IMPACT OF ICT ON INSURANCE BROKING IN NIGERIA

By

Obinna Chilekezi, PhD
Department of Finance
Redeemer's University
Ede, Osun State
Email: obinnachilekezi01@gmail.com

Abstract
Information Communication Technology is playing a vital role in insurance broking in the Nigerian insurance industry. This study examined the use of this technology in driving insurance broking in Nigeria. The main aim of the study is to access how modern IT like Insurtech and Fintech could be used in insurance broking operations in the country. The simple research design was adopted for the study with a total of 100 insurance brokers were randomly selected for the study. The analysis of the collected primary data showed that majority of the respondents believed that the level of information communication technology awareness among insurance broking firms in Lagos State was low and as such there was low level of acceptance of information communication technology among board members of some insurance broking firms in Lagos State. The analysed data also showed that there was significant relationship between the adoption of information communication technology awareness and efficiency of insurance broking in Lagos State.
Keywords: Broking, Driving, Insurance, Information Technology

Background to the Study

Information Communication Technology is play vital roles in the operations of insurance industry in Nigeria including the services being providers by insurance brokers in the industry. The advent of this technology has made more cogent that these brokers should deploy this technology in their service deliveries to the insuring publics. Modern insureds are becoming better informed on the importance of ICT that they now expect the service they receive from their brokers to confirm with modern realities.

The effects of using information and communication technology in the provision of insurance broking services, therefore, can best be associated to improved customer experience, enhanced operational efficiency, cost reduction, increased profitability and stronger public perception. Incidentally, most of the insurance broking firms in Nigeria have not embrace modern information communication technology in their operations except for the sending and processing of official documents. This no doubt has impact negatively to service delivery by these firms to their customers. There is no doubt that the insureds in Nigeria would have been served better if these firms have provided their services through modern information communication technologies. These insurance broking firms would also have been grown too to becoming very large firms as is seen in the advanced economies.

The main aim and objective of this research is to examine the impact of information communication technology in driving insurance broking in Nigeria while the specific objectives are:

(i) To identify the role of information communication technology in the growth of insurance broking in Nigeria; and
(ii) To find out if the use of information communication technology could bring customer satisfaction in insurance broking practice in Nigeria.

Literature Review

Information and Communication Technology consists of any communication device or application, encompassing: radio, television, cellular phones, computer and network hardware and software, satellite systems and so on, as well as the various services and applications associated with them, such as video conferencing. According to Ratheeswari (2018) ICT stands for "Information and Communication Technology", which is referred to the technologies that provide access to information through telecommunications. In a similar way, Laudon and Laudon (2007) observed that Information and Communication Technology comprises all the technology that simplifies the processing, transfer and exchange of information and communication services. It is considered as a subject of expertise that links information technology (computers and applications) and telecommunication networks (intranet and internet), that lets people and computers co-exist and inter relate regardless of physical location. Werthner and Klein (2005) also concluded that the term ICT includes hardware, software, networks and people that should be united by inter-linking each one to the other in a systematic process to create the necessary information that helps the decision makers, producing products, offering services, promotion, controlling and for achieving business aims and goals. With the world becoming a global village, business transactions are becoming increasingly dynamic and consequently this has caused an increase in world trade. Thus the increase in the volume of trade in any sector require fast transfers of monies, payment many other services that promote growth of business. Little wonder that Ghaznavi, Keukha and Yaghoubi (2011) argued that information and communication technology gas become an inseparable part of life. This could be the reason for the deployment of ICT into the realm of business too. As such modern transactions cannot be carried out effectively without the use of Information and Communication Technology. With the numerous positive impact of ICT in businesses, it is hard to imagine a contemporary business functioning without adoption of ICT. Thus, Information and Communication Technology permeates every aspect of twenty first century businesses (Nguyen, 2023).

