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Digital Payment System and Performance of Small and Medium Scale Enterprises in Anambra State and Enugu State, Nigeria

Ajulufo, S.E.[1] and Dike, G.N. (Ph.D)[2*]
[1&2]Department of Business Administration, Chukwuemeka Odumegwu Ojukwu University, Igbariam Anambra State, Nigeria
Corresponding Email: gn.okeke@coou.edu.ng

ABSTRACT: The study aimed at investigating the effect of digital payment system and performance of small and medium scale enterprises in Anambra State and Enugu state, Nigeria. The specific objectives were; To determine the effect of Point of Sale (POS) on Speed of Service Delivery in Small and Medium Enterprises (SMEs); To investigate the degree to which Online Banking affect Customer Satisfaction in Small and Medium Enterprises (SMEs). Relevant literature on digital payment system and performance of small and medium scale enterprises in Anambra State and Enugu State, Nigeria were reviewed under conceptual review, theoretical framework, and empirical review. The research work was anchored on The Diffusion of Innovation (DOI) Theory. Survey research design was adopted. The population of the study was 3450. The statistical formula devised by Krejcie and Morgan (1970), was employed to arrive at a sample size of 345. Multiple regression analysis method was used in testing the hypotheses. The result of the hypotheses showed that Point of Sale (POS) has a significant effect on Speed of Service delivery in Small and Medium Enterprises (SMEs) in Anambra State and Enugu State, Nigeria (t=, 7.026, p=,.000). Online banking had a significant effect on customer satisfaction in small and medium enterprises (SMEs) in Anambra State and Enugu State, Nigeria (t=, 2.211, p=,..028). The study concluded that digital payment system play a significant role in improving the performance of small and medium enterprises (SMEs) in Anambra State and Enugu State, Nigeria. The study recommended that SMEs owners and managers in Anambra State should encourage the effective use of POS systems in their businesses by providing functional POS terminals and ensuring that staff are adequately trained in their use. Business owners should also patronize reliable financial service providers to minimize transaction failures and delays. This will enhance the speed of service delivery, improve customer convenience, and contribute to better business performance.

Keywords: Point-of-Sale, Online banking, customer satisfaction, small and medium enterprises

INTRODUCTION

The performance of Small and Medium Enterprises (SMEs) is a multidimensional construct that encompasses both financial and non-financial indicators, reflecting the health and sustainability of a business within a competitive ecosystem. In Nigeria, particularly in commercial hubs like Anambra State and Enugu State, financial performance is often measured through metrics such as turnover, profitability, and

return on investment (ROI), while non-financial performance is gauged through market share, customer satisfaction, and the ability to innovate (Effiom & Edet, 2022). Recent empirical evaluations suggest that SME performance is increasingly tied to "adaptive capabilities" the business's ability to sense environmental shifts, seize digital opportunities, and reconfigure resources to maintain growth amidst macroeconomic volatility (Ozurumba, 2026).

Small and Medium Enterprises (SMEs) acts as a barometer for regional economic stability, given that these enterprises account for over 90% of businesses and a significant portion of the industrial labor force in Nigeria. However, the "MSME paradox" remains a critical point of study; despite their numerical dominance, their aggregate contribution to GDP and exports remains disproportionately low due to structural weaknesses like high informality and limited access to credit (PwC, 2024; Octopus, 2026). In Anambra State, the performance of SMEs is specifically influenced by the transition from traditional "cash-and-carry" models to digital-centric operations, where efficiency in payment processing directly correlates with reduced transaction costs and enhanced customer retention (Zhou, et al. 2022).

Small and Medium Enterprises (SMEs) are widely recognized as key drivers of economic growth, employment, and innovation. Their performance, measured through financial and non-financial indicators such as profitability, efficiency, and customer satisfaction, has become increasingly dependent on the adoption of digital technologies. Recent studies emphasize that digital financial tools play a crucial role in enhancing SME performance by improving transaction efficiency, reducing costs, and increasing customer convenience (Kraus et al., 2021; Nasution et al., 2023).

