

**AN ASSESSMENT OF THE FACTORS
INFLUENCING THE USE OF DEBIT CARD
ELECTRONIC PAYMENT SYSTEM IN
LAGOS STATE, NIGERIA**

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ABSTRACT

The study examined the impact of demographic and socio-economic characteristics of consumers on the use of debit cards in Lagos State. It also investigated consumer consumption patterns and payment choices and determined the motivational factors for using debit cards. This was with view to analyzing the extent to which debit cards serve as a method of behavioural restraints.

Primary data were used for the study. The targeted respondents were super markets, fast foods, Restaurants, Recreation Clubs, Petrol Stations, Hotels, Pharmaceutical Stores and other business organisations that accept debit cards apart From cash as a mode of payment in the 20 Local Government Areas (LGA) of Lagos State. Three hundred respondents comprising 15 from each LGA were purposively selected for the study. The questionnaire was designed to elicit information on socio-economic characteristics, motivational factors, substitution patterns and payment choice drivers, and the extent to which debit cards serve as a method of behavioural restraints. The data generated were analyzed using descriptive and inferential statistics.

The result indicated that cash constituted 65.3 percent as the commonest form of payment, followed by cheque (15.0%); debit card (8.0%) and credit card (2.0%). The motivational factors for using debit card were found to be: reduction in bulkiness (72%); reduction in armed robbery (71%); convenience (70%); time saving (70%); improvement of Bank Services (50%); and encouragement of disciplined spending (43%). The effect of behavioural restraints exhibited as a result of using debit cards revealed encouragement of prompt settlement of bills (76%); reduction in the abuse of the Naira (71%); discouragement of unplanned spending (53.6%); and curtailment in spending pattern (30%). The study also revealed some constraints militating against the use, of debit card by non-users, namely: non-availability (32.03%); lack of knowledge of

its acquisition (24.18%); insecurity (15.69%); and lack of awareness about existence (5.22%). Results from the analysis of variance (ANOVA) indicated that six out of seven motivational factors: fear of armed robbery ($F = 59.3, p < 0.05$); time saving ($F = 64.9, p < 0.05$); improve bank services ($F = 18.6, p < 0.05$); conveniences ($F = 72.6, p < 0.05$); reduce bulkiness ($F = 93.5, p < 0.05$); availability ($F = 59.1, p < 0.05$) were significant. Also six out of seven behavioural restraints factors included in the model: over spending ($F = 16.5, p < 0.05$), reducing unplanned spending ($F = 15.0, p < 0.05$), reduce buying regret ($F = 6.8, p < 0.05$), encourage financial planning ($F = 10.4, p < 0.03$), prompt debit settlement ($F = 16.8, p < 0.05$), and disciplined social engagement ($F = 7.2, p < 0.05$) were statistically significant. The logit regression showed that consumer life-style and status characteristics such as education, income, employment status, home ownership, family size, age, work experience and external orientation) were found to significantly influence the odds of debt card use ($P < 0.05$, odd ratio of 3.84).

The study concluded that the use of electronic payment system such as debit card improved banking services, transparency, financial discipline and cost effectiveness for the banking industry.