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Digital Transaction: A Catalyst For Financial Inclusion And Job Creation

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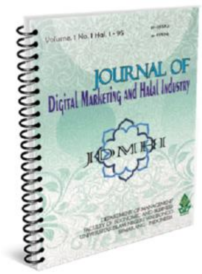
A R T I C L E I N F O



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A B S T R A C T

The growing number of Point of Sale (POS) Agents in Katsina Metropolis and their clients/customers informed the rationale for developing this topic. The central focus of this article is to examine the role of Agent Banking, which is part of financial inclusion in poverty reduction in Katsina metropolis. The researchers adopted a survey research design where data were elicited using quantitative research techniques from the targeted respondents. The data collected were analyzed and presented, revealing at least twenty Post of Sale (POS) outlets located in each major street of Katsina Metropolis. The study also found that the POS has become a veritable source of livelihood for those who are into Agency Banking. Additionally, the availability of POS Agents has influenced a significant population of the metropolis to adopt the use of digital systems of payment in their businesses and other financial transactions. It has been revealed that the cashless policy has facilitated or accelerated the growth of digital marketing in the Katsina metropolis. Entrepreneurs in the area are now selling their wares online and receiving payment via the same system, eliminating the barriers created by time and space. The theoretical implication of the cashless policy was the unintended consequences it generated. It is called the Cobra Effect during the 2033 Generation Elections in Nigeria. The decision to redesign the currency and reduce the amount of money in circulation has created more demands for cash, hence luring some voters to exchange their votes for cash on election day. The practical implications of the findings of this study are twofold: The cashless policy has encouraged some of the financially excluded people to open bank accounts. Electronic money payment systems enabled marketers to carry out financial transactions online without physical contact between the buyer and seller.

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Introduction

Financial inclusion is one of the strategies for poverty reduction or alleviation developed to tackle extreme poverty in some parts of the world, especially in Africa, where poverty is endemic. This is because many of the countries in Africa are among the countries with low financial inclusion and extreme poverty in the world. Ofori-Abebrese, Baidoo and Essiam, (2020) found that the level of financial inclusion in Sub-Saharan Africa where 29 of the 33 countries in the sub-region selected for the study indicates low financial index and financial inclusion has corrected with human development and poverty reduction. The impact of financial inclusion as part of the development plan is contained in 2030's sustainable development agenda. It has been emphasized by the United Nations Conference on Trade and Development (2021) report on financial inclusion for development. The report revealed that the availability of financial services provided by financial institutions is pivotal if the Governments and agencies are serious about realizing Agenda 2030 for Sustainable Development. However, many developing countries are still lagging in financial inclusion compared to their counterparts in developed economies where about 94 per cent have Banka Accounts while in developing countries 63 per cent, youth and illiterates are excluded financially.

Rhyne and Kelly (2018) of the Center for Financial Inclusion (2017) consider financial inclusion as a system in which anyone who can benefit from them has access to a full spectrum of high-quality programs at fair rates, and prices provided by a variety of service providers in a market that is competitive and convenient consumer protections and integrity clients who are financially capable of keeping track of accounts. To demonstrate that we've made progress, not only do people need to see more active accounts, but they also need to see more active accounts. However, there is a greater use of all four main forms: payments, savings, and other banking resources, credit, and insurance are two things that come to mind. Exceptions include when it comes to payments, the image of financial inclusion is bleak, and t as reassuring as it is expected.

In explaining financial inclusion, GPFI (2011) conceives that financial inclusion is the level of the person and enterprises' utilization of financial transactions provided by financial institutions. It focuses on the availability, accessibility, affordability, reliability, and effectiveness of financial services for adults of working age as well as other business enterprises. Additionally, financial inclusion ensures that financial services provided by financial institutions should be sustainable and user-friendly to the customers, facilitating money lending, cash transfer, payment for utility services and insurance. The conception of financial inclusion by GPFI has provided a comprehensive meaning and explanation of financial inclusion which Point of Sale (POS) is part of the tools of financial inclusion. In 2018, realizing the impact of financial inclusion, the National Communication Commission (NCC) in Nigeria and the Central Bank of Nigeria entered a Memorandum of Understanding (MOU) to develop a mobile payment system. The MOU intends to utilize the operational infrastructure of the mobile network operators including their knowledge and footprint to facilitate electronic and mobile money transactions or services in the country. This implies that the utilization of the mobile network operators' facilities the mobile money transactions and services would be extended to the economic and geographical segment of the population, that is, low-income earners dwelling in semi-urban and rural areas where there is no presence of major financial institutions and there is low knowledge of banking system and other system of financial transactions.

Based on the above discourse, the implementation of electronic money transfer or mobile money transaction systems can improve the economic fortunes of the people especially in poor countries. An empirical study in Niger Republic by Klapper (n.d) indicated that financial inclusion has improved the income of producers of agricultural products through savings in the mobile banking system. The majority of the farmers and markers of agricultural products were able to save time and money with the availability of mobile money transfer at their doorsteps' This enabled an avarice farmer to save what could feed a family of five for a day. Similarly, in one of the developing countries in Asia, India, Klapper (n.d) reported that rural farmers were motivated to open an account with agents stationed in their villages which has drastically reduced severe rural poverty. Empirical evidence is bound to attest to the benefits of being involved in electronic or mobile money systems of transactions. For example, approximately, 9 in 10 government payment recipients in Brazil and South Africa are paid into an account. Over half of all account owners in Latin America use their debit cards to make direct payments. 30% of adults in China make payments from their accounts using their mobile phones.

