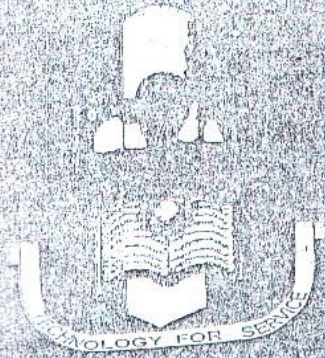


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ADOPTION OF AGENT BANKING IN NIGERIA: CHALLENGES AND PROSPECTS (A Study of Some Selected Agent Banking Outlets in Enugu State)

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Abstract

The introduction of agent banking in Nigeria has not been well appreciated by the target beneficiaries who include among others the micro and small enterprises in the rural area of Nigeria. It has been witnessed that there are low penetration of agent banking services client both in the urban and rural areas. This was as a result of the newness of agent banking program in Nigeria hence efforts have not been made to use the available agents at those areas to cut down on transaction costs occasioned by travelling to traditional bank branches and wastage of time on queuing for services. The objective of this study is among other things to investigate the challenges and prospects of agent banking programs in Nigeria. The study utilized descriptive survey research method so as to elicit a broad range of information from various sources identified from the research area. Data were elicited from Distributors of Mobile Network Products, Pharmacy Shops, Petrol Stations and Grocery stores. The analyses of data were done using simple tables of frequency and percentages. The research reveals that accessing financial services ensures that an individual can access credit for personal development. In addition to reaching the unbanked masses, the agent banking are also increasing employment opportunities across the country. However, lack of mobile network services and float, lack of capital, issues of insecurity and fear of robbery are some of the identified factors hindering the smooth take off of agent banking in Nigeria despite mounting financial literacy and training of bank clients. The research recommended the introduction of massive awareness program to publicize the purpose and benefits of agent banking in Nigeria.

Key words: Agent Banking, Financial transaction, Unbanked and Banked Population.

Introduction

The bank occupies an important position in the financial system of any nation's economy. It provides the medium of transaction between the owners and users of funds. More generally banks acts as 'conduit pipe' through which financial transactions pass. They play vital intermediary role in a market oriented economy and have been seen as a key to investment and growth. Nigeria is experiencing phenomenal growth in its banking and e-banking sector with new policies and regulations that is driving cashlite/cash-less, branchless banking and agency banking services for the existing and new customer segments in urban and rural communities (Okoegwale, 2012). The financial institutions and other players in the financial sector are continually expanding the products and services they offer while constantly searching for new, easy and secure ways of enabling their customers to access and operate the various product and services they offer.

An agency bank is a company/organization that acts in some capacity on behalf of another bank. It cannot accept deposit or extend loans in its own name. It acts as an agent of the parent bank. It is a retail outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or receive government benefits, or a direct deposit from their employer (Vutsengwa and Ngugi, 2013)

In February 2013, the Central Bank of Nigeria (CBN) released the guidelines for the regulation of Agent Banking and Agent Banking Relationships in Nigeria to deepen financial inclusion. The primary target is the segment of the population currently not using financial services predominantly semi-urban/rural dwellers and existing customers in remote areas who already use banking services. New financial products could potentially drive the acquisition of new customers and increase usage by existing customers using agents as a viable channel for the provision of financial products/ services especially for the unbanked.

Microfinance institutions (MFIs) and banks today can take their financial services to the hard to reach and geographically dispersed area and tap this segment of cliental through agent banking. According to the *Oxford Policy Management (2010) in Atandi (2013:2)*, the agents make use of mobile phone technology and internet banking technology to connect the server of the principal institution to carry out customer transactions. This model provides significant opportunity to reduce transaction cost such as travelling by clients to seek services in established branches. When micro and small enterprises use technology to access financial products and services from bank branches it confers on the user of the service, convenience, reliability and affordability. The usage of technology will make more people to be included in active financial systems without any discrimination.

1.1 Statement of Problem

Nigeria has in the last five years made great strides in improving access to financial services throughout the country. A survey conducted in Nigeria in 2008 by a development finance organization, the Enhancing Financial Innovation and Access revealed that about 53.0% of adults were excluded from financial services. The global pursuit of financial inclusion as a vehicle for economic development had a positive effect on Nigeria as the exclusion rate reduced from 53.0% in 2008 to 46.3% in 2010. The financially included adults in Nigeria are expected to reduce the percentage from 46.3% in 2010 to 39.7% in 2012 and 20% by the year 2020 (Eluhaiwe, 2010:8, Berger, 2012:5).

