

Risk

“Every form of payment has some risk associated with it.

- “Frank Agagnate”

E-payment system & role of risk management in tackling security challenges

An E-payment system is a way of making transactions or paying for goods and services through an electronic medium, without the use of cheques or cash. E-payment is one of the major constituents of e-commerce, which assists to enhance user efficiency and smarten intention to use of e-commerce in the digital era. The Nigeria e-payment industry has recorded a significant growth, especially in the last few years. It is a highly competitive market so providers are introducing new innovations, new market strategies and improved service delivery among other things to capture the market. People are becoming more comfortable and are therefore using the channels more. The electronic payment system has grown increasingly over the last decades due to the growing spread of internet-based banking and shopping.

Benefit of Using E-payment:

- **Increased Speed and Convenience:** E-payment is very convenient compared to traditional payment methods such as cash or cheque.
- E-payment also eliminates the security risks that come with handling cash money.
- **Increased Sales:** As internet banking and shopping become widespread, the number of people making cash payments is decreasing.
- **Reduced Transaction Cost:** While there are no additional charges for making a cash payment, trips to the store typically cost money, and checks also need postage.

Risk Associated with E-Payments

- Stolen Payment credentials and passwords.
- Dishonest merchants for financial service providers.
- Disputes over quality of services and products.
- **Fraud:** Electronic payment systems are prone to fraud. The payment is done usually after keying in a password and sometimes answering security questions. There is no way to verify the true identity of the maker of the transaction. As long as the password and security questions are correct, the system assumes you are the right persons. If this information falls into possession of a fraudster then they can defraud you of your money.
- **Security Concerns:** Although stringent measures such as symmetric encryption are in place to make e-payment safe and secure, it is still vulnerable to hacking. Fraudsters, for instance, use phishing attacks to trick unsuspecting users into providing the log-in details of their e-wallets, which they capture and use to access the victims' personal and financial information

• **Increased Business Costs:** E-payment systems come with an increased need to protect sensitive financial information stored in a business's computer systems from unauthorized access.

• **Disputed Transactions:** If someone uses your company's electronic money without your authorization, you would identify the unfamiliar charge and file a claim with your bank, online payment processor or credit card company.

Conclusion

Electronic payments are now much easier and less expensive in recent years. But the success of the e-payments, as well as all innovative payment methods depend on their ability to control the risk. E-Payment channels are convenient, faster, timely and a safer model for and during business transactions instead of the cash transactions.

The positive contributions of e-payment channels to national development can never be overemphasized. Therefore, to sustain and improve on the current height, we are of the opinion that the banks and other financial institutions should intensity efforts in mounting other e-payment channels to promote trade and commerce in Nigeria, the Central Bank of Nigeria should embark on intensive campaign for complete adoption of e-payments products especially at the grassroots, the government should provide enabling environment, good and reliable capacity utilization to promote business growth and national development.

Source: RIMAN, Bizfluent, Securion pay

RIMAN Upcoming Programmes

ICAAP & Stress Testing Training	19 th – 20 th of March 2020
RIMAN Quarterly Risk Round Table in conjunction with Moody's Analytics , Eko Hotel	26 th of March 2020
CRM Exam April Diet Stage 1 & 3	7 th of April 2020
CRM Exam April Diet Stage 2	8 th of April 2020