

PoS agent banking business: Peril and strategic interventions

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Abstract

Purpose: This paper explores the possible criminal risks associated with Point-of-Sale (PoS) agent banking business and possible intervention measures while streamlining its potential to alleviate financial exclusion in South Africa's rural communities, through the model's digital and cash transactions.

Method: An exploratory qualitative case study research methodology was followed, utilizing a participatory community-led action research approach. Drawing a philosophical foundation from the Routine Activity Theory, this study provides a comprehensive understanding of potential criminal exploitation resonating from the model's implementation.

Findings: Cybersecurity risks, fraud, agent credibility issues, and physical security threats could potentially hamper ethical and successful implementation of agent banking system in South Africa. Insights from stakeholders' experiences in Nigeria where the model has been implemented indicate that - regulatory reforms, heightened public awareness, advanced technological security, vigilantism, and strategic location selection - are crucial in mitigating the risks posed by potential criminal elements, thereby, reducing the model's vulnerability. This context provides opportunities for stakeholders to comprehensively analyse their diverse situations and apply any individual key insights identified, effectively.

Originality / relevance: The research highlights the necessity of PoS banking in overcoming financial exclusion and fostering community development in Africa. In addition, the results offer intervention measures to overcome possible criminal-related challenges associated with model implementation.

Keywords: Agent banking; criminality, financial inclusion, entrepreneurship, rural economy.

Optimisation des services bancaires des agents de point de vente pour des économies rurales inclusives : Risques et interventions stratégiques

Résumé

Objectif : Cet article examine l'impact de la banque d'agents via Point de Vente (PoS) sur la simplification des transactions numériques et en espèces, en mettant l'accent sur son potentiel à atténuer l'exclusion financière dans les communautés rurales sud-africaines, tout en abordant les défis inhérents.

Méthodologie : Une méthodologie de recherche qualitative exploratoire basée sur une étude de cas a été adoptée, utilisant une approche de recherche-action participative dirigée par la communauté. En s'appuyant sur la théorie de l'activité routinière, cette étude fournit une compréhension approfondie des risques criminels potentiels liés à la mise en œuvre du modèle.

Résultats : En Afrique du Sud, la banque PoS présente un potentiel considérable pour stimuler l'entrepreneuriat et améliorer les moyens de subsistance dans les zones rurales mal desservies. Toutefois, le succès de ce modèle est entravé par des risques de cybersécurité, la fraude, des problèmes de crédibilité des agents et des menaces à la sécurité physique, telles que les vols. Les interventions possibles incluent le renforcement de l'enregistrement des agents, la sensibilisation du public, l'amélioration des protocoles de sécurité numérique et le renforcement des cadres réglementaires et de l'application de la loi.

Originalité / pertinence : La recherche met en lumière l'importance de la banque PoS pour surmonter l'exclusion financière et favoriser le développement communautaire en Afrique. Elle souligne la nécessité d'une approche multifactorielle pour atténuer les risques associés, combinant une meilleure surveillance réglementaire, l'application de la loi, l'éducation publique et la sécurité technologique. Ces mesures sont essentielles pour garantir une croissance sûre et durable de la banque PoS, en favorisant l'inclusion économique et la résilience des communautés vulnérables. Une exploration plus approfondie fournissant des mesures d'intervention face aux défis de mise en œuvre est impérative pour favoriser l'intégration et la durabilité de ce modèle.

Mots-clés : Banque d'agents ; criminalité, inclusion financière, entrepreneuriat, économie rurale.

1. Introduction

Financial exclusion is one critical global phenomenon obstructing economic participation, entrepreneurial uptake, income mobilization and the alleviation of socio-economic hardships, especially, among low-income earners in rural areas and informal settlements (Mokobongo et al., 2022; Nández Alonso et al., 2022). This form of exclusion results in lack of accessibility to affordable financial products and services to a wide-range of deserving individuals and businesses, thereby, deterring the attainment of diverse economic needs (Omojola, Adebogun & Audu, 2022). Accessibility constraints in this context, are manifested in several ways – stringent banking identity requirements (Simatele & Maciko, 2022); high costs of banking services (Miya, 2022); lack of valuable financial information (Mtyapi, 2021); low financial literacy (Akande, Hosu, Kabiti, Ndhleve & Garidzirai, 2023); limited exposure to advanced technological devices (Mpofu & Mhlanga, 2022); poor internet coverage required for digital banking (Adeoti, 2013), and banking infrastructure (Alonso et al., 2023), which are disproportionately concentrated in urban locales (Chitimira & Magau, 2022). These predicaments, collectively stymie, approximately 1.7 billion adults, globally, from engaging with the prevailing credit-driven economic landscape more comprehensively, due to them lacking access to business loans, savings and investments, among a myriad of other benefits. Equitable financial service is fundamental in bolstering economic engagements, as it aims at fostering both individual and societal welfare, macroeconomic stability, and inclusive economic growth (Mtyapi, 2021; Omojola et al., 2022), hence, its absence, proportionately widens socio-economic imbalances and hardships (Tran & Le, 2021; Attoukou & Nchare, 2022; Devi, 2023). Remediating this challenge, has remained elusive to researchers, policymakers and practitioners.

