

Appraisal of Cashless Policy on the Nigerian Financial System

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Abstract

The Central Bank of Nigeria (CBN) has been active in the inauguration of policies and schemes to foster the implementation of the cashless policy in Nigeria. However the current transition to cashless economy raises a lot of concerns with no substantial evidence yet to justify its implementation. This study was carried out in order to appraise the implementation of the cashless policy since its introduction into the Nigerian financial system in 2012 and also to examine the persistent challenges facing its implementation. In view of the above stated objective, primary data were collected with the aid of the questionnaire, which was randomly administered to 120 respondents ranging from First Bank, Zenith Bank and United Bank for Africa. The banks were selected based on their total assets and the information collected covered the activities of the CBN and that of these banks towards implementation of the cashless policy from 2012 till date. The data collected were presented and analyzed with the aid of the Statistical Package for Social Sciences (SPSS) using descriptive statistics and one-sample t-test. The results led to the conclusion that despite the need to operate cashless transactions dominating the modern Nigerian economy, the cashless policy will have the desired impact only if a lot is done to ensure the implementation of an effective cashless system.

Keywords: Cashless Policy, Cashless Economy, Electronic Payment System, Financial System

1.0 Introduction

Cashless economy depicts an economic situation whereby transactions are done without the necessary movement of cash as a means of exchange or as a means of transaction but rather with the use of credit card or debit card payments. Several scholars have attempted to analyse this policy, but only few of them presented a comprehensive evaluation of its implications in developing countries [16]. They either took a one sided look by examining either the benefits or the cost of cashless policy, or did not examine comprehensively the policy implication. Bruno Hildebrand (1812-1878), a German economist, took a historical approach to investigate phases of monetary development and he argued that, a society would advance from barter (a state of natural economy where goods were exchanged directly for goods) to monetary exchange before achieving its most elevated union in a credit economy (cited in [6]). Though Hildebrand, in the end neglected the development of a coherent system of economics, his vision of a barter-money credit advancement model of economic development provides theoretical evidence of

the existing correlation between the medium of exchange and economic development. Whereas no country can function optimally without an efficient financial system [12], having a payment system that is secure, convenient and comfortable fosters the development of nation's economy [2].

A well-functioning e-payment system, according to the Central Bank of Nigeria – CBN (2011), has been recognized to having much relevance on the financial stability, monetary policy and overall economic activities of a country but the cashless policy which was adopted in Nigeria on June 2012 has constituted a burden to the learned, the poor and non-exposed traders. According to the CBN, the cashless policy was introduced to drive the development and modernization of the Nigerian payment system in line with the nation's vision 2020 goal of being among the top 20 economies in the year 2020 but the use of cash, according to Nwaolisa and Kasie [12], as a means of carrying out transactions still remains very high in Nigeria. Poor

network and connectivity which results most often into debiting customers' account more than once, high transaction cost, as well as security and technical setback, are some of the factors still posing as challenges to the recent move. The current transition to a cashless economy raises a lot of concerns and there is yet no substantial evidence to justify its implementation in Nigeria. This study therefore sought to provide such evidence by evaluating the implementation of the cashless policy since its introduction into the Nigerian financial system and also to examine the persistent challenges facing its implementation. Specifically, this study examined the effect of the cashless policy affects on both the confidence of customers on the safety of their accounts and the banks' profitability. Also the extent to which the cashless policy affects the liquidity position of customers was determined.

2.0 Review of Literature

Most developed countries in the world operate the cashless economy and Nigeria, as a developing country, has to catch up with the trend in order to compete internationally. The policy which is more evident in developed countries in the world (Humphrey, 2004), is aimed at reducing physical cash transaction and promote electronic means of making payments [5]. A basket of huge benefits are expected to be derived by stakeholders from an increased utilization of e-payment such as: Increased convenience, more service options, reduced risk of cash related crimes, cheaper access to out of branch banking services, access to credit and financial inclusion, faster access to capital, reduced revenue leakage, and reduced cash holding costs. Cashless policy contributes to the economy by reducing risks of cash related crimes, and providing a more convenient, better and cheaper access to banking services.

