

## **AWARENESS AND INFLUENCE OF THE FEDERAL GOVERNMENT'S CASHLESS POLICY ON THE ECONOMY OF THE UYO LOCAL GOVERNMENT AREA, AKWA IBOM STATE, NIGERIA**

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**Abstract:** 2023 was eventful in Nigeria as it saw Naira buying Naira due to the implementation of the new Naira design and enforcement of the cashless policy. This study investigated the level of awareness and influence of the Federal Government Cashless Policy on the economy of the Uyo Local Government Area of Akwa Ibom State. The study also assessed how the electronic money transfer influenced consumer's behaviour; how mobile banking affects the inflow and outflow of cash among business owners; and if the electronic money transfer promoted increase banking habit and growth of e-banking, and the negative effects associated with the policy. The study population consisted of employees in Banks, POS Agents, Traders, and Consumers. The sample size for the study was 378 derived using Simple random and purposive sampling techniques. The design for the study was a cross-sectional survey research design using a qualitative approach. The questionnaire and key informant interview (KII) were the major instruments of data collection. Data were analyzed using simple percentages, thematic and content analysis. Findings revealed that most respondents, although actively using electronic banking platforms, online transactions through mobile apps and other banking services, do not know much about cashless policy. The findings also revealed that the cashless policy has drastically reduced the volume of physical cash in circulation. The study recommends among others that: Federal and State Governments through the National Orientation Agency, in collaboration with financial institutions and media houses should increase the campaign and awareness of the cashless policy as awareness is limited. Also, information about the benefits and potential risks of electronic and mobile banking services should be extended to the rural communities who may be uninformed. Banks need to be checkmated by the CBN about their service charges on e-transaction to enhance the full benefits of a cashless environment.

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**Keywords:** Cashless policy, Federal Government of Nigeria, Awareness, Benefits, Effects

### **1. INTRODUCTION**

One prerequisite necessary for the growth and development of the economy of any nation is to encourage a payment system that is secure, convenient, and affordable (Ajayi & Ojo (2016). In this manner, developed countries of the world, to a large extent, have gradually moved away from paper payment instruments toward electronic ones, especially the use of payment cards (Humphrey, 2014). For instance, in countries like the

United States of America, United Kingdom, Japan and China etc., with the use of Google wallet, Appel iPay, and Andriod Pay now, it is possible to pay for a vending machine snack by simply dialing a number on one's phone bill. Also, mobile phones are now increasingly being used to purchase digital content (music, games, tickets, parking fees and transport fees) just by flashing the mobile phone in front of the scanner at either manned or unmanned point of sales (POS).

In Nigeria, as it is in many developing countries, cash is the main mode of payment and a large percentage of the population is unbanked (Ajayi & Ojo, 2016). This made the country a cash-based economy, and with the introduction of electronic banking, online transactions and mobile banking paved the way for a new era of development, where the use and demand for physical cash are gradually declining. The adoption of technology in the Nigerian financial institutions tends to impact have an enormous impact on the economic growth and stability of the country's financial sector and makes the cashless policy practicable. In human history, various payment methods and exchanges have been used to purchase goods and services, starting with the barter system. The trade-by-barter method of transaction is the basis for the introduction of money and coins to solve the problem of the double coincidence of wants and the associated divisibility (Humphrey, 2014).

Although the introduction of cash and coins as a medium of exchange and trade eased or solved the problems of the barter system, they are not without its disadvantages. Notably are the high costs of production or minting of the currencies, security and safety as well as stealing or corruption associated with it, especially by government officials. It is in this way that prompted the Central Bank of Nigeria (CBN) to adopt the cashless policy, which will ensure that there is a reduction of liquid cash in circulation and; fast and secured transactions between customers and the government and vice versa, as it is done in more developed nations such as the United States and the United Kingdom.

The pilot test of the cashless policy in Nigeria by the CBN began in major states and cities like Lagos, Kano, Port-Harcourt and Onitsha (Adegbaju & Olokoyo, 2018). The CBN and the Pro -cashless policy activists have asserted that the policy has led to a reduction in crime rates, minimized the risk associated with carrying huge sums of money, reduced political corruption, reduced banking costs, improved monetary policy in the management of inflation and the overall growth and development of the economy (Humphrey, 2014). A cashless economy, therefore, is one in which money is spent without being physically carried from one place to another.