Therefore, the paper aims to examine the role of Agent Banking, which is part of financial inclusion in poverty reduction in Katsina metropolis. In this regard, the paper seeks an answer to this question: What is the role of Agent Banking in poverty reduction in Katsina metropolis? Particular emphasis would be given to Agent Banking which serves customers using Point of Sale (POS) service. This is because, before the introduction of Agent Banking and Cashless Policy in Nigeria, a significant population of Nigerians who are living in rural and urban areas had no Bank Accounts with commercial banks. They mostly engage in financial transactions that involve the use of hard currencies/notes.

The rationale behind this article is that some parts of Nigeria are lagging in embracing financial inclusion policies that transform financial transactions from analogue to digital. Empirical research has not been conducted to assess how people in Northern Nigeria are embracing digital financial transactions and marketing which is among the goals of financial inclusion policies designed and implemented by the Central Bank of Nigeria (CBN). African Division of the International Monetary Fund (IMF) (2023) reported that Nigeria's financial inclusion is not only low but also inconsistent with the objectives of the policy of the Central Bank of Nigeria (CBN). While the gender difference in financial inclusion is relatively small, the gaps for youth, individuals with poor educational attainment or income, and the urban-rural divide (only 56% of people in rural areas are included) are larger than in peer nations and Sub-Saharan Africa (SSA). The CBN issued a license for a Payment Service Bank (PSB) that offers digital payments but no loans in 2018, and it gave PSB licenses to two significant telecommunications corporations that operate as Mobile Money Operators (MMOs) in 2022, accelerating inclusion. In 2019, the Central

Bank of Nigeria (CBN) established SANEF (Shared Agent Network Expansion Facilities) in collaboration with commercial banks, the National Payments System NIBSS, and MMOs to promote financial access points, provide a platform for account opening at any agent location, drive enrollment for Bank Verification Numbers (BVN), and deepen financial literacy using digital technology of the 21st century.

Before the revolution of electronic fund transfer, statistics from the World Bank showed that 54% of adults in developing economies had an account in 2014, up from 41% in 2011 but 2 billion adults remain unbanked. 1.2 billion Adults in developing countries say they would use savings in case of an emergency but 56% of these adults do not save at a financial institution (Klapper, n.d).

Related to the assertions of Klapper, Rhyne and Kelly (2018) stated that there is good news about information technology in transactions. More people are using cell phones (especially in Africa), bank cards, and the Internet to receive money, transfer funds, and pay for goods and services. However, there are still significant differences, with 44 per cent of adults in developed countries using digital payments compared to 91 per cent in high-income countries.

Similarly, Nigeria has a sophisticated, well-used payment processing platform, according to Cooper, et al. (2018). Nigeria's large-value payments system is now first-rate and highly productive thanks to upgrades to the CIFT (CBN Inter-Bank Fund Transfer). The management structure of the Nigerian Inter-Bank Settlement System (NIBSS) ensures cooperation among financial service providers in the Nigerian NPS's non-competitive retailing industry (National Payment System). The use of EFT (Electronic Fund Transfer) and POS channels has increased significantly between 2011 and 2015, with EFT value increasing from USD285 million to USD1.2 billion (222%) and POS increasing from USD80 million to USD567 million (537%). Although there is only data available on cheque usage from 2013, there is a decreasing trend in usage, dropping from USD 2.9 billion to USD 1.9 billion in just two years (34%).

In one of the developing countries in Africa, Tanzania, the total number of POS and ATM devices has been gradually increasing over the last few years. Between 2011 and 2015, the number of POS devices grew by 200 per cent, from 5.9 to 18.1 per 100,000 adults. However, this trend may persist since the number is still low relative to the UFA average (47 per 100,000) (Cooper, et al., 2018). This indicates the rate at which people are embracing or adopting digital transactions in their financial dealings hence closing the gap of financial exclusion.

This research is novel because academic and non-academic research and publications have not focused on the role of POS in ensuring financial inclusion in developing countries. The previous studies' focus was on other aspects such as mobile money and ATMs. Also, this study has provided insights on Agent Baking in ensuring financial inclusion, income generation through job creation and the proliferation of digital marketing, particularly on social media platforms. In this sense, this study has filled the knowledge gap identified in some of the previous studies sampled in this work.

Literature Review

POS (Agent Banking), Financial Inclusion & Poverty Reduction

A cross-sectional study conducted by the

World Bank (2017) revealed the impact of mobile money transactions and services on job creation and poverty reduction especially in poor countries. The study adopted a quantitative method to elicit data across Kenya and found that the services provided by mobile network operations have enabled rural dwellers to be involved in modern financial transactions through money transfer and saving of money with the aid of mobile phones. The study further explained that with the provision of saving money, the system translates to improved earnings for the people and hence alleviates poverty. Similarly, the mobile money business has demonstrated its capacity to reduce poverty among women in Kenya. The system has encouraged women to save more money and reinvest in retail business which creates jobs and serves as a source of income hence it has reduced poverty by 22 percent, especially in households under the control of women (World Bank, 2017).