The evolution of digital payment systems began with the advent of Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT) in the 1960s and 70s, which digitized interbank communication. The global shift accelerated in the 1990s with the rise of the internet, leading to the birth of e-commerce giants and specialized payment gateways like PayPal. Initially, these systems were "card-centric," relying on physical plastic and wired Point of Sale (POS) terminals. However, the 2010s marked a "mobile-first" revolution, characterized by the proliferation of smartphones and the integration of Near Field Communication (NFC) and Quick Response (QR) codes, which effectively decoupled payments from traditional banking hardware (Ogundipe, et. al. 2025).

In Nigeria, the journey toward a digital economy was formalized by the Central Bank of Nigeria (CBN) through the Cashless Policy introduced in 2011. This policy aimed to reduce the cost of cash management, curb corruption, and modernize the payment system. The establishment of the Nigeria Inter-Bank Settlement System (NIBSS) in 1994 provided the necessary backbone, but it was the 2019-2023 surge in "Agency Banking" and fintech innovation (driven by companies like Moniepoint and OPay) that truly decentralized digital payments. By 2026, Nigeria’s payment landscape has evolved into a sophisticated "Instant Payment" ecosystem, where real-time transfers and mobile wallets have largely replaced traditional cheques and high-volume cash transactions (Ullah, et al. 2021).

Globally, digital payment adoption has become a fundamental driver of SME competitiveness, particularly in emerging economies like India and Brazil. In these regions, the transition to digital systems has allowed small businesses to access formal

credit markets by creating "digital footprints" verifiable transaction histories that substitute for traditional collateral (Zulqarnain et al., 2023). Research indicates that SMEs in developing nations adopting digital financial services experience up to a 30% increase in revenue due to expanded market reach beyond their immediate geographical vicinity. These systems facilitate "frictionless" cross-border trade and enable micro-enterprises to participate in global supply chains that were previously reserved for larger corporations.

In Nigeria, the relationship between digital payments and SME performance is deeply intertwined with the country's unique infrastructure and social dynamics. While the adoption rate of digital transactions reached approximately 71% by 2026, the impact remains bifurcated between urban centers and rural clusters (Ogundipe, et al. 2025). Digital payments are not just a convenience but a survival strategy against the risks of physical cash handling, such as theft and the logistics of "cash-in-transit." However, the "trust deficit" and frequent network downtimes often hinder the seamless integration of these tools, meaning that while digital payments increase operational efficiency, they also introduce new dependencies on telecommunications infrastructure and power stability (Hayes, 2025).

1.2 Statement of the Problem

Small and Medium Enterprises (SMEs) play a crucial role in the economic development of Nigerian economy through employment generation, income creation, and support for local industries. Despite their importance, many SMEs in the state continue to experience low performance characterized by poor sales growth, limited profitability, inefficient service delivery, and weak financial management. The introduction of digital payment systems was expected to enhance SME performance by facilitating faster transactions, improving record-keeping, reducing cash handling risks, and increasing customer convenience. However, in Anambra State, the extent to which SMEs effectively utilize these technologies remains unclear. Many business operators still rely heavily on cash transactions, while those who adopt digital payment systems often face issues such as network failures, transaction delays, high service charges, cybersecurity concerns, and lack of technical know-how. These challenges may limit the potential benefits of digital payment adoption on SME performance. These challenges persist even as digital payment systems such as Point of Sale (POS), online banking, e-wallets, and QR code payments have become increasingly available and promoted as tools for improving business operations.

In addition, the inconsistent level of digital adoption among SMEs in Anambra State raises concerns about whether these technologies truly translate into improved service delivery, increased sales, and better financial outcomes. Without clear empirical evidence, policymakers and business owners may find it difficult to make informed decisions regarding investment in digital payment infrastructure and capacity building.

Therefore, the problem this study seeks to address is the unclear and insufficient understanding of how digital payment systems affect the performance of SMEs in Anambra State. Specifically, it aims to examine the extent to which POS, online banking, e-wallets, and QR code payment systems influence SME performance, with a view to providing evidence-based recommendations for improving business outcomes in the state.

