



ECONOMICS

IMPLICATIONS OF NON-GOVERNMENTAL ORGANIZATIONS(NGOS) FOR POVERTY REDUCTION IN NIGERIA: A LITERATURE REVIEW

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Abstract

Despite the high proliferation of NGOs operating in different parts of the world on the poor and disadvantaged, concerns on worsening poverty has heightened in low and middle-income countries such as Nigeria which has over 3,900 member organizations. Through literature analysis, this study examined the probable nexus between NGOs and poverty reduction. Outcomes from the analysis suggest that NGOs skills development and financial support interventions all exert reduction effect on poverty in both short and long run. Whereas; NGOs food and non-food interventions have a very short-lived effect such that when projects are un-sustained, the effect of the NGOs interventions loses momentum and beneficiaries are at the risk of sliding back into poverty grounds. Thus, NGOs are encouraged to design more sustainable programs that would enable beneficiaries to be independent and firm after being disengaged from NGOs support.

Keywords:

Non-Governmental
Organizations;
Interventions; Poverty
Reduction, Nigeria.

1.0 Introduction

Globally, Non-Governmental Organizations (NGOs) have a long history of intermediation. In line with the Sustainable Development Goals (SDGs), NGOs mediated in different regions of the world to help vulnerable people and relieve distress stemming from catastrophic human, environmental and other natural sources. For instance, over 500 NGOs raised billions of dollars for relief work in the Aceh region of Indonesia following the 2004 Tsunami disaster (Pandya, 2006). Similarly, deaths were minimized by the timely intervention of NGOs after the earthquake in Haiti in the year 2010. Generally, NGOs are viewed as development partners. This is shown by their efforts to foster sustainable community development and alleviate the scourge of poverty in low and middle-income countries like Bangladesh, Somalia, Tunisia, Brazil, Malaysia, and Uganda etc. (Sara and Mridha, 2021; Naguib et al., 2022).

Likewise in Africa, many countries recorded a reasonable presence of NGOs who assisted in fostering sustainable community development. NGOs in Africa also provide support in areas of healthcare, educational development, housing, food security, women empowerment, and skills development in Kenya, Ghana, Rwanda (Chepkemoi & Kisimbii, 2021; Saddique 2019). NGOs also acted through credit and monetary interventions to raise living standards of the poor in Oyam District of Uganda (Ocen et al., 2022).

Similarly, in Nigeria NGOs performed many functions mostly at the state level where they endeavored to help economically disadvantaged people in the country. In Nigeria, like many other developing countries, high poverty levels characterize the populace. At the end of 2022, over 82 million citizens fell below the domestic poverty line (NBS, 2022). Since the last decade, humanitarian intervention on poverty in the country intensified due to weak government organs, insurgency and insecurity, continuing inflation, food shortages, malnutrition, disease epidemics, climate change, repatriated refugees, crude oil theft and pipeline vandalization, full implementation of the cashless policy, removal of oil subsidy and the devaluation of the national Naira currency. These led more NGOs to emerge from both within and outside the country to help the disadvantaged portion of the Nigerian state. Many of these NGOs in Nigeria seek to move people out of poverty. As a result most of the registered NGOs function both at the state and local government level helping the displaced, the vulnerable and poor people in communities, villages and towns.

1.1 Statement of the Problem

Successive government administrations in Nigeria attempted to eradicate poverty in the country. To develop and empower poor communities, numerous employment, illiteracy, food production and poverty mitigating initiatives ranging from the Farm Settlement Option of 1960 up to the recent National Poverty Eradication Programme (NAPEP) of 1999, the Anchor-Borrowers scheme (2015), the N-Power scheme (2016), and the TraderMoni empowerment programme of 2018 among others were floated in the country. Despite these policy attempts at abating poverty though, Nigeria settles the poorest individuals in the continent (Adekoya, 2018) and Borno state has the highest number of poor people owing to banditry and insurgency (Ada & Abdullahi (2022). This is a problem because it indicates failure of government organs to move people out of poverty which paved way for NGOs to emerge with a view to assist vulnerable people in the country.

While the literature (Ali et al., 2021; Dass, et al., 2022) recognizes NGOs as important allies in the quest for development, there is a raging debate on the success of NGO activities in improving living standards through economic empowerment and poverty reduction efforts. This study will employ a literature review analysis to investigate the effects of NGOs interventions on poverty reduction in Nigeria. The study is apt because Nigeria has experienced remarkable increase in NGOs interventions over the last decade largely due to climatic action such as flooding, insurgency and other forms of insecurity yet poverty is still a serious concern in the country.

2.1 Conceptual Review

2.1.1 Non-Governmental Organizations

Drawing insights from previous research (Hammayo et al., 2024; Ocen et al. 2022; Emmanuel and Gernah, 2022; Fuseini et al., 2022; Abiddin et al., 2022 etc.), this study defines NGOs as local or international, lawful, independent, private, non-profit making entities that work voluntarily to aid the recovery and development of populations embattled by diseases, conflict, disaster and poor governance through strategically planned social and economic interventions.

2.1.2. NGOs Interventions

In this study, the concept of NGOs interventions will cover those initiatives, events, activities, strategies, plans and programs designed, funded and implemented by both local and international NGOs to accomplish their poverty relief, alleviation, reduction, and eradication intentions. To this end this study categorizes the activities of NGOs under food support, non-food support, skills development programs and financial interventions.

2.1.3 Poverty

The literature shows that poverty is complex and multidimensional (Phillip & David, 2020; Elomien et al. 2022; Gwenshengwe & Hassan, 2020). This study adopts the definition of Ullah and Routray (2007) who referred to poverty as the inability to attain a minimal standard of living, refers to forms of economic, social and psychological deprivation occurring among people lacking sufficient ownership, control over or access to resources to maintain or provide individual or collective minimum levels of living.

