International Journal of Economics, Business and Management Studies
Vol. 3, No. 1, 47-54, 2016

E-Marketing Products and Financial Inclusion in Nigeria

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ABSTRACT

Financial inclusion have been identified by both developed and developing economies as one major means of boosting economic development. Majorly it has been seen as one means of acquiring and distributing capital. Yet, part of this capital in Nigeria has been seen to lie in the hands of the rural poor who as a consequence could not also access capital from the formal financial sector of the economy. They have seen no need to patronize the formal financial service providers. This has kept this portion of the Nigerian population financially excluded. Therefore, this paper explored the nature and trend of financial services in Nigeria; identified the benefits of financial inclusion in Nigeria; and enumerated the challenges to financial inclusion in Nigeria to include illiteracy and lack of awareness, Bank crisis, inflation and political instability. It further explored the roles of e-marketing in surmounting these challenges. It discovered that e-marketing products are yet to be fully appreciated in Nigeria, but when it is appreciated, it will to a very large extent encourage financial inclusion in Nigeria. It is on that note that recommendations were made.

Keywords: Marketing, E-marketing, Product, Finance, Financial inclusion, Nigeria.

DOI: 10.20448/802.3.1.47.54

Citation | Essien, Joseph M; Gbeghe, Boobura D; Kpunee, Henry N; Piabari, Nordum (2016). E-Marketing Products and Financial Inclusion in Nigeria. International Journal of Economics, Business and Management Studies, 3(1): 47-54.

Funding : This study received no specific financial support.

Competing Interests: The authors declare that they have no competing interests.

History : **Received:** 26 May 2016/ **Revised:** 10 June 2016/ **Accepted:** 15 June 2016/ **Published:** 18 June 2016

Publisher: Online Science Publishing

1. INTRODUCTION

From the reports of World Bank (2013b) “a world where everyone has access and can use the financial services he or she needs to capture opportunities and reduce vulnerability”, one can capture the move towards collapsing international boundaries and making the world a global village; and its reality being in the nature and trend of the nations’ economic development. Electronic marketing (e-marketing) being one of the moves to shrink the financial infrastructural gap and one of the newest developments in marketing strategies has come with many benefits both to the seller and the buyer alike. E-marketing can affect and be affected by financial inclusion. Customers may be put off from patronizing an e-product not because of the product, but same reasons (Aibek and Anastasia, 2014; Smith et al, 2015) that have held back financial inclusion in the country. Yet it is possible to increase financial inclusion through e-marketing since the use of mobile phone is rapidly increasing and people are increasingly becoming aware of online transactions. Therefore, the concepts of e-marketing and financial inclusion can be seen as two sides of a coin in the development of the Nigerian economy (Mihasonirina and Kangni, 2011). According to Beck et al (2007) in agreement with Grace et al (2003) the proliferation of ICT in African countries have not bridged the gap in their financial infrastructure as FinMark (2009) reports financial exclusion for most of the African population. And some other reports point to the fact that most of these excluded population are of the poor status (Mehrotra et al, 2009; Mihasonirina and Kangni, 2011, Kama and Adigun, 2013). Therefore, financial inclusion should be a major policy issue because of its benefit to the economy which includes the access to savings it gives to the poor (Mehrotra et al., 2009). This goes to say that financial inclusion promotes the economy through the distribution of capital, which lies in the hands of the large population of the rural farmers, cannot be distributed until it is acquired. Yet this rural population has so far depended on some form of informal financial services or the other which Bill and Melinda (2015) argued its risk to be majorly financial instability as a result of the unsafe nature of this services.