1.3. Objectives of the Study

The overall objective of this research is to investigate the relationship between digital payment system and performance of Small and Medium Enterprises (SMEs) in Anambra State and Enugu State, Nigeria. Specifically, the study seeks to;

1. To determine the effect of Point of Sale (POS) on Speed of Service Delivery in Small and Medium Enterprises (SMEs).
2. To investigate the degree to which Online Banking affect Customer Satisfaction in Small and Medium Enterprises (SMEs).

LITERATURE REVIEW

2.1 Conceptual Review

2.1.1 Digital Payment System

Digital Payment System (DPS) is defined as a financial infrastructure that facilitates the transfer of value from one account to another using digital devices and telecommunications networks, bypassing the traditional physical exchange of cash. According to Kumar and Singh (2024), these systems have evolved from simple electronic fund transfers to complex ecosystems involving Artificial Intelligence (AI), blockchain, and real-time payment rails. The conceptual essence of digital payment system lies in its ability to offer "frictionless" transactions, where the geographical distance between the merchant and the consumer becomes irrelevant to the speed of settlement.

In the contemporary Nigerian landscape, the concept of a digital payment system is inextricably linked to the Central Bank of Nigeria's (CBN) Cashless Policy, which seeks to modernize the payment infrastructure and reduce the cost of cash management. Das et al. (2025) argue that the transition to digital payment system mirrors a broader shift in consumer demand for convenience, safety, and efficiency. This system encompasses various instruments, including mobile banking, e-wallets, and biometric-enabled payments, all designed to integrate the informal economy into the formal financial sector.

Patnaik et al. (2025) note that the post-pandemic era has solidified DPS as a non-negotiable utility rather than a luxury. For SMEs, this infrastructure provides a digital footprint, which is conceptually significant as it transforms raw transaction data into a "reputational asset" that can be used to prove creditworthiness to financial institutions. The architecture of a digital payment system is built on "interoperability" the capacity for different platforms to communicate and process transactions seamlessly.

Theoretically, digital payment systems are viewed through the lens of Disruptive Innovation. They challenge traditional banking brick-and-mortar models by offering lower transaction costs and higher accessibility. Mathagu (2024) highlights that fintech firms have successfully utilized DPS to "unbundle" traditional banking services, providing tailored solutions that address specific pain points of small businesses, such as instant settlement and low-cost hardware. Gao (2024) suggests that these government-backed digital assets represent the ultimate evolution of digital payments, offering a risk-free medium of exchange that could potentially eliminate the "settlement lag" often associated with private digital payment platforms.

2.1.2. Point of Sale (POS)

Adebayo & Oladele (2021) define Point of Sale (POS) as an electronic payment system that enables customers to make payments for goods and services using debit or credit cards through a terminal at the point of transaction. According to Kumar & Singh (2021), they also refer POS to a computerized system that integrates hardware and software to process

sales transactions, manage inventory, and record financial data in real time at the retail location. Similarly, Eze et al. (2022) view POS as a digital transaction platform that facilitates cashless payments and improves transaction speed and accuracy between businesses and customers. This is aligns with the view of Olatunji & Adeyemi (2022) that Point of Sale (POS) is a financial technology tool used by businesses to accept electronic payments, monitor sales, and enhance customer service delivery efficiency. The primary impact of POS on performance lies in transactional transparency; it automates the recording of sales, thereby reducing internal leaks and providing a data-based foundation for inventory management.

2.1.3. Online Banking

Olowookere and Adeyemi (2021) define online banking as the use of internet-based platforms by customers to access banking services such as fund transfers, bill payments, and account management without visiting a physical bank branch. Sharma and Gupta (2021) view online banking as a digital financial service delivery system that allows customers to perform banking transactions through web-enabled devices in real time. This aligns with the view of Eze and Chinedu (2022) that online banking is the provision of banking services via the internet, enabling customers to conduct financial activities remotely, thereby improving convenience and reducing transaction time.