2.1.4 Poverty Reduction

Discussions on poverty reduction usually centre on minimizing the severity of poverty, reducing vulnerability to poverty and rising above poverty. Thus, this study adopts the definition given by Brandt (2012) as every initiative, event, activity, strategy, plan and program designed, funded and implemented by government, local and international NGOs to ease the severity of poverty, move people out of poverty and prevent people from sliding into poverty.

2.2 Theoretical Literature Review

2.2.1 Weisbrod Performance Failure Theory

This theory originated from the study of Weisbrod Burton published in (1977). Past studies explored it to explain the role of NGOs in poverty reduction and economic development. This theory states that NGOs emerged because of government inability to provide social services or public goods to every category of people within an economy (Paarlberg & Zuhlke, 2019). The major thrust of this theory is the assumption that voluntary non-profit entities will emerge as complementary private sector efforts to provide neglected societies with those utilities and infrastructures which they could not get from the government (Weisbrod, 1988). In recent times, failure of the Nigerian government to support its teeming population of poor people, NGOs are increasingly considered as important partners in the quest for development and poverty reduction. This makes the Weisbrod theory relevant to this study.

2.3 Empirical Review

2.3.1 Food Support Programs of NGOs and Poverty Reduction

Hunger and lack of access to food were frequently used to indicate poverty in the literature. Hence, food assistance is a critical strategy applied by NGOs in their pursuit of poverty reduction. Theory and evidence suggest that NGOs food interventions benefit the poor directly and indirectly through increased food security which enables them to have better nutrition thereby improving their health status which then frees financial resources to undertake small scale businesses (Eteng et al. 2022). But the empirical studies provide conflicting views about the relationship between NGOs food interventions and poverty. For example, Ocen et al. (2022) support the positive impact of NGOs food interventions on poverty through improved savings effect. Other studies argue that NGOs food interventions weakens beneficiaries resolve to strive out of poverty (Odoom et al., 2022). Therefore, there is no generalized consensus on the relationship between NGOs food interventions and poverty reduction.

2.3.2 Non-Food Support Programs of NGOs and Poverty Reduction

Lack of access to household items to sustain domestic life is another yardstick often used to designate poverty. Thus, NGOs frequently try to reduce poverty among developing nations by providing non-food items like building materials, sleeping materials, lighting materials, cooking utensils etc. to poor households. The literature suggests that such items enable households to redirect resources towards income generating activities to improve their livelihood. However, evidence from existing studies indicate a disagreement in the link between non-food interventions and poverty reduction and this is an apparent gap in knowledge that needs to be filled by further research.

2.3.3 NGOs Skills Development Interventions on Poverty Reduction

Theory suggests that skills acquisition would make significant impact on productivity and income generation of individuals. Hence, NGOs such as Mercy Corps Nigeria, International Organization for Migration, Oxfam in Nigeria, Plan International, Global Peace Foundation, ActionAid Nigeria Abiola Makinde Youth empowerment programmes, Grassroots Entrepreneurship Skill Acquisition Initiative etc. frequently plan and execute skills development interventions with a view to reduce poverty among vulnerable people by helping them to acquire talents that make them employable and also enable them to set up personal income generating enterprise. The human capital theory specifically argues that skills lead to higher earnings and improved living standards. However, evidence from past studies reveal contrary outcomes about how skills acquisition relates to poverty reduction. Adjei et al. (2012) found that NGOs skills programs explained 28.5% increase in number of micro-enterprises in Ghana. Other studies however indicate no relationship whatsoever between NGOs skills programs and poverty reduction. In view of this gap in literature the current study will examine the contribution of NGOs skills interventions on poverty reduction in Nigeria.

2.3.4 NGOs Financial Interventions and Poverty Reduction

The literature suggests that financial interventions provided by NGOs can change the poverty status of deprived populations overcome by natural, environmental, social or economic challenges. Previous research view financial intervention as a potent tool for reducing poverty (Okuna et al., 2023, Robinson, 1992). For example, Mustafa et al. (2000) found that NGOs financial interventions impacted positively on peoples' livelihood thereby reducing poverty rates in rural Pakistan. However, very few studies examined the relationship between NGOs financial interventions and poverty reduction in Nigeria and they mostly indicate no generalized consensus on the relationship between NGOs financial interventions and poverty reduction.

3.0 Methodology

This study adopted a narrative or literature review analysis to evaluate the implications of NGOs interventions on poverty reduction in existing literature. This method is suitable because it permitted extrapolation into the features of NGOs interventions. Thus, secondary data from published articles in internet databases were consulted for literature specific to NGOs and poverty. From the deductions gained conclusions were drawn.

4.0 Discussion of Findings

4.1 Effect of NGO Food Support Programs

Findings from the study illustrates that food support given to recipients is beneficial as it significantly increases access to food and improves diet consumed by beneficiaries. However, literature analysis showed that NGOs food interventions do not lift people out of poverty because the beneficiaries were only better off so long as the food assistance continues to flow in from the NGOs. But, as soon as the NGOs complete their operations and move on to other places people lose access to food once again. This finding aligns with the outcomes contextualized by Samia et al (2021) and Argaw & Shewankena (2018). Given insights from the Weisbrod performance failure theory, the implication of this finding is that just as government programmes fail due to lack of sustainability, benefits from NGOs food interventions also terminate as soon as the NGOs stop the assistance.

4.2 Effect of NGOs Non-Food Support

This study found that Non-food items were given by NGOs to support households in areas experiencing disaster, war, famine etc. A close look into most studies revealed that the items given were mostly household items to support domestic livelihood. This implies that the non-food items received by beneficiaries would improve their

living standards but would not yield any reduction in poverty levels because such household items do not support income generation or food security etc.

