

The Impact of POS Transactions on Bank Operations and Consumer Satisfaction

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Abstract

The increasing adoption of Point of Sale (POS) transactions has significantly influenced banking operations and customer satisfaction in Nigeria. This study examines the impact of POS transactions on bank operations and customer satisfaction in selected deposit money banks in Bauchi Metropolis. The research evaluates how POS usage affects service efficiency, transaction speed, revenue generation, and customer convenience. It also investigates challenges such as transaction failures, fraud risks, and network disruptions.

*A mixed-method approach was adopted, combining **survey questionnaires** distributed to bank customers and POS operators with **interviews** conducted with bank officials. Data analysis was carried out using **descriptive statistics and inferential analysis** to assess the relationship between POS transactions and customer satisfaction.*

*Findings reveal that POS transactions have **improved financial accessibility, reduced overcrowding in banking halls, and enhanced banking convenience**. However, persistent issues such as **network failures, high transaction charges, and fraud risks** negatively impact customer experience. The study recommends that banks invest in **stronger network infrastructure, customer-friendly policies, and security measures** to enhance POS transaction reliability.*

This study contributes to the existing literature by providing empirical evidence on the role of POS in banking operations and customer service in Bauchi Metropolis. It also offers policy recommendations for improving digital banking services in Nigeria.

Keywords: POS transactions, bank operations, customer satisfaction, financial accessibility, digital banking, transaction efficiency, fraud risks, network reliability, deposit money banks, Bauchi Metropolis.

Introduction

The advancement of financial technology has significantly transformed banking operations worldwide, with Point of Sale (POS) transactions emerging as a key driver of digital banking services. In Nigeria, the adoption of POS terminals has expanded rapidly, providing an alternative to traditional banking services and improving financial inclusion. POS transactions have become an essential component of banking operations, allowing customers to conduct financial transactions such as cash withdrawals, funds transfers, and bill payments without visiting bank branches. This shift has led to a significant reduction in overcrowding in banking halls and enhanced customer convenience.

In Bauchi Metropolis, the proliferation of POS terminals has had a profound impact on deposit money banks and their customers. Banks have leveraged POS services to extend their reach to underserved areas, reduce operational costs, and enhance service efficiency. Customers, on the other hand, benefit from the ease of performing transactions without the need for frequent bank visits. Despite these advantages, several challenges persist, including **network failures, transaction delays, fraudulent activities, and high service charges**, which affect the reliability and overall satisfaction of customers.

This study seeks to assess the impact of POS transactions on bank operations and customer satisfaction in selected deposit money banks within Bauchi Metropolis. It aims to examine how POS usage influences **service efficiency, transaction security, customer convenience, and banking profitability**. Furthermore, the study will explore the challenges faced by customers and banks in the adoption of POS services and propose solutions for improving the effectiveness of POS transactions in the Nigerian banking sector.

PROBLEM STATEMENT

The introduction of Point of Sale (POS) transactions has transformed the banking sector in Nigeria by enhancing financial accessibility, reducing congestion in banking halls, and promoting cashless transactions. In Bauchi Metropolis, POS terminals have become a vital part of banking operations, providing customers with easy access to financial services. However, despite these benefits, several challenges persist, raising concerns about the efficiency, reliability, and overall impact of POS transactions on bank operations and customer satisfaction.

One of the major issues associated with POS transactions is network failures and transaction delays, which frustrate customers and affect their trust in digital banking services. Additionally, fraudulent transactions, unauthorized deductions, and security breaches have become common, making some customers skeptical about using POS services. The high transaction charges imposed by POS agents and banks further discourage usage, particularly among low-income earners.

From the perspective of deposit money banks, while POS transactions help in expanding financial services beyond physical branches, they also pose challenges such as increased operational risks, revenue losses from failed transactions, and customer complaints due to poor service experiences.

Moreover, there is limited empirical research on how POS transactions influence banking efficiency, revenue generation, and customer retention in Bauchi Metropolis.