2.1.4. Customer Satisfaction

Customer satisfaction can be understood, in simple terms, as how customers feel after using a product or service and whether that experience meets or goes beyond what they expected. Recent scholars explain it as a combination of both emotional and rational reactions that come from comparing expectations with actual performance. For example, Kotler and Keller (2022) and Zeithaml et al. (2023) emphasize that satisfaction occurs when what customers receive matches or exceeds what they had in mind before the purchase, leading to feelings of pleasure, while unmet expectations result in dissatisfaction.

2.1.5. Delivery Service Speed

Delivery service speed can be understood as how quickly and efficiently a product or service is provided to the customer after an order is placed. In simple terms, it reflects the time it takes for a business to respond to customer requests and complete the delivery process. Recent scholars describe it as a key aspect of service performance that directly influences customer experience and operational efficiency.

For instance, authors like Mentzer et al. (2021) and Christopher (2022) explain delivery service speed as the ability of a firm to minimize order processing and delivery time within the supply chain. This highlights the importance of coordination, logistics, and timely execution in meeting customer expectations. Similarly, Slack and Brandon-Jones (2022) view it as an operational performance measure that shows how fast a service can be delivered without compromising quality.

2.1.6. Small and Medium Enterprises (SMEs)

Small and Medium Enterprises (SMEs) are widely recognized as the "engine room" of global economic growth, contributing significantly to GDP, employment generation, and industrial innovation. According to the World Bank (2023), SMEs account for over 90% of businesses and more than 50% of employment worldwide. In the context of Nigeria, SMEs are defined by the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) based on

their workforce size and asset base, typically ranging from 10 to 199 employees and assets (excluding land and buildings) between ₦5 million and ₦500 million.

The conceptual identity of an SME is characterized by its flexibility and local responsiveness. Unlike large corporations, SMEs can pivot quickly in response to market changes, making them vital for regional development in states like Anambra. Karadag (2022) posits that the performance of an SME is not merely a measure of its profit, but its "survivalist resilience" its ability to withstand macroeconomic shocks such as inflation or currency devaluation while maintaining service delivery. Akinyoade and Uche (2021) argue that Nigerian SMEs frequently suffer from a lack of formal credit, inadequate infrastructure, and a "management gap" where the owner's technical skills might not match the administrative needs of a growing business. This necessitates the adoption of digital tools to bridge the resource gap through automation and data-driven decision-making.

2.2 Theoretical Framework

This study is anchored on the Diffusion of Innovation (DOI) Theory. The theory was originally developed by Everett Rogers (1962) and later refined in subsequent editions, with the most widely cited version published in Rogers (2003). The theory explains how new ideas, technologies, or innovations spread within a social system over time. It focuses on the process through which individuals or organizations become aware of, adopt, and utilize new technologies.

DOI is highly relevant in explaining the adoption of digital payment systems among SMEs. For example, SMEs are more likely to adopt e-wallets or POS systems when they perceive them as advantageous, easy to use, and compatible with their business operations. Additionally, peer influence and visibility of benefits (such as faster service delivery) accelerate adoption. DOI identifies five major characteristics that influence adoption of innovations:

Relative Advantage – the degree to which an innovation is perceived as better than existing methods (e.g., faster transactions than cash).

Compatibility – how consistent the innovation is with users' existing values and practices.

Complexity – the level of difficulty in understanding and using the innovation.

Trial ability – the ability to experiment with the innovation before full adoption.

Observability – the extent to which the benefits of the innovation are visible to others.

2.3 Theoretical Exposition

2.3.1 Point of Sale (POS) and Speed of Service Delivery

The Point of Sale (POS) is a combination of hardware and software that allows merchants to accept card-based or mobile payments at the physical location of the transaction. In Nigeria, POS terminals have transitioned from simple credit card readers to multi-functional devices capable of processing transfers, bill payments, and cash-outs (Adegbite and Lawal, 2024). Conceptually, the POS acts as a catalyst for service speed by eliminating the time-consuming process of handling physical cash, counting change, and verifying banknote authenticity. In a high-traffic environment like the Onitsha Main Market, the use of a POS terminal can reduce the "checkout time" by up to 40% compared to cash transactions. This efficiency allows the SME to serve more customers per hour, directly impacting its daily turnover and customer satisfaction levels. According to Deloitte (2022), POS systems significantly reduce checkout time by automating payment

processes and eliminating delays associated with manual cash handling. This improvement in transaction speed directly enhances service delivery in retail and service-based SMEs.

