ELECTRONIC PAYMENT SYSTEMS AND THE N10 MILLION CHEQUE LIMIT POLICY IN NIGERIA: BENEFIT AND CHALLENGES

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Abstract
The Nigerian banking system entered a new phase on January 1 2010, based on the Central Bank of Nigeria’s directive that any payment exceeding N10 million should be routed through specified e-payment platforms. Like every new policy, there are skepticisms about its workability. Banks have therefore taken the responsibility to enlighten their customers about the policy to achieve a seamless result. The paper highlights key-points in this policy. It also examines in detail how the new policy will be implemented. The paper goes on to explore and highlight the benefits and challenges facing the new payment system and concludes by positing that the new payment system has so far streamlined the operations of both customers and Banks in Nigeria.

Key words: Policy, electronic payment, cheque, mix scanning, reform, banking reform.

Introduction
Like every other innovation, especially in today’s electronic payment world, Nigeria’s financial services in during has been bedeviled by another cancer that has now slowed down the pace of growth and acceptance of the automated teller machines (ATMs). Although the machines have leaped to decongest at any time of the day, even on public holiday, among others, users have continued to experience nightmares. Such sad experiences, involving the loss of huge bowl deposits through ATM and point of sales terminals, especially have made several patrons to either go back to the traditional method of cash withdrawal, despite the inconvenience. There are other unsavoury experiences encountered by depositors, while trying to make withdrawal ranging from accounts being debited without cash being dispensed, card trapping, and persistent malfunctioning. Beside, unwary depositors lose these much more to
hackers who target customers have lost a lot of money, leading to the persistent malfunctioning of the ATMs for seamless transactions. Enlightened, exposed and educated are among customers who have abandoned their ATM cards for fear of their accounts been targeted by the hackers in recent times.

According to the Nigerian Deposit Insurance Corporation (NDIC) report last year, banks lost N53 billion to fraudulent workers. The fraud was more prevalent in 10 ten banks, involving 313 workers. The banks lost N34.14 billion which is 64.11 percent of the total money involved. The 313 workers represent 14.65 percent in crease over 273 workers involved in fraud and Forgers in 2007. The report said the fraud was perpetrated by core operations staff, such as supervisors, officers, accountants, managers, executive assistants, clerks and cashers (Ofikhenua and Jibueze, 2009:1,2).

The report said two major factors were responsible for criminal act-institution factors or internal factors and the environmental factors or societal factors. The report said:

Institutional cases of frauds and forgeries in insured banks include poor accounting aid weak internal control system, ineffective supervision of subordinates, uncompetitive remuneration, and perceived sense of tin equality in reward undue societal demands, low moral values, slow and tortuous legal process, lack of effective deterrent as well as reluctance on the part of individual banks to report fraud cases due to negative publicity it could attract to their image (Ofikhenua and Jibueze, 2009:2).

Conscious of the menace, the Central Bank of Nigeria pegs cheque payment at ten million naira with effect from January 1, 2010. The measure is another effort of the CBN to enhance the efficiency of the payment by stem in the polity. This directive is, perhaps, in recognition of the fact that e-payment system is opaque, inadequate and inefficient to support the level of economic activity in the country.

Emerging and developed economics of the world have since adopted the developed payment systems that are fast with minimal errors; and more efficient.

The directive to this effect, which was contained in a circular by the regulatory bank on Friday 11th December 2009, said, “any payment value exceeding N10 million should be made through e-payment made such as the Central Bank Inter-Bank Funds Transfers System (CIFTS) and Nigeria Inter-Bank. Settlement Transfer (NEFT) from that date” (Durojaiye, 2009:21).

In view of the above antecedents, the objectives of this paper include:

1. To explain the concept of electronic payments.
2. To identify the objectives of e-payment with special reference to the new policy directives.
3. To highlight on the benefits of this policy and the challenges and
4. To proffer solutions to the problems and challenges identified above.
5.

