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The Future of Consumer Payments in Nigeria: An Evaluation of the E-Payment System Vision-2020 of the Nigerian Government and the Nation's Banking Sector

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ABSTRACT

The quest of the Federal Government of Nigeria to implement policies that will evolve a change from the traditional payment system into a new electronic payment method, which will place the nation at par with the trends of international best practices and standards, using modern technologies have been confronted with daunting challenges. These challenges have cast a great shadow on the prospect of the nation transforming into a 'cashless' economy by the year 2020 as contained in the Nigerian government's blueprints for economic development tagged-Vision 2020. Questions that borders on the country's preparedness and possession of the logistic and technological wherewithal to successfully facilitate such systemic revolution have been raised. Using a triangulation of both quantitative and qualitative methods of data collection, this study critically evaluated the payment system vision 2020 policy of the Nigerian government. The study examined the operational factors that would determine the success of the Nigerian banking sector in facilitating the evolution of the payment system, accessed the awareness, perception and attitude of the Nigerian banking public to the introduction of the new payment regime and explored the prospects and challenges of the government's initiative. The financial system strategies of the government were found to hold appreciable prospects for the development of the nation's economy; however, the implementation of the e-payment system lacks basic infrastructures needed to facilitate such systemic transition. Lack of political will, security, trust, legal framework, high illiteracy rate, low power supply and socio-cultural inhibitors were important factors that influenced the negative disposition of the banking public to the 'vision'. Therefore, a review of the e-payment policy, provision of necessary infrastructures and fortification of the country's cyberspace were suggested.

Keywords: *E-payment system, Cashless economy, Nigerian government, Banking Sector, FSS Vision 2020.*

1. INTRODUCTION

The global payment industry has recently undergone the kind of transformations that could at best have been imagined by only a few, three decades ago. New business models are developing by the day while the old ones are continuously under attack. The forces of change; economics, consumers, public policy and technology continues to effect ground breaking changes that actively reshape retail payments^[i]. The great enabler of these landmark changes in the global payment industry remains the continuous innovations in technology. Consequently, new technologies are enabling some countries to leapfrog other countries, as the technologies are advancing so rapidly in some countries that it cannot be commercialized at the same rate at which it continues to develop. The development of technologies strongly lies in the innovations witnessed in the areas of computer software, hardware, IT communication and management.

In consonance with the trend of development experienced in the global payment industry, the Federal government of Nigeria in the year 2008 announced an e-payment regime for all transactions involving the Federal Ministries, Departments and Agencies (MDA). Under the new regime, the issuance and acceptability of checks as a means of settlement was jettisoned, while the payment of all staff salaries and emoluments as well as government suppliers, vendors and contractors were to be remitted electronically into the beneficiaries' accounts. This, according to the federal government will enhance

transparency and accountability as well as checkmate the activities of corrupt practices within the government structures^[ii]. The government also added that the move was part of the implementation of the new payment system vision 2020 aimed at making Nigeria join the league of Nations whose payment system conforms to internationally-accepted regulatory, technical and operational standards^[iii]. The onus then fell on the commercial banks as major stakeholders within the payment system, to rise up to the occasion and support the government on its new drive and policy.

The readiness of the commercial banks in the country to accept this mantle of responsibility has then become a source of major concern to social and financial analysts^[iv]. The causes of the concern stems from the doubt over the capability of the banks to muster the financial muscle, strategic planning, technical knowhow and other logistic strength required for a meaningful hoisting and implementation of an e-payment platform. The pessimism in these quarters were further heightened by the high failure rate that characterized the kick-off of the government's directive and e-payment policy as the banks struggled to come to terms with the operational and technical realities of the new payment system^[v, vi]. This ominous situation has led to the call for the intervention of the federal government for support as the Nigerian banking public continues to express apprehension over the feasibility of the new payment plan.

