implies optimal integration of all activities of a bank through using modern information technologies concerning banking process.

Leora, Margaret and Jake (2019) reported that application of e-banking has help in improving process excellence, speed of delivery, financial management, payments and customer's satisfaction. The key advantages of e-commerce As stated by Gomber, Kauffman, Parker and Weber (2018) is that it reduced cost, increased sales, increased productivity, reduced time processing, extended market reach, and increased customer loyalty. Despite the role of E-banking on business growth, its acceptance among SSB owners for business transaction is

relatively low. The causes of its low acceptance is attributed to lack of trust, fear of loss of cash as a result of network interruption, issues of online theft, fraud and payment of hidden cost has been raised by many users, especially small and medium scale enterprises in Nigeria (Jehangir *et al*, 2016).The authors stressed that the introduction of e-banking leads to increase in fraudulent activities and online theft which has led to high mortality and business failure among small and medium scale in the country. Researcher's interactions with some proprietors of small-scale business in Bauchi state shows that, there is high level resistant of accepting the e-banking as the means of settling debts and service in the state due to dubious behaviors of customers. This situation inspired the researcher to investigate the influence of e-banking services on small-scale businesses in Bauchi State, Nigeria.

### **Objectives of the Study**

The main aim and objective of the study is to determine the Influence of E-Banking Services on Small-Scale Businesses in Bauchi State, Nigeria. Specifically, the study's:

- i. determine the influence of e-banking service on purchase activities of small-scale business in Bauchi State, Nigeria.
- ii. determine the influence of e-banking services on sales activities of small-scale business in Bauchi State, Nigeria.

### **Research Questions**

Based on the specific objectives, on the "Influence of E-Banking Services on activities of Small-Scale Businesses in Bauchi State, Nigeria" the researcher drew the following research questions:

1. What is the influence of e-banking service on purchase activities of small-scale business in Bauchi State, Nigeria?
2. What is the influence of e-banking services on sales activities of small-scale business in Bauchi State, Nigeria?

### **Literature Review**

#### **An Overview of Small Businesses**

Small scale business is types of business that requires small capital at its start and comprises of numerous businesses that job seekers can queue, in order to earn their daily livelihoods (Nicholas, 2021). These forms of small businesses could either be materially or services, among the material form of small businesses are: Cafe, restaurant, ice cream shop, Clothing store, Craft brewery, Florist, Food truck, Gift baskets, Woodworking / Custom furniture building while the services forms are: Bookkeeping, accounting, taxes, Consulting; marketing/market research, career, management, Social media administration and management ,Tax preparation, Public relations (Gabrielle, 2018). According to Ames (2015), small businesses in many countries include service or retail operations such as convenience stores, small grocery stores, bakeries or delicatessens, hairdressers or trades people (for example carpenters, electricians), restaurants, guest houses, photographers, very small-scale manufacturing, and Internet-related businesses such as web design and computer programming. Some professionals operate as small businesses, such as lawyers, accountants, dentists, and medical doctors (although these professionals can also work for large organizations or companies). Small businesses vary a great deal in terms of size, revenues, and regulatory authorization, both within a country and from country to country (Muisyo, Alala & Musiega, 2014). Some small businesses, such as a home accounting business, may only require a business license. On the other hand, Ames (2015) said that, other small businesses, such as day cares, retirement homes, and restaurants serving liquor are more heavily regulated and may require inspection and certification from various government authorities.

According to Gordon and Kazakoff (2014), the term small business may be interpreted in a number of different ways. There is, in fact, no consistency in defining the term. Indeed, within a specific interpretation of small business there exists a variety of definitions. The following paragraphs provide some perspectives on definitions of the term. Other definitions have been related to financial aspects. These measures include total assets; net worth; total value of products; annual sales; or annual revenues. Unfortunately, when these measures are used there is no consistency in the threshold amounts for an interpretation of what constitutes a small business. Industry Canadain, Gordon and Kazakoff (2014) has outlined more alternative definitions. The term small business tends to be defined based upon the number of employees (Gordon & Kazakoff 2014). This measure is readily due to the required reporting rules established by government agencies regulating payroll systems and the determination of income tax deductions. Most jurisdictions require the remittance of employee salary payment information along with income tax data. The concepts of small business are based on self-employment, entrepreneurship, and startup overlap to certain degree but also carry important distinctions. According to Asaolu (2005) and Oyelara, (2012), some types of small-scale business enterprises are identified. These include: Sole proprietorship, Partnership and Cooperative enterprise.

