

The Imperative of Online Payment System in Developing Countries

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Abstract:- This paper takes a critical review of online payment systems and their importance in the economies of developing countries. The significance of online payment systems in the present scheme of things cannot be over-emphasized. Online payment systems are a crucial component in the overall development of the economies of developing countries. The way payments are made are increasingly been reshaped by growing demand for digital payment methods coupled with improvements in technology. In recent times, the conventional market is gradually been replaced by Electronic Commerce, also referred to as E-commerce and without gainsaying, it now ranked highest among the services that stems from the World Wide Web. It's reasoned that the scope and volume of trade the world over is been rapidly expanded by the development and integration of online payments to e-commerce, which in turn is closing up the barriers once encountered in payment for goods and services in the conventional market ecosystem. The framework of e-commerce in developing countries has indeed been boosted and strengthened by the implementation of online payment systems. The advent of the Covid-19 pandemic which has restricted human physical contact in recent times has posed great changes on how consumers purchase goods and services with respect to the available payment options associated with such transactions. The overall aim of this paper is to carry-out a critical review of the Online Payment Systems and their classifications; highlighting the various payment gateways, challenges of online payment, the numerous benefits and the need to integrate online payment systems to boost the development of the economies of developing countries. It equally examined the future trends in online payment systems.

Keywords:- World Wide Web; Electronic Commerce; Online payment system; Online payment developments; Payment gateway; Online payment challenges; Online payment merits.

I. INTRODUCTION

Electronic commerce (also referred to as e-commerce) presently dominates the services provided by the World Wide Web as a result of the Internet's recent global proliferation. The development of online payments is undoubtedly a morale booster for electronic trade and a pillar of e-commerce. Online payment methods are far more convenient and tailored to meet the needs of customers than any traditional payment mechanism, like cash transactions or

trading by telephone. Today, depending on your location, you can use online banking, credit and debit cards, charge cards, or an e-wallet.

Furthermore, increased Internet speeds combined with mobile technology have enabled consumers to access the world of commerce from the comfort of their own homes at any time to conduct electronic-transactions.

As a result of the convenience of making monetary exchanges as well as secure and faster access to capital resources, the online payment system is on top of commerce as compared to the cash currency-based system. The payment system is a centuries-old method of transfer of property. Depending on demand, usage, acceptability, tradition, methods, technology, and availability, it has evolved into various forms of transactions over time. Physical money transactions (conventional payment systems), commodity transfers, and virtual payment transactions were all examples of payment systems (Online payment systems). In different locations and communities, e-payment systems have taken on a variety of shapes.

The genesis of contactless transactions may be attributed to the formal introduction of the internet in 1995. The advent of the internet revolutionized the world in ways it had never been done before. That is to say, there would be no single online store or e-services if the World Wide Web (WWW) did not exist. In the early half of the 1990s, the first online payment systems began to operate in tandem with the development of the internet. Sandford Federal Credit Union was founded in 1994 and was the first financial institution to give all of its members' online internet banking services. However, the first online payment systems were not user-friendly and required specialized encryption or data transfer protocol knowledge to operate. More importantly, the systems were not suited to the ever-changing number of users and transactions. Millicent (established in 1995) and ECash or Cyber Coin were the early leaders in the electronic payment sector.

The origins of e-commerce may be traced back to the 1960s, when corporations began sharing business papers through Electronic Data Interchange (EDI). ASC X12 was created in 1979 by the American National Standards Institute as a global standard for organizations to transmit documents through electronic networks. Following the rise of individual users sharing electronic documents with one another in the 1980s, eBay and Amazon changed the e-commerce business

in the 1990s. Consumers can now buy huge quantities of things online through e-tailers, which are traditional brick-and-mortar retailers with e-commerce capabilities. Almost every shop is now incorporating online business methods into their business plans.

Due to the unstable economy, the emergence of an online payment system in developing countries is comparatively slow. Resources are scarce in developing countries like Nigeria, and the need is great; establishing a detailed strategy and allocating the limited resources efficiently in developing countries is a huge challenge.

Nigeria's payments system has developed over the previous decade, from manually handled cash transactions to online and real-time electronic payments. This evolution is a result of increasing business operations as well as the constant penetration and use of cyber space/technology for commercial purposes (Aaron, 2009). Intriguingly, Nigeria's online payment system is gaining traction and popularity to the point that clients have begun to conduct financial transactions without visiting banks. It's worth noting that, as a result of numerous governments' cashless economy policies, the period of money-based payment frameworks is gradually fading away. In a developing country like Nigeria, where it is customary to carry cash, the internet payment system has become a standard through which financial elements travel advantageously (Odior and Banuso, 2012). A lot of studies have been conducted on online payment methods and the current state of the economy, Newstead (2012) affirmed this.