Several factors have been identified as being responsible for the challenges confronting the nation's

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migration from the traditional payment system to the electronic platform, one of which is socio-economic. Ojo^[vii] maintained that Nigeria operates a largely cash-based economy with over 90% of funds in the country residing outside the banking system. As a result, there has been a lot of concern expressed on the possibility of surmounting the challenges posed by the country's socio-economic system which favors cash transactions and possessions^[viii,ix]. Questions that bother on the possibility that social re-orientation would be effective in transforming the society to give up the habitual cash holding for electronic money has therefore been raised. Similarly, the high illiteracy rate in the country and its implication for the implementation of the new payment policy is another identified impediment that stands to cripple the systemic evolution. The National Literacy Survey of the country^[x] reported the country's literacy rate to be 57.9% as at 2010. This implies that about half of the country's populations are not literate enough to appreciate the new payment system. This has a grave implication for the successful implementation of such policy as an appreciable level of the educational consciousness of the citizen is a requirement for the success of such policy.

Cynics have severally expressed pessimisms about the sincerity of purpose of the government on the new payment initiative which is argued to be motivated by the government's desire to launch a bogus economic program that would generate positive publicity for the political administration^[xi,xii]. They have questioned the rationale of the government at introducing the policy at a time when the nation does not have the technological and logistic wherewithal to successfully implement such policy. Also, the legality of the policy have been a subject of intense discourse, as the National Assembly has not passed any enabling Act for the adoption of the payment system that is expected to detail out the duties of the regulatory body and the rights and privileges of the consumers. Therefore, social analysts have accused the government of jumping the gun as there are lots of prerequisites of evolving such payment system that was left unattended to before the pronouncement was made for the commencement of the policy.

Although several research efforts have been channeled at discussing and understanding the general concepts of e-commerce and e-payment in relation to Nigeria, very little scientific study have however being directed at assessing the feasibility of the Nigerian government e-payment initiative that took effect on 1st January, 2009. Hitherto, majority of the articles written on the assessment of the implementation of the initiative of the government have been rather journalistic with little empirical research. Therefore, this study takes a major step beyond these studies that usually focused on the correlates of e-commerce and e-payment system in Nigeria, to examine and evaluate the e-payment system policy of the Federal Government of Nigeria with a view to determining the feasibility of achieving a 'cashless' economy by the year 2020 as projected by the government. Specifically, the study examined the factors influencing the operability

of e-payment system within the Nigerian Banks and explored the challenges inhibiting the implementation of the payment system and ways of surmounting the impediments.

2. NIGERIA'S FINANCIAL SYSTEM STRATEGY 2020 (VISION 2020)

In conjunction with other regulatory bodies and stakeholders of the industry, the Central Bank of Nigeria (CBN) initiated the effort that is aimed at developing a vision and well-articulated strategy for the Nigeria's financial system, consequently, the consensus of the stakeholders to prepare the Nigerian FSS 2020 was arrived at in August, 2006^[xiii]. Part of the fundamental highlights of the consensus meeting was the identification of the need to evolve a holistic and internally consistent development of the financial system. Consequently, the year 2020 was consensually arrived at as the target date for the meeting of the vision based on the desire to fast-track the nation's development process earlier than the year 2025 predicted by Goldman Sachs as the year that the economy of Nigeria will be able to measure up to the global leading economies^[xiv].

Based on the blueprint of the FSS 2020, the vision of the initiative is for Nigeria to "be the safest and fastest growing financial system amongst emerging market countries"^[xv]. The initiative is designed in such a way as to ensure that efficiency and safety remain paramount in the very dynamic financial system. According to Nwaoba^[xvi] the Nigerian financial system will be modeled to provide safety in order to mitigate the perception usually associated with emerging economies. In addition, the measurement of the growth rate of the nation's economy will be based upon clearly defined parameters, with the use of some key emerging economies as the initial benchmarks.

The mission of the FSS 2020 is to "drive rapid and sustainable economic growth in Nigeria and Africa"^[xvii]. The expectation of the mission is to make the Nigerian financial system to act as a catalyst for the growth of the economy, unlike the position as a mere support for the growth of the economy. Sanusi^[xviii] added that the intention of the FSS is to assist in the building of the country's market size in order for the market growth of the country to enable it capture the entire market of sub-region of West Africa, since at present, it makes up over 70 percent of the economy of the sub-region. Afterwards, the market share of Nigeria within the continent of Africa will increase in comparison to any of the country's competitor, which will then place the country in a position to achieve the goal of being Africa's financial hub of choice^[xix].

3. E-PAYMENT SYSTEM: THE NIGERIAN EXPERIENCE

Nigeria is one of the developing economies of the world that is grappling to catch up with the global technological advancement in the e-payment system.