However, despite this rosy picture, a lot still need to be done to bring in more Nigerians under financial inclusion in line with vision 20:2020. The Nigerian government economic blueprint hopes to propel Nigerians into 20 most economic viable countries by the year 2020. In Nigeria, high proportion of population is excluded from access to financial sector with the situation being grave in the rural areas. This contrary to Millennium Development Goal and Vision 2020 whose objective is to enhance efficiency in the delivery of credit and other financial services and improve access to financial services for a much larger number of Nigerian households (Berger, 2012:6).

The problem which this study addressed was to determine the effectiveness of security on agent banking, the effects of unavailability of capital on the adoption of agent banking, the effects of mobile phone network problem on services delivery of agent banking in Nigeria.

1.2 Objectives of Study

The broad objective of the study is to appraise challenges and prospects of the adoption of agent banking in Nigeria. The specific objectives of the study are:

- i. To determine the effectiveness of security on agent banking
- ii. To ascertain the effects of unavailability of startup capital on the adoption of agent banking.
- iii. To determine how mobile phone network problem affects agent banking in Nigeria
- iv. To proffer solutions to identified challenges in the implementation of agent banking in Nigeria.

Research Questions: The following questions will guide the study:

- i. To what extent has agent banking been affected banking security?
- ii. What are the effects of unavailability of startup capital on the adoption of agent banking?
- iii. How does mobile phone network problem affects agent banking in Nigeria?
- iv. What are the solutions to identified challenges in the implementation of agent banking in Nigeria?

Review of Related Literature

2.0 Conceptual Literature

2.1 Agent Banking Defined

According to Ogah, Okwe and Adeoye (2015) agent banking in the delivery of financial services outside conventional bank branches, often using non-bank retail agents and relying on technology such as card readers, point-of-sale (POS) terminals or Mobile phones for real time transaction processing. According to CBN (2013:1), which released the guidelines, the novel banking system is aimed at enhancing financial inclusion, as banking agents are expected to act as delivery channels and to offer banking services in a cost effective manner. *EFInA (2013:4)*, defined agent banking as a postal outlet contracted by a licensed deposit taking financial institution or mobile money operator to provide a range of financial services to customers.

Agent banking is the provision of financial services to customers by a third party (agent) on behalf of a licensed deposit taking financial institution and or mobile money operator (principal). (CBN, 2013:5). Under the CBN guidelines, any financial institution that intends to engage in agent banking will have to apply for approval, stating the extent of agent banking activities and responsibilities of the relevant parties. Agent banking arrangement demands that a financial institution may engage super agents, that is, the agent network that will establish collection outlets of franchise within its wide network of outlets to be under its supervision and control. The bank can also engage sole agent, meaning the agent who does not delegate power to other agents, but assumes the agent banking relationship by itself. It can also engage a sub-agent, which is the network of agents to be under the direct control of supper agent as may be provided in the agent banking contract (CBN, 2013:2)

2.2 Who is an Agent?

Okoegwale (2012:2), says that potential agents are either registered entities or non-registered with on going primary business with intentions to provide mobile money as an add-on-service in addition to existing primary business to enable them manage liquidity, reduce rebalancing trips to the nearest bank branch, manage cash at hand and reduce cost in the early days of low value adoption of mobile financial services. The scheme operator partner decides the type of services it wants the banking correspondent to offer to the public in accordance with its strategic plan. The agent will meet the following benchmarks--Ubiquity: available in prime locations and easy access, trustworthiness: trust in non repudiation of the service, low-cost: low cost set-up structures with

minimal barrier to entry, liquidity: cash in/cash out requirements that are within the affordability range for the targeted store owners.

Bill payments, utilities, payment, domestic money transfer, merchant services, low value deposits and withdrawals are some of the basic services available at the agent outlets. Agents are weakest link in the mobile money ecosystem since the scheme provider may not be able to ensure certainty at all times at outlets and also ensure guaranteed minimum service levels at outlets. These agents whom are service providers or shop owners are also faced with potential frauds which could be by omission or commission (Okoegwale 2012:2)

2.3 Role of Agent Banking

Agent banking provides banking services to customers on behalf of licensed, prudentially-regulated financial institutions, such as a bank or other deposit-taking financial institution. (Alawiye, 2013:10).