Addressing issues pertaining to the benefits and challenges of a cashless economy in Nigeria, Ikpefan and Ehimare [9], in their paper, "Fast tracking business through a cashless economy in Nigeria: Benefits and challenges", estimates an over 70% of cash in circulation, in the Nigerian economy, existing outside the formal banking system. They went further to explain that there is a gap in the existing cash management by the CBN. The paper concludes that amongst others; the success of the new cashless policy hinges on a strong legal framework, state of infrastructure, availability of real data, investments in technology, and adequate

security. Taking it from another perspective, Ochei [13], studying the effective strategies for monitoring and controlling overspending in a cashless society as lessons for citizenship empowerment, proposes a set of flexible strategies for monitoring and controlling overspending among citizens: Arrange, Acquire and Appraise. Humphrey and Berger (1990) presented one of the earliest attempts to comprehensively estimate the private and social costs for nine separate payment instruments-cash, cheques, credit cards, money orders, Point of Sale (POS), Automated Clearing House Transfers (ACH), ATM bill payments, travellers' cheques and wire transfers (cited in [3]). Alao and Sorinola further explained that, from the social cost perspective, cash was found to be the cheapest payment instrument, followed by ACH, POS and ATM bill payment while from the private perspective, cheques emerge the cheapest one followed by cash, ACH and POS. From a social perspective, a card-based system is considerably more efficient than a cash-based system because diseconomies of scale in cash supply rises as cards displace cash, and this displacement relegates cash to smaller transactions because smaller transactions must cover the fixed costs of the cash system [14]

As cited in Alao and Sorinola (2015), early studies such as Fisher (1896) and Patinkin (1965) attempted the explanation of the root cause of price indeterminacy (p.44). It was established that for any given real demand for money, there are infinitely many combinations of money stock and price levels that will do the job of bringing about money market equilibrium. Although volatilities in output and inflation decline due to observed loss in the predictive power of money in a monetary economy (Gali & Gambetti, 2009, cited in Odior & Banuso, 2012, pp. 294-295), in a cashless economy, money demand equation can be derived without influencing output and inflation (Gali, 2008).

2.1 Cashless Economy

Contrary to what is suggestive of the term, cashless economy does not refer to an outright absence of cash transactions in the economic setting but one in which the amount of cash-based transactions are kept to the barest minimum. It is an economic system in which transactions are not done predominantly in exchange for actual cash. However, it is not an economic system where goods and services are exchanged for goods and services (the barter system), rather goods and services are bought and paid for through electronic media. It is

defined as “one in which there are assumed to be no transactions frictions that can be reduced through the use of money balances” [16]. As noted above, the cashless economy does not imply an outright end to the circulation of cash in the economy but an operation of a banking system that keeps cash transactions to the barest minimum.

The alternative ways to cash payments:

1. Cheques
2. Automated Teller Machines (ATMs): used, with the aid of a payment card linked to customers’ account, for making variety of payments (utility bills, subscriptions, GSM recharges, etc) and transfers across Nigeria.
3. Mobile Money: enables users to transfer funds, make payments or receive balance enquiries through their mobile phones using their banks’ mobile application.
4. E-transfers: permits bank customers who have subscribed to internet banking to carry out basic banking transactions within and outside Nigeria from their computers or mobile devices (iPad, mobile phones, tablets, etc) anytime and anywhere via the web.
5. Point of Sales Terminal (POS): An e-payment platform that allows customers purchase or makes payment with no cash, rather pays by using any of the payment cards (Visa, MasterCard, Verve) issued to them by their banks.
6. Pay Attitude: It is a NFC (Near Field Communication) based tag-type, contact less solution that enables a user make POS payments without a debit card. It is pin protected and converts a user’s device into a payment tool by attaching the NFC tag, which is linked with user’s account, to the device. When the customer wants to make a transaction he just taps the POS machine and the transaction is completed.

2.1.1 Advantages of a Cashless Economy

Specialists have called attention to particular regions in which the cashless economy will improve the quality of life. These include:

1. Speed of transactions: transactions are going to be faster and the problems of long queues are going to be in extinct.
2. Improved hygiene: reduction in the carriage of cash (coins and notes) will generally reduce the spread of germs through these means.