Over the years, the financial sector has undergone many organizational changes in oto facilitate the easy production and trade of products and services. With the accelerating development of the financial systems because of deregulation, globalization, and new information systems, new ways of handling money appeared among banks and their customers. For instance, the use of e-cards and, internet banking facilitates the ease and convenience in handling transactions. E-banking have customers have the possibility to access online or electronic banking for 24 hours, which allows them to view historical banking transactions, transfer money between accounts, make savings, and perform other operations anywhere. Moreover, the increase in knowledge and ability to manage internet banking, banks and ATMs has resulted in more independent bank customers no longer requiring bank staff. The shift in bank customers' behavior and attitude toward cash services offered at the banks consolidate the cashless policy. Therefore, this means, that cashless banking entirely relies on monetary transactions that use electronic means rather than cash (CBN, 2021).

Despite the benefits said to be associated with the cashless policy and its implementation, the National Assembly in Nigeria has expressed apprehension, noting that even though the policy could save costs in the

financial sector, it has not, however, imply real sector growth. They noted that most retail and commercial payments were usually made in cash by a large percentage of the population who did not have bank accounts and, resides in the rural areas. They also noted that, the CBN has not achieved the required 40 percent expansion of Automated Teller Machines (ATMs); thus, making the implementation of the policy a dicey one. It is therefore obvious that the financial infrastructure in Nigeria is grossly inadequate to meet the demands of a cashless society. Besides, the people's low literacy level and the absence of a constant power supply in local communities discouraged, most citizens from embracing the policy. It was observed that in the study area (Uyo Local Government Area), many citizens were defrauded of millions of Naira through electronic transactions because of the cashless policy. It is worth considering whether the CBN cashless policy has had any impact on the economy of the study area. From the literature study on this issue is not found, this therefore is one great effort toward policy evaluation and analysis of cashless policy in order to address the knowledge gap existing in the literature.

The major purpose of this study was to examine the impact of the Federal Government's Cashless Policy on the Economy of the Uyo Local Government Area, Akwa Ibom State. Specifically, the study sought to:

- i. Investigate if the people of Uyo are fully aware of the federal government's cashless policy
- ii. Assess how the electronic money transfer influences consumer's behavior in Uyo Local Government Area.
- iii. Know how mobile banking affects the inflow or outflow of cash among business owners in the Uyo Local Government Area.
- iv. Examine if the electronic money transfer promotes increased banking habit and growth of e-banking among people of Uyo Local Government Area.
- v. Investigate the negative effects associated with the cashless policy of the Federal government in the Uyo Local Government Area.
- vi. Make recommendations for improving the implementation and effectiveness of the cashless policy in the Uyo Local Government Area.

## **2. REVIEW OF THE RELATED LITERATURE**

### **2.1 Concept of the Cashless Policy**

A cashless policy refers to a set of measures and initiatives implemented by governments or financial authorities to encourage and promote electronic or digital transactions while reducing the reliance on physical cash. While a cashless policy is a set of measures and initiatives aimed at achieving a cashless economy, the cashless economy is the result or the broader economic state that the cashless policy seeks to achieve. The cashless policy is a means to move toward a cashless economy. The policy encourages transactions to be made without necessarily carrying physical cash as a means of exchange of transaction but rather with the use of credit/debit cards, mobile wallets, internet banking, and other digital and electronic media platforms of payment for goods and services. The goal of a cashless policy is to create a more efficient and transparent financial system, enhance the ease of doing business, reduce the costs of cash handling, and curb illegal activities related to cash transactions. According to Woodford (2003), a cashless economy is defined as one in which there are assumed to be no transaction frictions that can be reduced through the use of money balances and that accordingly provide a reason for holding such balances even when they earn a rate of income.