Additionally, many people embraced financial transactions with the aid of digital technology because of its advantages which include risk reduction, and user-friendliness, it does not require the user to be educated before operating. It enables people to transfer to distant and remote places safely by avoiding any eventualities that may arise along the highway (World Bank, 2017).

A study on financial inclusion, governance and economic progress in Nigeria by Omojolaibi (2017) which utilized secondary data has portrayed the intricate relationship between financial inclusion and poverty reduction strategy. The study found that financial inclusion is one of the veritable tools that can close the gap between the extremely poor and the ever-growing wealthy class in Nigeria. The study studies show that there is a relationship between financial inclusion and poverty reduction. However, the studies have not explained how financial inclusion translates to income earnings and poverty reduction.

United Nations Conference on Trade and Development (2021) exponential progress in information and communications technology (ICT) has opened the way for new financial services and business models exhibiting a significant potential for financial inclusion. Innovative digital financial services, such as mobile and digital payments and mobile and digital banking, have significantly reduced physical and economic barriers impeding financial access, particularly for those living in remote and rural areas.

A study conducted by Rhyne and Kelly (2018) of the Center for Financial Inclusion found that in Kenya Kenya continues to be the only country in the world where over half of adults have a mobile money account, and the penetration of mobile money continued during the past three years, reaching an astonishing 73 percent. Very few of these accounts are dormant, and, notably, the coverage in rural areas is nearly as high as in urban areas, the gender gap, at 4 per cent, is smaller than the global average.

As a result, according to Triki and Faye (2013), financial inclusion is needed to ensure that economic growth is inclusive and sustainable. All programs that make formal financial services available, accessible, and affordable to all segments of the population are referred to as financial inclusion. This necessitates paying special attention to segments of the population who have traditionally been excluded from the formal financial sector due to their income level and volatility, gender, place, style of operation, or financial literacy. To do so, it is important to tap into the untapped potential of those people and companies who are currently underserved or excluded from the formal financial sector, enabling them to gain control, develop their human and physical capital, engage in income-generating activities, and manage the risks that threaten their livelihoods. Both examples of financial inclusion are increased access to savings and risk-reduction products and a well-functioning financial system that allows individuals and companies to engage more efficiently in the economy while protecting users' rights. In the area, there are more than 50 million micro, small, and medium enterprises, with 69 per cent of them operating in the informal sector. These businesses employ 58 per cent of the continent's workforce and generate 33 per cent of its GDP, making them critical to the continent's socioeconomic growth. 2 Furthermore, small businesses contribute more to employment in low-income countries than medium and large businesses, according to a recent International Finance Corporation (IFC) survey (IFC, 2013). As significant contributors to job and value development, micro, small, and medium enterprises are the lifeblood of Africa's economy.

A study was carried out in Cambodia by Seng (2020) which analysed the impact of financial inclusion on poverty reduction. This study analyses the effects of financial inclusion on poverty in terms of household income per capita in Cambodia, with data from the FinScope Survey carried out in 2015. The analysis describes the effects via financial literacy, accounting for endogenous selection bias resulting from unobserved confounders and for structural differences between users and non-users of financial services in terms of income functions. The findings suggest that the use of financial services is very likely to make a great contribution to reducing household budget deficits and poverty if the users, females in particular, have at least basic financial knowledge.

Ahmad, Green and Jiang (2020) examined the contributions of mobile money in aiding financial inclusion and accelerating human development. The study was conducted in Sub-Saharan Africa where taxonomic, descriptive and analytical methods were employed to examine the impact of financial inclusion on poverty reduction in the sub-continent. The study found that mobile technology is a catalyst for economic transformation which enabled the use of mobile money transactions. The study further found that M-Pesa, a leading mobile money operator or service provider in Kenya has revolutionized the entire mobile money business in the country. The existence of a regulatory structure for financial institutions has contributed a lot to the take-off of mobile money business in the country, providing jobs for many unemployed segments of the population and ease of doing business.

Lal and Sachdev (2015) found that in some countries in East Africa, mobile money services are quickly becoming a critical tool for advancing the target of financial inclusion in emerging markets. Financial inclusion, or the creation of novel methods to allow people at the bottom of the economic pyramid to access formal financial services and become a part of the formal financial system, is seen as a critical precondition for lifting these people out of poverty and driving economic growth. The study has identified notable achievements recorded by some service providers such as Vodafone/M-Pesa Safaricom in Kenya. M-Pesa had 15 million customers, or 37.5 per cent of the country's population, within five years of its launch, and was handling $10 billion in transactions annually. However, the success of mobile money services, in general, has been limited; in its 2012 Mobile Money Adoption Survey of mobile money services in emerging markets aimed at the unbanked, the GSMA listed only 14 "sprinters," or services that were scaling quickly, out of a total of 150 such services. Also replicating effective services in new geographies has proven difficult, as shown by Vodafone's attempts to bring the M-Pesa model to other countries where it does business, such as South Africa. Furthermore, mobile money operators do not seem to understand which factors can decide a deployment's ultimate performance. However, the rate of new deployments is only increasing, and given past failures and the apparent difficulty in learning from them, many new deployments are likely to fail as well. Telecom ZAAD in Somaliland, Dialog eZ Cash in Sri Lanka, Econet EcoCash in Zimbabwe, SMART Communications SMART Money in the Philippines, and Globe Telecom GCASH in the Philippines – as well as five less successful deployments – Vodacom M-Pesa in South Africa, MTN m-money in Uganda, and Eko Financial Services in India – and the broader situations (Lal & Sachdev, 2015).