In the recent decade, the Point-of-Sale (PoS) agent banking business model, widely embraced in Nigeria, has emerged as a beacon of hope and a catalyst, promising to annihilate the geographical and infrastructural barriers overwhelming access to financial services, especially in rural and informal locations. The PoS is an electronic device utilized in retail and commercial settings that facilitates secure digital-related transactions by processing payments through debit or credit cards, mobile wallets, and other electronic methods (Lestaringati, 2018; Alzamel, Alshabanah & Alsmadi, 2019). In Nigeria, it facilitates activities such as opening of bank accounts, utility bills servicing, and subscriptions, in addition to diverse range of previous services offered in physical establishments. Similarly, entrepreneurs streamline cash transactions, such as, withdrawals and deposits using the PoS outlets (Fourchard & Sikiru, 2023; Olarewaju, 2023). In these transactions, usually, customers electronically transfer funds into the merchant's PoS account and, in return, receive an equivalent amount in cash and vice versa. This approach has proven to be impactful, particularly in rural areas with limited or no access to banks, and in urban locations where ATMs are insufficient to meet the financial-service demands of residents (Olawajaju, 2023). This model's main outstanding feature is that rural households conveniently engage in cash transactions directly from their bank accounts and/or manage transfers from/to their relatives, regardless of the geographical location.

Emerging discourses emphasise that PoS agent banking initiative has become one of Nigeria's most sought-after strategies for young entrepreneurs, gradually surpassing ATMs in popularity due to it being user-friendly, convenient and mobile (Njoku, 2022). The outlets operate efficiently in remote villages, are also a common sight on urban streets, allowing customers to conduct a wide array of financial transactions, conveniently. Consequently, the industry has gained popularity and profitability,

attracting significant interest from entrepreneurs eager to participate in this innovative and lucrative practice to enhance their operations. While spurring local financial transactions, the initiative stimulates economic activity by encouraging local businesses and livelihoods which, collectively, spearhead economic diversification, as more enterprises emerge to meet the rising demand for diverse goods and services, within the locality.

This scenario affirms that PoS agent banking business in Nigeria has established a convenient and easy means of payment for businesses and customers alike, fostering involvement of the marginalised in the credit-driven globalised economy. Its adoption in countries, such as South Africa, where a substantial amount of its rural areas confront financial exclusion, is pivotal and will significantly widen economic participation, for all sectors. Drawing on the Technology Acceptance Model, Schumpeterian Entrepreneurship Theory, and Circular Flow of Income Model, Iwara (2024), conceptualised PoS as an innovative business model with the potential to spearhead South Africa's – financial inclusion efforts, entrepreneurial imperatives and local economic participation, while also recommending its adoption to combat the entrenched economic challenges of the financially-underserved population. A notable gap detracting from its immediate adoption, however, is - a scientific pathway evolving from empirical foundations to strategically guide the model's implementation across boards. Specifically, any challenges generated from its adoption and intervention measures are still void of empirical interrogations. This is concerning given that policy imperatives devoid of scientific foundations inherently lack strength and are predetermined for failure. A comprehensive understanding of these barriers and the identification of suitable interventions are essential to devise mitigating strategies for the effective implementation of the model in South Africa's rural landscape. Against this background, this paper exploits the Routine Activity Theory to:

- 1) examine potential criminal practices that may be detrimental to the implementation of the model in South Africa's rural landscape, and
- 2) determine intervention measures based on the lived experiences of PoS agent bankers in Nigeria.

Investigating specific crime-related challenges faced by rural communities in embracing this financial-inclusion mechanism will provide valuable insights to policymakers, financial institutions, and entrepreneurs, on crafting mitigating strategies towards its successful adoption. The significance of this research lies in its potential to advance financial-inclusion efforts and support economic development in rural regions, thereby, uplifting financially-underserved populations, empowering local entrepreneurs, and stimulate economic participation and wellbeing.

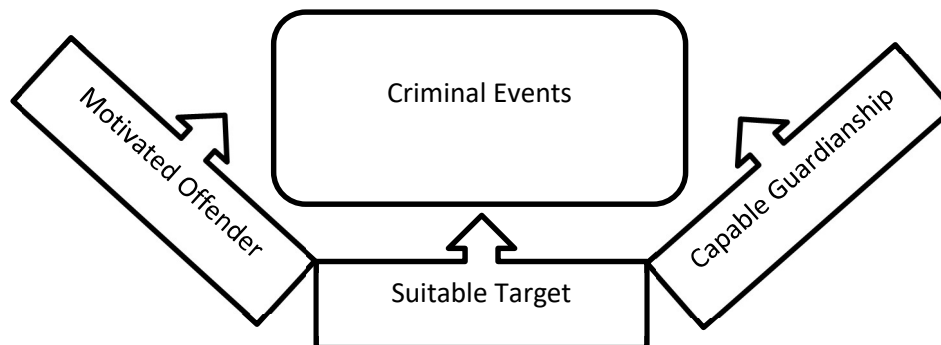
The subsequent section unpacks the Routine Activity Theory philosophical foundations, particularly, in relation to PoS banking business possible crimes and interventions. It further delves into the imperatives underpinning the model's implementation and its critical relevance for South Africa's rural regions. The sections continue with a focus on the methodology utilised to reach the inferences made, and subsequently a discussion of findings based on the empirical results that emerged from the qualitative scientific enquiry.