The purpose of this paper is to provide a comprehensive description aimed at raising awareness about the growth of online payment systems in developing countries, as well as to provide a general overview of various electronic payment systems, with a focus on developing countries, and to try to relate electronic payment systems as a financial empowerment enabler.

The effort is organized under the following heading in other to implement the aforesaid:

(i) The introduction, which has already been addressed. (ii) Payment System over the Internet (iii) Payment gateways deal with the problems and challenges that come with online payment systems. (iv) Online payment system trends in the future. (v) The advantages and necessity of full integration of online payment systems in emerging countries. (vi) Findings and Conclusions.

II. ONLINE PAYMENT SYSTEM

Researchers from all over the world have come up with a variety of criteria for online payment systems. An e-payment system can be defined as a method of conducting business or paying for products and services using an electronic medium rather than cheques or cash (Ibrahim, 2009). It was created to save the former cash-based payment system, which was fraught with security issues. A payment system is made up of the institutional setup in which payment transactions are made, the numerous actors involved in the transactions, and the technology tools employed in the funds

transfer (Roth, 2010; Akudo et al, 2012). A central bank, commercial banks and non-bank financial intermediaries, postal services, and, in industrialized nations, courier services are generally included in an efficient institutional set-up of a payment system (Echekoba and Ezu, 2012). Individuals, businesses (including banks and non-banks), governments, and financial institutions are the most common actors in a payment system.

Electronic methods of payment are viewed as interconnecting links between the general public and companies that are driven by financial institutions that provide such services. An electronic technique for making payments for products purchased on the internet or at marketplaces and shopping malls is referred to as an online payment system. Payments made in electronic exchange conditions as money exchanged via electronic methods are referred to as online payment systems. Online payment, according to the Central Bank of Nigeria (2012), is an exchange of a fiscal claim by the payer on a party deemed useful. Digital Payment System refers to payments made in a digital format in which both the payer and the payee use a digital platform to transfer and receive money. According to the Government of India, an online payment system is a "Faceless, Paperless, Cashless" (Kaur et al. 2021) arrangement of monetary exchange between buyers and sellers on the internet, which is aided by a digital financial instrument, (such as, electronic checks, encoded credit card numbers, or cash in digital form) backed by a bank, a mediator, or by a lawful associate.

III. CLASSIFICATION OF ONLINE PAYMENT SYSTEM

There are numerous online payment services that have been developed throughout the world's payment system. Credit cards, electronic checks, e-cash, and electronic fund transfers are examples of these methods. Electronic money and account-based systems are two types of online payment systems that have been researched. Users can pay using their own bank accounts in account-based systems, however, customers can only pay using some electronic money in account-based systems. Electronic payment cards (credit/debit and charge cards), mobile payments, E-wallets, Smart and loyalty cards, Virtual credit cards, Stored value card payment, and E-cash are all available in both systems.

The examination of online payment systems resulted in the creation of many payment options, including the understated:

A. Credit Cards

In recent years, credit cards have become the most popular method of online payment. Customers were initially hesitant to use it because of security worries, but once security features were added to each transaction, customers began to trust it. One of the most important elements contributing to the widespread use of credit cards around the world is their applicability (Akudo et al, 2012). However, because of the high transaction costs, it is not deemed practicable for little payments or small firms (Moody,2016). The most significant benefit of credit cards is the ease with

which they may be used to conduct online purchases from anywhere in the world and in a short amount of time. Furthermore, it is simple to obtain without the need for any additional hardware or software to make them work. The cardholder's authentication is as simple as providing a credit card number, a name, and an expiration date. Credit card issuers have established complementary methods such as Verified by Visa and MasterCard Secure Code to safeguard the security of users' data. Furthermore, this payment method allows customers to create a password that they can use to shop online using credit cards.

B. Debit Cards

Debit cards are becoming more popular every day, and they are already the most widely used cashless payment mechanism on the planet. When compared to credit cards, debit card payments are made directly from the consumer's bank account, rather than through an intermediary (Akudo et al, 2012). As a result, users' debit accounts lack additional protection, causing them to be concerned when dealing with payment concerns. When making debit payments, however, only the account number is necessary; no card number or physical card is required. Despite the fact that debit cards have a large user base in various countries, they are not frequently used on merchant websites since they do not meet international consumer protection criteria. Debit cards have lower transaction costs than credit cards, making them suitable for micropayments. They also have a higher level of confidence.

