

The Impacts of the External Environment on the Marketing of Financial Services in Nigeria

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Abstract- This study examines the impact of external environmental factors on marketing financial services in Nigeria, using Unified Payment Services Limited (UPSL), a Nigerian payment solutions provider, as a case study. The study aims to identify the various environmental factors that challenge marketing financial services and payment solutions in the country. The marketing environment is the totality of external forces and institutions relevant to the firm. It consists of three levels: the task environment, the marketing mix of environmental forces, and the macro environment. The study aims to discuss the significant external environments in which organizations operate and stress the opportunities and threats in this environment. Unified Payment Services Limited operates in a dynamic and turbulent environment, which requires systematic scanning, identifying environmental threats and opportunities, and making intelligent adaptations to the changing environment. The study will address critical questions such as how broadly the company has devoted energy to its environmental scanning, how effectively it has identified its environmental threats and opportunities, and how it has made intelligent adaptations to its changing environment. Marketing managers need a contingency perspective to organize marketing units and departments, assuming a functional relationship between environmental factors and appropriate structure to optimize goals. This study also provides insights into the impact of external environmental factors on Nigeria's financial services marketing. It illuminates the role of UPSL as a case study. By comprehending the various environmental factors that pose challenges to marketing financial services, the study equips the company with the knowledge to adapt to the ever-changing market and make informed decisions about its marketing strategies. All external environmental factors (Demographic, Culture, Technology, Economic) were tested positively to affect the financial services marketing in Nigeria. Companies adopt strategies to survive

environmental forces, such as identifying major external areas of interest and developing efficient systems for collecting and disseminating information. They also evaluate the impact and probability of occurrence of specific disturbances in their environment. A meticulous analysis of the data revealed that the company's business is mature if it considers opportunities and threats. It adapts effectively to major threats through a modification strategy and formulates long-range forecasts for its activities using trend extrapolation, trend correlation, cross-impact analysis, and multiple scenarios. This comprehensive approach ensures the validity and reliability of the study's findings. The researcher strongly advises companies to determine the various critical environmental factors that pose challenges to marketing their products. By adopting strategies to survive environmental forces and identifying their environmentally attractive arena, companies can enjoy a differential advantage. The stages of a company's business should be determined by considering its opportunities and threats, and the management should find a suitable and effective strategy to adapt effectively to major threats.

I. INTRODUCTION

1.0 GENERAL DESCRIPTION OF THE STUDY

Modern marketing theory holds that the key to an organisation's success is its ability to adapt timely and appropriately to a complex and ever-changing environment.

The marketing environment is the totality of external forces and institutions and is potentially relevant to the firm. The Marketing environment surrounding a firm consists of three levels.

1. The task environment consists of the institutions that help the organisation carry out its primary tasks, such as Suppliers, distributors, and final buyers. It also includes the competitive aspect of marketing, which involves the institutions that

compete with the organisation for customers and scarce resources.

2. The second layer of the environment is the Marketing Mix of environmental forces, consisting of the four Ps of marketing (Product Strategy, Pricing Policy, Distribution Strategy and Communication Strategy). Within this world of global competition, marketers must focus on their marketing mix with renewed vigour and from new perspectives.
3. The third layer is the broad environment, called the Macro environment, consisting of the major societal forces that shape the character of business opportunities and threats. Here, the major trends in The macro-environment that affects marketing will be examined, leaving the more immediate environments of the organisation unanalysed. The major components of the macro environment are demographics, economics, natural resources, Technology, Politics or legal issues, and culture. The literature review section will analyse these fully individually.

1.2 PURPOSE OF THE STUDY

The study is intended to discuss the various major external environments in which organisations operate. This study will also stress the opportunities and threats in this environment. Moreover, the impact of the external environment on the marketing of Financial Services in the country will be focused on using Unified Payment Services Limited (UPSL), a Nigerian payment solutions provider, as a case study.

It will be inspiring that after the completion of this study, suggestions and recommendations will go a long way in helping the company adapt to the 'Uncontrollable' by setting the 'Controllable' factors, that is, the firm's selection of target markets and marketing mixes. The company will also be able to scan the environment to find the opportunities that are best suited to its objectives and strategy.

1.3 RESEARCH PROBLEM

There is ample evidence that Unified Payment Services Limited finds itself operating in a dynamic and turbulent environment, and the firm that operates in a turbulent environment has three tasks;

1. Systematically scanning its environment,

2. Identifying environmental threats and opportunities, and
3. They are making intelligent adaptations to the changing environment.

How broadly has the company devoted energy to its environmental scanning? How effective has the company identified its environmental threats and opportunities? Moreover, how has it made intelligent adaptations to its changing environment? These are some of the key questions this study will address.

1.4 CHOICE OF STUDY

This study is basically to determine the various environmental factors that pose challenges to marketing financial services such as payment solutions in the country. All other objectives of the study are as follows: -

- a. To highlight the impacts of external environmental factors on marketing financial services and payment solutions.
- b. To determine how the company's environment can be scanned systematically.
- c. To identify environmental threats posed by these external factors on the company.
- d. To examine how much the external environment has impacted UPSL's marketing strategies in Nigeria.
- e. To measure how the external environment has affected the marketing mix employed by UPSL in Nigeria.
- f. To provide insight and analysis on how the understanding or information of the external environment can be utilised in the marketing planning for other financial services organisations contemplating entering the e-payment industry in Nigeria.
- g. To determine how the company makes intelligent adaptations to the changing environment.
- h. To recommend possible solutions based on findings.

1.5 RESEARCH QUESTIONS

It is pertinent to raise or ask some questions which bother the research mind during the review of the research study. The questions are as follows:

- a. What are the environmental factors that pose challenges to the marketing of financial services and payment solutions in the country?