Clarification of Concepts

Electronic Payment System (E-Payment)

It is axiomatic to posit that the payment system of a polity plays a significant role in its economy, as this is the channel through which fiscal resources flow within the economy. The growth of the Internet and information technology has revolutionized traditional payment system.
Governments, individuals and businesses can now carry out all kinds of transactions using new methods pioneered by the new technology instead of traditional methods of using cash and cheques to pay for goods and services. This phenomenon of cashless payments is known as electronic payment in a popular parlance. Humphrey et al (1996) described e-payments as payments, which are initiated, processed and received electronically. They went on to posit that it can be described as the use of pre-coded, debit and credit cards on the internet or other electronic device to perform daily or routine transactions which include paying for goods and services, transfer and bill payment at any time of the day. Raja et al (2008) defines it as any payment system service that makes use of information and communication technologies including integrated circuit (IC) cards, cryptography and telecommunications.

Electronic payments have been classified into various methods by various researchers. Gholami and Ogun, (2009), Yu et al (2002) and O’Mahony et al (2002) classified e-payment broadly into four main categories, which are online credit card payment, electronic cash, electronic cheques and small payments. Gholami and Ogun (2009:5) add that this classification is based on the payment method and transaction ecology. Small payments are categorized on the size of the transaction while the others are grouped based on the transaction type. Mechanisms which are enhanced by the ICT, a technology that emerges computing with high speed communication link carrying data, sound and video (Alabi, 2005). These innovations have made electronic payment system possible via electronic banking. Electronic banking is the process of carrying out of various banking activities from home, office, or on the road instead of a physical banking location. This process saves time and money for users. Banking processes that can be carried out on-line include checking account balance at any time, electronic payment system, downloading account transactions, transferring money between accounts, balancing accounts, communicating with banks through e-mail, accessing and handling finances while traveling, paying cheques or money into a customer’s account in a bank through another branch of the same bank, withdrawing money from one’s account in a bank at another branch of the same bank, obtaining charge and credit and statement (Adoeti, 2009:2). Basically, the new payment system entails that money meant for the ministries, departments and agencies (MDAs), would now be sent to banks directly from the office of the Accountant-General of the Federation (AGF). To collect salaries and other emoluments, staff would need to deal directly with banks. In the old system, every civil servant had an account with specific banks, and at the end of the month, each ministry would write a cheque to all the banks where the workers had accounts and the banks would credit the workers’ accounts. But with the new regime, every ministry has a primary bank to which it sends all the funds for the month’s salary. The primary bank will then forward the stipulated amount to the headquarters of all the banks where staffs of the ministry have accounts. From there, the workers’ accounts will be credited. In the words of Obiozor (2009: 10), the major difference between the old and new system is the use of the ministry dealing with all the banks directly. With regard to the payment of contractors, once a contract has been completed, the contractors need not to be present to start following his file from one table to the other. A voucher is prepared and the money paid directly into his account. Adeoti (2009:3) concludes as follows:
An electronic payment system is a process that describes how value (usually money) is exchanged for goods and services. The technology is designed to record, transfer, store, and process data about goods and services purchases and their monetary values. It is an internet-based, on-line, real time transaction which operates on double entry accounting principle. It is made possible by the existence of electronic money which can be defined as a stored-value in which a record of the funds or value available to the consumer for multipurpose use is stored on an electronic device in the consumer’s possession. This electronic payment and fund transfer schemes are now replacing the traditional ones in the developed and developing world.

The electronic payment system focuses on Electronic Fund Transfer (EFT), Electronic Fund Transfer at point of sale, Electronic cheque, Electronic letter of credit, Electronic cash, Electronic billing, and Automated Teller Machine, Credit and Debit cards respectively.

For the purpose of this paper, e-payment system refers to an integrated Internet transactions and payments through point of sale machines, and interactive voice response systems among other Internet based devices.

Public Policy
One of the finest definitions of policy is that offered by Carl Friedrich. He considers policy as:

… a proposed course of action of a person group or government within a given environment providing obstacles and opportunities which the policy was proposed to utilize and overcome in an effort to reach a goal or realize an objective or a purpose … (Friedrich, 1963:79).