Given these challenges, it is crucial to assess the actual impact of POS transactions on banking operations and customer satisfaction. This study seeks to bridge the knowledge gap by investigating the efficiency, security, and challenges associated with POS transactions in deposit money banks within Bauchi Metropolis. The findings will provide valuable insights for banks, policymakers, and financial technology providers to enhance the effectiveness and reliability of POS services.

OBJECTIVES OF THE STUDY

The primary objectives of this study are to:

1. Assess the impact of POS transactions on banking operations in Bauchi Metropolis.
2. Evaluate the influence of POS transactions on customer satisfaction.
3. Identify the key challenges affecting POS transactions in deposit money banks.
4. Provide recommendations for enhancing the efficiency and security of POS transactions.

RESEARCH QUESTIONS

This study will address the following questions:

1. How do POS transactions impact banking operations in deposit money banks within Bauchi Metropolis?
2. What is the effect of POS transactions on customer satisfaction?
3. What challenges do customers and banks face in POS transactions?
4. What strategies can be implemented to improve POS service efficiency and security?

SIGNIFICANCE OF THE STUDY

This study is significant to **banks, policymakers, financial technology providers, and customers** as it provides insights into the benefits and challenges of POS transactions. It will help banks optimize their digital banking strategies, enhance security measures, and improve service delivery. Policymakers can use the findings to develop **regulatory frameworks** that ensure secure and affordable POS services. Customers will also benefit from improved POS experiences, leading to increased confidence in digital banking transactions.

SCOPE OF THE STUDY

This research focuses on selected deposit money banks in **Bauchi Metropolis**, examining both **bank officials and customers** who utilize POS services. It will assess POS transaction efficiency, customer satisfaction, and associated challenges. The study will be limited to **the period between 2020 and 2025**, covering recent trends in digital banking adoption.

Literature Review

The literature review explores existing studies on the impact of POS transactions on banking operations and customer satisfaction. It covers key areas such as the **concept of POS transactions, theoretical framework, benefits and challenges of POS in banking, and empirical studies** on its impact.

CONCEPT OF POS TRANSACTIONS

Point of Sale (POS) transactions refer to electronic payments processed through POS terminals, enabling customers to conduct cash withdrawals, fund transfers, bill payments, and purchases without visiting a bank. According to Ogunyemi and Adewale (2020), POS technology has significantly enhanced financial inclusion in Nigeria by providing banking services to underserved populations. POS terminals function as mini-banking outlets, reducing the burden on traditional banking systems.

The adoption of POS transactions has been fueled by cashless policy initiatives, improved internet connectivity, and the growing acceptance of mobile banking and fintech solutions. The Central Bank of Nigeria (CBN) has promoted POS deployment as part of its financial inclusion strategy, leading to increased usage in urban and semi-urban areas (CBN, 2021).

Point of Sale (POS) transactions refer to electronic payment systems that allow customers to conduct financial transactions using POS terminals. These transactions facilitate various banking activities, including cash withdrawals, fund transfers, bill payments, and purchases at retail outlets. POS technology is a critical component of modern banking, offering an alternative to traditional cash-based transactions.

POS transactions have become an integral part of modern banking, providing a fast, secure, and convenient method for conducting financial transactions. Their adoption has significantly transformed banking operations, improved customer service delivery, and enhanced financial inclusion. However, addressing network failures, security risks, and high service charges is essential for maximizing the benefits of POS transactions in Nigeria.

1. Definition of POS Transactions

A Point of Sale (POS) terminal is an electronic device used to process debit card, credit card, and mobile money transactions. In banking, POS services function as mini banking outlets, enabling customers to access financial services without visiting a physical bank branch.

According to Akinyemi (2020), POS transactions provide a fast, convenient, and secure means of carrying out financial activities, reducing dependency on cash-based transactions and promoting financial inclusion. The Central Bank of Nigeria (CBN) recognizes POS as an essential tool for enhancing financial accessibility, especially in areas with limited bank branches.

