Effect of Point Of Sale (Pos) On the Growth of Business in Nigeria

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ABSTRACT
This study investigated the effects of POS on the performance of small scale businesses in Nigeria. Evidenced literatures show that in spite of having POS terminals, avenue to electronic funds transfer, and cheques payment, most merchants still accept cash above POS. The study intends to find out why merchant accept cash over electronic payment while they have the POS terminals by banks without being solicited for by the merchants. The study use a descriptive method of research as questionnaire were used to collect data from some selected supermarkets and answers from the questionnaire were presented on tables and simple percentages were used to analyze the data. The study findings includes: majority of supermarket customers prefer making transactions in cash over the counter rather than using electronic payment platform provided by the supermarket i.e. POS, also most supermarkets are found of collecting cash over electronic transfers. The study recommends that policy should be formulated to encourage supermarket customers to adopt POS as a mode of payment in their business transactions.
Keywords: Effect, Business organizations, Point of sale, Nigeria.

I. INTRODUCTION
A specific type of retail ICT that can be employed to achieve effective store management is a 'Point-of-Sale' (POS) system. POS systems are defined in many different ways. On Wikipedia, a retail POS system is defined as "a computer, monitor, cash drawer, receipt printer, customer display and a barcode scanner". Webopedia.com defines a POS system as "the capturing of data and customer payment information at a physical location when goods or services are bought and sold". YourDictionary.com defines it as: "A comprehensive computerized checkout system that includes a bar-code scanner, receipt printer, cash drawer, credit and debit card scanner, monitor, and inventory management software. A point-of-sale system tracks sales and identifies inventory levels in real time". There are many different types and brands of POS systems available. EBay.com and BuyerZone.com provide a web-based 'Point of Sale System Buying Guide', containing over 4,000 different POS equipment's for retailers, and 91 different types of POS software.

POS systems enable retailers to consult more detailed management information compared to traditional cash registers and Electronic Cash Registers (ECRs). As this management information is based on sales figures, retailers can improve their business by maintaining a better product strategy and pursuing a more efficient replenishment process matching customer demand, alleviating what is often referred to as the 'bullwhip effect' (Lee, Padmanabhan and Whang, 1997). This enables inventory optimization, minimizing storage space and 'sold-out' situations. Moreover, cash slips can be stored electronically and the results can be brought up in the POS system immediately, both reducing time spent on administrative tasks. This is specifically relevant for The Netherlands, where the administrative burden for SMEs has increased through regulations concerning article pricing, tax regulations for transactions storing and ingredients tracing for food products. It can therefore be expected that POS systems lead to higher performance and support the development of small retailers (cf. Parkan, 2003). Professionalizing through ICT may particularly help the small, independent retailers to improve their competitive position against larger retailers and internet based vendors.

The Nigerian payments system has evolved over the past few decades. The modern payments system started being completely paper-based with the use of banks notes, payment orders, and cheques. In 1996, the payments system was

modified to include card-based e-payment products. This was followed by the introduction of pay card in 1997. By 1999, card based payment products assumed an open platform with authorization from the CBN for the floating of two card service companies by a consortium of over 20 banks. In 2003, the CBN, in collaboration with the Bankers Committee, launched the first major initiative to modernize the payment system, granting approval to a number of banks to introduce international money transfer products, telephone banking, and online banking via the internet on a limited scale. Today, virtually all banks have introduced electronic funds transfers (EFT), debit and credit cards, internet banking, mobile banking and deployed Automated Teller Machines (ATM). The Nigerian payments system has further evolved with the introduction of the Payments System Vision 2020, launched in 2007 to facilitate a wider range of electronic payment methods such as POS terminals, facilitated by a wider range of service providers.