4.3 Effect of NGOs Skills Development Programs

On the issue of skills development programs implemented by NGOs, this study found that skills acquired through NGOs skills development initiatives helps beneficiaries secure paid jobs and create personal income generating activities. It also fosters financial security among recipients. The study observed that NGOs in Nigeria like the Mercy Corps Nigeria, International Organization for Migration, Oxfam in Nigeria, Plan International, Global Peace Foundation (GPF), Abiola Makinde Youth empowerment programmes, Grassroots Entrepreneurship Skill Acquisition Initiative and Hope Builders etc. provided skills development programmes and training in manicure & pedicure, photography, driving, barbing, shoe repair, tailoring, hairdressing, baking, fashion design, hairstyling, craft making, woodwork, masonry, and tie & dye as well as other life sustaining income generating talents etc. The literature suggests that possessing such skills empowers the beneficiaries and results in the establishment of steady sources of income thereby enabling beneficiaries to live better lives by eating better, sending their wards to school, access better health services etc. Thus poverty is reduced among receivers of NGOs skills development initiatives. This substantiates the findings of Eteng et al. (2022).

4.4 Effect of NGOs Financial Assistance

This study found that providing financial support in the form of monetary grants, cash hand-outs, and micro-credit (exceptionally small loans typically without collateral for low-income beneficiaries) are common ways through which NGOs empower the disadvantaged members of society. It also found that while micro-credit and loans help beneficiaries to engage in income generating activities or boost existing enterprise, monetary grants and cash hand-outs on the other hand mostly dissolve into immediate household needs thereby leaving the recipient still in need after a very short period of time. Thus, if loans and micro-credit are judiciously utilized by beneficiaries then they are likely to move out of poverty. Grants and cash hand-outs on the other hand are not likely to exert any significant effect on poverty. Okuna et al. (2023) and Ocen et al. (2022) have earlier insinuated similar effects.

5.0 Conclusion and Recommendations

The aim of this paper is to ascertain from existing literature the influence of NGOs interventions on reducing poverty within the Nigerian economy. The study is a discourse aligned to Nigeria's SDGs efforts. Based on the findings deduced from the analysis of literature, this study concludes that NGOs interventions that encourage income generation, job creation and food security will lead to significant reduction in poverty, whereas; those interventions whose benefits are immediate do not yield any significant influence on poverty reduction. The study recommends that to forestall the risk of beneficiaries sliding back into poverty grounds, NGOs are should design more sustainable programs that would enable beneficiaries to be independent and firm after being disengaged from NGOs support.

However, the NGO intervention indices reviewed in this paper is by no means exhaustive hence; other researchers may extend the scope of the investigation to cover additional variables concerning NGOs interventions in Nigeria. Thus, further research would be required to ascertain the relationship between NGOs and performance of other development variables capable of affecting poverty in Nigeria. Lastly, this study concentrated on institutions of NGOs in Nigeria. Further research could extend similar study to other economic and development institutions in various other sectors of the economy.

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IMPACT OF MULTIPLE BANK CHARGES ON THE GROWTH OF SMES IN NIGERIA

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ABSTRACT

*This study employed a descriptive research design to analyze the implications of multiple bank charges on the growth of Small and Medium Enterprises (SMEs) in Nigeria: A case study of Kaduna state. The approach provides a structured framework that assessed the relationship between bank charges and SMEs growth by gathering quantitative and qualitative data. The multi-stage sampling technique was used for this study. This includes purposive random selection of samples of SMEs from the three local government's areas. The adjusted Taro Yamane formula was used in selecting the sample size of 157. The study found that multiple bank charges have a detrimental impact on the financial health and growth prospects of SMEs in Nigeria. The charges reduced profitability, limit working capital, and discouraged business expansion. Furthermore, while some SMEs have adopted coping strategies, these measures are often insufficient to offset the financial strain caused by high banking costs. The study found out that SMEs operating in Kaduna metropolis use e-banking channels such as ATM, mobile money (e.g. *737#), bank transfer applications, internet banking and POS because they have mobile phones. The services they accessed using the e-transactions balance enquiry, funds transfer, airtime purchase and borrowing. They are also aware that electronic transactions attract charges which over 75% consider high, multiple and unexplained. The charges they attract are VAT, Stamp duty, ATM issuance and maintenance fees, electronic funds transfer fees, internet transaction fees, POS commissions, fees for bank alerts/SMSs. Most respondents consider POS charges higher than all charges and hence the charges negatively impact their Business performance. The study also discover that there financial inclusion in Kaduna metropolis as e-transaction gives room to most customers to access bank services conveniently and faster. Therefore the study recommends that policymakers should implement policies to cap and regulate excessive bank charges, strengthen the oversight role of the Central Bank of Nigeria (CBN) in ensuring fair practices and also develop SME-friendly banking products with reduced fees.*

Keywords:

Bank Charges, SMEs,
Nigeria

1.0 Introduction

The inception of the banking sector in Nigeria dates back to 1892 when the First Bank of Nigeria PLC was established. Nigeria had a total of 145 banks from 1892 to 1947. By 1980, the number of banks decreases to 20. In 1990, there was a rise in the number of banks, resulting in a total of 29 banks. In 1994, the number of banks

increased to 69, and by 2011, there was a further increase, bringing the total number of banks to 89. Bognet (2012), Ikpefan (2012), and Oluduro (2015). Adamolekun, Ogedengbe, and Pratt (2012) reported that in 2007, Nigeria had a total of 24 capitalised commercial banks resulting from mergers and acquisitions facilitated by the Central Bank of Nigeria (CBN). The variation in the number of banks is due to the occurrence of banking distress. Furthermore, Nigeria has implemented numerous banking reforms to fortify and stabilise its financial sector. The need for reforms in Nigeria's banking industry has arisen due to the liquidation of banks and the globalisation of the world. While the primary reforms encompassed banking consolidation, recapitalization, and modernization. Small and medium scale enterprises (SMEs) are considered significant catalysts for economic progress. In addition, Small and Medium Enterprises (SMEs) are recognised for their significant potential in generating employment and creating income in any economy, along with numerous other invaluable qualities. However, the growth and advancement of SMEs in Nigeria have been hindered by various obstacles and challenges, resulting in sluggish or even halted development of this crucial sector of the economy. One of the most significant being the financial burden imposed by multiple bank charges.

