

**CHALLENGES AND PROSPECTS OF POINT OF SALES (POS)
BUSINESS IN NIGERIA
(A CASE STUDY OF POS OUTLETS IN AUCHI)**

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FEBRUARY, 2022

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**A PROJECT SUBMITTED TO THE DEPARTMENT OF BUSINESS
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BUSINESS STUDIES, AUCHI POLYTECHNIC, AUCHI.**

FEBRUARY, 2022

CERTIFICATION

We the undersigned hereby certify that this project titled “**Challenges and Prospects of Points of Sales (POS) Business in Nigeria (A Case Study of Some selected POS outlets in Auchi)**”, was carried out by **ENAGBARE IMUETINYAN BLESSING**, with Matric No. **SBS/6041840131** under our supervision in the Department of Business Administration and Management, Auchi Polytechnic, Auchi, Edo State.

We therefore certify that the project is adequate both in scope and quality and is submitted to the Department of Business Administration and Management in requirements of the Award of Higher National Diploma (HND) in Business Administration and Management.

Dr. Eshiotse, S.G.

(Supervisor)

Date

Dr. F .A. Ogedengbe

(Head of Department)

Date

DEDICATION

I dedicate this project to God Almighty that always strengthens me and cares for me, for his ever sufficient grace that is at work in my life toady and seeing me through this program.

To my darling and caring parents, Mr. and Mrs. Enagbare and my sweet siblings for giving me moral and financial support during the program.

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ABSTRACT

This study examined the challenges and prospects of points of sales (POS) Business in Nigeria using some selected POS outlets as a case study in Auchi. The objective of this study was to ascertain the benefits of using points of sales terminal in business organizations, determine the use of point of sale terminal on the profitability of a business organization and to examine the relationship between the use of point of sales terminal and organization efficiency. To achieve the objective of this research, the study adopted the survey research design where respondents were selected through the use of simple random sampling techniques. Data gathered from the research was analysed with the use of simple percentages and tables, while the stated hypothesis was tested using chi square statistical techniques. Findings from the research shows that the use of point of sales terminal affect the profitability of a business organization in Nigeria. The use of point of sales terminal among businesses in Auchi metropolis has overtime improve and increase their profitability. It was however recommended that government and private organizations should systematically expand the necessary infrastructure by promoting the development of necessary technologies, recruiting experts and expanding high speed information network as this will foster a strong foundation for e-payment.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

The use of electronic payment (e-payment) system in carrying out financial services and transactions has taken a centre stage in the world economy with developing countries such as Nigeria harnessing it for growing their economic financial inclusiveness. These systems make use of Information and Communication Technology (ICT) network facilities. E-payment systems, as automated processes, are used to exchange monetary value among stakeholders doing business transactions and transferring this amount of money over ICT network (Ayo and Ukpere, 2010). E-payment can be done using Debit or credit cards, online portals, Point of Sales (PoS) terminals, Automated Teller Machines (ATMs), direct debit/deposit, and Real Time Gross Settlement (RTGS) system (Nnaka, 2009; Ayo and Ukpere, 2010). This paper considers the PoS e-payment channels as a growing financial system that is gaining widespread acceptance in making payment in virtually all business locations in Nigeria today.

According to online report by Kingston (2018), the use of PoS terminals for payments has made Nigerians to use less cash for financial transactions more than ever. For instance, a record of 1.4 trillion naira was achieved in Nigeria using PoS for making transaction in 2017 (Achebe, 2018; Kingston, 2018). The use of PoS terminals to make financial payment in Nigeria was introduced by the Central Bank of Nigeria (CBN) in 2012 to promote its cashless policy with the aim of improving payment system. Ever since the introduction, there has been increasingly growth in the number of active PoS terminals provided by banks to mobile money merchants. In the first three months of 2018, for example, it was reported that a total of 17,193 PoS terminals were registered by banks for carrying out cashless transactions in Nigeria (Ogunfuwa, 2018).

Statistical figures from the Nigeria Inter-Bank Settlement Scheme (NIBSS) indicated that as of 2018, the number of active PoS terminals in Nigeria was 164,607. Also, in addition to this development, a record of 66.6% rise in transactions using PoS across the country was registered as at January, 2018 compared to the value registered using PoS for transaction in January, 2017. This trends was maintained in February, 2018 where an increase of 60.61% was registered compared to February, 2017. The attribution to this growth can be acceptance of PoS terminals for making payment and increasing ICT network penetration in Nigeria. However, the gain recorded, this paper examines the prospects and challenges of PoS terminals in Nigeria. The unintended social and economic costs (risks and inconveniences) associated with cash transactions are alarming. The most obvious has to do with insecurity (considering daily loss of lives from the activities of fraudsters, and armed robbers) as enhanced and encouraged by cash payments system.

There is also the inconvenience of carrying larger volume of currency notes, the use of counterfeit banknotes, time loss as a result of long period of waiting and making frequent trips to banks. The monetary authorities also bear the high cost of printing bank notes due to the short life cycle of notes, and the cost of moving large amount of cash from banks to banks and across the country. Overdependence on cash for transaction also implies that much cash is held outside the banking system, which naturally reduces the capacity of banks to lend to the productive sectors of the economy. It is for some of these reasons that a forward-looking economy should seriously think of embracing the modern payments system, such as credit card, electronic money, electronic fund transfer, Automated Teller Machine (ATM) and debit card. Debit card is particularly important in a growing economy as Nigeria. For instance, debit card will promote better services to customers, because it is a very fast and speedy means of financial transaction.

It is more efficient than cash, and, there will be drastic reduction in the printing of bank notes. It will remove the high cost of handling and printing notes. It will also increase profitability due to considerable reduction in overheads and most importantly, it will enhance security of life and property from armed robbery incidences that have become a common phenomenon in the country. Debit card will also make it possible for more money to be available to lend to the productive sectors of the economy. This will bring about positive impacts on economic growth and global competitiveness. However, to ascertain the enumerated benefits of this payment instrument, there is a need to analyze possible challenges to the efficient use of POS terminals determine. In fact the global trend in the use of electronic payment system, particularly the growing popularity of ecommerce calls for studies such as this. However, the empirical studies that are related to the use of debit card, as a payment instrument are foreign researches conducted in advanced countries of the world. This is the gap that this study hopes to fill.

1.2 Statement of the Problem

The pilot scheme of implementation of cash policy was carried out in Lagos state which commenced in January 2012. By March 2012, the CBN introduced some service charges on cash transaction to deter customers from cash-based transactions. The policy was introduced to six states of the federation (Rivers, Anambra, Abia, Kano, Ogun and the Federal Capital Territory). The implementation of cash policy took effect in the remaining 30 states of the federation on July 1, 2014. Observation has however revealed that many purchasers of goods and services still make large purchases and do payment for goods and services using cash.

This thereby bring about high cost of cash, high risk of using cash, high subsidy, informal economy, inefficiency and corruption. Adeoti and Oshotimehin (2012) reported that despite the general increase on the rate of adoption of e-payment instruments in Nigeria, the rate of adoption and use of POS is low compared to the rest of the e-payment system. Among the factors that have been attributed to low adoption of POS in Nigeria is low level of awareness of the benefit of using POS, lack of adequate infrastructure, low internet penetration, network failure, absence

of open standards or trust among banks and providers, awareness of POS availability, frequent power outage, limited numbers of POS per merchant store where they are available, preference for cash, as well as security of communication over the network, (Ayo & Babajide, 2006; Adeoti, 2013, NIBSS, 2015).

In a survey carried out by Financial Derivatives Company (FDC) Ltd for Nigeria Inter-bank Settlement System Plc (NIBSS) in 2012, it was found that in spite of having POS terminals, avenue to electronic funds transfer, and cheques payment, most merchants still accept cash above POS. Investigations on why the merchant accepted cash over electronic payment while they have the POS terminals revealed that the POS deployment was involuntary as they were deployed by banks without being solicited for by the merchants. Another reason for non-use was due to delays associated with access to funds after sales from the POS. Poor connectivity was also cited as a challenge to POS usage (NIBSS, 2012).

The cashless initiative is an alternative to cash transactions through electronic means using information and communications technology (ICT). Ndifon and Okpa (2014) maintain that the future of all business, particularly those in the service industry lies in information technology. This technology as far as cashless policy is concerned is not only computer. Information technology for banks takes different forms; computerization of customers' accounts information storage and retrieval; deposit and withdrawal through Automated Teller Machines (ATMs); and networking to facilitate access to accounts from any branch of the bank, bio-metrics, use of mobile phones to consummate transactions, internet, and websites. However, transaction made using these innovative products are accounting for an increasing proportion of the volume and values of domestic and cross border retails transaction. Currency and notes are converted into data which are transmitted through telephone lines and satellite transporters (Ovia 2002). These new financial services through electronic medium have caused substantial reduction in transaction costs and ease of transfer of funds

Furthermore, while there are studies on e-payment system adoption such as ATM, internet banking, there has been dearth of literature on POS especially factors influencing its adoption in Nigeria. Therefore, the main objective of this study is to empirically investigate the challenges and prospects of point of sales (POS) business in Nigeria.

