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MITIGATING ELECTRONIC PAYMENT APATHY: PERTINENT FOR ECONOMIC GROWTH IN NIGERIA

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Abstract
Many countries of the world have witnessed a transition from the regular use of physical currencies for transactions to electronic payments because of the inherent benefits. With the introduction of electronic payment in 1996 and its nationwide implementation in 2012, electronic payment is yet to be fully embraced in Nigeria. Using the magnitude of transactions performed with five selected electronic payment channels from 2012 to 2019; this study adduces illiteracy, lack of awareness of electronic payment benefits, lack of trust in the payment system amongst others as some of the reasons for the lukewarm attitude towards its usage. The paper argues that addressing this aloofness is necessary to achieve economic growth in Nigeria and so suggests that stakeholders make conscientious efforts to improve the necessary infrastructure required for an effective electronic payment system; be innovative in getting more user-friendly electronic payment channels; sensitize the populace about the safety and benefits of electronic payments and establish a functional technical team to address glitches when they occur.

Keywords: Electronic payment, E-payment channel, Economic growth, Nigeria

Introduction
The manner in which goods and services are paid for has evolved over time. Economies of the world have witnessed a transition from the habitual physical use of currencies to electronic payments which entail the use of electronic channels such as point of sale; mobile money; automated teller machines and so on for payments. Electronic Payments are expected to facilitate and fast track

remittances within the economy; thereby saving the transaction time of the buyer and the seller. Many advanced economies are largely into this but many developing countries like Nigeria are yet to fully acclimatize the innovation.

Studies show that usage of electronic payment in an economy positively impact economic growth (Afaha, 2019; Oginni et al., 2013; Yahaya, 2022) and can be a key driver for the economy but the Nigerian society is still so accustomed to cash based transactions. Although the use of electronic payments in Nigeria has increased tremendously (Igudia, 2018), and the central bank of Nigeria has acknowledged increasing acceptability of the novel payment system, this paper contends that the rate of acceptance and implementation by individuals, small and large businesses is slow in Nigeria. Embarking on a review of related studies and an examination of the volume of transactions made on some electronic payment channels from 2012 to 2019, this paper pinpoints some reasons for the somewhat apathy for electronic payment in Nigeria and advocates that critical steps be taken to remove the bottlenecks.

The study contributes to the electronic payments system literature by laying out a better understanding of the main issues that should be addressed in a bid to get the desired compliance required for electronic payment implementation and economic growth in Nigeria.

Literature review

Conceptual clarification and theoretical framework

Economic growth can be defined as an increase in the productive capacity of an economy. A significant level of growth is required for an economy to function properly hence achieving it is one of the macroeconomic objectives of any responsible government. Fundamentally, economic growth occurs when businesses thrive in an economy and adoption of electronic payments can boost business performance by increasing significantly the sales of goods and services (Fatonah et al., 2018). Thus central to the efficient performances of government and privately owned businesses is an efficient electronic payment system.

Electronic payment and Electronic payment channels

According to Ravikumar (2019), electronic payment has no conclusive definition and is synonymous with digital payment, cashless payment and online payment. Consequently, electronic payment (E-payment) may be defined as the payment for goods, services or other financial transactions using debit or credit cards,

point of sale (POS) machines, automated teller machine (ATM) and mobile phones, (Igudia, 2018). Okifo & Igbunu (2015) defined it as convenient, safe and secure way of paying bills and other transactions using electronic means such as cards, telephone, internet, e.t.c. Udeghi & Hanzace (2018) as cited in Isamade et al. (2022) gave the meaning as the ability to pay suppliers, vendors and staff salaries electronically at the touch of a button. Fatonah et al. (2018) describes it as a payment mechanism that uses electronic media that do not involve cash.

