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The Effect of Electronic Payment on the Efficient Accounting of SMEs in Nigeria: A Study of Some Selected Companies

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ABSTRACT

This research work explored the effect of Electronic Payment on the Efficient Accounting of SMEs in Nigeria. Tables, frequencies and chi-square tests of independence was employed for the data analysis in this work with the aid of SPSS version 25.0. Findings revealed that E-payment has positive significant effect on efficient accounting of SMEs in Nigeria. It was recommended that Small and Medium Scale Business owners in Nigeria should make use of E-payment so as to build confidence in the use of ICT tools in business. With such mind-set, they will remain relevant in time

Keywords: *Electronic Payment; SMEs; Efficient Accounting*

1. Introduction

The electronic payment system has grown increasingly over the last decades due to the growing spread of internet-based banking and shopping. As the world advances more with technology development, there became a rise of electronic payment systems and payment processing devices (Wróbel-Konior, 2018).

An electronic payment system is a way of making transactions or paying for goods and services through an electronic medium, without the use of checks or cash. Payment processing firms handle the transactions between two parties, most often a customer and a merchant, by transferring payment information from the customer to the merchant's bank account of choice. Some of the widely used e-payment platforms are Automated Teller Machine ATM, internet banking, branch networking, and Electronic Fund Transfer at Point of Sales EFTPOS etc.

Some countries have made laws mandating the use of electronic payments in business operations. In India, it has created huge growth opportunity for digital payment, digital wallet companies garbed the opportunities with both hands to expand their market share. Demonetization has presented a unique platform for adoption of digital payment, as an alternative to cash for Indian consumers (Singh & Rana, 2018). In the United States, it is easier today to develop inexpensive payments solutions and to connect various systems and platforms than it was some years back. Coupled with hardware advances such as smartphones and tablets, point-of service (POS) systems are transitioning from payments-only terminals to software solutions that help merchants operate their business, such as practice management software for medical providers or order management software for restaurants (Byrne & Hason, 2016). According to forecasts from McKinsey's U.S. Payments Map, total electronic payments volume is expected to grow by about 7 per cent per year over the next five years—driven largely by continued growth in digital commerce and increased electronic payments acceptance at small merchants (Byrne & Hason, 2016).

In the United Kingdom, the payments industry undergoes changes seemingly every week, as companies create innovative ways to transform how goods and services are paid. Hundreds of companies offer this service, but Marketing Land has ranked the best payment processing companies out there, and the three following companies topped the list (Meola, 2016).

In Nigeria, the adoption of a electronic banking policy in the economy forces people and companies to convert their paper money to bank deposits, the hope is that they can be persuaded to spend that money rather than save it because those deposits will carry considerable costs (negative interest rates and/or fees), which could in turn boost consumption, GDP and inflation to pay for the massive debts accumulated (leaving aside the very controversial idea should now have to pay for the privilege of holding their hard earned money in a more liquid form, after it has already been taxed) (Amuda, 2016). The rapid development in electronic payment is increasingly changing the way business is concluded in developing nations. In Nigeria, new electronic payment systems are being introduced at an increasing rate and it is anticipated that this trend will continue in the long run. Electronic pays have been extensively encouraged by all Nigerian banks. Banks have consistently developed new technological innovations that will aid business operations.

There are number of facilitators which are leading to the growth of digital payment and transition from cash economy to less cash economy. These facilitators include penetration of internet connectivity on smart phones, non-banking financial institution facilitating digital payment, one touch payment, rise of financial technology sector and push by government either by giving incentives or tax breaks (Singh & Rana, 2018). The success of electronic commerce depends upon effective electronic payment systems. The Internet and on-line businesses are growing exponentially. Due to this explosive growth, electronic commerce on the Internet uses various electronic payment mechanisms that can cater for much diversity of applications (Raja, Velmurgan, & Seetharaman, 2018).

An efficient payment system will no doubt reduce the cost of exchanging goods and services, promotes a good accounting system and aids the functioning of the inter-bank, money, and capital markets. A well implemented cashless policy will contribute greatly in shifting the economy from a cash-based economy to a cashless one, with a view to reducing the cost of banking services and improving the effectiveness of monetary policy in managing inflation and driving economic growth. It also helps stimulate, develop and modernise the payment system, while also curbing the criminality usually associated with travelling around with a lot of physical cash (Amuda, 2016).