1.3 Objectives of the Study

The main objective of this study is to examine the challenges and prospects of Point of sale business in Nigeria. The specific objectives are:

1. Ascertain the benefits of using points of sales terminal in business organizations.
2. Determine the use of point of sale terminal on the profitability of a business organization.
3. Examine the relationship between the use of point of sales terminal and organization efficiency.

1.4 Research Questions

The following research questions will guide this research

1. What are the benefits of using point of sales terminal in business organization?
2. Does the use of point of sales terminal have effect on the profitability of a business organization?
3. What is the relationship between the use of point of sales terminal and organization efficiency?

1.5 Statement of the Hypothesis

The following hypothesis are stated in the null form

Hypothesis I

Ho: Using point of sales terminal is of no benefit to the business organization.

Hypothesis II

Ho: Point of sales terminal have no effect on the profitability of a business organization.

Hypothesis III

Ho: There is no relationship between the use of point of sales terminal organizational efficiency.

1.6 Scope of the Study

The scope of this research is to examine the challenges and prospect of point of sales terminal in business organization in Nigeria, using selected POS outlets in auchi metropolis

1.7 Significance of the Study

This research study would enlighten the stakeholders in the banking sector on the need to encourage more entrepreneurs by making setting up of POS business easier for them. , it would be relevant to the general public, respective bank customers, banks regulatory authorities, the academia and interested persons and organizations on the adoption of electronic payment system. finally this study will contribute to the general body of knowledge and give room for further studies.

1.8 Limitations of the Study

In the course of this study, the researcher encountered few factors that posed to be a limitation. These include financial and time constrain

Financial constraint- Insufficient fund tends to impede the efficiency of the researcher in sourcing for the relevant materials, literature or information and in the process of data collection (internet, questionnaire and interview).

Time constraint- The researcher will simultaneously engage in this study with other academic work. This consequently will cut down on the time devoted for the research work.

1.9 Operational Definition of Terms

2 **Challenges:** This is the situation of being faced with something that needs great mental or physical effort in order to be done successfully.

3 **Prospects:** prospect is the possibility or likelihood that something will happen or something will succeed. It also mean the chances and solution on which something or a course succeeds.

4 **POS:** The full meaning of *POS* is "point of sale," or, in other words, it's where your transaction is finalized. The point of sale or point of purchase is the time and place where a retail transaction is completed.

5 **POS business:** POS business is a legitimate way to make money in Nigeria. It is also called agent banking business, and it's an extension of the services offered by financial institutions to enable easy service offering to a wide range of customers

6 **POS Agents/Retailers:** This any individual that has a POS business. They are *agents* who carry out financial and banking services on behalf of the bank while earning their own commission.

1. **Assets:** Assets are what a person or business owns. Castle and Owen (1992).

1 **Deposit money Bank:** Deposit money banks are residents depository corporations and quasi corporations which have any liabilities in the form of deposits payable on demand.

2 **Fraud:** Fraud refers to an intentional act by one or more individuals among management employees or third parties which results in a misrepresentation of financial statement. (Adeniyi, 2004).

3 **Central Bank of Nigeria (CBN):** CBN takes financial policy and regulations as well as supervision of other financial institutions.

4 **Nigeria Deposit Insurance Corporation (NDIC):** NDIC is an independent agency of the federal government of Nigeria established to protect depositors and guarantee the settlement of insured funds when a deposit-taking financial institution can no longer repay the deposits. Thereby helping to maintain financial system stability.

CHAPTER TWO: REVIEW OF RELEVANT LITERATURE

2.1 Conceptual Review

2.1.1 The evolution of the Nigerian payment system

According to Rose et al (2008:113), point of sale terminals are computer facilities in stores that permit a customer to instantly pay for goods and services electronically by deducting the cost of each purchase directly from his/her account. The customer presents an encoded debit card to the store clerks who insert it into a computer terminal connected to the financial firm's computer system. The customer's account is charged for the purchase and funds are automatically transferred to the store's deposit account. Adeoti et al (2012:10) described a POS machine as a terminal, a box that allows a merchant to accept payments by means of cards from his customers. It works almost like an ATM machine except that in this case, the machine is designed to accept payments only on behalf of the merchant which is mostly the registered company which has an account with bank. Rose and Hudgins (2008:113), state that current Point-of-Sale network are divided between online and offline POS systems. The offline accumulates all of the customer's transaction until day's end and then the total of all transactions is subtracted from the customer's account. In contrast, online system deducts each purchase from the customer's account as that purchase is made. Customers and financial firms would generally prefer offline POS system, but online system appears to reduce the frequency of customer overdrafts and, thus may be less costly in the long run.

The Nigerian payments system has evolved over the past few decades. The modern payments system started being completely paper-based with the use of banks notes, payment orders, and cheques. In 1996, the payments system was modified to include card-based e-payment products. This was followed by the introduction of pay card in 1997. By 1999, card based payment products assumed an open platform with authorization from the CBN for the floating of two card service companies by a consortium of over 20 banks. In 2003, the CBN, in collaboration with the Bankers Committee, launched the first major initiative to modernize the payment system, granting approval to a number of banks to introduce international money transfer products, telephone banking, and online banking via the internet on a limited scale. Today, virtually all banks have introduced electronic funds transfers (EFT), debit and credit cards, internet banking, mobile banking and deployed Automated Teller Machines (ATM).

The Nigerian payments system has further evolved with the introduction of the Payments System Vision 2020, launched in 2007 to facilitate a wider range of electronic payment methods such as POS terminals, facilitated by a wider range of service providers. By 2007, the payment system had transitioned from being cash-heavy to a bulk payer status, which is a combination of cash, and some electronic instruments, mainly Automated Teller Machine (ATM). Post 2007, Nigeria continues to embark on measures to increase the use of electronic channels in its journey to a cash lite society with efficient payment systems. In 2011, the CBN launched a cash policy to modernise Nigeria's payment system (in line with the country's vision 2020), reduce the cost of banking, foster economic growth and improve the effectiveness of monetary policy. The cash policy is to reduce the rate at which cash is physically moved in the country.

The cashless economy, as explained by NIBSS (2015) is aimed at reducing and not eliminating the stock of paper currency circulating within the economy. It does not refer to an outright absence of cash transactions in the economic setting but one in which the amount of cash-based transactions are kept to the barest minimum. Several electronic payment systems such as payment cards (smart card) and paper-based instrument that were introduced by the CBN

gave rise to significant growth in the use of electronic payment systems. The CBN strategic plan on e-payment system is to ensure that a larger proportion of currency in circulation is captured within the banking system, thereby enhancing the efficacy of monetary policy operations and economic stabilisation measures. E-payment initiatives such as the establishment of switching companies that facilitate interconnectivity, introduction of payment instruments such as Automated Teller Machine (ATM), web transaction, e-money products such as credit and debit cards and Point of Sale (POS) have drastically helped reduce the volume of cash transactions and the flow of cash in the Nigeria economy.

Electronic payment systems that have been introduced in Nigeria are Automated Teller Machine (ATM), web transaction, electronic money products (such as credit and debit cards), and POS. These e-payment systems provide a better audit trail than transactions which involve physical cash and thus reduce the amount of currency in circulation (Adeoti & Oshotimehin, 2012). POS is one of the e-payment systems introduced in Nigeria to further the course of cashless policy. POS is an electronic payment device which enables individuals to make purchases with electronic cards. POS accepts ATM cards for payment of goods and services. This card stores account information on microchips. The microchip contains a purse in which monetary value is held electronically. The card can be used to make purchase of goods and services online, in supermarkets, shopping malls, and other market places. POS allows cardholders to have a realtime online access to funds and information in their bank account through debit or cash cards. POS deployment is projected to hit 350,000 in 2014 from 120,191 in 2013, reflecting growing acceptance of POS and electronic card payments. This is because between 2012 and 2014, it was found that the volume of transactions conducted via POS increased by 183% compound annual growth rate (CAGR) suggesting significant adoption and usage of POS (NIBSS, 2015).

2.1.2 Organizational performance

Most recent operations-related researches have this basic assumption that technological innovation has a direct bearing on performance improvement (Chemtai, 2016); Abubakar (2014) explained that, e-banking has the potentials to improve productivity, growth and profitability performance of banks due to low cost advantages associated with the delivery of its services. The concept of organizational performance is connected to the ideas of growth and sustainability and businesses typically try to perform well in a number of areas. First they try to perform well financially, that is, realize a good return on their investment. Secondly, they try to gain much of the market share and thirdly, they try to create more value for their stakeholders. Creation of sustainable growth is a prime concern of businesses, however, achieving this goal is no easy task, given the rapidly changing political, economic, competitive, and consumer trends.

Abaenewe et al. (2013) related bank performance, generally to how it has fared within a trading period in relation to the realization of its objectives. Indeed, there are many parameters a company can select to measure its growth but the most meaningful yardstick is the one that shows progress with respect to the ultimate goal of making profit, such that the size of the bank, the volume of deposit and its profitability were seen to be more reliable in measuring banks' performance (Abaenewe et al., 2013). However, according to Ekwueme et al. (2012), operational efficiency of e-banking can be assessed by critically evaluating the banking operations between the pre and post e-banking period.