According to Naouar (2018), mobile banking and agent banking have been the key drivers of financial inclusion in Sub-Saharan Africa over the last few years. Traditional financial institution accounts are lagging in terms of growth. When they do rise, it seems to result from the mobile money revolution. The message is clear: Africa's financial sector will be digital in the future. Although East Africa has long been the frontrunner in terms of digital financial services growth, West Africa is the new frontier. Not only in terms of scope but also in terms of creativity. Banks in the area are increasingly establishing alliances with mobile money operators to provide open and affordable services outside of their traditional target markets, and they are investing in their digital operations to develop new banking models. Fintechs have sprung up all over the world, from Dakar to Lagos, as well as the regulatory climate is improving. There is every reason to expect East Africa's early success to be repeated, if not exceeded, in West Africa.

The larger industry on the continent needs to transition to the next generation of digital goods. Beyond person-to-person payments, a wider, more diverse market demands more sophisticated and specific goods. Digital banking, savings, and credit products, as well as the digitization of supply chain finance and merchant payments, all present obvious opportunities. This will greatly increase consumer benefits and use and providers' long-term viability. The customer has taken over as the new boss in town. Users don't care who or what kind of company the provider is as long as they can access the services they want, as the distinctions between providers are becoming increasingly blurred. Across the country, banks, microfinance institutions, mobile network operators, payment service providers, and Fintechs are all experimenting with competing services. Understanding the needs of mass market customers would be crucial to success (Naouar, 2018).

Hansen (2019) poverty's intractability is heightened by its rural dimension; resources such as technology are important but inadequate to alleviate it. Basic factors such as distance from a bank are often cited as an obstacle to basic financial inclusion, defined in this case as having a deposit account for adults living in rural areas. The financing gap is most acute in rural areas when it comes to inclusion in more diverse credit markets. It is particularly acute among women, who receive only 10% of the credit to small farmers and less than 1% of total agricultural credit. Smallholder farmers make up the majority of Africa's rural poor. These farmers work in a dangerous environment. As a result, they put a high emphasis on help that provides them with flexibility, familiarity, and tangibility so that they can use their chosen coping mechanisms to improve their resilience. Designing suitable financial services for customers with these goals and a low willingness to pay can be challenging, making long-term business models difficult to accomplish.

Chude and Chude (2014) stated that agent banking has been an important aspect for financial institutions in taking their services closer to the people. Agent banking would undoubtedly help increase bank profitability if implemented in the Nigerian banking sector. This research aims to find out how agent banking affects the profitability of Nigerian commercial banks. The research was carried out using a descriptive survey, and the work was analyzed using content analysis. It was discovered that agent banking has been shown to play an important role in customer loyalty and bank profitability, and it was suggested that agent banking be implemented in Nigeria.

An empirical study was conducted in Ekiti State by Ogunsakin and Olumide (2017) which examined the potency of financial inclusion as an effective policy tool for poverty alleviation. The study provided a retrospective analysis of poverty and inclusion in the State for twenty-five years (1980-2015). The researchers adopted simple random sampling to sample one hundred and eighty (180) household heads in the State for the State-based three Senatorial Districts. Similarly, structured questionnaires were used as an instrument for the collection of primary data during the field survey. Additionally, for the analysis of the data elicited, the researchers employed multinomial logit test statistics of descriptive statistics to analyse the data. The study found that poverty was prevalent among women, who constituted 58 percent while their male counterpart was 42 percent. Similarly, the study found that there was a low presence of formal financial institutions like commercial banks in the State which indicates financial exclusion of a greater proportion of the residents this is because the largest proportion of the commercial banks in Ekiti are found in the State Capital, Ado-Ekiti. Furthermore, the study revealed that about 45 per cent of the entire population of the State does not carry out financial transactions with a formal banking system whereas the majority of those who bank with commercial banks were civil servants because the Government in the State has made it mandatory for the workers to have an account. Based on the findings, the researcher concluded that the following are some of the factors that aided financial exclusion in the State: employment, marital status, educational level, religion, financial discipline, use of bank products and services, distance, household size, access to political contract, gender, income level and age. The Study in Ekiti State identified some variables relevant to this study and would be used in the construction of questionnaires and interviews with the research participants.

