



THE INFLUENCE OF AGENT BANKS ON THE NIGERIAN ECONOMY

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Abstract

Agent banking has become an essential practice of financial institution in bringing their services closer to the people at the grass root. There is no doubt that agent banking if adopted into Nigerian banking system will help to improve banks profitability. The aim of this study is to investigate the impact of agent banking on the Nigerian economy. The study made use of secondary data sourced from Central Bank of Nigeria statistical bulletin covering the period of 2013-2019. The ordinary least square regression technique was used for the analysis. The findings revealed that there exist positive relationship between ATM, MPAY and the Nigeria economy while there is a negative relationship between POS and the Nigerian economy. It was recommend among others that The Central bank of Nigeria should regulate the charges by POS operators in order to encourage the banking public to patronage their services has this will help in boosting the Nigerian economy; also deliberate policy that will enhance the performance of automated teller machines of banks should be made by the apex regulator of the Nigerian banking system. This policy should among others, ensure that automated teller machines installed by banks meet international best standards.

Keyowrds: Agent Bank, ATM, MPAY, POS, Economic growth.

INTRODUCTION

About three decades ago, most consumers accessed banking services like making deposits or determining balances by visiting their banks in person. As time passed by, there have been enormous technological changes in the provision of banking services to consumers. Today, there are consumers who go for many months or years without having to physically visit their banks or use a bank teller.

In Sub Saharan Africa countries, our economies are cash-based and often are associated with high cost of cash management. In Nigeria, over 90 per cent of available money is in circulation outside the banking sector as observed by Agbboola (2006). Often, a great deal of cost is associated with the cash-carrying nature of the economies of Sub Saharan Africa countries. This cash-carrying character of the economies is perceived to be responsible for large pool of money in the hands of the unbanked citizens.

With the prevailing growing population of adult people in the world not owning a bank account, due to the rising trend of economic activities owing to entrepreneurship and globalization which was reinvented by a number of factors such as the evolution of the internet, the need for the banking industry to expand its banking services to the unbanked populace emerged. In 2007 in exercise of the powers conferred on the Bank by Section 2 of the Central Bank of Nigeria Act, 2007 and Section 57 (2) of the Banks and Other Financial Institutions Act (BOFIA), 2004, issued guidelines for the maintenance of adequate and reasonable financial services offered to the public. This gave rise to the issues following the guidelines for the establishment and regulation of Agent Banking and Agent Banking Relationships in Nigeria.

Agent banking is a system of banking that represents less cost in alternative to the traditional banking system which encourages physical presence in carrying out banking activities through the use common deliveries. This delivery channels includes retail outlets, POS services, mobile pays, web pays and ATMs. These channels are links to which banks as financial intermediaries use to provide avenue for mobilizing funds which are expended on consumptions and capital. The objective for establishing the agent banking is to encourage local investors, support budding entrepreneurs and to ensure that the unbanked population are included in the banking activities in other to increase incentives which will foster an increase in economic growth of Nigeria.

Economic growth has been the foremost indices used as a barometer for measuring nation's successiveness in terms of governance. During the colonial

period, the focus was on the provision of physical infrastructure in the belief that it will uplift the warfare of its people which was seen as the pride of any nation. Unfortunately many of them failed, hindering their contribution to the economy (Ekezie, 1997; Onoh, 2002).

Agency banking is a function of certain Deposit money banks in Nigeria and as regulated by Central Bank of Nigeria legislation that allows them to contract third party retail networks as Banking agent which is predicated upon successful application, vetting and approval. These agents are only authorized to offer selected products and services on behalf of the Bank. This relationship creates an Agency Banking business.

In views of EFINA (2013:4); Ogah, Okwe and Adeoye (2015:4) agent banking is defined as the delivery of financial services outside of conventional bank branches often using non-bank retail agents and relying on technology such as card readers, point-of-sale (POS) terminals or mobile phones for real time transaction processing.