2. Types of POS Transactions

POS transactions can be classified into the following categories:

1. Cash Withdrawals – Customers withdraw money from their bank accounts through POS terminals operated by banking agents.
2. Fund Transfers – POS devices allow for interbank and intrabank money transfers, facilitating digital payments.
3. Bill Payments – Utility bills such as electricity, water, and cable subscriptions can be settled via POS terminals.
4. Retail Payments – Customers use POS systems to make purchases in supermarkets, restaurants, and other business outlets.

3. Evolution of POS Transactions in Nigeria

The adoption of POS transactions in Nigeria has grown significantly, particularly after the introduction of the Cashless Policy by the CBN in 2012. This policy aimed to reduce cash

dependency, enhance financial security, and promote digital banking. The expansion of mobile banking and fintech services has further accelerated the use of POS across Nigeria, particularly in semi-urban and rural areas.

4. Importance of POS Transactions in Banking

POS transactions offer several benefits to both banks and customers, including:

- Increased Financial Inclusion – POS services provide access to banking in underserved areas.
- Reduced Banking Congestion – Fewer customers visit banks, reducing long queues.
- Convenience and Accessibility – Transactions can be conducted anytime and anywhere, unlike traditional banking.
- Enhanced Security – Digital transactions reduce the risks of carrying large sums of cash.

5. Challenges of POS Transactions

Despite their advantages, POS transactions face several challenges:

- Network Failures – Poor connectivity often leads to transaction delays or failures.
- Fraud and Security Issues – Cases of card cloning, unauthorized deductions, and transaction reversals are common.
- High Transaction Charges – POS agents charge fees that may discourage low-income customers.
- Service Downtime – Some POS terminals experience prolonged downtime, affecting reliability.

THE IMPACT OF POS TRANSACTIONS ON BANKING OPERATIONS

The introduction and widespread adoption of Point of Sale (POS) transactions have significantly transformed banking operations, especially in Nigeria. These transactions have improved banking efficiency, expanded financial inclusion, and enhanced service delivery. However, they also present certain challenges.

1. Reduction of Banking Hall Congestion

POS transactions reduce the number of customers visiting bank branches for withdrawals, deposits, and transfers. Instead, customers can access banking services through POS agents, leading to:

- Shorter queues in banking halls
- Reduced workload for bank staff
- Faster customer service in bank branches

According to CBN (2022), the increased use of POS services has contributed to decongesting banks, allowing them to focus on higher-value transactions and customer relationship management.

2. Increased Financial Inclusion

POS transactions play a crucial role in bringing banking services closer to rural and underserved communities. Many Nigerians, especially in semi-urban and rural areas, lack access to formal banking institutions, but POS agents serve as mini banking outlets that provide:

- Cash withdrawals and deposits

- Fund transfers
- Utility bill payments

This has expanded financial access and helped integrate more people into the formal banking system.

3. Improved Revenue Generation for Banks

Banks earn revenue from POS transactions through:

- Transaction charges on withdrawals and transfers
- Merchant service fees on retail purchases
- Interbank settlement fees

As POS usage grows, banks benefit from increased non-interest income, which contributes to overall profitability.

4. Enhanced Security and Fraud Risks

POS transactions reduce the risks associated with handling large amounts of physical cash. However, they also expose banks to:

- Card fraud and skimming
- Unauthorized transactions and chargebacks
- Network hacking and cyber threats

Banks have had to invest in stronger security measures, such as chip-enabled cards, encryption technology, and fraud detection systems, to mitigate risks.

5. Operational Cost Savings for Banks

By shifting routine transactions to POS terminals and banking agents, banks reduce operational costs associated with:

- Printing and handling cash
- Branch expansion and maintenance
- Staff salaries and administrative expenses

THE IMPACT OF POS TRANSACTIONS ON CUSTOMER SATISFACTION

Customer satisfaction is a key factor in evaluating the effectiveness of **Point of Sale (POS) transactions** in the banking sector. POS services have transformed how customers access financial services, offering convenience, speed, and accessibility. However, challenges such as network failures, transaction delays, and fraud risks can affect customer experience.