ICT is crucially important for sustainable development in developing countries. ICT encompasses the use of Computers, Internet, E-mail, Mobile Phones and Fax machine (Nguyen, 2023)**.** However, in recent years ICT application such electronic commerce (e-commerce) and ERP has become indispensable for business to survive and thrive. The increased competition forced firms to find sources of competitive advantages and strengthen their competitiveness (Ibrahim and Jebur, 2019).This notwithstanding the association between the production and e-commerce is new and only few studies have been conducted in this area (Ibrahim & Jebur, 2019). In this way, computers are now commonly used for writing letters, and reports, printing books, newspapers, and magazines, drawing pictures and diagrams, doing statistics, mathematics and handling financial records, controlling traffic lights, flying aeroplanes, making and playing music and video, sending messages anywhere in the world (Serrat, 2021). ICT has revolutionized the financial services, media and entertainment, retail, and telecommunications sectors: together with shifting demographic trends and globalization, it now bears on societies, economies, and governments around the world (World Bank, 2016). Schwab (2016a) pointed to a second wave of global digital transformation, a Fourth Industrial Revolution (or Industry 4.0) deemed to have started out ca. 2000. The Fourth Industrial Revolution will be typified by the blending of technologies across the biological, digital, and physical spheres (Schwab, 2016a). Schwab (2016b) expected breakthroughs in artificial intelligence (AI), autonomous vehicles, biotechnology, energy storage, the Internet of Things, materials science, nanotechnology, quantum computing, robotics, and 3-D printing, among others. The utopia of the Fourth Industrial Revolution is inhabited by intelligent products, intelligent factories, intelligent assets, and empowered people enjoying digital goods and services (Howells, 2020). In any event, beyond the early behavioural, economic, and

organizational impacts that Hammer and Mangurian (1987) and Skyrme (1995) detected, what of ICT's second-level impacts on organizations per se?

The positive effects of Information and Communication Technology on business activity are fast communication, cost-effectiveness, better information security, and no cultural barriers. However, as businesses including Insurance Broking firms rely more on Information and Communication Technology, especially in developing economies like Nigeria, the intervention of governments at both local and international levels have been happening to boost international trade and sustainable development.

Theoretical Review

The theory for this study is the Information Systems Building Theory. Lynham and Torraco (2001) claimed that information system building theory is the process of modelling real-world phenomena. They viewed Information System as having commonalities with some design disciplines like engineering and architecture, since they are concerned with people and artefacts. Therefore, understanding IS theory has links to the natural and social world which has become the body of knowledge termed design science (Hevner et al, 2004). Proponents of the theory believe that the theory helps to develop an automation process which is valid and reliable. The theory affirms the complexity dynamism and unpredictable nature of the environment which suggest that traditional approaches to strategic Management may not always work. It is therefore important that each organization understands the environmental context in which they operate and how those factors affect their operations for them to come up with responsive strategies and implantation tactics that would impact positively to achievement of their set objectives using automation means. Hendricks, Singhal and Stratman (2007) assets that some of the perceived factors affecting management ability to fully automate the work process include: local authorities stakeholder improvement, organizational culture and leadership commitment.

This means that such factors have an impact on the success of strategy implementation and ultimate performance of the firm. Therefore, a successful automation strategic move by one firm could be a total failure in another firm depending on the effectiveness of management. Proponents of the theory argue that classical theories failed because they neglected that management style and organizational structure are influenced by the various aspects of the environment. This theory is useful in the adoption of information communication technology as it recognizes the importance of management and understanding of the environment when a structure change is to be made in an organization such as this.

METHODOLOGY

Research Design

The study adopted the descriptive survey research design which entail an empirically investigation of the relationship between information communication technology and the performance of insurance broking firms in Nigeria. According to Loeb, Morris, Dynarki, Reardon, McFarland and Reber, (2017), descriptive research operation focuses on the explanation of the characteristics of individuals or groups. This method is preferred for the study because of the size of the study population which is relatively high. In addition, survey technique is suitable for generating conclusions that represents the entire population from a sample. The study therefore is cross-sectional in nature since findings and conclusions are based on primary data obtained from insurance companies.

The data for the study was collected from top managers of insurance broking firms operating in Lagos State, Nigeria. It is important to note that there has been a conflict of the number of insurance brokers in the Nigerian insurance market between the National Insurance Commission (NAICOM) and the Nigerian Council of Registered Insurance Brokers (NCRIB).

While NAICOM claimed in their website that there are 358 insurance brokers in Nigeria, the NCRIB in their own website noted that there are over 500 insurance brokers in the Nigerian market. For the purpose of this research the NCRIB population of over 500 insurance brokers in Nigeria is adopted.