2. Routine Activity Theory: A conceptual framework

Developed by criminologists Lawrence Cohen and Marcus Felson in 1979, Routine Activity Theory posits that crime occurs when three elements converge - 1) a motivated offender, 2) a suitable target,

and 3) the absence of a capable guardian (Figure 1). These proponents demonstrate the theory's relevance in explaining the financial-services' crimes for a business model, such as the PoS agent banking, and further establish a ground for designing preventive measures that would disrupt the convergence of these three elements. For instance, adequate digital security measures and heightened employee training programs can reduce the probability of financial institutions becoming suitable targets for banking frauds. Similarly, improved regulatory frameworks and law enforcement capabilities present vigilant guardians against potential offenders.

Figure 1: Conceptual framework of the study based on Routine Activity Theory (source: Author)



The application of the three philosophical foundations of Routine Activity Theory in financial service crime context ensures a holistic approach, incorporating measures such as - technological advancements, employee vigilance, regulatory frameworks, and law enforcement cooperation. Collectively, these dimensions exhibit potentials for mitigating the risk of crime and enhancing the overall security of financial services, such as, PoS agent banking.

2.1. Motivated offender

Empirical evidence demonstrates that financial service-related crimes are predominantly driven by the perpetrator's notion of such ventures' potential substantial financial gain, thus, making them attractive for individuals or groups with the requisite skills and intent (Levi & Reuter, 2006; Levi, 2015). The motivations behind these crimes can be diverse, including economic need, greed, opportunity, and sometimes, ideological beliefs (Holtfreter, Reisig & Pratt, 2008), therefore, in comprehending these underlying motivations, strategies can be developed to mitigate the risk. Navigating from the Routine Activity Theory perspective, fostering employment opportunities and social support systems can address economic need, whereas stringent penalties and increased risk of detection are resourceful in deterring individuals motivated by greed. Similarly, creating awareness regarding the consequences of financial-related crimes can curb individuals' ideological motivations behind such actions. Overall, understanding these determinants is crucial as it allows for a targeted approach in developing deterrence strategies that can effectively reduce the occurrence of financial crime tendencies.

2.2 Suitable target

The financial services industry is inherently a lucrative target for criminals, primarily due to its dealings with substantial sums of money, as well as sensitive information useful for scrupulous gains (Stamler, Marschdorf & Possamai, 2014). Criminals frequently exploit vulnerabilities within financial service

systems, such as, inadequate security measures, lack of employee training, and weak regulatory oversight, hence, identifying and fortifying these vulnerable points are critical in reducing the attractiveness of financial services as targets. These measures are attainable through a combination of technological advancements, like encryption and fraud detection systems, and robust internal control measures (Newman & Clarke, 2003). Furthermore, continuous risk assessment and timely updates to security protocols can significantly diminish the opportunities available to potential perpetrators. The forgoing discourse suggests that proactively managing vulnerabilities with their systems, financial entities can significantly lower the risk of being targeted.

2.3. Absence of capable guardianship

Effective oversight and security measures are fundamental components in safeguarding financial services against criminal activities. Capable guardianship entails a wide range of practices - implementation of robust internal controls, advanced technological solutions such as encryption and fraud detection systems, as well as comprehensive regulatory oversight (Button & Cross, 2017). In addition, active law enforcement personnel and activities play a pivotal role in deterring potential offenders by increasing the perceived risk of detection and punishment (Levi, 2015). It is also crucial for organizations to invest substantially in regular employee training programs to ensure that staff are vigilant and capable of identifying and responding to suspicious activities. Enhancing these protective measures, ensures that financial institutions can create an environment unconducive to financial crimes, thereby safeguarding assets, resources and reputation.

3. PoS agent banking imperatives: The South African context

PoS, also known as a 'speed point machine', is not an alien concept to South Africa. It was introduced in the country during the early 2000s as a resource for addressing the growing demand for efficient, secure, and cashless transactions across the country's diversified economic landscape. This initiative aimed to modernize the retail sector, enhance payment security, and accommodate the increasing number of consumers preferring electronic payment methods over cash. Initially, use of the device was concentrated in urban areas; the rollout of system to other parts of the country was part of the broader efforts to improve financial inclusion, streamline business operations, and align South Africa's economy with global standards of electronic commerce and banking. The expansion of the system has been substantial; from approximately 254,000 terminals in 2012 to approximately 464,000 in 2022, spreading across both urban and rural areas, to foster greater financial inclusion (Statista, 2014). This widespread adoption has played a significant role in integrating underserved regions into the formal financial system, thereby promoting economic participation and development. PoS, which facilitates cash transaction and caters to the need of both financially included and excluded individuals across various economic classes and geographical locations, however, is still underutilised in South Africa. As earlier mentioned, this system streamlines access, even in rural areas where residents and businesses frequently confront significant economic challenges due to lack of financial services.