2.1.3 Card Payment System

A card payment system is the use of a plastic card that contains a Personal Identification Number (PIN) that is linked to one's account that can be used to withdraw money from the

appropriate terminal. Most cards have a magnetic stripe on which data is stored, and has a Card Verification Value (CVV), which is used to verify the genuineness of the card. The existing card payments globally include: credit cards, debit cards, and smart cards. Credit card payment system is a type of payment process that enables its holder to buy goods and services with a credit line given by credit card issuer. Funds are settled at a later date. Card holders are billed on a monthly basis and bear financial charges (interest) on outstanding amounts if payments are not made by the due date. Credit cards are issued through commercial banks and/or other issuers.

The advantages associated with credit card payment system include: guaranteed payment up to an approved limit and it can be used for mail order and online purchases. While the challenges associated with this type of payment system include: payment of fee to the bank for this service, high interest rates make credit cards an expensive mode of borrowing, theft – if the card is stolen or if internet payment sites are not secure, etc. The debit card payment also works similarly to the credit card, with the difference being that payments are directly deducted from the card holder's account, instead of a credit line. An ATM card (also known as bank card, client card, key card, or cash card) is an example of a debit card, this payment card is provided by a financial institution to its customers which enables the customer to use an automated teller machine (ATM) for transactions such as: deposits, cash withdrawal, obtaining account information, paying bills and other types of banking transactions, often through interbank networks (Jarunee W. 2005).

The use of ATM cards require authentication through a personal identification number (PIN), access of fund via ATM card is PIN based. It can also be used on improvised ATMs, such as merchants' card terminals that deliver ATM features without any cash drawer (commonly referred to as a mini ATMs). These terminals can also be used as Cashless script ATMs by cashing the fund transfer receipt at the merchant's Cashier. ATM card payment system is fast, Convenient – urbanites, Accessible – 24 hours a day, 7 days a week, 365 days a year, Easy to use (some urbanites), Interbank usage – ATM card from one bank can be used on another bank's ATM stand, Receipt of clean Naira notes. The use of ATM card has several disadvantages which may include: fraud - very easy to hack, limited geographic spread of financial institutions in small towns and villages, increasing number of scammers (phishing), network fluctuations, lack of adequate cash especially over the weekend, Card jam/retention issues, lack of control/personal spending, Loss of money/robbery after usage of ATM, lack of adequate security around the machines.

2.1.4 Electronic Payment System

Electronic payment, popularly known as e-money, is a payment platform where users pay money in advance into their e-money account or create an e-money account that is linked to their credit card or bank account. An example of this is PayPal, which allows users to create an account by filling in a form on their website and providing their credit card or bank account details, from which money will be drawn for payments. This payment system makes more use of computer networks and internet access. Card and electronic payment systems have certain advantages when compared to cash and cheque payment systems. For instance, unlike the cash payment system, where once the physical cash is stolen one's hope of getting that money back is minimal, with a card payment system, there is greater amount of security. Visa or MasterCard for instance have authentication and authorization features such as a card number, a CVV and a secured PIN. The PIN is only known to the card owner, so in the case where the card is stolen, it will be difficult for an unauthorized person to withdraw money. With the biometric card, where the card owner's finger- print is embedded into the system, without which a transaction cannot

be approved, gives a high level of security and trust among its users. However, one of the limitations of the card payment system is that to withdraw money or to make payment, one has to look for the appropriate terminal, such as an ATM or a POS before their transaction can be effected. This is a disadvantage, especially in a situation where there are not many ATMs deployed, or where the ATMs machines are out of service.

2.1.4 Development of Electronic Banking in Nigeria

Kaleem & Ahmad (2008) observed that Electronic banking is the latest in the series of technological wonders of the recent past and that ATMs, Tele-banking, Internet Banking, Credit Cards and Debit Cards have emerged as effective delivery channels for traditional banking products. The Government of Nigeria further promoted electronic banking with the CBN release on August 2003. This recognizes that electronic banking and payments services are still at the early stages of development in Nigeria. Arising from the three major roles of the CBN in the areas of monetary policy, financial system stability and payments system oversight, the CBN Technical Committee on E-Banking has produced a report, which anticipates the likely impact of the movement towards electronic banking and payments on the achievement of CBN's core objectives. Following from the findings and recommendations of the Committee, four categories of guidelines have been developed as follows:

- Information and Communications Technology (ICT) standards, to address issues relating to technology solutions deployed, and ensure that they meet the needs of consumers, the economy and international best practice in the areas of communication, hardware, software and security.
- Monetary Policy, to address issues relating to how increased usage of Internet banking and electronic payments delivery channels would affect the achievement of CBN's monetary policy objectives.
- Legal guidelines to address issues on banking regulations and consumer rights protection.
- Regulatory and Supervisory, to address issues that, though peculiar to payments system in general, may be amplified by the use of electronic media.

The Guidelines are expected to inform the future conduct of financial institutions in electronic banking and electronic payments delivery. This landmark step provided legal recognition of digital signatures and documents, thus reducing the risks associated with the use of electronic banking in Nigeria. At present almost all the commercial banks in Nigeria have set up their own ATM Networks, issue debit and credit cards and have joined ATM switch Network (Ovia 2002; Ayo, Ekong, Fatudimu and Adebisi, 2008). According to Somoye (2008), between 1952-1978, the banking sector recorded forty five (45) banks with varying minimum paid-up capital for merchant and commercial banks. The number of banks increased to fifty-four (54) from 1979-1987. The number of banks rose to one hundred and twelve (112) from 1988 to 1996 with substantial varying increase in the minimum capital. The number of banks dropped to one hundred and ten (110) with another increase in minimum paid-up capital and finally dropped from 89 as at end of 2003 to twenty-five in 2006 with a big increase in minimum paid-up from two billion naira in January 2004 to twenty five billions in July 2004. As at the end of 2010 the number of banks licensed to practise in Nigeria stood at 24 (www.cbn.ng 2011).

2.1.5 Benefits of Electronic Banking

The perceived benefits of electronic banking have been documented in recent studies, especially. Several electronic distribution channels available for banks in United States were compared and concluded that customer orientations towards convenience, service, technology, change, knowledge about computing and the Internet affected the usage of different channels.

Howcroft, Hamilton, & Hewer (2002), found that the most important factors encouraging consumers to use online banking are lower fees followed by reducing paper work and human error, which subsequently minimize disputes. Byers and Lederer, (2001) concluded that it was changing consumer attitudes rather than bank cost structures that determines the changes in distribution channels; they added that virtual banks can only be profitable when the segment that prefers electronic media is approximately twice the size of the segment preferring street banks. Convenience of conducting banking outside the branch official opening hours has been found significant in cases of adoption. Banks provide customers convenient, inexpensive access to the bank 24 hours a day and seven days a week.

Moutinho et al., (1997) pointed out that each ATM could carry out the same, essentially routine, transactions as do human tellers in branch offices, but at half the cost and with a four-to-one advantage in productivity. Agboola (2006) observed that some payments are now being automated and absolute volume of cash transactions have declined under the impact of electronic transaction brought about by the adoption of ICT to the payment system especially in the developed countries. Emmanuel and Sife (2008) observed that positive effects of ICT have continually been noted in business, production, education, politics, governance, culture and other aspect of human life. This view is corroborated by Agboola (2006) and Ayo (2006) that the growing rate of ICT particularly the internet has influenced at an exponential rate, on line interaction and communication among the generality of the populace. In the Research Journal of Finance and Accounting highlighting the impact of ICT in recent years, Rao, Metts and Mong (2003) observed that the 1990s witness the proliferation and hyper growth of internet and internet technologies, which together are creating a global and cost-effective platform for business to communicate and conduct commerce.

Oladejo and Dada (2008) investigated the impact of IT on the performance of Insurance companies in Nigeria. Ayo, et al (2007) conducted an investigation on the level of adoption of ICT in the Nigerian banking sector using SWOT analysis. It was found that all banks in Nigeria offer e-banking services and about 52% of them offer some forms of other on line banking services. They agreed with fact that Nigeria was the fastest growing telecoms nation in Africa and the third of the world. The country had experienced a phenomenal growth from a teledensity of 0.49 in 2000 to 25.22 in 2007. This trend had brought about a monumental development in the major sector of the economy, such as banking, telecoms and commerce in general. They concluded that all the 25 banks in Nigeria engaged the use of ICT as a platform for effective and efficient delivery of banking services such as electronic payment cards with internet banking and mobile banking services gradually being introduced. Literatures indicate the movement away from cash transactions (Ovia 2001, Patric et al 2008) and in words of Agboola, (2006) the use of non-cash payment has continued to rise with increasing value. Tellers are today equipped to issue receipts (deposit slips) for cash deposits the service of ordering bank draft of certified cheques made payable to third parties has also been increasingly automated (Ovia 1998; Irechukwu 2000).