C. Mobile Payments

Because most of them are web-based and use mobile applications rather than the User Set Service Identifier (USSID) code, which attracts additional charges from telecom agents, payments made through wireless devices such as mobile phones are assumed to offer a reduction in transaction charges by financial institutions. It improves the security and convenience of online payments. Businesses have been able to obtain useful information on their clients and their purchases thanks to this payment mechanism. Mobile payment systems are employed all over the world, according to Snellman et al. (2001), due to the rapid growth and penetration of mobile devices in comparison to other telecommunication infrastructures. It has been discovered that mobile payments can be utilized for both online and offline micropayments. Because mobile phones have such a large user base, online merchants may be drawn to this payment option. Their use lowers total transaction costs while also increasing security (Ibrahim, 2009; Shiva et al, 2012) Nonetheless, their inability to meet international payment and privacy requirements has hampered its capacity to attract a large user base, particularly in developing nations.

D. Mobile Wallets

"A mobile wallet is produced when your smartphone acts as a leather wallet and contains digital coupons, digital money (transactions), digital cards, and digital receipts," according to Odor (2012). Users of mobile wallets are able to download an application to their smartphones that they can use to make both offline and online purchases. Mobile wallets are expected to give additional convenience to customers in making transactions in the near future, thanks to

technologies that connect smartphones to the physical world via sound waves, cloud-based solutions, NFC (Near Field Communication), QR codes, and other means.

E. Electronic Cash

Electronic cash systems such as CyberCash or DigiCash were proposed in the early stages of the development of online payment systems. Regardless, those payment systems were swiftly abandoned due to their lack of security and ease. Small-payment systems based on smart cards are becoming more popular among business agents. Smart cards, on the other hand, rely on a card reader and specific hardware for authentication and use (Echekoba and Azu, 2012; CBN, 2012). A vast range of electronic cash systems, such as Clic-e and Virtual BBVA, have been created in addition to smart cards. These systems use electronic tokens or prepaid cards that reflect a certain value and may be exchanged for physical cash.

Since 2010, cards have grown at the fastest rate as payment instruments, as evidenced by the fall in the use of checks during the last decade. Debit cards are the fastest-growing (12.8 percent) payment instruments in 2014 (Moody's, 2016). They account for the biggest share (45.7 percent) of worldwide non-cash money exchanges and have proven to be the fastest-growing (12.8 percent) payment instruments. These figures point to the cards' security and convenience in comparison to other payment instruments, as well as their compatibility with newcomers to create unique series due to their simple payment infrastructure.

Furthermore, the electronic manner of payment can be carried out on a mobile platform. Various smartphone applications, such as Ngpay and Paytm, offer an online payment option. When it comes to online payments, these mobile apps operate just as well when linked to a desktop computer. Clients can use their mobile phones in a variety of ways to pay for their transactions. Customers can submit a PIN code, send an SMS message, or use WAP to pay electronically over the internet by using the mobile internet. Vendors can validate a specific client's debit or credit card transaction by assigning an instrument to their mobile phones for online payment.

IV. PAYMENT GATEWAYS CUM ISSUES AND CHALLENGES REGARDING ONLINE PAYMENT SYSTEM

A. Payment Gateways

A payment gateway is an e-commerce solution that enables merchants to securely take credit cards and other types of online purchases through their website. Payment gateways are the deciding variables in e-commerce since their availability and security impact client loyalty. Payment gateways can be found all over the world. Abdulrahman and Tariq (Abdulrahman and Tariq, 2020).

The following are some of the payment gateways that are available:

- Authorize.Net: Since its inception in 1996, Authorize.Net has grown to become one of the most popular payment gateways (Burhan et al, 201). Authorize.Net is a payment gateway that accepts credit cards and electronic checks

online from over 400,000 merchants around the world (Zlatko, 2016).