This conception of policy is at least deficient according to Adeniran (1978) in that “it excludes that which is actually done, some manifestation of which indeed helps in understanding the real nature of policies”(Adeniran, 1978:117. Adeniran (1978) goes on to consider the public policies of the Federal system to be “the official actions or courses of action that are goal oriented, taken on the basis of some public officials’ preferences, presumably in the public interest and in view of some immediate or long-range objectives. This definition equally raises the question of how one determines whether or not policies are goal oriented. Adeniran (1978) adds: “policies are goal-oriented to the extent that, as “paper policies”, they are “official” and the officially enunciated policies produce result when non-policy based decision-making becomes unsuccessful or successful, it frequently results in a revision of official policy” (Adeniran, 1978:118).

Dye (1981) provides the simplest definition of the term “public policy”. According to him, it is “the things government chooses to do or not do” (Dye, 1981:5). This very simple definition certainly raises more questions than it answer. Adeniran (1978) threw more light on the above definition. According to him, policies are arrived both through authoritative decisions and official indecision. They are dependent variables whose contents are determined largely by the orientation of the major actors as well as by other political environmental factors.

In 1965, Easton conceived of politics and policy making as a system that contains inputs, outputs, and feedback. In Easton’s system model, policies are the products of inputs, such as public demands. The system takes in these inputs, which are then produces, as outputs, policies. Policies are rules, and other authoritative statements of what government does or had chosen not
to do. Thus systems models view policy as the product of many influences inside and outside of government (Birkland, 2003:188).

Abdulsalami explains that in practical terms public policy refers to government action, represented by hand patterns of resource allocation in term of projects and programs designed to respond to perceived public problems or challenges requiring governmental actions for their solutions (Abdulsalami, 1993:3). He goes on to posit that mere declaration of intentions, wishes, principles, or expression of desires (or what is essentially day-dreaming) cannot be called public policy as associated with Anderson (1975) and Sharkansky (1970). The latter refers to government actions which can be taken as public policy as including the provision of services (education, health, highways, welfare, and electricity); the regulation of personal and corporate activities (e.g. by the policy, sanitary inspectors); the celebration of symbolic events (e.g. independence day, New year) and the control of policy making process or other political actions (e.g. changing electoral rules, combating corruption, instituting Policies and administrative reforms). Thus, the existence of a public policy means that there is also an articulated and clearly defined public issue requiring resolution on a continuing basis through the commitment of substantial public sector resources and efforts within the government programming (Abdulsalami, 1993:3)

Abdulsalami (1993) goes on to posit that the scope and content of public policies and the manner in which such policies, directly or indirectly affect the economic, political and social well being of the populace depend partly on the system of government and ideology in force in that country. In most developing societies where so much is expected of government, and where government actions transcend virtually all aspects of life of the population, the range of public policies is usually very broad and unlimited. Therefore, it becomes not only a matter of curiosity but also intense interest for individual and corporate citizens to know why governments do what they do or what they choose not to do; and what are the pattern of outcomes or impact of such government actions. The commonest testimony of this observation is the widespread public curiosity, interest and debate exhibited immediately before and after the announcement of government annual budget. Essentially government policies and decisions in Nigeria should be people-centered and people-oriented.

Theoretical Framework of Analysis
Mix scanning model of policy analysis and decision-making will serve as our framework of analysis. This is because the theory represents a compromise position between the extremes of rationalism and incrementalism” (Spiers, 1975:43). The theory, which is championed by Amitani Etzioni (1959&1986) posits that the decision maker or group never limits himself to only one approach to a problem. The theory recognizes that policymaker involves several stage and approaches. This is why it is seen as a plural activity. He identifies two sets of decision mechanisms significant or needed in the process of societal decision-making. The first, he refers to as the high order, fundamental policy or decision making processes which sets the basic directions of policy, and the second, he views as the increments process which form the basis for making fundamental decision and the working out the details of such decisions after they have been made. Put differently.
At one extreme the problem is looked at generally and an attempt is made to see its outlines and any clearly definable features. The selection of features for detailed examination follows at a second level of scanning (Spier, 1975:153).