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Though, e-payment may not be an entirely new concept in the Nigerian business market, however, a cursory look at the e-payment category in Nigeria will reveal an emphasis on card-based solutions with little penetration into the web and mobile processes ^[xx]. Despite the government's resolve to place the country in the map of global electronic markets, there are a number of factors that are militating against the effective migration of the country from traditional payment system to electronic payment system in line with the government's new policy. The Internet World Stats ^[xxi] puts the population of the country on internet usage at 45million, a meager 26.5% of the country population.

However, despite the relatively low internet users in the country, Nigeria is one of the biggest and fastest growing telecoms market in Africa. The country's mobile sector that is presently shared by four operators has seen triple-digit growth rate annually since the competition was introduced. It went past Egypt and Morocco to become Africa's second largest mobile market after South Africa in 2004 and the country has only reached a quarter of its estimated ultimate market potential ^[xxii]. This statistic therefore implies that the country will represent a huge market for ecommerce and e-payment if the country is able to overcome the apparent challenges for the migration of the country from the traditional to the new payment system.

At present, the use of the ATM is the most visible sign of the presence of electronic payment methods in Nigeria ^[xxiii]. In a survey, it was revealed that ATM services provided by banks and non-financial institutions stood as the most popular e-business platform in Nigeria ^[xxiv]. The growth of ATMs in Nigeria has been explosive over the last few years with transaction volumes growing from 1.6 million transactions in 2006 to over 500 million transactions in 2009 and has now hit a monthly rate of N100 million in 2012 ^[xxv]. The number of ATMs has also grown from just over 500 ATMs in 2006 to over 8000 ATMs in 2009 and over 10,000 in 2012 ^[xxvi]. However, the ATMs are mostly used to collect cash over the ATM machines rather than being used for payment purposes. The use of ATM has been widely promoted by banks in the country because it affords the banks the opportunity to avoid the usual queues that characterizes the banking halls across the country.

4. E-PAYMENT AND THE NIGERIAN BANKING SECTOR

Though there is no gainsaying about the fact that the electronic payment system comes with a lot of convenience and saves people from a lot of troubles, however despite the growing popularity that the method of payment is gaining within the Nigerian social structure, the nation banking sector has continued to struggle in its quest to provide enabling infrastructure that would enable the seamless operation of the payment system. Imala ^[xxvii] attributed the slow pace of doing online business in Nigeria since the introduction of e-payment to the shortcomings of the banking sector. According to him the

inadequate enabling infrastructure in the nation's banking sector is largely responsible for the poor pace of growth that has been witnessed in the economy since the introduction of the new payment system.

The dismay performance of the payment system in the country has subsequently led to trading of blames as the Federal Inland Revenue Service (FIRS) accused the nation's banking sector of frustrating the efforts of the federal government ^[xxviii]. The FIRS blamed the increasing rate of sharp practices among deposit money banks in addition to the difficulties experienced from switches in effecting transfers from one bank to another as the major reasons why the government are yet to reap the benefits of evolving the payment system which was introduced into the public sector in the year 2009 as a way of reducing the level of interaction between the contractors and the government officials therefore eliminating corrupt tendencies.

However, the MD of Inters witch Nigeria has blamed the low level of development in the country's e-payment framework to the poor participation and acceptance of the model by the government ^[xxix]. He attributed the lack of understanding of the deliverables of e-payment systems to the economy by successive governments as being responsible for the stunted growth of e-payment in the country. He remarked if government continues to fail to realize the importance of leveraging e-payment platforms to drive general administration and governance, it would be cumbersome for the gains of the technology that would be required to ensure penetration into the polity to be accessed. He further stated that in spite of the available channels to drive e-payment, several governments in the country do not possess the roadmap to leverage on the needs and demands of the populace. He however identified other challenges facing the payment systems as including the security problem, lack of adequate awareness and trust among others.

5. RESEARCH SETTINGS, MATERIALS AND METHODS

The purpose of the study was to conduct an evaluation and measure the prospect of a newly introduced national policy on e-payment, therefore an exploratory research was conducted ^[xxx]. This entailed the asking of questions, seeking insights and assessing the phenomenon of e-payment in Nigeria from a new light. The exploratory nature of the research gave room for flexibility and change adaptability ^[xxxi] that ensured that the course of the research was not rigid and able to adapt to the realities of the field survey as against the original research design. Consequently, the triangulation of quantitative and qualitative data collection methods and analyses were adopted to reflect the purpose of the research.