- **PayPal:** Although PayPal was founded in December 1998, it was not built until 1999. It's one of the most extensively utilized payment gateways for both credit and debit card transactions (Okafor and Igbunu, 2015).
- **SecurePay.com:** SecurePay.com began accepting payments in August 1997. SecurePay.com, according to Horst et al (2008), provides an online shopping cart, electronic check services (known as Secure Pay), and accepts mobile payments, among other things.
- **Checkout.com, Inc.:** 2Checkout.com was started in 1999 and has been in operation for 15 years. It operates in 196 countries and accepts credit cards, PayPal, and debit cards as payment methods (Oginni et al, 2013). The best feature about this gateway is that there are no monthly or setup costs to pay.
- **First Data Corporation:** According to Banuso (2012), this is one of the oldest payment gateways in the world, with 30 years of experience in the payments sector. It was founded in 1969, but began providing transaction processing services in the United States and other regions across the world in 1998. It offers credit cards, debit cards, gift cards, and a variety of other prepaid cards.
- **Blue Pay Processing LLC:** Despite the fact that BluePay Processing is a new payment gateway that began operations in 2002, according to Burhan et al. (2017), it has gained a strong reputation among merchants in a short period of time. In the payment gateway sector, it claims to deliver the best level of data security.
- **Pay Simple:** Pay Simple is the new-age payment gateway, accepting all major credit cards and e-checks payments on your iPhone or iPad. Pay Simple is a superb payment gateway for small and mid-size online enterprises, according to experts (Okafor and Igbunu, 2015).

V. ISSUES AND CHALLENGES REGARDING ONLINE PAYMENT SYSTEMS

The lack of adequate legal backing, governance issues, credibility of the human element and lack of skilled resources, integrity of data transmitted, lack of infrastructures, interconnectivity and interoperability (Odior and Benuso, 2012) all pose challenges to the development of online payment systems in developing countries. Many years of development assistance have failed to provide the anticipated results in most developing nations, owing in part to an emphasis on macro approaches and policies that ignore the local institutional environment in which economic agents in those countries operate. This makes establishing the proper institutional framework a big challenge for developing countries, especially when it comes to the creation of information systems like the Online Payment System, which is heavily influenced by the institutional context (Roth, 2010).

Researchers such as Aaron (2009), Okafor and Igbunu (2015), Burhan et al (2017), and Gundaniya (2017) have identified some of the challenges of electronic payment systems (2021):

- **Lack of Usability:** Electronic payment systems either need a lot of data from end users or make transactions more difficult by employing complicated website interfaces. Credit card payments via a website, for example, are not the most convenient method of payment because this system necessitates the entry of a considerable quantity of personal information and contact information in a web form.
- **Inadequate Security:** Online payment systems are an obvious target for thieves looking to steal money and personal information. Customers must supply credit card and payment account information, as well as other personal information, over the internet. This information is sometimes sent in an insecure manner, and sending it by mail or over the phone also poses security problems (Burhan et al, 2017).
- **E-Cash Issues:** The biggest issue with e-cash is that it is not universally accepted because commercial establishments must accept it as a payment option. Another issue is that when we pay with e-cash, both the client and the salesperson must have accounts with the same bank that issues e-cash. Other banks will not accept the money (Aaron, 2009).
- **Lack of Trust:** Electronic payments have a long history of fraud, misuse, and bad reliability, as well as being a relatively new technology with a poor image. This risk is frequently cited by potential customers as the primary reason they do not trust payment services and so do not make online transactions (Gundaniya, 2021).
- **Lack of Knowledge:** Making an online payment is a difficult task. Even well-educated people have difficulty making internet payments. As a result, they always opt for traditional buying over online purchasing. Customers who attempted to make online payments but were unable to do so due to a technical difficulty on the server. As a result, they stay away from it (Aaron, 2009).
- **Online Payments Aren't Possible in Rural Areas:** The populace of rural areas is illiterate and computer-illiterate. They are uninterested in online payments because they are unaware of technical advancements. As a result, for rural terrain, internet payment systems are not practicable (Okafor and Igbunu, 2015).

VI. FUTURE TREND IN ONLINE PAYMENT SYSTEM

The luminous intensity of the light in the tunnel is fairly high, despite the plethora of problems that the Online Payment System faces. According to tech crunch, customers in Nigeria spent a record \$7.4 billion online in 2018, up \$1.2 billion from the previous year. (Roth, 2010; Aaron, 2009). The following are the electronic payment system trends in Nigeria from 2020 onwards, which are expected to shape the future of electronic payment systems.