According to Iwara (2024), the model provides a convenient and accessible platform for financial transactions, effectively resolving the challenge of rural residents having to traverse long distances to reach bank branches in urban centres. In other words, PoS eliminates the need for time-consuming and costly trips to withdraw or deposit cash - one of the financial burdens rural communities globally grapple with. The second contribution lies in its potential to promote entrepreneurial activities and

create employment for South Africa, a country ranked among the economies in the world as plagued by high levels of unemployment, across its demographics. As vibrant individuals embrace PoS agent banking industry, they motivate a critical transformation in traditional banking practices, paving the way for innovative dimensions of transactions in rural areas. The creation of PoS agent banking-related ventures will in turn create job opportunities, generate more income and steer livelihood. Lastly, as agents earn commissions from transaction fee, pay salaries and bills, spending will increase which has multiplying positive effects on the rural economy's circular flow of income, thereby, bolstering livelihoods and economic resilience, as evident in Nigeria, where the model is broadly utilised.

4. Methodology

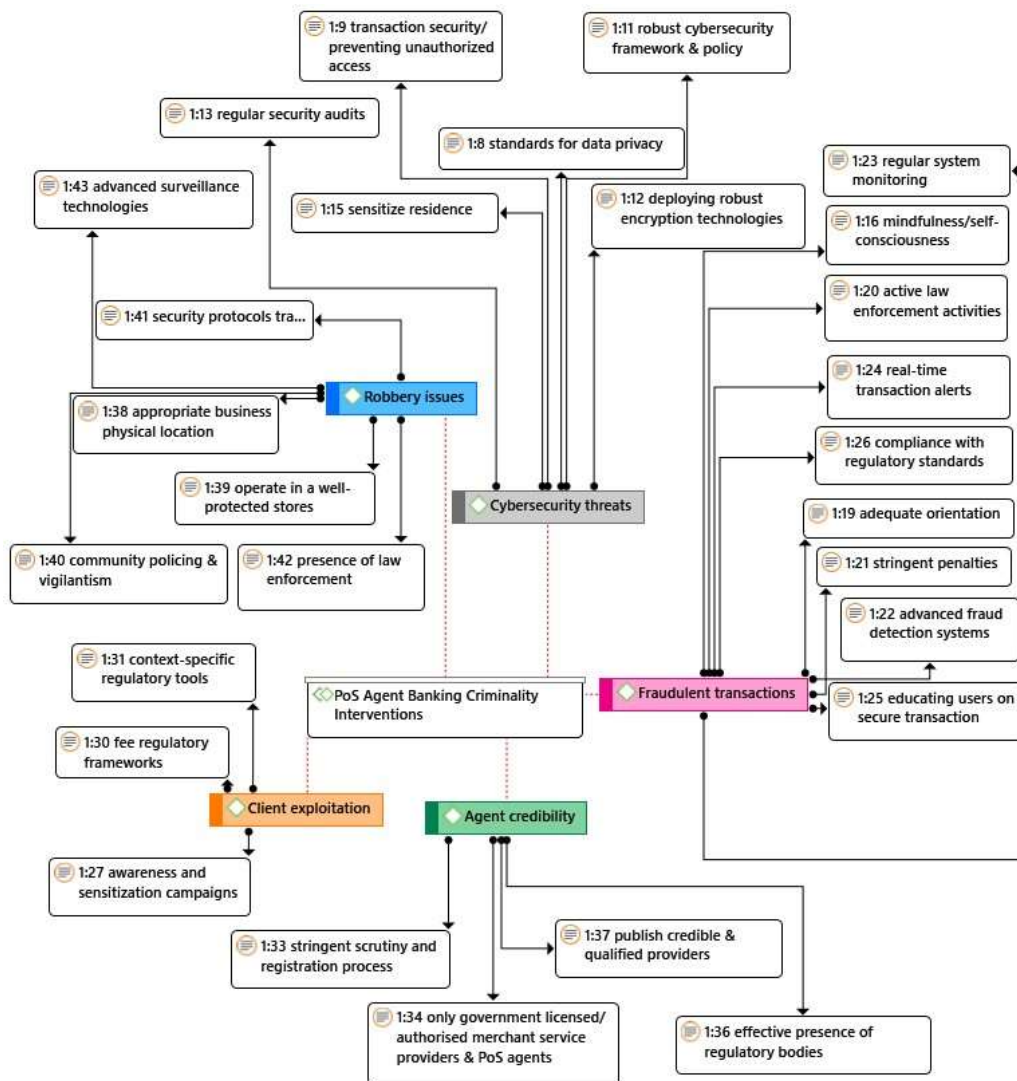
This study was conducted in the Limpopo Province, South Africa, and Cross River State, Nigeria. An exploratory qualitative case study research methodology was employed, utilizing a participatory community-led action research approach. This approach aimed to identify the challenges associated with the adoption of the PoS agent banking business model in South Africa and propose mitigating factors based on lived experiences of the agent bankers in Nigeria, to facilitate the South African implementation. The essence of participatory action research hinges on the need to facilitate robust engagements with grassroots stakeholders, which the model is intended for, as well as derive essential relevant first-hand knowledge points from experienced entrepreneurs involved with the PoS agent banking business, in Nigeria.