For the qualitative part of the data collection, 12 senior officials of IT and internet banking departments of six commercial banks constituted the main interview respondents of the study. A multi-stage sampling technique was used to arrive at the twelve senior officials of the IT and internet banking departments of the six

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commercial banks. Key information were sorted from two officials of the banks' regulatory body; the CBN, six officials of three IT firms that collaborate with banks on e-banking and e-payments and two officials of the Federal Ministry of Finance. This was summed up to 10 key informant interviews that were conducted.

In addition, the study engaged a random sampling of 300 customers of the selected banks on a structured interview to elicit information on their awareness, perception and attitude towards the adoption of e-payment system and government's policy. Fifty customers of each of the banks were selected for this exercise which then gave a total of 300. Customers were selected randomly based on their acceptance to partake as respondents in the research work. Quantitative information were also elicited from 300 customers of various commercial banks in Nigeria via the internet with the use of online-survey services. Online questionnaires were distributed at random to willing respondents over the email soliciting for their responses and participation in the survey.

Lagos State, which is widely regarded as the economic capital of the country largely due to the enormous economic activities that pervade the city and its link to the outside world via the waterways and air transport was selected as the location for the study. It is also noted to be one of the fastest-growing cities in the world, with people of different tribes and ethnic origins residing within the city. This explains the reason for its selection for the study despite ceasing to be the political capital of the country as it still accommodates the corporate headquarters of all the commercial banks in the country with the exception of one. Also, the head offices of the major IT firms that collaborate with the banks on payment system are located in the city. Even though the head offices of CBN and Federal Ministry of finance have since been relocated to FCT, Abuja, both of them have their regional offices located within the city of Lagos for strategic reasons. Also, the cosmopolitan nature of Lagos city which habituates diverse ethnic groups makes it an ideal location for the collection of sample population that would best be able to represent the views of the generality of the Nigerian people.

6. RESULTS AND DISCUSSION OF THE FINDINGS

6.1 General Characteristics

Four hundred and eighty-three respondents participated in the quantitative survey of the study out of the initial sample of 600 expected participants, while the qualitative respondents were 18 out of the 22 respondents whose participation were solicited. In general, a brief description of the respondents of the study based on their demographic profiles infers a youthful population with 306 (63.4%) below the age of 40 years, gender-balanced with the males (247, 51.1%) and females (236, 48.9%). The profile also shows an adequate representation of diverse ethnic distributions; education and employment categorization (please see Table 1).

Table 1: Socio-demographics of the quantitative respondents

Occupation	Frequency	Percentage
Student	58	12.0
Private Sector	145	30.0
Public Sector	188	38.9
Self Employed	76	15.8
Unemployed	14	2.9
Other	2	0.4
Total	483	100
Ethnic	Frequency	Percentage
Yoruba	218	45.1
Hausa/Fulani	82	17.0
Igbo	138	28.6
Ijaw	27	5.6
Others	18	3.7
Total	483	100
Education	Frequency	Percentage
Primary Education	Nil	Nil
Secondary School	52	10.8
First Degree	280	58.0
Postgraduate Degree	96	19.8
PhD	40	8.3
Others	15	3.1
Total	483	100

7. FACTORS INFLUENCING THE OPERABILITY OF E-PAYMENT SYSTEM WITHIN THE NIGERIAN BANKS

In nations with best practices in payment systems, the roles played by the banking sector are quite enormous and a significant lot of the operations of the payment system are controlled by the banks ^[xxxii, xxxiii]. Consequently, the success or otherwise of the entire financial system strategy FSS 2020 and the e-payment policy of the Nigerian government strongly reside with the nation's banking sector as facilitator of the platform through which the policy will work. Therefore, quite a lot of positive reactions are expected from the banking sector to give room for the achievability of the government planned project. The IT officials of the banks and officials of IT firms that collaborate with banks on e-payment solutions were engaged with the question that is expected to shed light on this. On the factors that would determine if a commercial bank will be able to render e-payment services, the officials mention quite similar requirements as what the commercial banks needs to put in place in order to effectively provide e-payment services. One of the respondents listed.