However, a weak payment system may severely drag on the stability and developmental capacity of an economy; its failures can result in inefficient use of financial resources, inequitable risk-sharing among agents, actual losses for participants, and loss of confidence in the financial system and in the very use of money (Raja, Velmurgan, & Seetharaman, 2018). It is against this backdrop that this study is set out to assess the effect of electronic payment on the efficient accounting of small and medium scale enterprises in Nigeria using selected companies as a case study.

Statement of Problem

The identified problem fueling this work is the cost of hiring a professional accountant by SMEs, considering the size of capital of SMEs in Nigeria, hiring the services of an accountant is a major challenge. E-payment and its accompanying e-accounting book keeping software can help SMEs in recording of accounting information up to IFRS Standards.

Objectives

This research work seeks to determine the association between e-payment and efficient financial reporting.

Hypotheses

1. H_0: E-payment has no significant impact on the efficient accounting of SMEs.
2. H_0: The use of E-payment does not enhance accuracy of accounting results among SMEs.

2. Literature Review

2.1 Conceptual Framework

Small and Medium-Scale Enterprises (SME)

The Small and Medium Sized Development Agency of Nigeria (SMEDAN) defines SMEs based on the following criteria: a micro enterprise as a business with less than 10 people with an annual turnover of less than ₦5,000,000.00(€ 22,896,35); a small enterprise as a business with 10-49 people with an annual turnover of ₦5 to ₦49,000.000.00(€228,469,28); and a medium enterprise as a business with 50-199 people with an annual turnover of ₦50 to ₦499,000.000.00(€228,469,28). Hence, Small and Medium Enterprise has been the vehicle that drives economic growth and development globally, especially SMEs has contributed immensely to the economic growth in developing countries, Nigeria inclusive. Small and Medium Enterprises (SMEs) occupy a place of pride in virtually every country or state. Because of their (SMEs) significant roles in the development and growth of various economies, they (SMEs) have aptly been referred to as the engine of growth and catalysts for socioeconomic transformation of any country (Onugu, 2005). Hence, Ongori & Migiro (2010), agree that SMEs not only help to improve the living standards of people but bring about substantial local capital formation and achieve high levels of productivity and capacity.

Challenges Facing SMEs in Nigeria

The following are challenges or problems faced by SMEs in Nigeria:

I. Poor Implementation of Policies: there have been many good policies formulated in the past by the government to improve SMEs, but weak implementation has made it impossible to realize the goal (Baadom, 2004).
II. Lack of Continuity: most small-scale establishments are sole proprietorship and such establishment often ceases to function as soon as the owner loses interest or dies. This raises the risk of financing such business (Baadom, 2004).
III. Poor Capital Outlay: inadequate capital outlay has often affected small scale business adversely. Financiers often regard the sector as high-risk area and therefore feel skeptical about committing their fund to it (Baadom, 2004).

IV. Poor Management Expertise: Management has always been a problem in this sector as most small-scale businesses do not have the required management expertise to carry them through once the business start growing. The situation gets compounded as training is not usually accorded priority in such establishments (Baadom, 2004).

V. Inadequate Information Base: Small scale business enterprises are usually characterized by poor record keeping and that usually starve of necessary information required for planning and management purposes. This usually affects the realization of the sector (Baadom, 2004).

VI. Poor Accounting System: the accounting system of smallest scale business enterprises lack standard and does not make room for the assessment of their performances. This creates opportunity for mismanagement, which consequently may lead to enterprise failure (Baadom, 2004).