Additionally, access to affordable and adequate financing remains a major hurdle, with many SMEs relying heavily on bank loans and other financial services. According to Agwu & Emeti (2018), high banking charges erode profit margins, reduce working capital, and limit the ability of SMEs to reinvest in their businesses. This financial strain lead to liquidity challenges, hampering the growth and expansion of these enterprises. However, studies have shown that excessive bank charges deter SMEs from using formal banking services, pushing them towards informal financial systems that may be less secure and reliable (Ogujiuba, Ohuche, & Adenuga, 2004). Moreover, Central Bank of Nigeria (CBN) has set guidelines on bank charges, but the compliance and implementation by commercial banks often vary, leading to inconsistencies and additional costs for SMEs (Central Bank of Nigeria, 2019). Hence, it is in the light of these that the study seeks to assess the implications of multiple bank charges on the growth of SMEs in Nigeria: A case study of Kaduna State.

LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Concept of Performance

The concept of performance has been a controversial issue mainly due to its multi- dimensional meanings. Santos and Brito (2012) posits that the definition of performance and its measurement, even though is one of the most widely studied concept continues to challenge scholars due to its complexity. Firm's performance refers to how well a firm achieves its market and financial goals and objective (Qrunfleh & Tarafdar, 2014). According to Wang, Holmes, Oh and Zhu (2016) performance refers to the firm's degree of economic success. This implies that firm performance can be viewed at as the results of an organization measured against its intended goals and objectives. Saunila (2016) also illustrates on firm performance as an encompassment of two specific areas of financial and non-financial performance. Financial performance is the achievement of economic goals based on revenue less cost- based measures such as profitability, return-on-investment, and return-on-sales (Chang, Ellinger, Kim & Franke, 2016). Financial performance is an indication and measure of firm's overall financial health at a particular time. As Nafiroh and Nahumury (2017) describes, it can be used to as a basis of decision-making by investors, because it guarantee that the objectives of the organisations were fully met and the organisation is presumed to continue in operations in as a going concern. According to Christensen, Kent, Routledge and Stewart (2015) there are numerous ways to measure financial performance, such as profits, return on assets, and return on investment among others. Financial performance can be also measure through financial ratio analysis, among other things liquidity ratios, solvency ratios, activity ratios and profitability ratios (Qrunfleh & Tarafdar, 2014).

The non-financial performance refers to indicators that measure employee satisfaction, customer satisfaction, reputation and market share (Maroofi, Kiani & Nazaripour, 2012). Managing an SME's performance requires a range of different skills and functional approaches. Husin and Ibrahim (2014) describe business performance improvement as the measuring of output of a particular process in SME, then modifying the process to increase the output efficiency and effectiveness of the process. Different measurement and management techniques and approaches have developed independently. Financial and particularly management accounting have been concerned with measuring and controlling the financial performance of SME's and organizations, operations have been concerned with work flow often focusing on improving throughput and efficiency whether that be from a manufacturing or a service perspective, strategy have been concerned with developing plans to deliver future objectives and personnel have been concerned with managing the performance of people (Nafiroh & Nahumury, 2017).

Performance management has been more extensively and effectively investigated than performance measurement. Themes from the fields of strategy, accounting and operations management have converged to form a field that is developing a momentum of its own (Landy, Zedeck & Cleveland, 2017). For example, the most widely known approach to performance measurement, the Balanced Scorecard is now widely used as a strategy development and execution tool but was developed in an operational environment (Christensen et al., 2015). A performance management system is meant to be interactive (Grigoroudis, Orfanoudaki & Zopounidis, 2012) since its main roles are to facilitate the implementation of the business strategy and to question strategic assumptions.

2.1.2 Concept of Small and Medium Scale Enterprises Performance

The concept of SME has been the subject of debate and accordingly it has been operationalized differently depending on the contexts. These numerous of the definitions have operationalized Small and medium scale enterprises based on size; small and medium. Some literatures have considered the number of staff and cost of assets as a basis of definitions. However, most of these conceptualizations are derived based on the business needs and interests in respects of Small and medium scale enterprises (Dasanayaka, 2008). Central Bank of Nigeria's (2012) defined Small and medium scale enterprises as any business with lower than 100 employees with a yearly annual turnover of not less than N500, 000. Osa-Afiana (2004) presented a classification of Small and medium scale enterprises by Bank of Industry which categorized the Small and medium scale enterprises into four: Micro or cottage, small-scale, medium and large scale. Firstly, Micro/Cottage industry are enterprises with capital of not more than N1.5 million including working capital but excluding cost of land and/or labour size of not more than 10 employees; Secondly, Small-Scale category are enterprise with capital above N1.5 million less than N50 million including working capital but excluding cost of land and/or labour size of not more than 11-50 employees; thirdly, medium-scale enterprise are those with investment capital of above N50 million but not more than N200 million including working capital but does not include cost of land and/or labour size of not more than 51-200 employees; lastly, Large enterprises are one with total assets more than N200 million including working capital but exclude cost of land and/or labour size of over 200 employees.

The rate of development of Small and medium scale enterprises in Nigeria has been very slow compare with other developed nations (Olasupo, et. al., 2016). Specifically evident have indicated that most Small and medium scale enterprises in Nigeria liquidate within first five years. Many factors have been attributed to the slow rate of development of Small and medium scale enterprises in Nigeria (World Bank Report, 2015). Lack of access to business loans has been identified as one of most difficult challenges of conducting business in Nigeria (World Bank Report, 2015). Moreover, this could be attributed to the inability of Small and medium scale

enterprises to access the services of formal non- financial institutions such as Bank of Industry. Lebas and Euske (2002) refer to the concept of performance as synonymous to engaging in activities that will lead to creating value customers for a fee. A firm's performance is an important dependent variable in business research (Rauch, Unger & Rosenbusch 2007). The performance of a firm can be viewed from several different perspectives, and various aspects can jointly be considered to define firm performance. Assessing a firm's performance and its measurement is difficult, because performance refers to several organizational outcomes, which include both subjective and objective elements. Rauf (2007) asserts that most managers are likely to act on their subjective opinions with regard to a competitor's performance.