...good IT infrastructure e.g. very high availability of real-time network. E-payment leverage on IT infrastructure and this must be very fast in order to avoid timing out. Applications used for the e-payment must be robust, very interactive, easy to understand, user-friendly and seamless...easily

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interfaced with IT infrastructure...most importantly application must be secured and impossible for hackers to intercept and must encrypt and decrypt. There must be effective integration between e-payment application and IT infrastructure. There must be some level of authentication in the application, for example the use of a card on the machine should not be a one-way traffic. (Bank's IT official, Lagos).

Another IT official of a commercial corroborated the listing of the first commentator:

...this can be divided into four, there is IT infrastructures that are required for example the network, hardware and software facilities. Two, the general infrastructure, which is constant electricity (power supply); three, interoperability between the banks, effective interbank system, if the communications between the banks is not effective then there is no basis for a-payment. The final factor is product. The banks need to churn out good and user-friendly product for the customers. If all these things are in place, then the banking sector is ready to shoulder the responsibility of evolving e-payment in the country...

Having reached a somewhat consensus on the requirements that would make the e-payment operations practicable for the commercial banks in the country, some of the key informants of the study particularly the officials of IT firms collaborating with banks on e-payment volunteered information on the preparedness of the commercial banks to implement the government policy. An official expressed his beliefs:

...in terms of IT infrastructure, only very few of them are quite ready now, and even out of those that are ready, they are still battling with how to fully deploy the entire e-payment package without adverse incidences that mostly bothers on security. Security concern is the number one problems that the banks have not been able to find answers to. Also, in my own opinion, very few of them (banks) have the required IT-skilled manpower that could make them effectively run the payment program. Some of these banks are still using outdated IS/IT infrastructure because they are afraid to embrace new technologies. The relative success in the penetration rate ATM cards in the country would not have been if it had been an entire package of the banks. Only a few of them are progressively embracing new technologies, the rest of them have strong conservative culture...

The views highlighted above is very similar to the rest of the key informants as they all opined that only a few of the banks are 'e-payment ready' in a way that meet up with what is required to power the government's vision. This does not present good tidings for the successful implementation of the payment system in the

country. On the need to build internet infrastructures by the banks, one of the interviewed officials of IT firm posited:

...banks require a lot of capital and manpower investments for the e-payment system to work. They need to align with updated infrastructures and train their personnel on the use of these infrastructures. It does not come cheap; they have to be ready to embrace the high cost that the project requires if they are serious about migrating to the platform. Some of them are making frantic efforts; others are watching the events as it unfolds...

An official of the CBN opined:

One of the factors that could hinder the commercial banks in fully implementing e-payment services may be due to capital constraint. Many of them are still struggling with the crippling effect of the bad credits that virtually brought them to their knees...however; things will get better when their books (financial position) get tidier.

Derivable from the responses and positions of the respondents of this study on the factors that would engender the operations of the e-payment services by the commercial banks in the country portends that though the infrastructures needed for the migration is quite defined, the readiness of the commercial banks have been called to questions. This might explain why accusing fingers have been pointed at the direction of the banks by some government bodies (FIRS, PHCN), as not doing enough to facilitate effective implementation and thereby frustrating the government's plan and policy.

8. AWARENESS, PERCEPTION AND ATTITUDE OF THE NIGERIAN BANKING PUBLIC TO E-PAYMENT SYSTEM

The present administration has identified the social and economic welfare of the Nigerian people as its main concern, prompting the regime to draw out a 'seven point agenda' that would be used to tackle the recurring socio-economic problems of the country^[xxiv]. The FSS 2020 is considered as one of the products of the 'seven point agenda' of the administration to alleviate the suffering of the Nigerian masses.

However, in order to effectively drive home the implementation of this laudable program, it is imperative for a large proportion of the Nigerian people particularly, the banking public to be aware of the policy and its deliverables. The study enquired from the quantitative respondents of their awareness and disposition to the e-payment policy of the Federal government. Table 3 shows the pattern of the responses from both the online and hardcopy respondents. On the awareness of the online respondents, 122 (60.4%) of the respondents indicated that they know of the government's plan on e-payment system

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and vision 2020 while 80 (39.6%) stated that they have not learn of it. As for the respondents of the hardcopy distribution, 179 (63.7%) of them indicated that they are aware of the policy while 102 (36.3%) picked 'No' as their response.