Electronic Payment

Electronic payments have been known for a long time. Electronic Fund Transfers (EFT) are nowadays widely used, in particular in inter-bank clearing and thanks to the general use of debit cards and Automated Teller Machines (ATMs). Delali (2010) defined electronic payment as a kind of financial exchange taking place between the buyer and seller expedited by means of electronic communication. The value of electronic payment goes beyond the immediate ease and safety of cards to being a major contributing factor to overall economic development. E-commerce; a payment for buying and selling goods and services offered through the internet, or broadly to any type of electronic funds transfer is another name for electronic payments (Massimo & Garcia 2008). Ayodele (2007) views e-payment as an electronic transfer of cash through online transactions for business-to business (B2B), business-to-consumer (B2C), person-to-person (P2P), and most recently administration-to consumer (A2C) purposes. A2C payment is concerned with payment of taxes to the government. Humphrey, Kim & Vale (2001) defined e-payment as cash and associated transactions implemented using electronic means. Characteristically, it involves the use of computer networks such as the internet and digital stored value system. This system allows bills to be paid directly from bank without the use of writing and mailing cheques. Guttman (2003) defined e-payment as credit card details, or some other electronic means, as opposed to payment by cheque and cash. It is also defined as a payer's transfer of monetary claim on a party acceptable to the beneficiary (Worku 2010). Electronic payment can also be defined as convenient, safe and secure methods for payment of bills and other transactions by electronic means such as card, telephone, the internet, EFT and etc. Electronic payment gives consumers an alternative to paying bills and debts by cash, cheque, money order etc. Its main purpose is to reduce cash and cheque transactions. In the Nigeria context, e-payment is affecting payments from one end to another and through the medium of the computer without manual intervention beyond inputting the payment data, it is the ability to pay the suppliers, vendors and staff salaries electronically at the touch of a computer button (Agba, 2010).

Challenges to Electronic Payment Adoption by SMEs in Nigeria

a) Lack of Adequate Infrastructure: The e-payment system is being partially implemented. If it is to be fully implemented, a number of IT infrastructures will have to be put in place. Infrastructures like laptop, desktop, scanners, good internet connectivity, training and global software. The provision of this basic infrastructure is a challenge to many SMEs (Ovia, 2002).
b) Platform Security: This is another major challenge of e-payment in the country. Security in terms of platform, hackers and virus attacks (Atanabasi, 2010). This will ensure that output from the system are reliable and accurate. Some SMEs still carry their schedule(s) to the banks with compact disks (CDs), flash drives or e-mail attachments.
c) High cost of internet: The cost of internet access relative to per capita income is a critical factor. Compared to developed countries, there are higher costs of entry into the e-payments and e-commerce market. These include high start-up investments costs, high costs of computers and telecommunication and licensing requirements.
d) Frequent power interruption: Lack of reliable power supply is a key challenge for smoothly running e-payments and e-banking.

According to Microfinance Nigeria (2010), urban dwellers are not receptive to the efforts of ICT investors to migrate payment system through substantial investments in crucial infrastructure like Point of Sale (POS) terminal in thousands of supermarkets, fuel stations, hotels, recreational centers and many others.

A Short History of Payments Electronically

Managing cash flow and the associated value transfers is at the core of every business. Behind every customer receipt, every payroll run and every supplier disbursement is a transaction that needs to be recorded and satisfied with a payment. It is therefore no surprise that the financial services sector invests heavily in advancing payment capability and technology and improving the value, efficiency and user experience outcomes that can be unlocked through modernizing business payments. But to unlock this value, business operators and owners should be conscious of emerging payment trends and be prepared to act on the opportunities they present. Much has changed since the 1970s where receipts and disbursements were processed manually, usually by cash or cheque. These payment methods impose delays, risk and frustrations which are often complex and unnecessary. Modern payment mechanisms are becoming increasingly accessible for SMEs to automate, accelerate or de-risk payments and make for a better experience for all involved. For decades, technology has been a key enabler of advances across industry and within financial services. Changes in the payments landscape are a direct consequence of technology making new ways to transact possible. This "pay tech" revolution has also been accelerating, with digitization lowering the scale required to offer customized payments services and providing access for SMEs to capabilities tailored to their needs or even previously unavailable to smaller businesses. As in many fields, innovation in payments has been characterized by a migration from the physical realm to the digital realm. Currency is amongst the oldest and most wide-spread physical manifestation of value: it represents value as a fungible instrument, which has been used for millennia to effect payment through its mere exchange. Cheques represent a promise to pay written down on paper, while the original payment cards addressed security and convenience limitations of cash and cheque by allowing an imprint of payments data to be recorded by a merchant. Each of these mechanisms is now underpinned by electronic systems that enhance speed and security, but the real-world nature of some payment occasions (e.g., the check-out counter) has meant many innovations still address the initiation of payment in a physical environment such as through improvement in point-of-sale (POS) systems or contactless cards. Digital payments no longer require a physical instrument to be presented. Instead they might use digital or virtual card accounts that enable payment through digital portals, mobile apps, social networks and APIs. Many of these innovations use the existing card infrastructure as it provides a fast, reliable and secure means of clearing and settling payments. Most businesses are recognizing that paper-based payments and manual processes increase their administrative costs, cause inconvenience to their customers and suppliers, and they risk losing essential records. Electronic payments are an uplift to an SMEs profitability and growth by delivering record retention (through cloud-hosted transaction data).

