

Article

Catalysing Financial Inclusion in South Africa's Rural Landscape: A Theoretical Discourse of PoS Business Model

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Abstract: In countries like South Africa, where cash plays a pivotal role in social and economic life, limited access to financial institutions, in rural areas has led to significant economic challenges for citizens and businesses. This limitation has further exacerbated the financial exclusion of the underserved population resonating with poor economic growth. In addressing the issue, this desktop-based theoretical discourse, draws on the Technology Acceptance Model, Schumpeterian Entrepreneurship Theory, and Circular Flow of Income Model to conceptualise cash point-of-sale business model, as an innovative mechanism with the potential to spearhead the country's financial inclusion efforts, entrepreneurial imperatives and local economic participation. The findings provide valuable insights for policymakers and financial institutions to design and implement effective financial inclusion policies in rural areas. By addressing unique challenges faced by rural communities, such as limited infrastructure and lower levels of education, a more inclusive and resilient financial ecosystem can be achieved, contributing to broader social and economic development goals in South Africa's rural landscape. An exploratory empirical study is further recommended to pave the way for the development of a contextual framework to guide the model's implementation in South Africa.

Keywords: Rural economy; financial inclusion; entrepreneurial imperatives; remote banking; point-of-sale

Introduction

In South Africa, the pervasive queues at bank branches have evolved into a ubiquitous and exasperating phenomenon, inflicting inconvenience upon customers due to protracted waiting times (Rensleigh, 2010; Shaikh, Karjaluto, Chinje, 2015; Sithole, Sullivan Mort & D'Souza, 2021). This challenge is further compounded by the sparse distribution of banks and automated teller machines (ATMs) in rural areas, which are insufficient to meet the needs of the burgeoning population, thereby exacerbating financial exclusion (Simatele & Maciko, 2022). The promise of technology as a remedy for financial exclusion (Bachas et al., 2018; Shipalana, 2019; Mpofo & Mhlanga, 2022) has motivated various stakeholders, including researchers, investors, and government entities, to optimize digital channels - specifically, mobile banking services - with the hope of diversifying banking options (Kirsten, 2006; Mlitwa & Tshetsha, 2012; National Treasury, 2020; Nel & Boshoff, 2020; Msweli & Mawela, 2021; Taoana, Quaye & Abratt, 2021).

The pivotal question that arises at this juncture, however, is: Can this technological solution effectively cater to the needs of rural communities, characterized by limited access to modern technology, low financial literacy, and a dearth of formal banking services, often situated at a considerable distance from their locales? In the rural regions of South Africa, where cash transactions prevail, and remains indispensable for social and economic activities, the insufficiency of financial institutions in these areas has engendered substantial

economic hardships for both individuals and businesses (Chitimira & Magau, 2022; Simatele & Maciko, 2022). This concern necessitates focused research attention, actionable policies, and region-specific frameworks to enhance financial accessibility.

Since 1994, the banking sector in South Africa has undergone substantial growth and transformation, marked by the establishment of numerous new banks and the introduction of diverse financial products. A notable example of this expansion is evident in the proliferation of bank branches, a network of over 5,000 branches and approximately 30,000 ATMs, thereby enhancing accessibility primarily in urban and semi-urban areas across the country (Chitimira & Magau, 2022). Consequently, the banking sector has advanced and become quite complex, especially in regulatory frameworks and in the introduction of novel financial products. Despite these progressive developments, the persistent challenge of extending financial services to low-income earners and the non-banked population, particularly in rural and remote regions, remains a pressing concern for stakeholders. Individuals residing in rural areas encounter ongoing difficulties in accessing bank branches and ATMs due to the disproportionate concentration of these facilities in urban locales (Rouse & Verhoef, 2017; Chitimira & Magau, 2022).

