

THE EFFECT OF CASHLESS BANKING ON NIGERIAN ECONOMY

SIYANBOLA, TRIMISIU TUNJI

Lecturer in Accounting, Babcock University, Ilishan Remo, Ogun State, Nigeria

Email: shiyanolatunji@yahoo.com

Tel: 234-803-474,6702, 234-812-339-6402

ABSTRACT

This study, the effect of cashless banking on Nigerian economy, discussed the various aspects of cashless banking channels, where the real e-banking should be, the problems facing cashless banking, its advantages and disadvantages to Nigerians. We adopted a descriptive research design with data gathered through questionnaire administered to respondents. Non-parametric tool of chi square was employed to analyse the data. The following hypotheses were tested and analysed:

- *There exists a significant relationship between cashless banking and Nigerian economy;*
- *Cashless banking has a positive effect on Nigerian economy;*
- *Cashless banking negatively affects employment level in Nigeria;*
- *Cashless banking has a best means of usage.*

Based on the findings, it was recommended that increased government support, uninterrupted power supply and communication link, creation of awareness, provision of skilled manpower and computer wizard in operation of payment system, collaboration among banks, provision of adequate security and fight against corruption would assist and improve the growth and development of cashless banking in Nigeria.

Keywords: cashless, e-banking, e-payment, financial institutions (FIs), credit/debit card, funds transfer (FT), point of sale terminals (POS), automated teller machines (ATM), personal identification numbers (PIN).

INTRODUCTION

Today's financial system is the product of centuries of innovation. It started as a barter economy and has moved through various incarnations in response to limitations inherent in the evolving systems. Ajayi, S.I and Ojo, O.O (2006). Changes will definitely continue to occur in response to social and technological advancements. This has led to a shift from the old cash handling system to cashless society, which is in vogue world wide. To this end the world has witnessed an upsurge of electronic payment instruments meant to facilitate trade and simplify payments. Before the introduction of electronic payment into Nigerian banking system, customers had to walk into the banking hall to do transactions of all kind. They had to queue up and spend more hours to talk to a teller to make their transactions. Inconviniences caused by these long queues discourage most customers who sometimes renegade from the queues in annoyance. For many years, banker, IT experts, entrepreneurs and others have advocated for the replacement of physical cash and the introduction of more flexible, efficient and cost effective retail payment solutions. Baddeley, M. (2004). Nigerian banks are making huge investments in technology to upgrade their infrastructure in order to provide new electronic information based services. Such services as online retail banking are making it possible for individuals and corporate bodies to take advantage of new technologies at reasonable costs.

Before the emergence of modern banking system, banking operation was manually done, which solely account for the inefficiency in settlement of transactions. This manual system involves posting of transactions from one ledger to another without the aid of computer systems. Computations which should be done through computer or electronic machines were done manually, which sometimes lead to miscalculation due to human errors, which results in extention of closing hours when account is not balanced on time. This led to the introduction of electronic banking, to ameliorate the sluggish nature of banking transactions.

Electronic Banking is the application of computer technology to banking especially the payment (deposit and transfer) aspects of banking. It is a system of banking with an electronic communication network which permits on-line processing of the same day credit and debit transfers of funds between member institutions of a clearing system.

Anyawaokoro, M (1999). Electronic banking is also a system by which transactions are settled electronically with the use of electronic gadgets such as ATMs, POS terminals, GSM phones, V-cards etc, handled by e-holders, bank customers and other stakeholders. Edit, O. (2008).

Recently, the Central Bank of Nigeria and the commercial banks in Nigeria made a push to discourage reliance on cash for transactions by Nigerian for most of their transactions. A pilot scheme of this effort was kicked off on April 1 2012 in Lagos state, while the other states were to have their own share later in the year.

LITERATURE REVIEW

In examining the implications of cashless system it is necessary to review how conventional money has evolved over time. Money performs a number of roles in economic activity; it is a unit of account, store of value, medium of exchange and means of deferred payment. It has evolved over the centuries to minimize the friction of transaction costs that are involved in mediating exchange. In fact, the process can be observed from the development of the very first monetary products. To conduct economic transactions in barter economy high transaction costs were involved, as considerable time and efforts were required in finding suitable partners. Subsequently, the major step in the evolution of money was the need for fungibility and divisibility, hence the advent of money (in notes and coins) made the process less costly by allowing people specialize in production based on their strengths and by enabling the monetary authorities to mint coins in convenient denominations, thereby creating divisibility, Baddeley (2004).