In Nigeria, as in many developing countries, cash is the main mode of payment, thus making the economy heavily cash-based. The cashless policy was introduced in Nigeria by the Central Bank of Nigeria (CBN) in December 2011 and was kicked-started in Lagos in January 2012, while the policy took effect in Rivers,

Anambra, Abia, Kano, Ogun and the Federal Capital on the 1st of July 2013. The policy was implemented nationwide in July 2014. A cashless economy is not the complete absence of cash; it is an economic setting in which goods and services are bought and paid for through electronic media. In a cashless economy, the amount of cash in your wallet is practically irrelevant. The CBN had set daily limits of cumulative withdraws and lodgments of N150, 000 for individuals and N1,000, 000 for corporate customers (now N150, 000 and N3million, respectively). The operation of the system does not mean the individual /corporations cannot hold cash in excess of N150, 000/N1 million (now N500, 000 and 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. The system is targeted at encouraging electronic means of making payments, and not at discouraging cash holdings. What is anticipated by the policy is that instead of making large withdrawals to effect payment for goods and services, such monies will be kept in the banking system so that payments are made through “credit card-like means”. In this system, users are issued with electronic cards that can be slotted into special electronic machines to effect payments (Ezumba 2011).

## **2.2 Meaning of Electronic Banking**

Electronic banking, also known as e-banking or online banking, is a term used to describe electronic fund transfer and the process whereby information and other banking services can be carried out by a customer through the internet (Ojeka & Ikpefan, 2021). According to Abaenewe et al. (2013), electronic banking involves driving banks’ immediate and future goals through the use of information technology. It involves conducting banking business electronically. E-Banking involves delivering banks new and traditional products or services to bank customers automatically. It is a system that allows individuals, businesses and even financial institutions to transact business or obtain information on products or services through the internet (Rifat, 2013). According to Adewolo (2015), E-Banking involves creating opportunities through the infrastructure in the digital age. Electronic Banking is a technological upgrade that encourages the movement of less cash in the economy, in other words, a cashless economy. Some of the services which are offered through E-Banking includes; balance inquiry, payment of bills and transfer of funds. These are the basic services offered by banks.

## **2.3 Mobile Banking**

Mobile banking is a subset of electronic banking that specifically refers to conducting banking activities through mobile devices, such as smartphones and tablets. It involves using mobile applications provided by banks or financial institutions to access and manage bank accounts on-the-go. This is a system that offers information to customers and other bank services. Some services provided through mobile banking include account balance inquiry, payment of bills, and short message service (SMS). It enables transactions to be done anywhere in the world and at the customer's convenience. This type of banking is also called ‘motion banking’. It allows the customer to make banking transactions at any time as long as a mobile phone is present (Ayodele, 2015).

## **2.4 Electronic Money Transfer and Consumers Behaviour**

The impact of electronic money transfer on consumer behaviour in Nigeria can, be seen in the way and manner people conduct financial transactions and manage their finances. Echekoba and Ezu (2012), in research carried out in Nigeria, observed that 68.2% of the respondents complained about long queues in the bank, 28% complained of bad attitude of teller officers (cashiers), while 2.89% complained of long distance to bank locations to their home or workplace. Likewise, in her 24th NCS conference in December 2011, CBN data shows that 51% withdrawals in Nigeria were through automated teller machine (ATM), while 33.6% was

through over the counter (OTC), cash withdrawals and cheque 13.6%. Payment was also done through point-of-sale machine (POS), which accounted for 0.5% and web 1.3%. The cashless economy policy of the CBN is designed to provide mobile payment services, break down the traditional barriers hindering the financial inclusion of millions of Nigerians and bring low cost, secure and convenient financial services to urban, semi-urban and rural areas across the country.