As at January 9 2019, FCMB says it has 529 banking agents who are operating in different parts of the country. First Bank Nigeria Plc, which is among the foremost leading banks in Nigeria happens to be the first bank in Nigeria to embrace the agent banking model when the guidelines was first released. They had over 13,000 agents spread across the country. There is no gain saying that introduction of agent banking in Nigeria has a deepening access to financial services in gaining currency (widespread acceptance) in Nigeria where a larger population of adult lacks the opportunity to participate in the formal banking operations in Nigeria.

In line with the prevailing economic ideas, the Central Bank of Nigeria in 2013 released its guideline on the operations and management of the system of agent banking as a panacea towards facility the inducement of the private investments that would produce the desired growth. Since that time, many of the commercial banks have signed on agents to help drive their retail banking services. After independence the government became more directly involved in promoting economic growth. The aim of all these was to nurture private entrepreneurs with credits and also to mobilize the needed domestic resources for investment in some preferred sectors. This has also profitably increased the share of the market economic growth of the nation.

Before the independence in 1960, banks were owned by mainly foreigners who do not therefore share in the vision of banks financing local enterprise. This

exclusion of Nigerian entrepreneurs was instrumental to the establishment of indigenous banks. The initial indigenous banks were established to address this perceived discrimination against Nigerian borrowers by foreign banks.

In Nigeria, economic and social development is premised on a safe, efficient and inclusive financial systems where savings and investment rates will be more than double (vision 2020). The objective of government is to provide expected to provide the mechanizing for mobilizing the sustainable financial resources which is required to finance the envisaged flagship its projects and as well as ensuring financial securities for the nation . The government through the central bank has introduced guidelines that will include all in Nigerian's formal financial sector to support savings and investment growth across the growing economic lines.

With the rise in the number of adults engaged in economic activities subject to the pattern of continuous monetary transactions, the need to provide an all-inclusive channels of delivery of resources emerged. With the CBN introducing agent banking there was a drastic reduction in the rate of exclusion of the unbanked populace. It is expected that financial inclusion of the adults has shown a positive significance in the developments currently going on in Nigeria. Despite the giant stride experienced in the banking system in Nigeria, a lot more still needs to be done in other to meet up with the content of the Vision 2020.

As the coronavirus pandemic continues to ravage global spends, the spotlight is once again cast upon agent banks as a major service point for financial services. More so during this period of NCDC issued guideline on social/physical distancing were citizens are advised to space themselves and as such banks were encouraged to reduce their banking hall operations in other to minimize the risk of contracting the virus, hence the need for agent banking gained prominence. An agent location could be the street shops, such as the street pharmacist, barbers shop, supermarkets etc., are the channels used in financial deliveries in Nigeria. Agent banking brings together banking and financial services next door to the customer. Its convenience cannot be disputed as it promotes financial inclusion, particularly in places without bank branches. Thus, agent channels deliver digital financial services to financially excluded customers.

Most countries are presently in their preliminarily stage in the system of agency banking where regulators and financial experts are also learning more about it and sealing loop holes and addressing issues as they arise. There are lots of changes and most central banks are going through stages where there is need to

review their guidelines to flex a bit where they have been too tight and also tighten regulations particularly where issues of fraud may arise.

According to Ogbuji, Onuoha & Izogo (2012), ATM allows a bank customer to conduct his/her banking transactions from almost every other ATM machine in the world. However, the spread of the machines has been generating a lot of heat, as customers face a splurge of frustration in using it; either the machines will not dispense cash, or debit transactions when cash is not dispensed or cards get stuck in them. Dapo (2008) indicate that the proliferation of the machines is giving more concern. As with every other technological breakthrough the ATMs have generated astronomical challenges and problems for the beneficiaries of financial services in Nigeria. Most users of ATM have encountered the problem of Scam. Apart from epileptic services rendered by the machines, faceless crooks steal from the accounts of hundreds of bank customers via the ATM technology. The fraudsters perpetrate this financial crime by stealing the personal identification number, PIN, a special secret code that grants access to the usage of the cards, and consequently, getting hold of the funds of the susceptible ATM users.