Traditional Accounting System

Traditional accounting system implies that a business undertakes its accounting activities manually. Using traditional system of Accounting is not a difficult venture but when thousands of operations are to be processed, the situation changes dramatically changes. Lots of transactions that must be processed in the accounting cycle make this process rigorous and even a little mistake or inaccuracy can cost all the cycle from the very beginning in order to find and correct the mistake, it is pertinent to state at this juncture that in manual accounting systems, processing of data is slow and subject to error (Akande, 2010). Despite the advantages of manual accounting systems such as (comparative cheap workforce and resources, reliability, independence from machines and skilled workers' availability) it is also faced with numerous hazard such as reduction in operation speed, increase in workload of accountants, slower internal control reporting, rigorous work and most importantly the issue of backups.

Relationship between Electronic Payment and Efficient Accounting System

Some aspects of the existing research delve into the relationship between record keeping and performance of firms. Tanwongsval and Pinvanichkul (2008) comment on the reasons why SMEs prepare financial statements, and argue that on the list, SMEs rank assessing profitability second to the purpose of tax returns. According to Ezejiofor, Emmanuel & Olise (2014), owners of SMEs consider profit maximization as the most important financial objective. This has led to the argument that SME owners pay attention to profitability and measurement of net profit when they are evaluating their firm's performance. The extent of accounting practices in SMEs depend on a number of factors such as age of business, size of the business, and the nature of the industry (Ezejiofor, Emmanuel, & Olise, 2014). They further point out that most SME owners and managers engage public accountants to prepare required information. The development of a sound accounting system in SMEs hinge on owner's level of accounting knowledge and skills. Some authors have argued that small businesses use professional accounting firms for preparation of annual reports and for other accounting needs (Keasy & Short, 1990). Lalin and Sabir (2010), reports that the main drivers why SMEs prepare financial statements is pressure from regulatory authorities. Hussein (1983) notes that, a good accounting system is not only judged by how well records are kept but by how well it is able to meet the information needs of both internal and external decision-makers. Jayabalan & Dorasamy (2009) uphold that it is common for qualified accountants to do a good job of keeping records up to date but they fail to provide information needed by decision-makers. Interestingly, however, others argue that the high cost of contracting professional accountants has left SME owners with no better option but to relegate management of accounting information (Evaraert et al., 2006). Zhou (2010) has proposed the use of accounting software to improve accounting practices, albeit he laments the unavailability of medium-sized software for SMEs. Fitzgerald et al 2006 argue further that business enterprises must improve production if they are to effectively compete in this era of rapid economic and technical change. Improved productivity requires both capital investment as well as a work force that has the flexibility to acquire new skills for newly created jobs resulting from structural changes in the economy. Bititei et al (2001) asserts that performance is a result of workers because they provide the strongest linkage to strategic goals of the business enterprise, Customer satisfaction and economic contribution that affects the business, hence it addresses the mode in which an activity is accomplished in particular and the level of standards to which a task is carried out within the working environment. According to Morris (2007), keeping records is crucial for the successful performance of a business. A comprehensive record keeping system makes it possible for entrepreneurs to develop accurate and timely financial reports that show the progress and current condition of the business. With the financial report generated from a good recordkeeping system, performance during one period of time (month, quarter or year) with another period can be compared. An accurate record of the business' financial performance is vehicle to monitor performance in specific areas. Accounting records provide a basis for complete and accurate income tax computation, a basis for sound planning for the future and basis for discussion with partners, potential investors, and lenders all these are important aspects which enhance performance of the business. Business also depends on correct accounting records to make good decisions about the firm. Decision such as expansion, drop or maintain decisions of product lines, make or buy decisions, about size of debtors. Therefore, if proper records are kept they will facilitate efficient, proper timely decision making and enhance performance in small scale industry. Accounting procedure is programmatic, more numeral than principle and more susceptible to change, they often represent alternative way of applying the same principle (Zoubi & Al-Khazali 2011).

