Generations X and Y’s Adoption of Internet and Internet Banking in Nigeria: A Qualitative Study

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ABSTRACT

Recent surveys show that more than 65% of internet users in Nigeria are between 18 – 46 years old. However, evidence from previous research stressed that as opposed to generation X, generation Y are more likely to adopt new technologies. This paper examined the use of internet and internet banking by two different generations in the Nigeria context. Students and young graduates who occupy these ladders were used as subjects of the research. Two hundred and thirty students (generations X and Y) were sampled. Findings revealed that both generations within the Nigerian context are technologically inclined; however, certain factors serve as barriers to their adoption of internet banking services as opposed to their frequent use of the internet for other purposes. Risks, security and privacy, dearth of telecommunication infrastructures, and poor state of the Nigerian economy were found to be barriers within the data analyzed. This research contends that the Nigerian government and the financial institutions must address the barriers to make for a full adoption of internet banking services and proposes the relationship marketing of these generations, especially generation Y as potential users of the bank and its services.

Keywords: Generations X and Y, Internet, Internet Banking, Institutions, Nigeria

INTRODUCTION

The term generations X and Y refers to the offspring of the hitherto “baby boomers” supposedly of the older generations (Cohen 2009). What has become apparent is the usage of technology and innovative products among them. While the baby boomers settle for what have been available and what they are used to for ages, the new generations love varieties (Bartlett 2004). Unfortunately, researches have not been conducted within the Nigerian context in these areas and the influences of these younger generations have largely gone unnoticed for ages. However, few researches in this field, in the wider African context have been centered mostly on organizations and wealthy individual, this paper adds to the body of literature as well as to the extant body of knowledge.

Included in this research paper are the demographics of these users and the extent of adoption as well as factors responsible for usage.
and non-usage of internet banking services by these generations. Moreover, the paper briefly provides a descriptive analysis of the generations X and Y setting out the similarities and differences. It also discusses the Nigerian banking sector and the objectives of the research. Furthermore, it describes the methodology utilized for the study and the analysis of the results from the data gathered and finalizes with limitations and future research directions.

**Introduction of Internet System in Nigeria**

According to IWS (2007), internet journey to Nigeria started in 1995 at a workshop organized by UNESCO. However, the deregulation of the telecommunication sector heralded the wide acceptance of the internet and its limited adoption by various individuals and businesses (see Table 1). Despite the high level of awareness created through the electronic and print media for the adoption of the internet, Ezeoha (2005) stressed that factors such as poor infrastructures and low levels of education served as barriers to its continued use. Other researchers have also stressed the importance of the internet and its creation of employment opportunities through the operation of internet cyber cafés by individuals and organizations in Nigeria. Unfortunately, some internet cyber cafés have, however, become avenues and forum for the transmission of ill-gotten emails which are used to solicit for money and others from the international community. These outlets and other related areas have jointly placed the country in the bad books of the international community.

**Internet Banking in Nigeria**

While the internet banking services is a new innovation, the banks and banking have come of age in Nigeria. The banking industry is one of the oldest businesses in Nigeria dating back to 1892 when the first bank was licensed; this led to the establishment of Nigeria’s First Bank Plc. However, the 1990s and indeed the new millennium brought with them a massive wave of changes with respect to customers’ needs, demands and expectation. Today, consumers of services are wiser than ever, because they have come of age, they understand quality as well as perfection – and now want both.

Businesses of all shapes and sizes today are faced with a new more demanding environment including new types of customers. As Bert Staniar, Chairman of Westinghouse Broadcasting House, cited in Kuisma, et al., (2007):

*Today’s customer is smarter, tougher and less forgiving than ever before. Today the customer comes pre-wired to be cynical, disloyal and just plain ornery. They have been taught to demand quality service and greatness. They hears the words over and over again everywhere and they have come to see it as their birth right.*

These are new breeds of customers – one that evaluates their total relationship with the banking industry, not just the quality of services they receive. These customers are concerned about how the cashiers, account managers and branch managers react, how the banks’ financial products are packaged, how advertisements

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**Table 1. Internet usage in Nigeria (adapted from: Internet World Stats, www.internetworldstats.com/af/ng.htm)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Users</th>
<th>Population</th>
<th>%Pen</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>200,000</td>
<td>142,895,600</td>
<td>0.1%</td>
<td>ITU</td>
</tr>
<tr>
<td>2006</td>
<td>5,000,000</td>
<td>159,404,137</td>
<td>3.1%</td>
<td>ITU</td>
</tr>
<tr>
<td>2009</td>
<td>23,982,200</td>
<td>149,229,090</td>
<td>16.1%</td>
<td>ITU</td>
</tr>
</tbody>
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Applying the Direct and Indirect Methods of Purchase Intentions to Assess Interest in a Proposed Graduate Student Association