In 2020, the South African Financial Sector Conduct Authority (FSCA) and the South African Reserve Bank (SARB) undertook a seminal investigation shedding light on the challenge of financial exclusion in South Africa, a challenge notably poignant for rural and low-income households. These studies unveiled a stark reality: approximately 11% of the nation's adults find themselves without any form of financial services, creating an alarming gap in financial accessibility. While the data did not explicitly dissect the rural contexts, the report came up with one glaring truth - financial exclusion was not confined to specific regions; rather, it sprawled across the nation. The rural areas, however, emerged as epicenters of this exclusionary dilemma, burdened by a confluence of adversities, including - limited physical access, the absence of banking infrastructure, population with meagre financial literacy, vulnerable to escalating costs of banking, inability to meet the stringent identity document requisites, high unemployment rates, and the unyielding grip of poverty (Mtyapi, 2021; Simatele & Maciko, 2022). In this complex web of challenges, the rural population find themselves severely handicapped, unable to meaningfully engage in the contemporary credit-driven economy, a reality impeding their capacity to save, invest, and access vital banking services. There have been reiterations of this clarion call for action, despite this, tangible and effective efforts to alleviate the enduring trials of financial inaccessibility in South Africa's rural domains have, regrettably, remained elusive.

The current financial exclusion scenario in South Africa unfolds a disconcerting narrative - rural residents, especially, pensioners and social-grant beneficiaries, endure exorbitant costs as they traverse considerable distances from their villages to urban centres in pursuit of banking services. This not only imposes financial strain but also exposes them to significant security risks. The situation is exacerbated by prolonged queues at urban bank branches, intensifying health concerns, clearly emphasizing the imperative for urgent intervention. In addition, the perilous transportation of cash along rural routes becomes a breeding ground for theft and criminal activities, another layer of vulnerability to an already fragile situation. Faced with these challenges, many rural inhabitants resort to alternative informal banking arrangements, such as self-help groups and rotating savings and credit associations (ROSCAs) as coping mechanisms (Iwara, Adeola & Netshandama, 2021; Simatele & Maciko, 2022). These informal systems, while serving as makeshift temporal solutions, fall woefully short of providing the comprehensive financial accessibility that the rural populace desperately needs. Given the intricacies of these challenges, the author vehemently asserts that innovative solutions, like the cash Point-of-Sale (PoS) business model, widely embraced in Nigeria, emerge as beacons of hope. This model not only promises to obliterate the geographical and infrastructural barriers overwhelming access to financial services in rural South Africa, but also stands as a potent catalyst, fostering financial inclusion and heralding the dawn of robust economic development in these marginalized areas.

Financial inclusion denotes the provision and accessibility of affordable financial products and services to individuals and businesses, responsibly and sustainably by addressing their diverse financial needs (Omojola, Adebogun & Audu, 2022). Recognized as a vital policy tool, availability of financial services plays a pivotal role in enhancing welfare, mitigating poverty, and fostering macroeconomic stability (Morgan & Pontines, 2014; Park & Mercado, 2015; Kim, 2016; Omojola et al., 2022). The proposed PoS machine, an electronic device utilized in retail and commercial settings, facilitates secure digital transactions by processing

payments through credit or debit cards, mobile wallets, and other electronic methods (Lestaringati, 2018; Alzamel, Alshabanah & Alsmadi, 2019). The term "cash" in the context of this study originates from this device's ability of conducting financial transactions such as withdrawals and deposits via PoS in Nigeria (Fourchard & Sikiru, 2023; Olarewaju, 2023). In support of existing mobile and digital infrastructure, the cash PoS system empowers local entrepreneurs to act as PoS merchants, facilitating financial transactions within their communities. By promoting local financial transactions, the PoS system stimulates economic activity, thereby enhancing local businesses and livelihoods. Hopefully, this may lead to economic diversification as more enterprises emerge to meet the rising demand for goods and services.

This literature review case study rigorously explicates the cash PoS model as a catalyst for inclusive rural community development, by examining the model through three fundamental lenses. Firstly, the Technology Acceptance Model serves as a framework through which cash PoS can effectively address barriers to financial exclusion. Secondly, the Schumpeterian Entrepreneurship Theory is deployed to fortify our comprehension of the cash PoS business model and its pivotal role in fostering new business opportunities. Lastly, the Circular Flow of Income model is utilised to reinforce the cash PoS model as a stimulant for economic participation. While the study's focus is confined to rural areas of South Africa, there is a belief that the insights generated can serve as a vanguard for promoting financial and economic inclusion in households not only in other regions of the country, but also beyond.

The subsequent section delves into the cash PoS system from the Nigerian experience, accentuating its critical relevance for South Africa's rural regions. Following this, the study expounds on the methodology employed, and subsequently presents key findings and discussions centring around the system's significance as a foundational resource for advancing financial inclusion, fostering business creation, and promoting economic participation in South Africa's rural areas.