The research focuses on financial deprivation in three segments: the bottom of the pyramid (BoP); women; and micro, small, and medium enterprises (MSMEs) (Asian Development Bank, 2017). (MSMEs). Based on our study, we estimate that addressing this opportunity might boost GDP by 9% to 14%, even in relatively large economies like Indonesia and the Philippines. In Cambodia, the possible increase in GDP is as high as 32%. Making the most of this opportunity could also help shape the future of the financial services industry, especially in smaller markets like Cambodia and Myanmar, where formal providers only meet a small percentage of current financial needs. Formal institutions in Cambodia, for example, only meet 16% of the demand for savings facilities from citizens in the financial inclusion target segment.

According to the findings, digital financial solutions may play a significant role in closing financial inclusion gaps. The BoP and MSME divisions could meet about 40% of the unmet demand for payment services and 20% of the unmet credit needs. Digital finance by itself would not be able to close all of the gaps in financial inclusion. However, we estimate that the combined impact of digitally-led financial inclusion could raise GDP by 2% to 3% in markets such as Indonesia and the Philippines, and by 6% in Cambodia. In Indonesia and the Philippines, this will translate to a 10% rise in income for the population receiving less than $2 per day, and a 30% increase in Cambodia (Asian Development Bank, 2017).

At the ECCAS regional conference held at Congo Brazzaville which was organized by the World Bank, on financial inclusion, growth and poverty reduction, Aguera (2015) emphasized that financial inclusion is capable of bringing economic growth and reduction of poverty especially in Africa. As a key driver of economic prosperity, financial inclusion can facilitate access to finance, enhance employment creation, boost human investment, and ease the risk of financial shocks. Similarly, the report stated that, within the period reviewed, it was anticipated that there would be an increase in the use of financial services for financial transactions which will skyrocket from 21.16 per cent in 2010 to 70 per cent in 2020 among adults.

Ondiege (2015) examined the impact of technological innovations that accelerate financial inclusion, specifically, innovations of mobile phone money and agent baking in four African countries: Uganda, Nigeria, Kenya and Tanzania. The researcher also examined the operational framework for financial service providers in each of the four countries. The study observed increased access to cell phones by the unbanked Africa, which is the most cost-effective and economically efficient method of providing financial services to most African populations. Nigeria had over 780,000 agents and 21 licensed MNOs (Mobile Network Operators) in 2014 that have been approved to participate in agent banking. The study found that the introduction of mobile financial services aided financial inclusion in the sampled countries. The researcher suggested that there is a need for Mobile Financial Institutions to update their financial technologies in line with the latest trends of e-banking in the world. This would enable the financial institutions to provide solutions that are user-friendly and simple to implement. The work of Ondiege is relevant which identified some operational framework required for setting up Banking Agent and Mobile Money Services in Nigeria. However, the researcher has not stated the methodology adopted in the study to conclude. Similarly, the study has not explained how the increase in the number of Nigerians who utilize financial services would be lifted out of extreme poverty which is the broad objective of this study.

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Therefore, this study in Katsina metropolis examined how the proliferation of Point of Sale (POS) services in rural areas and urban settings has been providing jobs for the agents and operators one hand, and encourages people, especially rural dwellers to embrace the modern financial transaction system for saving money and funds transfer on the other. Most of the literature reviewed has not explicitly stated how financial inclusion in developing has created jobs for the unemployed and reduced extreme poverty. The objective of this study in Katsina metropolis is to fill the gap by providing sufficient explanations on how financial inclusion has been a tool for reducing the rate of poverty and unemployment.

Methods, Data, and Analysis

To achieve the research objective and answer the research question, the study adopted a survey design to conduct a cross-sectional study in the Katsina metropolis which comprises Katsina and Batagarawa Local Government Areas. Qualitative techniques of sampling, data collection and analysis. The rationale for choosing the stated design and method is to enable the researcher to elicit in-depth information from the research participants within a short time. Similarly, they adopted a methodological triangulation in data collection because it provides robust data that is both valid and reliable from the operators of Agent Banking and their customers.

The structured questionnaire was designed to elicit data from the owners and agents of Agent Baking (Point of Sale (POS) in selected major streets in the Katsina metropolis. To achieve this, IBB Way, Yahaya Madaki Way and Dutsin-Ma Road were purposively selected for the study because they are the busiest streets in the metropolis where most of the businesses: wholesale and retail are located, as well as other commercial activities are carried out there. Purposive sampling was adopted due to the absence of data for the exact population of Agent Banking in the metropolis which if available, would serve as a sampling frame for random sampling. Additionally, the study would conduct In-Depth Interviews at the POS outlets with customers who are there for the financial transactions either withdrawal or deposit. The aim is to answer the research questions and achieve the study's objectives: to assess whether the introduction of Agent Banking has employed jobless people and encourages people to open accounts with Banks and operate cashless businesses. The data elicited from the fieldwork were analysed and presented in a tabular form while the qualitative data are integrated with the quantitative data. For the quantitative, descriptive statistics was adopted for the analysis while a thematic style for data presentation was used for the qualitative data.

Results and Discussion

Duration of Using POS

The results showed a majority of the POS operators in Katsina Metropolis have spent more than three years. However, a small proportion of the POS Agents spent more than five years in the business. This implies that there increasing number of POS operators in the city as Bank customers are patronising their services than before, when agency banking was novel.