By 2007, the payment system had transitioned from being cash-heavy to a bulk payer status, which is a combination of cash, and some electronic instruments, mainly Automated Teller Machine (ATM). Post 2007, Nigeria continues to embark on measures to increase the use of electronic channels in its journey to a cash lite society with efficient payment systems. In 2011, the CBN launched a cash policy to modernize Nigeria's payment system (in line with the country's vision 2020), reduce the cost of banking, foster economic growth and improve the effectiveness of monetary policy. The cash policy is to reduce the rate at which cash is physically moved in the country. The cashless economy, as explained by NIBSS (2015) is aimed at reducing and not eliminating the stock of paper currency circulating within the economy. It does not refer to an outright absence of cash transactions in the economic setting but one in which the amount of cash-based transactions are kept to the barest minimum.

Several electronic payment systems such as payment cards (smart card) and paper-based instrument that were introduced by the CBN gave rise to significant growth in the use of electronic payment systems. The CBN strategic plan on e-payment system is to ensure that a larger proportion of currency in circulation is captured within the banking system, thereby enhancing the efficacy of monetary policy operations and economic stabilization measures. E-payment initiatives such as the establishment of switching companies that facilitate interconnectivity,

introduction of payment instruments such as Automated Teller Machine (ATM), web transaction, e-money products such as credit and debit cards and Point of Sale (POS) have drastically helped reduce the volume of cash transactions and the flow of cash in the Nigeria economy. Electronic payment systems that have been introduced in Nigeria are Automated Teller Machine (ATM), web transaction, electronic money products (such as credit and debit cards), and POS. These e-payment systems provide a better audit trail than transactions which involve physical cash and thus reduce the amount of currency in circulation (Adeoti&Oshotimehin, 2012).

POS is one of the e-payment systems introduced in Nigeria to further the course of cashless policy. POS is an electronic payment device which enables individuals to make purchases with electronic cards. POS accepts ATM cards for payment of goods and services. This card stores account information on microchips. The microchip contains a purse in which monetary value is held electronically. The card can be used to make purchase of goods and services online, in supermarkets, shopping malls, and other market places. POS allows cardholders to have a real-time online access to funds and information in their bank account through debit or cash cards. POS deployment is projected to hit 350,000 in 2014 from 120,191 in 2013, reflecting growing acceptance of POS and electronic card payments. This is because between 2012 and 2014, it was found that the volume of transactions conducted via POS increased by 183% compound annual growth rate (CAGR) suggesting significant adoption and usage of POS (NIBSS, 2015).

II. STATEMENT OF THE PROBLEM

Despite their potential benefits and their wide availability on the Dutch market, POS systems are not (yet) widely used by smaller retail organizations. Statistics from central industry board for retail trades (HBD, 2009) show that in 2008, 30% of retail organizations actually used a POS system. This adoption level differs per branch, ranging from 57% for supermarkets to 10% for shops for household products. The most recent Sectoral e-Business Watch (European Commission, 2008) confirms that smaller retail companies tend to be less automated than larger ones. To be able to further stimulate the uptake of POS systems, it is important to understand how retailers value POS systems and which determinants play a role in the decision to adopt such a system. Until now, only limited knowledge on these matters is available.

The researcher therefore investigate how existing theories can be applied to understand the POS adoption by small retailers.

Objectives of the study
The general objectives of this research work is to examine the effect of point of sales POS on some selected supermarket in Bauchi metropolis
- To assess the determinants of point of sales (POS) system adoption for small businesses
- To find out the level at which point of sales (POS) system is adopted in Bauchi metropolis

Significance of the Study
The study will help business owners with more information on the use of POS as it facilitate their daily business transactions and also enlighten the customers of retail businesses on the benefit of using POS for business transactions. It will help government collaborate with the appropriate agencies formulate policies on the regulation of usage of the POS so as to reduce the negative impacts of the usage of POS.

Methodology
For the purpose of this study, the case study approach has been adopted, because it has led to more detailed examination to the topic.

The main research instrument is the use of primary data which is closed ended questionnaire. While the secondary data is through text books, journals, statistical bulletin, internet, etc.

The sample technique of this research is fifty (50) people which were drawn from the population of the study using the simple sampling technique to represent the population.