Oladejo et al (2008) investigated the impact of information technology on insurance firm services in Nigeria. Using nonparametric statistics (Chisquare) in testing the hypothesis formulated, the study concludes that the recent observed upsurge effectiveness and efficiency in the insurance industry in Nigeria is attributable to their high investment in information technology. Gerrard et al (2003) found a positive correlation between convenience and online banking and remarked that a primary benefit for the bank is cost saving and for the consumers a primary benefits is convenience. Multi-functionality of an IT based services may be another

feature that satisfies customer needs (Gerson, 1998). A reduction in the percentage of customers visiting banks with an increase in alternative channels of distribution will also minimize the queues in the branches as averred Thornton et al, (2001). Increased availability and accessibility of more self-service distribution channels helps bank administration in reducing the expensive branch network and its associate staff overheads. Bank employees and office space that are released in this way may be used for some other profitable ventures (Birch and Young, 1997).

Yakhlef (2001) pointed out that banks are responding to the Internet differently, and that those which see the Internet as a complement and substitute to traditional channels achieved better communication and interactivity with customers. Robinson (2000) argued that the online banking extends the relationship with the customers through providing financial services right into the home or office of customers. The banks may also enjoy the benefits in terms of increased customers loyalty and satisfaction (Oumlil et al, 2000).

However, Nancy et al (2001), viewed the same situation differently and argued that customers like to interact with humans rather than machines. They found more possibilities for asking questions and believe that bank clerks are less prone to errors. It is thus essential that any face-to-face transactions are carried out efficiently and courteously. This increases the possibility of selling the customer another service that they need and also promotes a good image and enhances customer loyalty (Moutinho et al., 1997). Kaleem and Ahmad, (2008) investigated bank employees' perceptions of the potential benefits and risks associated with electronic banking in Pakistan. Primary 37 sources were used to collect the data and were analyzed via frequency analysis and mean score analysis. The results suggest that bankers in Pakistan perceive electronic banking as tool for minimizing inconvenience, reducing transaction costs and saving time. Polatoglu and Ekin, (2001) found that low levels of email usage and a preference for doing over-the-counter transactions at bank branches are the main reasons for not using e-banking in Turkey.

2.1.6 Mobile Payment System

A mobile payment is any payment where a mobile device is used to initiate, authorize and confirm a transfer of value in return for goods and services (Pousttchi, 2003; Au and Kauffman, 2008). Mobile payments emerged in the 2000's, with early successes in the sale of mobile content and services such as ring tones and logos. Later, mobile payments were suggested as an alternative for micro-payments at point-of-sales systems, where the use of cash had been declining for many years. Mobile payment system consists of using mobile devices such as Mobile Phone, PDA, Wireless Tablet and Other devices connected to a Mobile Telecommunication Network, to initiate a transaction, such as a purchase request, and finalizing that transaction by authorizing payments for the exchange of goods and services. This makes mobile payment system a form of electronic payment, with the exception that the transactions are carried out on the mobile phone. Instead of paying using cash, cheques or credit/debit cards, a person can use his/her mobile phone to make payments.

The mobile phone is capable of providing a bridge between the traditional and the new payment systems, supporting on demand purchase and payment processes in a manner heretofore not conceivable. The transition to mobile phone driven payment processes is not smooth, however, not because of a lack of technology innovation, but because the underlying players in the industry are reluctant to change their existing business models. Banks and their customers are not in agreement as to what constitutes good value in terms of payment alternatives, a phenomenon also found among stakeholders to technology adoption (Au and Kauffman, 2008). Research has suggested that the high failure rate of mobile payment solutions is linked to their

inability to provide the right value proposition to customers (Ondrus, Camponovo and Pigneur, 2005). Banks promote payment instruments that earn them most revenue. These tend to be centralised and inconvenient. Customers have little choice in selecting payment instruments, but are being seduced by the control and convenience of on-line and mobile payment solutions, which provide flexibility and convenience. Until a solid value proposition emerges that combines value for both banks and customers, the innovation in terms of payment solutions will remain sporadic and piecemeal.

2.1.7 Types of E-payment

In Nigeria context, there are two types of e-payment namely;

i. **End to End processing:** Here, all the processes from approvals to the receipt of value by the beneficiary are done electronically.

ii. **Manual e-payment or use of Mandate:** It is the mixture of manual and electronic process where the available infrastructures cannot support the End to End processing.

However, there are many forms of e-payments these include cards, internet mobile payments, financial services kiosks, biometric payments, electronic payment networks (Osibote, 2010; Asaolu, Ayoola & Akinkoye, 2011).

2.1.8 Economic Benefits of Electronic Payment System in Nigeria

Delali (2010) in Fiallos & Wu (2005) noted that the arrival of the internet has taken electronic payments and transactions to an exponential growth level. Consumers could purchase goods from the internet and send unencrypted credit card numbers across the network, which did not provide much security and privacy. But a wide variety of new secure network payments schemes have been developed as consumers became more aware of their privacy and security.

Digital money has significant benefits for financial institutions, banks and merchants (Fiallos & Wu, 2005). Digital Money is an electronic payment technology, which can provide anonymous flexible electronic payment, like paper cash, but with added security requirements needed for internet transactions. In a related work by Lee, Choi & Rhee (2003), a secure electronic cash system can guarantee anonymity of legitimate users but also provides traceability about illegally issued cash or laundered money. If illegal activity did take place, it can cancel anonymity of the digital cash in order to protect the bank. Lee, Oh & Lee, (2004) added that since digital money can trace double spending, and double spending protects content by exposing the double spender's identity, digital cash is a fool proof way of guarding against illegal redistribution of intellectual property and materials. Digital money can also be used to deter illegal content copying and distribution by inserting tracing content factors into the digital cash payment scheme that prevents users from individual replication activity, (Lee, Oh & Lee, 2004). By using this function, legal, anonymous purchasers can spread contents to other paying anonymous users while abiding by copyright laws. Using digital money in industries like digital entertainment can increase the demand for products through easier and safer dissemination channels. Digital money can trace who is illegally reproducing and distributing copyrighted intellectual material, therefore increasing security for authors and at the same time deferring lost revenue and sales for digital media entertainment companies (Lee, Oh & Lee, 2004).

Digital Media entertainment, as well as property providers and distributors, can also implement this technology and its safety features in order to ensure greater copyright compliance between consumers (Fiallos & Wu, 2005). By adopting such a method of payment and distribution, software and intellectual property piracy can be halted and eventually eliminated. Digital money can provide financial institutions with decentralized structures, faster transaction

and decision making processes, and more cost effective ways of doing business. Electronic payments as argued by (Tadesse & Kidan 2005) have a significant number of economic benefits apart from their convenience and safety. These benefits when maximized can go a long way in contributing immensely to economic development of a nation.

Automated electronic payments helps deepen bank deposits thereby increasing funds available for commercial loans- a driver of all of overall economic activity. According to Tadesse & Kidan (2005), efficient, safe and convenient electronic payments carry with significant range of macro- economic benefits. “The impact of introducing electronic payments is akin to using the gears on a bicycle. Add an efficient electronic payments system to an economy, and you kick it into a higher gear. Add better controlled consumer and business credit, and you notch up economic velocity even further” (Tadesse & Kidan 2005).

While the high level of cash transactions creates an opportunity for the electronic payment industry, it also imposes a cost on local economics. Cash has to be minted, securely transported, counted and reconciled, kept secure and maintained for re-use time and time again. The per-payment cost is high, and will always remain high whereas the costs of electronic system are fixed. Once the infrastructure has been built, the costs per transactions is very low.

When cardholders use their cards at the point of sale they are helping to keep money in the banking system. EPS can help displace shadow economies, bring hidden transactions into the banking system and increase transparency, confidence and participation in the financial system. Tadesse & Kidan (2005) observed that there is a correlation between increase in point of sales volumes and rise in demand deposits. “Automated electronic payments act as a gateway into the banking sector and as a powerful engine for growth. Such payments draw cash out of circulation and into the bank accounts, providing low cost funds that can be used to support bank lending for investment- a driver of overall economic activity. The process creates greater transparency and accountability, leading to greater efficiency and better economic performance. Electronic payment is very convenient for the consumer. In most cases, you only need to enter your account information- such as your credit card number and shipping address- once. The information is then stored in a database on the retailer’s web server. When you come back to the website, you just log in with your username and password. “Completing a transaction is as simple as clicking your mouse: All you have to do is confirm your purchase and you are done.” Worku (2010) emphasized the fact that electronic payment lowers costs for businesses. The more payments that is processed electronically, the less money is spent on paper and postage. Offering electronic payment can also help businesses improve customer retention. “A customer is more likely to return to the e-commerce site where his or her information has already been entered and stored”. According to Tadesse & Kidan (2005), electronic payments can thus lower transaction costs stimulate higher consumption and GDP, increase government efficiency boost financial intermediation and improve financial transparency”. They further added that “Governments play a critically important role in creating an environment in which these benefits can be achieved in a way consistent with their own economic development plans”.

The introduction and use of electronic payment instruments holds the promise of broad benefit to both business and consumers in the form of reduced, greater convenience and more secure reliable means of payment and settlement for a potentially vast range of goods and services offered worldwide over the internet or other electronic networks. One such benefit is that electronic payments enable bank customers to handle their daily financial transactions without having to visit their local bank branch. Electronic payments products could save merchants time and expense in handling cash (Appiah & Agyemang, 2007).

The resource cost of a nation's payment system can account for 13% of its GDP. Since most electronic payments cost only about one-third to one-half as much as paper-based non-cash payment, it is obvious that the social cost of a payment system could be considerably reduced if it is automated (Appiah & Agyemang, 2007).