Thus, the basic characteristics of mixed-scanning model is the isolation for detailed examination of the identifiable features of any problem. These scanning efforts can take place at several stages of the decision-making process. The model is superior to the incremental approach for its capacity to scan to longer run decision alternatives. Also it has the merit of utilizing what is best in both the rational and incremental approaches. In other words, it has the advantage of what is good in rationalism and incrementalism in decision-making process. Beside, it recognizes and takes into account different capacities of decision-making (Okereke, 2003:47). Furthermore, mixed-scanning has, as another recommending characteristic flexibility.

This is so because the theory has the capacity to easily strike a balance between scanning and probing by adjusting to suit changing circumstances. Indeed, it is a much more flexible principle than either rationalism or incrementalism, and seems closer to what actually occur in many decision situations (Spiers, 1975:143).

Applying this theory to our discourse, it is axiomatic to posit that the growth in non-cash payment has been seriously supported by the advancement in information and communication technology. Nowadays online purchasing the world over is becoming as common and convenient as ordering by telephone fax or directly from the store.

In Nigeria, which has seen a rapid economic growth as results of reforms of last administration especially in the banking sector, new frontiers are opening up in the areas of e-commerce with an increased acceptance of e-commerce initiatives.

**N10 million Benchmark: background, objectives and benefits**

Banking seems to be one sector of the economy where there is no dull moment. The tempo in the sector was further raised when Central Bank of Nigeria (CBN) Governor, Sanusi Lamido Sanusi, last December, set a maximum limit on all cheque payments at N10 million with effect from January 1, 2010.

The CBN stated in a circular (BOD/DI/G/CIR/GEN/01/06) that the maximum limited serves as a risk reduction measure in the clearing and settlement arrangement, in line with international best practice.

In the spirit of this directive, banks have been told to advise their customers who have frequent and bank payments (above N10 million) to be made to vendors, contractors or for salary payments to employees, to make a request to be signed up on the banks e-payment that form to enable them effect such bank payments. The CBN said part of its objectives payments system and serve as a risk reduction measure in the clearing and settlement arrangement in line with international best practices. The N10 million is required hinder the new arrangement, to be made through available e-payment options.

Expectedly, banks have started educating their customers on the new policy, which will definitely have several implications on their businesses. For instance, Dimond Bank recently sent a statement to all its customers, informing them of the new policy and how it works. The bank explained that one of the e-payment options available to any customer exceeding N10 million stipulated limit is real time gross settlement (RTGS). This is an automated online payment...
system, which allows the transfer of funds from one bank account to accounts in another bank on the same day (Nweze, 2010:23).

The bank said in the statement that RTGS is available any of its bank branches between 8.30am and 1.00pm. Transfer requests received after the end of time of 1:00pm will be processed on the next working day. Diamond Bank charges two thousand naira plus 0.01 percent fee of transferred amount subject to a maximum fee or N52,000.

The other e-payment option is the Nigeria Inter-Bank Settlement System Electronic Fund Transfer (NEFT), which is a non-cash credit transfer service that enables a bank’s customer to transfer funds to beneficiaries in other banks. Depending on a bank’s policy, all transfers processed before 1:00pm on weekdays are treated on the same day. Requests received after the cutoff time of 1:00pm are processed on the next working day.

The NEFT transaction fee is 0.1 percent of the transferred fund.

Put differently, there are on line alternatives to cheques bearing amounts above N10 million. The Central Bank Inter-Bank Funds Transfers Systems (CIFTS) and the Nigerian Inter-Bank Settlement System Electronic Funds (NEFT) are already designated e-payment platforms to accommodate bulk payments above N10 million.

On either of these e-payment platforms, the customer needs to provide beneficiary name, beneficiary bank, beneficiary account number, beneficiary bank sort code, transaction amount in naira, sender’s name, payment sending branch sort code and purpose of payment.

The electronic payment system otherwise called e-payment, was introduced by the Federal Government in February 2009 to further strengthen the resolve of the present administration to eliminate corruption in the public service.

