

Financial Methods of Fees Payment in Academic Institutions: A Case of Takoradi Technical University

Michael Osei¹, Regina Anastasia Ahuren²

¹(Accountant, Directorate of Finance, Takoradi Technical University, Takoradi, Ghana)

²(Accountant, Directorate of Finance, Takoradi Technical University, Takoradi, Ghana)

Abstract:

The study sought to identify the existing financial methods of payment and examine its impact on fee paying in Takoradi Technical University formerly Takoradi Polytechnic. In this study, the qualitative research approach using the descriptive survey method was employed. Semi-structured interviews, as well as direct observations, were the forms of instrumentations used for the data collection where the university's staff, students, and bank service providers were purposively and conveniently sampled. Data was analysed using Statistical Package for the Social Sciences (SPSS) method from the period of 2011 - 2020. The study revealed that the payment methods use in paying fees were traditional payment methods including; cash, cheque, banker's draft, and pay-in-slip. The new electronic payment instruments such as E-zwich, mobile phone, credit cards, and debit cards were yet to find their rhythm in the institution. There is a need for banks to establish branches or agencies on campus and adopt the electronic payment service system.

Keywords: *Electronic payment; fee paying; financial methods of payment; Takoradi Technical University; traditional payment*

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I. INTRODUCTION

Seamless transition and change have been the hallmarks of payment methods for financial transactions over the past decade. Technological developments are constantly increasing opportunities. Developing safer fee payment methodologies is crucial to financial institutions. This mode of payment has become decisive and efficient. Yao (2018) elucidates that payment is an essential step in the interaction between the customer and the brand because it makes it possible to carry out a transaction and successfully convert the customer. Yet, despite its strategic importance, some institutions often overlook payment as a point of contact for customers. Besides, the advent of technology is changing the peculiar way in which people inevitably make purchases and do basic banking tasks. It is a space that deserves further consideration. Technological advancements aimed at improving the speed and capacity of the fee payment system are more significant. This significant change in financial payments seemed less improved by some higher institutions in their daily transactions. Higher education institutions can review and modify their systems as a response to changing external environments. There are many payment methods in educational institutions as few are applied to academic institutions worldwide. However, various educational institutions wrongly and improperly administer these payment methods. They include the following: cash-based payment method; cheque-based payment method; banker's draft payment method; direct deposit payment method and Money/postal order payment methods.

For consumers and businesses, the choice of payment method is must considered to achieve effective and efficient retail payment systems. Electronic payment methods are faster that involves the convenience, reliability, and security of the payment method. The taste, demographics and technological advances have improved the speed, convenience, and flexibility of different payment systems (Pariwat & Hataiseere, 2004). Mantel (2001) argues that the use of a particular payment instrument depends on the value of the business transaction. He also supports the view that the payment infrastructures determine the choice of a payment instrument. Many scholars and professional accountants have argued for the applicable payment method in institutions where technology has undermined the existing methods. Considering the payment system involves the transfer of money from one person to another. It allows the payment system to facilitate trade and commerce. The exchange of transactions depends on the efficient payment system that includes the traditional and electronic payment systems. The payment system is used instead of tendering cash in domestic and international transactions. It consists of major services provided by banks and other financial institutions. A payment system, more than any other method, requires strict adherence to control procedures. It has universal appeal. Significantly, high-denomination currency can be exchanged to a large amount within a specific time frame (Edmonds et. al, 2000).

A good payment system is devoid of fraud and embezzlement. The payment system instruments possess a certain characteristic distinguishing them from others. It includes all the instruments used to exchange currency between individuals as well as nations. Payment systems support the discharge of financial obligations between two or more parties and facilitate the flow of funds in the sale of goods and services. The payment cycle involves a transaction initiated and received by two or more payment parties. This payment system might originate from the household sector, the business sector, government agencies, or financial institutions. This component of the payment systems includes bill payment, purchases, expenses, dividends, taxes, license fees, interest, insurance claims, securities transfers, and vendor payments. The payment methods may include the following: cash, cheques, direct debits, credit transfers, credit/debit cards, store-valued cards, and postal/money orders (Monetary Authority of Singapore (MAS), 2020; World Bank Group, 2016; Kokkola, 2010; Bank for International Settlement, 1999). Foreign educational institutions offer other ways of paying fees. However, in Ghana, students face difficulties because of the limited payment methods used by academic institutions. There are situations where there are changes in the payment system, they only happen once a year and once a semester. In 2010/2011, the Institute of Distance Education of Kwame Nkrumah University of Science and Technology (KNUST) within one academic year introduced two different payment systems where students were restricted to only one method in a semester. Many students found it difficult to meet the registration deadline due to the many challenges that impede the process of paying fees. Most of those methods were cumbersome and overly bureaucratic (Osei, 2012).

