

# FG'S 2009 E-PAYMENT PLAN: what are the options?

*"Henceforth, designated contractors will be paid electronically so as to avoid the current situation in which they have to write to be paid for work done and to ensure the payments could be easily tracked."*

- President Umar Musa Y'A'Adun at the Federal Executive Council meeting

Starting from this month (January 2009), the Federal Government directive on e-payment for all contracts and services provided for the government will come into effect. This action is expected to add impetus to the FG's accountability and transparency drive. Considering the volume of transactions that take place in government, the challenge and ease of implementation across board are better imagined.

In the last two years the volume of electronic transactions has grown by leaps and bounds. This has led to increased activities and development in the e-payment industry in Nigeria. Though numerous organizations in the private and public sectors have embraced e-payment, especially in the payment of workers' salaries and monthly emoluments, very few have adopted it for vendor payments.

Leading the charge in this direction are: the FG's Integrated Payroll & Personnel Information System project (IPPIS- the pilot phase) which involved 7 MDAs, the Petroleum Equalization Fund (PEF), Ogun State government and the Lagos State Pensions Board. To successfully and seamlessly carry out electronic payments across all banks on real time basis, all organizations involved in the process must work together. The challenge now is how to go about it. Let us take a look at the options available in the Nigerian market.

First there is the intra-bank funds transfer solution that allows banks to do a direct credit from the payer's account to the account of the payee. This solution provides the FG with a limited option as it does not give room for inter-bank transfer. With this solution, contractors whose accounts are not



resident in the bank that the FG uses to make such settlements will have to go and open an account in that particular bank. The effect of this is that contractors will be made to run more bank accounts than they need to.



Looking at the payment of civil servants' salaries, it will be impossible for all civil servants to open accounts in one bank. The method of e-payment used for salary administration involves the payer sending

the payment schedule to the bank. This schedule is manually imputed into the payment solution before payment is effected. This solution has the flaw of being very much prone to errors during the manual computation. Wrong figures could be, easily and unknowingly, paid into a wrong account. The manual nature of this payment method makes it time-consuming and cumbersome.

What is needed to achieve the desired results of the FG is a solution that can pick information from schedules and pay from one or several bank account(s) to another account in any other bank without the risk of crediting the wrong accounts; a solution that allows for easy tracking of payments made. That solution is **Remita**

**Remita**, from **SystemSpecs**, is an electronic courier service that rides on secured e-payment platforms to deliver funds to bank accounts and associated schedules to relevant pay contractors electronically without creating new bottle-necks of having to run multiple accounts.

bodies. Remita enables schedules delivery and notifications to beneficiaries at the click of a button. Remita allows for smooth transfer of funds from the payer's account to the payee's account whether or not the payee uses the same bank as the payer. Remita is able to pay across the 24 banks in Nigeria. As such Remita affords the FG an opportunity to pay contractors electronically without creating new bottle-necks of having to run multiple accounts.

**Remita** is a very flexible solution as it is able to pick data from a wide range of payroll solutions schedules and spreadsheets. The errors associated with the manual feeding of data into the e-payment solution are well prevented when you use Remita. As such it allows for quick and error free payment of salaries which makes it a very suitable e-payment solution for the proposed plan by the FG to commence use of electronic means in making all her payments from the year 2009.

With **Remita**, you can pay your vendors and suppliers and also pay staff salaries. You can also remit pension contributions and associated schedules of your employees to their respective PFAs & PFCs. In addition, you can remit different taxes, health insurance, National Housing Fund, union dues and cooperative payments - all from the comfort of your office. **Remita** allows you to see full historical transactions or current statement in respect of any or all payments made or received across all banks. You can also replicate your existing mandates, payment approval processes, authorization and limits electronically.

Remita's incredible robustness, ease of use, flexibility, and unique ability to support payments to several accounts in the same or different banks on a real time basis makes it the most suitable solution to help government in her efforts towards achieving Vision 2020.