ESSENCE OF CHEQUE TRUNCATION SYSTEM TOWARD EFFICIENT FINANCIAL SERVICE DELIVERY IN NIGERIA

Gabriel A. Anidiobu  
Dr. Bertram O. Agu  
Clifford E. Ezinwa  

Department of Banking & Finance, Enugu State University of Science & Technology, Enugu, Nigeria

Abstract
This paper examined the essence of cheque truncation system (CTS) toward efficient financial service delivery in Nigeria. Cheque truncation is a simplified banking model where actual cheques are not sent to the paying bank, but held in the receiving bank which notifies the paying bank by digitized details of cheques received. Truncating a cheque refers to a process that involves stopping the physical movement of cheque and replacing the physical instrument with the scanned image of the cheque together with the data contained in Magnetic Ink Character Recognition Line. The study adopted desk research methodology by reviewing extensively available relevant literature, which provided direction to the topic in focus. The findings revealed that CT model was introduced in Nigeria by the Central Bank of Nigeria (CBN) at Lagos Clearing House on 10th August, 2012, and extended the innovation to its 37 branches across Nigeria on 1st June, 2013 to further deepen its cashless policy and discourage dominance of cash driven transaction in the economy. Another finding is that cheque clearing period will reduce by 1 day from the current T+2 to T+1, implying that if a customer deposits a cheque on Tuesday, proceeds of the cheque will be realized on Thursday as against Friday. It is recommended that since CTS is a novel technology in payment delivery, Nigerian banks should endeavour to train their staff in the application of CTS facilities.

Keywords: Essence, cheque truncation system, efficient, financial service delivery

1. Introduction
In pursuance of the requirement of the Negotiable Instrument Act every cheque is expected to be presented to the drawee bank for payment. In that regard, cheques paid in by customers are usually handed over the counter by the collecting bank to the paying bank, and consequently collects the amount due from each bank. Over time, with the increasing use of cheques by the business community, banks established a practice of meeting in a central location, exchange the cheques drawn on one another, and thus settle the net amount due to each bank through the institution termed a “Clearing House” (Akshatha, 2013). A number of clearing centres were established in different cities for clearing of cheques through manual operations. Banks have for many years undertaken the cumbersome and costly routine of conveying large numbers of cheques to the bank branches on which they are drawn in order to make proper presentment of the cheques for payment (Reserve Bank of India, 1995). In view of that, the manual cheque
clearing process was time-consuming, and required a lot of human effort and time. The aforementioned drawbacks were surmounted through automated cheque clearing system. In the contemporary world, banks have made their services extremely desirable via electronic banking (e-banking). Electronic banking uses computers to carry out banking transactions. For instance withdrawals can be made through cash dispensers (ATMs) or transfer of funds at point of sale (POS). Other electronic channels of payment are through the internet (web), cheque truncation system (use of image processing), among others. Samant, Gaikwad, Ingale & Sarode (2014) assert that paper cheques are still used widely for non-cash transactions even after the implementation of credit/debit cards and other modes of electronic payments. In light of the foregoing, cheque truncation system is the process where physical cheques presented for payment in a bank are converted into an electronic form through scanning and the image sent electronically to the clearing house for processing and immediate realization of value on the cheques. This means that under the scheme banks are no longer expected to pay cheques based on physical presentment. Cheques may be presented by the collecting bank by delivering the particulars of a cheque electronically to the paying bank on the basis of information received electronically and therefore avoid having to transport cheques physically to facilitate payment. The intention among others is to reduce the costs incurred by the banking industry and enhance the efficiency of cheque processing. In order to further encourage the wide use of more alternative payment channels and totally discourage dominance of cash driven transactions in the economy, the Central Bank of Nigeria (CBN) introduced CTS at Lagos Clearing House on 10th August, 2012 as trial run. Using the context of cheque clearing system, this paper appraises the growing global interests in this area including Nigeria. To achieve this objective, the paper is divided into five sections. Section one starts with the introduction of the topic in focus, while Section two reviews related literature. Section three presents the background to the introduction of CTS in Nigeria and Section four presents the findings (i.e. benefits and constraints). Section Five concludes the paper and makes recommendations.

2. Review of Related Literature

2.1 Meaning of Cheque

A Bill of Exchange Act of 1882 as cited in Anyanwaokoro (2001:199) defines a cheque as “a bill of exchange, drawn on a banker and payable on demand”. A cheque is therefore a written order addressed and signed by a bank customer to a bank instructing the bank to pay a specific sum of money to the person named on it or the bearer.