It is well known that the method of fee payment employed by the authorities of educational institutions is confronted with a considerable number of problems, particularly when the location is rural (Kabir et. al, 2015). Students from the hinterland and small towns, most often do not have access to the specific fees payment method. These students struggle before getting access to some commercial banks. Most of them cannot pay their fees and had to wait until schools reopen due to the unavailability of commercial banks in their areas of the resident. However, efforts are being made by government and institutional heads to evaluate the quality, efficiency, and efficacy of the educational fee payment system at all levels. It is within this context that the second-cycle institutions in Ghana with the assistance of banks introduced banker's draft as a mode of fee payment to replace the cash payment method. It was adopted as the instrument of choice to aid in the prevention of embezzlement by employees, stealing regular cash losses by students and reducing the effect of weaknesses on cash delivery. This has not produced any positive results for students, who sometimes gather in the banking hall and find it difficult to receive the necessary services. Ghana's educational sector is established to provide a workforce and resources. However, the organisational structures within which they operate differently from one another. Ministry of Education manages the basic and second-cycle institutions while the institutional board and other agencies manage the tertiary levels of education. However, the organisational structures of the educational sector permit the head to adopt and implement policies to manage the school's affairs. Efficient policies depend functionally on the school budget and management board. Therefore, the methods of fee payment employed must meet international standards. For this reason, students go through the dilemma of not meeting their expectations, especially the registration deadline. Ineffective payment systems can lead to the following effects: the institution inability to meet its revenue target within specific periods; students not being able to meet the registration deadline; embezzlement due to cash and paper cheques; and cash losses and theft among students. The payment system in many institutions has undergone considerable changes as the modern payment systems gained increasing popularity, especially in the western world. Long-distance travelling, long queues, and time-wasting in the banking halls are negatively affecting academic activities and registration process that characterise payment of fees in Takoradi Technical University, formerly Takoradi Polytechnic. The study, therefore, focuses on viable fee payment methods towards improving academic work, specifically, by identifying the existing financial methods of payment and examining its impact on fee paying in Takoradi Technical University (formerly Takoradi Polytechnic). The study considers the two main types of payment methods (the conventional and electronic payment methods).

Objectives of the Study

The objectives of the study sought to identify the existing financial methods of payment and examine its impact on fee paying in Takoradi Technical University formerly Takoradi Polytechnic.

Research Questions

In this study, research questions formulated are:

1. What are the existing methods of paying fees in Takoradi Technical University?
2. How can the existing methods of payment be improved to meet the current standard?

Theoretical framework

This study adopted Dahlberg's et. al (2007) theory of an electronic payment service system for transferring money from one person/device to another or location to another. In the context of Dahlberg's et. al (2007) view, Ouarda and Erlend (2009) support that the role of payment systems is how inside money is transferred between banks. Ouarda and Erlend (2009) continued to cite an example that the payment systems of the former Eastern European bloc countries were mostly paper-based systems subject to long transportation and processing delays. They argued that long and unpredictable payment systems might be a double source of inefficiency. Cash will be the major dominance as a payment medium and create excess reserves by the commercial banks. A payment system is a method of transferring value between buyers (payers) and sellers (payees) (Humphrey, 1995). Using the electronic theory of payment service systems is a technological advancement that has led to the emergence of a new and improved payment method, by which payment cannot be overlooked. Electronics has been at the forefront and now many businesses rely on both electronics for making payment transactions (Ahmed et. al., 2019). In this sense, the electronic theory of payment includes debit card payment method; credit card payment method; mobile payment method (M-pay system); E-zwich payment method.