2.2 Theoretical Framework

Diffusion of Innovation Theory

Is a theory propounded by Everett Rogers that seeks to explain how, why, and at what rate new ideas and technology spread? Rogers argues that diffusion is the process by which an innovation is communicated over time among the participants in a social system. For Rogers (2003), adoption is a decision of full use of an innovation as the best course of action available" and rejection is a decision "not to adopt an innovation". Rogers defines diffusion as "the process in which an innovation is communicated thorough certain channels over time among the members of a social system. As expressed in this definition, innovation, communication channels, time, and social system are the four key components of the diffusion of innovations. Rogers proposes that four main elements influence the spread of a new idea: the innovation itself, communication channels, time, and a social system. This process relies heavily on human capital. The innovation must be widely adopted in order to self-sustain. Within the rate of adoption, there is a point at which an innovation reaches critical mass. The information flows through networks. The nature of networks and the roles opinion leaders play in them determine the likelihood that the innovation will be adopted. Innovation diffusion research has attempted to explain the variables that influence how and why users adopt a new information medium, such as the Internet. Opinion leaders exert influence on audience behavior via their personal contact, but additional intermediaries called change agents and gatekeepers are also included in the process of diffusion. This theory can be likened to the adoption of electronic payment as a new innovation for effective accounting system in Nigerian SMEs.

Technology Acceptance Model (TAM)

In determining the acceptance of technology, a well-known model extensively used in research is the technology acceptance model (TAM). The model was originally proposed by Davis (1989) in predicting the intention of an individual to use or not use information technology. Although the theory was derived from the theory of reasoned action (TRA) by Fishbein and Ajzen (1975), it has found applicability in Management information system (Stefl Mabry, 1999). According to TRA an individual behavior is a product of intentions, attitudes, and beliefs. TAM adapted the belief-attitude-intention-behavior link in modelling information technology acceptance among users and the intention to use it in the future (Chau & Hu, 2001). TAM posits that an individual's intention to use a technology is based on the perceived usefulness and perceived ease of use. Perceived usefulness depicts the level at which users think the technology will improve productivity while the perceived ease of use is the level at which the technology will require minimum effort (Davis, 1989).

2.3 Empirical Studies

Akande (2016), in his study titled computerized accounting system effect on performance of entrepreneurs in south western Nigeria assessed whether implementation of Computerized Accounting System has positive influence on the performance of entrepreneurs in South western Nigeria. The population used for the study comprised of the 7474 registered small and Medium businesses in South West Nigeria. (Bureau of Statistics, 2012). The researcher adopted random sampling technique. The sample size of 380 used for the study was mathematically derived by the researcher using the Taro Yamene's formula. Data collected for the study through questionnaires administered by the researcher were coded and analyzed using frequency table and percentage while inferential statistics such as chi-square and regression analysis was used to test the formulated hypotheses. Findings from the study indicates that advancement in technology has become a driver to business success. Findings also reveal that Computerized Accounting Systems are used by entrepreneurs in order to generate timely and accurate reports through a fast and efficient processing of accounting data. The researcher also observed that adoption of Computerized Accounting Systems by entrepreneurs is based on the efficient and effectiveness of the system towards entrepreneurial operations. It was also observed that, there are numerous benefits both financial and non-financial which are derived from the use of a Computerized Accounting System.