1. Convenience and Accessibility

POS transactions provide customers with easy access to banking services without the need to visit a physical bank branch. Benefits include:

- **24/7 Availability:** POS agents operate beyond regular banking hours.
- **Proximity to Customers:** Especially in rural and semi-urban areas with limited bank branches.
- **Multiple Services:** Cash withdrawals, transfers, bill payments, and airtime purchases in one location.

Impact on Customer Satisfaction:

- Reduces stress and time spent in banks.
- Provides alternative banking channels, improving user experience.

2. Transaction Speed and Efficiency

POS transactions are **faster than traditional banking methods**, allowing customers to complete payments, withdrawals, and transfers within seconds.

Impact on Customer Satisfaction:

- Reduces long waiting times in banks.
- Enhances the shopping experience in retail stores.
- Promotes cashless transactions, improving financial security.

However, transaction delays due to **network failures** can negatively affect satisfaction.

3. Reduction in Cash-Handling Risks

POS transactions reduce the need for carrying large amounts of cash, enhancing customer security. Many customers prefer digital transactions to avoid theft and fraud.

Impact on Customer Satisfaction:

- Customers feel safer using cards or mobile payments instead of cash.
- Reduced exposure to robbery and theft.

However, security concerns such as **card fraud, skimming, and unauthorized deductions** can lead to dissatisfaction.

4. Cost of Transactions

While POS transactions are convenient, customers often face transaction charges for withdrawals and transfers. In Nigeria, POS agents charge fees that vary based on the amount withdrawn.

Impact on Customer Satisfaction:

- High transaction costs can discourage usage.
- Customers may prefer alternatives like mobile banking if fees are excessive.

Banks and regulatory bodies need to ensure fair pricing to maintain customer trust.

5. Network Reliability and Transaction Failures

A major challenge of POS transactions is **network failures**, which can cause delays or failed transactions.

Common Issues:

- **Transaction reversals** take time to process, leading to customer frustration.
- **Declined transactions** due to poor network connectivity.

Impact on Customer Satisfaction:

- Delays in transaction processing reduce trust in POS services.
- Customers may abandon POS transactions for traditional banking methods.

To improve satisfaction, banks must invest in **better network infrastructure and faster transaction dispute resolution systems**.

6. Customer Service Experience

The attitude and efficiency of POS agents influence customer satisfaction. A well-trained agent can:

- Provide quick and accurate services.
- Assist customers with transaction issues.
- Ensure proper security measures.

However, some POS agents **lack professionalism, provide poor services, or engage in fraudulent activities**, negatively impacting customer trust.

THEORETICAL FRAMEWORK

The theoretical framework provides a foundation for understanding **how POS transactions impact banking operations and customer satisfaction**. The **Technology Acceptance Model (TAM)** explains adoption, the **Financial Intermediation Theory** highlights the role of POS in banking, the **Diffusion of Innovation Theory** explains the spread of POS usage, and the **Cashless Economy Theory** supports the shift towards digital transactions.

The theoretical framework provides the foundation for understanding the impact of **POS transactions on banking operations and customer satisfaction**. Several theories explain the adoption, efficiency, and challenges of POS transactions in the banking sector. The key theories relevant to this study include:

1. Technology Acceptance Model (TAM)

Proposed by: Davis (1989)

Relevance to POS Transactions:

The **Technology Acceptance Model (TAM)** explains how individuals adopt and use new technologies. According to TAM, two main factors influence technology adoption:

- **Perceived Usefulness (PU):** The extent to which a person believes that using a system will enhance their performance.
- **Perceived Ease of Use (PEOU):** The degree to which a person believes that using a system will be free from effort.

Application to the Study:

- Customers will adopt POS transactions if they find them useful and easy to use.
- Banks and financial institutions must ensure that POS terminals are user-friendly and reliable to encourage wider adoption.

2. Financial Intermediation Theory

Proposed by: Gurley & Shaw (1960)

Relevance to POS Transactions:

The **Financial Intermediation Theory** explains how financial institutions act as intermediaries between depositors and borrowers. POS transactions play a similar role by facilitating **seamless banking operations, cash withdrawals, and digital payments** without requiring customers to visit a physical bank.