Literature Review

1. What is Cash POS Model?

The cash POS strategy is undergoing rapid expansion in Nigeria, fueled by the growing adoption of electronic payment solutions, the flourishing e-commerce sector, and the escalating demand for alternative cash-in and cash-out banking practices. The PoS concept, commonly known as the 'agent banking industry', extends the services traditionally offered by banks, ensuring convenient and timely access to a diverse customer base. As previously emphasized, this device enables merchants to accept payments from customers through various channels, such as debit and credit cards or mobile transfers.

Additionally, it facilitates activities like opening bank accounts and handling other financial obligations like utility payments and subscriptions. In Nigeria, merchants employ this device to streamline cash-out and cash-in transactions. In these transactions, customers electronically transfer funds into the merchant's PoS account and, in return, receive an equivalent amount in cash (Fourchard & Sikiru, 2023; Olarewaju, 2023). This approach has proven to be lucrative, particularly in rural areas with limited or no access to banks and in urban locations where ATMs are insufficient to meet the financial service demands of residents. Evidence suggests that the cash PoS initiative has become one of Nigeria's most sought-after strategies for young entrepreneurs, gradually surpassing ATMs in popularity due to it being user-friendly and convenient (Njoku, 2022; Olarewaju, 2023). These PoS outlets operate efficiently in remote villages and are a common sight on urban streets, allowing customers to conduct a wide array of financial transactions, conveniently. Consequently, the PoS industry has gained popularity and profitability, attracting significant interest from entrepreneurs eager to participate in this burgeoning business.

As of March 2023, Nigeria has seen a notable surge in the total number of operational PoS terminals, reaching 1.8 million, marking a significant 75% increase from the previous year's count of 1.04 million (Nigerian Inter-Bank Settlement System (NIBSS), 2023). This substantial growth, influenced by various factors, notably reflects the escalating interest and ongoing influx of entrepreneurs into cash PoS agent venture across the country. The PoS system has now evolved into an indispensable component of Nigeria's payment infrastructure, streamlining payment processes for businesses and providing a convenient practice for customers. Beyond its transactional convenience, Nigeria's PoS business model, which allows individuals to

establish cash-in/cash-out outlets, presents a lucrative opportunity for entrepreneurs and small-businesses' owners to earn additional income.

2. Establishing a Point-of-Sale Business

When establishing a cash PoS business in Nigeria, entrepreneurs must undergo several essential steps (refer to Njoku, 2022; Olarewaju, 2023). Initially, they are required to register with a merchant service provider, such as Paga, Quickteller, or Flutterwave; then, obtaining a PoS terminal and securing an appropriate business location become paramount. At the onset, conducting a feasibility study is crucial to determine the business typology, then, select an appropriate bank or company to partner with as a PoS agent, identify an ideal outlet location, and assess both startup and operational costs. Unlike many other ventures, launching a cash PoS business does not demand a significant upfront capital investment, as there is no fixed startup capital requirement. The overall cost largely hinges on the chosen typology and standard, with options including outright purchase, leasing, or even obtaining the PoS machine for free from certain financial institutions. In 2023, the average cost of a new PoS machine/terminal from Nigerian banks, Microfinance banks, or fintech companies ranges between N85,000 and N100,000 (Koboline, 2023). According to the ABSA standard exchange rate in July 2023, which stands at 1 Rand = Naira 40.4 (ABSA 2023), the cost is equivalent to approximately R2,100. Regarding operational capital, covering the cash-in-hand needed to facilitate withdrawals for clients, it can vary significantly, ranging from as little as N100,000 to as much as N1,000,000, contingent on the operational capacity of the venture and its location.

Cash PoS businesses exhibit optimal performance in densely populated and frequently visited areas (Olawaju, 2023). The physical location of the business emerges as a pivotal factor influencing the level of patronage, hence, the criticality of choosing an appropriate location. Often, merchants opt to set up cubicles on the roadside or operate from their residences to mitigate rent and capital costs. Irrespective of the setup, prioritizing accessibility and security remains paramount. Given that the whole rationale of the concept is the ready availability of cash transactions, merchants hold a significant amount of cash in their shops to cater to clients throughout the day. To mitigate the risk of theft and armed robbery, prospective agents must consider security measures and conduct thorough research to ensure the safety of their chosen business site. Additionally, a dependable telecommunication network service, akin to mobile phone connectivity, is indispensable for the seamless operation of a cash PoS outlet. The selection of the location, hence, is significantly influenced by the availability of internet reception, given its critical role in processing transactions efficiently. Entrepreneurs have multiple avenues for securing startup capital for PoS ventures, including loans, personal savings, and support from business angels, among other viable options.