Agent banking also takes the form of mobile phone enabled model and Point of Sale (POS) enabled model (Maitra and Upadhyay 2017; Tindi and Bogonko 2017). The cost of acquiring POS machine often deters business owners from adopting it because of its high service cost. However the foremost problem with the POS terminals is the delay in the reversal of credit to account owners (cardholders). In most instance, the account of persons making withdrawals are debited yet the money reversal is not done 24 hours as stipulated by the regulators. Many person has stopped using POS transactions because of this deficiency. This delay in reversal has however subjected the customers to go to their different banks to fill error form. Mobile payment often experience network problems. The customer needs a reliable internet connection, just as we experience network failures from the various network providers in Nigeria (MTN, Globacom, Airtel, etc.). Mobile payment software can be hacked and then customer's details copied. This is a huge security treat because it can land one in police custody.

In spite of the practice of modern payments system giving rise to agency banking system in the world with their attendant advantages for both consumers and financial institutions, it has not become mainstream activities in Nigeria (Kolodinsky, 2004). Nigerian consumers and banks apparently still regard "in-

person banking” as a more important method for money transactions. This cash-based payments system is responsible for the ₦545.8 billion currently in circulation (CBN, 2004).

With these challenges and issues emanating from the agent banking in the country today, the extent to which agent banks can influence economic growth will be studied.

The objective of the study is to undertake an in-depth review and analysis on the influence of agent bank on the Nigerian economy. However, in order to fulfil the identified objective, the following objectives are developed:

- i. to determine the impact of value of ATM transactions on the Nigerian economy*
- ii. to investigate the influence of volume of POS transactions on the Nigeria economy*
- iii. to ascertain the extent to which the value of mobile pay transactions impacts on the Nigeria economy*

Base on the foregoing objectives, the following null hypotheses which will be denoted by H_0 will be used to analyze the influence of Agent Banks on the Nigerian economy.

H_{01} : The value of ATM transactions is has no significant contributions to the Nigerian economy.

H_{02} : The volume of POS transactions has no significant contribution to the Nigerian economy.

H_{03} : The value of mobile pay has no significant contribution to the Nigerian economy.

The study seeks to analyze the influence of Agent Banks on the Nigerian economy in about seven year period of 2013-2019. The study laid focus on Money Deposit Banks in Nigeria that have rolled out agency banking services. Most of the banks in Nigeria have not enrolled for agency banking. It was therefore difficult accessing secondary financial data on performance of these banks and the influence of agent banks on the Nigerian economy.

LITERATURE REVIEW

Theoretical Review

The following theories supporting agent banking will be reviewed: The agency theory, innovation diffusion theory, bank led model, the non-bank led model

and the bank-focused theory will be adopted as the underlying theories to explore the concept of agent banking.

Agency Theory

Agency theory is part of the positive group of theories which is derived from the financial economic literature. It postulates that the firm consists of a contract between the owners of economic resources (the principals) and managers (the agents) who are charged with using and controlling those resources (Lambert, 2002).

The theory of agency was first explicitly modeled by Jensen and Meckling (1976) in their study of the structure of the firm. Agency theory addresses all exchanges involving cooperative effort and delegation of work and decision making by one party (called the principal) to another (called the agent).

According to Brigham and Gapenski (1993) agency theory is based on the premise that agents have more information than principals and that this information asymmetry adversely affects the principals' ability to monitor effectively whether their interests are being properly served by agents. It also assumes that principals and agents act rationally and that they will use the contracting process to maximize their wealth. In the simplest agency models, the organization is reduced to these two contracting characters: the principal and the agent. The principal's roles are to supply capital, to bear risk, and to construct incentives, while the role of the agent are to make decisions on the principal's behalf and to also bear risk (Lambert, 2002).