II. METHODOLOGY

The study employed a qualitative research approach using a descriptive survey method that allowed the assessment of financial methods of fees payment and their impact on Takoradi Technical University. The descriptive survey method was used to enable a group of respondents to be selected from a larger population through probability sampling, which enhanced accurate inference about the larger population from a small sample. The survey method enabled many respondents to be reached in a short space of time considering the sample size of one hundred (100) respondents for the study (Glasow, 2005).

Using the two main campuses (Effiakuma, New Site - Takoradi) and (Butumagyebu - Sekondi) of Takoradi Technical University, the study area houses the central administration, the Faculty of Applied Sciences, Applied Arts & Technology, and Engineering while the Faculty of Business Studies is situated at the Sekondi campus. The study population included Takoradi Technical University's staff, students, and bank service providers who operated for the University in the years 2011-2020. Semi-structured interviews, as well as direct observations, were the forms of instrumentations for the collection of data on the impact of fees paying in Takoradi Technical University where students, staff and bank service providers formed the respondents.

The data were collected from ninety-four (94) respondents out of one hundred (100) who were randomly and purposively sampled. A multistage sampling procedure (cluster and simple random sampling) was used for the selection of the elements in the study. The responses collected from the 94 respondents were put together and analyzed accordingly without cross-tabulation to arrive at valid conclusions. The data collected from the field were then edited and coded; thus, the interview schedules and direct observations were given serial numbers for identification and scoring. Analyzing the data involved describing, summing, and interpreting the data obtained from each unit. The data collected were fed into a computer and cross-tabulated using the Statistical Package for the Social sciences (SPSS) software. The data was presented using statistical tables such as frequency tables, pie charts, percentages and figures.

III. RESULTS AND DISCUSSION

Existence of payment methods

The existence of payment methods in Takoradi Technical University included; cash, cheques, credit transfer, credit/debit cards, and store-valued cards and postal/money orders (Monetary Authority of Singapore (MAS), 2020; World Bank Group, 2016; Kokkola, 2010; Bank for International Settlement, 1999). As shown in Figure 1, the Takoradi Technical University has different payment methods but mostly prefer students to pay fees using a pay-in-slip or direct payment system. About 52% of students pay fees directly into the institution's bank account and present the pay-in-slip to the school Account Office for an official receipt. The details indicated that about one-third (35%) of the students use banker's draft in paying their school fees. Only 9% of the students pay cash directly to the School Account Officers for official receipts, while 3% pay fees using cheques. The remaining 1% of the student pays fees through payment orders. However, heads of the audit and finance departments confirmed the existence of payment methods but placed less emphasis on the use of cash. The Head of Finance Department said the use of cash as a payment instrument should be discouraged to reduce fraud and embezzlement. This statement supports Edmond et. al. (2001) findings that cash is most susceptible to embezzlement at the points of receipt and disbursement. Again, the head of the audit department suggested that the banker's draft payment method could be used in place of alternative methods to reduce the risk of theft.