Table 3: Responses on awareness of e-payment policy of the government

Responses	Yes	No	Total
Online questionnaire	122 (60.40%)	80 (39.60%)	202

respondents			(100%)
Hardcopy questionnaire respondents	179 (63.70%)	102 (36.30%)	281 (100%)

This may portend a relatively positive awareness level of the policy however, a closer look into the period that the respondents that selected 'Yes' got to know of the policy shows that their knowledge of the policy is quite recent (as indicated in table 4).

Table 4: Responses on the awareness period of the respondent of e-payment policy

Responses	Less than 6 months ago	More than 6 months but less than 1 year	1-2 years	2 years and above	Total
Online questionnaire respondents	64 (52.42%)	31 (25.40%)	18 (14.80%)	9 (7.38%)	122 (100%)
Hardcopy questionnaire respondents	56 (31.29%)	89 (49.72%)	22 (12.29%)	12 (6.70%)	179 (100%)

Table 4 shows the distribution of the online respondents that picked 'Yes' as to when they became aware of the policy. Majority of the 122 respondents that selected 'Yes', 64 (52.4%) indicated that they only got to know of the policy in less than 6 months. However, this position is slightly different from the respondents of the hardcopy instruments as majority of them 89 (49.7%) claimed to have been awareness of the policy in over 6 months but less than a year ago. The outcome of the hardcopy respondents on their period of awareness of the government policy may not be unconnected with the high representativeness of public sector workers in the study population. These sets of workers are likely to be well in

the know of the policy as the government has been using the e-payment methods to pay their salaries since the beginning of the year 2009.

On their perception of the e-payment vision 2020 of the government, while a slight majority of the online respondents 80 (39.60%) believe it is a 'Good' idea, closely followed by the people 75 (37.13%) that are 'indifferent' to the government's initiative, while 36 (17.82%) consider it as being 'excellent' (see table 5).

Table 5: Responses on the consideration of e-payment policy

Responses	Excellent	Good	Indifferent	Not Good	I Don't Know	Total
Online questionnaire respondents	36 (17.82%)	80 (39.60%)	75 (37.13%)	4 (1.98%)	7 (3.47%)	202 (100%)
Hardcopy questionnaire respondents	38 (13.52%)	66 (23.49%)	82 (29.18%)	93 (33.10%)	2 (0.71%)	281 (100%)

Meanwhile, for the respondents that filled hardcopy, their responses inclined towards a different position. Majority of the respondents in this case (93, 33.10%) consider it a 'Not good' idea while 82 (29.18%) of the respondents are 'indifferent' to the idea (Figure 5). Only 66 (23.49%) of the respondents that filled hardcopy consider the government's e-payment initiative as a 'Good' idea.

This variance of responses may be as a result of inclination towards the e-payment idea, while majority of the online respondents will appreciate the e-payment better

due to their disposition towards the computer and internet, most of the respondents that filled hardcopy are likely to be more emotional about the high rate of hiccups that have dodged the implementation of the policy, as salaries have been delayed severally on account of lapses in the e-payment system.

However the study moved to further investigate the reasons behind the high level of pessimisms expressed by the respondents, as both the online and hardcopy respondents emphatically indicated that Nigeria cannot become a 'cashless' economy by the year 2020. The responses given for this choice of answer ranges from lack

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of sincerity of purpose from the government's quarters, corruption, inadequate infrastructures, security and trust. Specific responses include:

"...because of the level of corruption of our leaders and those in authority who will not be benefitting from the vision personally because of their parochial self-interest. Also, there are no standard apparatus on ground to implement that as the level of our technology as at now is very backward and those on grounds seem not working".

Some other short but cogent reasons:

*"Due to the poor literacy of level of the citizens"
"the culture inherent in Nigerians to exchange raw cash especially because of the lack of trust"
"There is no effort or infrastructure in place by the government to actualize this project" "The country is not ripe enough for the payment method"
"Electricity is a major factor"*

Therefore, unlike the positions of literature that the low awareness level of the policy will negatively impact on the implementation plans, the study uncovers that rather, it is the perception of the people and attitude towards the project that may significantly cause some hindrances. The responses volunteered in respect of the reasons for the pessimism expressed by the respondents of the study does not raise any objections to earlier literature reviewed that has highlighted the factors that may oppose the workability of the new payment system^[xxxv, xxxvi, xxxvii].