Experts say that services provided by bank agents could be divided into four categories namely;

- Transmitting information (providing customers with account information and receiving account and loan applications).
- Processing information.
- Cash handling
- And electronic fund transfer.

The Chief Executive Officer, Sotice investment Company Limited, Mr. Adedayo Toluwase (2013), says that agent banks are capable of providing financial services to the country's widely dispersed population at affordable prices. He adds that agent banking systems are cheaper to operate than branches. In some countries, it is promoted to decongest existing customers from crowded branches, to improve the access to financial services among the most vulnerable sections of the society.

Subject to what is permitted under applicable regulations according to Alawiye (2013), a bank may choose from among a variety of arrangements for managing agents including the involvement of Agent Network Managers. Most commonly used ANMs include- a specialized third party operators to whom the bank outsources the agent management functions, a third party that signs an agency agreement with the bank and sub-contracts with other legal entities or individuals, each of whom functions as an agent or a large retailer in pursuant to its agency agreement with the bank, manages its outlets as agents of the bank (Alawiye, 2013).

On the transaction process, Toluwase states that just like traditional brick and mortar branches there would not be any difference in customers accessing their account with the use of agency banking. He adds, 'For the agent, besides signing a contract with the financial institution it will be working for, the banking agent also has to open an account at the same time. The agent will also have to deposit a certain amount of cash into the account which will serve as the agent's 'working capital'. The financial institution could extend credit line to the agent as the agent's working capital'.

2.4 Reasons for Agent banking

Agency banking has enabled bank customers to access the basic banking services, for example, cash deposit, cash withdrawal and bank balance inquiry conveniently or what would be termed as within the comfort of their neighbourhood. The convenience of access to banking services and the extended hours that the agencies work

has been the most attractive features to the customer (as most agencies work between 8am up to 8pm). The rural population especially has heartily welcomed this idea since they have had to sometimes go through Vexing experiences to access banking services due to the poor road infrastructure and costs. (Banker, 2011).

2.5 Benefits of Agent Banking

An agent is an entity that is engaged by a financial institution to provide specific financial services on its behalf using the agent premises. This is a huge business opportunity for local businesses to become bank agents and is similar to operating a human ATM or mini bank branch. The chief Executives officers, one Network, Mr. Shola Bickersteth (2013), says this business opportunity is available to only legitimate businesses with going concerns of at least 12 months before they apply to become a bank agent.

According to *Alawiye (2013)*, Schools, churches, mosques and similar not-for-profit organizations cannot apply to become agent bank. Businesses that are classified as not credit worthy cannot also apply. Their tax and business records must be up to date and they must have a physical business location that is safe and easily accessible by members of the public. Business owners with criminal records in matters relating to finance, fraud, honest or integrity are also not qualified to operate as an agent bank.

The permissible business activities that can be carried out at an agent bank location, according to Bickersteth *in Alawiye (2013)*, include cash deposit and withdrawal, bills payment (utilities, taxes, tenement rates, subscription etc), payment of salaries, funds transfer services (local money value transfer), balance enquiry, generation and issuance of mini statement, collection and submission of account opening, cash disbursement and cash repayment of loan, Cash payment of retirement benefits, Cheque book request and collection, collection of bank mail/correspondence for customers and any other activity as the CBN may from time to time prescribe.

He also says that agents will benefit from increased sales from additional foot-traffic, reputation from affiliation with well-known financial institution as well as additional revenue from commissions and incentives. The benefits to financial institutions include- huge savings on cost of construction of bank premises, savings on equipment like furniture and computers, increased customer base and market share, increased coverage with low-cost solution in areas with potentially less number and volume of transactions, increased revenue from additional investment, interest and fee income, and improved indirect branch productivity by reducing congestion.

Highlighting the opportunities available in mobile money, Bickersteth *in Alawiye (2013)* says, it will also help in creating employment opportunities, enhance national economic growth, and engender efficiency in monetary policy management and the payment system. Other benefits are safe and convenient method for urban worker to send money to families in rural areas and faster, convenient and safe way of being paid among others. It is not only the customers who have benefited from Agency Banking. Banks too have benefited a great deal at a time when most banks are working towards cost management.