The initiative has the benefit of curbing the issuance of dud cheques. For instance, the inter bank settlement has the advantage of curbing corruption, fraudulent money transfer and tracing funds related to terrorist organizations. In order words, the new policy is an attempt to critically regulate the transfer of funds manually with the government circle to reduce the risk involved and truncate moves by individuals to dupe government.

According to the NIDC report, the frauds were many committed through forged cheques, authorized credits, posting of fictitious credits, illegal transfers/withdrawals, cheque suppression, cash defalcation and outright theft of bank money by the staff (Ofikhenua and Jibuze, 2009:2). The policy is also an opportunity to ensure that transactions emanating from the polity are legitimate and traceable. It will reduce cash movement and drastically lessen the operation of bullion vans in the country.

Furthermore, the policy is good further financial system and is an indication that Nigeria is gradually migrating to a cashless society. That is, it will encourage paperless transactions and bring credibility the transactions emanating from the country. This is because many societies have keyed into global e-payment system and that one hardly sees people money around with large sums in cash. Today, many businessmen rely on the use of letters of credit (LC) during importation of goods that before.

Again the new policy will reduce regulators suspicions that trail high volume transactions. That is, the maximum N10 million maximum limit serves as a risk reduction measure in the clearing and settlement in line with international best practices.
Problems and Challenges Facing E-Payment

Various researchers and experts have carried out studies on factors influencing the successful adoption of e-payment systems. The major problem and challenge Nigeria is having now is lack of basic infrastructure to power electronic payment regime. Electronic payment systems largely depend on regular power supply of electricity. Unfortunately power generation and supply in Nigeria is far below what could make for efficient operations of banks using Information Communication Technology (ICT) devices. Lack of enabling environment to be provided by functioning electricity in the polity has reduced the assimilation of the services and systems in the Nigeria Banking Industry. As a result of this, Inter-Bank transactions could run into hitches and cause delay in the payment of salaries or contract costs.

Apart from the infrastructures challenge, we also have the issue of lack of awareness, because the e-payment system is still new, the needed awareness is not there. It have been posited by various writers and Nigerian Authorities (CBN, 2008 and EIU, 2007) that cash payments is still the most popular form of payments by consumers in Nigeria. This raises the question whether the populaces have an idea about the availability of electronic payment systems. It seems public education, and enlightenment still an issue in Nigeria. At the Radio House, Abuja, Nike Omobolance, a civil servant, said that the non-payment of the January salary affected her and her two children in the university. According to her, “If I had known the e-payment would take so long, I would not have depended on the salary. I would have sold off things or taken a soft loan to meet my demands” (Uzor, 2009).

Acceptability of e-payments is another factor affecting the adoption of e-payments. It refers to the general acceptance of e-payments by a large number of businesses, stores, and online channels. This is very crucial factor of e-payment systems adoption, as it is well known that if e-payments are not accepted generally among businesses, the adoption will be very stunted. According to James Agada: “if you are looking at e-payment, the challenge is really that of acceptability can you go to Yaba market and pay with a card? Out of one hundred and forty million Nigerians, how many have cards? The acceptability deserves to be a function of education, people need to be educated on how to use it” (Vanguard Editorial, 2009:22)

According to Nigeria Commercial Banking Forecast (Gbolami and Ogun, 2009:9), a large proportion of Nigerians do not have access in a bank account or banks only offer banking services, which may be hindering their use of e-payment facilities, to certain High-Net-Worth individuals. Furthermore, they asserted that there are millions of Nigerian who are illiterate, rurally based and without access to any bank or financial institution.

Specifically, the newly introduced electronic payment system by the Federal Government is inflicting severe pains on federal civil servants whose salaries are delayed indefinitely, with little or no hope in sight. Put differently, shrinking the volumes of currency even at the same value turns out to be but a fraction of the remedy for a much bigger problems of the traditional payment systems and the way we generally conduct fiscal transactions in Nigeria is a big problem for stakeholders.

