

## **ELECTRONIC MARKETING AND BANK PERFORMANCE IN NIGERIA**

**IGHODALO, EHIS DAVID (PhD)**  
**Administration And Management Department**  
**Crawford University Igbesa**  
**Ogun State**

**ADU, CECILIA ADURAYEMI (PhD)**  
**Accounting And Finance Department**  
**Crawford University Igbesa**  
**Ogun State**

[wuradare2420@gmail.com](mailto:wuradare2420@gmail.com)  
[prepet99@yahoo.com](mailto:prepet99@yahoo.com)

**&**

**ABDULKAFEEL, SAFIYAT LAMI**  
**Accounting And Finance Department**  
**Crawford University Igbesa**  
**Ogun State**

### **Abstract**

*This study examined the effect of electronic marketing on banks' performance in Nigeria. Qualitative and descriptive methods of paper writing were adopted in which data were obtained from journal articles (soft and hard copies) which were duly referenced. It was revealed that electronic marketing had a profound effect on the performance of banks in Nigeria. The study concluded that the adoption of electronic marketing has enhanced profitability, strengthened customer engagement, improved competitiveness, and increased operational efficiency. However, in Nigeria, there are persistent challenges like infrastructural limitations, uneven customer readiness, and regulatory gaps.*

*Keywords: bank performance, electronic marketing, profitability, competitiveness*

### **1.0 Introduction**

In Nigeria, the banking industry has experienced notable shifts in profitability, competitiveness, and customer engagement. Commercial banks recorded significant growth in customer loans, which rose 38% year over year in 2024 to ₦51.4 trillion between 2020 and 2024, alongside improved profitability driven by high interest income and gains from repriced foreign exchange assets (Adu&Ejiks,2026). The number of active bank accounts expanded to over 320 million by March 2025, reflecting increased financial inclusion and customer participation in the banking system. The strong performance of Nigerian banks over the past five years, marked by growth in assets, profitability, and customer base, despite challenges such as inflationary pressures and regulatory reforms were highlighted in the statistics (Adu&Ajigbotoso,2024).

The e-marketing adoption has contributed to improved corporate performance, while Adegboyega et al. (2022) highlighted its role in enhancing deposits, withdrawals, and profitability. Chukwu and Obi (2022) emphasized its impact on customer engagement and brand awareness. Ogbuleka and Omonzejele (2023) cautioned that infrastructural limitations constrain adoption in some regions. Umeh (2021) also noted that customer readiness remains uneven, with some segments struggling to adapt to digital platforms.

Electronic marketing serves as a strategic resource that enhances efficiency, customer loyalty, and profitability. Meanwhile, TAM explains how customer acceptance of digital tools—such as mobile apps and online platforms—drives engagement and satisfaction, which in turn influences bank performance. Together, these theories provide a framework for understanding how electronic marketing adoption translates into improved financial and non-financial outcomes (Adu&Sadiq, 2024).

The Nigerian banking sector has demonstrated strong performance trends in recent years, supported by increased customer participation and profitability. Electronic marketing has emerged as a vital strategy for sustaining this growth, offering banks opportunities to expand reach, reduce costs, and strengthen competitiveness (Adu& Williams,2023).

Some challenges that are infrastructural, regulatory, and customer-related are underscoring the need for balanced strategies that maximize the benefits of digital adoption while mitigating risks. In light of the aforementioned, this study examines the relationship between electronic marketing and bank performance in Nigeria (Ogbuleka & Omonzejele, 2023).

## **2.0 Literature Review**

### **Bank Performance**

Bank performance is broadly understood as the ability of a financial institution to achieve its objectives in profitability, efficiency, competitiveness, and customer satisfaction. Performance is shaped by banks' capital structures, risk management, and their comparative advantage in serving opaque customers. Performance is inseparable from shareholder value creation, as profitability and efficiency directly translate into dividends and market confidence (Adu, 2016).

Adu et al. (2024) conceptualized performance primarily in terms of corporate outcomes, linking e-banking product marketing to improved financial results. Adegboyega et al. (2022) similarly frame performance around deposits, withdrawals, and profitability, reflecting a financial-centric perspective. Umeh (2021) highlighted customer satisfaction and retention as central to performance, suggesting that non-financial outcomes are equally important.