E-payments channels are the tools used to safely and efficiently transfer monetary value in exchange for goods and services as well as financial assets (Oloruntoyin & Olanloye (2012) as cited in Tijani & Ilugbemi (2015)). These channels include:

a) Automated Teller Machine (ATM): this is an electronic banking machine that allows a customer to perform basic financial transactions like transfer of funds, cash withdrawal or deposit and other services when a plastic card is inserted and the appropriate coded buttons are pushed.
b) Point of Sale (POS) terminal: is an electronic device that is used to process payments using a debit card.
c) Internet (Web): this represents transactions done through the internet or web browser.
d) Mobile Money Operators (MMO): are mobile telephone networks licensed as mobile money service providers to develop and deploy financial services through mobile phones
e) NIBSS Instant Payment (NIP): Nigeria Inter-Bank Settlement System (NIBSS) instant payment is an electronic payment service provided by banks to cater for immediate transfer of funds by customers and businesses.

Generally, these payment channels receive different acceptance levels from the public. Some are highly adopted while others are not (Rachna et al., 2013). In order to promote and facilitate the development and acceptance of efficient and effective electronic payment for transactions, the central bank of Nigeria (CBN) issues guidelines on operations of electronic payment channels. These guidelines ensure the safety, convenience and reliability of these channels.

To a great extent, the ease and relative safety of these channels are evidenced from the reduction in the level of people queuing up in the banking halls for cash withdrawals or transfers (Tijani & Ilugbemi, 2015). The availability of these

channels within bank premises, market places, schools and other places make electronic payments possible at any time of the day.

Theoretical framework

The new growth theory posits that personal pursuit of profits by individuals will eventually increase real gross domestic product. The theory which was postulated by Paul Romer in 1989 was used by Isamade et al. (2022) and is adopted in this study. It emphasises the relevance of entrepreneurship, innovation, knowledge and technology as the main drivers of economic growth. Saidi (2018) as cited in (Isamade et al., 2022) opined that economic growth can be achieved from internal consumption which can be facilitated by electronic payments.

Electronic payment and Economic growth

Studies have established a relationship between the adoption of electronic payment and economic growth of a country. Slozko & Pelo (2014) established a correlation between increasing e-payment and Gross Domestic Product (GDP) growth. Moody analytics' study of 56 countries between 2008 and 2012 revealed that the use of electronic payment system improved GDP. It stated that increased credit and debit card usage contributes to economic activity by reducing transaction costs and improving efficiency in the flow of goods and services. Furthermore, verifying the impact of digital payments on economic growth of India, Ravikumar (2019) revealed that digital payments impact economic growth significantly in the short run. In the same vein, a study of how digital payment can promote consumer demand and sustainable economic development in China, Zhou (2022) opined that in the context of the COVID-19 pandemic, digital payments play a special and very important role in promoting household consumption and sustainable economic development.

Investigating the relationship between electronic payments system and economic performance in Nigeria, Yahaya (2022) revealed that electronic payment system is positively correlated with economic performance. Similarly, Afaha (2019) reported a significant positive relationship between the electronic payment system and economic growth. The study of Oginni et al. (2013) indicated a significant positive relationship between e-payment system and economic growth in terms of real GDP per capita and trade per capita. While, Isamade et al. (2022) pointed out that ATM, Point of Sales and mobile applications payment systems have significant effect on economic growth in Nigeria.

Importance of electronic payment

Electronic payment enables consumers and producers have alternative means of paying bills and debts as against the traditional use of cash or cheques. With electronic payments, people have convenient access to their financial resources enabling them pay for goods or services easily and conveniently; account for expended funds effortlessly and reduce the risk of physical cash theft.

Electronic payment saves time of doing business. According to Anyanwu et al. (2012), business activities flourish as a result of openness, speed, anonymity, digitization, and global accessibility of electronic payment instruments. It is therefore not surprising that individuals, small and large organisations indulge in electronic payments in developed economies like United States of America, United Kingdom and Japan. Meanwhile some emerging economies like Brazil, Mexico, Malaysia, China, India and South Africa are extensively and successfully increasing their use of e-payment systems to improve their participation in global trading and business activities (Akintola, Akinyede & Agbonifo (2011) as cited in Igudia (2018)).

Electronic payment was introduced in Nigeria in 1996 (Johnson, 2005) and in 2009, the Federal Government of Nigeria adopted it to monitor her budget and coordinate the activities of all ministries, departments and agencies (Anyanwu et al., 2012). By January, 2012, nationwide implementation was launched by the CBN and the pronouncement saw to the establishment of e-payment channels ranging from the ATM, mobile banking/payments, internet banking, POS terminals to other electronic funds transfer packages in the economy.

