

**ACCESS AND USE OF ELECTRONIC FUND TRANSFER SYSTEM AMONG RURAL FARMERS
IN IMO STATE, NIGERIA.**

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ABSTRACT

The study was carried out in 2015 to analyse the access and use of electronic fund transfer system among rural farmers in Imo State. Using a random sampling technique, one hundred and twenty farmers were selected from the three agricultural zones of Imo State. The relevant data for the study were collected through a set of structured questionnaire administered to the respondents. The study examined access and use of sources of electronic fund transfer system available to the farmers; level of utilization of the existing electronic fund transfer system sources channels and examined the constraints to use of electronic fund transfer system by rural farmers. The analytical tools used in this study included descriptive statistics of frequency distribution, percentage and mean. The study revealed that majority (60.0%) had access to electronic fund transfer system electronic automated while the prominent source of electronic fund transfer system was better machine. There was low utilization of electronic fund transfer system facilities in the study area. There were major and minor constraints to use of electronic fund transfer system facility. The major constraints were distance from the electronic fund transfer system facility ($x=2.65$), perception of mistrust of computer ($x=2.56$) and frequent power failure ($x=2.58$) while minor constraints were lack of awareness ($x=1.76$) and deductions without payment ($x=1.72$). The major recommendation is that governments and bankers should bring electronic fund transfer system facilities closer to the farmers.

Keywords: Digital knowledge, Electronic, Fund Transfer, Rural farmer

Introduction

Technology is one of the most frequently occurring words in any discussion today. This is true because technology is a great engine of change in any society, developed or developing. The banking sector in this century must meet with changing world system which is ICT driven. So electronic banking seems to result in sweeping changes. Electronic-banking otherwise "electronic fund transfer system" (EFTS) refers to the application of computer (information) technology to banking especially the payments (deposit transfer) (Ndugbu, 2003). Electronic Fund Transfer System (EFTs) involves computer data collection coupled with different techniques used electronically to transport information concerning

funds transfer between one financial institution and the other.

Automated teller machine (ATM) can be used by customers at odd times when the bank is closed and reduce the burden of cheque processing. (Igbe, 1999). ATM can offer cash withdrawal services, cash deposit services fund transfer between accounts.

Technology makes more technology possible, as we can see if we look at the process of innovation. Technological innovation consists of three stages linked together into a self-reinforcing cycle. These stages are the creative feasible idea, its application and its diffusion through society. Technology offers the most promise for increased food production through increased adoption of innovations, (Agbarevo, etal 2006). For technology to be adopted it must possess little risk, technical and environmental soundness, social desirability and economic affordability of which electronic fund transfer system is not an exception.

The process ends when the diffusion of technology embodying the new idea, in turn, helps generate new ideas (Nwachukwu, 2003). According to Abdulami (2011) farmers need to have specific information on the current trends on where, when and how to obtain farming inputs such as fertilizers, pesticides, mechanical equipment as well as market their produce through deposit transfer. Farmers also need access and use of electronic fund transfer systems especially now that government is liberalizing credit provision to farmers system can be very helpful in payments and checking of account balances and changing the behaviour of farmers toward better utilization of research findings and proper management of their resources.

According to Ndugbu (2003), electronic fund transfer system channels such as automated teller machine (ATM), post terminals, mobile voice, web, inter-bank branch and kiosks among others, are used to make payments, transactions, checking of account, balance and deposit transfers quickly. In a related development Igbe (2003) also reported that electronic-banking has helped in providing continuous services to customers wherever they go. Several studies have shown that the role played by electronic fund transfer system suggest the need for computer (Information) technology (e-banking) for rural farmers who do not have access to the e-banking facility that farmers need in regards to technology, but such e-banking facilities can be

supplemented with radio-agricultural programmes, which is very good for supplying information at the awareness stage in the adoption process in learning (Agada, 2003).

Electronic banking refers to cashless economy whereas cashless economy refers to any economy setting where good and service are bought and paid for through electronic media (Rose and Hudgins 2008). This cashless economy means a situation where by banking business is transacted using automated processes and electronic devices such as personal computers, telephones, faesimile, internet, card payments and other electronic channels.

Cashless banking is a kind of banking that involves electronic form of money transaction. Electronic banking involves the use of computer network in dispensing cash and transfer of funds (Ochei 2013).