## **2.5 Mobile Banking Inflow and Outflow of Cash**

The adoption of mobile banking and the implementation of cashless policies have had a profound impact on the inflow and outflow of cash in various aspects of the economy. The introduction of electronic money transfer methods, including mobile banking, has led to several benefits and changes in consumer behavior and businesses in Nigeria. Cash-based transactions have some advantages in that they are always valuable, provide full and final settlement of a transaction, allow for anonymity once issued, and are regarded as a public good by its users (Yaqub et al., 2013). However, a cash-based economy is risky, cumbersome and not healthy for a nation's economy. This is because money that is not under the control of banks cannot be subjected to regulatory checks and operational procedures (Adeoti 2013). Moreover, the cash-carrying nature of developing countries has been discovered to be the reason for their lagging behind in development. Some challenges that result from high cash usage are robberies and cash-related crime, revenue leakage arising from excessive cash handling, inefficient treasury management due to nature of cash processing, among other challenges. While cash may be convenient, it makes taxation less transparent, and it is costly to distribute, manage, handle, and process. The high cost incurred by commercial banks to move cash within branches and to make deposits in the central bank is another challenge. The cost of transportation and security of cash and that of bank staff is also of concern. Excessive cash movement also leads to the emergence of corrupt practices in the country. Furthermore, excess cash in circulation leads to the occurrence of money laundering by citizens who have too much cash and would not want to be questioned on how they acquired it. The cost of cash to the Nigerian financial system is high and increasing as the cost was very close to NGN 50 billion naira in 2008 (Central Bank of Nigeria, 2011). An overview of the CBN policies on cash management reveals that Nigeria's financial system is on the high and increasing side. The direct cost of cash was estimated to reach NGN 192 billion by the end of 2012. These costs arise from the frequent printing of currency notes, currency sorting, cash movement, keeping large amounts of cash, security cost of checking high incidences of robbery and burglaries, among other costs. It therefore follows that cash as a mode of payment is expensive for the Nigerian government. As a result, there is a need to reduce these costs, the volume of cash in circulation, the risks associated with carrying cash, and encourage the use of non-cash payment means through the electronic system of payment. The statistical evidence provided by CBN (2021) also revealed that, cash-related transactions accounted for over 99% of customers' activities in Nigerian banks as of December 2011. It estimated the total cash transaction volume through the conventional five payment channels to be 215,015,003, of which ATM withdrawal accounted for 51.20%, over-the-counter withdrawal, 33.55% and cheques 13.50%. Point of sales (POS) and web channels accounted for 0.49% and 1.26%, respectively. This provides the evidence that the Nigerian economy is heavily cash-based and the imperative for a means to reduce the volume of cash in circulation.

## **2.6 Positive Effects of the Cashless Policy**

The positive aspects of the cashless policy include the following:

### **(a) Prompt settlement of transactions:**

E-banking speeds up the settlement of transactions both locally and internationally, where the bank stands as a paying bank to the customers for the settlement of transactions or as a collecting bank for the collection of payment on transactions;

**(b) Reduction in the frequency of visits to 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 an account. They can also transact banking business at home with the aid of the telephone.

**(c) Stimulation of the cashless policy:**

E-Banking paves way for a cashless society as the introduction of electronic machines has reduced the use of raw cash, thereby transitioning the country into a cashless society.

**(d) Reduction of theft:**

Since robbers are attracted by the volume of cash movement through bullion vans, the use of electronic payment system will no doubt reduce the incidence of robbery in the society, This, is one of the reasons why CBN continues to emphasize that people should buy into the policy as soon as possible.

**(c) Clearance of goods:**

The payment system in the custom services helps in ensuring easy facilitation of the clearance of goods by the importer. This is apart from the fact that money due to the government would be paid electronically to the right account, thereby reducing the incidence of fraudulent practices of diverting government funds to individual pockets. With a cashless policy, the CBN will reduce cash management costs by as much as N192 billion annually. The CBN is of the opinion that cash handling accounts for at least one third of infrastructural and labor costs in the sector; hence, the cashless policy will negatively impact the on employment of those handling cash in the bank. The policy will also reduce cash related vices like robbery, the cost of processing cash, revenue leakages from cash handling and inefficient treasury management through cash processing.

## **2.7 Negative Effects of the Cashless Policy in the Uyo Local Government Area**

The following are the constraints that affect the effectiveness of e-banking in Nigeria presently:

**(a) Erratic power supply and communication link:**

Power failure negatively affects e-banking infrastructures like ATM, network failure of communication link due to much congestion, change in weather also affect the policy

**(b) Non-existence of a computer backup**

There is bound to be a total loss of data on customers' accounts if there is no backup and the entire file is damaged. This may lead to the misappropriation of customers' accounts; hence; bank should maintain backup of all its information outside the bank's premises.

**(c) Inadequacy of funds to invest in information technology**

Most banks find it difficult to fund the procurement of the modern equipment needed for e-banking. Nevertheless, there has been tremendous improvement in the automation of bank operations in the country in the last five years, but there are still room for further expansion so as to catch up with hi-tech, which is in vogue in developed countries.