Haras (2017) in his empirical study tried to describe the effects of accounting information system (AIS) on the accounting performance of Small and medium enterprises (SMEs). The formulation of the problem examined in his study was based on the following question, "What is the impact of AIS on the accounting performance of SMEs?". According to Haras, Accounting performance plays an important role in the development and growth in SMEs to survive. It's not only necessary for giving reasonably high returns to the organization. Efficient accounting information systems ensures that all levels of management get sufficient, adequate, relevant and true information for planning and increases the control and enhances the accounting performance in SMEs also provide an opportunity to update procedures and align them with perceived examples of best accounting performance and improve strategic effort of SMEs and improve data sharing and integrity. He further posits that empirical testing is needed to the expansion of literature on improving accounting performance in SMEs while recommending that subsequent research to expand this survey should include other variables such as accounting practices, in evaluating the adoption of accounting information system in SMEs.

Akande & Yinus (2013) in their study, investigated a deep understanding of influence of Information Technology (IT) on the performance of Small and Medium Enterprises (SMEs) operation in Nigeria. This study also attempted to explore the extent to which the improvement in SMEs operation performance can be certified to the implementation of Information technology (IT). The study was carried out in Lagos State, using multi-stage sampling technique, a sample of 200 out of 250 respondent SMEs were selected from a list of 4,535 registered small and medium Enterprises as provided by NASSMEs obtained from www.businessdayonline.com as at November 2013. Data collected were coded and analyzed using frequency table and percentage while non-parametric statistical test, chi-square was used to test the formulated hypothesis using STATA 10 data analysis package. The result of hypothesis tested showed that information technology has a significant impact on the performance of SMEs operation in Nigeria. The researchers concluded that involvement by SMEs in IT will significantly improve their performance in term of productivity, time saving, business turnover, operation expenses reduction and also increase level of country economy as whole. To this end, the researchers recommended that there in need for more training facilities in IT for SMEs, and ease of use to free professional advice and consulting on IT at reasonable cost to SMEs.

Harelimana (2018), in his study titled the role of electronic payment system on the financial performance of financial institutions in Rwanda understudied Equity Bank Ltd within the period from 2012 to 2016. Data used for the research was collected using questionnaire and was analyzed using descriptive statistics and linear multiple regression analysis and then presented in statistical tables. The results show that the factor influencing access to electronic payment was simple application procedures for loan with 33.5 percent. This was followed by low collateral requirements with 20 percent Low costs of accessing finance with 20 percent and Low interest rates which had 4.5 percent. Guarantee from government with a 22 percent was the least factor that influencing customer's access to electronic payment. This shows that all the determinants of electronic payment were considered relevant by respondents in accessing electronic payment system. Other role of electronic payment by equity bank ltd is to meet expenditures which accounted for 21.9 percent of the responses. It was found that the four independent variables moderately predict the performance of Equity bank ltd that means the model explains 68.6 % the variance on the performance of equity bank ltd.

Ezejiofor, Emmanuel & Olise (2014) in their study titled the relevance of accounting records in small scale business: The Nigerian experience sought to determine the contributions of accounting records in efficient performance of small-scale business. Two hypotheses were formulated in line with the objectives of the study. Survey method was adopted and data were collected through the use of questionnaire. Data generated were analyzed with means, standard deviation and weighted value and the hypotheses formulated were tested using Z-test statistical technique. The study found out that the training of accountants by these institution and the various professional institutes should focus more on practical means of solving accounts reporting needs of small and medium scale enterprises; and that government should provide adequate financial assistance, this is because if there is adequate financial support, more unemployed Nigerians will engage in small scale enterprises thereby gain their means of living easily than looking for unavailable while collar job. The researchers recommend that the training of accountants by these institutions and the various professional institutes should focus more on practical means of solving accounts reporting needs of small and medium scale enterprises; and that government should provide adequate financial assistance, this is because if there is adequate financial support, more unemployed Nigerians will engage in small scale enterprises thereby gain their means of living easily than looking for unavailable white collar job.

Oladejo (2008) in his study maintained that the achievement of the firm's objectives is greatly influenced by the application of accounting records. Most businesses in Nigeria according to him still are not aware of the importance and benefits of accounting records. It is found that accounting records are faced with some challenges which are inadequate infrastructural facilities, inability of most business firms to demand accounting systems adequate to them for their needs, lack of standardized professional body in accounting records and also local firms are been threatened by developed countries that are enjoying the full benefits of accounting records. He concluded that accounting records has contributed immensely to the unprecedented rate in the growth of small businesses in identifying the expenses, income, and profit and loss of a firm at the end of an accounting year.