- **Biometric Identification:** As systems like Google Pay and Apple Pay become more popular, improved security methods are being developed to handle new concerns. In 2020, biometric authentication will continue to advance. Many online firms have already begun to alter their apps to include biometric authentication as a payment option (CCV, 2020). From a simple fingerprint to more complicated facial recognition and iris scanning, this

technology has advanced. Unlike traditional payment methods, biometric authentication attempts to greatly improve security, accuracy, and efficiency. Firms interested in implementing biometric identification should aim for frictionless solutions that are easy to use. In addition, dealing with biometric user data presents significant hurdles for payment apps.

- **Increased Security:** As banking and finance face increasingly sophisticated fraud, they're constantly seeking to stay ahead of the game by developing systems that can outsmart crooks. Many must strike a balance while remaining simple to use and relevant. The most important criterion in establishing the viability of any payment mechanism is security. According to reports, the banking sector in the United States lost \$31.3 billion in 2018 due to card losses; researchers are curious as to how much we lost and continue to lose in Nigeria (Okafor and Igbunu, 2015). This necessitates the development of more secure and innovative online payment methods that make it harder for fraudsters to steal.
- **Recurring Payments:** Internet of Things (IoT) technology has shown to provide unified payment processes, and it is poised to revolutionize the electronic payments market. Buyers, like those at Amazon Go stores, will choose their goods, exit the store, and receive a receipt through text, email, or an app, similar to how drivers with RFID sensors can avoid toll booths and pay with a card on file (Akudo et al, 2012).
- **Cards to Replace Codes:** A user's bank account was previously identified by a series of unique digits printed on the card. However, since the introduction of EMV technology, more computerized and secure methods have been implemented. To increase security, EMV technology sends codes to bank accounts that vary with each transaction (CBN, 2012). Consumers desire more secure payment systems, thus the codes will eventually replace plastic cards.
- **Payment Testing Using AI:** According to Oginni et al (2013), artificial intelligence will continue to play a larger role in payment-driven decision making, particularly in assisting payments firms in examining consumer experiences and ranking payment testing scenarios. Payment processors and progressive networks have the opportunity to include AI into the testing process in order to provide more precise, efficient testing and fraud monitoring.
- **Digital Identity Integration:** Advance digital identity solutions will become more widely adopted across businesses as they help to limit cyber threats, particularly those associated to electronic payments. Increasing digitalization, according to Wells 2021, is contributing to an increase in cyber-attacks. For the safety of online payment modalities in the digital world, online identity, consumer authorization, and authentication are vital.
- **Smartphone Revolution:** More than half of the world's population now has a smartphone. More over a third of people check their phones within five minutes of waking up. On a global scale, mobile devices account for the majority of online time. Because of the rise in smart phone usage, 11% of internet customers now use their phones to make purchases. As demand follows expectation, the public

expects a variety of payment choices. They expect to be able to make electronic payments more quickly, easily, and clearly. Experts expect that a single view of account information will be one of the value-added offerings. This is possible with a mobile banking app that allows customers to view all of their checking and credit card balances at once. The risk for banks is that aggregators will begin to replace banks in mobile payments by providing this increasingly desired unified view of transactions. Banks are only two APIs away from losing a significant portion of their mobile app traffic. As a result, failing to keep up with changes and trends in mobile payments is a sure way to fall behind. By 2020, the total number of mobile payments is estimated to exceed 1 billion globally, with a market value of more than \$2.73 trillion in 2023. (CCV, 2020).

- **Contact-less Electronic Payments:** Earlier this year, banks began issuing contactless payment cards. These cards, which use a new technology called near-field communication (NFC), allow customers to make purchases up to a pre-determined amount by simply waving or swapping their cards near any card reader (Ibrahim, 2009). The contact-less payment mechanism is projected to expand beyond contactless cards as shops update their payment technology to stay up with the trend. Merchants could take mobile wallets like Apple Pay, Samsung Pay, and Google Pay, as well as payment via fobs, watches, and wearables, using the same technology.
- **Wearables:** According to Moody (2016), other exclusive payment channels like as wearables are ready to transform the payments industry. Wearables allow quick access to these applications, anywhere and at any time, thanks to the growing adoption of smartphones, payment apps, and mobile banking. The importance of real-time convenience cannot be overstated. Consumers can use contactless payments for a variety of purposes.
- **Millennials and B-z Reshape Payments:** B-z and Millennials Millennials and Generation B-Z currently account for over half of Nigeria's population. These generations, born between 1991 and 2016, are more tech-savvy than Generation X. B-Z, in particular, has no recollection of a time before social media or internet purchasing. These digital natives, who are frequently chastised for being impatient and ambitious, are driving consumer transitions to mobile purchasing and omni-channel retail. The majority of people expect efficiency and promptness from the services they utilize (Odior and Banuso, 2012; Shiva et al, 2012).