**(d) Replacement of the workforce by machine**

Electronic banking has now somehow reduced the number of employees needed to handle most transactions in the bank as most work done by workers is now being handled by machines, thereby translating to an increase in the rate of unemployment in the country;

**(e) High bank charges for the use of e- banking machines**

The commission charged by the bank on ATM transactions, as an example, is too high, thereby discouraging customers from using it; the Central Bank of Nigeria is working out a modality to stop forthwith charges for usage of ATM. This will be a sort of relief and stimulate the effectiveness of the policy in Nigeria, if fully implemented.

**(f) Low acceptance by the public**

Many people have burnt their fingers because 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.

**(g) Inadequate securities around the ATM location**

Most ATM locations are not secured, thereby making it easier for fraudulent persons to perform their fraudulent activities without any arrest. Computer hackers also use the porous security system to steal data by breaking the codes or passwords.

**(h) Encouragement of excessive withdrawals**

Customers can use their cards to affect withdrawals as many times as possible, even on weekends and during public holidays. They can even make impulse withdrawals while attending a ceremony with the use of their credit cards.

**2.8 Electronic Money Transfer and Banking Habit**

In a cashless economy, electronic money transfers have significantly reshaped banking habits. Consumers have embraced digital transactions, reducing their reliance on physical cash. Mobile banking apps and online platforms have become the primary tools for managing finances, facilitating increased digital transactions and 24/7 accessibility to banking services. Financial inclusion has improved, as previously unbanked individuals now have access to digital financial solutions. With real-time tracking and reduced paper usage, consumers can practice better budgeting and contribute to environmental sustainability. This research will assess if the adoption of contactless payments and enhanced online security has further boosted consumer trust in digital transactions, if the policies have driven the adoption of innovative Fintech solutions, if electronic money transfer has revolutionized banking and saving habits, and if the policies have made digital transactions the norm for Uyo Local Government Business owners.

**2.9 Impact of Electronic Money Transfer and Exchange of Goods and Services**

Electronic money transfer has revolutionized the exchange of goods and services, playing a crucial role in the advancement of cashless economy initiatives. With enhanced security measures and transparent record-keeping, consumers and businesses gain confidence in cashless transactions. The cashless economy has led to the growth of e-commerce, offering convenience and flexibility to consumers. In addition, subscription-based models and recurring payments have thrived, ensuring stable revenue streams for businesses. Overall, electronic money transfer has been the driving force behind the success of cashless economy policies, transforming the way goods and services are exchanged in the modern financial landscape. With the adoption of digital payment methods, cashless economy policies create a seamless and efficient financial ecosystem. These policies will be accessed if they promote faster transactions, improved accessibility, reduced reliance on physical cash, foster financial

inclusion, enable previously unbanked individuals to participate actively in economic activities, facilitate cross-border transactions, and expand market opportunities within the Uyo Urban and Semi-Urban Areas.

## **2.10 Related Empirical Literature**

Ikpefan and Ehimare (2012) addressed cash management by the central bank of Nigeria and stated the benefits and challenges of a cashless economy in Nigeria. They concluded that the success of the new cash policy hinges on a strong legal framework, state of infrastructure, availability of real data, technological investments, adequate security, and an effective and efficient judiciary process.

Nwankwo and Eze (2013), conducted a study to determine the extent to which electronic payment affects the cashless economy in Nigeria. The results showed that the electronic payment has a great implication in the cashless economy of Nigeria, but it will lead to a significant decrease in deposit mobilization and credit extension by Nigerian Deposit Money Banks. The authors finalized their results by saying that there should be an improvement in infrastructural development to enhance the e-payment system.

Okafor et al. (2011). carried out a study on internet service use and the impact on research outputs and teaching. Where they carried out a survey and the result of the survey indicated that the majority of their respondents were computer compliant/literate (94.4%), while the remaining (5.6%) were not computer literates. However, it was based on self-assessment. If 94.4% of their study population are highly information and communication technology (ICT) compliant, it can therefore be inferred that the awareness of cashless policy, cyber security, inter switch problems and other related e-payment issues needs to be checked and resolved in order to strengthen the confidence of the public to patronize modern payment platforms.

Ejoh and Okpa (2014) examined the cashless economic system so as to assess its feasibility and practicability in the Nigeria context Vis-à-Vis; timeless preparedness and adequacy against the backdrop of our level of development both technologically and educationally. The study used a sample size of 120 respondents. Results showed that the majority of Nigerians are already aware of the policy and adequate payment facilities in the banking sector have been developed to enhance the policy in the economy.