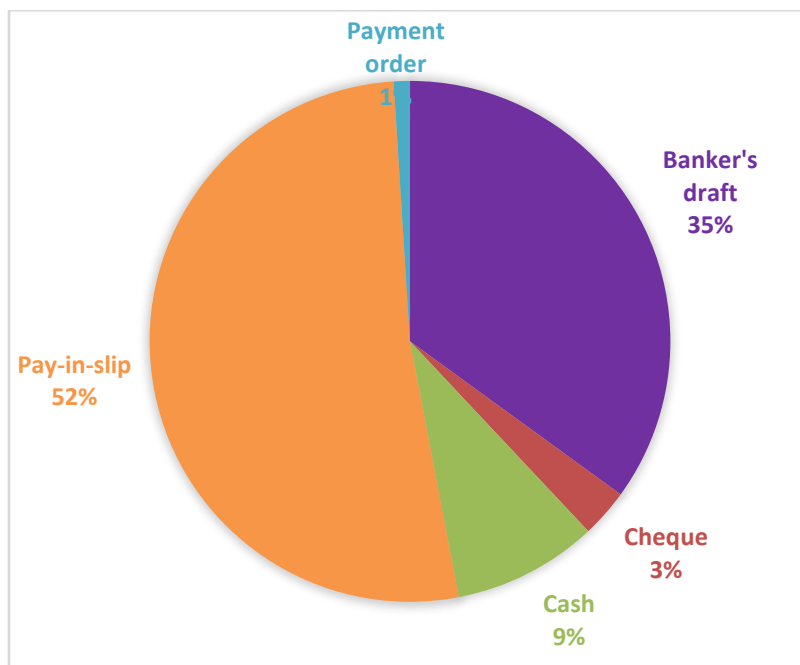


Figure 1: Existence of payment methods used in Takoradi Technical University

Table 1: Level of satisfaction with the Takoradi Technical University's fee payment methods

Good payment methods	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly Agree	26	28	28
Agree	55	58	86
Strongly Disagree	4	4	90
Disagree	9	10	100
Total	94	100	

As shown in Table 1, 28% of the respondents strongly agree, and 58% agree that the institution's current methods of payment are willfully inadequate. Only 10% of the total respondents disagree with the notion that the current methods of paying fees are better and needs to be reformed. The result reflects the existence of payment methods and their acceptance by students as shown in Table 1. It was revealed that all the payment methods have positive effects on the institution's revenue generation if properly managed. Less than 4% of the student respondents strongly disagree that the school payment method is perfectly good. It can be concluded that the institution's payment methods need some improvement to achieve its perfection.

Impact of the Payment Methods on Student Registration

Table 2: Paying fees at the Bank is subject to queuing

Paying of fees	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly Agree	67	71	71
Agree	23	25	96
Strongly Disagree	1	1	97
Disagree	3	3	100
Total	94	100	

Usually, payment transactions are made through banks and other financial institutions. In some academic institutions, these payments are done at cashiers or account offices for official receipts. Banks transact business with both the public and students. Some of the banks have small offices with a limited staff to offer quick and fast services to their client. This contributes to long queues and unnecessary delays in making a simple payment. As shown in Table 2, 71% of the total respondents strongly agree that they join the queue at the various banks before finally paying their fees. The issue under investigation also revealed that, and 25% of the respondents agree that paying fees is subject to queuing even if the value involved is small. This indicates total concern about the institution payment methods and calls for an immediate solution. In this era of technology, educational institutions are offering online programmes in which students from different countries can decide to pay their fees, despite the distance. The current payment method needs to be flexible and accurate for any form of business transaction to take place. Again, less than 3% of the respondents disagreed that paying fees at banks is more of a queuing process. It is believed that the institution always selects payment methods, which demand students to pay fees directly at the bank.

Improvement of existing payment methods

Table 3: The need to improve current payment methods

Improvement	Frequency	Percentage (%)	Cumulative percentage (%)
Strongly Agree	22	23	23
Agree	57	61	84
Strongly Disagree	7	7	91
Disagree	8	9	100
Total	94	100	

In Table 3, the majority (61%) of the students agree to the improvement in the current fees payment methods. Only 8% of the respondents disagree that payment methods need not be improved. This indicates numerous problems confronting the existing payment methods that need to be addressed by the school authorities. In addition, 23% strongly said that the existing payment methods must be improved to reduce payment irregularities. However, it was believed the issue of improvement in the method is a serious concern to students of Takoradi Technical University. From the findings, it was shown that the major improvement in payment methods can reduce the numerous stresses that students go through when paying fees. From Figure 2, about 40% of the total respondents want various commercial banks to establish branches or bring their representatives or agents to collect the student fees on campus. Moreover, 15% of the respondents want the school management to accept cash and cheque at the School Account Office, while 15% of the respondents support the view that payment should be made at any bank without limitations and 10% agree that the institution must allow the students to pay fees using any of the payment methods. This helps students avoid carrying fees from their town/villages to the school for payment. However, 10% of the respondents preferred to use mobile phone payment services in paying fees while only 5% agreed to carry their money to the school before making payment.