The data would be presented in tables and simple percentage would be used to analyse the obtained data. The researcher distributed the questionnaires hand to hand and collected same after completion by respondents.

Analysis
The data presentation and analysis was some in tables this was carried out with actual number of respondents that returned their questionnaire.

QUESTIONNAIRE DISTRIBUTION AND COLLECTION

No of questionnaire distributed	50
No of questionnaire returned	50
No of questionnaire not retuned	0

Source: Field survey 2021

For the analysis, the researcher will be making use of the number of questionnaire returned which are 50

SEX OF RESPONDENTS

Option	No of Respondent	Percentage
Male	35	70
Female	15	30
Total	50	100

Source: Field survey 2021

As shown in the table above, it was revealed that 35 respondents representing 70% of the survey are male while the remaining 15 respondents representing 30% of the respondents are females.

AGE OF RESPONDENTS

Option	No of Respondent	Percentage
21 – 30	28	56
31 – 40	12	24
41 and above	10	20
Total	50	100

Source: Field survey 2021

As shown in the table above it revealed that 28 of the respondent which represent 56% are within the age bracket of 21 – 30 years, 12 respondents which represent 24% of the survey fall within the age bracket of 31 – 40 years. 10 respondents representing 20% of the respondents are within the age bracket of 41 years and above.

MARITAL STATUS

Option	No of Respondent	Percentage
Married	35	70
Single	15	30
Total	50	100

Source: Field survey 2021

From the table above, 35 respondents representing 70% of the survey are married while the remaining 15 respondents representing 30% of the survey respondents are single.

ASSESSMENT DATA
OWN A ATM

Option	No of Respondent	Percentage
Yes	50	100
No	0	0
Total	50	100

Source: Field survey 2021

The table shows that the whole respondents of the research work own an ATM card which they use for their financial transactions.

KNOWLEDGE AND ABILITY TO OPERATE POS MACHINE

Option	No of Respondent	Percentage
Yes	45	90
No	5	10
Total	50	100

Source: Field survey 2021

The above table showed that 45 respondents representing 90% of the survey are knowledgeable and has the ability to operate the POS machine while the remaining 5 respondents representing 10% of the survey does not have the knowledge and ability to operate the POS machine.

BANK CHARGES ON TRASACTIONS COMPLETED WITH THE POS

Option	No of Respondent	Percentage
Yes	0	0
No	50	100
Total	50	100

Source: Field survey 2021

The table seeks to find out if bank charges a fee on customer account for using the POS to complete their financial transactions. The whole respondents response was no, answer as such they believe that banks doesn't charge them a fee for using the POS.

FREQUENCY OF USING THE POS FOR PAYMENTS OF GOODS AND SERVICES

Option	No of Respondent	Percentage
REGULARLY	35	70
OCCASSIONALLY	10	20
NEVER	5	10
Total	50	100

Source: Field survey 2021

Table shows the frequency at which the customer of retail outlets use the POS to make payment for goods and services purchased. 35 respondents representing 70% of the survey respondents use the POS to make payment for their goods and services regularly, 10 respondents representing 20% of the survey respondent use the POS to make payment for goods and services occasionally. 5 respondents representing 10% of the survey respondents have not use the POS to make payment for their goods and services in the past.

THERE ARE CHALLENGES ASSOCIATED WITH THE POS

Option	No of Respondent	Percentage
Yes	40	80
No	10	20
Total	50	100

Source: Field survey 2021

Table seeks to determine if there are challenges peculiar to the usage of the POS machine. 40 respondents representing 80% of the survey respondents are of the opinion that the POS has challenges peculiar to it, 10 respondents representing 20% of the survey respondents are of the opinion that POS machine does not have any challenge in its usage.