3. Eradication of problem associated with the counting and sorting cash.

4. With the creation of numerous payment options, the process of cash collection will be made simple and the cost and risk associated with cash transfer and processing reduced.

5. It is beneficial to both banks and merchants as it increases customer coverage and satisfaction, as it notifies customers about recent activities carried out on their accounts, increases personalized relationship with customers, and faster documentation and tracking of transactions.

6. It is a good tool in the tracking of corruption and money laundering accustomed with a number of internet fraud.

7. The system will reduce the pressure on the Naira but this is possible if there is an effective and standard cross-border electronic transmittal’s reporting system.

8. It will increase transparency in business transactions.

9. It will increase the involvement of individuals in active banking hereby increasing public participation and reducing the informal money in circulation.

10. Central banks’ policy tools will be made more effective in the achievement of economic development and stability goals.

2.2 Cashless Policy in Nigeria

Cashless policy was initiated in 2012 by the former CBN Governor, Lamido Sanusi. Its aim is to establish an environment where an increasing proportion of transactions are carried out through electronic platforms. The cashless policy is projected to provide mobile payments services, breakdown the traditional barriers holding the financial inclusion of most Nigerians, and bring low cost, secure and convenient financial practices to urban and rural areas across the country. Taking into account the goal of discouraging cash transactions as much as possible and not to discourage cash holdings, the CBN set the daily cumulative withdrawal and deposit limits for both individuals and corporate entities to be N500, 000 and N3 million respectively, with a respective penalty fees of 3% and 5% to be charged per extra N1000 (Ezumba, 2011, cited in Okoye & Raymond, [15]. These daily cumulative withdrawal and deposit limits does not imply that individual/corporations cannot hold cash in excess of N500, 000/N3million respectively

at any single point in time but that their cumulative cash transactions with the bank must not exceed these limits over a period of one day. This policy on limits implies that an individual can actually have more than N500,000 under his pillow at home, buys goods and services with it but must not pay more than N500,000 into his bank account in one day without attracting a fine of 3% per N1000 for the excess.

The move towards a cashless Nigeria seems to be beneficial, although it came with high level of security concerns, as well as cost management resulting from its implementation, [14][12]. Nwankwo and Eze [11] examining the flaws and advantages a cashless economy in Nigeria, establishes that the e-payment system has great implication on the Nigerian cashless economy but it will lead to significant decrease in the performance of deposit money banks in the areas of deposit mobilization and credit allowances. In addition, [1] opined that there may be no going forward in the successful implementation of a cashless economy in Nigeria until adequate security and human capital, the minimum technical/equipment infrastructure required and other structural enablement are sufficiently addressed.

2.2.1 Fears of Cashless Economy in Nigeria

For the cashless economy to work certain factors must be present, and in the right quantity and quality. It is for this reason that many analysts question the readiness of Nigeria for a cashless system. The drive by the CBN to make the Nigerian economy cashless, though pleasant, may be an undue haste to run without first crawling. For a successful running of a cashless economy, the issue of infrastructure must be deliberately tended to. The issue of security is also very serious; the vulnerability of the cashless system to various forms of internet-related crimes must be addressed. Nigeria's low Point of Sales (POS) thickness and poor last mile network constitute huge downsides to the achievement of this policy. The whole scepticism about Nigeria's preparedness is summed up in the following:

1. What grounds exist in Nigeria to facilitate the introduction of a cashless economy?
2. Is the literacy level and level of acquaintance with Information Communication Technology (ICT) among Nigerians high enough?
3. How many Nigerians can use electronic banking services and what infrastructures are there to support electronic banking? Assuming most Nigerians are educated and ICT-compliant is it enough to flood the

nooks and crannies with ATMs, with their vulnerability to fraud unresolved?

4. Can we guarantee a sufficiently sophisticated system as to scale the hurdle of cyber-attacks which are capable of derailing the whole cashless system?