2.1.1 Cheque Clearing

One of the obligations a bank to its customer is to receive its customer’s money, cheques and other instruments for collection and subsequently credit them to the customer’s account. In light of this function, banks receive cash or cheque deposits into their customers’ account. A cheque on its own is not money unless it is backed by demand deposits. Unfortunately, some cheques are issued by people who have no money in their accounts to back-up the cheques. In that case, it becomes imperative for banks to device a means by which they will verify that a cheque is properly drawn before they credit the account of the person(s) depositing the cheques. In order to find out whether the drawer of a cheque has money in his account to back-up the cheque demands that the cheque gets back to the drawee bank where the customer has an account for verification. It is only the said bank that can look into the customer’s ledger account and not only confirm sufficiency of fund to offset the face value of the cheque, but also ensure the cheque is properly drawn. If that bank is satisfied there is money in the account, and the cheque
is correctly drawn, the bank will authorize payment of the cheque and then debit the account of
the drawer before the payee can get value of the cheque.
Clearly, cheque clearing refers to the process of sending back a cheque to the bank where the
drawer has an account for verification and to collect the value. Generally every cheque
undergoes the process of clearing, which entails confirming validity of the instrument before the
paying banker gives value to the cheque.

2.1.2 Parties involved in Cheque Clearing Activities
Five parties are involved in the cheque clearing process. These are the drawer, the payee,
the collecting bank, the paying bank, and the central bank clearing house.

i) The Drawer: The drawer is the person who writes and issues the cheque. The cheque is
an instruction to his bank to pay the amount indicated on the cheque to the person named on the
cheque. Apparently to draw a cheque simply means to write the date, payee, amount and
signature of the drawer on a cheque leaf.

ii) The Payee: The payee is the person meant to obtain value of the cheque. Put in other
words, the payee is the beneficiary of the cheque. He is usually the one that deposits the cheque
into his account for collection. However, where the cheque has been endorsed to another person,
the endorsee becomes the new payee. The payee expects his own bank to act as an agent and to
go ahead to collect the proceeds of the cheque from the other bank (the drawee) where the
drawer of the cheque has an account.

iii) The Collecting Bank: A bank in which a cheque is deposited for collection is called the
collecting bank. A collecting bank is usually a bank to the payee or endorsee of the cheque who
acts as his agent in sending the cheque for collection. In performing this duty of collecting of
cheque, he has some duties and responsibilities. If he fails to carry them out properly he incurs
some liabilities. But if he performs his job rightly he incurs no liability. He enjoys adequate
protection by the law.

iv) The Paying Bank: The paying bank is the drawee bank. He is the bank who keeps an
account for the drawer of a cheque. The cheque is normally sent to the paying bank for it to
verify and confirm the drawer actually has money in his account, and that the cheque is duly
drawn. The collecting bank normally presents the cheque to it either directly or through the
Central Bank Clearing House.

v) Central Bank Clearing House: The facility is provided by the central bank where all
the member banks within a locality converge to exchange cheques of other banks and balance
accounts with one another. The cheques being exchanged are those deposited for clearing by
the customers of the various banks.

2.2 Meaning of Cheque Truncation
The Dictionary of Banking & Finance (2005) defines cheques truncation as a simplified banking
model where actual cheques are not sent to the paying bank, but held in the receiving bank,
which informs the paying bank by digitalized details of cheques received. Truncating a cheque
refers to a process that involves stopping the physical movement of cheque and replacing the
physical instrument with the image of the instrument together with the data contained in
Magnetic Ink Character Recognition Line (CBN, 2012). This implies that the cheque details are
captured, typically by the bank presenting the cheque or its clearing agent and electronically
transmitted in an agreed format to the clearing house for onward delivery to the paying bank for
payment. This procedure, unlike the manual form of presentation is where a cheque is physically
presented to the paying bank. Ademigbuji (2012) defines cheque truncation as a system that
involves confirmation of cheques via visual images sent electronically rather than physical examination and exchange at the clearing house and is designed to further boost the acceptance of cheques in transaction settlement. Akshatha (2013) regards CTS as an online image-based cheque clearing system where cheque images and Magnetic Ink Recognition Character (MICR) data are captured at the collecting bank branch and transmitted electronically. In the opinion of the researcher, “truncation” means stopping the flow of the physical cheques issued by a drawer to the drawee branch. He identifies the procedures through which cheques can be cleared the same day in which they are presented to include: (i) the physical cheques are truncated (stopped) and collated at the point of presentation, (ii) cheques are scanned, images indicating the date of presentation, amount, presenting bank, MICR data, etc are obtained and electronically transmitted to the drawee bank, and (iii) the paying bank carries out validity test on the instruments via the automated clearing system for payment the same day in which the cheques are deposited.