Banker (2011), listed the following as the benefits of agency banking to the Banks;

- Huge savings on cost of construction of bank premises and leasing costs when banks are using the Agency premises.
- Human Resource expenses have reduced. The banks do not have to employ new staff to manage the agency and the cost of training if any is to the bare minimum.
- Savings on equipment like furniture and computers.

2.6 Minimum requirements of agent banking contract

- i. Every agent banking contract shall contain reference to the financial institutions full liability with respect to customers, and it shall specify the obligation of both financial institution and the agent.
- ii. The principal is allowed to use a third party (e.g. a network manager to manager) to manage its agent network. However, all agents sign ups must be approved by the principal.
- iii. Financial institutions shall itemize all activities that the agent shall be conducting on behalf or limitations on any such activities.
- iv. These may include:
 - a. Account opening, deposits and withdrawals
 - b. Fund transfer services
 - c. Bills payments
- v. Fees and all charges in respect of the agent banking shall be explicitly stated in the contract
- vi. Responsibility for payment of expenses (directly or indirectly) relating to the activities of the agency shall also be explicitly stated.
- vii. Responsibility for provision of infrastructure and procurement of third party service providers including undertaking for service provision shall be explicitly stated
- viii. All agent banking contracts shall have a dispute resolution clause.
- ix. Agents shall not be permitted to charge any fees directly to customers, and details of remuneration for the agent shall be specified in the contract between the agent and the principal.
- x. Measures to mitigate risks associated with agent banking services to include; limits on customer transaction, cash management, cash security, security of agent premises and insurance policies.

2.7 Establishment of Agent Banking Relationship

- a. Financial institutions shall required to carry out its respective due diligence on prospective agent
- b. The CBN shall prescribe the extent of such agent banking relationships and scope of activities.
- c. All financial institutions shall have due diligence policies and guideline that define initial agent engagement, regular monitoring and supervisory checks, trigger points and corrective measures.
- d. Financial institution shall also specify the permissible activities agent may undertake within each agent category
- e. Financial institutions define minimum standards for selection and approval procedure for each agent category
- f. Any financial institution that wishes to vary the terms of its earlier agreement as approved by the CBN shall be required to submit a new application (CBN,2013)

2.8 Management of Agent Banking Business

1. The financial institution shall develop and implement an agent banking strategy and establish an effective oversight over agent banking services.
2. The financial institution shall ensure effective management oversight, which shall encompass the review and approval of key aspects of its security control programs, processes, policies and infrastructure.
3. There shall be comprehensive process/framework for managing risks associated with reliance on third parties.
4. Th financial institution shall ensure the expansion of the scope of the bank's internal audit function to address the increased complexity and risks inherent in agent banking activities and ensure appropriate staffing of the audit department with personnel possesses the right skills.

5. The financial shall take steps to update and modify, where necessary, its existing risk management policies and practices to cover current or planned agent banking services.
6. The financial institution shall take steps to ensure the integration of agent banking applications with the main banking systems so as to achieve an integrated risk management approach for all banking activities
7. The financial institution shall train agents to enable them adequately perform operations and provide the services agreed upon, including training relating to the proper identification of customer, customer service, and confidentiality of information, record keeping and financial education.

2.9 Challenges Facing Agent Banking

Evaluating the risk: According to Okoegwale (2012) technology and application compromises could present a significant risk for agents if they are not well educated and trained on some processes like PIN management, due diligence or record keeping. Mobile money and agent banking are services unlike airtime vending which is a product. Liquidity risks which will be significant as Agent Network grow slowly and confidence level improves over time. If mobile money recipient cannot consistently cash out at agent outlet at their own locality, the more they are the weary and discouraged to use the mobile channel. Providing multiple cash out points like ATM, cards, transfer to account, token generation and other innovation will address this challenge

Security: Potential agents during training or sign up activities are always skeptical about physical and logical security as a mobile payment agent. Incidences of robbery and mugging of agents are still unheard in Nigeria but agents are already reporting systematic attempts to defraud through fake transaction message notifications, subscriber enrollment via stolen ID, unauthorized PIN reset conducted at agent outlets.