Civil servants and contractors are wondering when their financial problems will be over. This is because since January 2009, workers of federal ministries, agencies, departments and parastatals
have been under severe anguish as their salaries have fallen into arrears of two to four months. According to Obiozo (2009:9):
The experience of staff of the Nigerian Civil Aviation Authority, NCAA is far more agonizing than other civil servants. Following a federal government order mandating the NCAA to relocate its head office to Abuja with effect from December last year, some of the workers had to move from Lagos to Abuja in January this year. While still trying to get over the shock over the high cost of living in Abuja, they realized that their January salary was not forthcoming, as at first week of March. To most of them, the feeling is that of dejection and deprivation.

Contractors are also feeling the pains inflicted by the e-payment regime. Obiozo (2009) equally posits that though the big local contractors who are very familiar with bank procedures may not find the new payment system inconvenient if government through the banks is releasing their money, but the smaller ones like vendors who supply newspapers and other petty items to MDAs are counting their losses. For example, Uche Nwizu, a vendor while speaking with Broad Street Journal reporter explains … “he agreed to e-payment by registering his company’s name and opened an account with a bank in Abuja, requirements for the new payment system. But after checking his bank account for two months without any money from the ministry, he stopped supplying papers to the ministry where he continues pursuing the payment for the two months owed him” (Obiozo, 2009:9).

Ironically, the e-payment system meant to check corruption, and waste in public service, and promote accountability and transparency has compounded the problems of workers and contractors. Their grouse is that they were not consulted before the new system commenced. Fidelis Ede, National President of the Nigerian Civil Service Union, NCSN told Broad Street Journal that the Union was not part of the process. “We just woke up one day and saw the circular. There was no committee set up with regard to it and nobody consulted the workers” (Obiozo, 2009:10) he said. Edeh wonders what corruption the e-payment will curb in salary payment when it is the same people that are in account department using their old system of computation. To him, instead of abating corruption, the new regime will promote corruption. Ede says that the level of productivity in most government MDAs has been seriously affected due to delay in salary payment. “A worker whose salary is not even enough when it is being paid is now owed for months. The first casualty is productivity” (Obiozo, 2009:10) he concludes.

The crisis arising from the e-payment regime is equally attributed to poor handling by government and inadequate preparation. Another perspective believes that banks are responsible for the delay. It is posited that the banks used as primary banks by the ministries and agencies, may receive the money and decide to hold on to it. Festus Odoko, spokesman of the Central Bank of Nigeria, CBN while speaking with Broad Street Journal reporter agrees that salaries of the civil servants were being delayed because most workers do not supply their correct data. If any of your account details is wrong, your money will not hit your account and that it is the problem they are facing” (Obiozo, 2009:11).

On the other hand, Fidelis Edeh while still speaking with Broad Street Journal reporter questions the rationale behind handing the e-payment to privately owned banks whose primary motive is to make profit. He demanded for interests to be paid on the withheld funds. Finally, is the fact that some people were trying to sabotage the process by causing delays in the payments?
Amidst all these explanations, Emma Ugboaja, president of Alliance for Credible Elections, says that there is more to the e-payment than meets the eyes. He explained that the entire process was designed to attract business to them by nominating the banks to be used by the various MDAs. To him, this is another desperate move by banks to attract deposits at all cost.

“We have complained about banks using young ladies to attract deposits. The sophistication is now using political office holders to attract deposits. That is what the civil service e-payment is all about” (Obiozor, 2009:11).

Indeed, it is the business for the banks and the various MDAs, but to the workers, the system is causing them nightmares. This is because cash remains the preferred medium for payment in Nigeria. Poor awareness for e-payment solutions, ignorance, poor banking culture, lack of trust, illiteracy and the love for the status quo have been fingered as responsible for the high volume of cash transactions in Nigeria and, therefore, constitute great challenges for e-payment system. For any payment system to be able to replace cash or at least compete with it, it must win the trust of stakeholders in the economy. The payment solution must also be easily convertible to cash, since most stakeholders in Nigeria are in business on subsistence basis. This is where e-payment solutions come in. This payment solutions target most of the concerns of merchants and more stakeholders. However, despite its merits e-payment systems has not gained much ground. The National Sport Lottery (NSL) has introduced e-payments solutions in the play of lotto. Lagos, Kwara and Anambra state governments have introduced e-payment solutions for vehicle licensing and revenue collection. This should be emulated by more states to deepen the e-payment culture.