3. Comparative Analysis/Rationale

Nigeria and South Africa are both diverse and dynamic countries, making them compelling study areas for various disciplines. Nigeria, located in West Africa, is the most populous and largest country on the continent and boasts a rich cultural heritage, diverse ethnic groups, and a complex socio-economic landscape. With a rapidly growing economy and a large unbanked population, Nigeria presents a unique opportunity to explore financial inclusion strategies and the impact of innovative financial technologies, such as PoS systems. South Africa, situated in the southernmost part of Africa, is known for its history of apartheid and subsequent efforts towards reconciliation and inclusive economic development. As the continent's most industrialized nation, South Africa offers a well-developed financial sector, however with very distinct lifestyles in urban and rural areas, making it an ideal case study for understanding the challenges and advancements in financial inclusion and the evolution of banking services in different social contexts. Both countries, therefore, hold valuable insights for researchers, policymakers, and entrepreneurs seeking to address the complexities of financial inclusion and its implications for economic growth and social development.

The choice of the cash PoS business model in this study is motivated by its efficacy as a fundamental strategy for promoting financial inclusion in rural areas of Nigeria. Its potential applicability to South Africa is underpinned by the shared challenges faced by both countries' rural regions. High levels of poverty, unemployment, and limited access to formal financial services contribute to economic exclusion in the rural areas of these countries (Geza, Ngidi, Slotow & Mabhaudhi, 2022; Stats SA, 2022; Williams, Iriobe, Ayodele,

Olasupo & Aladejebi, 2023). Additionally, low financial literacy and a lack of advanced technological devices and knowledge further hinder rural residents from engaging in daily online banking (Tustin, 2010; Adetunji & David-West, 2019; Sajuyigbe, Odetayo, & Adeyemi, 2020; Akande, Hosu, Kabiti, Ndhleve & Garidzirai, 2023). Lastly, the lack of adequate transportation infrastructure in rural areas of Nigeria and South Africa makes it challenging for residents to travel to distant urban centres to access financial services, resulting in long waiting times and high transaction costs.

Nigeria and South African rural areas exhibit homogenous financial cultural orientations, as evidenced by the prevalence of self-help groups and ROSCAs initiatives (Iwara et al., 2021; Anigbogu & Ngozi, 2022; Simatele & Maciko, 2022). Policymakers in both countries are increasingly recognizing the urgency of financial inclusion and rural economic development, making the cash PoS model well-aligned with these objectives. Given the similarities in economic, financial, political, and sociocultural challenges, the adoption of the cash PoS business model in South Africa holds the potential to enhance financial inclusion, stimulate economic participation, create businesses, and improve livelihoods in rural communities, akin to its impact in Nigeria.

Methodology

A qualitative desktop review design was employed, focusing on an exhaustive analysis of existing literature, reports, academic papers, and policy documents concerning the cash PoS system and its potential impact on rural financial inclusion and community development. The choice of a desktop review approach was driven by its appropriateness in synthesizing a diverse range of extant information and insights pertaining to the subject matter. The Prisma framework served as a guiding tool, structuring the literature search, data extraction, and synthesis processes. Data were curated from various academic databases, including Scopus, Google Scholar, and institutional repositories, to identify pertinent studies and publications associated with the cash PoS system and its influence on rural financial inclusion and community development. Search terms covered variations of "cash PoS in Nigeria," "financial inclusion and rural development," "PoS and business creation," and "financial exclusion in South Africa," with a focus on studies published from 2015 to the present to ensure the currency and relevance of the findings. A total of 53 publications were incorporated in the review.

The identified literature underwent a systematic data extraction process, employing a standardized form to capture crucial information such as the author's name, publication year, key discourse, and implications. Thematic analysis was then applied to the extracted data from each study to discern recurring patterns, themes, and insights concerning the cash PoS system's role in rural financial inclusion, business creation, and community development in South Africa. The Prisma framework facilitated a structured approach to organize and synthesize the literature review findings. As a desktop review of existing literature, this study did not involve human participants, hence, ethical approval was not deemed necessary. The researcher took care to properly cite and acknowledge the selected studies, thereby, respecting intellectual property rights.