- b. What are the impacts of these factors on the company's marketing strategy?
- c. How does the company scan its environment systematically?
- d. How does the company identify its environmental threats?
- e. How does the company identify its environmental opportunities?

1.6 RESEARCH HYPOTHESIS

It is also essential to formulate a hypothesis on the external environment's effect on the marketing of financial services and electronic payment solutions in Nigeria.

The following are the hypotheses formulated that need to be tested for the benefit of the research study.

NULL HYPOTHESIS

- HO – marketing of financial services and e-payment solutions in Nigeria will not be affected by external factors in the marketing environment.
- Identifying the major external areas of interest to management and assigning responsibility for each area of interest will not help the company survive its external environmental forces.
 - Evaluating the impact and Probability of success in an environmentally attractive arena has no effect on the company enjoying a differential advantage.

ALTERNATIVE HYPOTHESIS

- H1 - The marketing of financial services and e-payment solutions in Nigeria will be affected by external factors in the marketing environment.
- Identifying the major external areas of interest to management and assigning responsibility for each area of interest help the company to survive its external environmental forces.
 - Evaluating the impact and Probability of success in an environmentally attractive arena enables the company to enjoy a differential advantage.

1.7 RESEARCH SCOPE AND LIMITATIONS

This study will cover a wide range of studies and findings on the impact of the external environment on the marketing of financial services and electronic payment solutions in Lagos State of Nigeria.

This study will use a sample size as a case study, Unified Payment Services Limited, Lagos, Nigeria.

This study will also make many findings on the various ways of systematically scanning a business environment. Innumerable opportunities derived from these external factors will be researched and identified. The threats posed by these environmental factors will also be evaluated.

Moreover, this study will evaluate the various important environmental factors, discuss how the company can make intelligent adaptations to the changing environment, and make recommendations based on the findings.

1.8 RESEARCH SIGNIFICANCE

This study allows the company or marketing executive to periodically identify the significant threats and opportunities facing the company and each of its business units (divisions, product lines, and products). This is best achieved when management prepares its annual or long-term marketing plans. The company will also be able to invest in marketing research and development just to keep up without getting sidetracked from its main business by pursuing a marketing opportunity.

II. REVIEW OF RELATED LITERATURE

2.1 HISTORICAL BACKGROUND OF UNIFIED PAYMENT SERVICES LIMITED

Unified Payments is a Nigerian payment solutions company established in 1997 as an LLC. The company's vision is to be "the most preferred e-payment service provider in Africa" and employs a first-rate approach to initiating revolutionary e-payment solutions.

In 2009, the company restructured its operations and functions to align with global best practices and in 2013, it was incorporated as a private company. Unified Payments has since deployed various e-payment solutions to banks and several e-payment channels to the general public. This has driven the company to the forefront of the CBN (Central Bank of Nigeria) cashless policy.

Due to phase implementation and the flexibility provided, the company has seen rapid growth in the acceptance, penetration, and usage of its various solutions and services in the Nigerian market. Today, Unified Payments prides itself on offering the most advanced and robust e-payment solutions, focusing on delivering a great customer experience. With critical insight and an in-depth understanding of the Nigerian e-payment market, the company is set to deploy solutions with unique features that are highly competitive and easily adaptable to the dynamic Nigerian financial sector.

Through its solutions and services, Unified Payment is revolutionising the Nigerian e-payment sector, creating job opportunities for thousands of youths and professionals. Deploying systems and services has driven the growth and size of its business and partners. The company has taken training and empowerment very seriously, particularly for youth. This was demonstrated by signing a partnership deal with Interswitch Inclusion Services Limited and the Bank of Industry to disburse the CBN Development Finance to Micro, Small, and Medium Enterprises.

Adopting its systems and solutions has contributed to the growth of e-payment transactions in Nigeria. Successful migration from offline magnetic stripe cards to chip and pin technology, tokenisation, and end-to-end encryption in line with global milestones has also occurred. Forced migration has also led to a shared Unified switching network known as the EMV Unified card scheme.

2.2 THE DEMOGRAPHIC ENVIRONMENT

Population is the primary environmental factor of concern for marketers since people constitute markets. Marketers are particularly interested in the global workforce's size. – geographical distribution, density, mobility trends, age distribution, birth, marriage, death rates, and racial, ethnic, and religious structure. The famous eighteenth-century economist Thomas Malthus was concerned about the population explosion during his time. He saw the population growing at a geometric rate while the world's food supply grew at an arithmetic rate. One of its strong recommendations is the worldwide social marketing of birth control and family planning.

Another cause for concern is that the population growth rate is not equal everywhere but is highest in the countries and communities that can least afford it. In many developing nations, the death rate has been falling due to modern medical advances, while the birth rate has remained relatively stable. For these countries to feed, clothe, and educate the children and provide a rising standard of living for the population is out of the question. Furthermore, low-income families have the most children, and this reinforces the cycle of poverty.

The rate of increase in the world's population is of great importance to businesses. A growing population means growing human needs. It means growing markets if there are sufficient purchasing powers. On the other hand, if the population

If it presses too hard against the available resources, costs will shoot up, and profit margins may be depressed.

With over 190 million people, Nigeria is Africa's most populous country. Due to its low penetration rate of financial services, Nigeria's population is a good market for financial services and e-payment, so the growth potential is enormous. Nigeria experiences one of the fastest population growth rates globally, which means the potential for new users of financial services is vast.

Increases in financial services in Nigeria will be associated with increases in the potential customers' overall standard of living, likely leading to an increased quality of life for the people. Increases in the overall standard of living will ultimately be associated with a higher measurement of material well-being for the people. Material well-being can be defined as the satisfaction of material needs for the people of a particular nation. This could mean satisfying current debts or buying a new vehicle. Financial services will help the population meet these needs. E-payment Technology can help consumers spend money wisely by having it electronically deducted from their accounts. This will help Nigerians who do not have access to certain financial services by providing a better way to control their money.