### Concept of E-Banking

E-banking is the use of telecommunication networks and internet to offer a wide variety of products that are value laddered to commercial bank clients. Internet banking may also involve importation of data to personal accounting software (Ayandibu & Houghton, 2017). Some of the e-banking makes it possible for bank clients to monitor their own accounts from the bank or from other places. Banking using the internet is regarded as a complementary channel used in service delivery. Based on ATMs being introduced, phone banking, PC banking that is the building blocks of initial electronic finance, the improved usage and diffusion of online banking has introduced a new channel of distribution to retail banking. Online banking has increased acceptance in the entire world as a new channel of delivery to perform a number of banking transactions. Additionally, online banking provides an avenue for banks clients to carry out bank's transactions within their comfort (Ogutu & Fatoki, 2019).

Online banking is also argued for creating and improving banks revenue and hence profitability. In simple words, e-banking refers to a banking arrangement, with which the customer can perform various transactions over the internet, which is end-to-end encrypted, it is completely safe and secure (Taiwo & Agwu, 2017). In their believe e-banking implies optimal integration of all activities of a bank through using modern information technologies concerning banking process. That is, E-banking supplies all banking services via online systems and meets customers' needs without any need for physical presence at bank. And such services include: account information and inquiry to it, transfers or transfer funds between accounts, deposits, currency conversion and paying bills for utilities for the customer in a list.

E-banking is followed by many advantages such as increasing the number of customers and reducing cost at banking transactions, boosting the morale of small-scale business owners, in this way banks can supply their services with more efficiency and lower costs and consider increasing market share and focusing on new distribution channels. Today, banks using e-banking can give information to the customers regarding their needs, and cause increasing loyalty and reducing costs, and also can provide new opportunities to supply suitable good and services for customers. The most important e-banking services which are provided throughout the world include information about customer accounts, transfer funds between accounts, buying and selling stocks, buying and selling currencies, credit services and create a safe path for the relationship between banks and customers (Ravas, 2016). E-banking encompasses the systems which enable customers to use banking services at three levels information, communication and transaction.

### E-banking and purchase in small-scale business

According to Kanya and Anindita (2018), in small Businesses, procurement is a process that requires a lot of attention. Without proper management, it could swallow up their money, whereas they're looking for ways to reduce costs. Reducing purchases might help them cut down operating costs, but this step could backfire on their sales and revenue. Therefore, smarter ways are required to help [Small businesses keep their procurement under control while saving costs (Alotaibi, 2015)]. According to Alotaibi *et al*, below are the ways through which management can use to minimize their cost and ensure effective management of small-scale business:

**1. Demand Forecasting:** To avoid excessive or unnecessary purchases, demand forecasting needs to be undertaken. This can be done by analyzing your sales history to identify the most and the least popular products (Alotaibi *et al*, 2015). Alotaibi *et al* stated that, there is also need to pay attention to the current trends, so you can decide whether or not you should buy new products.

**2. Inventory Level Optimization:** In addition to knowing the number of items needs to be purchased, procurement managers also need to know when they should order from suppliers (Armstrong, 2013). Armstrong added that, inventory tracking is very necessary in this process. Dilger (2018) confirm that, it helps you find out which items are low on stock, so you can place orders immediately. An inventory management system will greatly help you in this regard, since it provides automated reminders for low stock items and it allows you to keep track of your inventory levels through real-time data (Dilger, 2018).

**3. Quality Inspections:** Defective and damaged goods won't generate profits for you. To avoid losses due to disposal of goods, quality inspections have to be conducted regularly (Armstrong, 2013). Thus, you will be able to spot which items are easily damaged so you can think of prevention strategies later on. If the problem is in the storage area, then you can move the items to a safer place (Egla *et l.*, 2020). Henceforth, you can also replace the vulnerable items with the ones that have better quality.