Innovation Diffusion Theory

According to Dillon and Morris (1996): Rogers (1983 & 2003) innovation is any idea, object or practice that is perceived as new by members of the social system and defined the diffusion of innovation as the process by which the innovation is communicated through certain channels over time among members of social systems. Diffusion of innovation theory attempts to explain and describe the mechanisms of how new inventions in this case internet and mobile banking is adopted and becomes successful (Clarke, 2007) stated that not all innovations are adopted even if they are good it may take a long time for an innovation to be adopted. The study also postulated that resistance to change may be a hindrance to diffusion of innovation although it might not stop the innovation it will slow it down. The factors that influence diffusion of an

innovation include: relative advantage (the extent to which a technology offers improvements over currently available tools), compatibility (its consistency with social practices and norms of its users), complexity (its ease of learning), triability (the opportunity to try an innovation before committing to use it) and observability (the extent to which the technology's output and its gains are clear to see).

Bank Led Model

This model is in such a way that the general arrangement of the agency can only allow a bank to act as a principle in the formation of agency banking relationship. In the model, a licensed financial institution such as a bank is involved in the delivery of financial services to its clients through a retail agent. Vutsengwa & Ngugi (2013) posits that banks develop products and services that are useful to its customers but instead of it undertaking to deliver the same products and services to the end users, it delegates the responsibility to delivery of the same to an agent. It is a model that allows a bank or a bank collaborating with other financial institutions to deliver banking services to their customers through leveraging on the flexible and mobile banking system. Only in cases where a financial institution such as a bank collaborates with an organization that it duly verifies does this model become viable (Yakub, Bello & Adenuga, 2013).

The bank-led model closely relates to this particular study as it emphasizes on the means through which banks and other financial institutions facilitate the delivery of the financial services and products they have to their customers (Mwangi, 2015). Onwe (2015) outlines that in this type of models the bank retains all the customer account details while the non-bank agent is involved with service delivery channel. Bank-led models offer the potential for banks to substantially improve their service delivery to customers. The model utilizes a varied trade partner who is experienced and target to reach a market that is distinct from that of the traditional banks. Moreover, in this model the bank retains the primary responsibilities of being the leader in such activities as branding, marketing, and customer relationship management (Alliance for Financial Inclusion, 2013).

Merritt (2010) posits that the bank-led model offers customers the opportunity to transact at retail agent points, thereby providing a distinct alternative to traditional branch-based banking. In the model, the bank controls and manages

customer relations and complaints but solely allows their agents to render service delivery. Furthermore, retail agents interact with the customer face-to-face and perform cash handling functions, which is similar to works of a teller in the banking hall, collects deposits and effect withdrawals for customers (Lyman, Ivatury & Stachen, 2006).

Non-Bank Led Model

In this case, parties who are not banks serve as principals in the establishment of agent banking associations. In this model, there is no bank institution but a principal who can be either a mobile phone network service provider holds the details of the clients whereas the retails serve as point of customer access to the services provided in the agency (Vutsengwa & Ngugi, 2013). In the model, an organization duly having the approval of the central bank delivers mobile payment services to the clients (Yakub, et. al, 2013). Non-bank-led models include digital financial services provided by internet and telecommunications providers (Gibson, Pasini & Buckley, 2014). This model has features that identify it as a financial and also a payment product, and it does contract agents in either direct way or as intermediates, and has customer money e-money accounts maintained by the principal organization (CGAP, 2006).

In the non-bank model the bank itself never comes into picture apart from instances where it may be necessary to use the bank for safe-keeping of the surplus funds that may be in circulation in the model (Wambari, 2009). Consequently, in this model the customers do not deal with the bank at any point for the banking transactions they involve in. It is the non-bank firm such as a mobile network company operator who facilitates all the banking functions in this model (CGAP, 2006). The firm serves as the core driver of all the activities in the system, virtually from marketing to branding and management of customer accounts (Alliance for Financial Inclusion, 2013).