In a nut shell, electronic funds transfer system consist of three different pieces of hard-wares namely; the automated teller machine (ATM) the point-of-sale (POS) and the automated clearing house (ACH). Automated teller machine (ATM) is the most commonly used electronic fund transfer system hardware. ATM does most of the routine banking functions done by bank tellers-deposits like funds withdrawn funds transferred between swings and checking of accounts. Studies revealed that ATM can be used for informational purpose, simple bank transaction; facilitate fund transfer and transmission of information more quickly. Furthermore ATM is an efficient provides of basic financial services, more economical than human-teller. Although ATM came into use in Nigeria in 1989, its use is a new innovation. In the banking operations, ATM is a self-service technology by banks, cheaper to operate than human teller and offers convenience to customers. Despite the enormous benefits accruable from the use of electronic fund transfer system, rural farmers seems not have made use of it.

The research therefore attempts to describe the different channels/sources of electronic fund transfer system in the study area, and level of utilization of electronic fund transfer system by the farmers. The study therefore attempts to address the following objectives.

- (i) To examine the different electronic fund transfer system sources available to the farmers in the study area.
- (ii) To determine level of utilization of the existing electronic fund transfer channels in the study area.
- (iii) To ascertain farmer's access to and use these sources of electronic fund transfer system and examine the constraints to use of electronic fund transfer system by farmers in the study area.

Methodology

The study was concluded in Imo State. Imo State is located with the rainforest in the south-eastern ecological zone of Nigeria. It is located between $5^{\circ}45'N$ and $6^{\circ}35'E$ of the Greenwich Meridian. It is bounded in the east by Abia State, North West by Anambra State, South-South West by Rivers State. It has a total land mass of 7,480 square kilometres, with a population of 3,934,899 persons and population density of 710 person per square kilometre (NPC, 2006). Under ADP arrangement the state is divided into three agricultural zones namely; Owerri, Orlu and Okigwe agricultural zones. The agricultural zones consist of eleven blocks, ten extensions blocks and six respectively, in all Imo State is made up of three agricultural zones, twenty seven extension blocks and three hundred and five extension circles (ADP, 2012).

The data for the study were collected through primary data sources obtained with the aid of structured questionnaire which were directed to farmers selected from the three agricultural zones using random sampling technique. A total of six extension blocks were randomly selected from the three agricultural zones. From each of the selected blocks, twenty (20) respondents were randomly selected giving a total number of one hundred and twenty (120) respondents. Data obtained were analyzed using descriptive statistics of frequency distribution, percentage and mean. Objective i, ii, iii, and iv was achieved using descriptive statistics of frequency counts, percentages and mean scores. A 3-point liker-type of scale was used to achieve the means. A midpoint was obtained thus; $3 \times 2 \times 1 = 6 / 3 = 2.00$. based on the mid score decision rule; any mean score greater than or equal to 2.00 was rated positively and mean score less than 2.00 denotes otherwise.

Results and Discussion

Farmer's access and use of sources of electronic fund transfer system/channels in Imo State, Nigeria on access to electronic fund transfer system (EFTS), Tope (2005) defined access "as to have opportunity to use resources without having the authority to decide about the product and the exploitation methods. Literally, access means the quality of being easy to enter or use. Table 1, showed that majority (60.0%) of the respondents have access to automated teller machine (ATM), followed by telephone banking (30.0%) while (20.0%) of them have access to internet banking. This implies that the convectional ATM still remains the most accessible.

Table 1: Distribution of respondents according to access to Electronic Fund Transfer System

Electronic fund transfer system (EFTS)	Access		No Access		Total
	Frequency	%	Frequency	%	
ATM (automated teller machine)	72	60.00	48	40.00	100
Telephone (banking)	36	30.00	84	70.00	100
Internet banking	24	20.00	96	80.00	100
Point-of-sale (POS)	2	1.67	118	98.33	100
ACH (Automated clearing house)	36	30	84	70.00	100

Table 2, Result of the study as presented in table 2 revealed that majority (60.0%) of the respondents obtained their EFTS from the ATM. This finding is in line with the views of Ndugbu (2003) and Igbe (2003) who observed that ATM (electronic fund transfer system) was a recognised useful source of electronic fund transfer system among rural farmers.