Automating and streamlining electronic payments made from self-serve channels such as ATMs, branch office terminals and point-of-sale (POS) systems can reduce paper-based errors and costs. A research work carried by Visa Canada Association in collaboration with Global Insight revealed that electronic payments provide transactional efficiency to consumers, merchants, banks and the economy. Electronic payments have contributed \$107 billion to the Canadian economy since 1983 and represents nearly, 25% of the \$C437 billion cumulative growth in the Canadian economy over the same period (Delali, 2010). Over the same two decades, \$C60 billion of the increase in personal consumption expenditures was directly attributable to electronic payments, with credit card holding a commanding share of this growth (\$C49.4 billion) over debt cards (\$C10.4 billion) (Delali, 2010).

Nigeria is lagging way behind most of the world in the general quest to boost micro economic activity by reducing the role played by physical cash in daily transactions and by encouraging the creation of cashless society, this can be averted (Dankwambo, 2009).

However, experts in the financial sector have stressed that unless something radically innovative, functional and savvy is introduced, which accounts for attitudes as well as the huge un-banked population, the country's dream of building a functionally cashless society in the shortest possible time could be elusive (Dankwambo, 2009).

2.1.10 Challenges of Electronic Payments

Electronic payments despite its numerous benefits come with its own challenges even in the developed world. The problems militating against e-payment as listed by Ogedebe & Babatunde (2012) in Sumanjeet (2009) generally revolve around.

- Integrity: to ascertain that transmitted financial information is unchanged in transit.
- Non-reputation: to ascertain that all parties have non-deniable proof of receipt.
- Confidentiality: to ascertain that transactions are protected from possible eavesdroppers.
- Reliability: to ascertain that there is reduced possibility of failure.
- Authorization: to ascertain that individuals are recognized and granted the desired rights and privileges.

The system which is still in its early stage requires a lot of information and education of the public to enable them appreciate the laudable programme put together by government to protect their interests. If they are properly and adequately educated, the chances of total acceptance of the programme can be assured. The banks also need to be carried along in the implementation process as they play a crucial role. Furthermore, many see e-payment as an imposition.

Lack of Uniform Platform of Banks and MDAs

There is no compelling law mandating the banks to use common software platform. Every bank is left to use whatever platform that they felt will perform the e-payment services on behalf of the clients. There is the problem of switches in effecting transfer from one bank to another. Interconnectivity has been a problem. No uniformity of account numbers since different banks different numbering systems. Happily enough, the Federal Government according to Dankwambo (2009) through the Office of Accountant General of the Federation will be rolling out a common platform configuring soon.

- Lack of Adequate Infrastructure

The e-payment system is being partially implemented. If it is to be fully implemented, a number of IT infrastructures will have to be put in place. These include but not limited to laptop, desktop, scanners, good internet connectivity, training and global software. The provision of basic Information Technology infrastructures according to Ovia (2002) is a major challenge.

- Platform Security

Atanbasi (2010) pointed out that the major challenges of e-payment in the country are security. Security in terms of platform, hackers and virus attacks. This will ensure that output from the system are reliable and accurate. The MDAs still carry their schedule(s) to the banks with compact disks (CDs), flash drives or e-mail attachments.

- Lack of Seriousness by Banks

While a number of banks have deployed the necessary infrastructure in place to ensure effective implementation, it is sad to note that some banks are still not fully ready for this new payment regime.

- Resistance to changes in technology among customers and staff due to:

- (i) Lack of awareness on the benefits of new technologies
- (ii) Fear of risk
- (iii) Lack of trained personnel in key organizations
- (iv) Tendency to be content with the existing structures, and
- (v) People are resistant to new payment mechanisms.
- (vi) Security. Where disclosed of private information, counterfeiting and illegal alteration of payment data may be rampant (Daukwambo, 2009).

- **High rates of illiteracy:** Low literacy rate is a serious impediment for adoption of e-payments as it hinders the accessibility of banking services. For citizens to fully enjoy the benefits of e-payments, they should not only know how to read and write but also possess basic ICT literacy.

- **High cost of internet:** The cost of internet access relative to per capita income is a critical factor. Compared to developed countries, there are higher costs of entry into the e-payments and e-commerce market. These include high start-up investments costs, high costs of computers and telecommunication and licensing requirements.

- **Frequent power interruption:** Lack of reliable power supply is a key challenge for smoothly running e-payments and e-banking.

According to Microfinance Nigeria (2010), urban dwellers are not receptive to the efforts of ICT investors to migrate payment system through substantial investments in crucial infrastructure like Point of Sale (POS) terminal in thousands of supermarkets, fuel stations, hotels, recreational centres and many others.

Evaluation of E-payment in Nigeria

In achieving the mission of introducing e-payment system in Nigeria it is crystal clear that only a few of the objectives have been achieved. These include among others the following:

- Elimination of many risks involved in carrying large sums of money such as armed robber, fraud, theft and others.
- At least government organizations no longer pay cash to “contractors” and civil servants.
- Elimination of the use of cash to facilitate speedy payments for all transactions. But to a very large extent, the following objectives have not been met.
- Fast tracking the implementation of government policies through the elimination of delays in government payment system. There are instances of delay in payment to contractors who are not ready to play bale.

There has been a complaint from some contractors handling projects in the rural areas over difficulties associated with the e-payment model.

- Minimize interaction of government, officials and contractors to eliminate opportunity for corruptive tendencies. It will be difficult to eliminate this as interaction at which every level will continue formally or informally if Nigerians are to be honest with themselves. In which ever case, there is need to ask the question. Who are the contractors? Is the due process of government working or not? Who are the officials subverting this and other laudable programme of government? Can corruption really be stamped out of the system?

- Achievement of economy and efficiency in government financial transactions. For as long as corruption remains within the polity, there can be no efficiency in the system. The EFCC and the judiciary will have to find a common ground to tackle this cankerworm that has defiled all solution. China's example could be the best solution but for tribal and religions sentiment among some Nigerians.

- Enhancement of real time reporting and improve quality of financial reporting system in the public sector it has been observed that since the implementation of the policy, there have been late returns or no response in respect of unapplied funds. The existing system cannot guarantee real-time reporting of finances. As result there can be no good financial reporting (Ogedebe & Babatunde, 2012).

2.2 Theoretical Review

2.2.1 Technology Acceptance Model

This study adopted the theoretical extension of Technology Acceptance Model (TAM2) introduced by Venkatesh and Davis (2000). Original TAM was developed by Davis (1986) to explain why users adopt or reject an innovative information system. It offers a powerful explanation for user acceptance and usage behaviour of information technology. TAM theorises that an individual's behavioral intention to adopt a system is determined by two beliefs, perceived usefulness (PU) and perceived ease of use (PEOU). TAM2 extended the constructs of TAM and included additional determinants of TAM's PU and usage intention constructs. This model helps to understand how the effects of these determinants change with increasing user experience over time with the target system. TAM2 incorporates additional theoretical constructs spanning social influence processes and cognitive instrumental processes and explained that the additional constructs - social influence processes (subjective norm, voluntariness, and image) and cognitive instrumental processes (job relevance, output quality and result demonstrability) significantly influenced user acceptance. TAM2 performed well in both voluntary and mandatory environments. Empirical studies revealed that TAM2 consistently explains 34% - 52% of the variance in usage intentions and behavior (Venkatesh & Davis, 2000).

2.2.2 New Growth Theory

The new growth theory assumes that economic growth arises from the unlimited wants and desires of humans. The theory argues that every individual's personal pursuit of profits will eventually increase the real gross domestic product per person (GDP per capita). The new growth theory argues against the exogenous source of growth for the economy by emphasizing on the important of entrepreneurship, innovation, knowledge and technology as the main drivers of economic growth. The new growth theory views knowledge as an asset for growth that is not subject to diminishing returns, and that innovation and new technologies are formed or adopted from the desire for increased knowledge or human capital to achieve higher profits. As economic growth from e-payments systems can be drawn from internal consumption through the use of e-

payment platforms, it is therefore an endogenous source of growth in the economy. As human capital in the form of technical know how and education is required for the use of many modern sophisticated e-payment 22 platforms which represent information technology, it can therefore serve as a basis for this study as the three when intertwined lay the foundation for effective adoption of epayment systems in Nigeria which will lead to increased consumption and subsequently improved economic growth in the long run.

2.3 Empirical Review

Afaha (2019) studied the relationship between electronic payment systems and economic growth using monthly data covering the period of 2012 to 2017. The Autoregressive Distributed Lagged Regression (ADLR) method was used in the analysis. The results indicate a significant positive relationship between electronic payment system and economic growth in terms of real gross domestic product (GDP) growth. The study suggests efforts be made to design or improve on the internet security framework to check online fraud, adequate legislation on all aspects of the operations of e-banking and cashless operations aswell as an increase in public enlightenment and awareness programmes to entice the unbanked people in the banking systems and thereby double the real GDP growth.