Bank Focused Theory

This theory comes into place when a traditional commercial bank institution employs the use of low cost and non-traditional ways to deliver services related to banking to the customers. A myriad of examples exist, including mobile, internet, and agent banking platforms (Vutsengwa & Ngugi, 2013). This model is a modest method of the conventional banking at the branches and which offers an added value to the customers.

In the context of the model, the customer's primary concerns are security, service quality, reliability and efficiency of accessing the services, and also level of personalization that the model allows (Kengere, 2014).

In this theory the bank does deliver banking services and products to clients by use of new methods which may include mobile phones, the use of online banking, and the use of authorized agents. The model is only deployable by an institution that has licensing from a deposit taking firm or organization such as a bank. In the model, the bank establishes proper ways through which it can mitigate in case of risks (Yakub, et. al., 2013). Kambua (2014) explains that the bank-focused model has several advantages over other models such as brand visibility and more profound control on the service provision activities. From the side of the client, issues of key concern include but are not limited to insecurity, service quality, reliability and efficiency of accessing the services, and also level of personalization that the model allows.

Conceptual Review

Automated Teller Machine

An automated teller machine (ATM), also known as a Cash Machine is a computerised telecommunications device that provides the clients of a financial institution with access to financial transaction in a public space without the need for a cashier, human clerk or bank teller. On most modern ATMs, the customer is identified by inserting a plastic ATM card with a magnetic stripe or a plastic smart card with a chip that contains a unique card number and some security information such as an expiration date or CVVC (CVV). Authentication is provided by the customer entering a personal identification number (PIN).

Using an ATM, customers can access their bank accounts in order to make cash withdrawals, credit card cash advances, and check their account balances as well as purchase prepaid cellphone credit. An interbank network, also known as an ATM consortium or ATM network, is a computer network that connects the ATMs of different banks and permits these ATMs to interact with the ATM cards of non-native banks.

Interbank networks (inter-switch network) also, through different means, permit the use of ATM cards at a point of sale through the use of a special Electronic funds transfer at point of sale (EFTPOS) terminal where ATM cards are treated as debit cards. ATMs are placed not only near or inside the premises of banks, but also in locations such as shopping centers/malls, airports, grocery stores,

petrol/gas stations, restaurants, or any place large numbers of people may gather.

CBN (2009) reported that, the increased usage of ATMs was attributed to the increase in number of ATMs in the country, awareness and ease as well as convenience of operating system. This suggests that the value and volume of ATM transactions were influenced by the number of ATM in the country. Banks tend to utilize this electronic banking device, as all others for competitive advantage. The combined services of both the Automated and human tellers imply more productivity for the bank during banking hours. Also, as it saves customers' time in service delivery as alternative to queuing in bank halls, customers can invest such time saved in other productive activities.

Point of Sale (POS)

A POS (Point-Of-Sale) system is a computer system typically used to manage the sales in retail stores. It includes hardware components such as a computer, a bar code scanner, a printer and also software to manage the operation of the store. A point of sale is, commonly, a retail outlet. Kim & Kim (2007) define a point of sale system as a “supply net administration system for customer management” which delivers real time control of merchandise in stock and sale analysis. According to Ellram, Londe, & Weber (1999), POS systems deliver valuable, near-real-time information on sales, such a system can be used to update inventory stock status and generate purchase orders as needed. POS systems can make effective use of consumer's sale data which is essential to introduce Customer Relationship Management (CRM) and Supply Chain Management (SCM). The most basic function of a POS system is to handle sales. When a customer arrives at a POS counter with goods to purchase, the cashier will start a new sale transaction. When the barcode of a good is read by the POS system, it will retrieve the name and price of this good from the backend catalog system and interact with inventory system to deduce the stock amount of this good. When the sale transaction is over, the customer can pay in cash, credit card or even check. After the payment is successful, a receipt will be printed. POS systems further serve to automate core business functions such as labor management and the generation of financial reports.