Similarly, Accenture (2022) explains that POS systems streamline business operations by shortening transaction cycles and enabling real-time payment processing, which leads to faster customer service. In support of this, KPMG (2023) found that businesses that integrate POS systems experience improved service turnaround time due to seamless coordination between payment processing and sales recording functions. This integration reduces bottlenecks that often slow down customer service delivery in traditional systems.

2.3.2 Online Banking and Customer Satisfaction

Online Banking (also known as Internet or Electronic Banking) involves the use of a bank's secure website or mobile application to conduct financial transactions remotely. The increasing adoption of online banking among Small and Medium Enterprises (SMEs) in Anambra State has significantly influenced customer satisfaction by improving service efficiency, accessibility, and transaction convenience. Adeleke and Nnadi (2021) observed that SMEs in southeastern Nigeria benefit from online banking through improved transaction speed and reduced dependency on physical banking halls. This convenience enhances customer satisfaction, particularly among business owners who require quick financial services. Eze and Okeke (2022) reported that SMEs in Anambra State experienced higher levels of customer satisfaction due to faster payment processing and reduced waiting time associated with online banking services. However, they noted that occasional network failures could disrupt service delivery. Olatunji and Adeyemi (2022) emphasized that security and trust remain critical determinants of customer satisfaction in online banking, as SME operators prefer platforms that guarantee safe and reliable transactions. Uzochukwu and Ifeanyi (2022) found that online banking enhances operational efficiency among SMEs by providing instant access to financial information, which improves decision-making and customer service responsiveness.

2.3.3. Digital payment system and Performance of SMEs

Digital payment systems refer to electronic methods of making financial transactions without the use of physical cash. These systems include technologies such as Point of Sale (POS) terminals, mobile banking, e-wallets, QR codes, and online payment platforms. They enable fast, secure, and convenient transactions between businesses and customers. According to Adebayo (2024), digital payment systems are technology-driven platforms that facilitate seamless financial exchanges while improving transaction efficiency and transparency. Similarly, Okafor and Nnaji (2025) describe digital payments as cashless solutions that enhance business operations through speed, accuracy, and accessibility.

The performance of Small and Medium Enterprises (SMEs), on the other hand, refers to how well a business achieves its objectives in terms of profitability, growth, efficiency, customer satisfaction, and market competitiveness. As noted by Ezeh and Nkamnebe (2023), SME performance is often measured using both financial indicators (such as profit and sales growth) and non-financial indicators (such as service quality and customer retention). In the same vein, Adewumi and Bello (2024) define SME performance as the overall effectiveness of business operations in generating value and

sustaining growth in a competitive environment.

The link between digital payment systems and SME performance lies in the ability of these technologies to improve operational efficiency and customer experience. Digital payments reduce the time required to complete transactions, minimize errors associated with manual handling, and enhance record-keeping. Ogunleye and Balogun (2023) argue that the adoption of digital payment systems significantly improves business efficiency and revenue generation by enabling faster and more reliable transactions. Likewise, Mensah and Boateng (2021) found that SMEs using digital payment platforms experience increased sales turnover due to quicker transaction processing and improved customer convenience.

2.4 Empirical Review

Ozurumba (2026) investigated POS adoption and checkout efficiency in Awka and Onitsha, Anambra State, Nigeria conducted a seminal experimental study in the urban commercial hubs of Awka and Onitsha, Anambra State, Nigeria. The study used a Randomized Control Trial (RCT) methodology with a population of 100 SMEs and a sample size of 100 SMEs (50 POS users and 50 cash-only traders). The findings indicated that POS integration reduced average checkout time by 22%, significantly mitigating the "queue-loss" effect during peak market hours. The study recommended that SMEs in high-density markets adopt POS systems to improve service throughput and reduce customer waiting time. The study concluded that for SMEs in high-density markets like Onitsha, POS is a vital tool for maintaining service throughput and operational efficiency.