9. CHALLENGES INHIBITING THE IMPLEMENTATION OF THE NEW PAYMENT SYSTEM

Irrespective of how good a policy is on paper, adequate measures must be put in place in order to ensure an effective implementation that would deliver the benefits of such policy. Deslauriers^[xxxviii] remarked that the evolution of e-payment system into an economy brings several rewards that can best be actualized when the system become effective and efficient. Upon the kick-off of the e-payment system within the Nigerian socio-economic structure in January 2009, there was a lots of hues and cries of how the new payment system has caused untold hardship for government workers and contractors who could not have quick access to their payments^[xxxix].

This was due to the delay that characterized the payment system which made it the process of fund transfer very long and difficult for the banks and recipients of the fund. This led to the dubbing of the 'e-payment' as 'e-problem' in reaction to the hassles and confusion that reigned supreme upon the introduction of the payment system^[xl]. Up until now, the implementation of the system is yet to find strong footing within the economy of the country as trade blaming and pointing of accusing fingers has been the order of the day among all stakeholders on

reason for the failure of the e-payment system to find its footings.

Out of the 18 interview respondents of the study that were asked to rate the policy in its first year of implementation, none of them was able to give it up to a 50% pass mark. Though majority of them, (16 out of 18) hold the belief that the prospect of the system working remain very strong, however, this category of people still uphold that a lot still needs to be done. An official of the bank posited:

...this is normally how things get started from the onset, but I believe it will get better with time. The main reason why there was so much confusion at first was due to the shortcomings from the government quarters to measure the readiness of the polity before implementing such policy. E-payment system is no joke and certain measures must be put in place before implementation...

Virtually all the IT officials of banks that were interviewed made mention of the suddenness in the government's decision to commence implementation of the policy as a factor that confronted the smooth take-off. However, another IT firm official has a different view:

...the problem is that our people are very averse to changes, fear of the unknown is one thing that keeps impeding the growth in the country...meanwhile even the people that wants to implement these changes have little idea of the implications of the changes. More often than not, most of the policies evolved by government administrations in the country are merely for political aggrandizement that usually lacks sincerity of purpose...

However, there is a response from the government's quarters pointing 'accusing finger' to the direction of the commercial banks:

...the banking sector has not been able to live up to the billing of the challenge. The core problem we have in the country with our banking sector is the unhealthy rivalry among them. Each bank is trying to outdo the others in order to gain more customers, this is one of the main reasons why the implementation exercise suffered setback. There was no cooperation among the banks and it was getting to the level that they were trying to sabotage it others efforts...

The view of an official of the bank's regulatory body was sought:

...the problem of infrastructure and skilled manpower was the main problem of the banks, the government appeared not to have taken the bold step of according the payment policy some legal backing...without adequate legal framework, such

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policy cannot work. That will be operating against best practices in the payment industry. We are actually pushing for that and as soon as the enabling laws have been passed, more positive responses will be witnessed...

Another official of the IT department of a bank have this to add:

...there is always the 'Nigerian factor' when it comes to the implementation of policies, there are a lot of pre-implementation projects that the government would have carried out before the implementation was announced. The implementation should have been the final stage after all measures have been adequately taken care of, however, in this case the government announced the implementation and then started looking for ways to mitigate the confusion that took over the entire payment system. How can one evolve good policy in the middle of confusion?...

Part of the findings of the study in this section is that the implication of the factors inhibiting the progress of e-payment in the country is so grave that it was described by the respondents as 'crippling'. This implies that without these impediments being adequately addressed the success of the new payment system will continue to hang in the balance, and by implication, it is very unlikely that there would be any likely changes in the way the Nigerians carry cash by the year 2020 not to mention going 'cashless' as being projected. Amaefule^[xi], remarked that the government seems to have failed to consider the factors that were responsible for the failure of previous reforms of the financial sector during the formulation of the present payment policy. As he noted that what has continued to be the bane of successful implementation of laudable programs in the country is the lack of infrastructures that are meant to facilitate their deliveries.