The Point of sale in a well-run business is more than just the place where the money comes into a business. With the right equipment, it becomes your

strategic service centre, the place that will help grow business and keep your customers coming back (Aldrich, 2005).

Mobile Pay

According to Vibha (2014), the mobile payments are the transactions with a monetary value that is conducted through a mobile telecommunications network through diverse mobile user's devices, such as cellular telephones, smart phones and mobile terminals. Mobile payment is a transfer of funds in return for goods or services in which a mobile device is functionally involved in executing and confirming payment. Mobile Payment is a major component of m-commerce and is defined as a process of two parties exchanging financial value using a mobile device in return for goods or services. Mobile payment systems enables customers to purchase and pay for goods or services via mobile phones. Here, each mobile phone is used as the personal payment tool in connection with the remote sales. A phone card-based payment system has the advantage over the traditional card-based payment in that the mobile phone replaces both the physical card and the card terminal as well. Payments can take place anywhere far away from both the recipient and the bank. Traditionally, in the real world, the most popular modes of payments are cash, cheques, debit cards and credit cards. With the possibilities created by the Internet, a new generation of payments appeared, such as electronic payments, digital payments and virtual payments. Now, with the growing penetration of the mobile phone and the development of m-commerce, the mobile payment has become an uncontested mode for paying goods. Consumers can use a mobile device to pay for goods and services, transportation-related items, any merchandise in a physical merchant location. Again, services covered under this product include account enquiry, funds transfer, phones recharge, change of passwords, and bill payments, which are offered by few institutions (Sathye, 1999).

Embarking on financial transactions with mobile phones eliminates the need for auxiliary payment instruments (like POS devices), while using security features of the SIM card (as a smart card) yield to a great level of security and dependability. A mobile payment service comprises of all technologies that are offered to user as well as all tasks that the payment service provider(s) perform to commit payment transactions.

Empirical Review

Over the years, financial institutions have rendered financial services which are capable of distributing opportunities more evenly to poor households and economically disadvantaged geographical regions. According to Olugbenga and Olankunle (1998), financial institutions occupy a significant place in the economy of every nation. Many authors have attempted to investigate the introduction of agent banking and its implications on the economy in both developed and developing countries. Financial institutions have made frantic moves to ensure that financial services are evenly carried out in order to capture the vast unbanked populace. Amongst such innovative measures is the financial inclusion initiatives.

According to CGAP Technology program (2007) in the paper: Banking agents to reach the unbanked, which described the different approaches pioneers in Latin America have taken in establishing and managing a network of banking agents and the benefits to the different actors involved. It was observed that banking agents increase convenience of existing customers since very poor, remote clients often do not trust banks, improves indirect branch productivity and efficiency by offering additional points of sale, expanding customer base outside the existing branch network and reducing upfront cost by leveraging existing infrastructure. The study also observed that the cost of establishing and operating one branch is equal to 40 banking agents. The survey also observed that the benefits of using a bank agent to the client included; access since seemingly no problem of illiterates and the bank agents operate shops and kiosks within the vicinity of the villages or estates, in Brazil, access to finance was increased from 2,623 to 4,444 municipalities (89%). Convenience, since less transaction cost to reach point of service, the opening hours of the agent bank are flexible and more than the bank branches.

Access to financial services especially in rural areas was not always an easy task in Nigeria. The cost of travelling to a bank was often higher than the cost of making a transaction in a brick and mortar institution. The banking sector has been making strides towards greater financial inclusion through the introduction of agency banking. Rather than using bank branches and their own field officers, they offer banking and payment services through retail outlets, including grocery stores, pharmacies, retail shops, gas stations among others. Banking agents can be pharmacies, supermarkets, convenience stores, lottery outlets, post offices, and many more (Atieno, 2001).