In South Africa, purposive sampling technique was employed to select a diverse range of stakeholders, including business actors, grassroots community members, financial institutions, and policymakers from rural areas, to debrief on potential crime-related impediments to PoS agent banking implementation in the country. In Nigeria, a snowball sampling technique was deemed ideal in identifying well-endowed knowledge holders with extended experience of PoS agent banking business, to suggest interventions to criminal impediments to the model's implementation. Semi-structured questionnaires were used to gather information from the stakeholders. Data collection in both countries was guided by saturation threshold, that is, a point where further information obtained from subsequent participants did not contribute any new knowledge. In total 31 individuals participated in the study – 14 and 17 from Nigeria and South Africa, respectively. The collected data excerpts were then inputted into the Atlas.ti v8 software, utilizing an open coding system for thematic data analysis. This facilitated the organization and modelling of the data to identify key themes and patterns related to criminality and possible mitigating factors associated with the implementation of the model. In the analysis, the codes F=Female; M=Male; SA=South Africa; Nig=Nigeria; and Yrs=Years only were used, so as to maintain ethical standards, such as, anonymity.

5. Results and Discussion of Findings

The emerging potential criminalities that might deter implementation of PoS agent banking business model span - cybersecurity threats, client exploitation, credibility, fraudulent transaction and robbery and or theft-related issues. Figure 1 depicts various interventions measures for mitigating these negative aspects.

Figure 2: PoS Agent banking criminality intervention measures (source: Author)



5.1. Cybersecurity threats

One of the major potential threats hampering PoS agent-banking implementation efforts in rural areas of South Africa, is cybersecurity. Stakeholders identified possible fraudsters, devising unscrupulous means of stealing from merchants. This may involve cloning cards or using stolen card details, consequently, some merchants may become apprehensive about accepting card payments through their PoS terminals. This form of crime is domain within the Absence of Capable Guardianship premises of the Routine Activity Theory which explains that lack/inadequate modalities to deter criminality opens windows for criminals to explore vulnerable points for their economic advantages, thereby, stealing from people. Fortunately, this challenge is not without remedy, as strong internal controls, as well as encryption and fraud detection systems, and thorough regulatory oversight promises a solution. A South African rural resident points out:

“...our financial sector is under relentless attack from hackers..., falling victim to cyber security incidents... we have a lot of IT fraudsters in this country, some popularly known as “yahoo boys” who watches every loophole to steal from it. These guys, and a wide range of other cyber criminals can exploit online financial and market systems that interface with the Internet. Honestly, this is a very big issue that many countries, not only in Africa but globally are fighting to address. The problem is, we have not even advanced technologically to cater to this issue. It is even worse in South Africa as many incidences have been recorded about criminals interfering with banks’ servers, tempering with client database, manipulating and obtaining valuable information for their financial gain...” (P3; SA; F; 27yrs SAPS Officer).

“...major banks here in this country have been victims of cyber-crime, not to talk of money heist which has become a common practice in this country, it is unfortunate. ...in as much as this model promises a lot to our local economy in terms of financial inclusion and job creation, it bothers me that rural household might fall victim of this criminalities. How do you think this issue can be handled?” (P10; SA; F; 47yrs educator).

The views above conform with debates around PoS in extant literature. Cybercrimes in African countries are rising rapidly, significantly hampering financial services in the continent, frequently resulting in loss of funds (Kshetri, 2019). Globalization and digitalisation do not only provide advantages but also advancement of sophisticated hacking techniques which make PoS systems a lucrative target for cybercriminals. Not dismissing other contributing factors, vulnerabilities in the digital infrastructure allow malware attacks, data breaches, and phishing scams, which compromise sensitive financial information and disrupt transaction processes. This remains a concern. In Nigeria, however, a stakeholder, in suggesting an intervention posits that:

“...PoS providers are obliged by the Nigerian government to implement robust security measures to protect customer data and prevent unauthorized access to their systems. The government has also set up customer protection regulations. For instance, setting standards for data privacy, transaction security, and dispute resolution. In addition, the Nigeria’s Economic and Financial Crimes Commission (EFCC) has been brutal with cyber-crimes matter” (P4; Nig; M; 32yrs banker).

The success rate of this intervention is yet to be proven; however, the Nigerian Communications Commission (NCC) has also emphasised the crucial need for enhanced cyber-security measures to protect both agents and clients from financial losses and identity theft (NCC, 2021); the Commission stresses that threats undermine consumer trust in the PoS agent banking, potentially stalling its adoption and growth. Accordingly, it is crucial for organizations, such as the Prudential Authority, to strengthen regulations and supervision of financial institutions to maintain their safety and soundness; the Information Regulator that oversees the protection of personal information and ensures compliance with data privacy laws in South African, reiterate the call. Deploying robust encryption technologies, conducting regular security audits, and implementing comprehensive cybersecurity policies should be considered in these intervention plans (Akhtar et al., 2021 & Okoye et al., 2024). Similarly, regulatory frameworks, as well as collaboration between financial institutions and cyber-security experts can significantly strengthen security (Kshetri, 2019), thereby, bolstering trust and participation in digital financial services. In line with Nigeria, educating agents and users about

cybersecurity best practices (Afzal et al., 2020), is another pragmatic intervention towards minimizing fraudulences and data breaches, and other PoS risks-associated challenges. For instance, Paradigm Initiative Nigeria (PIN) collaborated with grassroots members and international organisations like Microsoft to sensitize customers on cybercrimes and to create economic opportunities (Kshetri, 2019).