With regard to objective measures, Guest, Michie, Conway and Sheehan (2003) believe that there are clear attractions in objective measures. Consequently, Rauf (2007) believes that it will be helpful to select a blend of some key organisational outcomes when measuring a firm's performance. Studies by Khan (2010) and Sang (2005) have utilized not only financial, or non-financial but also operational metrics to operationalise firm performance. The financial measures include profit, sales and market share. The non-financial measures comprise productivity, quality, efficiency, and attitudinal and behavioral measures, such as commitment, intention to quit and satisfaction. The operational measures include production flexibility, product cost, product quality, number of customers and product delivery (Khan 2010). In effect, Organizational Performance should best be measured based on a holistic approach which incorporates the financial and non-financial measures as well as time element.

Furthermore, Wu (2009) found out that long time ago financial data was adopted in enterprises as the central measure of performance. However, the author recognised that subsequently researchers were aware that only financial data cannot reveal the comprehensive performance information and, hence, does not completely capture or predict future performance (Wu, 2009). Thus, Kaplan and Norton (1992) as cited in Wu (2009) developed a balanced and multi-dimension concept (the Balanced Scorecard) which incorporated financial and non-financial measures. The Balanced Scorecard is one of the studies that measured a firm's performance based on stakeholder theory which takes into consideration employees and their representatives, customers, suppliers and governments in determining SME performance.

Adebayo and Kareem (2013); Luper, (2012) argued that performance can be measured in terms of its output especially when the population consist of manufacturing firms only while to Christopher and Adeleke (2012); Olutunla and Obamuyi (2008) performance can be measured in terms of increase in branches, capital, number of employees and profit. Regular indicators used in measuring business performance are profit, return on investment (ROI), turnover or number of customers, design quality and product improvement (Zulkifli & Perera, 2011). Porter (1985) brought forth a generic strategy which explained that for a business to maximise its performance, it should either strive to be a low-cost producer in its industry or should differentiate its line of products/services from those of other businesses. In effect, this is to enhance the efficiency and effectiveness, and also, strengthen the competitiveness and market share of the firm. Therefore, this leads to maximization of business performance. Although its contribution may be small in some nations, Small and medium scale enterprises play an important role in overcoming the challenges of redistribution of wealth, unemployment; promote private ownership and long-term economic growth of a nation (Olasupo, et. al., 2016). Their role is to solve the challenge of local unskilled, take advantage of entrepreneurial opportunities and creation of sound competitive environment (Hoang, 2016). Consequently, the development of Small and medium scale enterprises is an indispensable factor in the growth policies of most country and holds particular significance.

The performance and development of Small and medium scale enterprises has throughout the global world, been of great interest to development economists, governments, entrepreneurs and venture capital firms (Baker, 1992). Small and medium scale enterprises Performance management involves formation of a shared mutual understanding of what needs to be achieved, ways it will be achieved effectively; and a strategic approach to managing employees that increases the likelihood of achieving success within an agreed structure of planned goals, principles and individual and collective competence requirements (Kimaru, 2014).

2.2 Conceptual clarifications:

E-Banking Transaction: According to Rani & Kavitha (2014), e-banking implies provision of banking products and services through electronic delivery services. It is a generic term making use of electronic channels through telephone, mobile phone, internet, ATM, computer and other electronic devices for delivery of banking service products Rani & Kavitha (2014) ; Sevenrino, Tonderai & Life (2015). E-banking has revolutionized the banking system and integrate economies into the global world. According Rani & Kevitha 2014 Indian banks offer to their customers following e-banking products and services: Automated Teller Machines (ATMs), Internet Banking, Mobile Banking, Phone Banking, Telebanking, Electronic Clearing Services, Electronic Clearing Cards, Smart Cards, Door Step Banking, Electronic Fund Transfer.

The three broad facilities that e-banking offers are:

2.2.1 Convenience- Complete your banking at your convenience in the comfort of your home.

2.2.2 No more Queues- There are no queues at an online bank.

2.2.3 24x7 service- Bank online services is provided 24 hours a day, 7 days a week and 52 weeks a year.

Financial inclusion implies that financial services reach everyone who could use them. It means a financial system that serves as many people as possible in a country Kama & Adigun (2013) . The challenges range from financial illiteracy, inadequate infrastructure and information technology facilities by financial institutions.

2.3 Theoretical Framework

This study is hinged on the Technology Acceptance Theory and Diffusion of Innovation Theory. The theory was propounded by Fred Davies in 1985. The theory explains how a user of a new technology accepts and starts utilizing the technology. The theory posits that the utilization of a technology by a user is predicated on three grounds which are perceived usefulness, perceived ease of use and finally user attitude towards usage (Mugo, Njagi, Chemwei, & Motanya, 2017). According to Davies, these factors put together determine the utilization of a new technology. Thus, this implies the usefulness of a financial technology is predicated on how the payment channels and instruments would enhance the user's financial interactions with others. A technology that cannot be easily used and its considered usefulness are in doubt when compared to already existing mediums would necessitate the unwillingness of users to utilize the said product. The theory invariably explains the things that a user will welcome a new tech in other to ease job performance (Ajayi, 2014; Ailemen, Enobong, Osuma, Evbuomwan, & Ndigwe, 2018). That is, the intended need for a product by the user and how the product would meet that need easily invariably determines the acceptance of a new technology. Similarly, the diffusion of innovation theory describes how an innovation spreads and penetrates in a society or a given user group. That is, the theory focuses on the specific needs of their customer groups, identifies and integrates it and offer inclusive technology to suit the various customer groups.