The purposive sampling method will be adopted as the population of the group is infinite. A total of 150 respondents will be selected from 30 insurance broking firms in Nigeria which will serve as sample for the study which means that 30% of the population was adopted as the sample for the sample of the study. For this study, primary data would be used. The advantage of sourcing for primary data and using it is that the researcher is allowed to collect precise data from the appropriate sources. The structured questionnaire was adopted for this study. The use of questionnaire was to make it possible that the views of respondents on the research questions for instance are collected within a short period. The items in the questionnaire were developed by the Researcher based on the characteristics of the variables and extensive review of conceptual, theoretical, and empirical literatures from other studies. Questions in the questionnaire guide were drawn in line with the study objectives.

RESULTS AND DISCUSION

Analysis Based on Research Questions:

Research Question 1: What is the level of the adoption of information communication in the Nigerian insurance broking firms?

Table 1

S/N	Item statement	SA (%)	A (%)	U (%)	D (%)	SD (%)	$\bar{X}$	Decision
1	Nigerian brokers are aware of benefits of ICT in their business	6(4.0)	19(12.7)	35(23.3)	57(38)	33(22)	2.39	Accepted
2	Your company has adopted ICT full in its operations	25(16.7)	83(55.3)	17(11.3)	20(13.3)	5(3.3)	3.69	Accepted
3	ICT will provide more customer satisfactions to the insureds.	4(2.7)	12(8.0)	17(11.3)	79(52.7)	38(25.3)	2.10	Rejected
4	Adoption of ICT will lead to efficiency in broking practice	2(1.3)	22(14.7)	50(33.3)	61(40.7)	15(10.0)	2.57	Accepted
5	ICT plays crucial roles in insurance broking	18(12.0)	59(39.3)	45(30)	20(13.3)	8(5.3)	3.39	Accepted
	Total Mean						14.14	
	Grand Mean						2.83	Accepted

Source: Researchers field survey, 2024

Table 1 above showed that the highest positive responses favoured the assertion that the level of information communication technology awareness by broking firms was low. This had an average mean score of 2.83. While items1, 2, 4, and 5 also had positive mean scores of 2.59, 3.69, 2.57, and 3.39 respectively all of which were above the accepted criterion of 2.50, while item 3 had a positive mean below the accepted region of 2.50. The total mean for this table is 14.14 and a grand mean of 2.83 which was also accepted because it was above the accepted criterion of 2.50. This implied that the level of information communication technology awareness among the insurance broking firms was low as far as this study is concerned.

Research Question 2: Is there a high level of acceptance of among insurance brokers in Nigeria?

Table 2

S/N	Item statement	SA (%)	A (%)	U (%)	D (%)	SD (%)	$\bar{X}$	Decision
1	The level of acceptance of insurance brokers in Nigeria	5(3.3)	17(11.3)	6(4.0)	76(50.7)	46(30.7)	2.05	Rejected
2	The low acceptance is as a result of the low awareness by insurance Brokers	7(4.7)	21(14.0)	37(24.7)	58(38.7)	27(18.0)	2.46	Accepted
3	The acceptance could be improved with more communication of benefits of the ICT	14(9.3)	61(40.7)	47(31.3)	23(15.3)	5(3.3)	3.37	Accepted
4	The low level acceptance is caused by communication gap	12(8.0)	50(33.3)	40(31.3)	23(15.3)	5(3.3)	3.07	Accepted
5	An improvement of the communication gap will increase the level of acceptance	20(13.3)	61(40.7)	46(30.7)	17(11.3)	6(4.0)	3.48	Accepted
	Total Mean						14.43	
	Grand Mean						2.89	Accepted

Source: Researchers field survey, 2024

Table 2 above showed that the highest positive responses favoured the assertion that there was a high level of acceptance of information communication technology by insurance broking firms in Lagos State. This had an average mean score of 14.43. While items 2, 3, 4, and 5 also had positive mean scores of 2.46, 3.37, 3.07, and 3.48 respectively, all of which were above the accepted criterion of 2.50, while item 1 had a positive mean below the accepted region of 2.50. The total mean for this table is 14.43 and a grand mean of 2.89 which was also accepted because it was above the accepted criterion of 2.50. This implied that there was a high level of acceptance of information communication technology by insurance broking firms in Lagos State.

Research Question 3: Are there significant relationships between information communication technology awareness and efficiency of insurance broking firms in Nigeria?