2.2 Empirical Review

This study reviewed empirically the previous researches on cheque truncations system (CTS) across the world to better appreciate the system as summarized below:

Gathuku (2013) investigated the effect of the cheque truncation system on the performance of commercial banks in Kenya. The study utilized descriptive survey as its research design, as well as the purposive sampling technique to achieve the desired representations from the population (which is CFC Stanbic Bank). The outcome of the study revealed viz. (i) improvement of the bank performance following the introduction of cheque truncation system, (ii) reduction in clearing cycle affected the performance of the bank to a great extent, (iii) CTS would reduce frauds in the banks and (iv) ICT as a result CTS affected the performance of the bank to a great extent. The researcher recommended the need for management of banks to adequately train their employees on the use of CTS in order to positively influence the bank performance.

Yakean (2012) studied the efficiency of the Imaged Cheque Clearing and Archive System (ICAS) in Thailand. ICAS consists of two sub-systems, namely: Image Cheque Clearing System (ICS) and Image Archive System (IAS). The former is an image based cheque clearing while the latter is responsible for the storage of electronic data and image. The researcher attempted to see how ICAS could be merged with the system on ground into one system. The study adopted descriptive research design in order to provide background and conceptual information of the payment system in Thailand in line with the ICAS system. His findings indicated that ICAS helped to promote the Thai’s payment system as follows: (i) ICAS makes a cheque clearing process more efficient and less expensive by facilitating wider use of one-system, one-day clearing and one clearing house, (ii) the system boosts economic growth and minimizes labour costs and papers. The study recommended that the system is suitable for a country with many banks (like Nigeria) and with a high degree of technical sophistication; that the system should be applied in a country whose laws permit that electronic documents could be tendered as evidence in court, and finally that banks should request their customers to use cheques but not include their company seal, embossed seal for the purpose of validating cheques.

Akshatha (2013) examined the role of cheque truncation as innovative mechanism for effective payment in India, and employed desk research approach to analyze available data relevant to the subject being studied. Findings of the study are summarized thus: (i) assists banks in providing better customer services and increasing operational efficiency by cutting down overheads in physical clearing, (ii) provides better reconciliation and fraud prevention, (iii) improves clearing cycle: T+0 for local clearing and T+1 for inter-city clearing. The author recommended that
banks should exercise a lot of caution and diligence during both post and pre implementation of cheque truncation process. Sreedevi (2013) conducted a study on e-banking and cheque truncation system in India. The author adopted the descriptive survey as his research design. The findings indicated that cheque truncation is a logical advancement of cheque processing from handsorting to MICR, and from MICR to imaging. The studies then concluded that with adequate security measures, CTS ensures the establishment of a safe, secure, efficient, robust and integrated payment and settlement system, with thrust on electronic modes of payment and settlement.

3. Background to the Introduction of Cheque Truncation System in Nigeria

The clearing system refers to the process of passing a cheque through the banking system culminating in transferring of money from one account to another and the settlement of consequent differences. This means that all balances due from or owing to a particular bank at the end of the day’s clearing are settled by means of book entry at the Bank of England, the Central Bank (Anyanwaokoro, 2001:218). The scholar citing Drover, et al. traces the origin of cheque clearing to between 1771-1773 in an Inn in Lombard Street, England, where clerks of private banks used to meet for relaxation. The location later metamorphosed to a useful place for the clerks to exchange cheques with one another thus saving them time and cost of moving cheques from one bank to the other now regarded as the “clearing inn” era (Anyanwaokoro (2001:219)

Previously, the cheque clearing process required a collecting bank to travel from one bank to another to exchange cheques deposited by customers. Before the involvement of Central Banks, a bank desiring to collect a cheque for his customer would take it direct by hand or by post to the paying bank that had to ensure correctness of the cheque by investigation and advise the bank on the outcome of his finding. This period is referred to as the “direct clearing” stage (Anyanwaokoro, 2001:219). Consequently, the creation of the Bank of England, made the clerks mentioned above to start meeting with the banks at a centre provided by the Bank of England called Bankers’ Clearing House.