However, there has been drift towards electronic money, which is quite difficult to define because it blends technological and economic characteristics. Basel Committee (1998), Bank for International Settlement (1996). Electronic money is broadly defined as an electronic store of monetary value on a technical device that may be widely used for making payments to undertakings other than the issuer without necessarily involving bank accounts in the transactions, but acting as a prepaid bearer instrument. European Central Bank (1998). Scholars have attempted to analyse the cashless system or e-banking. Nevertheless, it becomes clear that few studies present a comprehensive evaluation of cashless banking implications in developing countries. Most ignore its economic benefits of the equation while some do incomplete examination of its negative implications. This is often due to unreliable data for monetary and macroeconomic indicators. Clarida, R., Gali, J. and Gertler (1997).

Although this study focusses on Nigeria, it is difficult to translate cashless studies from one country to another. Even payments instruments that look similar across countries on the surface may be different due to historical and legal variations. In the Nigerian monetary system, the Central Bank of Nigeria (CBN) is pursuing the cashless banking system that would see the co-existence of cash and electronic money and the policy document on cashless economy detailed out the following implications:

- Reduction in cash transactions to both the banks and their customers;
- Expansion in vault cash;
- Expansion in the credit creation process;
- Expansion in the involvement of the informal sector in the banking process. CBN (2011)

These implications follow directly from the surface of the policy but there is the need for a deeper and economic analysis of the introduction of the cashless banking or cashless economic paradigm and its attendant implications as far as the attainment of advanced economic objectives are concerned. Humphrey, D.B. (2004)

Background Information

This study aims to determine the implications of the introduction of cashless banking in Nigeria and more specifically to investigate how its introduction impacts on economic fundamentals and economic agents behavioural patterns. The CBN expects that the success of the pilot scheme in Lagos would help in implementing it in all parts of the country effective from January 1 2013, but this has somehow becomes a mirage due to some teething problems faced in its implementation in Lagos. This is more so with the believe of our people, who sell in million of naira daily but fail to bank the money as expected, even if they have bank account they may find it difficult to use the POS terminals, due to their limited literacy level. The CBN explained that the policy would empower the previously unbanked populace to open accounts and perform e-transactions across the nation without having to visit their bank branches, but experience has shown that people are yet to embrace the policy.

The policy has been affected by many factors including ineffective sensitisation campaign exercise; inadequate protection of the interest of merchants and people in the informal sector; non functional Point-of-Sale (PoS) terminals as well as other technological challenges. These challenges have seriously affected the policies, it is therefore the believe of pessimists that the move is too idealistic in a country like Nigeria where a larger percentage of its population resides in the informal sector. As at the last count only about 10,000 ATMs and 14,000 PoS are functional. These are the ones on the platform of Interswitch – West Africa’s leading transaction switching and e-payment network which connects all the banks, financial institutions, cable broadcasting and telecommunication operators. But the Bankers Committee claimed to have ordered 100,000 and received 70,000 PoS machines so far. Electronic commerce points like Shoprite, Mr Biggs and others still lack sufficient PoS terminals for commercial transactions.

This is apart from the fact that few available ATMs hardly have cash and most of the commercial malls are yet to be connected to PoS platform. Funnily enough, while the shopping malls and other commercial points are yet to get their bearing on ATMs and PoS, some religious organisations have started the use of PoS for offerings and tithe takings. As a proactive measure to arrest the negative situation, the CBN, through its Deputy Governor (Operation), revealed that the apex bank plans to deploy 150,000 PoS machines by December 2012 and this will increase to 375,000 by the end of 2015 when it hoped to have attained benchmark PoS penetration of 2,247 PoS per 100,000 adult population as obtainable currently in Brazil.