**4. Automated Purchasing System:** There is no better way to control your procurement than automating the process (Kassem & Higson, 2012). Kassem *et al* added that, by implementing an automated solution, one won't need to worry about unnecessary purchases or supplier lead times, as the purchasing management system allows you to, analyze budgets and monitor the status orders, and a lot more. A good purchasing management system can be integrated with inventory management software, so you can immediately make purchases once you get low stock alerts (Gomber *et al*, 2018). The integration lets you buy the right amount of goods that match the

demand. While automated solutions may sound very expensive for SMEs, there are a lot of them that are specifically priced to suit SMEs budgets.

**5. Healthy Business Relationships:** Suppliers can make major contributions to profitability (Gomber et al, 2018). Gomber et al added that, when suppliers are happy to work with proprietor, they will very likely give special prices to him in the future. According to Laura (2019), the negotiation process between you and them will become easier and smoother. Laura continued that; proprietor might also get faster information regarding to their latest products.

**Methodology**

The descriptive survey research design was used in this study and the area of the study was Bauchi state Nigeria. The population of the study was 5574 proprietors of registered Small-scale business in Bauchi state Nigeria and the sample size was 324 proprietors of registered Small-scale business. The instrument for data collection was structured questionnaire of 20 items titled E-banking Services and Small-Scale Businesses (ESSSB) developed by the researcher. The constructs are made up of 20 items of which 10 items were dropped for each construct. The content and face validity of the instrument was determined by three (3) experts. A pilot test was conducted in Gombe State, with 20 selected management staff of registered business. The obtained reliability coefficient was .897. The data were collected by the researcher with the help of six research assistants covering the 3 senatorial zones in the State. Data collected was analyzed using mean, standard deviation to answer the research questions while the null hypotheses were tested using Simple Linear Regression (SLR). The Statistics Package of Social Science (SPSS), 23 was employed to run the SLR at 0.05 level of significant.

**Results**

The Results of the Research Questions were presented in table 1 and 2 as:

**Research Question One**

What is the influence of e-banking service on purchase activities of small-scale business in Bauchi State, Nigeria?

The analysis of the 7 items used to address research question one revealed the mean scores range from 2.69 to 3.89 with standard deviations of 0.88 and 1.79 respectively. The weighted mean scores obtained were under the index score of agreed. This is also obtained in the grand mean of 3.08 which indicated that respondents agreed with the items that there is significant influence of e-banking service on purchase activities of small-scale business in Bauchi State, Nigeria.

**Table 1: Descriptive Statistics on influence of E-Banking service on purchase activities of small-scale business in Bauchi State, Nigeria**

Q1.	Statement	Mean	Std. dev.	Rmk
	The use of e-banking services on purchase management is important to my business.	3.89	1.79	Agree
	Purchase management is a good technic in e-banking services for customer’s satisfaction in my business transactions.	3.19	1.17	Agree
	Purchase management of e-banking services will encourage small scale businesses investment in Bauchi state and beyond	3.12	1.01	Agree
	An improvement on e-banking services for purchase management will encourage my investment and other small scale businesses owners.	3.05	1.03	Agree
	I applied purchase management on e-banking services in my daily transactions.	2.86	0.71	Agree
	Purchase management is important in my business that transacted through e-banking services.	3.13	1.05	Agree
	Purchase management is influential on e-banking services for smooth running of small-scale businesses.	2.69	0.88	Agree
	e-banking services is not safe, so I do not use it	2.99	0.73	Agree
	Most of my procurement is made through e-electronics.	2.76	0.81	Agree
	E-banking services is safe for my daily transactions.	3.11	1.10	Agree
<b>Grand mean</b>		<b>3.08</b>		<b>Agree</b>

Source: Fieldwork, 2022

**Research Question Two**

What is the influence of e-banking services on sales activities of small-scale business in Bauchi State, Nigeria?

The descriptive statistics used to answer research question two in Table 4 revealed the weighted mean ranged 3.11 to 3.54 which were classified under the benchmark of agreed. The grand mean score of 3.24 obtained

indicated that the respondents agreed that there is significant influence of e-banking services on sales activities of small-scale business in Bauchi State, Nigeria.