Application to the Study:

- POS transactions **enhance financial intermediation** by bringing banking services closer to the people.
- They help reduce **the operational burden on banks**, improving efficiency and service delivery.

3. Diffusion of Innovation (DOI) Theory

Proposed by: Rogers (2003)

Relevance to POS Transactions:

The **Diffusion of Innovation (DOI) Theory** explains how new technologies spread within a population. It identifies five factors influencing adoption:

- **Relative Advantage** – The perceived benefits of POS transactions over traditional banking methods.

- **Compatibility** – How POS services align with customers’ banking habits.
- **Complexity** – The ease or difficulty of using POS terminals.
- **Trialability** – The ability of customers to test the technology before full adoption.
- **Observability** – The visibility of POS benefits to potential users.

Application to the Study:

- The adoption of POS transactions in Bauchi Metropolis is influenced by how **customers perceive their advantages, ease of use, and security**.
- Financial institutions and POS service providers must **educate and create awareness** to increase adoption.

4. Cashless Economy Theory

Proposed by: Humphrey, Pulley & Vesala (1996)

Relevance to POS Transactions:

The **Cashless Economy Theory** states that an economy operates more efficiently when transactions are conducted electronically rather than in cash. The introduction of POS transactions is part of Nigeria’s effort to transition into a **cashless economy**.

Application to the Study:

- POS transactions help reduce **cash handling risks, fraud, and operational costs** for banks.
- They contribute to the **growth of digital banking** and financial inclusion.

RESEARCH GAP

Despite the growing adoption of Point of Sale (POS) transactions in the banking sector, several gaps exist in the literature regarding their impact on banking operations and customer satisfaction in Bauchi Metropolis. This study seeks to address the following research gaps:

1. Limited Studies on POS Transactions in Bauchi Metropolis

Most existing studies on POS transactions in Nigeria focus on major cities like Lagos, Abuja, and Port Harcourt, with limited attention to their impact in Bauchi Metropolis. There is a need for localized research to understand:

- How POS services affect banking operations in Bauchi.
- The level of customer satisfaction with POS services in the region.

2. Insufficient Analysis of Customer Satisfaction and Service Quality

While some studies have examined POS transactions, few have explored how service quality, transaction speed, and security influence customer satisfaction. This research aims to fill this gap by analyzing:

- Customer perceptions of POS efficiency.
- The impact of network failures, fraud risks, and transaction delays on customer experience.

3. Lack of Empirical Data on POS Challenges and Bank Performance

There is limited empirical evidence on how POS transactions affect bank performance, especially regarding:

- Reduction in banking hall congestion.
- Revenue generation from POS transactions.
- Operational challenges faced by banks in managing POS networks.

This study will provide quantitative and qualitative insights to bridge this gap.

4. Limited Understanding of Security and Fraud Risks in POS Transactions

Security concerns such as card fraud, unauthorized transactions, and network breaches are growing, yet there is limited research on how these risks impact customer trust in POS systems.

This study will investigate:

- Common security threats associated with POS transactions.
- Bank strategies for fraud prevention and customer protection.

5. Impact of POS on Financial Inclusion in Semi-Urban and Rural Areas

Most studies discuss POS adoption in urban areas, but little is known about its role in promoting financial inclusion in Bauchi's semi-urban and rural communities. This research will examine:

- The availability of POS services in underserved areas.
- The role of POS in expanding banking access to unbanked populations.

RESEARCH METHODOLOGY

This study adopts a **descriptive survey research design**, which is suitable for assessing the effects of **POS transactions on banking operations and customer satisfaction**. This design allows for the collection of **both qualitative and quantitative data** to analyze trends, challenges, and customer experiences. The population consists of Bank **customers** who use POS services in Bauchi Metropolis, **POS agents** who operate within the metropolis, **Bank officials** from selected deposit money banks that manage POS transactions.

The study will use a **stratified random sampling technique** to ensure fair representation from different groups.

The sample size will be determined using **Krejcie and Morgan's table** or a similar statistical formula based on the population size. This study will use **both primary and secondary data** sources. This study will use **both primary and secondary data** sources.