With the proper financial planning in place, this Technology can improve living standards in Nigeria. The demographic distribution of the population will consist of a wider age group of people and not just confined to the younger generation. This provides a competitive market where e-payment technology and service providers will look to meet the needs of all potential users. E-payment Technology will help Nigerians pay bills online using cards and electronic debits. This will help older adults unable to perform tasks such as paying bills at a bank. Technology will also help the younger generation of Nigeria by providing a secure and convenient way to pay for goods and services.

2.3 THE ECONOMIC ENVIRONMENT

Modern microeconomics theory is acceptable in describing the activities of the perfect firm. This ideal organisation is involved in perfect competition, with price as the one factor to be manipulated in the many economic equations used to describe that firm. All decisions are made rationally, based on profit, and all the relationships are precisely known and can be plotted with definitive graphs.

However, microeconomists find considerable difficulty dealing with imperfect competition since no generally accepted model for representing this state has yet emerged. Worse still, particularly in the current climate of uncertainty, microeconomics cannot easily handle those relationships that do not fit neatly into exact equations. As the economist John Kenneth Galbraith has observed, management decision-making is often anything but rational. It is frequently not designed to achieve the simple monetary outcomes that are the staple of economics; instead, it reflects more complex motivations. This complexity arises with increased conflicting priorities within and between societies.

The financial services industry is an essential and strategic sector for developing economies. The goals and aspirations of every modern society can only be achieved through an efficient financial system. The Nigerian financial system comprises the regulatory authorities, the fund users, the financial markets, financial intermediaries and the service providers. The financial system contributes to economic growth and development through the mobilisation and efficient

allocation of resources. It also connects the savers to the investors by providing a suitable financial market supporting the exchange of 'present money for future money'. This will enable the savers to convert their cash to securities and other claims of future money, while the investors will convert their cash to funds for investment. The financial system will also provide a payment system, which is the mechanism that enables the transfer of money between a payer and a beneficiary and makes payment possible. The financial services industry is based on providing services which will enhance the functioning of the above financial system. This service can be in many forms, such as credit, investment, insurance and pension. This is to improve the welfare of society by enhancing the living standard and reducing the risk of capital allocation. In doing this, there is a need to develop efficiency in the services sectors and a vibrant and globally competitive financial system.

Electronic payments involve online financial transactions between purchasers and vendors. Electronic payment systems are gaining popularity due to increased usage—their widespread use in Internet shopping and banking. We are increasingly becoming a cashless society. There are several forms of electronic payment. These include using credit cards, debit cards, and smart cards. Other forms of electronic payment include Electronic Funds Transfer (EFT), mobile phones, and the Internet. An efficient payment system is essential for the financial sector to translate the effective allocation of resources and efficient policy implementation into the real sector of the economy. Payment systems have changed dramatically over the last two decades due to vast innovations in information technology and increased trading in financial markets. Payment systems can be both paper-based and electronic. Nigeria is predominantly paper-based, with payment instruments often being physically presented and cleared for settlement. Many of the current paper-based payment instruments could be more efficient and costly. The consequence is an excessively high use of currency and the development of unsafe and unsecured forms of payment, i.e., settling off debts with creditors at pre-arranged physical locations. An effective switch to electronic payment methods would eliminate these problems and lower the cost of transactions within the economy. This would lead to a more efficient and

sounder financial system with more excellent stability. An efficient payment system and stable exchange rate are also essential for monetary policy implementation. As a result of economies of scale, the banking system has chosen to ignore the informal financial sector and has continued to focus on urban areas. This has led to the division of the Nigerian economy into two sectors: a modern sector dominated by wage employment and an informal sector dominated by self-employment. This, in turn, has led to an urban-biased market for modern financial services. Access to financial services by a large proportion of the Nigerian population is minimal. This is a direct result of the failure of the formal financial sector to penetrate the informal sector and provide financial services to the rural poor in a cost-effective manner. The informal sector accounts for about 60 per cent of the nation's GDP and is growing. The opportunity for the formal financial sector to mobilise these resources and convert the informal savings and credit into the formal sector is enormous. The immediate barrier, however, is the need for an efficient and cost-effective payment system.

2.4 THE POLITICAL AND LEGAL ENVIRONMENT

The boundaries within which organisations can operate are frequently set by government legislation and might specify anything from the ingredients firms may put into their products to the buildings that their employees may work in.

Laws and Regulations: Laws and regulations may not be explicitly designed to address marketing issues, yet they can majorly impact a firm's opportunities. Minimum wage legislation, for example, affects any firm's international competitiveness using highly labour-intensive production processes. Similarly, the cost of adhering to safety regulations may significantly affect firms' pricing policies. Intellectual property rights legislation and the extent of its enforcement may either allow a firm to recoup its investment into innovation or deprive it of its rightful returns, thereby determining the firm's ability to invest in further research and development to create new products. In addition, firms are often affected by administrative regulations developed by agencies to implement broader laws, particularly in the international arena.

Most aspects of marketing transactions are covered by one or another form of legislation, and at least by contract law. The marketing manager must know the legal aspects that directly affect the firm. These effects vary from industry to industry and from country to country. The chemical industry, for instance, is driven by legislation on safety, whereas financial services providers may operate under the jurisdiction of the Interstate Banking Act. Legal issues must be handled expertly since only some vast laws affect individual industries or organisations in specific countries, and many changes rapidly.