CHALLENGES ASSOCIATED WITH THE POS

Option	No of Respondent	Percentage
Unavailability of the POS in retail outlets	20	40
Network failure	11	22
Frequent power outage	4	8
Security	15	30
Total	50	100

Source: Field survey 2021

Table highlights the challenges respondents encounter while making use of the POS as a medium of payment. 20 respondents representing 40% of the survey respondents view unavailability of the POS in some retail outlet as the challenge they encounter while choosing the POS as a mode of making payment for their goods and services. 11 respondents representing 22% of the survey respondents view network failure as the challenge they encounter while making use of the POS for their financial transactions. 4 respondents representing 8% of the survey respondents identify frequent power outage which makes the POS not to be available for their use as the challenge they encounter while making use of the POS to make their payments. 15 respondents representing 30% of the survey respondents identify security as a challenge why they don't use the POS to make their payments.

RATINGS OF POS SERVICE DELIVERY

Option	No of Respondent	Percentage
Excellent	22	44
Good	15	30
Fair	10	20
Poor	3	6
Total	50	100

Source: Field survey 2021

Proffer the customers rating of the POS service delivery. 22 respondents representing 44 % of the survey respondents are of the opinion that POS service delivery is excellent. 15 respondents representing 30% of the survey respondents said the service delivery of the POS is good. 10 respondents representing 20% of the survey respondents said the service delivery of the POS is fair and 3 respondents representing 6% of the survey respondents said the service delivery of the POS is poor.

FRAUDULENT ACTIVITIES CARRIED OUT ON THE POS

Option	No of Respondent	Percentage
Yes	20	40
No	30	60
Total	50	100

Source: Field survey 2021

Table seeks to determine if fraudulent activities are carried out with aid of POS, 20 respondents representing 40% of the survey respondents agreed that fraudulent activities are being carried out with the aid of the POS machine, 30 respondents representing 60% of the survey respondents are of the opinion that POS does not encourage fraudulent activities.

POS CONTRIBUTE TO INCRESED SALES, PRODUCTIVITY AND ECONOMIC GROWTH

Option	No of Respondent	Percentage
Yes	40	80
No	10	20
Total	50	100

Source: Field survey 2021

Table seeks to determine if POS contribute to increase in sales, productivity and economic growth. 40 respondents representing 80% of the survey respondents said yes and believe that POS contribute to increase sales, productivity and economic growth and the remaining 10 respondents representing 20% of the survey respondents believes otherwise.

III. DISCUSSION OF FINDINGS

It was discovered that 40 respondents representing 80% of the survey respondents said yes and believe that POS contribute to increase sales, productivity and economic growth. It can be concluded that due to the three factors identify above which are increase sales, productivity and economic growth, more retail outlet would be eager to adopt the POS so as to bring about economic change in their businesses.

Respondents representing 70% of the survey respondents use the POS to make payment for their goods and services regularly, 10 respondents representing 20% of the survey respondent use the POS to make payment for goods and services occasionally. 5 respondents representing 10% of the survey respondents have not use the POS to make payment for their goods and services in the past. It is therefore concluded that due to the volume of usage of the POS, the adoption level of the POS is high and is still increasing in Bauchi metropolis.

IV. CONCLUSION

The importance of POS cannot be overlooked because it is one of the electronic means of transaction. However, the Nigerian payment system that is cash-driven cannot and has not guaranteed the much needed efficient and effective transactions required for a sustainable economic development. This study analyzed the challenges to the efficient use of Point of sale terminals in Nigeria. The finding of this study showed that that the most challenging factor to the efficient use of POS is network failure, frequent power outage; limited numbers of POS per merchant store where they are available, security of communication over the network and unavailability of the POS at all merchant stores.

V. RECOMMENDATION

The following are the recommendations of the research work which were coined out from the research findings

- Since the usage of POS invariably increases sales, productivity and economic growth of retail outlets, policies should be put in place by the regulatory bodies for the economy to move from cash economy to cashless economy to facilitate a good and sound payment mechanism.
- Retails outlets should be encourage to embrace the usage of the POS machine to foster development of their businesses
- The following challenges of the POS, should be tackled as soon as possible by the regulatory bodies; Unavailability of the POS in retail outlets, Network failure, Frequent power outage and security challenge

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