Possession of Bank Account

The result revealed that there is a significant population of people without Bank Accounts but are utilizing the services of POS Agents in

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Katsina. However, the majority of the customer's Bank Agents have Bank Accounts with commercial banks in Nigeria. This indicated that the coming of Agent Banking has enabled people who have no bank account to carry out financial transactions through POS. This is common among petty traders in the Katsina metropolis who use the account number of the POS operators close their shops to send and receive money from their customers, especially when they want to buy goods outside Katsina or when some customers want to purchase goods using a debit card.

Period of when Account was opened

The results showed a majority of the respondents stated that they were motivated by the coming of POS to open a bank account with a commercial Bank in the Katsina metropolis. Their reasons are: that banking with POS does not require a high level of literacy unlike in the banking hall, where a customer is required to fill out a Bank teller when depositing money or withdrawing, the customer must fill a withdrawal slip. Business people and other citizens who were not literate were excluded from conducting financial transactions with commercial banks. However, while carrying financial transactions through a POS Agent, the customer is only required to insert his or her secret PIN and the agent will perform the other operations.

Table 1.
Operating Banks with among POS Agents

S/N	Bank	Percentage (%)
1	Access Bank	40
2	GT Bank	25
3	Zenith	15
4	Union Bank	5
5	Polaris	3
6	Jaiz Bank	3
7	Sterling Bank	3
8	ECOBANK	3
9	First Bank	3
	Total	100

Table 1 shows the order of commercial banks in which the majority of POS Agents operate in Katsina Metropolis. The Agents revealed that Access Bank has less regulation and a high commission for the Agents. With the introduction of the Central Bank of Nigeria's cashless policy, many commercial banks are relaxing their regulations for registering Bank Agents, increasing the population of POS Agents of Banks with less paperwork and more benefits for the Agents. This implies that Commercial Banks at the bottom have low patronage from the prospective Agents because the requirements for registration are difficult to satisfy and their agent's commission is not attractive.

Frequency of Using POS

The customers found at different POS outlets in the Katsina metropolis stated that they utilize the services of POS Agents daily. However, a significant population of civil servants use POS to withdraw and transfer money monthly after payment of salaries in the State. This implied that both business people and civil servants preferred using POS Agent to Automated Teller Machine (ATM) or over-the-counter transactions inside the baking hall.

Table 2.
Reason for Preference of POS over ATM or Bank Hall

S/N	Reason	Percentage (%)
1	Time-saving	45

2	Efficiency	35
3	Proximity to Residential/Business Areas	20
	Total	**100**

It could be deduced from the results of qualitative data that the research participants were categorized into three: using POs saves a lot of time because it requires the customer to only insert his secret PIN while the Operator carries out the rest of the processes. People who are not literate or conversant with ATMs prefer POS because the Agents help them to operate, all they need to do is to insert their PIN. Similarly, with the regulation policy of the Central Bank of Nigeria, commercial banks are not allowed to dispense cash over the counter above Twenty Thousand Naira Daily. This compelled the customers to patronize POS and ATMs. Similarly, some of the customers of commercial banks in Katsina Metropolis patronize POS Agents because of their efficiency in transactions. The participants stated that, unlike ATMs, POS sets do not experience cash and card trapping as well as stocked cards. With this, some customers prefer using POS because their money and ATM cards are safer than using ATMs. Additionally, some of the customers in the Katsina metropolis developed an interest in patronizing POS Agents because they are located in the neighbourhoods or close to their place of business. Customers/clients do not need to trek for a long distance before reaching the closest agent to their house or place of business. Similarly, POS services have influenced online marketing in the Katsina metropolis and other parts of Nigeria. The POS helps customers who purchase goods online to make payment, shifting from traditional means of financial transaction to the digital system.

Table 3.

Number of POS Outlets in the Neighbourhood /Business Area

S/N	Number	Percentage (%)
1	1-5	70
2	6-10	10
3	11-15	14
4	16-20	6
	Total	100

The decision to turn the economy of Nigeria into a cashless economy has astronomically increased the population of POS Agents in major cities, towns and villages in Nigeria. The population and nature of the economy of the area determine the number of POS Agents in the Katsina metropolis. The results showed that there is 1 to 5 POS Agents on streets without less economic activities whereas there are at least 16 to 20 POS Agents on streets with different business activities in the Katsina metropolis. This signified that with the implementation of the cashless policy and redesign of the Naira (Nigeria's currency), Nigerians are compelled to adopt digital means of transaction which POS Agents are the best alternative source of cash for customers of commercial banks in the Katsina metropolis. This implies that the residents of Katsina metropolis are not using POS for the sole purpose of cash withdrawals but for online transactions which is a significant transformation from the analogue era where customer and seller must interact physically and exchange hard currency to the 21st century technology-driven financial transaction which the customer and seller finish their transaction while living millions of kilometres apart.