The Findings

The Technology Acceptance Model, Schumpeterian Entrepreneurship Theory, and Circular Flow of Income model collectively emphasize the transformative potential of the cash PoS business model in fostering local economic development in the rural communities of South Africa. The Technology Acceptance Model accentuates the critical role of user perception, emphasizing the cash PoS system's attributes of being user-friendly, cost-effective, and convenient. These features, as highlighted by Technology Acceptance Model, contribute to an enhanced user-experience, thereby fostering improved financial accessibility and inclusion. The Schumpeterian Entrepreneurship Theory positions cash PoS as an innovative solution adept at addressing societal financial challenges and effects, more efficiently. By providing business opportunities and creating employment avenues through agent-driven financial services, the theory sees the cash PoS model as a catalyst for entrepreneurial growth. The Circular Flow of Income model illustrates how the cash PoS system facilitates access to cash, encouraging spending and investments. This, in turn, stimulates economic participation by making accessible financial resources for local businesses. The convergence of enhanced financial

accessibility, diversified business creation channels, and increased economic participation is posited to drive comprehensive community development in the rural areas of South Africa.

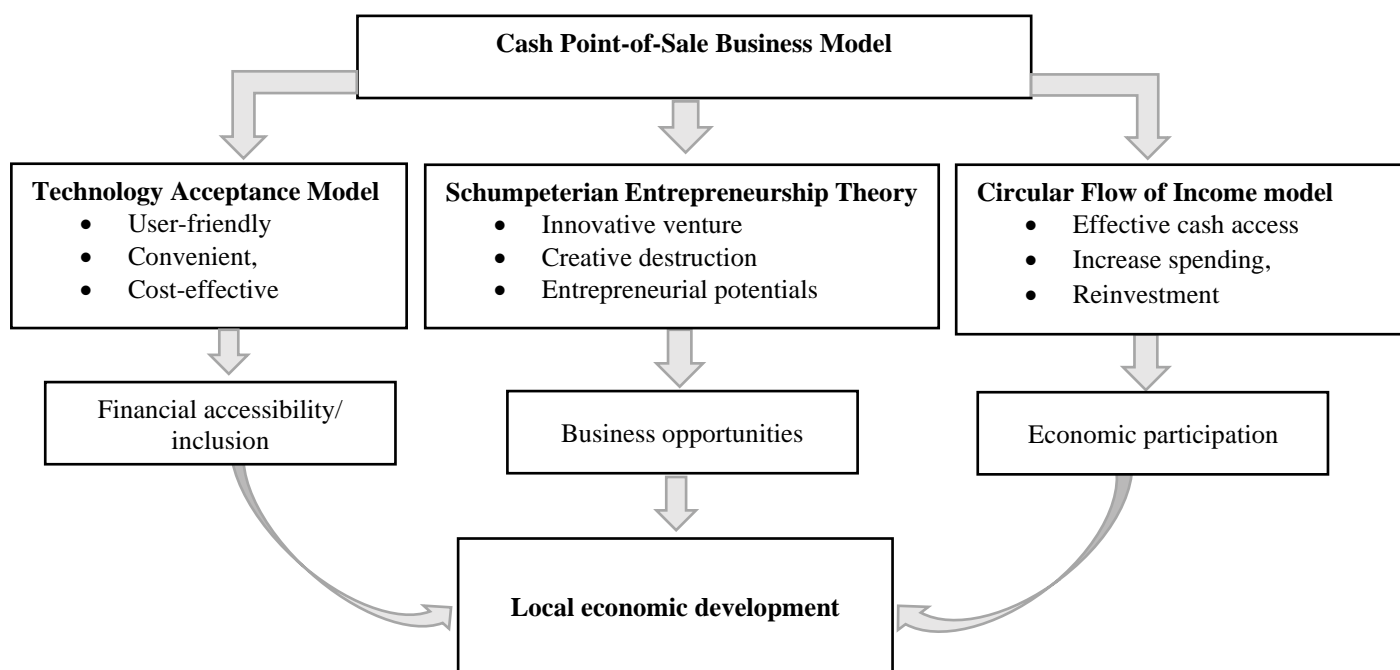


Figure 1. Cash PoS framework for inclusive local economic development
 Source: Author’s consolidation

Discussion

The discussion of findings explores three main themes: financial inclusion, entrepreneurial opportunities, and economic participation, all within the context of the cash PoS business model in rural South Africa.