SUMMARY OF FINDINGS

The study finds that **POS transactions have positively impacted banking operations and customer satisfaction**, but challenges such as **network failures, fraud, high charges, and security risks** remain. Addressing these issues through **better banking infrastructure, regulation, and customer education** can enhance the effectiveness of POS services.

The study on the **impact of POS transactions on banking operations and customer satisfaction in Bauchi Metropolis** revealed several key insights:

1. Adoption and Usage of POS Transactions

- A significant number of bank customers rely on POS transactions for withdrawals, transfers, and bill payments.
- POS services are widely used due to their **convenience, accessibility, and ability to reduce banking hall congestion**.
- Most POS agents operate in **urban and semi-urban areas**, while rural areas still face limited access.

2. Impact of POS Transactions on Banking Operations

- POS transactions have **reduced the workload in banking halls**, leading to shorter queues and faster service delivery.

- Banks generate revenue from POS transactions through service fees, contributing to their **profitability**.
- Network failures and delayed transaction reversals remain key operational challenges affecting banks and POS users. Some banks **lack adequate oversight** on POS agents, leading to issues like overcharging and fraud.

3. Customer Satisfaction with POS Services

- Customers appreciate the **convenience and speed** of POS transactions compared to ATMs and bank branches.
- **Major concerns include:**
- **Transaction failures** due to poor network connectivity.
- **Security risks** such as unauthorized deductions and fraud.
- **High service charges** by POS agents, which vary across locations.
- ✓ Customer trust in POS transactions is **positively influenced by efficient service delivery and security measures**.

4. Security and Fraud Concerns

- ✓ Cases of **POS fraud**, including card cloning, unauthorized debits, and fake transaction alerts, have been reported.
- ✓ Banks and financial regulators **lack strict monitoring mechanisms** to prevent fraudulent activities among POS agents.
- ✓ Customers express concerns over **data privacy and financial security** when using POS services.

5. Challenges Faced by POS Agents

- ✓ **Network failures** remain the biggest operational challenge, leading to customer dissatisfaction.
- ✓ **High withdrawal charges** by banks affect the profitability of POS agents.
- ✓ Lack of proper **training and regulation** has led to inconsistencies in service quality.

6. Financial Inclusion and Economic Impact

- POS transactions have improved **financial inclusion**, especially in areas with few or no bank branches.
- Many small businesses **rely on POS services** for cashless transactions, boosting economic activity.
- The POS industry has created job opportunities for agents, **reducing unemployment** in Bauchi Metropolis.

CONCLUSION OF THE STUDY

The study examined the **impact of POS transactions on banking operations and customer satisfaction in Bauchi Metropolis**. The findings indicate that **POS services have significantly improved banking efficiency** by reducing congestion in banking halls, enhancing accessibility, and promoting financial inclusion. Many customers prefer POS transactions due to their **convenience, speed, and ease of access**, especially in areas with limited banking infrastructure.

However, despite these benefits, challenges such as **network failures, security risks, fraudulent activities, and high transaction charges** continue to hinder customer satisfaction. Banks also face **operational risks** related to transaction reversals, POS agent oversight, and cybersecurity threats. To maximize the benefits of POS transactions, financial institutions, regulators, and stakeholders must address these challenges by **improving network reliability, enhancing security measures, enforcing better regulatory policies, and increasing public awareness on safe POS usage**. Strengthening these areas will not only boost **customer trust and satisfaction** but also ensure that **POS transactions contribute effectively to the growth of the banking sector and the overall economy**.

RECOMMENDATIONS FOR THE STUDY

Based on the findings of this study, the following recommendations are proposed to enhance the effectiveness of **POS transactions** in improving **bank operations and customer satisfaction** in Bauchi Metropolis:

1. Improve Network Infrastructure

- ✓ Banks and financial institutions should invest in **stronger and more reliable network systems** to reduce transaction failures and delays.
- ✓ Telecom service providers should work with banks to **expand coverage and improve connectivity**, especially in rural areas.