Fake Currencies: Fraudsters are quickly building their game plan and strategies to engage the agents. Agents are primarily store owners, mom and pop stores, convenience outlets and some other organized retail outlets. However, some unemployed youths and semi skilled workers are signing up to become agents in Nigeria without the required understanding of cash management and handling prior to their engagement as agents. By omission or commission, incidences having some fake notes are on the rise in semi urban areas.

Agent Sustainability: If agents are not earning revenues in the early days of low volume due to low adoption, they tend to abandon the agency outlet and focus on other activities. The challenge of agency sustainability in Nigeria is still unfolding and most that are faced with the sustainability issues are agents that do not presently have primary business and mosy probably hired new office spaces and mobile money is the only service that is provided at such outlets instead of providing mobile money as one of the services alongside the primary business.

Compensating Losses: There are three parties to the mobile transaction though not in all cases, the scheme provider, agent and the customer. Agents are supposed to be covered by the provider's insurance plan covering cash in transit, fraud, fire and robbery with coverage up to N100, 000 as contained in the regulatory framework but it is still unclear how customers can recover losses in extreme case of business closure especially if the scheme provider is a non-prudentially managed entity.

Few scenarios where agents had made claims for loss (which cannot be independently confirmed) experiences has shown that agents are usually left to recover losses without adequate support from the scheme provider.

Huge cost agent infrastructure: There are huge cost of agent building especially in the rural areas, management of liquidity at agent's location, unavailability and high cost of Telcom infrastructure.

Wrong Perceptions: Another security risk is the misguided perceptions that becoming a bank agent are likely to generate in their environment especially amongst the disadvantaged/less privileged. (Okoegwale, 2012)

2.10 Challenges of Agency Banking for Banks

There are of course challenges that the banks need to address to avoid losing customers and maintaining the Banker-Customer relationship. The customer is still the responsibility of the Banks and the same has not been delegated to the Agency. Some of the challenges that need to be addressed are:

Confidentiality- Every year Banks ensure that their staff members sign secrecy forms and maintain confidentiality for all customer information. This should be looked at as these agency employees are not bank employees.

Security- Most of these agencies is in areas that are what would be considered as 'high risk'. The Bank need to audit the security measure being taken by the agencies to ensure the customer can transact in confidentiality without having to look behind their backs.

Customer service to the bank customer- Service is a huge challenge for the banks as they need to train and retrain the Agents so as to maintain high levels of customer service.

Issue of fraud- The agency staff will be a target by fraudsters as they are aware that they will not be able to easily identify fraudulent transactions for example identification of documents for originality or if they are fake.

The bank must address the challenges that are posed by having agency banking while at the same time taking advantage of all the benefits of having this channel of banking. Agency Banking may eventually lead to financial inclusion in the countries where it has been adopted (Banker, 2011:2)

Methodology

3.1 Sources of Data

Primary data were collected mainly through descriptive survey study which involves the use of questionnaire designed to capture data on demographic information's and the key research objectives such as the effectiveness of security on sustainability of agent banking, ascertaining the effects of unavailability of startup capital on the adoption of agent banking in Nigeria and to determine how mobile phone network problem affects agent banking

3.2 Area of study, population of the study, sample size and data analysis

The area of study covers some selected agent bank outlets such as Distributors of Mobile Network Operator's Products, Pharmacy shops, Petrol Stations and Grocery Stores in Enugu metropolis. The population of the study was 100. The sample size was obtained using convenient sampling technique with 25 respondents from distributors of mobile network operator's products, 25 respondents from Pharmacy shops, 30 respondents from Grocery stores, and 20 respondents from Petrol stations with supermarkets of some selected part of Enugu

namely Abakpa Nike, Coal Camp, New Haven and Ogui New layout. Out of 100 questionnaires administered, 80 responded given a response rate of 80%. The analysis of data was done using simple distribution tables of frequency and percentages.

4 Data Presentation and Analysis

To determine demographic information:

The demographic information of this study will be limited to sex and level of education.

Table 4.1 Distribution of sex across the Agents

Option	Frequency	Percentage
Male	50	62.5%
Female	30	37.5%
Total	80	100%

Source: Field Survey, 2016

Table 4.1 above analyzed the gender of respondents of the Agency outlets in Enugu Metropolis. 50 or 62.5% respondents were found out to be males while 30 or 37.5% were female. It was evident that more males have ventured into the agency business than female. This could be because males were more economically empowered than the females hence their female counterparts.

