Chapter 7

Using Electronic Payment Programs as an Anti-Corruption Strategy in Africa

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ABSTRACT

The theft of public revenues is a daily ethical failing associated with corruption in African countries. Yet many government sectors and agencies in Africa have failed to use ICTs to create the required culture of transparency. What do recent literature and empirical research findings reveal about solutions to these problems? Thus, the primary focus of this chapter is to conduct an extensive literature review on how electronic payment programs can be used as an anti-corruption strategy in Africa. Given the complex nature of corruption, the focus in this proposed chapter is to understand how other developing countries like Malaysia have successfully used electronic payment programs to reduce corruption and improve national accountability. A critical review of the observed ambiguity in the contemporary definition of corruption from different cultures in Africa will be reviewed. The ambiguity of the true commitment of African power elites in fighting corruption will also be examined with alternative solutions from existing literature.

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INTRODUCTION

Public revenue is at the heart of every government, both in first and third world nations. Public revenue collection is also a vital aspect of fiscal policy and administration. Gideon and Alouis (2013, p. 49) refer to it as “the fuel of every government” as it is often the primary instrument through which many government administrations are funded. Many developed countries have mastered the art of public revenue collection (mainly taxes) and have become efficient with systems and programs that curb corruption and appraise their investments. However, in Africa, this is still a challenge. Therefore, there is a need to strengthen the national revenue collection in Africa.

For most countries, tax revenues form the largest share of government revenue. This is especially the case for countries in Sub-Saharan Africa with the difference being countries with natural resources thereby making non-tax revenue more prevalent (Agbeyegbe, Stotsky, & WoldeMariam, 2006; Worlu & Nkoro, 2012). Tax revenue is from three primary sources – tax from income and profits, tax from goods and services, and tax from international trade. Revenue collection in African countries is a significant issue.

Many countries are faced with problems of fiscal deficit, and evidence suggests a lack of or limited forms of efficient systems with which to collect public revenue as a factor. For instance, Baharumshah, Jibrilla, Sirag, Ali, and Muhammad (2016) argue that South Africa, as well as many African countries, are on the list of countries that consistently suffer from the issue of fiscal deficit year in, year out. While other factors play a role, corruption in relation to public revenue collection is high on the list. Corruption, tax evasion, avoidance and non-compliance are strongly linked to the shortage of public revenue in Africa (Ojong, Anthony, & Arikpo, 2016; Worlu & Nkoro, 2012).

In the current dispensation, the internet has been identified as a significant contributor to public revenue. For instance, Gnangnon and Brun’s (2018) study reveal that the quality of access to the internet can affect the level of public revenue either directly or indirectly. Electronic payment via the internet can check tax evasion and reduce double or multiple taxations (Jatau & Dung, 2014). Electronic payments have been assessed as a more effective method of blocking leakages or channels of leakages for revenue generation, salary payment, contract payment and an end to end transactions involving the government (Jatau & Dung, 2014). The World Bank (2014) identified some significant advantages the wide spread adoption of electronic payment has including the ability to overcome costs and physical barriers to payments including governmental revenue collection; and opportunity to rapidly scale up financial services using various technologies such as smartphones, retail points of sale, etc. Electronic payment can help reduce corruption in Africa and
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