Even though there has been inadequate ATMs in the country, the number of e-Payment cards have been on steady increase from seven million in 2010 to 11 million in 2011 and now 26 million in 2012 as reported by the Director, Switching and Processing, Interswitch. This will definitely increase further as more Nigerians embrace e-Payment transactions through ATM, PoS terminals and the web. According to the Director, 16 out of the 26 million ATM cards currently in circulation were interswitch verve cards issued by over 16 commercial banks and well over 14 microfinance banks; while the remaining 10 million e-Payment cards are shared by Mastercard and Visa, two global payment card players. Lawal, A. (2012). To encourage the populace to embrace the policy, CBN and the Bankers Committee had decided to put a stop to all charges associated with the use of ATM. Before now account holders who withdraw money from ATM other than the one belonging to their banks are been charged a flat rate of N100, the CBN and the Committee are now working out modalities to pass on the cost to the banks rather than charging customers forthwith. CBN and Bankers’ Committee (2012). This improvement was aided by the introduction of cashless policy by the government. It is hoped that people would not be discouraged when they cannot effectively utilise the cards due to epileptic/non-functional ATMs and PoS terminals.

Cashless Banking Channels

The most outstanding cashless banking channels world over are Mobile banking; internet banking; telephone banking; electronic card; implants; PoS terminals and ATMs. They are all explained below:

Mobile Banking

This involves the use of mobile phone for settlement of financial transactions. This is more or less fund transfer process between customers with immediate availability of funds for the beneficiary. It uses card infrastructure for movement of payment instructions as well as secure SMS messaging for confirmation of receipts to the beneficiary. It is very popular and exciting to the customers given the low infrastructure requirements and a rapidly increasing mobile phone penetration in the country. Services covered by this product includes account enquiry; funds transfer; recharge phones; changing password and bill payments. Even though the product is exciting most customers are yet to fully buy into it in Nigeria hence both the apex bank and other banks still have a lot to do in term of increasing awareness of the product to the saving populace in the country.

Internet Banking

This involves conducting banking transactions on the internet (www) using electronic tools such as the computer without visiting the banking hall. E-commerce is greatly facilitated by internet banking and is mostly used to effect payment. Internet banking, like mobile banking, also uses the electronic card infrastructure for executing payment instructions and final settlement of goods and services over the internet between the merchants and the customers. Commonly used internet banking transactions in Nigeria are settlement of commercial bills and purchase of air

tickets through the websites of the merchants. Level of awareness of the advantages of this product to the saving populace is still very low, hence there is every room for improvement if cashless banking would be effective as expected.

Telephone Banking

Here the customer can assess their accounts using telephone lines as a link to the financial institution's computer centre. Services rendered here include account balance transfer; change of pin etc. This product has also experienced low patronage due to inadequate awareness and education of the customer on how to maximally use their phone to transact simple banking operations.

Electronic Card

This is a physical plastic card that uniquely identifies the holder used in transacting business on the internet, automated teller machine (ATM) and point of sales (PoS) terminals. Carow, K.A and Staten, M.E (2000). This includes debit and credit cards, debit cards are linked to local bank accounts and offer immediate confirmation of payment while credit card can be used for assessing local and international networks. As credit cards are widely accepted in most countries, the underlying infrastructures and operational rules are often provided by global trust scheme (such as visa and master card) in addition to local lines. Debit cards are the dominant cards in Nigeria, they are also known as ATM cards and their usage is wider than PoS transactions given the current limited deployment of PoS terminals.

Implants

This is yet to be introduced in Nigeria but America hopes to start using it from 2013. It is a technology that would allow a microchip to be placed in the human hand that would identify every human being on the planet and allow them to buy and sell without coins, paper or card. Already a number of biochip programs have been instituted on animals. The program is called Infopet in Los Angeles. In the program an I.D chip is injected into animals in order to identify them. The chip is made by a Destron company based in Boulder, Colorado. When this is eventually implemented in human hand, that would make caseless policy to be real as there would not be any hiding place again.

Point of Sale (PoS)/Point of Purchas (PoP) terminals

PoS or PoP is the location where a transaction occurs. A terminal or PoS or PoP is generally referred to the hardware and software used for check out, the equivalent of an electronic cash register. A PoS manages the selling process by a salesperson accessible interface. The system allows the creation and printing of receipts.

Automated Teller Machines

This is a computerised device that provides the customers of a financial institution with access to financial transactions in a public place without a need for assistance from bank teller or any official. It is commonest form of electronic banking which has gain popularity among the people including unlettered customers.

Assessment of e-banking

The advent of e-banking has stimulated globalisation in banking activities as services are now provided using the infrastructure of global village. Most e-banking applications use the internet to gain the advantage of online banking by providing convinient and flexible services to customers at reasonable cost. Daniel, D.G., Swartz, R.W and Fermar, A.L (2004).