Attitude towards electronic payment in Nigeria

Though the Central bank has described the acceptance and use of electronic payments as progressive; individuals and businesses in some urban and most rural areas are still largely accustomed to face to face cash driven transactions. Table 1 shows the volume of transactions carried out using selected electronic payment channels from 2012 to 2019. The choice of electronic channels and time period was informed by availability of data. The sizes of transactions carried out on the payment channels reveal the different acceptance levels of electronic payment channel as opined by Rachna et al., (2013).

Table 1

Annual transaction volume of selected E-Payment Channels from 2012 to 2019

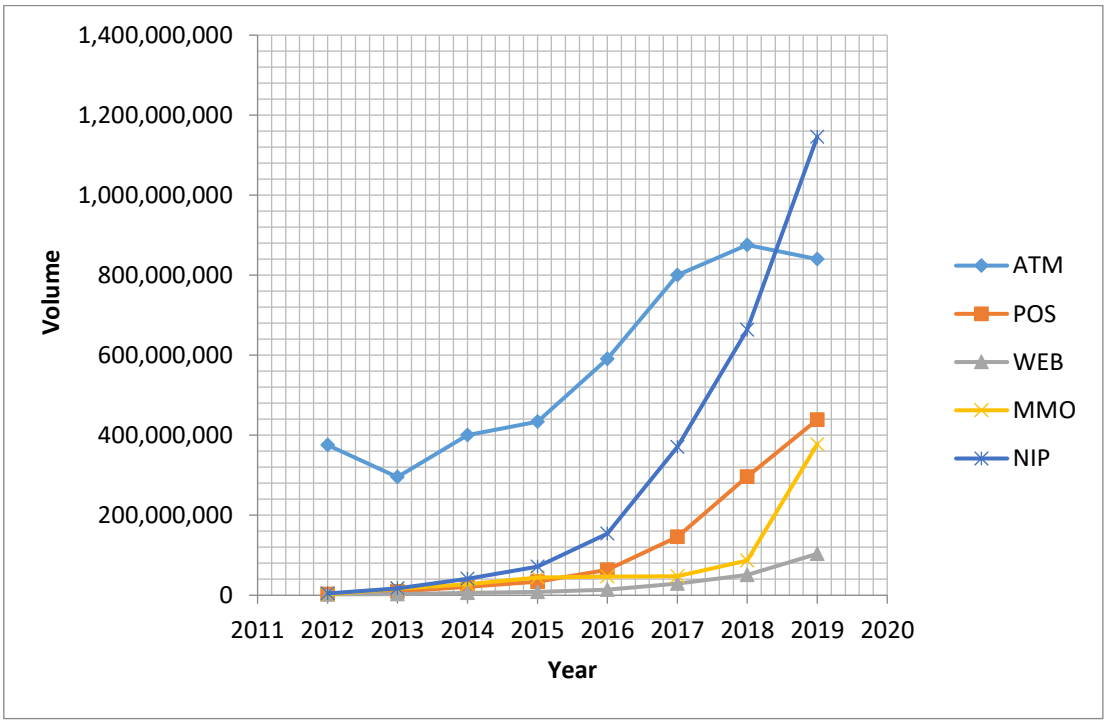
Electronic channel	2012	2013	2014	2015	2016	2017	2018	2019
ATM	375,513,154	295,416,724	400,269,140	433,695,748	590,238,934	800,549,099	875,519,307	839,819,922

POS	2,587,595	9,418,427	20,817,423	33,720,933	63,715,203	146,267,156	295,890,167	438,614,182
WEB	2,276,464	2,900,473	5,567,436	7,981,361	14,088,247	28,991,097	50,815,901	103,497,007
MMO	2,297,688	15,930,181	27,744,797	43,933,362	47,053,252	47,804,561	87,086,260	377,265,208
NIP	4,449,654	17,112,158	40,829,854	71,223,545	153,616,450	370,870,672	663,124,139	1,145,785,229

Note. Data is from https://www.cbn.gov.ng/Paymentsystem/ePaymentStatistics

Figure 1

Trend of selected E-payment channels



From figure 1, the trend in the volumes of transactions shows that all payment channels are increasing apart from ATM channel which has reductions in its usage in 2013 and 2019. A further look at the diagram shows that the highest volume of transactions is witnessed with NIP channel while the lowest is the web or internet channel. A major reason for the high volume of NIP transactions can be attributed to the ease and brisk manner in which real time inter and intra bank transfers can be done at any point in time. Expensive and poor internet services could be a contributory factor for low volume of web transactions in 2012 where the lowest magnitude of transactions is observed.