The Nigerian government has demonstrated an active interest in promoting Technology within the banking industry. The primary objective of this campaign has been to consolidate the banking system and to drive the migration of most bankable activities from the manual platform to the automated one. According to the Central Bank of Nigeria, the inception of the cashless policy is designed to promote the utilisation of electronic payment channels instead of cash to facilitate a more accessible and safer payment system. As a result, the policy will drive banks and other service providers to improve their services and provide efficient customer service.

The Nigerian payment system, like other countries, is heavily influenced by the government. Some suggest that no other factor, political or social, has a more profound effect on the efficiency and success of a payment system than direct government involvement. For most of the past century, government regulation concentrated on stabilising the financial markets in Nigeria. The payment system was typically viewed as a byproduct of a well-run financial system and, as such, needed to be addressed explicitly in regulation. However, in 2007, the Central Bank of Nigeria announced its "Payment System Vision 2020". The vision was to "fully integrate Nigeria into the global economy". This was accomplished by implementing efficient consumer payment systems and banking services for the Nigerian population. The CBN recognised the importance of a modern and efficient payment system in economic development and stated that to reach its goal, it had to develop an efficient payment system to be in place by the year 2020. This

began a process of heavy government involvement and regulation in the payments industry. Changes in the payment system will be accomplished through fostering innovation, healthy competition and an enabling market environment to provide effective payment services. The CBN has acknowledged that to create positive changes in the payment system, there must be direct and deliberate efforts to reform the institutional and legal/regulatory framework. The goal is to create a new and efficient payment system in Nigeria, and this was to be accomplished by promoting an all-inclusive financial system driven by innovative quality service delivery.

2.4.1 Policy Issues and The Financial Services Industry

The Central Bank of Nigeria (CBN) has been the key driver in setting out the policy to serve the country well. The bank has used policy setting, regulation, and the establishment of financial infrastructure and auxiliary services both as a direct reference and as an influencing factor to achieve a cashless-based economy with a vision of being one of the top 20 in the world. Over recent years, the bank has made a policy to reduce cash usage in Nigeria. An example is the removal of the N50 ATM surcharge and the subsequent cancellation of the N100 ATM charge after the 12th ATM use in the same month. These policies are essential in that they aim to align the costs of electronic transactions with those of cash. If successful, it will make people less reliant on cash and more inclined to use electronic payment methods.

All of these components are key to making a thriving market environment. In Nigeria, the move to a cashless society looks to have much potential, but getting from here to there will take much work. Over the next few years, the market players in this environment will continue to be the Nigerian Central Bank (CBN), commercial banks, banks that are microfinance, POS terminal service providers, card and mobile money service providers, merchants, and consumers. Their strategies will determine how prosperous implementing a cashless society in Nigeria can and will be.

2.4.2 Regulatory Framework for The Financial Services Industry

The provisions of the regulations which define the business environment for the electronic payment industry in Nigeria include the following:

(1) Electronic Transaction Protection, 2011

The Electronic Transaction Protection Act of 2011 is a landmark legislation providing the first-ever legal protection to e-commerce transactions. This Act extends legal coverage of electronic transactions across Nigeria and designates the regulation enforcement authority, offering a robust legal framework for the electronic payment industry.

(2) The FATF 40 Recommendations and 9 Special Recommendations.

Nigeria's unwavering commitment to combating financial crimes is evident through its adherence to the FATF recommendations and its membership in the Egmont group, which is dedicated to fighting money laundering and terror financing. This commitment has sparked serious concern in the financial sector, prompting a mobilisation of resources to tackle existing and potential crimes.

(3) The CBN Act, 2007

This Act has established the design of a modern national banking system, with the sole objective of providing needs-based banking through an efficient, cost-effective, and transparent system to promote economic policies and to support sustained growth and development. This Act envisaged the newer electronic payment methods as supportive systems such as NIBSS.

(4) National Payment System, 2007

This is the most defining moment for the electronic payment industry, one that will shape the future of money by transitioning from traditional cash and paper money to plastic money and then to electronic money. With the birth of the National Payment System, CBN plans to drive the initiative related to automation, the emergence of efficient systems, and other information technology-driven tools. The ultimate goal is to integrate POS, ATM, further credit transfers, direct debit payments, and all of these into one quintessentially electronic system.

2.5 THE SOCIO-CULTURAL ENVIRONMENT

Culture is widely believed to influence how an individual lives and daily activities significantly. Culture prescribes how we think and, consequently, our attitudes towards things. Nigeria is rich in culture but has a significant disparity between the different sections of society. In traditional communities, the barter system and the use of money in its physical form, such as coins and notes, are still prevalent. This is because these communities are largely cut off from the rest of the country and, as such, are not exposed to the mainstream media, which is where a large proportion of the Nigerian culture is derived from today. In urban communities and youth populations, a trend is being developed, which is a more positive attitude towards a cashless society. This trend is driven by the youth population's exposure to Western culture through media such as rap music videos and Technology such as smartphones and computers. Nigeria's youth population is expected to be the future of Nigeria. It is predicted that if Nigeria continues this trend from a developing country to a developed country, the youth culture will eventually become the dominant culture in Nigeria. This would result in a culture more supportive of electronic payment systems due to their similarity to electronic commerce.

2.5.1 Cultural Attitudes Towards Electronic Payments

Many cultural factors influence the attitude toward electronic payments, many of which apply to Africa and are specific to Nigeria. Social structure is an additional factor that, according to Harper, can influence technological acceptance. Nigerians adhere to a hierarchical social structure with a sizeable rich-poor split; elites hold significant power and can shape societal norms and values. This is important as cash transactions provide anonymity for income, which in many cases is not reported to the government. As such, a cashless society is something other than what the Nigerian political elite have any desire to work towards, and they feel that it may damage the country's poor population. A study investigating Malaysian society found this was a more significant factor than the government initially expected. The government promoted cashless transactions and the banking system to fuel economic growth. However, it was found that there was a strong negative correlation between perceived income and cashless payments.