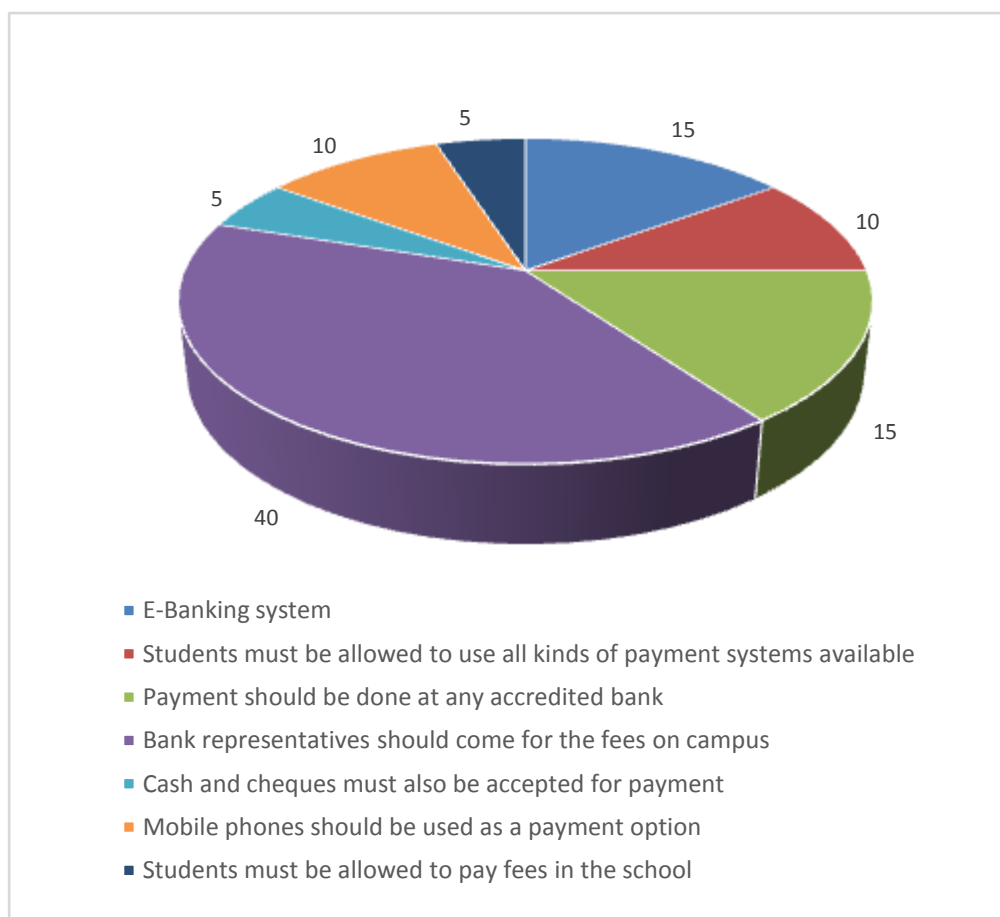


Figure 2: Ways of improving the current methods

New and Improved Payment Methods

Figure 3 illustrates the students’ accessibility to various electronic payment devices. The majority (53%) of the respondents have access to mobile devices in their towns and villages. This implies that mobile

phone services are found in major cities and towns nationwide. E-zwich payment method was introduced in the country not long ago, but it has gained popularity. About 34% of the total respondents can access E-zwich devices in their places of residence. Again, less than 9% of the total respondents have access to a credit card payment device and only 4% of the student can access debit card devices in cities, towns, and villages. This confirms the research conducted by Bank for International Settlement (1999) that both credit and debit card payment methods are frequently used for nonrecurring payment transactions. From the findings, it is believed that both debit and credit card devices are not generally used in Ghana.