Nevertheless, limitations to financial inclusion via the many means of financial services have been reported in many countries especially the developing ones. According to Nur et al (2014) in Bangladesh, the major factors affecting the adoption of some banking services like the mobile banking include the financial cost, subjective norms, facilitating conditions, compatibility of values etc. In same vein, studies in Mongolia (Attanasio et al, 2011) and Hyderabad (Banerjee et al, 2013) mentioned improvement in welfare as one factor that affects the adoption of financial services. According to these studies a patron to a financial service like micro credits, expect an improvement in his social welfare where these credits will be invested. If therefore, such improvements are not recorded in the long-run, such patronage will begin to die. These and many other factors have been identified in different countries with different economic environment and cultures to challenge financial inclusion. This goes to say that policies towards achieving financial inclusion cannot be same for all economies. Therefore, on that note, this study will take a look at the e-marketing product and financial inclusion in Nigeria. The study shall take an overview of the nature and trend of marketing financial services in Nigeria, identify benefits of financial inclusion in Nigeria, enumerate the challenges to financial inclusion in Nigeria and describe the role of e-marketing in financial inclusion in Nigeria. These objectives are set to find answers to: what is the nature and trend of marketing financial services in Nigeria? What are the issues that have challenged financial inclusion in Nigeria? What are the benefits of financial inclusion in Nigeria? And how can e-marketing products help promote financial inclusion in Nigeria? To answer these questions, literatures shall be reviewed and theories on the e-market adoption shall be considered as well.

2. THEORETICAL IMPLICATION FOR THE ADOPTION OF E-MARKETING PRODUCTS AND FINANCIAL INCLUSION

There are other researchers that have theorized on adoption, but this discourse shall be using the Diffusion of Innovations Theory to describe the adoption of e-marketing in Nigeria. This will lead the discourse to the ‘why and why-not’ of adoption. According to Prashant (2013) to understand e-marketing one must consider how the consumer’s experience while shopping online is managed, from the identification of products to purchase and down to delivery and payment.The above is as a result of technological innovation which is the reality behind e-marketing. The diffusion theory evolved from a research that studied how consumers of information technology perceive online products (Tornatzky and Katherine, 1982; Rogers, 1995). In order to explain adoption of a new technological innovation like e-marketing, Rogers (1995) identified four facets out of which he used mainly three to explain adoption. According to him, to understand why people do or don't adopt the product of a new technology we should look at the new technology, the social system it originates, the channels of communication and time. Among these four facets, he focused only on the first three. And to give an explanation to the above points Rogers (1995) identified five attributes namely:

Relative advantage – refers to the value of the new technology in comparison to the older ones. Is this new innovation perceived as better than the previous ones? These are the reasons that can push consumers to adopt or not to adopt.

Complexity – this talks about the difficulty of use. An easier to use technology will be adopted before the more difficult one.

Compatibility – consumers are not ready to throw away their value for a new technology. So the new innovation will be easily adopted if it is in consonance with the existing values, experiences and needs of the consumers.

Observability – entails being able to see the result the use of this new technology. Notwithstanding the privacy needed in online transactions, it will be easier for people to adopt it if they see from those who have used it how easy and convenient it is to shop online.

Trailability – this has to do with the level of certainty of adoption based on the removal of doubt from the consumers mind. But Akturan and Tezcan (2010) argued and were supported by Nur et al (2014) that trailability does not have impact on adoption.

From the above, it could be observed that the adoption of e-marketing in Nigeria is dependent on how better the adopters see it in comparison with physical shops. And in that comparison, the technological skill of most Nigerians has constituted more set back as many Nigerians who handle phone only use it to make and answer calls. Moreover, those who even know how to buy or sell through the internet are challenged by the network situation of the network providers in Nigeria. These factors added together do not give a good result to e-marketing in Nigeria. Yet one cannot rule out the benefits of e-marketing as those challenges can be tackled and the powers of e-marketing for financial inclusion harnessed.

3. THE NATURE AND TREND OF MARKETING FINANCIAL SERVICES IN NIGERIA

According to Ekerete (2005) financial services in Nigeria have been provided over years without recourse to the users of these services. His argument is that financial services especially as it has to do with the banks has been the "armchair" services style, without considering the expectations or wants of the consumers. Okigbo (2001) then argued that the services rendered by financial service providers could not certainly be said to have the satisfaction of the customers in mind. Ekerete (2005) further opined that the recent development of banks and other financial service providers is occasioned by the proliferation of financial service providers which introduced stiff competition, thereby giving the consumers of these services several options to make choice. Studies (Aibek and Anastasia, 2014; Smith et al, 2015) have reported that these change in the trend of financial services towards acquiring and retaining the patronage of customers is as a result of several factors which include, proliferation and access to affordable technology, growth in customers' knowledge of the market, government policies etc. These have kept the financial service providers on edge with the continuous fear of losing patronage. And the benefit of this competition if harnessed can help the Nigerian government achieve financial inclusion for its teeming populace.