The poorer members of the society felt that cashless payments were outside the country's best interest. This is likely true for Nigeria, given that the population living beneath the poverty line is large and has limited access to education. A generally low level of education and literacy, particularly in rural areas, means that many people need help understanding the banking system and its benefits. This, coupled with a lack of trust in government and financial institutions, does not bode well for progress towards cashless payment shortly. It is only recently that an increase in credit and debit card usage has been observed in urban areas, and even then, it is limited to the more affluent members of society.

2.5.2 Trust and Security Concerns

Trust is a crucial factor in electronic payment systems, and it manifests in two dimensions: trust in the payment system itself and trust in the counterpart with whom the transaction is being made. The former is about consumers having faith in the electronic payment system working without disruption, error or being compromised in some way and knowing that it will be available for use when it comes to their transactions. The latter dimension of trust is equally significant, as it involves trust in the person or entity on the other end of the transaction. Many focus group participants voiced concerns over system reliability - from worries about the electricity supply being a constraint on the use of electronic payment to concerns over mobile networks being too unreliable for mobile banking to work. A common belief was that Nigeria's infrastructure needed to be sufficiently robust to support a consistent and reliable electronic payment system. However, there was recognition that this was changing, with many expressing more confidence if the same questions were posed in the study 5-10 years in the future. 24-hour access to service agents was also crucial in ensuring that any problems could be rectified quickly. System security is closely related to this, and this was the most widely discussed trust issue in the entire study. Many participants were concerned that the move to electronic payments would significantly increase the risk of crime and theft of funds, and several claimed that they would prefer to keep using cash to avoid attracting the attention of robbers who might assume that they now had a bank account with an increased amount of money in it. Participants who had experienced these in the past

mentioned high-profile scams and phishing, and there was general unease that the Central Bank and financial institutions would be able to effectively police and protect the system from various forms of cyber attack. A common strategy for mitigating security fears was using specific accounts or cards with only a tiny amount of money kept on them for electronic transactions to limit potential losses from theft or fraud. An integrated theme here was that those who stand to lose the most from an insecure electronic payment system are people experiencing poverty - with the smallest margin of error in managing their finances.

2.5.3 Technological Literacy and Adoption

Technological literacy, in the context of this paper, means ease of access and understanding of technologies. Nigeria has a traditionally technology-weak financial services sector upon which to build the e-payment market. According to the ITU, Internet penetration has grown significantly in Nigeria from 2009 3.1% to 28.9% in 2013. While this is significant growth, it is still relatively low internet penetration for widespread e-payment adoption. Furthermore, PC penetration was still only 6.7% in 2013, which is further evidence that Nigeria still lacks the basic technological infrastructure required to use e-banking services, a significant aspect of e-payment systems. PC penetration is growing, however, at 32.9% from 2009 to 2013. Fibonacci Alliance described Nigeria's payment industry in 2011 as currently being at a 'crawl' stage in moving from cash-based transactions to electronic solutions. However, it predicts exponential growth as these solutions become more viable. ATM and mobile payment channels will primarily drive this growth. ATM penetration is already relatively high in Nigeria and is considered one of the gateways to electronic payment channels. The Central Bank of Nigeria has committed to increasing the channel's growth through Independent ATM Deployer (IAD) guidelines issued in 2013.

It is predicted that e-payment channels will appeal to Nigeria's youth market, which possesses both the desire to adopt new technologies and a growing disillusionment with Nigeria's fragile banking system. This is considered the 'prime grim' demographic for e-payments. However, these payment types may not be suitable for rural areas that need more infrastructure.

Standard Chartered's e-banking solution demonstrated the urban/rural divide of e-banking, which in early 2013 was limited to personal and corporate segments in Lagos and Abuja.

2.6 THE TECHNOLOGICAL ENVIRONMENT

The significance of this factor is underscored by a consensus that the most beneficial changes in electronic payments are those which do not simply replicate existing payment methods. Technologies are constantly evolving, and developing mobile phone payment apps in Nigeria may facilitate a shift from card-based payments before they become the established paradigm. Mobile-based payment mechanisms offer greater flexibility, ease of use, and potentially lower costs than current card systems. However, the success of such systems could depend on the cost of data transmission and the availability of secure and reliable internet connections. Rapid technological change has made predicting the future of e-money and electronic payment problematic. However, the technological environment has been a critical determinant of how Nigerians use electronic payment methods.

The technological environment has been a significant factor in driving change in the Electronic Payments industry. The most noticeable effects have been the introduction of new payment mechanisms and the development of existing modes. Advancements in various fields have resulted from innovations in Information and Communication Technologies (ICTs). These advancements have significantly impacted how we communicate, access information, and conduct business—enabled extensive changes to the infrastructure required for payment mechanisms. For example, the transition from closed ICT to internet-based networks has vastly altered the structure and efficiency of the payment systems built upon them. Changes in the technological environment have also acted as a facilitator for changes in regulation and policy. Developments in cryptography have made it possible for increased security to be implemented in e-payment mechanisms. Public key encryption and digital signatures have secured data transmission between customers, merchants, and banks. These security features are essential for establishing consumer trust and confidence in

electronic payment systems and, therefore, have made it more palatable for consumers to shift from traditional payment methods.

2.6.1 Infrastructure for Electronic Payments

The movement with the EDC terminals network project was initially slow and faced difficulties; however, there has been substantial progress in recent years. There has been an increase in the number of EDC terminals being deployed and a growth in industry awareness of the benefits of electronic payments. An EDC Central Site Service was established to manage POS transactions made with cards issued by the participating banks. This service aimed to process transactions centrally, further encouraging the use of cards and reducing the use of paper-based payment instruments. With that service fully operational, the recent shifts and dynamics of the entire payment system are evident. An ongoing commitment and support for the card payment industry was demonstrated in recent years with the consolidation of the card payment channels and the pricing, a critical factor in the massive growth of the card payments sector during that period.