Table 4.2 Distribution Educational Qualification across the Agents

Option	Frequency	Percentage
WASC/GCE	10	12.5%
OND/HND	40	50%
B.Sc.	20	25%
Postgraduate	10	12.5%
Total	80	100%

Source: Field Survey, 2016

The analysis of educational level of those who responded as indicated in table 4.2 above revealed the following trend: Majority of those that answered the questionnaire falls within the OND/HND level representing 50% of the respondents. Those with BSc constitute the second largest (i.e. 25%). Postgraduate and WASC/GCE came third. It was found out that those with OND/HND and BSc are the ones that have invested in Agency business. The reason was because of no formal job for them to do, hence they ventured into the business of agency banking, having acquired the required knowledge to do transactions business on behalf of banks.

To determine the effects of insecurity on Agent Banking

Table 4.3 Distribution of respondents on the effectiveness of security on sustainability of agent banking in Enugu State

Option	Frequency	Percentages
Very Effective	20	25%
Effective	50	62.5%
Not effective	30	37.5%
TOTAL	80	100%

Source: Field Survey, 2016

Table 4.3 above shows that the agents are satisfied with the security arrangement of banks. 50 or 65.5% out of 80 respondents agreed to the effectiveness of the security arrangements within their working environment. 20 or 25% agree that the security arrangement of banks was very effective, while 30 or 37.5% agree that the security arrangement was not effective.

Table 4.4 Distribution of respondents on whether clients of agent banking have fears of insecurity

Option	Frequency	Percentage
YES	20	25%
NO	50	65.5%
Undecided	30	37.5%
Total	80	100%

Source: Field Survey, 2016

Table 4.4 sought to find out whether clients of Agent Banking have fears of insecurity. 50 or 65.5% of the respondents who are in the majority felt that their clients were secure carrying on banking transactions at their agent locations, while 20 or 25% of them felt that their clients were insecure to bank at their agent locations. The secure nature could be attributed to the relative peace being enjoyed in Enugu State, good roads and availability of traffic lights that reduced the chances of robbers escaping with ease from Enugu metropolis.

To determine the effects of capital availability on the adoption of Agent Banking

Table 4.5 Distribution of respondents on the availability of startup capital for Agency Business

Option	Frequency	Percentage
Bank borrowing	15	18.75%
Sale of property	25	31.25%
Borrowing from friends	40	50%
Total	80	100%

Source: Field Survey, 2016

Table 4.5 sought to find out the sources of start up capital for agency banking. 40 or 50% who are the majority respondents indicated that they find it difficult to raise start up capital and hence opted to borrow from friends and families, 25 or 31.25% of the respondents are able to raise their startup capital through sale of family property such as land, while 15 or 18.75% approached banks to get some credit to start the Agency business.

To determine how mobile phone network problem affects agent banking.

Table 4.6 Distribution of respondents on how mobile phone network problem affects agent banking

Option	Frequency	Percentage
Reduce Business Tempo	26	32.5%
Business come to a halt	28	35%
Discourage agency business	26	32.5%
TOTAL	80	100%

Source: Field Survey, 2016

The findings in table 4.6 above were revealing. Problems ranging from discouraging agency business, Business come to a halt and reduction of business tempo were identified. Of the 80 responses received, both agents and

clients agreed that the above challenges were the major obstacles caused by unavailability of mobile phones network.

5.1 Discussion of findings

The purpose of this study was to unveil the challenges and benefits of agent banking in Nigeria. The first objective was to determine the extent to which insecurity affected agent banking. The findings reveal that 50 or 65.5% of the respondents were satisfied with the security arrangement within the outlets indicating that the security arrangement were effective hence they open for business till the end of the day. On whether the agents and clients have fears of insecurity, 65.5% of the respondents said that their clients felt secure carrying out banking transactions at agent locations. This was attributed to the relative peace being enjoyed in Enugu State. There are good roads and availability of traffic lights at every strategic junction in the metropolis. This has helped to reduce the chances of robbers escaping out of the state with ease. Agency security is a major contributor to the performance of agent banking. The second objective investigated the effect of capital unavailability on the adoption of agent banking, it was established that on the average, agents had initial startup capital of less than N50, 000 (fifty thousand Naira) and also the research shows that the said amount was not easy to come by. Therefore most of them opted to borrowing from friends and families. 25 or 31.25% of the respondents are able to raise the startup capital through sale of family animals, private properties and land. 15 or 18.75% were able to approach banks for credit at exorbitant rate. On the unavailability of network as a challenge to agency banking in Enugu metropolis, of the 80 responses received, both agents and clients agreed that the challenges of network ranges from discouraging agency business, business coming to a halt and reduction in business tempo were the major obstacles caused by unavailability of mobile phone network.