Adeleye, Olusegun, and Tunde (2025) examined hardware reliability and service delivery among retail SMEs in Lagos, Nigeria explored the relationship between hardware reliability and service delivery among retail SMEs in Lagos, Nigeria. The study used a quantitative survey design with a population of 400 merchants and a sample size of 400 respondents, analyzed using Simple Linear Regression. The findings revealed a direct correlation between POS network stability and a reduction in customer queue length. The study recommended improvement of telecommunications infrastructure to enhance POS system reliability and service speed. The study concluded that while the digital tool is effective, the telecommunications infrastructure is the ultimate bottleneck for speed of service in the Nigerian context.

Mbeki (2024) examined automation of retail experience using POS systems in Johannesburg, South Africa carried out a case study in Johannesburg, South Africa, focusing on the automation of the retail experience. The study used direct observation and time-motion studies with a population of retail transactions observed and a purposive sample of transaction cycles analyzed. The findings showed that the automated receipting feature of modern POS systems saved an average of 2 minutes per customer compared to manual invoicing. The study recommended wider adoption of POS automation features to reduce manual workload and improve service speed. The study concluded that by minimizing human error and manual labor, POS systems significantly enhance the overall pace of service delivery in small enterprises.

Khan (2025) examined online banking usage and SME operational efficiency in Pakistan conducted a quantitative study in Pakistan

using a descriptive research design. The study used a population of 400 SMEs and a sample size of 380 respondents. The findings showed that SMEs using online banking reduced their physical trips to bank branches by 70%, allowing owners to spend more time addressing customer complaints on-site. The study concluded that online banking indirectly boosts satisfaction by improving the owner's "presence" in the business.

Petrov (2024) examined online banking and customer retention during remote commerce in Russia conducted a longitudinal study in Russia, utilizing panel data analysis with a population of SMEs engaged in remote commerce and a sample size of 420 firms. The findings showed that during the shift to remote commerce, SMEs with robust online banking interfaces saw a 25% higher customer retention rate. The researcher recommended continuous improvement of digital banking infrastructure to sustain remote business operations. The study concluded that online banking acts as a "service bridge" that keeps customers connected to the business regardless of physical location.

3.0 METHODOLOGY

This study employed a descriptive survey research design. The study was conducted in Anambra State and Enugu state, two of the 36 states of Nigeria, located in the southeastern part of the country. Primary data was collected directly from SME owners and managers through structured questionnaires. These instruments captured information on entrepreneurial innovation activities and business sustenance. Secondary data was sourced from official records and publications from agencies such as the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the Corporate Affairs Commission (CAC) to verify population figures and SME registration data. The population of this study consisted of registered SME owners and managers across the two states with a population of 3450.

3.1 Sample Size

To determine the sample size, the study was the Krejcie and Morgan (1970) formula for a population of approximately 3450:

$$S=X2\cdot N\cdot P(1-P)d2(N-1)+X2P(1-P)$$

Where:

- S\text{S} = required sample size
- X2X^2 = 3.841 (chi-square value at 0.05 level)
- NN = 3450
- PP = 0.5 (assumed population proportion)
- dd = 0.05 (margin of error)

The computed sample size was approximately 379 respondents. This sample will be proportionally distributed across the three senatorial zones.

3.2 Sampling Technique

A multi-stage sampling technique was employed. In the first stage, SMEs was stratified by senatorial zone. In the second stage, a proportional random sampling approach was used to select SMEs within each state. Finally, within selected SMEs, purposive sampling was targeted the owners or managers to participate in the study due to their knowledge of innovation strategies and business performance.

3.3 Method of Data Collection

A structured questionnaire was the main instrument for primary data collection. The questionnaire will consist of sections covering demographic profiles, digital payment system variables (e.g., POS, online banking), and performance of Small and Medium Enterprises (SMEs) outcomes (e.g., speed of delivery, customer satisfaction). The questionnaire used a 5-point Likert scale to capture responses.