Nigeria as a colony of Great Britain adapted similar clearing pattern perhaps with the amalgamation of the Northern and Southern Protectorates of Nigeria by Sir Frederick Lugard in 1914. Precisely, with the commencement of banking operation by Central Bank of Nigeria on 1st of July, 1959, the apex bank has over the years, been able to create central meeting places for bank officials to meet for exchange and settlement of cheques.

Evolution of Cheque Clearing Process

The developmental process of cheque clearing activity passed through stages in Nigeria, viz. manual, automated and truncation systems, which are summarized hereunder:

A. Manual Cheque Clearing System

Cheques received on behalf of customers by cashiers are sorted by hand as in-house and out-house (other bank) cheques briefly discussed below:

i) In-House Clearing: An in-house cheque is a cheque deposited into an account by a customer that maintains accounts in the same bank with the drawer. In other words, the beneficiary of the cheque or payee and the drawer operate accounts in the same bank. In this situation, the collecting bank is also the paying bank. This kind of cheque does not need to be processed for clearing. However, how the cheque is handled depends on whether the two accounts are domiciled in the same branch of the bank or whether the accounts are held at different branches of the same bank.
Where both the drawer and payee accounts are domiciled in the same branch, the procedure for realizing face value of the cheque is very easy. The drawer’s deposit account is verified, and if the cheque is correctly drawn, it is paid. This demands making mere book entry - the account of the drawer is debited by the value of cheque, while the deposit slip is used to credit the depositor’s (or payee’s) account. The paid cheque is retained as documentary evidence of payment to the payee.

On the other hand, where an in-house cheque is payable by another branch of the same bank, the cheque is cleared through an in-house procedure. This kind of cheque deposited at the collecting branch is added to other cheques received through the clearing house and sent to the paying bank (drawee) where the drawer’s account is held. When the cheque gets to the paying branch, it will verify the drawer’s account. If everything is in order, the cheque is paid. The settlement of the amount is achieved by debit and credit formalities sent to the bank’s treasury department at the head office. As a result the collecting branch is credited, while the paying branch is debited. At the expiration of number of clearing days, the account of the depositor of the cheque (payee) is credited with the value of the cheque implying clearing of the cheque though it did not go through the clearing system. Obviously, the adoption of online banking model by banks has simplified cheque clearing to the extent that cheques drawn on one branch can be paid at another branch without being subjected to above routine.

ii) Out-House clearing:

Out-house clearing arrangement refers to clearing of other bank cheques, and this comes in three segments, namely:

The first segment is local cheque. Local cheques are made up of cheques that are payable by another bank or bank branch, which share similar locality with the collecting bank. Fidelity Bank Plc, Okpara Avenue, Enugu branch cheque paid into Diamond Bank Plc, Presidential Road, Enugu branch is a typical example of a local cheque. Reason is both banks are located in the same town of Enugu. Such cheques required T+4 (transaction day plus four days) then to clear (Anyanwaokoro, 2001:221).

The next segment is intra-state cheque: Intra-state cheques comprise cheques where the collecting bank and the paying bank operate in the same state or clearing area, but not in the same town. A clearing area is a designated clearing centre covered by the same Central Bank Clearing House. Consider a situation where the Central Bank branch in Bauchi serves as a Clearing House for cheques drawn on banks at Taraba and Adamawa and deposited at another bank in Bauchi State, though these are different states, the cheques are still grouped as intra-state cheque. An intra-state cheque took T+8 (transaction day plus eight working days) to clear (Anyanwaokoro, 2001:221).