Online banking allows customers to get current account balances at any time. Customers do not need to wonder whether a cheque is cleared or deposit has been posted, at the click of a button customer can easily check the status of their current, savings and money market accounts, through online banking. Online banking gives the ability to pay bills electronically, customers can also download account transactions online, it is also easy to import the transactions directly into typical PC at home or the office. In summary customer can access his account from any

part of the globe.

E-banking is more than just internet banking, it involves using the net to exploit new opportunities by transforming products and markets and business processes. E-banking also means developing new relationship with customers, regulatory authorities, suppliers and banking partners with digital age tools. Customers-bank relationships will be more personalised resulting in novel modes of transaction processing and service delivery. Creating a corporate online presence for your bank should be more than just building a website. It should be about building a web business for your bank, to do this effectively the people in charge, the CEO, IT director and managers must have a deep knowledge of what E-banking culture demands.

E-business or E-commerce is not about routine information management or automation, it is about using automation to create opportunities, create new markets, new processes and growth or increase the creation of e-wealth. E-banking involves collaboration (local and international) on payment systems, cashless transactions, digital cash and other electronic based projects. For e-banking to be effective, security must be addressed. A key concern is that of privacy, you cannot expect to do business on the net without addressing privacy of the people you do business with. Do you have a privacy policy? No customer wants to click away to a negative balance. Security in online banking is typically provided through the use of an ID and password: these and other security measures must be effective to prevent, not only the breach of privacy, but other security concerns like alteration of data. Nevertheless, each bank must identify its own unique targets, focus and style when it comes to e-banking.

With cashless policy an individual can withdraw and deposit cash up to the maximum of N500,000, while a corporate body can transact up to N3m business daily in the bank. This is an increase from the previous limit of N150,000 and N1m respectively. The processing fees or penalties for withdrawing above limit for individual and corporate bodies have also being reduced from 10% to 3% and from 20% to 5% respectively. Processing fees for lodgement above the limit for individuals have also come down from 10% to 2% and for corporate bodies 20% to 3%. Ministries, Departments and Agency operating revenue collections only are exempted from the penalty. Same thing goes for microfinance banks and primary mortgage institutions. The scheme commenced in Lagos on April 1, 2012 and now to extend to Abuja, Anambra, Kano and Ogun states by January 1, 2013, from the initial plan to have it all over the federation. CBN (2012)

To make Nigeria truly a cashless society, the CBN introduced Cheque Truncation Policy at Lagos Clearing House on August 10, 2012. It converts physical cheques into electronic form, thereby eliminating physical presentation of cheques and reduce cash transactions and clearing period from 4 days to 3 days. With this policy, special mandates like requirements for company seals, cheque endorsement etc shall no longer be required for clearing a cheque. What is only required is for the account holders to forward cheque confirmation letters to their banks and ensure that accounts are funded before issuing cheques to third parties.

Problems facing cashless banking in Nigeria

Below are some of the challenges facing the policy at the moment:

- Infrastructure deficit: The financial infrastructure in Nigeria is not adequate to carry the load of a cashless society. ATMs, PoS systems and other mediums have to be expanded to touch at least 40% of the whole economy before any meaningful effect can be achieved;
- Power Supply: Erratic power supply has been a major challenge facing every industry in Nigeria. Power supply must be improved drastically to stimulate smooth operations of financial activities;
- Prevalence of e-fraud: High level of fraudulent activities through e-banking is a challenge, which the entire banking industry must resolve before cashless policy can be effective;
- Literacy level: Literacy rate in the country is very low in some part of the country especially in the North. Business men in this region prefer to keep their money in their private vault rather than patronising the bank;
- Religious beliefs: There is presently a psychological war going on in Nigeria over the proposed Islamic banking by CBN, as Muslims believe that conventional banks often sin against God by their interest charges. This will greatly affect the achievement of the cashless Nigerian society;
- Availability of data: Proper and accurate identification of account holders must be maintained and shared when necessary by all financial institutions; also CBN must collaborate with all other