The RTGS project has been a testament to steady progress, culminating in its full implementation in December 2004. At this time, the NNCS ceased processing paper-based instruments, ensuring transactions are settled promptly on customers' accounts. While automated high-value funds transfer processing is currently limited to banks on the RTGS system, the plan is to extend access to all deposit money banks. Implementing a fee for processing funds transfers with the RTGS system underscores its operational efficiency and sustainability.

In 2000, a significant restructuring was expected in payment and settlement systems in Nigeria with the approval of the Nigeria National Clearing System (NNCS) automation project. The project's main activities were the establishment of a Real Time Gross Settlement (RTGS) System for the settlement of high-value interbank funds transfers and the Electronic Data Capture (EDC) terminals network. The objective of the EDC terminals network was to facilitate the movement from paper-based payment instruments to electronic payments, thereby providing the necessary infrastructure to drive the migration strategy.

2.6.2 Telecommunication Networks

The emergence of GPRS and SMS services in Nigeria Until 2009, the only services available to Nigerian mobile phone users were GSM and the auctioning of 3G licenses. The lack of 3G technology prevented high data transfer rates, potentially hindering real-time transaction authorisation. At that time, Nigeria was behind in telecommunication infrastructure development compared to other African countries like South Africa and Kenya, which had already successfully launched 3G services. The portal for change started in 2009 when four Nigerian banks, Intercontinental Bank, United Bank for Africa, Guaranty Trust Bank, and Zenith Bank, announced plans to commence mobile money services. This was seen as a significant move expected to revolutionise Nigeria's payment system. Reaching an agreement with telecommunication operators, the service allowed subscribers to utilise the available mobile money platform by dialling a USSD short code. Transactions were conducted and confirmed via SMS messages from the mobile money application, corresponding to a friendly menu user interface. This service was compatible with voice calls, and its cost was marginal. Though data traffic generated by the mobile money application would have been highly dependent, the GPRS network provided adequate internet connectivity. In August 2011, Nigeria's Central Bank granted permits to 16 mobile money operators and allowed telecommunication companies to partake in the service. This led to services that range from simple SMS confirmation of transactions to apps that are downloadable from the various app stores with responsive mobile data-rich content.

2.6.3 Point of Sale (POS) Devices

A POS device is a machine used for checking out and making payments, and it has now become ubiquitous in shopping payments. In Nigeria, it was first introduced by Mostly Technology Limited in 1999, but Structured Resource Limited made an actual impact after 2005. POS devices are essential in enhancing consumer spending via card usage and reducing cash usage. This, in turn, helps reduce the cost of printing currency while reducing the incidence of counterfeiting. Over time, POS devices have increased slightly to around 5,000 units, and they are used mainly in urban areas. There is a dire need for the

expansion of POS devices due to the increase in the number of credit and debit cardholders in Nigeria.

According to the CBN policy creating a cashless Nigeria, the growth of POS devices is crucial as they are seen as an alternative to cash. The policy states that all the respective banks must deploy a POS terminal in at least 50% of their branches by 2012. This can be seen as a bold step but must be taken more seriously as the cards must be accepted at bank branches and other retail spending locations. The CBN offers some rebates to companies importing these machines and central switch companies to encourage increased POS terminal deployment. With appropriate monitoring, the potential increase in POS devices can significantly increase card usage around Nigeria.

2.7 THE NATURAL ENVIRONMENT

The natural environment has always influenced human lives through the availability of natural resources, climate, disasters, and natural events, which all affect the quality of life. Despite the rapid development of Technology and the urbanisation process, there is no doubt that the financial sector will also experience an impact. This is due to the nature of the financial services industry, which heavily relies on the business and investment environment conditions. Apart from that, the function of the financial services industry is to support the development of other industries and act as intermediaries between surplus and deficit units; the global nature of the financial services industry indicates that it is highly vulnerable to changes in the global environment. The electronic payments industry, which is a part of the financial services industry, would only escape the influence of the natural environment to a certain extent because the electronic payments industry heavily relies on the development of information and communication technology and global trends. Therefore, it is essential to understand the types and extent of the impact of the natural environment on the financial services industry so that a proper disaster recovery plan can be formulated to ensure the sustainability and continuity of the industry.

Kenneth Boulding pointed out that the planet Earth is like a spaceship in danger of running out of fuel if it fails to recycle its materials.

In *The Limits to Growth*, the Meadows raised concern about the adequacy of future natural resources to sustain economic growth. In *The Silent Spring*, Rachel Carson pointed out the environmental damage to water, Earth, and air caused by industrial activities of certain kinds.

Marketers should be aware of the challenges and opportunities created by trends in the natural environment, such as:

- a) Impending shortages of specific raw materials, such as maize and wheat, will affect the direction of this business.
- b) Increased cost of energy, e.g. diesel, petrol, to fuel business operations in the financial services industry.
- c) Also, increased levels of pollution and growing concerns over climate change
- d) Increased Government intervention in natural resources management also affects the business of financial services and payment solutions.

Marketing Management must be alert to regulatory developments and opportunities that arise from the effort to protect the natural environment.

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III. RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

The operational principles with which this research is carried out are fully explained in this section.

The method of gathering information is also explained.

Primary and secondary data collection are utilised in this research project.

The primary form of data collection includes personal Interviews and Questionnaires, while the secondary form of data collection includes Journals, Magazines, and textbooks.

This design ensures that the correct/necessary data are collected accurately and economically.

3.2 SAMPLE POPULATION

The sample population refers to the group from which conclusions are drawn. Researchers do this to arrive at reasonable conclusions about the population sampled.