According to Uppal (2011), a new innovation is an idea, behaviour, or object that is perceived as new by its audience. The diffusion of innovation theory was propounded by Gabriel & Rogers in 1962. The theory holds

that innovation “diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system” (Ajayi, 2014). According to the theory, diffusion of innovation entails the innovations to change to suit the needs of the people, whereas the reverse is true for other social change theories (Uppal, 2011)

2.4 Empirical review

Internet banking, however, is now used as the term for new age banking system (Singhal & Padhmanbhan, (2008). Internet banking is defined as the use of the Internet to deliver banking activities such as funds transfer, paying bills, viewing current and savings account balance, paying mortgages and purchasing financial instruments and certificates of deposits (Singhal & Padhmanbhan, 2008; Ahasanul et al, 2009). Internet banking is also called Online banking, e- payment and e-banking (Ozuru et al, 2010; Singhal & Padhmanbhan, 2008; Beer, 2006; Jun and Cai, 2001). E-payment is described as a means whereby banking businesses are transacted through automated processes and electronic devices such as personal computers, telephones, and fax machines, Internet card payments and other electronic channels (Ozuru et al, 2010). The electronic communications used in Internet banking includes: Internet, e-mail, e- books, data base and mobile phones (Chaffey et al, 2006). Cell phone banking apart from Internet banking is considered the way of the future (Masocha et al, 2011). In the recent time, the development in technology has affected business organizations in several ways, most Internet Banking- Benefits and Challenges in an Emerging Economy 21 especially in term of management and control; marketing and research; operations and decision making. It is therefore, the vogue that every organization wants to tap the benefits accrue from technology development.

In other word, most organizations find means of enjoying the advantages encapsulated in the new technologies (Larpsiri and Speece, 2004; Durkin, Howcroft & Hewer, 2003; Masocha et al, 2011). There was reduction of cost through substantial improvement in efficiency by business organizations. This resulted in banks diverting their focus towards extensive computerization and electronic operations (Masocha et al, 2011). The electronic delivery of banking service has become ideal for banks in meeting customers' expectations and building close customer relationship-Masocha et al, 2011. It is therefore, no doubt that e- banking will definitely overwhelm traditional banking in the near future; since more developing nations seem to direct their focus on building up their infrastructure with specific attention on e-banking, e-commerce and e-learning (Kamel, 2005; Masocha et al, 2011). Internet banking started with simple functions such as real time access to information about interest rate, checking account balances and computing loan eligibility. However, these services have graduated to online bill payment, transfer of funds between accounts and cash management services for corporate organizations and individuals (Khan et al, 2009; Singhal & Padhmanbhan, 2008).

The development experienced in Internet and other global online networks have thus created new commercial opportunities for e-commerce and creation of completely new sets of global and national trading relationships. This consequently, led to the perception that e-banking and e-commerce are now an inevitable aspect of financial services (Harris and Spencer, 2002). The use of e-banking has brought many benefits amongst which include: there are no barrier limitations; it is convenient; services are offered at minimal cost; it has transformed traditional practices in banking; the only way to stay connected to the customers at any place and any time is through internet applications; it results in high performance in the banking industry through faster delivery of information from the customer and service provider; customers prefer the use of e-banking because it saves time; it makes possible the use of innovative product or service at a low transaction fees and it encourages queue management which is one of the important dimensions of e-banking service quality (Singhal & Padhmanbhan, 2008; Brodie et al, 2007; Williamson, 2006 & Beer, 2006).

Dalis (2018) investigated the role and impact of information technology (IT) on the banking sector. He found out that information technology facilitated financial intermediation through cost reduction and timely delivery of financial services but also aided financial fraud and as such recommended banks should invest in information technology and human capital apart from legislating on financial crime. Dalis paper didn't specify a particular methodology or sources of data for analysis or procedures for analysis. Aside that, it fails to capture multiple bank change as one of the challenges of banking system in Nigeria and do not say anything on their effects. Masocha et al (2011) found cost reduction as an advantage of internet banking and thereby support Dalis (2015) claim Rani and Kavitha (2014) researched the perception of customers on e-banking services and found that e-banking services like internet banking, mobile banking is replacing tradition banking practices and customers are satisfied with this development. This study unlike Dalis' study uses qualitative research design or method but failed to examine the impact of electronic transaction changes, Sevenrino R. T. et al (2015) examines the impact of mobile banking on tradition banking parties in Zimbabwe. They found out that banks have not been able to grow their business or expand their mobile banking or services beyond their customer base and thus recommend that banks should restructure growth along the mobile banking business model.

Research Methodology

3.1 Research Design

This study employs a descriptive research design to analyze the implications of multiple bank charges on the growth of Small and Medium Enterprises (SMEs) in Nigeria: A case study of Kaduna State. The approach provides a structured framework to assess the relationship between bank charges and SME growth by gathering quantitative and qualitative data. The research adopted survey design. Random samples of 1597 respondents were selected using adjusted Taro Yamane formula for calculating sample size. A questionnaire was utilized in eliciting responses and data was analyzed using descriptive statistics such as frequencies, percentages and chi-square.

3.2 Area of Study

The study selected three local governments in Kaduna central for study and they are Chikun, Kaduna North and Kaduna south Local Government Areas. These LGAs were selected because they have people that banks with banks and those that don't and that will give us information from those that bank from their respective banks and from those that don't bank from their local areas.

3.3 Sampling procedure and sampling size

The multi-stage sampling technique was used for this study. This includes purposive random selection of samples of SMEs from the three local government's areas. The adjusted Taro Yamane formula was used in selecting the sample size of 157, with level/margin of error (set at 5%=0.05)

3.4 Methods of Data Collection

Primary sources of data were used for this study. The data were collected with the help of trained field workers who were supervised by both the researcher and employed supervisors. The data collection officers collected the data using questionnaires issued to each and return same. The researcher bought birros which were used as incentives to the respondents and this encourage a lot of people to fill the questionnaire as there was reward for it. Another thing the researcher did was to distribute most of the questionnaires at banks and POS points where people are comfortably seated waiting for their turn to be served by the bank.