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Table 4.
Customer's Rating of POS Service

S/N	Rating	Percentage (%)
1	Efficient	65
2	Satisfactory	15
3	Inefficient	11
4	Poor	9
	Total	**100**

Results showed the rating of the financial services rendered by the POS Agents. The majority of the POS customers rated the service of depositing, transferring, paying and withdrawing money using POS as efficient and satisfactory while some showed dissatisfaction with the POS services. This indicated the existence of generation satisfaction of the POS with the transaction by the customers. This is because the POS is less formal, unlike the Bank, and most customers and POS know each other. The existence of mutual trust between the clients and Agents creates more confidence in the minds of the clients and hence, increases patronage. Both clients and the Agents expressed that POS is a more efficient payment system than mobile applications and ATMs, especially in 2023, when the Central Bank of Nigeria redesigned the currency (Naira) and introduced a daily withdrawal limit for individual and corporate account holders. For business persons, the POS has become the surest and most efficient means of sending and receiving without complaining of network failure in delivering the money to the intended account. This implies that a significant proportion of the clients/customers patronise the POS because of its efficiency in enabling them to carry out their financial transactions for various purposes.

Table 5.
Challenges associated with using POS

S/N	Challenges	Percentage (%)
1	Network Failure	35
2	Duplication of ATMs by fraudsters	25
3	Issuance of fake currency	5
4	High transaction charges	25
5	Withdrawal Limit	10
	Total	**100**

Like any other innovation, POS customers/clients and Agents have identified the challenges they encountered while carrying out financial transactions. Most of the POS clients or customers faced challenges ranging from internet service failure (network failure). There are commercial Banks at the time the Central Bank of Nigeria decided to redesign the currency in October 2022 and stop the use of old notes in February 2023, Nigerians have experienced different problems in carrying out financial transactions. Particularly, transaction failure where the money debited will not be credited to the receiver's account for hours. This had adverse effects on businesses and other commercial activities at a time when there was a cash crunch.

Discussion of Major Findings

The paper aims to examine the role of Agent Banking, which is part of financial inclusion in poverty reduction in Katsina metropolis. In this regard, the paper seeks an answer to this question: What is the role of Agent Banking in poverty reduction in Katsina metropolis? Particular emphasis would be given to Agent Banking which serves customers using Point of Sale (POS) service. The findings discussed below have sufficiently addressed the objectives of the study.

The results of this study revealed that the cashless policy introduced by the Federal Government of Nigeria has compelled some Nigerians to open accounts with commercial Banks. Additionally, with the increased population of bank customers, the Bank introduced Agency Banking which led to the introduction of Point of Sale to ease financial transactions in urban and rural areas. This agrees with the result of a study conducted in India by Mukhopadhyay (2016) who found that most Indians are now using debit cards, point-of-sale, and mobile money transfers. Similarly, Parlasca Johnen and Qaim (2022) found that 82 per cent of the farmers in rural areas of Kenya use mobile financial services to carry out financial transactions. The findings from India, Kenya and Nigeria have revealed how people are embracing digital financial transactions in countries designated as Third World. In the case of Nigeria, it shows that the policy in Kenya introduced by the Apex Bank is gaining acceptance among the citizens who were previously excluded from using digital financial services for e of business and other transactions.

Also, the rationale behind the introduction of the cashless policy was to encourage Nigerians to utilize the services of formal financial institutions and reduce the amount of cash in circulation. The findings revealed that residents of Katsina metropolis have adapted to the cashless policy with the aid of POS service within their vicinity. The increase in the population of customers/clients who patronize POS services for cash withdrawal, transfer and deposit has also increased the number of people who open POS outlets in the metropolis. This has translated to creating job opportunities for the POS Agents and financial inclusion for those excluded from formal financial transactions before the Central Bank of Nigeria implements the cashless policy. This is related to a result of a study conducted by Muyiwa, Tunmibi and John-Dewole (2013) who found that the impact of a cashless economy in Nigeria is numerous including employment generation of youths and adults in the new sectors, reduction of robbery since the cash is not in circulation and reduction in the cost of production of new notes. In most of Africa, Digital Financial Services have been aiding citizens to actively use the various forms of the digital economy to enhance their livelihood (Mpofu & Mhlanga, 2022). As part of the efforts to transform the economy of Nigeria through digital financial services, the Federal Government of Nigeria has renamed the Federal Ministry of Communication to the Federal of Communication and Digital Economy. Both public and private establishments have adopted different forms of digital financial transactions ranging from the payment of school fees, payment of staff salaries and procurement of goods. Online marketing has become fashionable now (2023) in Nigeria, a significant proportion of Nigerians appreciate placing orders for goods online rather than physically going to the shops making purchases and paying in cash. Many young people are now developing entrepreneurial skills in digital financial transactions, where they market their goods and services online, without renting a shop/store. Online marketing for goods and services on different social media platforms is reaching a large population of customers/clients in Nigeria. This has reduced the rate of unemployment and generates revenue for the government. This agrees with the findings of a study conducted across Sub-Saharan Africa by Ifediora et al. (2022) which revealed that digital financial transactions have facilitated the migration of some businesses from physical to online marketing, reducing the prices of goods and services. This is because business owners are not spending huge amounts of money on building or renting shops, payment of electricity and other utility bills.