The population here refers to the executive management of Unified Payment Services Limited (UPSL). These people will be interviewed, and a questionnaire will be distributed among them.

3.3 THE SAMPLING PLAN

This study intends to sample the opinions of UPSL's decision-makers. They are better equipped to comprehend how these environmental factors affect the situation and the marketing of financial services and payment solutions.

This study will also employ a questionnaire as a means of collecting data.

Personal Interviews with the company's Marketing Director will also be used. This questionnaire will be distributed to 25 (twenty-five management and senior) staff members to sample their opinions.

IV. PRESENTATION AND ANALYSIS OF DATA

4.1 PRESENTATION OF DATA IN ACCORDANCE WITH RESEARCH

QUESTION:

1. Does demographics as an external environmental factor affect Nigeria's marketing of financial services and electronic payments?

Table 1: Respondents who think the demographic environment affects or does not affect the marketing of financial services in Nigeria

Answer	No. of Respondent	% of Respondent
Yes	23	92
No	2	8
Total	25	100

From the table above, 92% of the respondents made us understand that demography affects the marketing of financial services and payment solutions in Nigeria. Only 2% stated that demography has no effect on financial services and electronic payments marketing.

2. Will a business's economic environment affect the Marketing of financial services and electronic payments in Nigeria?

Table 2: Respondents who think the economic environment affects or does not affect the marketing of financial services in Nigeria

Answ er	No. of Respondent	% of Respondent
Yes	23	92
No	2	8
Total	25	100

It could also be deducted that 92% of the respondents support the fact that the Economic environment affects the marketing of financial services and electronic payment solutions in Nigeria, while only 8% do not.

3. Will Nature, as an external factor to a business, affect the marketing of financial services and electronic payment solutions in Nigeria?

Table 3: Respondents who believe that natural factors affect or do not affect the marketing of financial services in Nigeria

Answer	No. of Respondent	% of Respondent
Yes	18	72
No	7	28
Total	25	100

The above table also shows that nature can affect the marketing of financial services and electronic payment solutions in Nigeria, as only 72% confirm this fact.

4. Does the political and legal environment affect Nigeria's marketing of financial services and electronic payment solutions?

Table 4: Respondents who think the political and legal environment affects or does not affect the marketing of financial services in Nigeria

Answer	No. of Respondent	% of Respondent
Yes	25	100
No	-	-
Total	25	100

The above table shows that all the respondents confirmed that the Politics and Legal environment can effectively affect the marketing of financial services and electronic payment solutions in Nigeria.

5. Will Culture as an External environment affect the marketing of financial services and electronic payment solutions in Nigeria?

Table 5: Respondents who think culture as an external environment affects or does not affect the marketing of financial services in Nigeria

Answer	No. of Respondent	% of Respondent
Yes	23	92
No	2	8
Total	25	100

92% of the respondents support the fact that culture is a major determinant factor in the marketing of financial services and electronic payment solutions in Nigeria.

6. Does Technology as an external environmental factor affect the marketing of financial services and electronic payment solutions in Nigeria?

Table 6: Respondents who believe the technological environment affects or does not affect the marketing of financial services in Nigeria

Answer	No. of Respondent	% of Respondent
Yes	23	92
No	2	8
Total	25	100

The table above also shows that Technology is a major determinant factor in the marketing of financial services and electronic payment solutions in Nigeria. 92% of the Respondents support this fact, while only 8% do not.

7. What strategy does the company adopt to survive these external environmental forces?

Table 7: Survival strategies to mitigate external environmental factors

Answer	No. of Respondent	% of Respondent
Identifying the major external areas of interest to management	2	8
Assigning responsibility for each area of interest	-	-
Developing efficient systems for collecting and disseminating Information	-	-
All the above	23	92
Total	25	100

8. How does the company identify the specific disturbances in its environment?

Table 8: Identification of disturbances in the environment

Answer	No. of Respondent	% of Respondent
Identify the level of Impact	2	8
Identify the Probability of occurrence	-	-
Evaluating the Level of Impact and Probability of Occurrence	3	12
All the above	20	80
Total	25	100

9. How does the company identify its environmentally attractive arena to enjoy a differential advantage?

Table 9: How the company identify an environmentally attractive arena

Answer	No. of Respondent	% of Respondent
Identify the level of Impact	2	8
Identify Probability of Success	-	-
Evaluating the Level of Impact and Probability of Success	3	12
All the above	20	80
Total	25	100

10. Considering the company's Opportunities and Threats, how could one describe its business?

Table 10: How to describe the business considering opportunities and threats

Answer	No. of Respondent	% of Respondent
Ideal Business	-	-
Speculative Business	10	40
Mature Business	15	60

Trouble Business	-	-
Total	25	100

11. How does the company adapt effectively to the major threat(s) it is facing?

Table 11: How the company adapt to major threats

Answer	No. of Respondent	% of Respondent
Opposition	-	-
Modification	20	80
Relocation	5	20
Total	25	100

12. What method does the company adopt to produce long-range forecasts for its activities?

Table 12: Forecasting method adopted by the company

Answer	No. of Respondent	% of Respondent
Expert Opinion	-	-
Trend Extrapolation	4	16
Trend Correlation	3	12
Cross-Impact Analysis	12	48
Multiple Scenarios	6	24
Demand/Hazard Forecasting	-	-

TEST OF HYPOTHESIS

For the purpose of this research, Questions 1 to 6 in the distributed questionnaire will be used to test our hypothesis. We will employ the Chi-Square Test of Hypothesis to analyse our hypothesis.

NULL HYPOTHESIS

HO - Marketing of financial services and electronic payment solutions in Nigeria will not be affected by external factors in the marketing environment.