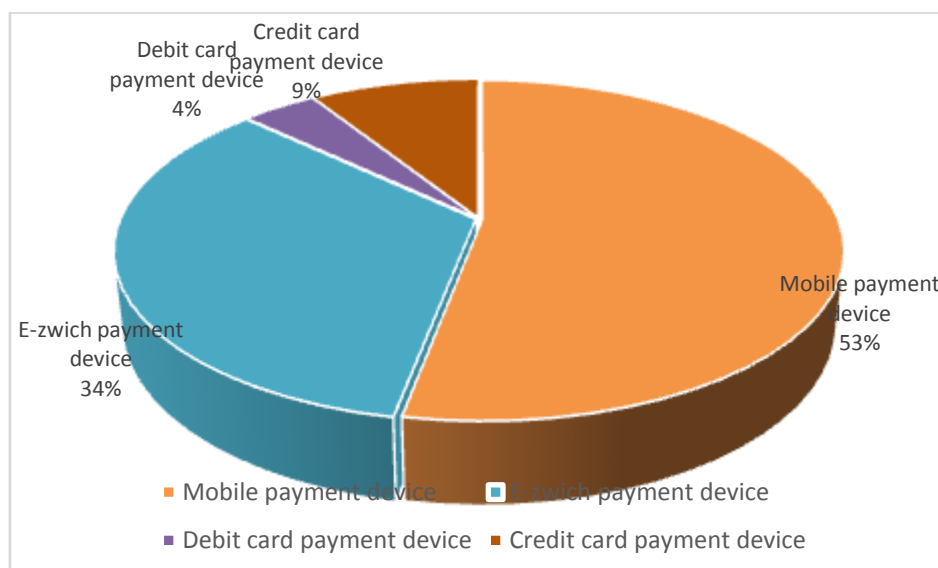


Figure 3: Students' accessibility to electronic payment devices

The findings revealed the existence of payment methods in Takoradi Technical University that includes; banker's draft, cash, direct payment or pay-in-slip, and payment order. The new electronic payment instruments such as E-zwich, Mobile phone, Credit cards, and Debit cards were yet to find their rhythm in the institution. However, the majority of the students pay fees through the pay-in-slip payment method that constitutes 52%. The existence of payment methods does not increase efficiency but how is being managed by the school authorities. About 61% of the total student respondents proposed an immediate improvement in the current payment methods to meet the international payment standard. Effective payment methods contribute to both student and staff satisfaction. However, the selection of payment methods should be done such that the plight of an average student is considered. In all, 40% of the student respondents suggested that the institution's bankers should establish branches or agencies on campus for fee collection to avoid general public interference. The electronic payment system has become a major dominant recently overriding the traditional mode of payment. It offers the best payment practices and reduces payment delivery time to individuals, institutions, and businesses. This has changed work processes and ease communication difficulties facing students at various school campuses, of which Takoradi Technical University is not an exception. 59% of the student respondents prefer using E-zwich payment method while 41% support the use of mobile payment technology instead of existing payment methods. The major element that ensures growth in every institution is information. When students are given adequate information about ongoing changes in the management of payment methods, they would not be ignorant of issues regarding institutional decisions. However, the majority of the student respondents said management announced changes where necessary, which constitutes 41%. Sometimes, group decision reduces or eliminates future conflict with issues about staff and student interest in every educational sector. In all, 73% of the student respondents said payment methods are imposed on them while the remaining 27% said otherwise.

IV. CONCLUSION

Emerging technologies have changed and contributed to the excellent performance of businesses because of modern innovations. The change in emerging technologies has reduced the time for the methods and processes of payment transactions. The payment systems in Africa, particularly Ghana, have suffered many setbacks in recent years. These payment systems are mostly inadequate, lack credibility, and above all do not meet international payment standards. Some academic institutions have given low priority in developing more and efficient payment methods. What is being observed in the Takoradi Technical University is no exception

from 2011 to date. The methods of paying fees discourage and even prevent students from registering within the period assigned for registration. Besides, the long queues and bank locations deter students from making payments at the banks. Although there are alternative methods, the school management looks unconcern about embracing an electronic payment service system for transferring money from one person/device to another. This is attributed to the unwillingness on the part of the management to involve students, especially in the payment methods selection process. The study, therefore, recommends the need for banks to establish branches or agencies on campus and adopt the electronic payment service system of theory where E-zwich or Mobile phone payment methods can ease tensions during registration. Furthermore, the selection of a mode of payment should be well decided by the school management, students' council, as well as stakeholders to ease the pressure on students during registration periods.

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