Mamudu and Gayovwi (2019) studied cashless policy and its impact on the Nigerian economy using quaterly time-series data over the period 2011(Q1-Q4) to 2017(Q1- Q4). The variables used are Automated Teller Machine Payment Value (ATMV), Web/Internet Tranfers Payment Value, Mobile Payment value (MPV), National Electronic Funds Transfer Value (NEFTV), Point Of Sale Value (POSV) and Cheques Cleared Value (CHEV). They used the Ordinary Least Square (OLS) regression technique, Johansen Co-integration test and Error correction model. The results show the use of cashless policy instruments have a positive and significant impact on Gross Domestic Product in Nigeria. The Johansen cointegration test shows that a long run relationship exists between the variables while in the short run regression results also show the use of these non cash instruments have a significant and positive effect on Gross Domestic Product in Nigeria.

Ravikumar et al. (2019) studied the impact of digital payments on economic growth in India from the period of 2011 to 2019. The study used Ordinary Least Square (OLS) regression, Auto-Regressive Distributed Lag (ARDL) co-integration approach. The result indicates that digital payments impact economic growth significantly in the short run but have no effect on economic growth in the long run. Hasan et al. (2012) examined the relationship between retail payments and economic growth using data from across 27 different European markets over the period 1995 to 2009. The results reveal that migration from paper to electronic retail payments stimulates overall economic growth and has a positive effect on the real economy. They support the adoption of policies geared towards a swift migration to efficient and harmonised electronic payment instruments.

Nzaro and Magidi (2014) examines the role of e-payment systems in financial institutions. The research focused on savings bank in Zimbabwe. The authors found that the acceptance and use of e-payment systems had great impact on respondents concerns such as convenience, product and service variety, cost reduction, speedy payment, security and acceptability. However, the study revealed that respondents stated that issues such as high set up costs, internet fraud, and long query solving time as well as auditing challenges. Achebe (2018) investigates the prospects and challenges of e-finance in Nigeria. The study indicated that a good number of the respondents have high level of trust in e-payment systems and accepted that it is

fast and convenient. Kabir et al (2015) carried out a literature review of e-payment system adoption from 2010-2015. It analyzed various methods that have been used by researchers. The authors stated that most of the works on e-payment adoption were done in developing countries especially in Africa, and the most engaged method was survey technique. The study revealed that past studies have most frequently use questionnaire for data collection with respondents usually bank customers and staff. It suggested that further studies should use different data collection instruments such as the structured interview and observation and a shift be made from banking sector.

Tijani and Ilugbemi (2015) examines the e-payment channels in the Nigeria banking sector and the impacts on national growth. The authors asserted that significant number of persons have access to the services provided through ATM, PoS, internet, mobile money and other channels of e-payment, and are safe, convenience and reliable. The authors maintained that due to the reliability of these electronic systems in supporting customers in carrying out transactions, e-payment channels have contributed to national development. Adeoti (2013) examines the challenges to the efficient use of PoS terminals in Nigeria. The study indicated that the efficient use of PoS terminals in Nigeria is affected by issues such as unreliable network, power outage, limited number of PoS per merchant store, security of communication over transaction network. Okeke et al (2017) examines the use of Extended Technology Acceptance Mode in predicting consumer adoption of PoS e-payment system in Nigeria. The study revealed that the perception of the usefulness and the perception of the ease of use have significant effect on the adoption (acceptance) of PoS terminals in Nigeria. Also, operational security reasonably impacts on perceive ease of use (PEOU) with less effect on perceive usefulness (PU). On the customer awareness (CA), PU and PEOU are significantly and positively impacted. Khan et al (2017) carried out a comprehensive research on all areas of e-payment system. It considered the services provided by e-payment systems, associated security challenges and other factors that hinder the acceptance, and the way forward. The authors also analysed technical and organization issues that can arise in the cause of internal operation.

2.4 Summary of the Review

The chapter carried out a detailed literature review in relations to e-payment system challenges and prospect in Nigeria business organization. Nigeria and its population is habitually cash based economy and it still coming to grasp with the technological advancement and digitalization of finance. E-payment systems can have a significant or insignificant impact on economic growth depending on its adoption. This justifies the framework of the study which is the theory of consumption values (TCV) as the level of adoption or use of e-payment systems will determine its impact on business organization in Nigeria. Sectors like retail (Online), and Finance (Fin tech) etc can actually contribute much to economic growth in Nigeria if the right policies, government support and institutions are put in place.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The survey research design method was adopted in this study. Survey research design is based on information gathered through interviews, inventories study, examination of documents and observation. (Questionnaires were also used). Survey research design is used to find meaning and obtain understanding of the present condition. The study was consummated through questionnaires distributed to Point of Sales Operators in Poly Road, Auchi Metropolis.

3.2 Population of the Study

This entails the class or group from which the researcher based his study on. The population of this study is all business using Point of sales terminal along Poly Road in Auchi metropolis. According to the researcher, after a head count, the total number of business using Point of sales terminal in Poly Road Auchi are one hundred and twenty six (126).

3.3 Sample and Sampling Techniques

The researcher employed the Simple random sampling technique in selecting the respondents for this research. The simple random sampling technique was chosen because it gives every member of the population an equal opportunity of being selected. However with the use of the sampling technique, the researcher arrive at a dependable sample size of seventy four (74) respondents from the total population of businesses using Point of sales terminal in Poly Road in Auchi metropolis.

3.4 Instrumentation

A questionnaire was used as an instrument to collect data. The questionnaire is made up of both closed and open ended questions. The researcher intend to collect data for this study through the use of questionnaires and oral interview. Pieces of questionnaires will be distributed to the respondents. The researcher will use both the open-ended and closed-ended patterns. In the open-ended pattern, respondents will be required to supply their own responses based on their own opinion while in the closed-ended pattern, respondents will be expected to choose from the alternatives available. The researcher visit the location of the study to administer the copies of questionnaires.

A face-to-face system of questionnaire distribution will be used: By face-to-face system implies that the researcher visits the institution or organization or by on the assistance in the place of the sample group element. The researcher will enter into agreement with the respondents on when to retrieve the questionnaires

3.5 Sources of Data Collection

Data employed in the study were generated from both primary and secondary sources.

Primary Data: Primary data are all data collected for a specific purpose by the researcher (Osisioma, 2006). The primary data is the original or first hand information obtained by the researcher form the respondent directly for the purpose of the study. The Primary sources was gathered from the academic staff of Auchi Polytechnic Auchi.

Secondary Data: The secondary data are facts that the researcher collected from already existing sources. In this study, data are sourced from journals, text books, newspapers, magazines and internet.

3.6 Method of Data Analysis

Chi-square (X^2) will be used as the statistical tool in testing the hypotheses in order to make a concrete assessment and ascertainment of our position. The above satisfaction tool was made use of because it conform with the pattern and structure of our question. Data will also be analysed with the use of simple percentages and tables.

$$X^2 = \frac{(O - E)^2}{E}$$

where

O = the observed number of cases falling in the category

E = the expected number of cases falling in the category.

Degree of freedom (d.f.) will be calculated thus

$$\text{d.f} = (r - 1)(k - 1)$$

Where

r = row

k = column.

CHAPTER FOUR
DATA PRESENTATION ANALYSIS AND DISCUSSION

4.1 Data Analysis and Presentation

Analysis of this study is presented in percentages and tables below. Section A contain all the demographic questions while questions in question B are drawn from the research questions in chapter one.

Section A: Demographic Data of Respondents

Table 4.1.1 Sex Distribution of Respondents

Variables	No of respondents	Percentage
Male	62	83.8
Female	12	16.2
Total	74	100

Source: Field Survey, 2021

Table 4.1.1 shows that 62 respondents representing 83.8% are male while 12 respondents representing 16.2% are female. The analysis above shows that male respondents are more than the female respondents in this study.

Table 4.1.2 Age Distribution of Respondents

Age	No of respondents	Percentage
18 – 25	8	10.8
26 – 30	7	9.4
31 – 35	4	5.4
36 – 40	23	31.1
40 and above	32	43.2
Total	74	100

Source: Field Survey, 2021

Table 4.1.2 above shows that those between the ages of 18 – 25 years constitutes 10.8%, those between the ages of 26 – 30 years constitute 9.4%, those between 31 – 35 years constitute 4.5% while those who are of the ages of 36 – 40 and 40 and above constitute 31.1% and 43.2% respectively. The conclusion here is that those who are 40 and above dominate this research.

Table 4.1.3 Marital Status of Respondents

Marital status	No of respondents	Percentage
Single	23	31.1
Married	27	36.5
Divorced	15	20.3
Widowed	9	12.2
Total	74	100

Source: Field Survey, 2021

The table above shows that those who are single constitute 31.1%, those who are married constitute 36.5%, those who are divorced constitute 20.3% while those who are widowed constitute 12.2%. It can be concluded that those who are married dominated this research.

Table 4.1.4 Educational Qualification of Respondents

Educational qualification	No of respondents	Percentage
SSCE	9	12.2
NCE/ND	15	20.3
BSC/HND	39	52.7
OTHERS	11	14.9

Total	74	100
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Source: Field Survey, 2021

The educational qualification of respondents shows that 12.2% has SSCE, 20.3% has NCE/ND, 52.7% have BSC/HND, while others were 14.9%. Those with BSC/HND dominated the research.