The third segment is the Inter-State or Up-Country Cheque: An inter-state or up-country cheque is a cheque made payable by banks situated in another State outside the clearing zone where a collecting banker is situated. An example of inter-state cheque is a cheque made payable by Guaranty Trust Bank Plc, Marina branch of Lagos State, but paid in at First City Monument Bank Plc, Aba branch of Abia State. In this case, the location of the paying bank is in another State outside the clearing zone where the collecting bank is situated. Anyanwaokoro (2001:221) notes that inter-state or up-country cheques then needed T+11 (transaction day plus eleven working days) to clear, adding that clearing cycles are subject to changes by monetary authorities occasionally.
B. **Automated Cheque Clearing System**
The Nigeria Automated Clearing System (NACS) became operational in October 2002 through the initiative of Bankers Committee as a mechanism to use Magnetic Ink Character Recognition (MICR) format for sorting of cheques. The MICR system refers to the minimal use of labour input in clearing process in preference for mechanical or electronic equipment. The system applies machine-readable codes inserted at the bottom of every cheque leaf. These codes indicate the banks, bank branches, account numbers and towns on which cheques are drawn, and facilitates easy delivery to the different banks on whom they are drawn. Undoubtedly, this ensures speedy clearing process. Thus clearing activity at the Nigerian Inter-Bank Settlement System Plc (NIBSS) is a computerized (online) payment system for fund transfers among member banks. In this regard, every commercial bank in the country is a clearing bank because it is a member bank of the NIBSS, which manages the national automated system and ensures that funds transfer directives from transferor bank to transferee bank are achieved within the same business day. Due to the improvement in the cheque clearing process made possible by NACS the clearing period for local cheques was reduced to three days (i.e. T + 3) in May 2003. However, the general expectation is that the clearing period will eventually be reduced to 24 hours, hence making it possible to get same day value for cheque payment (Komolafe, 2003).

C. **Cheque Truncation System (CTS)**
In a bid to factor in advanced technology in cheque clearing activity in line with its mandate (CBN Act No. 24 of 1991 as amended), the Central Bank of Nigeria introduced cheque truncation system (CTS) at Lagos Clearing House on 10th August, 2012 as trial run. Following the success of the pilot study of the scheme in Lagos, the CBN made electronic cheque clearing process operational in all its 37 branches across Nigeria on 1st June, 2013. The overall objective for holistic adoption of the CTS in Nigeria is to promote an efficient national payment system which can save time and costs associated with overheads (Yakean, 2012). Another benefit Nigerian compliants can derive from the scheme is shortening of the settlement cycle of a cheque to one day from an average of two to three days. This means that the cheque value can be obtained the next working day after depositing the cheque in the bank (i.e. transaction day plus one working day or T+1). Prior to the adoption of CTS by CBN, the cheque clearing cycle was T+2 (Idowu, 2014; CBN, 2007). With the reduction of cheque clearing time, Nigerian banks would invariably provide better customer services and increase operational efficiency by lowering the costs involved in the physical cheque clearing process.

CTS have been adopted by many countries across the world as contemporary efficient payment model. Countries such as the United States of America, Malaysia, Thailand and India just to mention but a few have been operating CTS. The mechanism has extremely been useful in minimizing frauds and enhancing the efficiency in the banking industry. According to Gathuku (2013) the scheme was first introduced in the USA followed by the Asian countries then Africa embraced it. The author noted that what was common among the countries that had adopted CTS was that it had speeded up the efficiency among the banks and had helped increase customer satisfaction.

4. **Findings of the study**
The findings of the study are summarized below as benefits and constraints of CTS:

4.1 **Benefits of CTS**
Though the use of cheques as instrument of payment seems to be gradually declining globally on account of numerous credible alternative payment channels, CTS still provides many benefits, which could be summarized as follows:
i) The special feature of CTS is it eliminates movement of physical cheques and their images are transferred electronically thereby shortening the clearing cycle and settlement among banks. Furthermore, the electronic clearing process ultimately ensures speedier credit of the cheque value to payee’s account.

ii) The stoppage of physical presentment of cheques from one bank to another can rule out incidence of loss of cheque in transit or due to mishandling. Clearly electronic, both cheque data and images can be automatically and instantly settled and sorted via digitalized process at the clearing house and directly transmitted to corresponding payee or paying bank. The process of data matching and verification in any of the institutions will be done against the digital images instead of paper copies.

iii) Under the CTS, clearing is not restricted to banks operating within a restricted geographical area. The system is designed to integrate multiple clearing locations run by different banks in different centres so that cheques drawn on upcountry banks too can be cleared electronically without any geographical restrictions. This will ultimately lead to integration of clearing houses into a nationwide standard clearing system, thereby making clearance of cheques drawn on any bank in Nigeria within 24 hours probable.

iv) There will be faster settlement of cheques as cheque proceeds will be obtained two days after the cheque deposit date rather than the current three days. In other words, the clearing period will reduce by one day; from the current T+2 to T+1. It means that if a customer deposits a cheque on Tuesday; value will be obtained on Thursday as against Friday under the current clearing cycle.

v) Cheque truncation model is expected to enhance operational efficiency of the entire banking industry, culminating in more acceptable service delivery, and improved liquidity position for customers of banks, safe and secure banking activities for the entire banking populace.