[8] pointed out some of the challenges of e-payment system in Nigeria as follows:

1. There is no specific law put in place to regulate e-payment.
2. Though the policy is adequately monitored in Abuja and Lagos, it is not strictly so in other states.
3. The cash limits are not in favour of the upper class citizens of Nigeria who do business beyond the stated limits every day.
4. With the crippled level of power supply in Nigeria, banks have to incur more costs. Even the cost of switching services is higher to users when facilities are used abroad.
5. Most rural branches of banks in Nigeria do not have ATMs. Same applies to POS.
6. There is insufficient skilled manpower to watch over various equipments and also to effect necessary repairs when necessary.
7. There is a low level of acceptance. Most of the citizens seem not to trust these alternative forms of payment especially those who in the past lost money through them.

2.3 Electronic Payment System

Payment systems are social infrastructures that support all economic activities, and the financial markets will require more sophisticated payment systems with greater safety and efficiency [10]. However, modern technology has changed conventional payment system into a more efficient and effective system, devoid of 'cash and carry' syndrome. The easiness of transacting economic substances as well as a safer and quicker access to funds, among other factors, has placed e-payment system on a more glorified pace than cash-based system [4]. In this new era, e-payment system has become a medium through which monetary substance circulates conveniently and its evolution, as well as the convenience of e-money transactions has furthered the transition and the argument of society into a cashless one. According to Nakajima (2012) the evolution of payment systems will never stop.

3.0 Methodology and Methods

3.1 Research Design and Sample Size

The research design used for this study is the exploratory design because it clarifies important relationships existing between variables. The targeted population of study includes all staffs of First Bank, Zenith Bank and United Bank of Africa. These banks were judgementally selected because they signify a sizeable population in the banking sector. Judgemental sampling is a sampling technique used for selecting items which the researcher considers an illustrative of the population based on his knowledge and professional judgement and it is regularly used in qualitative research where the request of the researcher happens to be to improve hypotheses rather than to generalize to larger population. As a result, sufficient and diverse opinion relating to the level and impact of internet banking on the Nigerian banking environment can be generated from the three (3) selected banks. A sample size of 120 respondents, which implies forty (40) from each of the banks, was obtained through random sampling.

3.2 Data Collection Method

Primary data was collected through the use of questionnaire, interview and direct observation; however the questionnaire was mainly used.

3.2.1 Research Instrument

The questionnaire was the primary instrument used. Questions were structured in such a way that the respondents would be able to give appropriate answers that are accurate and correct. The questions were derived from the statement of problem, research question, research objectives, and hypotheses for testing. The questionnaire is divided into three (3) sections with a total of 26 items. Section A centres on the bio data of the respondents, and strict confidentiality was maintained, Section B is on the awareness and general opinion of respondents and Section C focuses on how to achieve the objectives of the study. The questionnaire was personally administered to the respondents and followed up to ensure accuracy and reliability. This is to ensure fast and easier collection of questionnaires.

3.2.2 Validity and Reliability of Research Instrument

Validation is based on the fact that the research question and hypothesis are used to structure the questionnaire in order to get results from the respondents. However, research instrument is valid when

it is able to measure the variable for which it is constituted to measure. For this study, content validity was used. In addition, the reliability of the instrument was tested using the test-retest method and a Cronbach's Alpha of 0.732 was obtained. The test-retest method examines performance over time and gives an estimate of stability.

4.0 Data Presentation and Analysis

4.1 Data Presentation

A total of 120 questionnaires were randomly distributed to bank officers and staff from each of the three (3) selected banks and a response rate of more than 85 percent was recorded. Out of this percentage, 34% were from First Bank, 35% Zenith Bank and 31.1% were from UBA. In addition, 65% of them strongly agree to 'being aware of the cashless policy put in place by the CBN', while 36% only agree. This indicates a good level of knowledge of the cashless policy among the selected staffs of the three banks. Also, 86% of the respondents do receive regular update from their bank concerning new products and services; this could have explain why a good number of them have the knowledge of the cashless policy introduction in Nigeria.

4.2 Descriptive Analysis

4.2.1 Demographic Presentation

10.7% of respondents are below 22 years, 24.3% are within the range of 22-30 years, 36.9% within ages 31 to 40, 15.5% are within 41 to 50 years and 12.6% of respondents are 51 years and above (*see appendix I*). This indicates that most respondents are within the age range of 31 to 40. Similarly, most of the respondents are males, as well as married; constituting 51.5% and 54.4% of the respondents respectively. In terms of their educational background, 56.3% holds the BSc degree, 22.3% HND and 20.4% PhD; indicating that more than half of staffs in these banks has only the BSc degree. In addition, 37.9% of the respondents have work experience of between 1 month and 6 years, 35.9% have worked for 6-10 years, and 20.4% for over 10 to 15 years. Also 4.9% have work experience for 16-20 years and only 1% for more than 20 years. This indicates that majority of the respondents have less than 16 years of working experience in the bank.