5.1.1 Further findings are as follows;

- Agent banking increases employment opportunities in a country.
- Infrastructure cost is a major influence to the performance of agent banking.
- Agent banking will reduce the need for new investment in infrastructures and new branches. It will also lower the costs for mobile transactions as the agents were cheaper than branches.
- There are operational risks involved in agency banking. The use of nonemployee that is an agent to serve bank customers introduces new operational risk that may stem from lack of capacity, poor training and lack of necessary tools and systems.
- Agent banking as a branchless banking model will enable banks to reach the unbanked population.
- Other risk agents it encounter includes fraud or theft, unauthorized fees, abusive services by agent customer or misrepresentations regarding the agents' role as acting on behalf of a bank.
- Loss of customer's assets and records, data entry errors, poor cash management resulting in an agent not having sufficient cash on hand to enable the customer to make a withdrawal, agent failure to resolve or forward consumer complaint to the bank.
- Agents themselves may be subjected to theft and third-party fraud including the use of cash-in -transactions to pass counterfeit bills to agents ill equipped to identify them.
- There are technological risks like utility disruptions or software or hardware failures which can cause lack of services availability and information loss.
- Legal and compliance risks- this is where customers may sue a bank as a result of agent theft or agents' violation of privacy laws/bank secrecy or other misuse of confidential customer data.
- Agents may sue the bank for breaching of contract or for broader claims.

- Reputations risks are derivative of the risks of under performance by agents or agent fraud, robbery, agent liquidity shortfalls, loss of customer records, leakage of confidential customer data and violation of consumer protection-rules regarding price disclosure.
- There may also be negative media due to system failure.
- Agency banking makes financial services cheaper for customers. It is cheaper to withdraw at an agent location than withdrawing from an automated teller machine.
- Agent banking increases the reach of the financial services to the people thus raising the levels of financial inclusion in Nigeria.
- Agent banking helps people to adopt a saving culture because they can deposit as little as #200-a day.
- Agent banking makes financial institutions to have huge savings on operational cost and infrastructure cost.
- Customers shy away because they feel that this agent's lack the necessary skills and knowledge and they are not comfortable with them handling their finances.

5.2 Conclusion

Judging from the findings of this study, it was revealed that Enugu citizen needs agency banking but has some challenges coming mainly from fluctuations/unavailability of mobile phone network service. Also it is not easy to come by the necessary startup capital to engage in agency banking business. Lack of capital has made it impossible for most investors to venture into agency banking unless they sell their family property such as animals and land. To access bank loans was not all that easy for these categories of school leavers who engaged in agent banking business.

Above all, agency banking was relatively new in Nigeria, having come into operation in January, 2013.

5.3 Recommendations

- Massive awareness program should be undertaken to publicize the purpose and benefits of agency banking since it was relatively new in Nigeria banking sector.
- Publicity through radio, direct contacts, and maintaining of bill boards, fliers, social media and TV adverts, should be encouraged.
- Agency banking should be marketed more as it is an area with Great growth potentials as it uses the already established private enterprises and saves the bank huge capital outlays of opening a branch.
- More should be done to improve mobile network accessibility in Nigeria
- Deposit money banks should consider a way of automatically topping up agents' float at assist clients.
- Research reveals that the capacity of a wider population of Nigerians is conversant with all that they could accomplish through agent banking.
- There should be deliberate intervention to ensure that the targeted persons particularly the rural residents and female are empowered with skills, finance and technology to achieve agency banking.
- Security measures already in place should be sustained to retain the confidence and improve transactions and financial access.
- Agency banking as a means to enhancing financial inclusion be highly supported and encouraged by all players.
- Agency banks should allow agents to be able to convert chaques into cash, deal with foreign currency exchange among other services.

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