The study's findings also revealed that in 2023, with the redesign of the currency, customers are using the POS for transfer more than withdrawal due to the cash shortage in circulation. The Central Bank of Nigeria has directed the commercial banks to stop the withdrawal of money on the counter beyond Twenty Thousand Naira. In this situation, even the POS Agents have no cash to serve their customers which means the CBN has achieved one of its aims of the cashless policy. The Central Bank of Nigeria (CBN) has introduced a new cash-based transaction policy stipulating a 'cash handling charge' on daily cash withdrawals or deposits exceeding N500,000 for Individuals and N3,000,000 for corporate bodies. The new policy on cash-based transactions (withdrawals & deposits) in banks, aims at reducing (not eliminating) the amount of physical cash (coins and notes) circulating in the economy and encouraging more electronic-based transactions (payments for goods, services, transfers, etc.). This correlates with the findings of Ogbonne (2023) concluded that the cash withdrawal limit introduced by the CBN has encouraged a significant population of Nigerians to embrace different digital means of financial transactions.

Also, the CBN have a covert reason for the introduction of the cashless policy which is to prevent politicians from using money to buy votes during the 2023 General Elections in Nigeria. This is because previous elections in Nigeria were characterized by vote buying, that is, agents of political parties and political candidates use money to induce the voters to vote for candidates of their choice. This is in line with the conclusion by Pillah, (2023), that the naira redesign had significantly reduced the amount of money in circulation during the 2023 General Elections and curtailed the use of money to induce voters in rural and urban areas to vote for candidates against their wish in exchange for small amount of money. Similarly, Kebede et al. (2023) found that people in the 21st century are now shifting attention from traditional to digital marketing in rural and urban areas because it is profitable for clients and business owners.

The practical implications of this research's findings are that the CBN's policy has transformed financial transactions in Nigeria from different perspectives. It has created job opportunities for those who are into Agency Banking. It has eased financial transactions through the use of different digital means of payment such as ATM Debit Card, POS and Bank's mobile application. Also, it has simplified the process of opening bank accounts with commercial banks by providing services at the doorstep of the customer/clients, it has reduced the gap of financial exclusion of a greater proportion of Nigerians who in the past, have no bank account because of the bureaucratic processes in the banking hall.

The theoretical implication of this research's findings is that Nigeria's cashless policy has produced unintended consequences or what could be described as the Cobra Effect. The policy has created a high demand for cash in the country, making the electorate exchange their votes for cash. This disagrees with the findings of Omoyeni (2023) which revealed that the cashless policy had significantly reduced the rate of using money to induce the voters on election day.

Conclusion

The decision of the Central Bank of Nigeria to introduce Agent Banking in Nigeria has led to the inclusion of a large segment of the population who were hitherto excluded in formal financial transactions, that is, Nigerians who have no account with commercial Banks were decided to have an account or accounts to make financial transactions for the sustainability of their businesses. In this sense, the previously excluded people from modern financial services have realised that opening an account with a commercial Bank has become mandatory because the Central Bank of Nigeria (CBN) has compelled people not to have enough cash in their possession hence the transformation to the cashless policy and use of electronic or digital means of transaction and payments. The coming of point-of-sale agents or outlets in both urban and rural areas has created job opportunities for the people. It has become a reliable source of income o livelihood via the charges the Agents collect from the customers and from the commercial Banks they registered with.

It is safe to conclude that the cashless policy has facilitated and accelerated the development of digital marketing, and digital payment increased the population of bank customers, hence leading to the financial inclusion of the people who were left out. Through agency banking, people with no formal education could carry out financial transactions with the assistance of the POS Agents. The internet has also contributed to the development of digital marketing. Digital marketing means marketing products or services using digital technologies, mostly on the Internet, mobile phones, display advertising, and other digital terms. Customers are using digital payment systems to carry out transactions without physical meetings between the buyer and the seller. The elimination of physical meetings between customers and buyers has reduced the risk of carrying cash and travelling from one place to another. Also, the policy has reduced the distance of time and space, people are carrying out business and other financial transactions remotely.

Suggestion

Based on the above conclusion and findings of the study, the researchers suggest that the Central Bank of Nigeria (CBN) should adopt strict measures to ensure their internet services are efficient to reduce the rate of complaints on transaction failures, particularly in rural areas. It compelled customers or Agents in rural areas with no commercial banks to travel to cities with Branches of Banks to lodge their complaints on transaction failure. This discourages people from embracing the cashless policy.

The study also suggests that the Federal Government of Nigeria through the CBN develop an operational framework for online marketing in Nigeria. There is a proliferation of adverts for goods and services on different social media platforms, notably Facebook and Instagram. The business owners often request a customer to deposit delivery of the item and it turns out to be a fraudulent transaction because the majority of the fraudsters do not use bank accounts but Moniepoint or Opay accounts which cannot be easily traceable by the security operatives.

Also, the CBN should compel all commercial banks in Nigeria to instruct their agents (POS Agents) to have a flat rate of charges for financial transactions. This will curtail arbitrary and exorbitant charges on customers by the Bank Agents. In this regard, Banks should provide their Agents, with a safe for keeping money. This will encourage people in rural areas to open more POS outlets, serve their customers without running out of cash for withdrawals, and keep money for deposits. This is because the POS Agents have become vulnerable to attacks from armed criminals in both urban centres and rural areas.

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