4.2.2 Cashless Policy Implementation in Nigeria

A large proportion of bank customers in Nigeria utilize electronic banking and 68% of respondents from

the three banks used for the study strongly agree to this statement (*see appendix II*). Whereas 22.3% only agree that a large proportion of their customers utilize electronic banking, 6.8% and 3.9% were undecided and did only disagree respectively. However, there exists some level of its ignorance on the part of customers with the public not well educated on how to use the online transactions. 34% of respondents strongly agree to the ignorance on the part of customers, 50.5% agree, 9.7% remains undecided, and 2.9% strongly disagree. Likewise, 12.6% of the total respondents strongly agree that there is no public education on how to use online transactions, 36.9% agree, 22.3% are undecided, 24.3% disagree and 3.9% strongly disagree.

In relation to the benefits of the cashless policy, the results in appendix II also reveal that the introduction of cashless policy has eased banking transaction and this 45.6% of respondents strongly agree to and 52.4% only agree with. 1% were both undecided and in disagreement with the statement. In addition, the advent of the cashless policy has helped banks in Nigeria to increase their customer base, and make customers' accounts really accessible. 21.4% of respondents strongly agree with the increase in customer base benefit, 37.9% are in agreement, 38.8% were undecided and 2%. In relation to customers' account accessibility, 31.1% of the respondents strongly agree to this benefit, 40.8% only agree, 8.7% remain undecided and 19.4% disagree. Customers are at liberty to have access to their accounts 24 hours, hence increasing the banks' turnover and this 25.2% strongly agree with, 61.2% only agree with and 13.6% could not come to a decision. Furthermore 28.2% of the total respondents strongly agree to banker/customer relationship having been boosted by electronic banking. 49.5% agreed with the statement, 15.5% are undecided, 4.9% disagree and 1.8% of the total respondents strongly disagree. This indicates that banker/customer relationship has been boosted due to electronic banking in Nigeria.

Cashless policy also boosts the confidence of individuals to carry out transactions and do enhances bank's operational efficiency through its provision of swift and timely responses to customers' demands. 16.5% of the respondents strongly agree with the

statement about cashless policy boosting the confidence of individuals to carry out transactions, 42.7% agree, 19.4% were undecided and 21.4% disagree. Likewise, 31.1% of the respondents strongly agree with the policy enhancing bank's operational efficiency through the provision of swift and timely responses to customers' demands, 48.5% agree, 19.4% remains undecided, while 1% was in disagreement. The policy also has an effect on banks' profitability and a continuous positive influence on banks' activities and their income structure. This, 42.7% and 59.2% of the respondents strongly agree to, with 41.7% and 32% only in agreement respectively.

The introduction of cashless policy in Nigeria will improve the payment system, make customers to hold less cash in hand and can be used to prevent fraud. As also seen in appendix II, 23.3% of respondents strongly agree to the statement that cashless policy has made customers to hold less cash in hand, 48.5% agree while 10.7% remains undecided but 17.5% disagree with the statement. In the same vein, all the respondents were in agreement with the statement that the introduction of cashless policy will improve the payment system in Nigeria; with 48.5% strongly agreeing and 51.5% only in agreement. Also 39.8% strongly agree that cashless policy can be used to prevent fraud, 39.8% agreed, 16.5% remain undecided, 2.9% disagrees and 1% strongly disagrees.

However, the adoption of cashless policy has led to unauthorized access to customers' accounts, untraceable embezzlement by bank officials, fake internet bank websites and cloning of smart cards in Nigeria, as well as having some negative effects on residents in rural areas. 35.9% strongly agree with cashless policy having a negative effect on residents in rural areas, 45.9% agrees while 14.6% are undecided. But 2.9% of the respondents strongly agree to the other part of the statement, 6.8% agree, 1% undecided, 53.4% disagrees, and 35.9% strongly disagree. Nevertheless the cashless policy can be achieved in Nigeria when customers no longer have to pay cash for all their purchases. This 60.2% of respondents strongly agree with, 35.9% were only in agreement with while 3.9% remain undecided.