10. DISCUSSIONS AND CONCLUSIONS

The projection of the Nigerian government on the evolution of e-payment policy is a sub-set of an entire plan to develop the financial system of the country in order for the country's economy to rank among the top 20 in the world by the year 2020. The goal and aspiration of the Nigerian government was informed by the projection of Goldman Sachs in the series of reports that was put together between 2001 and 2005 in it acknowledged the potentials of the country to become one of the 20 largest economies of the world by the 2025^[xliii]. Though the projection of Goldman Sachs on the expected date for Nigeria to take its place in the comity of 20 Nations with the most advanced economies was put at 2025, the government of Nigeria considered it very realizable to fast-track the projection to an earlier date of 2020.

Findings of the research show that the qualitative respondents of the study are well enlightened about the positive deliverables of a well implemented e-payment system in the modern global market. They roundly lauded

the initiative of the government for thinking it wise to align the country with the global standard payment and projecting the country to team up with the League of Nations with advanced economies in the nearest future. The enumerated benefits of evolving e-payment as volunteered by the respondents supports the assertion of reviewed literature on how e-payment system brings about development into economies^[xliii,xliv,xlv]. However, peculiar to the Nigerian environment amongst the benefit listed is a remarkable reduction in the high rate of corruption within the nation's public service. This indeed, corresponds with one of the motives of the Federal government in embarking on the implementation^[xlvi].

However, part of the findings of this study is unanimous declaration of the respondents of the study that the year 2020 target for the actualization of the e-payment policy of the government is unrealistic. This was premised on the non-availability of adequate social and economic infrastructures that will drive the new payment system. This outcome does not raise any objections to the position of literature that have earlier pointed out that the entire vision 2020 is unachievable within the stipulated time^[xlvii]. Also, according to Amaefule^[xlviii], there has been a similar vision 2010 that was projected by past administrations without adequate plan on how to go about the implementation. Consequently, the failure of the present administration to provide and install adequate infrastructures that would enable the feasibility of the policy being achieved by the projected date would likely see it join the list of 'abandoned visions'.

The study concludes that there is a need for the Nigerian government to revisit the blueprint of the policy on e-payment this time, with major stakeholders that should include all the 24 commercial banks, the CBN, IT firms collaborating with banks on e-payment, all the major telecommunication companies, local and foreign consultants on payment systems, academics and a cross section of the banking public. It is equally recommended for the government to focus more on the meeting of the 'Seven-point agenda' as a prerequisite to implementing the e-payment system. Issues contained in the agenda like ensuring security of lives and properties, boosting power supply and solving infrastructural problems are very critical to the success or otherwise of the e-payment system and the FSS 2020. The creation of a legal framework for the transactions of ecommerce and e-payment in the country is paramount in order to build the public interest and the banks' confidence in the policy. Of equal importance is the need for the government to address the security concerns in the country on the rising rate of internet scams and e-payment frauds that are being perpetrated. The reputation of the country have been badly smeared by the astronomical rate of these negative incidence that reputable e-payment practitioners like PayPal, Worldpay and MasterCard are finding it challenging to admit transactions from Nigeria due to the high risks that comes with it. The government needs to put in place change management measures for the banking

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public in order to boost the success rate of the implementation of the policy.

The Nigerian banking sector is also corporately responsible for the workability of the system migration. First and foremost, the regulatory body of the banking sector needs to intervene on the lingering unhealthy rivalry amongst commercial banks within the country. Though the country's banking sector is still smarting from the adverse effect of the global credit crunch and the high volume of bad credits within the industry, however, the banks need to be conscious of the prospects that e-payment system holds for the sector and the economy of the country. This will enable the banks to divest the right resources for the procurement of the required infrastructures for the deployment of the payment system. The banking sector should work in concert with the telecommunication sector to fashion out ways that network facilities and spread will be optimized in the country for effective and efficient coverage of the payment system. The banks also need to invest more in their human resources particularly the IT personnel who are saddled with the responsibilities of operating the e-payment network. Equally, it is the responsibility of the banks to enhance the security of their system against the hackers and other adverse effects in order to boost the confidence of the customers in accepting to use the retail products.

This study also has some research implications besides the policy aspect that had been dealt with so far. From an academic perspective, research into the roles of the telecommunication sectors in enhancing the implementation of e-payment systems in Nigeria should also be of interest to academic inquiry. The sector plays some major roles in ensuring the success of the system however a look into its activities was beyond the purview of this research. It is therefore suggested as an avenue for further studies. In addition, more empirical studies need to be done in the very area of the subject of this study in order to test the validity of the research and endear more understanding of the e-payment system in Nigeria.

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