5.2. Fraudulent transactions

On the question of cybersecurity, fraudulent transactions are pervasive in the PoS service, hence, they present major concerns to stakeholders involved in this study. The major issue hinges on insufficient security protocols of some PoS systems, leaving a gap for fraudsters to frequently explore, to the detriment of users. Beyond financial losses, fraud can erode trust in the agent banking system. This standpoint resides within the Suitable Target philosophical foundation of the Routine Activity Theory which opines that criminals frequently take advantage of weaknesses in financial systems, such as - insufficient security protocols, inadequate staff training, and lax regulatory enforcement. The urgency in identifying and strengthening these vulnerable points within the PoS agent banking business landscape cannot be overemphasized. Some questions which resonated with this established concern were:

“...what then can we do about unauthorized withdrawals that might occur, as well as cloning of PoS devices, and fake transaction alerts that deceive both agents and customers...?” (P1; SA; M; 22yrs university student).

In addressing fraud-related challenge, research stakeholders from Nigeria explained that bank-related fraudulent tendencies are a global phenomenon and should not deter customers from taking advantage of the significant economic benefits of PoS agent banking, especially, for enhancing rural economies. Almost every banking sector, globally, is grappling with this issue, hence, fraudulent activities are not unique to PoS agent banking in Nigeria, neither are they isolated to the South African banking system! This is a critical issue that most governments should deal with. Participants, in their capacity as entrepreneurs, responded that they have devised some practical measures to mitigate, as well as reduce such occurrence to the barest minimum in the PoS agent banking business sector:

“...my take on this matter is threefold. The first pertains to the client; rural households should engage in transaction with agents they are very familiar with and keep records of each as reference. This can be useful in tracking malpractices and theft. On the other hand, the PoS agents have a crucial role to play as well. There must be background check with the client at any point. For example, agent may ask to quickly verify the bank card intended for a transaction and the client’s identity. Similarly, there should be a record of transactions... fraudsters should be reprimanded with heavy terms...” (P13; Nig; F; 41yrs IT expert & entrepreneur).

Respondents’ recommendations focused on self-awareness, security consciousness, in addition to government intervention. This shared responsibility between the customers, PoS agents and the government in combating PoS-related fraud intercepts two facets of the Routine Activity Theory. To strengthen the effectiveness of crime prevention strategies, the theory advocates an implementation of comprehensive orientation programs and robust law enforcement activities, particularly in addressing the absence of capable guardianship factor. Educating users on secure transaction practices and compliance with regulatory standards can, therefore, substantially mitigate fraud risks (Engels,

Kumar & Philip, 2021). Furthermore, strengthening collaboration among financial institutions, law enforcement, and cyber-security experts would further enhance transaction security and generate trust in digital financial services (Mohammed, 2015; Atkins & Lawson, 2021). In addition, the establishment of stringent penalties for offenders is essential, as it serves as both a deterrent and a mechanism to uphold accountability, reinforcing the legal and moral imperatives against criminal behaviour. These interventions corroborate scientific discourses around security in financial transactions in South Africa. For instance, Somba (2014), Dal Pozzolo et al. (2017) and Bello et al. (2023), recommend implementing advanced fraud-detection systems, regular monitoring, and real-time transaction alerts to identify and prevent suspicious activities.

5.3 Client exploitation

On the issue of client exploitation, a stakeholder in South Africa expressed that most rural households are not only deficient of formal education – an essential skill for understanding digital banking transactions dynamics - but majority lack requisite financial and technology information which is imperative in defending oneself amidst potential financial malpractices. A concerned South African resident expressed this in the comment below:

“...The fact that the South African informal business sector is not regulated leaves me with concern about the model. I personally think that it will be easy for agents to exorbitantly hype service charges or fees at the detriment of the poor rural masses..., otherwise, this is a great model worth adopting. Our people here need it...” (P12; SA; M; 38yrs civil servant).

This concern is articulated by Shaw (2018) who maintains that client exploitation remains a critical issue in the financial service industry. Frequently, the industry finds itself in the frontlines in battles against financial exploitation; the PoS agent banking industry is no exception, as sometimes agents exploit clients through excessive transaction fees, misleading information, and unauthorized deductions. According to Hall et al. (2022) and Phelan, O'Donnell and McCarthy (2023), financial exploitation and abuse is exacerbated by customers' low financial literacy levels, lack of essential pricing knowledge and rights; this situation definitely pinpoints the urgency of bringing awareness and coaching supports, as well as monitoring and regulatory frameworks interventions, for clients. To resolve, a PoS agent banker from Nigeria suggests:

“...awareness campaign is one approach. Through this, community members can be sensitized about the general benefits, disadvantages, as well as functions of the model, including service fee. The other approach focuses on government regulations as this would manage potential irregularities from providers and agents. There must be a price regulatory framework from the country's central financial institution. It should monitor the market dynamics and pricing system to determine service fee threshold. This will ensure that customers are not charged exorbitant fees per transaction, and that, providers compete on price and quality...” (P7; Nig; F; 49yrs PoS merchant).

