Chapter 4
Usage of E-Zwich Among Students in Developing Countries: Challenges and Prospects in Ghana

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ABSTRACT

E-Zwich payment system is the innovative method for improving accessibility to banking and retail services in Ghana, though some have predicted its failure despite some schools officially signing up to it. Government’s attempts at mainstreaming this cashless system into national statistical economic data are stifled with data distortions. The chapter looks at how acceptable the E-Zwich system is among students and the possible factors that would drive its sustainability by determining plausibility of relationships among the network of variables. The study concludes that signing on to the E-Zwich facility and owning a card for a long time does not necessarily translate into perceived usefulness, but builds usage experience and efficiency, thereby reducing user complaints. Unattended challenges/complaints hampers cash mobilization to short change the cashless agenda among the youth.

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INTRODUCTION

Most of the non-formal business entities are unbanked and have poor record keeping systems. Government’s efforts at building the capacity of the non-formal sector in a sustainable manner and mainstreaming these into the wider range of government’s scheme of affairs through the electronic payment system continue to be a mirage as there are no clear statistical data to support concrete efforts. The volumes and values of transactions that transpire outside the perimeters or purview of government’s domain is a cause to worry. Transaction tracking, particularly between the private-private entities and between public-private entities are quite difficult to undertake for tax and other essential accountability purposes. Though, many a great billions of cedis worth of economic transactions take place on monthly basis among traders, businessmen and other business entities; very little of it are done electronically. This makes the system weak in gathering data on transactions and vulnerable to financial misconducts. For instance, in the alleged corruption scandal involving Ghc 7.9 million financial fraud that hit the National Service Secretariat of Ghana, Hesse (2014) asserts that this could have been prevented with e-zwich facility as its biometric features prevents impersonation and creation of ghost names.

E-zwich, a major electronic payment facility tried in Ghana is the brand name for the National Switch and Smart card payment system. This payment system is the innovative method intended for improving accessibility to banking and retail services in Ghana through outlets of E-zwich financial institutions. Its card holders are expected to have available to them, large groups of banks and their branches to perform E-zwich transactions without being concerned about banks they keep accounts with or specific banks. It is believed to be the only card in Ghana that provides the convenience of nationwide access as well as greater control over transactions for cardholders, retail merchants and other corporate users.

As the pioneer biometric electronic payment system in Africa, E-zwich was introduced in Ghana in 2008 to promote cashless society. With awareness and patronage seeming low, some have predicted its failure in the near future. The most feared failure anticipated for the E-Zwich project gained grounds as its usage diminished with mobile money system making inroads by becoming a preferred electronic payment alternative (Haruna, 2012; Sakyi, 2014). Currently in Ghana, the Government pays National Service Personnel, nursing and teacher trainee allowances through the E-Zwich facility, with the hope of rejuvenating patronage of the electronic payment facility (Ghana News Agency, 2014; Citi FM, 2017). The strategy however does not appear to address the issue of usage as these trainees could cashed out their allowances on receipt rather than use the facility as a regular medium of transaction, thereby reducing the facility to a mere channel of collecting their allowances rather than using them for day to day transactions as intended.

Haruna in his study though observed that, the E-zwich had many a great prospects among users and non-users, he however recognised that, link failure, frequent breakdown of machines, slow process of service delivery, long queues and inaccessibility of the point of sale devices before and after banking hours were some of challenges militating against the success of the E-zwich service (Haruna, 2012). In other African countries, other factors have however been mentioned to hinder the successful implementation of electronic payment systems. These have included poor telecommunications infrastructure, limited readiness by banks, behavioural constraints, inadequate legal regulating framework and low level of credit card access, some of which factors cannot be discounted within the context of Ghana (Taddesse & Kidan, 2005). Agyeiwaah et al, 2014 in a comparative study of users and non-users of the facility at GCB concluded that, users and non-users did not differ much in views held about the facility (Agyeiwaah, Anane, Appiah, & Opoku-Ware, 2014). A finding indicative that, impressions carried by E-zwich