- government or private agencies responsible for collection of identification of individuals in Nigeria for reconciliation of any identification;
- Investment in infrastructure: CBN and other banks must be ready to invest heavily in e-banking infrastructure to make this transition possible. Technology is not cheap and is ever changing at a very fast pace. Investment in billions of dollars, made in infrastructure, training, marketing, security and maintenance will be on routine bases and should be a collaboration of efforts by all parties concerned, if the policy is to be effective;
 - Security: CBN must collaborate with National Assembly to enact proper legislation that would make the policy effective. Enforcement of the proposed legislation should be carried out by CBN and all other executive arms so empowered by the government such as EFCC, ICPC, Nigeria Police etc. They must commit to training of personnel and the judiciary must be prudent and up to the task;
 - Communication: Unavailability of network is a major problem facing ATM and internet usage in Nigeria. This no doubt, affects the policy, users have problem carrying out their transactions at their convenient time;
 - Lack of trust: Trust is lacking in Nigerian business environment. Businesses are done on cash basis as cheques bounce at will, hence people place less trust on the use of cheque but prefer cash instead;
 - Getting it right the first time: The risk involved in rushing the programme without having all the infrastructures in place could be devastating as any failure recorded would make people to lose confidence in the systems

Positive impact of E-Banking in Nigeria.

Below are some of the attractions of E-banking so far

- Prompt settlement of transactions: E-banking speeds up settlement of transactions both locally and internationally, where the bank stands as paying bank to the customers for settlement of transaction or as collecting bank for collection of payment on transactions;
- Reduction in the frequency of visit to the Banks: Unlike before customers can now transact their banking businesses in branches nearer to them and they can also withdraw money from any ATM including the ones located outside the bank where they have account. They can also transact banking business at home with the aid of telephone;
- Stimulation of Cashless policy: E-banking paves way for cashless society as the introduction of electronic machine has reduced the use of raw cash thereby transiting the country into a cashless society, hence the position of Anyanwaokoro (1997) that the settlement of financial obligations are now done by the use of electronic gadgets such as computer, facsimile and telex, instead of currency notes and coins. He also opined that individuals can pay their bills by using credit cards or even pressing some buttons that transfer money from one account to another. The perfection of this system is what he described as a move into cashless society;
- Reduction of Theft: Since robbers are attracted by volume of cash movement through bullion vans, the use of alternative electronic payment system will no doubt reduce the incidence of robbery in the society, this is one of the reasons why the Central Bank of Nigeria continues to emphasis that people should buy into the policy as soon as possible;
- Clearance of good: Payment system in the customs services helps in ensuring easy facilitation of clearance of goods by importer, this is apart from the fact that money due to government would be paid electronically to the right account, thereby reducing the incidence of fraudulent practices of diverting government funds to individual pockets;
- With cashless policy, CBN will reduce cash management costs by as much as N192 billion annually. CBN is of the opinion that cash handling accounts for at least one third of infrastructural and labour costs in the sector, hence cashless policy will impact negatively on employment of those handling cash in the bank. The policy will also reduce cash related vices like robbery, cost of processing cash, revenue leakages from cash handling and inefficient treasury management through cash processing;

Negative impact of E-Banking in Nigeria

The followings are the constraints that affect effectiveness of E-banking in Nigeria at the moment

- Erratic power supplies and communication link: Power failure negatively affect e-banking

- infrastructure like ATM. Network failure of communication links also affects the policy;
- Non existence of computer back-up: There is bound to be total loss of data on customers' account if there is no back up and the entire file is damaged. This may lead to misappropriation of customers' account, hence bank should maintain back up of all its information outside the bank's premises.
 - Inadequacy of fund to invest in information technology: Most banks find it difficult to fund procurement of modern equipments needed for e-banking. Nevertheless, there has been tremendous improvement in automation of bank operation in the country in the last 5 years but there are still rooms for further expansion so as to catch up with hitech, which is in vogue in developed countries;
 - Replacement of workforce by machine: Electronic banking has somehow reduced the number of employees needed to handle most transactions in the bank as most work done by workers are now being handled by machines thereby translating to increase in the rate of unemployment in the country;
 - High bank charges for the use of e-banking machines: Commission charged by bank on ATM transactions, as an example, is too high, thereby discouraging customers from using it. CBN is working out a modality to stop forthwith charges for usage of ATM. This will be a sort of relief and stimulates the effectiveness of the policy in Nigeria, if fully implemented as promised;
 - Low public acceptance: Many people have burnt their fingers as a result of fraudulent withdrawals from their accounts through the use of ATM by unscrupulous individuals who believe in using master cards to withdraw money from unsuspecting individuals. Not to mention situations whereby customers are debited by the ATM with withdrawals not supported by cash that fail to drop down from the machine as expected. Customers are discouraged to use the machine as it takes longer time before the wrong debit is reversed if it does not end up unsolved;
 - Inadequate securities around the ATM location: Most ATM locations are not secured thereby making it easier for fraudulent persons to carry out their fraudulent activities without any arrest. Computer hackers also use the porous security system to steal data by breaking the codes or passwords;
 - Encouragement of excessive withdrawals: Customers can use their cards to effect withdrawals as many times as possible, even on weekend and during public holidays. They can even make impulse withdrawals while attending a ceremony with the use of their credit cards.