To attract these customers, a seamless user experience and payment connections with mobile banks are required. Even a minor annoyance during the checkout process can lead to cart abandonment. A retailer's failure to keep up with the times could be deadly. Electronic Payments specializes in offering businesses around the country with customisable, EMV-ready payment and point-of-sale solutions. The most exciting feature of this trend is that it has a bright future ahead of it.

VII. ONLINE PAYMENT SYSTEMS IN DEVELOPING COUNTRIES: THE BENEFITS AND NEED FOR FULL INTEGRATION

The advantages of using online payment systems cannot be overstated. Developed countries are adopting cashless policies all over the world (an economy where transactions are performed without physical cash but over the internet). Researchers have been researching the trends in electronic transactions and payment mechanisms in order to mitigate the hazards and hassles of carrying physical cash. According to Okafor and Igbunu (2015), the adoption of electronic payment systems in China, the United States, and other developed countries of the world is the reason for the exponential growth in volume and scope of trade. The necessity for developing countries to implement e-commerce and integrate e-payment systems, according to Wells (2021), is exerting and out of control. He also believes that countries that do not embrace digital with their commerce and financial operations will be phased out of 21st-century trade in the near future.

To thrive in the twenty-first century, developing countries must implement internet trade and payment regulations (Okafor and Igbunu, 2015). The benefits and justifications for adopting e-payment and integrating it into any nation's economy are far too great for developing countries to overlook. The benefits of e-payment, according to CCV (2020), Gundaniya (2021), and Wells (2021), include (but are not limited to) the following:

(a) It reduces the cost of processing. (b) It has a minimal danger of being stolen. (c) Instant payment and no credit card purchase (d) Payment security is improved (e) Transparency (f) Improved consumer convenience (g) Option for low-cost purchase (h) It's quick and easy to use (i) Efficient management (j) It is cashless (k) It has a significant competitive advantage (l) Reduces transportation costs and the chance of an accident (m) Payment certainty (n) increases revenue due to scope extension (o) reduces paperwork (p) no additional ticket costs (q) It eliminates purchase roadblocks such as lines. (r) It's more sanitary during pandemics like Covid-19.

VIII. CONCLUSION

It's clear that the advancement of online payments represents a ray of hope for e-commerce. The importance of electronic payment systems in global trade and commerce may be seen in the evolving modern trends in commercial operations all over the world. The importance of electronic payment systems in developing countries' economies cannot be overstated. The research has revealed the online payment system as a panacea for meeting the 21st century's e-commerce expectations. It gave a thorough empirical analysis and understanding of Online Payment Systems. It explains online Payment Gateways, classifications of online payment systems, issues and challenges with online payment systems, and, most importantly, the benefits and need to adopt and integrate online payment systems in developing countries' economies in order to compete with developed economies around the world. It sees e-payment as a future trend. And as

a solution to the thorny problems that plague the commercial activities of developing cash-based economies all over the world.

• Findings:

- Scrupulous charges by governments in the developing countries, mitigates the use of online payment. The Nigerian government recently introduced stamp duty charges: which imposed fees on parties at both end of online money transfer.
- Creating elaborate awareness in the use of eWallet as a way to avoid payment of fees when making online money transfer.
- The Central Bank of Nigeria (CBN) is empowered to issue legal tender money, protect financial system stability, and support the development of electronic payment systems under the Central Bank of Nigeria (CBN) Act 2007 and the Banks and Other Financial Institutions Act (BOFIA) 2020. In order to fulfill these obligations, the Bank established instructions for the functioning of the eNaira in October 2021. According to the Bank, the eNaira is a digital version of the Naira, which is issued by the CBN in accordance with section 19 of the CBN Act. Given the aforementioned, the CBN was successful in creating the eNaira platform, which hosts eNaira wallets for various stakeholders, including eNaira Stock Wallets, eNaira Treasury Wallets, eNaira Branch Wallets, eNaira Merchant Speed Wallets, and eNaira Merchant Speed Wallets. The charges for transactions that originate from the eNaira platform must comply with the rules. The eNaira will compliment cash as a less costly, more efficient, generally acceptable, safe and trusted means of payments; which in the long run promotes online payment system.

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