Table 2

Annual percentage change in volume of E-payment channels from 2012 to 201

Electronic channel	Percentage Change From						
	2012-2013	2013-2014	2014 – 2015	2015-2016	2016 - 2017	2017 - 2018	2018 - 2019
ATM	-21	35.49	8.35	36.10	35.63	9.36	- 4.08
POS	263.98	121.03	61.98	88.95	129.56	102.29	48.24
WEB	27.41	91.95	43.36	76.51	105.78	75.28	103.67
MMO	593.31	74.16	58.35	7.10	1.60	82.17	333.21
NIP	284.57	138.60	74.44	115.68	141.43	78.80	72.79

Figure 2

Percentage changes in the volume of five E-payment channels

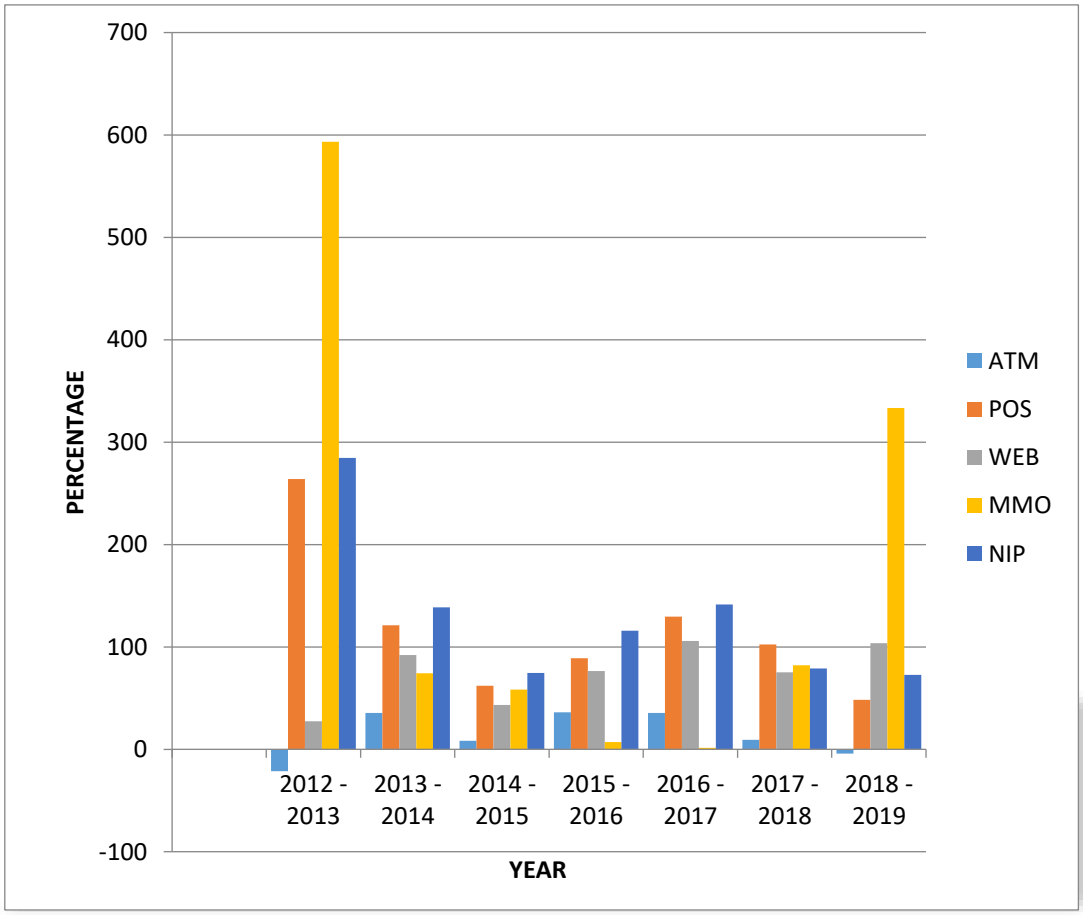
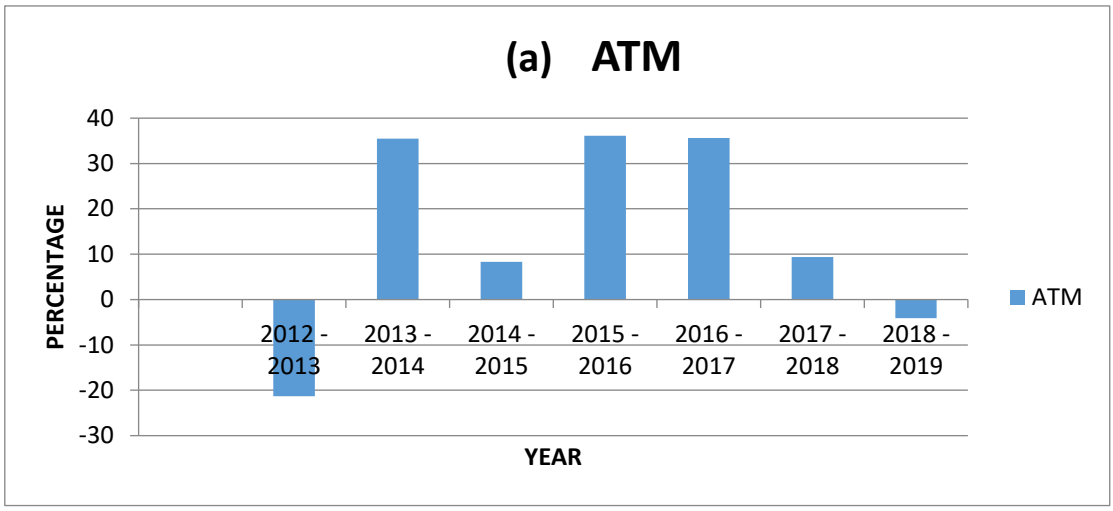
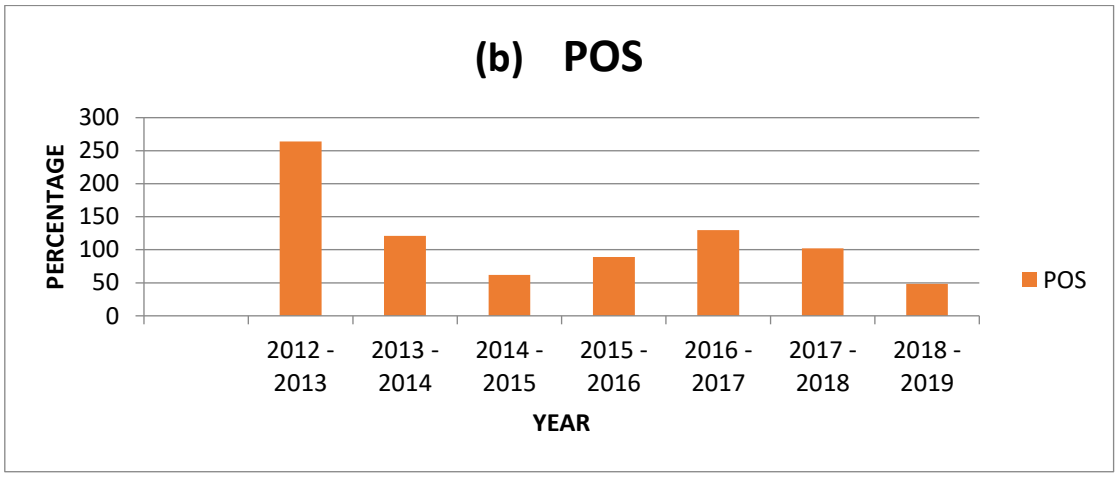
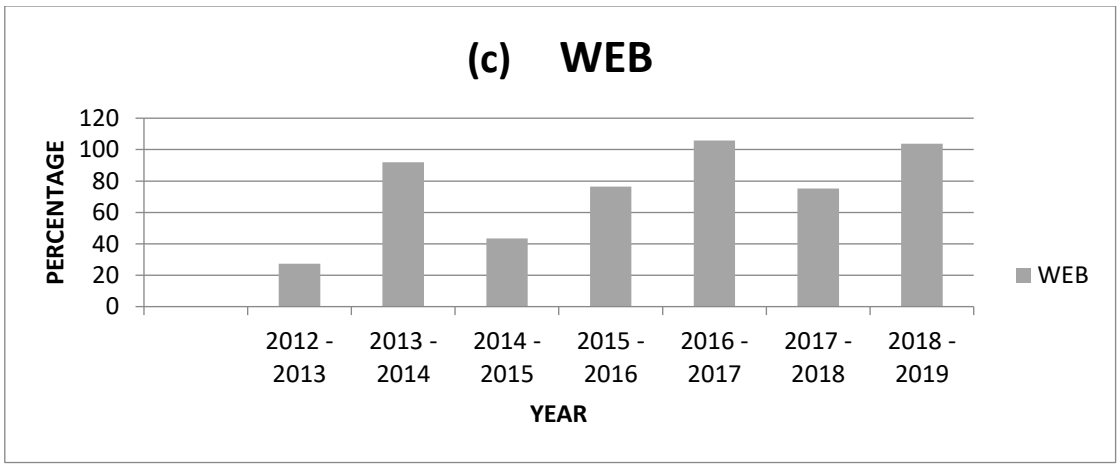
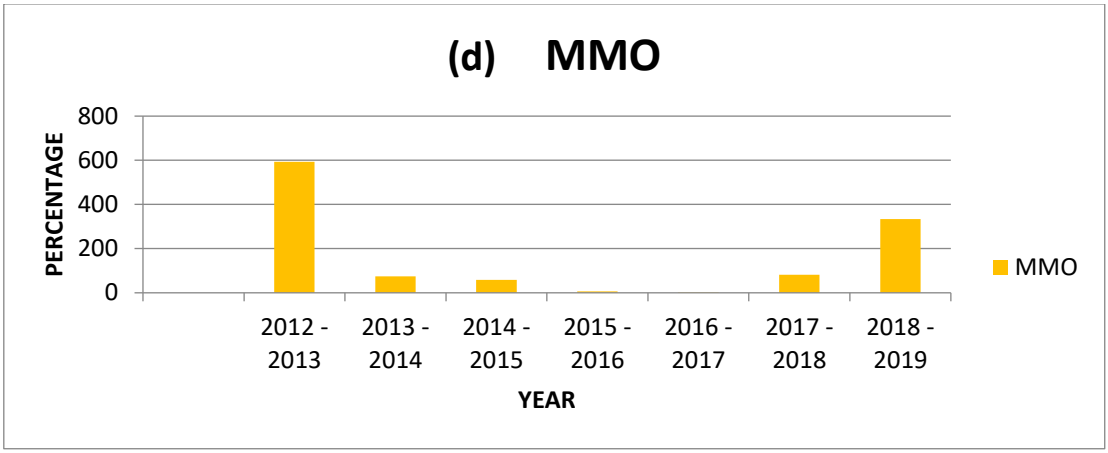