1. Financial Inclusion

The Technology Acceptance Model presents a robust framework for examining the potential adoption of the cash PoS business model to enhance financial inclusion in rural communities of South Africa. This theory stipulates the pivotal role of users' perceptions regarding a given technology. As elucidated by Davis (1987), Technology Acceptance Model hinges on two crucial factors that shape individuals' acceptance of new technologies: perceived usefulness and perceived ease of use. In the context of the cash PoS business model, Technology Acceptance Model posits that rural residents are more likely to embrace the system if they perceive it as user-friendly and beneficial in addressing their financial challenges.

The cash PoS system, aligning with Technology Acceptance Model principles, provides a convenient and accessible platform for financial transactions, effectively resolving the challenge of rural residents having to traverse long distances to reach bank branches in urban centres. This, hence, eliminates the need for time-consuming and costly trips to withdraw or deposit cash, thereby alleviating one of the financial burdens on rural communities. Furthermore, the system's ease of use, empowers rural residents in South Africa to conduct financial transactions locally, mitigating the risk of theft during extended journeys, a significant predicament faced by many rural households. As the cash PoS system gains acceptance and is embraced by rural communities for its user-friendliness and convenience, it becomes a driver of financial inclusion, facilitating access to formal financial services without extensive travel or exposure to security risks. This argument aligns seamlessly with existing literature on technology adoption and financial inclusion:

In Nigeria, the National Financial Inclusion Strategy (NFIS) was introduced in 2012 as a working document to promote and serve as a key driver in achieving financial inclusion. Subsequently, agent banking emerged as an essential and significant approach to achieving financial inclusion in the country (Okore & Ugwuanyi, 2022). This system has since boosted financial inclusion by extending banking and financial services to the

underbanked, unbanked, and underserved populations in rural, semi-urban and urban areas of the country (Okore & Ugwuanyi, 2022, Peter, 2023). Among a myriad of other benefits, it offers more flexible and convenient financial access to existing and new customers (Okore & Ugwuanyi, 2022).

The literature illustrates a robust correlation between the accessibility of financial services and financial inclusion. The necessity for rural households in South Africa to travel considerable distances to access service points serves as a substantial impediment to financial inclusion, particularly for individuals with low incomes (Nkuna, Lapukeni, Kaude & Kabango, 2018; Simatele & Macito, 2022). This assertion finds support in the findings of Demircug-Kunt, Klapper, Singer, Ansar and Hess (2018), who assert that roughly 60% of adults globally, without a bank account, encounter obstacles primarily related to costs in accessing services, with 22% of this demographic group attributing their limited access to the distance to service points; this challenge is more pronounced in countries like Brazil, Indonesia, and Kenya, where the percentage climbs to a notable 41%. Contrastingly, in Nigeria, the strides made in agency banking have significantly mitigated the challenges associated with the distance between households and service points. This has proven to be an effective solution for narrowing the gap to service points, especially in geographically excluded areas. The Nigerian example highlights the positive impact of innovations in banking practices on addressing the spatial constraints that impede financial inclusion:

The implementation of agent-banking in Nigeria began in 2013 when guidelines on its operations and management were released (Nwachukwu, Agim, Gyang & Monulu, 2019). Since then, numerous commercial banks have engaged agents to facilitate their retail banking services (Okore & Ugwuanyi, 2022). The significance of agent-banking lies in its role as a crucial business model, enabling financial institutions to bring their services closer to people in grassroots communities and remote rural areas (Chude & Chude, 2014; Peter, 2023). This approach has gained traction as many Nigerians consider it as an effective means of enhancing financial inclusion and broadening the reach of financial services to previously underserved regions (Njoku, 2022; Koboline, 2023)

The discourse on PoS business is congruent with the Technology Acceptance Model, emphasizing the pivotal role of perceived usefulness and perceived ease of use in propelling technology adoption. The advantages embedded in the cash PoS system, particularly, its capacity to diminish waiting queues in financial institutions, render it highly attractive to rural residents in search of efficient and timely financial services. The cash PoS system's functionality as a local provider of cash-in and cash-out services positions it as a convenient alternative to conventional banking channels. This not only mitigates waiting times but also alleviates the strain on financial institutions by offering a decentralized solution. As rural residents recognize the cash PoS system as a useful and efficient means to conduct financial transactions, they are more inclined to embrace it as a viable solution for their financial needs. This acceptance, in turn, cultivates financial inclusion, as an increasing number of rural residents opt for the cash PoS system, gradually reducing their reliance on traditional banking channels and thereby enhancing their overall access to financial services.