STATEMENT OF PROBLEM

There is often delay in payment of cheques which led to the adoption of electronic banking system. Adoption of electronic banking which was supposed to ease banking transactions rather resulted to woes to customers. Most customers complain of time wasted in banks, mostly when there is network failure due to linkage problem between the central server and the branches. This aside, banks have since 2000 being introducing payment cards in form of ATM cards, but usage has been very low due to lack of interconnectivity. To resolve some of these problems, most especially to reduce the volume of cash transaction, government decided to encourage the use of e-Commerce instruments to transact business in place of cash, thereby reducing the traffic in the banking hall and other hardships faced daily by customers.

RESEARCH QUESTIONS

The study was guided by the following research questions:

- What is the effect of cashless banking on Nigeria financially?
- What is the effect of cashless banking on employment in Nigeria?
- What is the possibility of its acceptance in Nigeria?
- What is the effect of cashless banking on Nigerians?
- What are the policies and practices that can assist implementation of cashless banking in Nigeria?
- What are the best means of carrying out cashless banking?

RESEARCH HYPOTHESIS

For the purpose of analysing the data, the following hypotheses were tested:

- Ho1: There is no significant relationship between cashless banking and the Nigerian economy;
- Ho2: Cashless banking does not have effect on Nigerian economy;

- Ho3: Cashless banking does not have effect on employment;
- Ho4: Cashless banking does not have a best means of usage.

METHODOLOGY

The methods adopted by this researcher in collecting the data are direct interviews, observations and the use of questionnaire. Inquiries were also made both directly and indirectly through some unusual questions to diverse groups within the industry.

Population, Sample and Sampling Technique

The study focuses on all aspects of cashless banking in a developing country, Nigeria. In order to carry out an in-depth and comprehensive study, 70 respondents were randomly selected. These respondents cut across all the cadres of the bank and the public.

Instrument

The primary data was employed in gathering information from staff of all cadres. Interviews were also conducted with other stakeholders, including customers of banks. The questionnaire consists of two sections. Section A elicits demographic information like gender, working experience, while Section B contained structured items relating to the research questions that necessitated this research.

Validity and Reliability of the Instrument

To ensure the validity of this research, the instrument was subjected to criticism by specialist in the areas of educational management aside from peer review conducted by the researcher. The reliability of the instrument was obtained through a test-retest technique to analyse the data collected.

RESULTS

Table 1: There is no significant relationship between cashless banking and Nigerian economy.

Subject	No	%	T-calculated	Table value	Decision
Agreed	27	38.6	23.43	9.49	Reject
Disagreed	43	61.4			

Level of significance – 0.5

Since t-calculated is greater than the table value (i.e. $23.43 > 9.49$), then the null hypothesis is rejected, while the alternative hypothesis is accepted and we conclude that there is significant relationship between cashless banking and Nigerian economy.

Table 2: Cashless banking has no effect on Nigerian economy.

Subject	No	%	T-calculated	Table value	Decision
Agreed	28	40.0	24.29	9.49	Reject
Disagreed	42	60.0			

Level of significance – 0.5

Since t-calculated is greater than the table value (i.e. $24.29 > 9.49$), then the null hypothesis is rejected, while the alternative hypothesis is accepted and conclude that cashless banking has effect on Nigerian economy.

Table3: Cashless banking has no effect on employment.

Subject	No	%	T-calculated	Table value	Decision
Agreed	24	34.0	21.71	9.49	Reject
Disagreed	46	66.0			

Level of significance – 0.5

Since t-calculated is greater than the table value (i.e. $21.71 > 9.49$), then the null hypothesis is rejected, while the alternative hypothesis is accepted and we conclude that cashless banking has positive effect on employment.