4. THE NIGERIAN ECONOMY AND THE BENEFITS OF FINANCIAL INCLUSION

Ardic et al (2011) identified the achievement of higher level of financial inclusion as a global issue since it is not only the developing economies' problem but that of even developed economies. According to Sanusi (2011) the exclusion of some of the Nigerian population contributes to the high level of poverty in Nigeria and therefore, he argued that optimizing financial inclusion amounts to empowering about 70 % of the Nigerian population. Andrianaivo and Kpodar (2011) opined that financial inclusion means greater access to credit facilities which will boost savings, and savings will consequently give households access to finance and therefore the ability to be productive. This is an agreement to Chong and Chan (2010) assertion that the need for economic growth can be achieved when the financially excluded populations are integrated into the economy. And this can be done through financial inclusion when "a well functioning financial system creates equal opportunities for the citizens. Mohan (2006) added that financial inclusion is beneficial in many ways, both for regulation and even the consumers. For the regulators, it helps in monitoring financial and general economic activities in the nation. And for the consumers, there are many other activities like remittances that one can perform through his or her bank account that will help him save cost and time. E-transactions cannot be possible without financial inclusion via some sort of bank account. Financial inclusion therefore, gives the poor and low income earners the opportunity to save borrow and be able to carry electronic transactions which can better their life.

5. CHALLENGES TO FINANCIAL INCLUSION IN NIGERIA ECONOMY

According to Chitra (2012) financial inclusion in Nigeria could be measured by the level of access people have to financial services. But according to Job et al (2015) the Nigerian economy over years has depended on cash transaction and less of banking services patronage. But then the government of Nigeria, recognizing the need to boost financial inclusion and started with the introduction of policies that can increase financial inclusion. One of such policies as mentioned by Kama and Adigun (2013) is the introduction of rural banking programme by the Central Bank of Nigeria. Nevertheless, according to Oluba (2008) this policy and others like it have had some effect on the Nigerian economy and financial inclusion specifically. Yet they have not really solved the problems of financial inclusion as much of the nation's population especially those in the rural areas still have or see no need for banking or formal financial services. Oluba (2008) argued that this is as a result of the 1990s bank distress, inflation and political instability. According to Kama and Adigun (2013) the Nigerian government established banks and initiatives like the NERFUND which was targeted at meeting the low income and rural entrepreneurs so as to promote Small and Medium Enterprises. The objectives of these policy programmes was never to be achieved as these financial service providers had to put up strict requirements like the mainstream banks. These requirements were not met by some of the target consumers or were sometimes seen as cumbersome and therefore, unworthy of the benefit it is set to yield. More interesting to the subject of this discourse is the challenges that have to do with the new technologies in the provision of financial services. This was identified by Jaime (2014) as the new risks of digital financial inclusion to confirm Kama and Adigun (2013) assertion that the e-channels that are suppose to make banking services more accessible have remained inefficient, thereby increasing the challenges of financial inclusion in Nigeria.

6. E-MARKETING PRODUCTS AND FINANCIAL INCLUSION IN NIGERIA

According to Trepper (2000) any business without a web presence is automatically putting itself out of the competition and in the author's words "will eventually be left in the technological dust". But Prashant (2013) argued that ventures can be transformed from observing mere web presence into successful e-ventures. This could be done through the incorporation of the 7 Cs as proposed by Prashant: Contract, Content, Construction, Community, Concentration, Convergence, and Commerce.