2. Entrepreneurial Opportunities

Applying the Schumpeterian Entrepreneurship Theory, the cash PoS venture system holds a potential for business development, resonating with the creation of employment opportunities in rural communities of South Africa. According to this theory, entrepreneurs assume a pivotal role as innovators, propelling economic growth through the establishment of new businesses and the generation of jobs (Schumpeter, 1911). Schumpeter's perspective asserts that entrepreneurs wield substantial influence over the economy by virtue of their role in introducing innovation and technological advancements (Schumpeter, 1949). They act as instrumental agents in propelling the process of creative destruction, ushering in novel products, technologies, or production methods that result in transformation. Through entrepreneurial innovation and experimentation, an existing economic landscape can be perpetually transformed, giving rise to new equilibria and, ultimately, elevating living standards within the community.

In the rural communities of South Africa, local entrepreneurs undertaking the role of cash PoS agents play a pivotal role in delivering essential financial services to households. As these entrepreneurs embrace

their position as PoS agents, they motivate a critical transformation in traditional banking practices, paving the way for innovative avenues of accessing funds in rural areas. This transformative shift, characterized as "creative destruction" by Schumpeter, not only creates income opportunities for the entrepreneurs themselves but also for other members within the community. Through the establishment and operation of cash PoS businesses, these entrepreneurs contribute significantly to business development by introducing a novel financial service to the local population. Consequently, this fosters economic diversification and lays the groundwork for the emergence and prosperity of various other business activities within the community. The literature further elaborates on these dynamics, shedding light on the multifaceted impacts of cash PoS ventures in the local economic landscape:

Viewed through the entrepreneurial perspective, the cash PoS business in Nigeria is highly lucrative and profitable, primarily due to the significant number of remote areas lacking formal financial institutions to cater to the residents (Olawaju, 2023). As a result, PoS agents and merchants have effectively become the de-facto banks for these communities. This situation opens various business opportunities, leading to employment and income generation. In Nigeria, a cash PoS merchant can earn a daily income ranging from N10,000 to N50,000 and more, depending on their surrounding factors, such as the business's location, available capital, and customer base (Fourchard & Sikiru, 2023). The main source of income for these merchants comes from the commissions they receive. Each transaction made by a client incurs a specific fee, typically between 2 to 10% or more for cash withdrawals through the PoS machine. The commission earned is then divided between the merchant and their affiliated financial service provider, following the terms outlined in their contractual agreement. For instance, if the financial institution agrees on a 30% share of the commission, the merchant receives the remaining 70% of the total commission for each transaction.

The cash PoS emerges as a compelling avenue for business development and employment generation, particularly crucial for a developing economy like South Africa, which grapples with some of the world's highest and most persistent unemployment and enterprise failures despite substantial government support (Maduku & Kaseeram, 2021; Iwara, 2021; Matekenya & Moyo, 2022). As entrepreneurs embrace the cash PoS business, there arises a need for additional personnel, leading to potential employment opportunities for assistants or family members who will manage the business. The expansion of the cash PoS network can trigger a heightened demand for ancillary services, such as marketing, accounting, and maintenance, thereby, creating indirect employment opportunities within the community. Furthermore, the enhanced access to financial services facilitated by the cash PoS system has the potential to catalyse economic activities, fostering increased demand for goods and services, and consequently, stimulating job creation in rural areas. This narrative aligns with the principles of the Schumpeterian Entrepreneurship philosophy, which champions innovation, business development, and the promotion of economic growth.