Test of

of

4.3.1 Cashless Policy and Confidence of Customers on the Safety of their Accounts

Table 1: One-Sample Statistics

		Mean	Std. Deviation	Std. Error Mean
Cashless policy boosts the confidence of bank customers to carry out transactions online		24.741	1.00759	.09928

Source: Fieldsurvey report, 2016

Table 2: One-Sample Test

	Test Value = 0				
	t-value	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
				Lower	Upper
Cashless policy boosts the confidence of bank customers to carry out transactions online	24.741	.000	2.45631	2.2594	2.6532

Source: Field survey report, 2016

The calculated t-value in table 2 above is 24.741 and the critical value is 1.9835 at 5% level of significance and the degree of freedom of 102. The null hypothesis (H_0) is therefore rejected since the calculated t-value is

higher than the critical value. Hence, it can be concluded that cashless policy does affect the confidence of customers on the safety of their accounts

4.3.2 Cashless Policy and Bank Profitability

Table 3: One-Sample Statistics

		Mean	Std. Deviation	Std. Error Mean
Cashless policy has positive effects on banks profitability		1.782	.71667	.07062

Source: Fieldsurvey report, 2016

Table 4: One-Sample Test

	Test Value = 0					
	t-value	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference		
				Lower	Upper	
Cashless policy has positive effects on banks profitability	24.473	0.000	1.72816	1.5881	1.8682	

Source: Field survey report, 2016

From table 4, the calculated t-value of 24.473 is higher than the critical t-value of 1.9835 at 5% level of significance and the degree of freedom of 102. The null

hypothesis (H_0) is also rejected; consequently, cashless policy can be said to have enhances bank profitability

4.3.3 Cashless Policy and the Liquidity Position of Customers

Table 5: One-Sample Statistics

	Mean	Std. Deviation	Std. Error Mean
The advent of cashless policy has made customers to hold less cash in hand	2.2233	.99933	.09847

Source: Field survey report, 2016

Table 6: One-Sample Test

	Test Value = 0				
	t-value	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
				Lower	Upper
The advent of cashless policy has made customers to hold less cash in hand	22.79	0.000	2.2330	2.0280	2.4186

Source: Field survey report, 2016

Table 6 indicates that, at a significance level of 5% and the degree of freedom of 102, the calculated-value is 22.579 and is higher than the

critical value of 1.9835. The null hypothesis (H_0) is therefore rejected. Hence, cashless policy affects the liquidity position of customers

5.0 Summary, Conclusion and Recommendation

5.1 Summary

5.1.1 Theoretical Findings

1) The implementation of cashless policy is technically feasible in Nigeria provided that infrastructural challenges which might hamper the efficiency of the policy, such as epileptic power supply, non-availability of cash in the ATM and lack of information technology are dealt with.

2) The cashless policy has numerous benefits in Nigeria since the result indicates that the policy will help fight corruption/money laundering, reduce the rate of carrying cash, and increase the convenience of business transactions.

3) However, there are challenges associated with the implementation of a cashless policy in Nigeria, resulting from complexity and high prohibitive cost of implementation of policy, inadequate POS system, awareness level, inadequate security amongst many others.

5.1.2 Empirical Findings

1) The study confirmed that the introduction of cashless policy has eased banking transactions in Nigeria.

2) It was also established that the advent of cashless policy has made customers to hold less cash in hand.

3) Banks activities and their income structure are continuously being influenced positively by the introduction of cashless policy.

4) It was also noted that cashless policy enhances banks' operational efficiency through swift and timely responses to customer's demand.

5.2 Conclusion

One most significant contribution of the cashless policy in any economy is that it aids the reduction of the risk associated with carrying cash. The

development of an innovative cashless policy has the potential to transform economic activity into achieving developmental goals. From the analysis carried out, it appears much has already been done in creating awareness on the introduction of the cashless economy. The e-payment system is gaining prominence in Nigeria, to the extent that the era of cash payment is gradually fading away as the need to operate cashless transactions dominates the modern Nigerian economy.