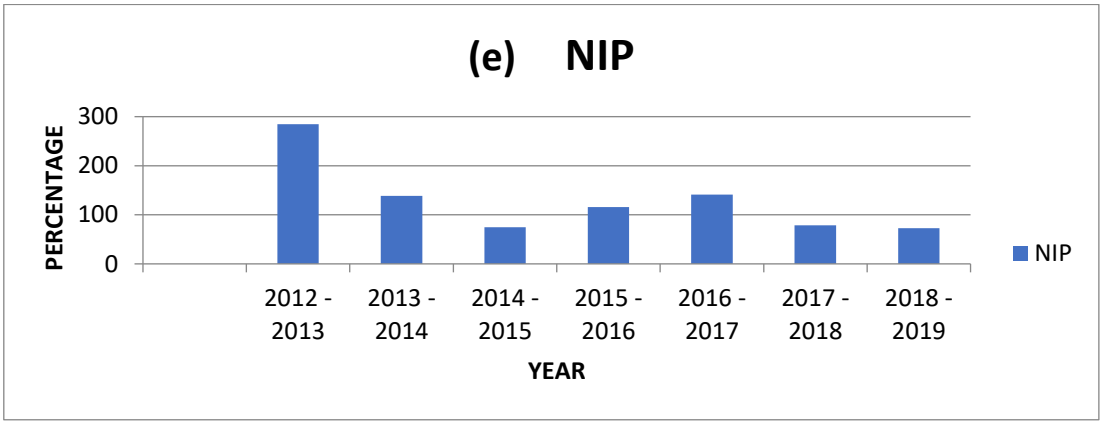
Figure 3: *Percentage change in the volume of each E-payment channel*