Ejoh et al. (2014), conducted a study that examined the cashless economy in order to evaluate the relationship between ICT and implementation of cashless policy. They administered 120 questionnaires and tested the data using the chi-square. The results showed that there exists a significant level of relationship between ICT and cashless policy implementation in the Nigerian financial environment. Moreover, public awareness should be increased to encourage a cashless economy in Nigeria.

Latifat and Alhassan (2015) embarked on research to examine the pre-and post-implementation period of cashless policy tools in Nigeria. They focused on the relationships between the cashless policy tools and currency outside deposit money banks (DMBs) in the Nigerian economy between 2009 and 2012. Their findings show that not a single cashless policy tool has a significant relationship with currency in circulation outside banks, mainly due to the high co-linearity between the tools of the cashless policy.

Kehinde and Adelowo (2016), conducted a study to assess the level of Nigerians preparedness for e-commerce and cashless policy using the level of Information Communication Technology (ICT) adoption, usage and infrastructure available covering a space of 13 years. The paper concluded that the ICT policy needs to be fully implemented and that private and public sector collaborations or partnerships should be supported to facilitate the e-commerce and cashless policy.

## **3. METHODOLOGY**

### **3.1 Research Design/ Area of the Study**



The study used a cross-sectional research design. The Uyo Local Government Area also doubles as the capital of Akwa Ibom State. According to the 2006 National Population Census, Uyo has a population of 309,573 comprising 153,113 males and 156,460 females.

### 3.2 Population / Sample of the Study

The population of this study consisted of bank managers, cashiers and marketers, POS agents, traders, and consumers of different goods and services in the Uyo Local Government Area. This study considered an infinite population size. To determine the sample size for the study,

The Cochran (1977) formula was used, as shown below:

$$n = \frac{z^2}{4e^2}$$

#### Where:

n = sample size

p = population proportion (p = 0.1)

e = acceptable sampling error (e = 0.05)

z = value at the reliability level or significance level (1.96).

Therefore:

$$n = \frac{(1.96)^2}{4(0.05)^2}$$

$$n = \frac{3.8416}{4(0.0025)}$$

$$n = \frac{3.8416}{0.01}$$

$$n = 384$$

### 3.3 Sampling Techniques/Procedure for Data Collection

Simple random and purposive sampling techniques were used in this study. A simple random sampling technique was used to select six (6) banks out of the eleven existing commercial banks in Uyo. This represented 50% of the total number of banks in Uyo. The selected banks include: Heritage Bank, Globus Bank, First Bank, Access Bank Plc, Stanbic IBTC Bank, and Eco-Bank Plc. The purposive sampling technique was used by the researcher to proportionally select Point of Sales (POS) agents, traders and consumers of different goods and services in the study area. A total of 378 questionnaires were administered to 19 cashiers and 16 marketers from each of the 6 selected banks. Furthermore, 26 Point of Sales (POS) agents, 65 and 83 consumers of different goods and services were administered a questionnaire. Key informant's interview (KII) was conducted on the 6 managers of the selected banks. While the researchers personally distributed and retrieved questionnaires to POS agents, traders and consumers of different goods and services, Bank Managers assisted in the distribution and retrieval of the questionnaire instrument from cashiers and marketers in each bank. In all, 261 questionnaires were retrieved and found useful for data analysis.

### 3.4 Method of Data Analysis

Data gathered from the questionnaire were analysed using a simple percentage. The data derived from the interview guide was analysed using content and thematic analysis.