It can also be concluded from the study that the cashless system will be helpful in the fight against corruption and money laundering. Therefore if an effective cashless banking system can be developed and the recommendation below carried out, cashless policy will have a desired impact on the Nigerian economy.

5.3 Recommendation

Based on the findings, the following measures on how to efficiently and effectively improve the cashless policy are recommended:

1) Public enlightenment programs on the cashless system should be put in place by the CBN to foster conversance with the system before the introduction of the policy, since it affects every citizen.

2) There should be strategic plans by the government to educate the illiterates to help them understand the necessities of the new move and how to function in a cashless economy.

3) The government ought to ensure a conscious security to prevent online fraud, and to protect the fraud

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APPENDIX I

Table 1: Demographic presentation of respondents

		Freq uenc y	P er ce nt	Valid Percen t	Cumulative Percent
Age	below 22 yrs	11	10.7	10.7	10.7
	22-30 yrs	25	24.3	24.3	35.0
	31-40 yrs	38	36.9	36.9	71.8
	41-50 yrs	16	15.5	15.5	87.4
	51 and above	13	12.6	12.6	100.0
	Total	103	100.0	100.0	
Sex	Male	53	51.5	51.5	51.5
	Female	50	48.5	48.5	100.0
	Total	103	100.0	100.0	
Educ ation al Quali ficati on	B.Sc	58	56.3	56.3	56.3
	HND	24	23.3	23.3	79.6
	PhD	21	20.4	20.4	100.0
	Total	103	100.0	100.0	
Marit al Statu s	Single	43	41.7	41.7	41.7
	Married	56	54.4	54.4	96.1

	Divorced	3	2.9	2.9	99.0
	Widowed	1	1.0	1.0	100.0
	Total	103	100.0	100.0	
Years of experience in the bank	Less than 6 yrs	39	37.9	37.9	37.9
	6-10 yrs	37	35.9	35.9	73.8
	10-15 yrs	21	20.4	20.4	94.2
	16-20 yrs	5	4.9	4.9	99.0
	Above 20yrs	1	1.0	1.0	100.0
	Total	103	100.0	100.0	

APPENDIX II

Table 2: A large percentage of our customers utilize electronic banking services provided

	Freq uenc y	P er ce nt	Valid Percent	Cumulative Percent
Strongly Agree	23	22.3	22.3	22.3
Agree	70	68.0	68.0	90.3
Undecided	7	6.8	6.8	97.1
Disagree	3	2.9	2.9	100.0
Total	103	100.0	100.0	

Table 3: There is ignorance on the part of customers (service users)

	Freq uenc y	Pe rce nt	Valid Percent	Cumulative Percent
Strongly Agree	35	34.0	34.0	34.0
Agree	52	50.5	50.5	84.5
Undecided	10	9.7	9.7	94.2
Disagree	3	2.9	2.9	97.1
Strongly Disagree	3	2.9	2.9	100.0
Total	103	100.0	100.0	

Table 4: There is no public education on how to use online transaction

	Freque ncy	Perce nt	Valid Percent	Cumulative Percent
Strongly Agree	13	12.6	12.6	12.6
Agree	38	36.9	36.9	49.5
Undecided	23	22.3	22.3	71.8
Disagree	25	24.3	24.3	96.1
Strongly Disagree	4	3.9	3.9	100.0

Total	103	100.0	100.0
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Table 5: The introduction of cashless policy has eased banking transaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	47	45.6	45.6	45.6
	Agree	54	52.4	52.4	98.1
	Undecided	1	1.0	1.0	99.0
	Disagree	1	1.0	1.0	100.0
Total		103	100.0	100.0	

Table 6: Cashless policy has helped to increase the customer base

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	22	21.4	21.4	21.4
	Agree	39	37.9	37.9	59.2
	Undecided	40	38.8	38.8	98.1
	Disagree	2	1.9	1.9	100.0
Total		103	100.0	100.0	

Table 7: Cashless policy has made customers account really accessible

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	32	31.1	31.1	31.1
	Agree	42	40.8	40.8	71.8
	Undecided	9	8.7	8.7	80.6