### **Relevance of Bank Performance to Shareholders**

Bank performance is directly relevant to shareholders because it determines value creation, sustainability, and long-term returns. Performance measures are closely tied to shareholder value, as profitability and efficiency translate into dividends, capital appreciation, and market confidence.

Thompson (2020) highlighted profitability gains from digital transformation and e-marketing strategies, which directly benefit shareholders.

Eze and Nwankwo (2019) showed that loyalty and personalization strengthen long term revenue streams, indirectly benefiting shareholders by reducing churn and stabilizing income. Eze and Nwankwo (2019) and Umeh (2021) highlighted retention and satisfaction as performance outcomes that safeguard shareholder interests in volatile markets. Some prioritize immediate financial returns (profitability, efficiency), while others highlight long-term sustainability through customer loyalty and satisfaction. Together, these views suggest that shareholder value is maximized when banks' balance financial and customer centric dimensions of performance.

Profitability ensures immediate shareholder returns, while customer satisfaction and loyalty secure long-term sustainability. The synthesis shows convergence on the importance of profitability and efficiency, but divergence on whether customer centric outcomes should be considered equally central. This evolving debate highlights the need for integrated performance frameworks that capture both financial and non-financial dimensions in assessing shareholder value (Chukwu&Obi, 2022).

Concept of Electronic Marketing.

Electronic marketing (e-marketing) refers to the application of digital technologies such as the Internet, mobile applications, and social media platforms to promote, distribute, and deliver products and services to customers. It extends traditional marketing practices into the digital space, enabling banks and other organizations to reach wider audiences, engage interactively with customers, and reduce operational costs (Okeke, 2023).

Adu and Sadiq (2024) described e-marketing primarily as a driver of corporate performance, focusing on its ability to improve financial outcomes in Nigerian banks. Adegboyega et al. (2022) adopted a similar financial lens, conceptualizing e marketing adoption as a mechanism for enhancing deposits, withdrawals, and profitability. Oladipo (2020) emphasized digital transformation as a strategic imperative, linking e marketing to profitability and long-term competitiveness. Eze and Nwankwo (2019) highlighted customer retention as a central dimension of e-marketing, while Umeh (2021) underscores its role in enhancing customer satisfaction.

### **Types of Electronic Marketing**

There is a wide range of digital approaches of electronic marketing as depicted below:

#### **Social Media Marketing**

Social media marketing is one of the most prominent forms, involving the use of platforms such as Facebook, Twitter, and Instagram to build brand awareness and foster interaction. Chukwu and Obi (2022) demonstrated that social media campaigns significantly boosted customer engagement and brand visibility in Nigerian banks.

#### **Email Marketing**

Email marketing is another widely used form, delivering personalized messages and promotions directly to customers. Okeke (2023), in his study of Abia State banks, showed that email advertising enhanced customer patronage, underscoring its effectiveness in maintaining customer relationships. Scholars generally agree that email marketing is effective for personalization and retention, though some caution that its impact may be limited if customers perceive messages as intrusive.

#### **Mobile Marketing**

Mobile marketing uses mobile applications and SMS alerts to interact with customers.

#### **Content Marketing**

Content marketing, such as blogs, videos, and infographics, builds brand reputation and customer trust. Synthesizing these perspectives, scholars broadly agree that e-marketing is multidimensional, with different types serving complementary purposes. Social media marketing is widely recognized for engagement and brand awareness (Chukwu & Obi, 2022), email marketing for personalization and patronage (Okeke, 2023), mobile marketing for satisfaction and efficiency while content marketing for visibility and acquisition.

### **Advantages of Electronic Marketing**

The advantages of electronic marketing (e-marketing) are widely acknowledged conceptually and empirically.

**Cost efficiency:** One of the most frequently cited advantages is cost efficiency. By reducing reliance on traditional advertising channels, e-marketing lowers transaction and promotional costs. Oladipo (2020) demonstrated that Nigerian banks adopting electronic marketing reduced transaction costs and improved operational speed.