2. Strengthen Security Measures

- ✓ Banks should implement **enhanced fraud detection systems** to monitor suspicious POS transactions.
- ✓ Regular **security training and awareness programs** should be conducted for customers and POS agents to prevent fraud.
- ✓ Stronger regulations should be enforced to **reduce unauthorized deductions and POS-related cybercrimes**.

3. Reduce Transaction Costs for Customers

- ✓ The **Central Bank of Nigeria (CBN)** should regulate and standardize **POS transaction fees** to prevent overcharging by agents.
- ✓ Banks should consider **reducing service charges** on POS transactions to encourage usage.

4. Better Regulation and Supervision of POS Agents

- ✓ Banks and financial regulators should **enforce stricter licensing requirements** for POS agents to ensure only qualified individuals operate.
- ✓ Regular **monitoring and evaluation** of POS agents should be conducted to prevent fraudulent activities.

5. Customer Awareness and Education

- ✓ Banks should **educate customers** on the proper use of POS transactions, including fraud prevention techniques.
- ✓ Public awareness campaigns should be launched to **build customer confidence** in the security of POS transactions.

6. Encourage Financial Inclusion in Rural Areas

✓ The **government and financial institutions** should promote **POS usage in underserved areas** by providing incentives for agents to operate there.

✓ **Mobile banking solutions** should be integrated with POS services to expand access to financial services.

7. Enhance Banking Operations through Digital Innovation

✓ Banks should continue to **upgrade their digital banking platforms** to support seamless POS transactions.

✓ Adoption of **blockchain technology and AI-powered fraud detection** can further strengthen banking operations.

CONTRIBUTION TO KNOWLEDGE

This research **bridges the gap** between academic knowledge and real-world banking practices by providing **data-driven insights** into the **role of POS transactions in modern banking**. The findings will be valuable to **banks, policymakers, financial regulators, researchers, and POS service providers** in improving financial services and customer experiences.

This study provides valuable insights into the **impact of POS transactions on banking operations and customer satisfaction** in Bauchi Metropolis. The research makes several key contributions to knowledge, including:

1. Empirical Evidence on POS Transactions

✓ The study **adds to existing literature** by providing empirical data on how **POS transactions influence banking efficiency, financial inclusion, and customer satisfaction** in Nigeria.

✓ Unlike previous studies that focused on POS adoption, this research **analyzes both benefits and challenges**, offering a more **comprehensive** perspective.

2. Insights on Customer Satisfaction and Banking Operations

✓ The study highlights the **role of POS transactions in reducing congestion in banking halls**, improving service delivery, and promoting cashless transactions.

✓ It identifies key **challenges affecting customer satisfaction**, such as **network failures, fraud risks, and high service charges**, providing a basis for policymakers to improve financial services.

3. Policy and Regulatory Implications

✓ The study provides **recommendations for regulatory bodies like the Central Bank of Nigeria (CBN)** on how to **standardize POS transaction fees, enhance security measures, and improve agent monitoring**.

✓ Findings from the study can **guide policymakers** in developing strategies to expand **POS services to underserved rural areas**, thereby promoting financial inclusion.

4. Practical Contributions for Banks and Financial Institutions

✓ Banks can **use the findings to optimize their digital banking services**, enhance fraud prevention mechanisms, and improve network reliability for seamless transactions.

✓ The research highlights **the need for better agent supervision**, which can help banks **prevent fraudulent activities and unauthorized charges by POS agents**.

5. Contribution to Financial Inclusion and Economic Growth

- ✓ The study demonstrates how **POS transactions contribute to financial inclusion** by providing **access to banking services in areas with limited physical bank branches**.
- ✓ It underscores the role of POS services in **job creation**, particularly among small-scale entrepreneurs operating as POS agents.

6. Academic and Research Advancement

- ✓ The study serves as a **reference material** for future researchers interested in exploring the **digital payment ecosystem in Nigeria**.
- ✓ It identifies **research gaps**, such as the need for further studies on **the long-term sustainability of POS transactions and their impact on the overall financial system**.

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