Ezeagba (2017) study on financial reporting in Small and Medium Enterprises (SMEs) in Nigeria: challenges and options were carried out to determine the challenges facing Small and Medium Enterprises (SMEs) in adopting effective financial accounting reporting in Nigeria and to ascertain the contribution of poor credit facilities to inadequate accounting records in SMEs in Nigeria. Survey method and time series data were used and data were collected through the use of questionnaire and CBN statistical bulletin. Data generated were analyzed with simple percentage table. The study found that the challenges facing SMEs in preparation and presentation of financial reports are: inadequate accounting books and records, manpower, accounting system and non-running their transactions through the banking system. The study recommends among others that since keeping proper books of account and preparation of financial records can only be done by professional accountants, the two main bodies in Nigeria: ICAN and ANAN should encourage their members to offer free professional service to SMEs in Nigeria.

Okifo & Igbunu (2015) stated that the crux of their study is on the adoption of E-payment system in Nigeria: Its economic benefits and challenges. The researchers stated that the arrival of the internet has taken electronic payments and transactions to an exponential growth level. Consumers could purchase goods and services from the internet and send unencrypted credit card numbers across the network, which did not provide much security and privacy. But a wide variety of new secure network payment schemes have been developed as consumers became more aware of their privacy and security. The benefits of e-payment according to them are unquantifiable in that it would galvanize Nigeria into a cashless society and elimination of fear of the unknown. Though e-payment is faced with challenges, like public acceptability, lack of uniform platform being, operated by the banks, lack of adequate infrastructure and issues of security, with the proper use of e-payment system, corruption which is a cancer in government arena will be holistically addressed.

3. Methodology

The target population for this study is an aggregate of Small and Medium Scale Enterprises in Abia State, Nigeria, comprising 1809 (SMEDAN, 2013).

In selecting a sampling method, convenient sampling method was chosen. Convenience sampling is a non-probability sampling technique where subjects are selected because of their convenient accessibility and proximity to the researcher.

Total of 70 Questionnaires were sent out to small and medium scale business owners in Abia State. Only 42 were correctly filled and returned. These 42 forms our sample size for the study

The obtained responses were analysed using frequencies and percentages. Chi-square test of independence and Two-Staged Least Squares Regression Method were also employed with the aid of SPSS Version 25.0

The Specification of model for hypothesis II is given below

In analyzing survey data, the multiple regression model will be employed which is:

$Y = b_0 + b_1X_1 + b_2X_2 + \mu$.

Where

Y = the variable we are trying to predict

b_0 = the intercept

b_1, b_2 = the slopes

X_1, X_2 = the variables we are using to predict Y

μ = the error term

The *intercept* (b_0) is the value of the dependent variable when the independent variable is equal to zero while the *slope* of the regression line (b_1, b_2) represents the rate of change in Y as X changes. Because Y is dependent on X_1 and X_2, the *slopes* describes the predicted values of Y given X_1 and X_2 respectively.

The above model can thus be applied in this study as:

$IFRSe = b_0 + b_1Know – b_2Appl + \mu$……………………………………………………Eqn. (I)

Where

IFRSe – Easy IFRS Compliance

Know – Knowledge of E-payment

Appl – Application of E-payment

4. Data Analyses

Table 4.1 Impact of E-payment on Efficient Accounting in SMEs.

Variables	*H*	*M*	*L*	*NO*	*N*	*Chi-Square (X^2)*	*P-Value*
Knowledge of E-payment	20	17	6	3	46	17.826[a]	<.000
Variables	SA	A	SD	D	N	Chi-Square (X^2)	P-Value
I apply E-payment in Accounting Practice	18	17	5	6	46	12.609[a]	.006
E-payment makes Financial Reporting Easier	23	19	1	3	46	32.261[a]	<.001
E-payment makes Financial Reporting Faster	35	10	0	1	46	40.478[b]	<.001
E-payment makes Financial Reporting Convenient	10	27	2	7	46	30.696[a]	<.001
E-payment ensures accurate Financial Reporting	14	30	0	2	46	25.739[b]	<.001
E-payment makes Compliance with IFRS easier	10	22	3	11	46	16.087[a]	.001
E-payment makes auditing Easier	22	18	2	4	46	26.000[a]	<.001