Hasan, Schmiedel and Song (2009) in their study to provide a combined and integrated view of the importance and significance of retail payments for bank performance using country level retail payment service data across 27 EU markets found out that countries with more developed retail payment services, banks perform better, in terms of both their accounting ratios and their profit and cost efficiency. They further found that the relationship is stronger in countries with higher levels of retail payment transaction equipment, like ATMs correspondence (Agency) banking and POS terminals. Globally, these retailers and post offices are increasingly utilized as important distribution channels for financial institutions.

Research Centre (2010) note that, when an agent can both open accounts and facilitate transactions, it not only offers greater incentive for the agent to provide the service to customers, but it encourages customers to use the service as well. If customers cannot transact immediately upon opening an account, they lose the instant gratification of being able to use the account.

According to Olatokun and Igbindion (2009) using diffusion of innovation (DOI) theory to investigate the adoption of Automatic Teller Machines in Nigeria. They found out that the constructs Relative Advantage, Complexity, Observeability, Compatibility, and Trialability were positively related to attitude to the use of ATM cards in Nigeria.

Agboola (2006), in his study on Information and Communication Technology (ICT) in Banking operations in Nigeria using the nature and degree of adoption of innovative technologies; degree of utilization of the identified technologies; and the impact of the adoption of ICT devices on banks, found out that technology was the main driving force of competition in the banking industry. During his study he witnessed increase in the adoption of ATMs, EFT, smart cards, electronic home and office banking and telephone banking. He indicates that adoption of ICT improves the banks' image and leads to a wider, faster and more efficient market. He asserts that it is imperative for bank management to intensify investment in ICT products to facilitate speed, convenience, and accurate services, or otherwise lose out to their competitors.

METHODOLOGY

Research Design

The research employed descriptive research design. Descriptive research method helps in gathering information about existing status of the phenomena

in order to describe what exists in respect to variables. This method is used because it addresses the objective of the study in investigating the relationship between variables of the study (Kothari, 2004).

This research design was adopted based on the nature of the variables of the study which seek to investigate the study variables without manipulating any of them or tampering with them in an attempt to understand, describe and explain well the influence of agent banking on the Nigeria economy. The dependent variable was the growth of the Nigeria economy while the independent variables included the value of ATM, POS and Mobile payments transactions.

Source of Data

Data from the period of 2013-2019 were sourced from Central Bank of Nigeria (CBN) statistical bulletin. Since data on the banks and their value of transactions are readily available from the Central Bank of Nigeria, the researcher used the banks that has rolled out agent banks as a basis of the study. Due to gaps in agency banking research, there was no way of accurately measuring the size of this population. By virtue of the nature of this empirical study the descriptive statistics, correlation analysis and ordinary least square (OLS) regression method were used in our analysis. The statistical analysis package employed was the Eviews 8.0

Model Specification

The focus of the study is to analyze the influence of agent banking on the Nigerian economy. A regression analysis was used to capture and test for the significance in the stated objectives. A regression analysis model adopted in other to determine the impact of the value of ATM transactions on the Nigerian economy, as well as to investigate the influence of the volume of POS transactions on the Nigeria economy and also to ascertain the extent to which the value of mobile pay transactions impacts on the Nigeria economy. Based on the objectives of the study, the following model was specified as:

RGDP = f (ATM, POS, MPAY).....(1)

The econometric form of the model can be expressed as:

RGDP = $\beta_0 + \beta_1 ATM + \beta_2 POS + \beta_3 MPAY + \mu_t$(2)

However, in order to reduce the problem of spurious regression in the analysis, we adopt the log linear model. We thus have:

$$\text{LRGDP} = \beta_0 + \beta_1 \text{LATM} + \beta_2 \text{LPOS} + \beta_3 \text{LMPAY} + \mu_t \dots \dots \dots (3)$$

Where;

LRGDP = Log of Real Gross Domestic Product proxied by economic growth

LATM = Log of automated teller machine

LPOS = Log of point of sale

LMPAY = Log of mobile pay

β_0 = Constant $\beta_1 - \beta_4$ = Estimation parameters μ = Stochastic error term.