Table 4.1.5 Distribution of Respondents according to type business

Type o Business	No of Respondents	Percentage
Boutique	13	17.5
Computer business center	23	31
Provision store	11	14.9
Phones and accessories store	10	13.5
Laptop and accessories store	12	16.2
Fruit shop	5	6.7
Total	74	100

Source: Field Survey, 2021

The table above shows that 17.5% were boutique owners, 31% were computer business center owners, 14.9% were provision store owners, 13.5% were phones and accessories store owners, 16.2 were laptop accessories owners, and 6.7 were fruit shop owners.

Section B Analysis of Research Questions

Table 4.1.6 what are the benefits of using POS terminal in your business ?

Responses	No of respondents	Percentage
Fast in making payment	33	44.6
Making payment without cash	21	28.4
Makes commodities easily available without cash.	12	16.2
It avoid unnecessary attention from thieves.	8	10.8
Total	74	100

Source: Field Survey, 2020

The table above shows that 44.6% of the respondents says that using POS terminal makes payment for goods and services fast, 28.4% said it enhances payment for goods and services without cash 16.2% said that it makes goods and services easily available without cash and 10.8% said that it avoids unnecessary attention from thieves. The following were listed as the benefits of using POS terminal in their business.

Table 4.1.7 How effective is the use of POS terminal in your business?

Responses	No of respondents	Percentage
Very effective	12	16.2
Effective	43	58
Not effective	8	10.8
No idea.	11	14.9
Total	74	100

Source: Field Survey, 2021

Table 4.1.7 above shows that 16.2% of the respondents said that the use of POS in their business is very effective 58% said effective, 10.8% said not effective and 14.9% had no idea. It therefore suggests that the use of POS terminal in business organization is effective.

Table 4.1.8 The use of POS terminal have significantly improved my business profitability

Responses	No of respondents	Percentage
Strongly agree	36	48.6
Agree	16	8.1
Disagree	12	16.2
Strongly disagree	10	13.5
Total	74	100

Source: Field Survey, 2021

The table above shows that 48.6% of the respondents strongly agree that the use of POS terminal have significantly improved their business profitability, 8.1% said they agree, 16.2% disagreed while 13.5% strongly disagreed. It can therefore be concluded that the use of POS terminal has significantly improve the profitability of the respondents business.

Table 4.1.9 There is a positive relationship between the use of POS terminal and Organizational efficiency.

Responses	No of respondents	Percentage
Strongly agree	16	8.1
Agree	36	48.6
Disagree	12	16.2
Strongly disagree	10	13.5
Total	74	100

Source: Field Survey, 2021

Table 4.1.9 shows that 8.1% strongly agree that there is a positive relationship between the use of POS terminal and organizational Efficiency, 48.6% agree,16.2% disagreed while 13.5% strongly disagreed to the statement that there is a positive relationship between the use of POS terminal and Organizational efficiency. It can be concluded that there is a positive relationship between the use of POS terminal and Organizational efficiency.

Table 4.1.10 What are the challenges of Using POS terminal in your business?

Responses	No of respondents	Percentage
Unavailability of dedicated data service Network	42	70.3
No knowledge of Point of sales Machine	10	13.5
Frequent Power interruption	12	16.2
Low internet bandwidth	10	13.5
Total	74	100

Source: Field Survey, 2021

Table 4.1.10 highlighted some of the challenges faced by business owners in using POS terminal, 70.3% said unavailability of dedicated data service network, 13.5% said no knowledge of point of sales machines, 16.2% said frequent power interruption, and 13.5% said low internet bandwidth.

Table 4.1.11 The use of POS terminal enables transfer of cash without hitches

Response	No of respondents	Percentage
Strongly agree	61	82.4

Agree	8	10.8
Disagree	0	0
Strongly disagree	5	6.75
Total	74	100

Source: Field Survey, 2021

Table 4.11 shows that 82.4% of the respondents strongly agree that the use of POS terminal in their business enables transfer of cash without hitches, 10.8% said they agree, and 6.75% strongly disagreed. It can be concluded that the use of POS terminal enables the transfer of cash without hitches.

Table 4.1.12 There is a positive relationship between POS business and employment creation

Responses	No of respondents	Percentage
Strongly agree	36	48.6
Agree	16	8.1
Disagree	12	16.2
Strongly disagree	10	13.5
Total	74	100

Source: Field Survey, 2021

Table 4.12 shows that 48.6% strongly agree that there is a positive relationship between POS business and employment creation in Nigeria, 8.1% agree, 16.2% disagree while 13.5% strongly disagree. It can be concluded that there is a positive relationship between POS business and employment generation in Nigeria.

Table 4.1.13 The adoption of POS terminals for business purpose has improve the well being of the people living in Auchi metropolis

Responses	No of respondents	Percentage
Strongly agree	60	81.0
Agree	0	0
Disagree	7	10.9
Strongly disagree	7	10.9
Total	74	100

Source: Field Survey, 2021

Table 4.1.13 above shows that 81.0% of the respondents strongly agree that the adoption of POS terminals for business purposes has improved the wellbeing of the people living in Auchi metropolis, 10.9% Disagree, while another same set of 10.9% strongly disagreed. It can be concluded that POS terminal used for business purpose has improved the wellbeing of the people living in Auchi metropolis.

Table 4.1.14 Power outage is one of the major challenges facing the use of POS terminal for business purposes

Responses	No of respondents	Percentage
Strongly agree	48	64.9
Agree	14	18.9
Disagree	8	10.8
Strongly disagree	4	5.4
Total	74	100

Source: Field Survey, 2021

Table 4.1.14 shows that 64.9% of the respondents strongly agreed that power outage is one of the major challenge facing the use of POS terminal for business purposes, 18.9% agree, while 10.8% and 5.4% disagreed and strongly disagreed respectively. It can be concluded that power outages is one of the major challenges facing the use of POS terminals for business purpose.

Table 4.1.15 Improvement in the services of network providers will ensure adequate and efficient usage of the POS terminal during business engagements.

Responses	No of respondents	Percentage
Strongly agree	48	64.9
Agree	14	18.9
Disagree	8	10.8
Strongly disagree	4	5.4
Total	74	100

Source: Field Survey, 2021

Table 4.1.15 shows that 64.9% of the respondents strongly agree that network service providers need to improve on their services to checkmate one of the major challenges facing the uses of POS terminals, 18.9% said they agree, 10.8% said they disagree while 5.4% said they strongly disagree. It can therefore be concluded that improvement in the services of network providers will ensure the adequate usage of POS terminals in business.

Table 4.1.16: Point of Sale (POS) business can improve Nigeria’s economic development as it can help in the advancement of cashless economy.

Response	No of respondents	Percentage
Strongly agree	61	82.4
Agree	8	10.8
Disagree	0	0
Strongly disagree	5	6.75
Total	74	100

Source: Field Survey, 2021

Table 4.1.16 shows that 82.4% of the respondents strongly agree that Point of sale business can improve Nigeria’s economic development because it help in the advancement of cashless economy, 10.8% said they agree, and 6.75% strongly disagreed. It can be concluded that POS business helps in the development of Nigeria economy.

Table 4.1.17: Provision of affordable POS machine can also help in increasing the number of people that are involved in the POS business

Responses	No of respondents	Percentage
Strongly agree	36	48.6
Agree	16	8.1
Disagree	12	16.2
Strongly disagree	10	13.5
Total	74	100

Source: Field Survey, 2021

The table above shows that 48.6% of the respondents strongly agree that provision of affordable POS machine an also help in increasing the number of people that are involved in the POS business, 8.1% said they agree, 16.2% disagreed while 13.5% strongly disagreed. It can therefore be concluded that provision of affordable POS machine can also help in increasing the number of People that are involved in the POS business.

Table 4.1.18: What are the solutions to the challenges of POS business in Nigeria?

Responses	No of respondents	Percentage
Improved power supply	14	18.9
Improved network	10	13.5
Affordable POS machine	22	29.7
Active and effective customer representatives.	28	37.8
Total	74	100

Source: Field Survey, 2021

The table above highlighted some of the solution to the challenges faced by POS business in Nigeria, to include, Improved power supply, 18.9%, Improved network 13.5%, affordable POS machine 29.7 and active and effective customer representatives with 37.8%.

4.3 Test of Hypothesis

Hypothesis I

Ho: Using point of sales terminal is of no benefit to the business organization.

Table 4.1.15 will be used to test this hypothesis

Responses	No of respondents	Percentage
Strongly agree	14	18.9
Agree	10	13.5
Disagree	22	29.7
Strongly disagree	28	37.8
Total	74	100

Source: Field Survey, 2021

Chi square table

O	E	O – E	O – E ²	$\frac{O - E^2}{E}$
14	18.5	-4.5	20.25	1.09
10	18.5	-8.5	74.8	4.04
22	18.5	3.5	12.25	0.66
28	18.5	9.5	90.25	4.86
				10.65

Test Statistics

$$\text{Formula } X^2 = \sum \frac{(oi - ei)^2}{ei}$$

Where, X² = Chi-Square

O = Observed Frequency

E = Expected Frequency

Assumption:

The level of significance used is 5%. That is 0.05

Degree of Freedom

The degree of freedom is given as thus:

$$DF = (R-1) (C-1)$$

Where R = Rows

C = Columns

$$DF = (2-1) (4-1)$$

$$DF = 3$$

$$\text{i.e. } 1 \times 3 = 3$$

NOTE: The value of 3 at 0.05 significant levels is 5.991. Using the Chi-square table. Thus: The critical value is given as X^2 is 10.65

Decision: Since the calculated value X^2 is greater than the critical value 5.991, the null hypothesis Using point of sales terminal is of no benefit to the business organization is rejected, and the alternative hypothesis which states that Using point of sales terminal is of benefit to the business organization is accepted.