**Wider reach:** Another advantage is its ability to provide a wider reach. Digital platforms allow banks to access larger and more diverse customer bases beyond geographical boundaries. Adegboyega et al. (2022) found that electronic banking adoption in Nigeria expanded deposits and withdrawals.

**Fosters Customer Engagement:** E-marketing also fosters customer engagement by enabling interactive communication. Social media and mobile platforms allow banks to build stronger relationships with

customers. Chukwu and Obi (2022) showed that social media campaigns boosted engagement and brand awareness in Nigerian banks. Scholars consistently agree that engagement is a core advantage, though some noted that engagement does not always translate directly into profitability.

**Personalization:** A further advantage is personalization, which tailors' services to individual preferences and strengthens loyalty. Scholars agree that personalization is a powerful tool, though some caution that it raises privacy concerns, which may limit its effectiveness in certain contexts.

**Enhances Competitiveness:** E-marketing also enhances competitiveness. Digital branding and online visibility help banks differentiate themselves in crowded markets. Scholars agree that competitiveness is a clear advantage, though they differ in whether competitiveness should be measured primarily through market share or customer loyalty (Adebayo&Ojo, 2020).

**Improves Operational Efficiency:** e-marketing improves operational efficiency. By digitizing processes, banks reduce transaction times and enhance service delivery.

#### **Disadvantages of Electronic Marketing**

Despite its many benefits, electronic marketing presents several challenges that scholars have consistently identified across both developing and developed economies (Adu& Williams,2023).

**Infrastructure limitations:** One major challenge in developing contexts is infrastructure limitations. Ogbuleka and Omonzejele (2023) found that poor ICT infrastructure constrained Internet marketing adoption in South South Nigeria, limiting banks' ability to fully leverage digital platforms. This reflects a broader consensus among scholars in emerging markets that infrastructural weaknesses—such as unreliable electricity, poor Internet penetration, and limited access to smartphones—slow the pace of e marketing adoption.

**Cybersecurity risk:** Another significant disadvantage is cybersecurity risk. Johnson (2019), in his study of US banks, highlighted vulnerabilities associated with heavy reliance on digital platforms, noting that increased exposure to fraud, hacking, and data breaches undermines customer trust. Scholars generally agree that cybersecurity is a critical challenge, though they differ in emphasis: while developed country studies stress advanced cyber threats, developing country studies often highlight weak regulatory frameworks and limited customer awareness.

**Customer privacy concerns:** Closely related are customer privacy concerns. Personalization strategies, while effective for loyalty, raise questions about data protection.

**Regulatory challenges:** Regulatory challenges also hinder adoption. This reflects a divergence in scholarly perspectives: while some argue that regulation is necessary to protect customers, others contend that excessive regulation stifles innovation and slows adoption (Adu& Williams,2023).

**Dependence on technology:** there is the issue of dependence on technology, which may alienate customers less comfortable with digital tools. Umeh (2021) noted that in Nigeria, some customers struggled to adapt to digital platforms, leading to dissatisfaction and reduced patronage. Scholars in developing economies often emphasize this challenge, while those in developed economies tend to assume higher levels of digital literacy and readiness.

### **3.0 Methodology**

This study employed used qualitative and descriptive methods

### **4.0 Findings**

The evidence from Nigerian studies reveals that electronic marketing has had a profound impact on the performance of banks across multiple dimensions.

### **5.0 Conclusion**

In Nigeria, electronic marketing has emerged as a strategic necessity for banks seeking sustainable performance. The adoption has enhanced profitability, strengthened customer engagement, improved

competitiveness, and increased operational efficiency. However, in Nigeria, there are persistent challenges like infrastructural limitations, uneven customer readiness, and regulatory gaps. The conclusion is that e-marketing impacts Nigerian banks in a multidimensional way: it drives financial outcomes, fosters customer loyalty, and enhances competitiveness, but requires supportive infrastructure, effective regulation, and customer education to achieve its full potential. Thus, electronic marketing should not be viewed as a supplementary tool but as a core strategic driver of bank performance in Nigeria, with direct implications for growth, resilience, and shareholder value

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