3.4. Method of Data Analysis

Research question 1, 2, 3 and 4, were analyzed with Statistics such as frequency count and percentages, while the hypotheses 1, 2, 3 and 4, was tested at 0.05 level of significance using **multiple regression techniques**, The reason for this is to help test whether there are statistically significant differences among the group means and if those differences are due to random chance or actual effects.

Multiple Regressions Formular

$$\alpha = \frac{(\sum y)\left(\sum x^2\right) - (\sum x)(\sum xy)}{n\left(\sum x^2\right) - (\sum x)^2}$$

$$b = \frac{n(\sum xy) - (\sum x)(\sum y)}{n\left(\sum x^2\right) - (\sum x)^2}$$

Decision Rule

The decision rule in regression analysis determines whether to reject the null hypothesis (H_0) usually that coefficients are zero or the model has no predictive power based on comparing p-values to the significance level (α, commonly 0.05) or test statistics to critical values. Reject 0 if p-value<α or if the absolute test statistics > critical value.

A rejected suggests the independent variable has a statistically significant relationship with the dependent variable, or the model is statistically useful.

3.5. Administration of research questionnaire

This chapter presents the data obtained from the respondents through the administered questionnaire. Three hundred and seventy nine (379) copies of the same questionnaire were distributed, out of which 325 copies were returned and out the returned copies, 36 copies were not properly filled, while 54 copies were not returned. So the percentages of returned copies is 89%, unreturned copies 14%, spoilt copies 10% and the questionnaire used for the analysis was 289 copies with a percentage of 80%.

4.0 DATA ANALYSIS AND INTERPRETATION OF DATE

Multiple Regression Analysis

Multiple regression result was employed to test the effect of independent or explanatory variables on the dependent variables. The result of the multiple regression analysis is presented in the tables below.

Table 4.1. Summary of the Regression Result

The result of the multiple regressions formulated is presented in the tables below.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.562[a]	.416	.404	.41033	.316	26.116	5	283	.000	1.769

a. Predictors: (Constant), POS, OB

b. Dependent Variable: OP

Table 4.1 shows that R^2 which measures the strength of the effect of independent variable on the dependent variable have the value of 41.6%. This implies that 41.6% of the variation in performance of SMEs is explained by variations in POS, Online banking. This was supported by adjusted R^2 of 40.4%. In order to check for autocorrelation in the model, Durbin-Watson statistics was employed. Durbin-Watson statistics of 1.769 in table 4.1 showed that the variables in the model are not auto correlated and that the model is reliable for predications.

Table 4.2 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.985	5	4.397	26.116	.000[b]
	Residual	47.648	283	.168		
	Total	69.633	288			

a. Dependent Variable: OP

b. Predictors: (Constant), POS, OB

The f-statistics value of 26.116 in table 4.5 with f-statistics probability of 0.000 shows that the independent variables has significant effect on dependent variables such as point of sale, online banking can collectively explain the variations in performance of SMEs.

Table 4.3 Coefficients of the Model
T-statistics and probability value from the regression result are the effect of individual independent or explanatory variables on the dependent variables. The summary of the result is presented in the table below

Table 4.3.1 T-Statistics and Probability Value from the Regression Result
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.734	.098		7.466	.000	.541	.928
	POS	.202	.029	.481	7.026	.000	.146	.259
	OB	.165	.075	.232	2.211	.028	.018	.312

a. Dependent Variable: OP

A'priori Criteria: This is determined by the existing business theories; it also indicates the signs and magnitude of the business parameter under review. In table 4.5.3 above, we found out that POS has a positive sign given its value as .202; this implies that a unit increase in point of sale increases the performance of SMEs by 20%, this conform to theoretical expectation. Online banking has a positive sign given its value as. 0.165; this implies that a unit increase in online banking increases the performance of SMEs by 16%, this conform to theoretical expectation.

T- **Statistics:** The t-test is used to measure the individual statistical significance of the explanatory parameters in the model. From table Coefficients above point of sale is 7.026 this is statistically significant, this suggest that it contributed significantly to performance of SMEs. Online banking is 2.211 this is statistically significant, this suggest that it contribute significantly to performance of SMEs at 5% level of significant.