3.5 Method of Data Analysis

Descriptive statistics such as simple frequency distribution, percentages, tables etc were used to analyze the

questionnaire in order to answer the research questions while chi-square was used for testing the hypothesis. The researcher employed the use of both descriptive and inferential statistics for data analysis descriptive statistics- percentages and table were used because they were easy to determine and understand.

3.6 Research Instrument

The primary instrument for data collection was a structured questionnaire. The questionnaire was pre-tested on a sample of 20 SMEs to ensure clarity, reliability, and validity. Necessary adjustments were made based on the feedback received during the pilot study.

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter focuses on presenting and analyzing the data collected during the study. It begins with a summary of the response rate, followed by descriptive and inferential analyses of the data. The results are interpreted in relation to the research objectives and hypotheses outlined earlier.

Table A: Demographic characteristics of respondents

Gender		
	Frequency	Percentages (%)
Males	1052	66
Females	545	44
Total	1597	100
Level of Education		
	Frequency	Percentages (%)
No Formal Education	0	0
Trade/Technical/Vocational Training	240	15
Primary	97	6
Secondary	203	13
Tertiary	1054	66
Total	1597	100
Average monthly income (N)		
	Frequency	Percentages (%)
0-30000	400	25
31000-60000	597	37
61000-90000 years	500	31
91000 and above	100	66
Total	1597	100

Source: Researchers' Field Survey, 2024.

Table A contains the demographic characteristics of the respondents. It also shows that all respondents are literate with male distribution making up 66% of the respondents and the rest females. The table also shows that all respondents earn income monthly.

The Financial Access of respondents is captured in Table B. The table clearly shows that all respondents have at least one major bank account with the following banks: First bank, GT Bank, Access Bank, Stanbic IBTC,,

Table B: **Financial Access**

Do you have a Bank Account		
	Frequency	Percentages (%)
Yes	1597	100
No	0	0
Total	1597	100
Number of Accounts Owned by respondents		
	Frequency	Percentages (%)
1-3	947	0
4-6	450	15
7 and above	200	6
Total	1597	100
Respondents major banks		
	Frequency	Percentages (%)
First bank	FCMB	Keystone
G T Bank	UBA	
Access Bank	Union Bank	
Sterling Bank	Fidelity	
Stanbic IBTC	Jaiz	
How often respondents save		
	Frequency	Percentages (%)
Once a month	900	56
Put Money in and when I can	690	43
Don't save /Never	17	1
Total	1597	100

Source: Researchers' Field Survey, 2024.

FCMB, UBA, Sterling bank and 56% save once in a month, 43% save when they can but 1% don't save at all. Thus we can conclude that 99% save monthly

Table C: **Electronic Transactions**

Do you have a mobile phone		
	Frequency	Percentages (%)
Yes	1597	100
No	0	0
Total	1597	100
Do you do internet or mobile Phone Banking		
	Frequency	Percentages (%)
Internet Banking	200	13
Mobile Phone Banking	597	37
Both	800	50
Total	1597	100

The usage of electronic transaction by respondents is in table C which indicates that all respondents have mobile phones which they use for electronic banking (internet and mobile phone banking). Most of the respondents use

Do you think Electronic banking (E.g internet and mobile banking) is better than physical banking		
	Frequency	Percentages (%)
Yes	1147	72
No	450	28
Stanbic IBTC	1597	100
Why E-banking is better than physical banking		
	Frequency	Percentages (%)
Safer	109	7
Convenient	97	6
Faster	257	16
Cheaper	9	1

Source: Researchers' Field Survey, 2024.

electronic transaction or banking for balance enquiry, funds transfer, airtime purchase, getting loans and payment of utilities. From the Table we can deduce that the e-banking channels used by respondents are ATM, Mobile money (e.g $\times 737\#$), Electronic transfer (e.g bank applications), internet banking and POS. The most used e-banking channel is mobile money (e.g $\times 737\#$) 39%, followed by ATM 25%, followed by POS 22%, followed by electronic transfer and internet banking 14%. 66% of respondents use e-banking channels between 5-10 times in a month, 22% used it less than 5 times while the remaining percentage used it more than 10 times. On whether electronic banking is better than physical banking, 99% of the respondents agreed that electronic banking is better than physical banking because it is convenient, faster and safer but not cheaper.

Table D: **Banking Charges and Electronic Transactions**

Awareness of respondents on charges incur on electronic banking transactions		
	Frequency	Percentages (%)
Yes –I am aware	1597	100
No- I am not aware	0	0
Total	1597	100
Bank charges respondents are aware of		
	Frequency	Percentages (%)
VAT	20	1
Stamp duty	20	1
ATM issuance and Maintenance fees	212	13
Electronic funds transfer fees	38	2
Internet banking transaction fees	50	3
POS commission	86	5
Fees for banking alert/SMS	100	6
All charges except stamp duty	971	61
All charges	100	6
Total	1597	100

Do you Know the exact amount your bank charges specific Electronic transactions		
	Frequency	Percentages (%)
Yes I know	1053	66
No I don't know	544	34
Total	1597	100
How do you consider these charges?		
	Frequency	Percentages (%)
High	1197	75
Low	0	0
Moderate	100	6
I am indifferent	308	19
Total	1597	100
Do you take these charges into consideration whenever you are conducting an electronic transaction		
	Frequency	Percentages (%)
Yes –I do consider	1193	75
No- I don't consider	404	25
Total	1597	100
Do these charges affect your decision on the number of times you use electronic banking channels		
	Frequency	Percentages (%)
Yes	1193	75
No	404	25
Total	1597	100
How best respondents avoid high charges		
	Frequency	Percentages (%)
I avoid subscribing for internet banking	102	6
I avoid subscribing for debit card	0	0
I avoid subscribing for SMS alerts	21	1
I reduce the amount of my transactions below the chargeable amount/threshold	174	11
I reduce the frequency of my transactions	893	56
I avoid using E-banking channels all the same	0	0
I still use e-banking anyway despite the high charges	407	25
Total	1597	100
Do the charges affect respondents decisions to avoid the usage of specific e-banking channels		
	Frequency	Percentages (%)
Yes	1441	90
No	156	10
Total	1597	100
Channels respondents would avoid considering the charges attached to their usage		
	Frequency	Percentages (%)