Source: SPSS 25 Analyses Output

H: High; M: Moderate; L: Low No: None;

SA: Strongly Agree; A: Agree; SD: Strongly Disagree; D: Disagree

The above table shows that frequencies of responses from the sample study and an independent chi-square test for the survey questions obtained from the respondents. The above table shows an overall significance of the impact of e-payment on efficient accounting in SMEs in selected companies.

Table 4.2 Model Summary

Equation 1	Multiple R	.486
	R Square	.236
	Adjusted R Square	.200
	Std. Error of the Estimate	.962

Table 4.3 ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Equation 1	Regression	12.294	2	6.147	6.638	.003
	Residual	39.815	43	.926		
	Total	52.109	45			

Table 4.4 Coefficients

		Unstandardized Coefficients				
		B	Std. Error	Beta	t	Sig.
Equation 1	(Constant)	3.611	.388		9.302	.000
	Know	-.472	.164	-.396	-2.886	.006
	Appl	-.214	.145	-.203	-1.478	.147

The above SPSS output shows the impact of knowledge and application of E-payment on IFRS Compliance. The Multiple R of .486 shows a fairly positive relationship between the dependent variable (IFRS Compliance) and the explanatory variables (Know, Appl). The R-Square of .236 shows a proportion of the changes in the dependent variable that can be explained by the independent variables. In this case the explanatory power (R-Square) represents a small proportion of the aggregate changes in easy compliance of IFRS standards. The ANOVA table shows an overall level of statistical significance [.003] representing a good model fit. After substituting the above values in Table 2.1, 2.2, 2.3, the model will take this shape: IFRSe = 3.611 – .472Know – .214Appl + .962

Test of Hypotheses

1. *H_0: E-payment has no significant impact on the efficient accounting of SMEs*
   Since all tested variable in Table 1 showed statistical level of significance (p-value < .05), we conclude that E-payment has positive significant effect on efficient accounting in SMEs in Nigeria.
2. *H_0: Knowledge and application of E-payment does not influence easier compliance to IFRS standards among SMEs.*

The P-value on which basis to reject the null hypothesis that knowledge and application of E-payment does not influence easier compliance to IFRS standards among SMEs is [.003]. Since the p-value is less than [.05], the null hypothesis is rejected and we conclude that knowledge and application of E-payment influences easier compliance to IFRS standards among SMEs.

Findings

1. E-payment has positive significant effect on efficient accounting of SMEs in Nigeria
2. Knowledge and application of E-payment influences easier compliance to IFRS standards among SMEs

Other Observed Findings:

i. The responses showed that small business owners have high knowledge of e-payment
ii. A good number of small business owners use the e-payment system in accounting practice.
iii. Responses also show that e-payment makes financial reporting easier, convenient and faster.

5. Conclusion and Recommendation

The study employed a survey of registered small and medium business owners (entrepreneurs) in Abia State, Nigeria. The population of the study comprises of list of 1809 registered small and Medium businesses in Abia Nigeria. A convenient sampling technique was adopted for the study. Data collected were coded and analyzed using frequency table and percentage while Inferential statistical such as chi-square and regression analysis were used to test the formulated hypothesis. Chi-square were used to determine the relationship between computerized E-payment and the performance of SMEs in Abia State. The finding showed that the significance of e-payment in financial reporting cannot be overemphasized. Hence the need to sensitize Small and medium scale business owners on the need for efficient accounting practice through e-payment. E-payment as have been duly noted by many scholars leaves whatever platform it is introduced into better off – accounting practice cannot be left out.

Based on the findings, the following is recommended

1. Small and Medium Scale Business owners in Nigeria should make use of E-payment so as to build confidence in the use of ICT tools in business. With such mind-set, they will remain relevant in time.
2. Government should establish a commission on ICT sector to regulate and see the full implementation of Computerized Accounting system in Nigeria.

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