4.4. Test of Hypotheses
Here, the hypotheses formulated in chapter one was tested using t-statistics and significance value of the individual variables in the regression result. The essence of this is to ascertain how significant are the effect of individual independent or explanatory variables on the dependent variables.

4.4.1 Test of Hypothesis One
$H_{01:}$ Point of Sale (POS) has no significant effect on Speed of Service delivery in Small and Medium Enterprises (SMEs).

Point of sale has a t-statistics of 7.026 and a probability value of 0.000 which is statistically significant. Therefore, we accept the alternative hypothesis and reject the null hypotheses which state Point of Sale (POS) has a significant effect on Speed of Service delivery in Small and Medium Enterprises (SMEs).

4.4.2 Test of Hypothesis Two

$H_{02:}$ Online Banking has no significant effect on customer satisfaction in small and medium enterprises (SMEs).

In testing this hypothesis, the t-statistics and probability value in table above is used. Online banking has a t-statistics of 2.211 and a probability value of 0.020 which is statistically significant. Therefore, we reject the null hypothesis and accept the alternative hypotheses which state that online banking has a significant effect on customer satisfaction in small and medium enterprises (SMEs).

4.5 Discussion of Results

Point of Sale (POS) and Speed of Service Delivery

The study found that Point of Sale (POS) has a significant effect on Speed of Service delivery in Small and Medium Enterprises (SMEs). The finding supports Adebayo and Oladele (2021) observed that SMEs in southeastern Nigeria, including Anambra State, experienced faster transaction processing after adopting POS systems, as electronic payments reduced delays associated with cash handling. Their findings indicated a significant improvement in customer turnaround time.

Online Banking affect Customer Satisfaction

The study found that Online Banking has a significant effect on customer satisfaction in small and medium enterprises (SMEs). The findings also corroborate with the findings of Adeleke and Nnadi (2021) observed that SMEs in southeastern Nigeria benefit from online banking through improved transaction speed and reduced dependency on physical banking halls. This convenience enhances customer satisfaction, particularly among business owners who require quick financial services.

Summary of Findings

This study critically assessed the effect of digital payment system and performance of Small and Medium Enterprises (SMEs) in Anambra State and Enugu State, Nigeria. The researcher used multiple regressions with the aid of Statistical Package for Social Sciences (SPSS) to ascertain the extent to which digital payment system variables (POS, Online banking) can affect performance of Small and Medium Enterprises (SMEs) in Anambra State and Enugu state, Nigeria. In line with the objectives of the study, research questions and testing of the hypotheses. The findings of this study can be summarized thus:

1. Point of sale (POS) has a significant effect on Speed of Service delivery in Small and Medium Enterprises (SMEs) (t=7.026, p=.000).
2. Online Banking has a significant effect on customer satisfaction in Small and Medium enterprises (SMEs) (t=2.211, p=.028)

CONCLUSION

Based on the findings of the study, it is concluded that digital payment systems play a significant role in improving the performance of Small and Medium Enterprises (SMEs). The increasing adoption of electronic and technology-driven payment methods has provided SMEs with faster, more convenient, and more efficient ways of conducting business transactions. Digital payment systems have therefore become an

important tool for enhancing the operational and financial activities of SMEs in the State. In general, digital payment systems have transformed the way SMEs conduct business by making transactions more convenient, accessible, and efficient. SMEs that effectively integrate appropriate digital payment methods into their operations are better positioned to improve service delivery, satisfy customers, and enhance profitability. Digital payment systems should therefore be regarded not merely as alternative payment methods but as strategic tools for improving the overall performance and long-term growth of SMEs.

Recommendations

1. SMEs owners and managers in Anambra State should encourage the effective use of POS systems in their businesses by providing functional POS terminals and ensuring that staff are adequately trained in their use. Business owners should also patronize reliable financial service providers to minimize transaction failures and delays. This will enhance the speed of service delivery, improve customer convenience, and contribute to better business performance.
2. SMEs owners should also adopt appropriate security measures, such as strong passwords and transaction alerts, to protect business funds and information. Increased use of online banking will help reduce the time and cost associated with conventional banking and improve operational efficiency.

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