Several regulatory frameworks have been rolled out in efforts to safeguard clients from exploitation in the banking industry in Nigeria. The Central Bank of Nigeria (CBN), as the primary regulatory body, enforces guidelines and policies aimed at fostering transparency and fairness. For example, the CBN's Consumer Protection Framework stipulates that banks provide clear and accessible information on

charges, fees, and services to prevent hidden costs. Similarly, the Bankers' Committee implemented the Code of Banking Practice, which mandates ethical practices and customer-friendly services. In addition, the Nigeria Deposit Insurance Corporation (NDIC) plays a critical role in protecting depositors, not only ensuring that clients' deposits are insured but also that banks follow sound and ethical banking practices. Collectively, these regulatory measures aimed at minimizing exploitation, foster trust, and enhance consumer rights within the Nigerian banking system, and have been resourceful in curbing PoS agent banking-related unethical conducts (CBN, 2020). In other words, ensuring safe access to the benefits of PoS agent banking in South Africa, requires regulatory framework. The South African Reserve Bank can develop context-specific regulatory mechanisms tailored to the unique needs of its residents. These instruments should address - security, pricing transparency, customer rights and other forms of PoS banking-related ethical conduct - to inculcate trust in the system. Furthermore, adequate consumer education and sensitisation about usability, security features, and rights associated with PoS banking are critical, thereby, making individuals self-conscious during banking interactions. The government could collaborate with local organizations to facilitate various forms of awareness campaigns, which will enable consumers to better understand the PoS agent banking concept and facilitate the co-development of ethical standards to guide practices. These collaborative partnerships will not only be resourceful in building public confidence but will contribute to the ethical growth of agent banking system.

5.4 Agent credibility

Credibility in PoS agent banking remains contentious among rural households. As with any new venture, credibility is crucial in the PoS agent banking industry, primarily because - it involves money, and forms the cradle for trust building, sustained business relationships, and company's reputation. It helps to establish trust and confidence from clients, assuring them that their financial dealings with the agent are safe and secure. This resonates with concerns raised by some respondents:

"...well, I fear that anyone can jump into the industry and do business; after all, the said PoS operate in the informal sector. Yes, the model is lucrative and has the potential to invigorate South Africa's rural economies. However, what if the businesses emanating from the model are void of stringent background checks, just like many other businesses in the informal sector in the country? This leaves me worrying...!" (P1; SA; M; 22yrs university student).

"...it is possible for agents to manipulate transaction records and fraud our accounts. I mean... money is involved here, and not just that, our identities, bank profiles and address are at stake..." (P9; SA; F; 38yrs farmer).

"... we have serious issues in terms of monitoring and enforcement of compliance standards in the South African entrepreneurship sector. I fear it might be the same in the case of this PoS agent banking; if this happens, it will undermine the credibility of the model, as well as erode public confidence in its services. Sincerely speaking, it will be difficult to gain trust from the rural households, except otherwise integrity is proven..." (P16; SA; F; 32yrs university lecturer).

Stakeholders' views and concerns about PoS agent banking credibility resonate with ongoing debates regarding trust and transparency in the finance industry. Customers frequently harbor doubts due to past financial scandals, data breaches, unethical practices, and insufficient regulatory oversight, all of

which undermine the integrity of financial institutions (Gennaioli, Shleifer, & Vishny, 2015). These concerns are actualised by incidents of fraud and opaque business operations, leading to a significant erosion of consumer confidence (Berg, Burg, Gombović, & Puri, 2020). To mitigate these challenges, it is essential to implement stringent or strengthen existing security protocols and develop greater transparency within the financial systems. This is crucial given that when trust is built, financial institutions can enjoy clients' full confidence.

"...notably, every agent undergoes stringent scrutiny and registration process. This is in effort to avert trust-related issues... Prior to the business, potential agents need to file an application and register with a government authorised merchant service provider, unlike other form of businesses that one wakes up any day and venture once capital is readily available. A background check is carried out to ensure that the agent's profile is traceable and impeccable. Each agent's profile is linked to their identity and address, which helps in handling unethical conducts (P10; Nig; F; 27yrs entrepreneur).

In line with this, an experienced agent banker stakeholder contributed to the discussions, from the policy perspective, emphasizing that policy reforms tailored at strengthening security measures within the PoS business sector, in Nigeria, are ongoing (P14; Nig; M; 45yrs bank accountant & entrepreneur). To ensure credibility and accountability within the PoS industry in Nigeria, providers are required to obtain licenses and register with regulatory bodies, such as, the Central Bank of Nigeria (CBN) and the Nigerian Communications Commission (NCC). These measures are critical to maintain industry standards, as these processes allow only qualified and reputable agents to operate. Contrary to concerns about PoS agents accessing clients' personal bank data, it is important to clarify that agents do not have direct access to such sensitive information, therefore, the claim that PoS agents could manipulate transaction records or partner with external entities to commit fraud is largely unfounded. Rigorous and stringent regulatory frameworks, coupled with established security protocols, significantly reduce such risks, ensuring that the PoS system operates securely and transparently.