Table 2, further indicated that many of the respondents (30.0%) got their (EFTS) facility from telephone banking while mobile voice, interbank, kiosks, facilities were not available in most rural areas. This is equally in line with the findings of Ndugbu (2003) on level of utilization of existing electronic fund transfer system/channels.

Table 2: Distribution of respondents according to source/channel of electronic fund transfer available to them

Electronic fund transfer system channel/source	Frequency	Percentage
Automated teller machine (ATM)	72	60.0
Point-of-sale (POS)	6	5.0
Automated clearing house (ACH)	2	1.67
Post terminal	2	1.67
Mobile voice	-	-
Kiosks	-	-
Web/internet banking	2	1.67
Inter-bank branch	-	-
Telephone banking	36	30.0

Results of the study as presented in table 3 revealed that there was low usage by farmers. Result further shows that ATM with mean value of 1.05 was identified as low usage although most accessible among rural farmers in the study area. This finding is

in line with the outcome of a study by Igbe (2003) and Ndugbu (2003), who observed that there is low level of adoption of electronic fund transfer system innovations among rural farmers and this is because they had no access and find it difficult to change.

Table 3: level of utilization of the EFTS channel by farmers

Level of utilization of EFTS/source (scale of use)	Low (1)	Moderate (2)	High (3)	Total	Mean \bar{x}
ATM (automated teller machine)	116(116)	2(4)	2(6)	126	1.05
Telephone banking	118(118)	1(2)	1(3)	123	1.025
Point-of-sale (POS)	120(120)	2(0)	3(0)	120	1.00
Automated clearing house	-	-	-	-	-
Internet banking	-	-	-	-	-

Decision rule 2.00 and above is high

Less than 2.00 is low

Low 1, moderate 2, high 3

Values of in parentheses are nominal

Values multiplied by frequencies

The result in table 4 showed that distance from electronic fund transfer system facility had the highest mean value of 2.68 was identified as most serious constraint, followed by, perception of mistrust of computer by farmers and power failure with mean value 2.58, low access ($x=2.56$), of privacy frequency bank robbery/crime ($x=2.05$).

While the minor constraints were deductions without payment ($x=1.72$) and lack of awareness ($x=1.76$) were regarded as not serious constraints. The finding is in line with Nwachukwu (2003) who observed that there were major and minor constraints to adoption of new innovations of which e-banking is one of the newest innovations in the banking sector.

Table 4: Constraints to access and use of electronic fund transfer system (EFTS) by farmers in Imo State, Nigeria

Constraints	Very serious (3)	Serious (2)	Not serious (1)	Total	Mean \bar{x}
Lack of awareness	30(90)	31(62)	59(59)	211	1.76
Low access to EFTS facility	72(216)	43(86)	5(5)	307	2.56
Perception that they don't trust computer	71(213)	44(88)	5(5)	306	2.58
Disappointment reductions without payment	26(78)	35(70)	59(59)	207	1.72
Network service problem frequent power failure	65(195)	30(90)	25(25)	310	2.58
delay in queues	70(270)	45(90)	5(5)	305	2.54
Frequent crime-robbery, loss of privacy	40(120)	41(82)	39(39)	246	2.05
Distance	80(140)	36(78)	4(4)	322	2.68

Source: field survey, 2014. Decision rule 2.0 and above is serious, values in parentheses less than 2.00 is not serious are nominal like of value multiplied frequencies.

Conclusion and Recommendation

The choice of sources, access and utilization of electronic-banking and awareness to farmers remains an important factor in determining the extent to which farmers adopt or reject new practice. Despite numerous sources of EFTS available to farmers, it has become an issue of concern having low usage of e-banking innovation. The study revealed that farmers had low access and low utilization of electronic fund transfer system innovations. The study revealed that farmers most preferred source of EFTS was the use of (ATM) automated teller machine. The constraints to use of EFTS facility in the study area were serious and not serious constraints. The serious constraints were; distance ($x=2.68$), perception of mistrust of computer ($x=2.58$) while not serious constraints were lack awareness ($x=1.76$) and deductions without payment ($x=1.72$). The major recommendation is that government and relevant stakeholders should ensure that EFTS facilities are brought closer to the rural communities where most of the farmers dwell.

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