(a) ATM
PERCENTAGE
40
30
20
10
0
-10
-20
-30
2012 - 2013
2013 - 2014
2014 - 2015
2015 - 2016
2016 - 2017
2017 - 2018
2018 - 2019
YEAR
ATM


(b) POS
PERCENTAGE
300
250
200
150
100
50
0
2012 - 2013
2013 - 2014
2014 - 2015
2015 - 2016
2016 - 2017
2017 - 2018
2018 - 2019
YEAR
POS


(c) WEB
PERCENTAGE
120
100
80
60
40
20
0
2012 - 2013
2013 - 2014
2014 - 2015
2015 - 2016
2016 - 2017
2017 - 2018
2018 - 2019
YEAR
WEB





Computed annual percentage changes in the volume of E-payment channels in Nigeria are tabulated in table 2. Though growth is seen in the usage of electronic payments (see fig 1), the annual percentage changes in the volumes of each channel over seven years are sporadic (see table 2, figures 2 and 3). A look at figures 2 and 3, reveal that between 2012 and 2019, some annual percentage changes exceed 100% while some are negative implying no growth. MMO, POS and NIP have the highest percentage change in transaction volume from 2012 to 2013 probably because the channels were novel and people wanted to try them out. In 2019, the percentages reveal a reduction in the growth of transactions carried out using ATM, POS and NIP while WEB and MMO had an increase. This can be attributed to the Covid-19 episode when mobility was restricted. A look at all channels shows that apart from MMO which has the highest percentage change in volume, others are relatively low suggesting a possible disinterest. Also, between 2012 and 2019, the five electronic channels had undulating volume growth rates (see figure 2 and 3). Furthermore, apart from the web, no payment

channel has experienced growth in transactions as observed between 2012 and 2013 (see figure 3). This shows that there is a possibility of increased acceptance and use of electronic payment if the reasons for the apathy are identified and addressed.

From the studies of Nwani et al. (2020) and Okifo & Igbunu (2015), possible drawbacks that can hinder the adoption and use of electronic payments in Nigeria include poor infrastructural facilities; illiteracy; inadequate power supply; inadequate knowledge about the benefits of e-payment; a regulatory framework that enables the seamless and effective use of an electronic payment system. Also added are the inconsistencies in the operation of the some electronic channels like ATM, POS, mobile bank applications, perceived insecurity challenges associated with e-payment channels and delayed rectification of transaction errors/problems. Given the consistency of some of these challenges in other studies, a holistic approach should be taken to address them if electronic payment is to stimulate the much desired economic growth needed in Nigeria.

Conclusion and Recommendations

Nigeria is one of the largest economies in Africa with a strong prospect for growth however the implementation of electronic payment which can facilitate economic growth is yet to be fully embraced by the populace. To minimize this indifference and increase the utilization of electronic payment, it is imperative that stakeholders ensure that various payment channels are more reliable and effective to boost consumers' confidence in the system; the electronic channels should be more user-friendly and accommodative of more clients irrespective of their literacy level; more awareness should be created on the benefits of electronic payment; appropriate technical teams should be available to swiftly address glitches when they arise and lastly all banks should be in sync if electronic payment is to be the key driver of economic growth in Nigeria.

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