## 4. DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

### 4.1 Data presentation

**Table 1:** Distribution of Respondents by Their Personal Characteristics (N = 261)

Socio-demographics	No. of Participants	Percentage (%)
<b>Age Bracket:</b>		
18-22	23	8.81
23-27	34	13.03
28-32	40	15.34
33-37	71	27.20
38-42	50	19.16
43+	42	16.09
<b>Total</b>	<b>261</b>	<b>100</b>
<b>Sex:</b>		
Male	152	58.24
Female	109	41.76
<b>Total</b>	<b>261</b>	<b>100</b>
<b>Marital Status:</b>		
Single	81	31.03
Married	124	47.51
Divorced/Separated	31	11.88
Widow/Widower	25	9.58
<b>Total</b>	<b>261</b>	<b>100</b>
<b>Religion</b>		
Christianity	254	97.34
Islam	5	1.92
Others	2	0.77
<b>Total</b>	<b>261</b>	<b>100</b>
<b>Educational Qualification:</b>		
FSLC	22	8.43
SSCE	26	9.96
OND	58	22.22
HND	62	23.75
B.SC	77	29.50
Others	15	5.74
<b>Total</b>	<b>261</b>	<b>100</b>
<b>Name of the Bank/Business:</b>		
Heritage Bank	9	3.45
Guaranty Trust Bank (GTB)	12	4.60
First Bank	11	4.21
Standbic IBTC	11	4.21
Globus Bank	14	5.36
Eco-Bank Plc	11	4.21
Point Of Sales	36	13.79
Trader	59	22.61
Consumer	95	36.39
<b>Total</b>	<b>261</b>	<b>100</b>
<b>Rank/Position:</b>		
Manager	6	2.30
Cashier	29	11.11
Marketer	33	12.64
POS Agents	36	13.79
Trader	55	21.07
No comment	102	39.08
<b>Total</b>	<b>261</b>	<b>100</b>
<b>Department:</b>		
CEO	51	19.54
Manager	6	2.30

Cashier	29		11.11
Marketers	33		12.64
No comment	142		54.41
<b>Total</b>	<b>261</b>		<b>100</b>

Source: Field Survey, 2024.

Table 1 shows the personal characteristics of the respondents. Data revealed that respondents aged between 18 and 22 were 23 (8.8%), those between the 23 and 27 age brackets were 34 (13.03%), and those aged 28-32 were 40 (15.34%). Also, respondents within the age bracket 33-37 were 71 (27.20%), those between 38-42 age brackets were 50 (19.16%), while those aged 43 and above were 42 (16.09%). Data further revealed that 152, (58.24%) respondents were males and 109 (41.76%) were females. 81 (31.03%) of the respondents were single, 124 (47.51%) married, 31(11.88%) divorce/separated and 26 (9.58%) of them were widows and widowers. Equally, 22 (8.46%) respondents had FSLC, 68 (26.06%) of them had SSCE, those with OND were 28 (22.22%), HND 62 (23.75%), B. Sc 77 (29.50%) while respondents who had other qualifications were 15 (5.74%). All of the 261 (100%) respondents were Nigerians as the study did not feature any non-Nigerians. Also, 9 (3.45%) respondents were from Heritage Bank, 12 (4.60%) were from Access Bank; respondents from First Bank, Eco-bank and Stanbic IBTC banks were 11(4.21%) respectively, and respondents from Globus bank were 14 (5.36%). Table revealed that the number of point-of-sales agents was 36 (13.79%), traders 59(22.61%), and consumers were 95(36.39%). The Table also indicated that 6 (2.30%) respondents were bank managers while 29 (11.11%) were cashiers. Marketers were 33 (12.64%), 36 (13.79) were POS agents and 55 (8.43%) traders, while respondents, with no comment were 102 (39.08%).

#### 4.2 Analysis of the Substantive Issues

This section presents the data obtained from respondents on substantive issues.

**Table 2: Responses on Awareness of cashless policy and Influence of Electronic Money Transfer**

Variables	Frequency (f)	Percentage (%)
<b>Do you have knowledge about the Federal Government Cashless Policy?</b>		
Yes	73	27.97
No	188	72.03
<b>Total</b>	<b>261</b>	<b>100</b>
<b>Have you been engaged in financial transactions using Mobile app?</b>		
Yes	227	86.97
No	34	13.03
<b>Total</b>	<b>261</b>	<b>100</b>
<b>How often do you pay for goods and services through Mobile transfer?</b>		
Very often	95	36.39
Often	127	48.66
Rarely	28	10.73
Never	11	4.21
<b>Total</b>	<b>261</b>	<b>100</b>
<b>How does electronic banking help you during banking?</b>		
Convenience	59	22.61
Time-saving	71	27.20
Enhanced Security	60	22.99
Accessibility	36	13.79
Easy Account Management	35	13.41
<b>Total</b>	<b>261</b>	<b>100</b>

Source: Field Data (2024)