However, a worrying trend is playing out in e-payment in Nigeria. A number of merchants in Nigeria now provide e-payment solutions that can only be used in their locations (Nigeria Technology Guide, 2009:5) For example, examination bodies like NECO, WAEC, and JAMB all have e-payment scratch cards that can only be used to register and check examination results for their examinations. This means that an average graduate of Senior Secondary (SS III) will have to buy at least a scratch card each for each examination bodies making it three cards. Even universities are now coming out with their own scratch cards. One transaction card will make nonsense of any merits that e-payment regime has over cash. Imagine what will happen if more than one-transaction cards come into the economy. This may result in an average Nigerian carrying up to 10 different cards.

**Recommendations**

In spite of the many benefits of their initiative we advise that the CBN should also examine the necessity for all cheques to be crossed to ensure that more people open bank accounts, minimize delays at banking halls and also reduce the volume of cash outside the banking system.

It is imperative and significant to have a mechanism to tackle the practice whereby public sector payments are made through names other than the authentic payees (contractors suppliers or vendors).

This would reduce the incidences of induced or “forced kind gestures” from any quarter. Following alleged misappropriations in some Ministries, Departments and Agencies (MDAS), especially the overseas travels, the office of the Head of Service of the Federation has created a
central electronic platform for all official travels by government officials. This act should be encouraged and embraced by all after the initial pilot study with selected MDAs. We however, urge caution here because fraud committed on electronic platforms are usually colossal and could go on for a long time unnoticed due to the skewed format for software programming. We recommend regular internal and external transaction auditing to reveal any existing systemic fraud and forestall new fraud initiatives. The electronic platform must be made to identify all partners in any transactions. This is to reduce the rising incidence of anonymity that plays a critical role in corruption.

There is need for Nigeria’s business environment to be more formalized as many individuals and even corporate entities operate in a black economy presently. Nigeria, in the eye of the world, needs a lot of cleansing and fixing of its deteriorating national image arising from major vices associated with Nigerians like drug and human trafficking, terrorism and advance free fraud (419).

The wave of internal crime globally is worming one in the face of e-payment, hence stakeholders have the responsibility to meet and exchange ideas as well as examine the progress made in the implementation of the new payment system and the way forward. We strongly believe that the CBN directive could send positive signals of the country’s commitment to fighting corruptions. The international rating agencies are watching such steps aimed to improve Nigeria’s corruption rating. The onus therefore, lies on government to monitor the process to ensure that its benefits are not eroded.

**Conclusion**

Following a recent directive from the CBN, cheque payment can no longer exceed N10 million effective from January 1, 2010 and accordingly, the banks have started implementing the directive.

This directive is, perhaps, in recognition of the fact that our current payment system is opaque, in adequate and inefficient to support the levels of economic activity in the country. In the spirit of this directive, banks have been told to advise their customers who have frequent and bank payment (above N10 million) to be made to hinders, contractors or for salary payments to employees to be signed up on the bank's e-payment platform to enable them effect such bank payments.

Under any of e-payment processes, the customer gives an instruction to his banks, which can then, finding the enough funds in such account, debit the customer, credit the bank, debit the bank again and credit the beneficiary bank. This process takes few minutes to be completed provided there are enough funds in the customer’s account.

Such inter bank settlement system has the merit of curbing corruption, fraudulent money transfer and tracing funds related to terrorist organizations.

Though many entrepreneurs fear that the new policy will delay transaction and reduce turnover in their businesses Nigeria should be concerned about how to make the system work efficiently. The regulators will need to work on areas that will make the system efficient. That is, it is more appropriate to draw attention to the loopholes in the new policy instead of criticizing it.
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159