5.5. Robbery issues

The PoS agent banking business deals with cash. Frequently, agents handle large sums of cash, making them attractive targets for criminals. This raises speculations about possible robbery and physical attacks, leaving the South African households involved in the study with safety concerns for young entrepreneurs who might want to explore the lucrative industry for economic gain.

"...crimes rate is on the high side, proportionate to the country's triple challenge of poverty, inequality and unemployed which stiffened as each day passes. Thefts, robberies, hijacking and money heist which occur daily in our villages, towns and cities remain unresolved, hence, this left me worrying that our young potential PoS agents who might be carrying cash around to do business will be in danger from numerous predators" (P5; SA; F; 26yrs trader).

Robbery and finance-related crimes in South Africa are well-discussed issues, posing significant challenges to both economic stability and public safety. Notably, financial crimes, including bank robberies and fraud, have escalated to alarming levels, with sophisticated criminal syndicates often targeting financial institutions in the country. The South African Banking Risk Information Centre (SABRIC, 2020) reports that such attacks have resulted in substantial both public and private financial

losses and diminished consumer trust in the country's financial system. High-profile incidents, such as cash-in-transit heists, continue to exacerbate the ordeal, highlighting the need for urgent, robust security intervention and regulatory reforms to protect financial operations (South African Police Service, 2023). In Nigeria, where PoS agent banking is widespread, the sector is also vulnerable to these criminalities, emphasizing the global nature of financial crime risks. Whilst strengthening security protocols and monitoring mechanisms are crucial to safeguarding these systems and restoring consumer confidence, stakeholders also maintained that:

“The physical location of the business emerges as a pivotal factor influencing not only the level of patronage, but safety, thus, the criticality of choosing an appropriate location. Prospective agents must consider security measures and conduct thorough research to ensure the safety of their chosen business site. Some agents like me, opt to operating from their private residences or well-protected stores – what you call tuckshops in South Africa” (P6; Nig; F; 38yrs PoS agent banker & entrepreneur).

“To begin with, we rarely experience PoS-related theft in Nigerian rural areas, if at all it exists; moral conducts and cultural values are crucial here. Aside from the fact that people here are interrelated and mindful of their societal values, rural areas have heightened levels of community policing and civic vigilantism. The inflow and outflow of strangers is monitored, besides, almost everyone in the village is known to the other, making it difficult to physically attack and rob a PoS agent. Such doesn't exist, I must attest. In urban areas of Nigeria, where theft is prevalent and law enforcement response times may be delayed, mob justice has become a common intervention practice. Communities frequently take the law into their hands, with severe consequences for those caught stealing. Very often, apprehended thieves are subjected to brutal forms of vigilante justice and punishments, like beating or even burning alive, before law enforcement authorities can arrive at the scene. Whereas such form of punishment should be frowned at, this alarming phenomenon puts fear and instils ethical behaviour, making robbery at PoS agent banking business outlets a difficult practice...” (P2; Nig M; 19yrs PoS agent banker & trader).

Olarewaju (2023) emphasize the cruciality of location selection in launching a PoS agent banking business in Nigeria, highlighting that a prior feasibility study is essential for identifying the optimal outlet site and assessing both security-related challenges, startup, and operational costs. This fact offers opportunities for South African stakeholders to capitalise on past experience and apply key insights effectively. Community vigilantism as highlighted by stakeholders, where present, is crucial in safeguarding PoS businesses, in line with the conception of Pratten (2008) and Badiora (2019). These scholars substantiated the narrative that community vigilantism has become an entrenched feature of Nigeria's political and socio-economic landscape. The rise of vigilante groups as community-driven responses to ethical misconduct has a long and complex history in the country. These informal security structures have emerged because of citizens' distrust of the government's ability to ensure public safety and security, as law enforcement is weak and ineffective in certain areas. Subsequently, these vigilante groups have become a popular, albeit controversial, method of crime control, reflecting the persistent challenges in the country's formal justice system. This means choice of location and effective vigilantism collectively can reduce the likelihood of PoS operators becoming targets for criminals.

Conclusion

PoS agent banking business has emerged as a crucial mechanism for financial inclusion, economic participation, and community development. In Nigeria, it streamlines digital and cash payments, benefiting both businesses and individuals. Consequently, South Africa's rural areas facing economic challenges due to limited access to financial products can leverage this model to enhance financial inclusion, entrepreneurial activities, and sustainable livelihoods. While this agent banking business model offers numerous advantages, one of its major drawbacks is, its vulnerability to criminal activities such as cybersecurity threats, client exploitation, incredible agents, fraudulent transactions and robbery. Using the philosophical foundations of the Routine Activity Theory, this study identifies pragmatic interventions such as - robust regulations, public awareness and heightened security measures - to guard against potential offenders. In addition, educating stakeholders to increase their self-awareness and consciousness, are crucial in minimizing the probability of being suitable targets. This outcome offers a strategic foundation for designing a South African context-specific PoS agent banking business model that would be resilient to criminal activities.

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