There is the argument by Prashant (2013) against the 4 Ps of the brick and mortar marketing, that it is not consumer conscious. But e-marketing revolves around the consumer which pushes the marketers to see things in the eyes of the consumer and make the management listen closely to all the suggestions made by the consumer about their product from start to finish. This goes to say that e-marketing pays more attention to customer satisfaction than does the brick and mortar kind of marketing. The major difference identified between e-marketing products and other marketing strategies is found in e-marketing use of technology which allows interaction between consumers and producers or suppliers of products (Barwise and Farley, 2005). This unique characteristic of e-marketing which also include its ability to network both consumers and suppliers (Olomu and Irefin, 2015) gives it much value in the promotion of financial inclusion. Research reports have shown that Information and Communication Technology is making waves in the development of many nations' economy, but more so in the production and automation stages, than in the marketing services (Fletcher and Wright, 1997; Peatie and Peters, 1997; Ieverick et al, 1998). Nevertheless, studies have shown that marketing has positive impact on sales growth and the development of enterprises (John and Davies, 2000; Otero et al, 2009). These studies argued further that marketing influences business performance. This goes to say that since e-marketing is technologically based, and can allow the consumer to stay in the comfort of his home and transact business directly with the bank online. It adds more convenience for consumers and allows them more control and choice, it is therefore enough to argue that a firm using e-marketing strategies will achieve more than the firm that does not. Yet studies have shown that the adoption of e-marketing is still in the elementary stage in many countries (Coviello et al, 2001; Barwise and Farley, 2005; Brodie et al, 2006) and some who adopt it do so as a supplement for the brick and mortar strategies. It is therefore, necessary to point that for Nigeria to reap the fruits of e-marketing for financial inclusion there is the need to understand the values and encourage e-marketing especially as it has to do with financial services in Nigeria. Rachael et al (2013) in their impact analysis of online technology and marketing of financial services in Nigeria concluded that in Nigeria there is low impact of e-marketing of financial services; that this is due to poor infrastructure, power supply, low level of awareness and e-payment bottleneck; and to solve this challenges so as to improve on the e-marketing of financial services in Nigeria, they suggested an own ICT infrastructure for Nigeria, provision of steady power supply, awareness campaign, improvement in banks and government policies that will help solve the e-payment bottlenecks. Jenyo and Soyoye (2015) on their own, in a case study of selected Nigerian Firms analyzed e-marketing and consumer purchase behaviour. Their study revealed that e-marketing products influences consumers' decision to buy; that the internet infrastructure also influences consumers' purchasing behaviour; and that internet security also influences consumers' online purchasing decision. This confirms earlier researches (Ha et al, 2002; Shankar et al, 2003; Nur et al, 2014) who agreed that infrastructure and security in electronic transaction affects consumers purchasing decisions.

7. CONCLUSION

Financial inclusion could be said to be synonymous to economic development, since it is one good means of acquiring and distributing capital. Therefore, it will be a negative influence on any economy for its economic policies to overlook financial inclusion. Much of the Nigerian population has been observed by researchers to be financially excluded, especially in the rural areas. The paper has identified challenges to financial inclusion in Nigeria to include illiteracy, Bank crisis, inflation and political instability. So notwithstanding the benefits financial inclusion to the economy, these challenges have to be tackled to give the consumers of financial services the confidence needed to leave their fund in their hands. And one of the ways of overcoming these challenges as have been identified and discussed in the study is to explore the possibilities brought by the e-marketing products.

8. RECOMMENDATIONS

The e-marketing products having been identified to come with many benefits, major of which are: the control, choice and convenience it gives to consumers, can be explored to the benefit of financial inclusion in Nigeria. It is on this note that the study recommends as follows:

1. The study agrees first with Rachael et al (2013) that the country needs to have their own ICT infrastructure. This will reduce to a large extent the cost e-marketing products. When a supplier doesn't have to pay much to sell his product online, he will chose it over brick and mortar marketing and the buyer will not spend no or little amount to be online, why won't he buy online. By so doing, he must maintain an account with the bank at least to be able to make such purchase.
2. Nigeria should increase the war against illiteracy with due diligence. This war against illiteracy should now include computer illiteracy. This is to suggest that the government through the ministry of education should make computer studies a compulsory subject right from the primary schools.
3. The Central Bank of Nigeria being the regulatory body of the banking sector should check inflation. This could be done by encouraging the youth to engage in innovative ventures especially technological innovations. This will introduce new technological products into the market, attract foreign investment, reduce unemployment and poverty, and help money circulate and therefore reduce or eliminate inflation at the long run.
4. The government can also give subsidy to the purchase of ICT devices which will help people appreciate and patronize e-marketed products.

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