It is expected that $\beta > 0$, $\beta_1 > 1$, $\beta_2 > 0$ and $\beta_3 > 0$.

DATA PRESENTATION AND ANALYSIS OF RESULTS

Data Presentation

The OLS result is stated in the table below:

Variable	Coefficient	Std. error	t-statistics	Prob. Value
C	61353.82	4635.928	13.23442	0.0009
POS	-1.438755	3.653018	-0.393854	0.7200
MPAY	1.317703	2.040632	0.645733	0.5644
ATM	1.380210	1.330941	1.037018	0.3760
R-squared	0.714363			
Adjusted R-squared	0.428725			

Constant

The constant of the equation is positive and statistically significant. The constant is 61353.82. This implies that if the independent variables are held constant the dependent variables will become 61353.82

Point on Sale (POS)

The coefficient of Point on Sale (POS) is negative and statistically insignificant. The value of the coefficient is -1.438755. This implies that a unit change in Point on Sale (POS) will lead to --1.438755 change in RGDP.

Mobile Pay (MPAY)

The coefficient of Mobile Pay (MPAY) is positive and statistically insignificant. The value of the coefficient is 1.317703. This implies that there is a positive relationship between Mobile Pay (MPAY) and the (RGDP) Nigerian economy. A unit change in Mobile Pay (MPAY) will bring about 1.317703 increase in RGDP proxy as the Nigerian economy.

Automated Teller Machine (ATM)

The coefficient of Automated Teller Machine (ATM) is positive and statistically insignificant. The value of the coefficient is 1.380210. This implies that there is a positive relationship between Automated Teller Machine (ATM) and RGDP. A unit change in Automated Teller Machine (ATM) will lead to 1.380210 increases in RGDP proxy as the Nigerian economy.

Coefficient of Determination (R^2)

The R^2 value is 0.714363 and R^2 (adjusted for loss in degree of freedom) is 0.428725. The value of R^2 shows that the model explains variations in RGDP to the tune of 71%.

Summary of Findings

Based on the objectives of the study and the stated hypotheses, the following are the summary of findings:

- There exist a positive relationship between Mobile Pay (MPAY) and the Nigeria economy
- There exist a positive relationship between ATM and the Nigeria economy
- There is an inverse relationship between POS and the Nigerian economy

Conclusion and Recommendations

The study sought to analyze the influence of agent banks on the Nigerian economy. Agent banking is one of the prominent nonconventional banking windows offering financial services, through a specified as well as defined channel, outside bank branches. It has been getting very popular in different countries across the world, especially to the remote areas where banking service is unavailable due to the geographical barrier of the locality has been becoming a powerful channel for spreading the coverage of financial inclusion by reaching the financially excluded segments of the population, even in the remotest part of a locality.

The study established that agency banking has a positive impact on economic growth. It has made access to financial services more convenient and in turn improved the financial performance of banking institutions. It has encouraged customers to seek other financial services outside the banking hall, transfer payment, withdrawals, bill payments, balance enquiry and issue of bank statements.

In line with the objectives, analysis and findings of the study, the following recommendations have been made for policy improvement:

- i. The Central bank of Nigeria should regulate the charges by POS operators in order to encourage the banking public to patronage their services has this will help in boosting the Nigerian economy.
- ii. A deliberate policy that will enhance the performance of automated teller machines of banks should be made by the apex regulator of the Nigerian banking system. This policy should among others, ensure that

- automated teller machines installed by banks meet international best standards.
- iii. Agent banks should increase awareness of the products and services being offered by them, this is a step into increasing the number of customers the bank intends to target.
 - iv. Commercial banks should invest more resources towards increasing their number of agents to increase the financial performance of commercial banks especially in rural areas. Banks should also be cautious in selecting agents and implement the central bank guidelines in this regard.

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