ALTERNATIVE HYPOTHESIS

H1 - The marketing of financial services and electronic payment solutions in Nigeria will be affected by external factors in the environment of marketing.

Test formula for Chi-Square

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where O = the Observed frequency of the distribution value. E = the expected frequency of the distributed value.

Table 13: Actual Frequencies in a Chi-Square Analysis

	Demo graphy	Econ omic s	Na ture	Politica l & Legal	Cul ture	Techn ology	T otal
Y e s	23	23	18	25	23	23	135
N o	2	2	7	0	2	2	15
	25	25	25	25	25	25	150

Table 14: Expected Frequencies in a Chi-Square Analysis

	Demogra phy	Econo mics	Nat ure	Political & Legal	Cult ure	Technol ogy	To tal
Y e s	22.5	22.5	22.5	22.5	22.5	22.5	135
N o	2.5	2.5	2.5	2.5	2.5	2.5	15
	25	25	25	25	25	25	150

The χ^2 calculation can now be made.

Table 15: Output of Chi-Square Analysis (χ^2 calculation)

Frequencies (O)	Frequencies (E)	(O – E)	(O – E) ²	(O – E) ² / E
23	22.5	0.5	0.25	0.01
2	2.5	-0.5	0.25	0.1
23	22.5	0.5	0.25	0.01
2	2.5	-0.5	0.25	0.1
18	22.5	-4.5	20.25	0.9
7	2.5	4.5	20.25	8.1
25	22.5	2.5	6.25	0.28
0	2.5	-2.5	6.25	2.5
23	22.5	0.5	0.25	0.01
2	2.5	-0.5	0.25	0.1
23	22.5	0.5	0.25	0.01
2	2.5	-0.5	0.25	0.1
χ^2				12.22

Let $\alpha = 0.05$ i.e. 5%

Critical region: If $\chi^2 > \chi^2_{\alpha, (r-1)(c-1)}$ reject H_0 , otherwise accept H_0 . $\chi^2_{0.05, (2-1)(6-1)}$

$$\chi^2_{0.05, (1)(5)} = \chi^2_{0.05, 5} = 11.07$$

$\chi^2 = 12.22 > \chi^2_{0.05, 5} = 11.07$, therefore we reject H_0 and accept H_1

With the above result, we now conclude that external factors in the marketing environment will affect the marketing of financial services in Nigeria.

5.1 SUMMARY OF FINDINGS

The study of the external environment's impacts on the marketing of financial services/products became necessary because of the business environment in which Nigerian organisations operate.

Suppose marketing managers apply some marketing principles in buoyant and depressed economies. In that case, they are bound to fail as the results of their actions would be incompatible with the realities of their environment. Therefore, managers today in Nigeria need a contingency perspective to organise marketing units and departments.

This contingency perspective assumes a functional relationship between environmental factors and appropriate structure to optimise goals. The study is, therefore, aimed at identifying the environmental factors that pose challenges to the marketing of Financial Services in the country, how they affect its market, how the company scan its environment systematically, how it identifies its environmental threats and opportunities, how it makes intelligent adaptation to the changing environment and lastly to recommend a solution based on findings.

From the preceding chapter's analysis, all the external environmental factors (Demographic et al., Culture, and Technology) were tested positively to affect the financial services marketing in Nigeria.

From the analysis in the preceding chapter, the company adopts some strategies to survive the environmental forces, that is, identifying the major external areas of interest and developing efficient systems for collecting and disseminating information. More so, for the company to identify the specific disturbances in its environment, the study revealed that it evaluates the impact and Probability of occurrence of these specific disturbances on the company and its business.

In other words, for the company to identify its environmentally attractive arena to enjoy a differential advantage, it also employs the methods of evaluating the level of impact and Probability of success of its environmentally attractive arena.

A thorough study of the data analysis revealed that the company's business is mature if the opportunities and threats facing it are considered. It is also analysed that the company adapts effectively to the major threat(s) it is facing through a modification strategy.

Lastly, the company formulates long-range forecasts for its activities using trend extrapolation, trend correlation, cross-impact analysis, and multiple scenarios.

5.2 RECOMMENDATIONS AND CONCLUSION
With the analysis in the earlier pages, the researcher would like to make the following recommendations to complete the usefulness of this study as a resource for

top management to formulate policies regarding these external influences.

Companies should first and foremost determine the various critical environmental factors that pose challenges to marketing their products.

After determining these external influences, companies should adopt some strategies to survive the environmental forces. They should identify the significant external areas of interest to management, assign responsibility for each area of interest, and develop efficient systems for collecting and disseminating information. Moreover, companies should identify the specific disturbances in their environment by identifying their level of impact, identifying the Probability of occurrence and later evaluating the level of impact and the Probability of occurrence.

Companies' environmentally attractive arena should be identified to enjoy a differential advantage by identifying the level of impact, identifying the Probability of success and evaluating the level of impact and the Probability of success.

However, the stages of a company's business should be determined by considering its opportunities and threats. It should be determined whether it is an Ideal, Speculative, Matured, or Troubled business. This will let the company know its marketing strategy to remain in the market or keep a larger market share.

The management of companies should also find a suitable and effective strategy to adopt in order for their organisation to adapt effectively to the major threats it is facing. The most suitable strategy should be adopted from the opposition strategy, modification strategy, and relocation strategy.

Companies' management must also adopt the most effective method (s) to produce their long-range forecasts for their activities. They could embark on any of the following methods: expert opinion, Trend Extrapolation, Trend Correlation, Cross-impact Analysis, Multiple Scenarios, and Demand/Hazard Forecasting.

With the recommendations, the researcher hopes that leaders of businesses will find it easier to formulate marketing policies with regard to

These external forces can also make intelligent adaptations to the changing environment.

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