3. Economic Participation

Viewed through the lens of the Circular Flow of Income model, the cash PoS business system emerges as a potent catalyst for economic participation in South Africa's rural communities. Originating with economist Richard Cantillon in the 18th century and subsequently refined by economists such as Quesnay, Marx, and Keynes, this model underscores the pivotal role of consumer spending, business investment, and government expenditure in sustaining economic activity. It posits a multiplication effect wherein local industries and job creation thrive. Keynes (1936) asserted that easy access to money and its easy circulation stimulate economic activities, while a lack thereof may result in contractions. In the context of the cash PoS system, the circular flow of income is evident as rural residents utilize the system for financial transactions, facilitating money circulation within the local community. This results in businesses receiving payments, subsequently paying wages and making purchases, creating continuous effect that could foster economic participation in South African by rural communities which currently are grappling with financial exclusion (Mlitwa & Tshetsha, 2012; Simatele & Maciko, 2022; Akande et al., 2023). This circulation, hence, stimulates local economic development, livelihoods, and sustainable economic growth.

Functioning as a resourceful income-generating mechanism, the cash PoS business model significantly contributes to livelihood enhancement in rural communities. As agents earn commissions and fees from

transactions, this income circulates within the local economy, bolstering livelihoods and improving the economic well-being of the community. In addition, the easier access to financial services stimulates economic activities within the communities by providing rural households with more disposable income, enabling them to participate more actively in economic transactions. This heightened participation, in turn, fosters entrepreneurship, the emergence of small businesses, and contributes to livelihood diversification and economic resilience within rural areas of South Africa.

4. Limitations

The existing literature identifies challenges and barriers associated with the stability of the cash PoS system; for instance, since the device relies on a network akin to mobile phones, limited internet connectivity in remote areas may impede the usage of the system (Adeoti, 2013). Security concerns, including fraudulent activities and theft, could further raise apprehensions among potential agents and users (Muoghalu, Okonkwo & Ananwude, 2018). Additionally, stringent financial policies and high bank charges may dissuade merchants from venturing into the system, thereby, jeopardizing its feasibility and profitability.

To ensure the success of the cash PoS system and maximize its benefits, it is, therefore, crucial to systematically address these concerns and devise a comprehensive remedial framework. Regulatory frameworks should be developed and enforced to safeguard consumers' interests, ensure data privacy, and mitigate potential risks associated with digital financial services. Public-private partnerships can play a vital role in facilitating the expansion of the cash PoS agent network, ensuring comprehensive coverage in underserved regions. Awareness campaigns and capacity-building programs can be instrumental in enhancing digital literacy and educating rural households about the advantages and security measures necessary for the cash PoS system. Collaborative efforts with telecommunication providers can improve internet connectivity, making the system more accessible and reliable for users in remote areas.

Conclusion

Financial exclusion persists in rural areas of South Africa - a situation highlighting a significant gap in the national financial inclusion strategy, specifically in addressing the unique challenges confronted by the rural populace. Given the intricate interplay of factors contributing to financial exclusion, a comprehensive and nuanced approach is also imperative. There is an urgent need to ameliorate conditions that perpetuate this exclusion, involving targeted initiatives addressing not only physical accessibility but also enhancing financial literacy and establishing banking infrastructure tailored to rural environments. The cash PoS business model, drawing from the successful Nigerian experience, emerges as a promising avenue to tackle financial exclusion and foster economic development in the country's rural landscapes. Rooted in the principles of the Technology Acceptance Model, this system not only provides a user-friendly platform for financial transactions but also empowers rural residents by granting access to formal financial services within their localities.

The Schumpeterian Entrepreneurship Theory accentuates the pivotal role of local entrepreneurs who can act as cash PoS agents, driving business development and generating employment opportunities within these communities. Furthermore, the application of the Circular Flow of Income model demonstrates how the cash PoS system can stimulate economic participation, thereby fostering local economic development and enhancing livelihoods, although, it is also crucial to acknowledge and address the challenges that may impede the system's success. Security concerns, infrastructural limitations, and digital literacy barriers must be systematically tackled through regulatory frameworks, public-private partnerships, and targeted awareness campaigns. By effectively overcoming these obstacles, the cash PoS system holds the potential to spearhead financial and economic inclusion in South Africa's rural areas, hence, making a substantial contribution to overall community development.

To garner deeper insights into the introduction and support of the cash PoS business system in South Africa's rural areas, comprehensive research is imperative. Such exploration would illuminate the specific typology of the model that aligns with the country's unique context. The refinement of the National Financial Inclusion framework is essential to enable the South African Reserve Bank and financial institutions to take the lead in implementing this strategy effectively. This framework would offer a structured approach to

financial inclusion, ensuring that the cash PoS system is optimized to meet the needs and challenges of rural communities, thereby contributing significantly to the broader goals of economic development in the region.

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