	Disagree	20	19.4	19.4	100.0
	Total	103	100.0	100.0	

Table 8: Cashless policy ensures customers have 24 hours access to their accounts hence increasing their turnover

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	26	25.2	25.2	25.2
	Agree	63	61.2	61.2	86.4
	Undecided	14	13.6	13.6	100.0
	Total	103	100.0	100.0	

Table 9: Banker/customer relationship has been boosted due to electronic banking

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	29	28.2	28.2	28.2
	Agree	51	49.5	49.5	77.7
	Undecided	16	15.5	15.5	93.2
	Disagree	5	4.9	4.9	98.1
	Strongly Disagree	2	1.9	1.9	100.0
	Total	103	100.0	100.0	

Table 10: Cashless policy boosts the confidence of bank customers to carry out transactions online

	Freq uency	Pe rce nt	Valid Percent	Cumulative Percent
Strongly Agree	17	16.5	16.5	16.5
Agree	44	42.7	42.7	59.2
Undecided	20	19.4	19.4	78.6
Disagree	22	21.4	21.4	100.0
Total	103	100.0	100.0	

Table 11: Cashless policy enhances bank's operational efficiency through swift and timely responses to customers demands

	Freq uency	Per cent	Valid Percent	Cumulative Percent
Strongly Agree	32	31.1	31.1	31.1
Agree	50	48.5	48.5	79.6
Undecided	20	19.4	19.4	99.0
Disagree	1	1.0	1.0	100.0
Total	103	100.0	100.0	

Table 12: Cashless policy has positive effects on banks profitability

	Freq uency	Pe rce nt	Valid Percent	Cumulative Percent
V a l i d	Strongly Agree	44	42.7	42.7
	Agree	43	41.7	84.5
	Undecided	16	15.5	100.0
	Total	103	100.0	100.0

Table 13: Cashless policy continues to influence banks activities and their income structure positively

	Freq uency	Pe rce nt	Valid Percent	Cumulative Percent
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Table 14: The introduction of cashless policy by the central bank will improve the payment system in Nigeria

		Freq uenc y	Per cen t	Valid Percent	Cumulative Percent
	Strongly Agree	50	48.5	48.5	
Total		103	100.0	100.0	

Table 15: The advent of cashless policy has made customers to hold less cash in hand					
		Freq uenc y	Per cent	Valid Percent	Cumulative Percent
	Strongly Agree	24	23.3	23.3	23.3
	Agree	50	48.5	48.5	71.8
	Undecided	11	10.7	10.7	82.5
	Disagree	18	17.5	17.5	100.0
	Total	103	100.0	100.0	

Table 16: Cashless policy can be used to prevent fraud					
		Freq uency	P er ce nt	Valid Percent	Cumulative Percent
	Strongly Agree	41	39.8	39.8	39.8
	Agree	41	39.8	39.8	79.6
	Undecided	17	16.5	16.5	96.1
	Disagree	3	2.9	2.9	99.0
	Strongly Disagree	1	1.0	1.0	100.0
	Total	103	100.0	100.0	

Table 16: Cashless policy can be used to prevent fraud

Table 17: Adoption of cashless policy has led to unauthorized access to customers' accounts, untraceable embezzlement by bank officials, fake internet bank websites and cloning of smart cards

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	3	2.9	2.9	2.9
Agree	7	6.8	6.8	9.7
Undecided	1	1.0	1.0	10.7
Disagree	55	53.4	53.4	64.1
Strongly Disagree	37	35.9	35.9	100.0
Total	103	100.0	100.0	

Table 18: Cashless policy will have a negative effect on customers residing in rural areas

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	37	35.9	35.9	35.9
Agree	51	49.5	49.5	85.4
Undecided	15	14.6	14.6	100.0
Total	103	100.0	100.0	

Source: Fieldsurvey report, 2016

Table 19: A cashless policy can be achieved when customers no longer have to pay cash for all their purchases

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Agree	62	60.2	60.2	60.2
Agree	37	35.9	35.9	96.1
Undecided	4	3.9	3.9	100.0
Total	103	100.0	100.0	