ATM	111	7
Mobile money (×737)	46	3
Electronic transfer (e.g bankapplication)	40	3
Internet banking	20	1
POS	1380	86
Total	1597	100
Which of the following concern(s) about bank charges affects your decision on the usage of specific e-banking channels		
	Frequency	Percentages (%)
High bank charges	48	3
Multiple charges	301	19
Lack of transparency of bank charges by banks	100	6
Unexplained deductions	81	5
I don't have any concern	20	1
I do have concern on all charges	1047	66
Total	1597	100

Source: Researchers' Field Survey, 2024.

Table D contains bank charges and how they affect customers' decisions to use certain e- channels for transaction. 100% of the respondents accept that they are aware that they incur charges such as VAT, Stamp duty, ATM issuance and maintenance fees, electronic funds transfer fees, internet transaction fees, POS commissions, fees for bank alerts/SMSs when using e-channels. More than 50% of the respondents agreed that they are aware of all the charges listed except stamp duty. On knowledge of exact amount bank charges for specific electronic transactions, 66% responded that they are aware of the exact amount charge while 34% say they don't know the exact amount charge. Examining how respondents consider the charges, 75% consider them as high, 6% consider them moderate while 19% are indifferent. No one consider the charges as low. The implication is that the charges are high. Hence 75% consider the charges when conducting electronic transactions and same 75% accept that these charges affect their decision on the number of times they use specific electronic bank channels.

The respondents avoid high charges e-transaction mainly by reducing the frequency of transactions while others still it despite the charges. 90% of the respondent decides to avoid the usage of specific banking channels such as ATM, mobile money (e.g ×737#), electronic transfer, internet banking and POS because of the high , multiple and unexplained charges. A large percent (86%) prefers to reduce or avoid the usage POS because it involves higher charges even though it is convenient, safer and faster in an area where banks are not close.

How do you consider E-transaction charges * Do charges affects respondents Business performance

Cross tabulation

		Do charges affects respondents decision to avoid or reduce the usage of specific E-banking Channels		Total
		Yes	No	
	Count	1441	0	1441
	Expected Count	1300.2	140.8	1441.0
High	% within How do you consider E- transaction charges			
How do you consider E-transaction charges	Count	100.0%	0.0%	100.0%
	Expected Count	0	156	156
	Expected Count	140.8	15.2	156.0
Low	% within How do you consider E- transaction charges			
	Count	0.0%	100.0%	100.0%
	Expected Count	1441	156	1597
	Expected Count	1441.0	156.0	1597.0
Total	% within How do you consider E- transaction charges	90.2%	9.8%	100.0%

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1597.000 ^a	1	.000		
Continuity Correction ^b	1585.675	1	.000		
Likelihood Ratio	1021.960	1	.000	.000	.000
Fisher's Exact Test					
Linear-by-Linear Association	1596.000	1	.000		
N of Valid Cases	1597				

Source: Researchers' Estimation 2024.

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 15.24.

b. Computed only for a 2x2 table

The p value is 0.000 which is less than 0.005. Hence we can conclude that Electronic transaction charges have significant impact on Business performance.

Summary, Conclusion, and Recommendations

5.1 Summary

The study finds that multiple bank charges have a detrimental impact on the financial health and growth prospects of SMEs in Nigeria a case study of Kaduna State. The charges reduce profitability, limit working capital, and discourage business expansion. Furthermore, while some SMEs have adopted coping strategies,

these measures are often insufficient to offset the financial strain caused by high banking costs. The study found out that SMEs operating in Kaduna metropolis use e-banking channels such as ATM, mobile money (e.g *737#), bank transfer applications, internet banking and POS because they have mobile phones. The services they access using the e-transactions balance enquiry, funds transfer, airtime purchase and borrowing. They are also aware that electronic transactions attract charges which over 75% consider high, multiple and unexplained. The charges they attract are VAT, Stamp duty, ATM issuance and maintenance fees, electronic funds transfer fees, internet transaction fees, POS commissions, fees for bank alerts/SMSs. Most respondents consider POS charges higher than all charges and hence the charges negatively impact their Business performance. The study also discover that there financial inclusion in Kaduna metropolis as e-transaction gives room to most customers to access bank services conveniently and faster.

Based on the aforementioned findings, the following recommendations are made:

1. Central Bank of Nigeria (CBN) should specify charges for each e-channel of transaction and ensure strict compliance through supervision and punishment of erring banks.
2. Consumers societies should raise their voice against high, multiple and unexplained charges against consumers as a result of using Electronic transactions.

5.2 Conclusion

The study concludes that excessive bank charges are a significant barrier to SME growth in Nigeria. Addressing these issues is essential for creating a conducive environment where SMEs can thrive, ultimately contributing to economic development.

5.3 Recommendations

The study provides actionable recommendations:

1. **For Policymakers:** Implement policies to cap and regulate excessive bank charges. Strengthen the oversight role of the Central Bank of Nigeria (CBN) in ensuring fair practices.
2. **For Banks:** Develop SME-friendly banking products with reduced fees. Enhance transparency in communication about charges and fees.
3. **For SMEs:** Improve financial literacy to better understand and manage banking relationships. Explore alternative financial platforms, including fintech solutions.

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