Conclusion: it can therefore be concluded that there are a lot of benefits of POS business in Nigeria.

Hypothesis II

Ho: Point of sales terminal has no effect on the profitability of a business organization.

Table 4.1.16 will be used to test this hypothesis

Responses	No of respondents	Percentage
Strongly agree	4	5.4
Agree	0	0
Disagree	9	12.1
Strongly disagree	61	82.4
Total	74	100

Source: Field Survey, 2021

Chi square table

O	E	O - E	O - E ²	$\frac{O - E^2}{E}$
4	18.5	-14.5	210.25	11.36
0	18.5	-18.5	242.25	13.09
9	18.5	-9.5	90.25	4.9
61	18.5	42.5	1806.25	97.6
				126.95

Test Statistics

$$\text{Formula } X^2 = \sum \frac{(oi - ei)^2}{ei}$$

Where, X^2 = Chi-Square

O = Observed Frequency

E = Expected Frequency

Assumption:

The level of significance used is 5%. That is 0.05

Degree of Freedom

The degree of freedom is given as thus:

$$DF = (R-1) (C-1)$$

Where R = Rows

C = Columns

$$DF = (2-1) (4-1)$$

$$DF = 3$$

i.e. $1 \times 3 = 3$

NOTE: The value of 3 at 0.05 significant levels is 5.991. Using the Chi-square table. Thus: The critical value is given as X^2 is 126.95

Decision: Since the calculated value X^2 is greater than the critical value 5.991, the alternate hypothesis which states that the use of Point of sales terminal has a positive effect on the profitability of a business organization is accepted

Conclusion: it can therefore be concluded that the use of Point of sales terminal has a positive effect on the profitability of a business organization.

Hypothesis III

Ho: Ho: There is no relationship between the use of point of sales terminal organizational efficiency.

Table 4.1.17 will be used to test this hypothesis

Responses	No of respondents	Percentage
Strongly agree	1	1.3
Agree	1	1.3
Disagree	70	94.5
Strongly disagree	2	2.7
Total	74	100

Source: Field Survey, 2021

Chi square table

O	E	O - E	O - E ²	$\frac{O - E^2}{E}$
1	18.5	-14.5	210.25	11.36
1	18.5	-18.5	242.25	13.09
70	18.5	-9.5	90.25	4.9
2	18.5	42.5	1806.25	97.6
				126.95

Test Statistics

$$\text{Formula } X^2 = \sum \frac{(oi - ei)^2}{ei}$$

Where, X^2 = Chi-Square

O = Observed Frequency

E = Expected Frequency

Assumption:

The level of significance used is 5%. That is 0.05

Degree of Freedom

The degree of freedom is given as thus:

$$DF = (R-1) (C-1)$$

Where R = Rows

C = Columns

$$DF = (2-1) (4-1)$$

$$DF = 3$$

i.e. $1 \times 3 = 3$

NOTE: The value of 3 at 0.05 significant levels is 5.991. Using the Chi-square table. Thus: The critical value is given as X^2 is 126.95.

Decision: Since the calculated value X^2 is greater than the critical value 5.991, the null hypothesis which states that there is no relationship between the use of point of sales terminal organizational efficiency is rejected, and the alternative hypothesis which state that there is a relationship between the use of point of sales terminal organizational efficiency.

Conclusion: it can therefore be concluded that there is a positive relationship between the use of point of sales terminal organizational efficiency.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

This research examined the challenges and prospects of point of sale (POS) business in Nigeria using selected Point of sale outlets in Auchi. The following were the findings of the study;

1. It was established that the use of point of sales terminal affect the profitability of a business organization in Nigeria. The use of point of sales terminal among businesses in Auchi metropolis has overtime improve and increase their profitability.
2. The study revealed that there is a positive and significant relationship between use of point of sales terminal and organizational efficiency. In the organization's discharge of its duties, by providing services for customers and also providing platforms where customers can pay for services rendered.
3. Finally the study also revealed the enormous benefits of using point of sales terminals to include , easy access to funds, easy access to payments, and also online services.

5.2 Conclusion

Technology has unarguably made our lives easier. It has cut across distance, space and even time. One of the technological innovations in banking, finance and commerce is the electronic payments. Electronic payments provides greater freedom to individual in paying their taxes, licences, fees, bills, fines and purchase at unconventional locations and at whichever time of the day. The success of e-commerce payment systems is largely depended on consumer preferences, ease of use, cost, industry, agreement, authorization, security, non reputability and acceptability.

5.3 Recommendations

Based on the above summary of findings and conclusion, the following are recommended;

1. The business organization must perform more education and advertisement on Point of sales terminal so that the Nigerian population will appreciate and use

electronic products available. The use of cash comes with its own disadvantages and problems that electronic payment can eliminate. Cash and cheques must go through several processes which increases their risk of being lost or stolen. Such processes include transportation and counting. Most Nigerians are not aware of the benefits of using Point of sales terminal are therefore slow to adopt it.

2. The government of Nigeria should provide the much needed leadership and support for electronic payments.

3. Applicable regulations including those for electronic approval processes, consumer protection and e transactions should be developed and standardized as needed.

4. Government and private organizations should systematically expand the necessary infrastructure by promoting the development of necessary technologies, recruiting experts and expanding high speed information network as this will foster a strong foundation for e-payment.

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APPENDIX I

Department Business Admin
School of Business Studies,
Auchi Polytechnic, Auchi
Edo State.
11th January, 2022.

Questionnaire on waste management and its impact on the business environment

I am a final year (HND) student of the above named institution carrying out a research on Challenges and Prospects of Points of Sales (POS) business in Nigeria.

The research project is in partial fulfillment of the requirements for the award of Higher National Diploma (HND) in Business Administration. Any information given will be used for this research purpose only and treated with strict confidentiality. Kindly therefore complete the questionnaire as objectively as possible.

Yours Faithfully,

BLESSING

Appendix II
QUESTIONNAIRE

Please tick as appropriate

1. Sex: Male () Female ()
2. Age: 21 – 30 () 31 – 40 () 41 – 50 () 51 – 60 ()
3. Marital status: Married () single () divorced () widow ()
4. Department Please specify if any
5. Educational qualification: WASC/Sch Cert () OND/NCE () HND/BSC ()
MSC/MBA () others

SECTION B

6. What are the benefits of using POS terminal in your business ?

- Fast in making payment ()
Making payment without cash ()
Making commodities easily available without cash ()
It avoid unnecessary attention from thieves ()

7. How effective is the use of POS terminal in your business?

- Very effective ()
Effective ()
Not effective ()
No idea ()

8. The use of POS terminal have significantly improved my business profitability

- Strongly agree ()
Agree ()
Disagree ()
Strongly disagree ()

9. There is a positive relationship between the use of POS terminal and Organizational efficiency.

Strongly agree ()

Agree ()

Disagree ()

Strongly disagree ()

10. What are the challenges of Using POS terminal in your business?

Unavailability of dedicated data service network ()

No knowledge of point sales machine ()

Frequent power interruption ()

Low internet bandwidth ()

11. The use of POS terminal enables transfer of cash without hitches

Strongly agree ()

Agree ()

Disagree ()

Strongly disagree ()

12. There is a positive relationship between POS business and employment creation

Strongly agree ()

Agree ()

Disagree ()

Strongly disagree ()

13. The adoption of POS terminals for business purpose has improve the well being of the people living in Auchi metropolis

Strongly agree ()

Agree ()

Disagree ()

Strongly disagree ()

14. Power outage is one of the major challenges facing the use of POS terminal for business purposes

Strongly agree ()

Agree ()

Disagree ()

Strongly disagree ()

15. Improvement in the services of network providers will ensure adequate and efficient usage of the POS terminal during business engagements.

Strongly agree ()

Agree ()

Disagree ()

Strongly disagree ()

16. Point of Sale (POS) business can improve Nigeria's economic development as it can help in the advancement of cashless economy.

Strongly agree ()

Agree ()

Disagree ()

Strongly disagree ()

17. Provision of affordable POS machine can also help in increasing the number of people that are involved in the POS business

Strongly agree ()

Agree ()

Disagree ()

Strongly disagree ()

18. What are the solutions to the challenges of POS business in Nigeria?

Strongly agree ()

Agree ()

Disagree ()

Strongly disagree ()

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**CHAPTER FIVE: SUMMARY OF FINDINGS,
CONCLUSION AND RECOMMENDATIONS**

5.1 Summary of Findings	-	-	-	-	-	-	-
5.2 Conclusion	-	-	-	-	-	-	-
5.3 Recommendations-	-	-	-	-	-	-	-
5.4 Suggested Areas for further Studies							
References	-	-	-	-	-	-	-
Appendices	-	-	-	-	-	-	-