vi) CTS will provide 3 clearing sessions daily: First session – for presentation of all clearing instruments, Second session – for presentation of all clearing instruments except fresh cheques, and Third session – for returning of dishonoured clearing instruments only (CBN, 2007).

vii) CTS are likely to substantially lessen operational risks and risks inherent in paper clearing for the advantage of bank customers. This phenomenon stems from the introduction of homogeneity in security features like bar code, watermark, logo, etc placed in every cheque leaf that makes fraud detection via interception of forged instruments while passing through electronic imaging system.

viii) To sum up, not only is each clearing institution in possession of proof of transaction and able to perform dual control in verifying and authenticating financial transactions, but they will also save significant amount of money and time by doing away with the need of processing, transportation and storage of physical cheque. Yet, more importantly, electronic cheque archives can be easily backed up and retrieved at any time, eliminating the risk of data lost.

4.2 Constraints of CTS
In spite of the benefits inherent in adoption of CTS, there are still considerable setbacks the system has to grapple with as summarized hereunder:

a) The tremendous improvement in the use of e-payment platforms such as ATM, Pos terminals, internet, etc nowadays is gradually limiting wide utilization of cheques as payment instrument in Nigeria. In this regard, CBN (2013) reported that the volume and value of cheques cleared nationwide in 2012 declined by 21.2 per cent and 21.4 per cent to 29.4 million and N15.6 trillion, from 37.2 million and N19.8 trillion respectively.
b) Prior to the foregoing report, lack of trust among Nigerians in business relations has continually constrained issuing and acceptability of cheques as veritable payment instruments nationwide. As a result, the incidence of dud cheque is a common phenomenon that creates lack of trust in paper or virtual money in small and medium-sized enterprises (SMEs). The players in this circle are often hesitant to accept virtual money for their goods and services (Atarere & Osemwegie-ero, 2014).

c) The literacy level as well as the level of acceptance of the CBN cashless policy initiative is still generally low among Nigerians. To this extent, most economic activities are preferably being conducted on cash and carry basis particularly in the informal sector of the economy. In that regard, the introduction of modern e-payment devices including cheque truncation is still perceived as an anathema.

d) Infrastructure deficit in terms of inadequate availability of required technology to advance the application of CTS has negatively affected use of this mode of payment in Nigeria. No thanks to the epileptic power supply that has continued to increase rapidly the cost of doing business in this part of the world. CTS as part of cashless policy drive require regular power supply at cheap rate for the gadgets to function optimally.

e) CTS being an advanced technology in payment delivery require expertise, and most Nigerian banks cannot boast of a good number of crops of skilled manpower to drive the innovation at the moment. A lot of hiring and training of right calibre of personnel need to be done.

f) There is yet to be witnessed an updating of the legal framework of the country in order to contain the height of cybercrime in the contemporary electronic world. In other words there is expected articulate system of administration of justice to properly handle cyber related crimes, as well as fraudulent incidences associated with CTS.

5. Conclusion and Recommendations

5.1 Conclusion
The adoption of the CTS facility by the Central Bank of Nigeria (CBN) is a significant contribution towards promoting a payment system regime that is consistent with the sound and efficient operation of the banking sector. Indeed, the CTS innovation presents unique benefits for banks, as well as numerous users of bank facilities. For banks, the system creates room for cost effectiveness, efficient gains and improved operational flexibility. For users of the banking industry, the innovation offers greater security against cheque fraud and the prospect of receiving quicker and more efficient banking services (Zodgekar, 1995).

5.2 Recommendations
Based on the findings, the following recommendations are made:

i) CBN should take into account the necessity for all cheques to be “crossed” to see to more people becoming financially included by opening bank accounts, promote timesaving banking services, thereby minimizing the quantum of banknotes in circulation (money outside the banking system).

ii) Bank management should intensify enlightenment campaign and other sensitization measures to educate the banking public on the efficacy of cheque truncation facility to reduce cheque clearing cycle from T+2 to T+1.

iii) The Federal Government under the presidency of Muhammad Buhari should seriously address the infrastructure challenges of the country, especially irregular supply of power by ensuring 24/7 provision of electricity, which is key driver of the cashless policy initiative of CBN.
iv) Since CTS is a novel technology that can guarantee efficient payment delivery, Nigerian banks should take steps to engage and train the right kind of manpower required to positively influence banks performance.

v) Our legal framework should be updated from time-to-time so as to contain the magnitude of cybercrimes in the contemporary ICT age. With this in place youths will be discouraged from going into cybercrime as a business.

References