Table 3

S/N	**Item statement**	**SA (%)**	**A (%)**	**U (%)**	**D (%)**	**SD (%)**	$\bar{X}$	**Decision**
1	Improvement of the awareness of information communication	45(30.0)	65(43.3)	21(14.0)	12(8.0)	7(4.7)	3.86	Accepted

	technology will increase broker's performance.							
2	There is a significant relationship between the level of awareness and acceptance of ICT.	15(10.0)	23(15.3)	54(36.0)	48(32.0)	10(6.7)	2.90	Accepted
3	Low level awareness will impact on the acceptance of ICT.		7(4.7)	27(18.0)	67(44.7)	49(32.7)	1.95	Rejected
4	Improvements in ICT efficiency will increase the performance of the broking firms.	24(16.0)	72(48.0)	29(19.3)	16(10.7)	9(6.0)	3.57	Accepted
	Total Mean						12.28	
	Grand Mean						3.07	Accepted

Source: Researchers field survey, 2024

Table 3 above showed that the highest positive responses favoured the assertion that there were significant relationships between awareness of Information communication technology and efficiency of broking firms in Lagos State. This had an average mean score of 12.28. While items 1, 2, and 4 also had positive mean scores of 3.86, 2.90, and 3.57 respectively, all of which were above the accepted criterion of 2.50, while item 3 has a positive mean below the accepted region of 2.50. The total mean for this table was 12.28 and a grand mean of 3.07 which was also accepted because it was above the accepted criterion of 2.50. This implied that there was a significant relationship between information communication technology awareness and efficiency of insurance broking firms in Lagos State.

Analysis Base on Research Hypothesis

Hypothesis 1

H_0:The level of information communication technology awareness among insurance broking firms in Lagos State is not high.

Table 4: Chi-Square Analysis

Test Statistics

	THE LOW ACCEPTANCE IS AS A RESULT OF THE LOW AWARENESS BY INSURANCE BROKERS	YOUR COMPANY PROVIDE THEM WITH INFORMATION ON ICT	THE STAFF ARE INFORMED BENEFITS OF ICT .	THE RELATIONSHIP BEWTEEN ICT AND PERFORMANCE INSURANCE BROKERS.	IMPROVEMENTS IN ICTEFFICIENCY WILL INCREASE THE PERFORMANCE OF THE BROKING FIRMS.
Chi-Square	48.667[a]	124.267[a]	121.133[a]	81.133[a]	59.800[a]

Df	4	4	4	4	4
Asymp. Sig.	.061	.084	.054	.057	.079

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 30.0.

The table 4 above on chi-square test showed that the items 1, 2, 3, 4, and 5 had a chi-square of 48.667, 124.267, 121.133, 81.133, and 59.800 respectively in which all p-value > 0.05at 4df.This implied that the null hypothesis should be accepted, and it was therefore concluded that the level of information communication technology awareness among board members of insurance companies in Lagos State is low.

Hypothesis 2

H_0: The level of acceptance of information communication technology among insurance broking firms in Lagos is not high in Lagos State.

Table 5: Chi-Square Analysis

Test Statistics

	THE BROKING FIRMS ARE AWARE THAT THE ROLES ICT IN THEIR OPERATIONS.	YOUR COMPANY PROVIDE STAFF WITH NECESSARY ICT	THE BROKING FIRMS MAKE ENQUIRY ON BENEFITS OF ICT.	THE LEVEL OF ACCEPTANCE OF THE ICT IS VERY LOW.	THE LOW ACCEPTANCE IS AS A RESULT OF THE LOW AWARENESS BY BROKING FIRMS.
Chi-Square	124.733[a]	48.400[a]	72.667[a]	34.133[a]	68.733[a]
Df	4	4	4	4	4
Asymp. Sig.	.317	.074	.537	.157	.590

a. 0 cells (0.0%) have expected frequencies less than 5. The minimum expected cell frequency is 30.0.

The table 5 above on chi-square test showed that the items 1, 2, 3, 4, and 5 had a chi-square of 124.733, 48.400, 72.667, 34.133, and 68.733 respectively in which all p-value > 0.05 at 4df. This implied that the null hypothesis should be accepted, and it was therefore concluded that the level of acceptance of information communication technology among insurance broking firms in Lagos is low in Lagos State

Conclusions

Information technology plays important role in the running of business and insurance broking should not be an exclusion to this premise. The above analysed data showed that majority of the respondents believed that the level of information communication technology awareness among insurance broking firms in Lagos State is still low and there is a low level of acceptance of information communication technology among board members of some insurance broking firms in Lagos State. The analysis also showed that there is significant relationship between information communication technology awareness and efficiency of insurance broking in Lagos State. This implies that there is need for the deployment of modern IT programs in the operations of insurance broking in Nigeria.

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