Table4: Cashless banking does not have any means of usage.

Subject	No	%	T-calculated	Table value	Decision
Agreed	15	21.4	16.00	9.49	Reject
Disagreed	55	78.6			

Level of significance – 0.5

Since t-calculated is greater than the table value (i.e. $16.00 > 9.489$), then the null hypothesis is rejected, while the alternative hypothesis is accepted and we conclude that cashless banking has a best means of usage.

DISCUSSION

Finding of hypotheses tested and direct interview conducted reveals the followings:

- The introduction of electronic banking in Nigeria has a strong influence on the development of the payment system. However, the introduction of the system involves commitment of huge amount of financial resources on computer technology, telecommunication facilities and electricity;
- In spite of the fact that banks have invested heavily in computer technology to drive their operations only few business organisation in Nigeria carry out their financial transactions through automated means, which creates gaps between supply and demand for bank products. This, no doubt, affects the development of cashless banking in Nigeria;
- Infrastructural deficiencies such as erratic power supply, inadequate communication links, non-provision of fraud prevention scheme, corruptions and inadequate skilled managers are some of the major problems facing the development of cashless banking in Nigeria;
- Most of the respondents are of the opinion that the introduction of cashless banking in Nigeria has increased the cost of e-payment transactions as well as the normal bank charges as they are required to pay for various e-cards aside from indirect payment for technologies acquired to run cashless business venture by the banks;
- In examining the relationship between Nigerian economy and cashless banking, it was established that there is indeed a connection between cashless banking and the economy and this shows that the introduction of the policy would improve Nigerian economy as well as the profit level of Nigerian business men and women. Nevertheless, the policy will affect employment negatively as introduction of automation would automatically reduce number of personnels needed to carry out different financial transactions in the bank;
- Nigerians are of the opinion that ATM is the best means of usage of cashless banking, which points to the fact that people are not conversant with the other means of operating cashless banking. Hence both the banks, CBN and Nigerian government have a lot to do in the area of education and enlightenment of the customers on the available products that facilitate cashless banking amongst others;
- Respondents believed that government has provided the initial support as it has been turning Nigeria into a cashless economy through formulation of policies, funding, adverts and the move to make Lagos State fully complied with the policy in 2013, and there is still room for improvement to ensure full implementation of the programme nation wide as soon as possible.

CONCLUSION

Dynamism in financial system is manifested by the nature and quality of payment products paraded in the system.

These products range from common paper money, cheque and cash to electronic payments. Products such ATM, Smartcard, telephone banking, internet banking etc will, no doubt, reduce or totally eliminate cost of processing cheques.

The CBN, commercial banks and other financial institutions are expected to enhance the system through effective banking and monetary policies. To sustain the electronic payment system, strategic measures must be taken to reduce negative effects of the problems identified as obstacles to the smooth functioning of the system.

Both the government and CBN have a great role in the introduction, development and maintenance of cashless banking in Nigerian economy through policies, finance, infrastructure development and massive campaign for the awareness and acceptance of cashless banking among Nigerians.

Above all, Nigerians have a greater role in accepting the cashless banking payment system, making use of it with the believe that it would improve their financial and economic life and boost the image of the country leading to booming economy. High GDP under the cashless banking system would attract, encourage and build confidence of foreign investors, tourists and analysts, which would on the long run, lead to further development and improvement of our economy.

RECOMMENDATIONS

From the above findings, the following critical steps should be taken by the stakeholder to make Nigeria a totally cashless society:

- Government should provide uninterrupted power supply and adequate communication link. Any shortfall in this should be covered by the banks through a back up arrangement to power a standby generator in case of temporary power outage;
- Government should also support banks in the aspect of financing the payment system which requires a lot of capital to maintain;
- Government and CBN should create awareness on the benefits derivable from shifting to cashless society for the improvement of businesses and financial cleansy;
- Skilled manpower and computer wizard should be employed by every bank to stop or prevent fraudulent persons and hackers from manipulating the banks' data to steal money from unsuspected customers;
- Electronic payment system is capital intensive, therefore banks are encouraged to collaborate among themselves to jointly finance some of the infrastructures and share them amicably. This will help them to share the cost and reduce the initial cost of setting up the electronic banking system;
- Government should provide adequate security that will make people to buy into the policy fully.

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