**Table 2: Descriptive Statistics on influence of e-banking services on sales activities of small-scale business in Bauchi State, Nigeria**

QI.	Statement	Mean	Std. dev.	Rmk
11.	The use e-banking services on sales management of small-scale business for customers satisfaction is important in my business.	3.44	1.34	Agree
12.	E-banking services on sales management of small-scale business is a good technic for customer’s satisfaction my daily transactions with them.	3.12	1.02	Agree
13.	The e-banking services on sales management of small-scale business will encourage small scale businesses investment	3.33	1.23	Agree
14.	Sale management will be an improvement to e-banking services to some of us in small scale businesses.	3.54	1.44	Agree
15.	E-banking services will improve sale management in small scale businesses positively.	3.12	1.02	Agree
16.	The important of sales management in small scale businesses will aids the continuation of small scale businesses in Bauchi State.	3.32	1.21	Agree
17.	Sales serves as my major sources of income in my small scale businesses.	3.11	1.01	Agree
18.	Sales is a good technic in e-banking services and it helps towards the improvement of my small scale businesses.	3.41	1.31	Agree
19.	Improving sales can encourage more investor to use e-banking services as a means of avoiding theft.	3.12	1.00	Agree
20.	e-banking services is risk free in its transaction.	2.91	1.11	Agree
<b>Grand mean</b>		<b>3.24</b>		<b>Agree</b>

Source: Fieldwork, 2022

**Discussion of the Findings**

The findings of research question 1 which is supported by test of its corresponding null hypothesis revealed that E-banking service has significant influence on purchase activities of small-scale business in Bauchi State, Nigeria. This study is in tune with Hindu, Onyeukwu and Osuagwu (2015) who in their findings discovered that, there is a significant relationship between quality of service and customer satisfaction in terms of purchase of goods and services. The findings are also related with the finding of Primus (2018) who disclosed that, electronic banking tool significantly affect corporate customers’ satisfaction with the probability of e-banking service availability has significant negative effect on satisfaction of corporate customers showing probability of t-statistic. A similar study was conducted by Mbah and Obiezekwem (2019) and found that, there is positive relationship between; automated teller machine, point of sale services, transaction alerts viashort message services (SMS), mobile banking and performance of SMEs. Also, in a study conducted by Iravonga and Miroga (2018) found that, SMEs used mobile banking services to send and receive money, check account balance, knowing when to deposit or withdrawal from their bank account.

The findings of research question 2 which is supported by test of its corresponding null hypothesis revealed that E-banking service has significant influence on sales activities of small-scale business in Bauchi State, Nigeria. This study is in line with the study of Fakhriyeh, Majid and Ali (2016) whose findings suggested that, the use of e-banking services has a significant effect on performance of supply chain management. In the same vein, the present study is in line with the study of Alotaibi and Asutay (2015) who stated that, the order of preferences in terms of mean ranking is similar in both types of banks in five out of six cases. Similarly, Jibril, Kwarteng, Chovancova *et al* (2020); Wright *et al* (2019) stated that most of these online consumer researches are specifically tailored at e-banking transactions from both developed and developing economies.

**Conclusion**

The current study empirically investigated influence of E-Banking Services on Small-Scale Businesses in Bauchi State, Nigeria. The study established that, E-Banking Services on Small-Scale Businesses has a significant influence on purchase activities, sales activities, e-banking fraud, financial management and online theft activities. Therefore, the failure of most Small-Scale owners towards using E-Banking Services will reduce drastically as a result of appropriate knowledge on purchase activities, sales activities, financial management, e-banking fraud and online theft activities.

## Recommendations

Based on the findings of the study, the following recommendations are made:

1. Bauchi state government should device a serious means of jailing with e-fraud experts. This will help in reducing the rate of e-banking crimes and encourage Small-Scale Businesses owners to participate more in using e-banking system.
2. All banks in Bauchi state should be responsible of e-banking service delivery in the case of hackers. This will encourage Small-Scale Businesses owners to be using e-banking services because; they will have where to report to in the case of bankruptcy or otherwise.

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