Table 2 presents responses on the awareness of the federal government cashless policy and the influence of electronic money transfer on consumer’s behaviour. The Table shows that 188 (72.03) of the respondents did not know the federal government’s cashless policy, while 73 (27. 97%) stated that they do. Also, in a bid to know if respondents engage in financial transactions using mobile apps, 227 (86.97%) respondents said they do while 34 (13.03%) respondents said they do not. This shows that many respondents use mobile money transfer despite not having knowledge of the federal government’s cashless policy. On how often respondents pay for goods and services through mobile transfer, 95 (36.39%) respondents said ‘very often’, 127(48.66%) of them said ‘often’, respondents that said ‘rarely’ were 28 (10.73%) while 11(4.21%) of the respondents said ‘never’. This indicates that most of the respondents used mobile app in their financial transactions. Regarding how electronic banking helps respondents in the course of their banking services, 59 (22.61% ) respondents said ‘convenience’ while 71(27.20%) respondents said ‘time saving’, 60 (22.99%) respondents said it enhances security. Also, 36 (13.79%) respondents said it is ‘easily accessible’ and 35 (13. 41%) of the respondents said ‘it is easy for account management’. This shows that even though most respondents do not know much about the cashless policy implemented by the federal government, the respondents had knowledge of the uses of the mobile banking system and how beneficial it has been to them.

**Table 3: Reponses on the Effect of Mobile Banking on the Inflow and Outflow of Cash**

Variables	Frequency (f) Percentage (%)	
<b>Do you deposit and withdraw cash through mobile phones? banking?</b>		
Yes	230	88.12
No	31	11.88
<b>Total</b>	<b>261</b>	<b>100</b>
<b>If your answer is Yes in the question above, do you Prefer cash handling to online money transfer?</b>		
Yes	89	39.13
No	141	60.87
<b>Total</b>	<b>230</b>	<b>100</b>
<b>If your answer is No, why?</b>		
Avoidance of robbery and burglaries	32	22.69
Convenience	44	31.21
Decrease excessive spending	31	21.98
Easy payment	34	24.11
<b>Total</b>	<b>141</b>	<b>100</b>
<b>Will you say that mobile banking has reduced the volume? Of cash in circulation?</b>		
Yes	252	96.55
No	9	3.45
<b>Total</b>	<b>261</b>	<b>100</b>

Source: Field Data (2024)

Table 3 presents responses on the influence of mobile banking on the inflow and outflow of cash. The Table indicates that 230 (88.12%) respondents have made cash withdrawal through mobile banking, for 31(11.88%) respondents said they do not. This revealed that most respondents make deposits and withdrawals through

Mobile banking. Also, 89 (39.13 %) respondents preferred cash handling to online money transfer, while 141 (60.87%) of the respondents preferred online transfer. This shows that most respondents prefer cashless transactions to physical cash transactions. On why respondents do not prefer cash handling to online money transfer, 32 (22.69%) respondents mentioned avoidance of robbery and burglaries as their reasons, 44(31.21%) respondents said it is convenience, 31(21.98%) respondents stated that ‘decrease of excessive spending’ while 34 (24.11%) respondents said it makes payment for goods and services easy. On whether mobile banking has reduced the volume of cash in circulation, 252 (96.55%) respondents said it does, while 9 (3.45%) respondents said no. This reveals that Mobile Banking has helped reduce the volume of cash in circulation but promoted the inflow and outflow of liquid cash electronically.

**Table 4: Responses to Increase Banking Habit and Growth of E-Banking (N=261)**

<b>Variables</b>	<b>Frequency (f)</b>	<b>Percentage (%)</b>
<b>What benefit do you see in E-Banking?</b>		
Speed	81	31.03
Cost Saving	77	29.51
Quick balance check	103	39.46
<b>Total</b>	<b>261</b>	<b>100</b>
<b>Is e-banking more affordable than cash-based banking?</b>		
Yes	158	60.54
No	108	39.46
<b>Total</b>	<b>261</b>	<b>100</b>
<b>Does e-banking encourage savings?</b>		
Yes	133	50.96
No	128	49.04
<b>Total</b>	<b>261</b>	<b>100</b>
<b>How has e-banking increased your profession?</b>		
Efficiency	65	24.90
Reduce manual work	61	23.37
Data-driven decision making	45	17.24
Career growth	48	18.39
Cost Reduction	42	16.10
<b>Total</b>	<b>261</b>	<b>100</b>

*Source: Field Data (2024)*

Table 4 presents the results of the responses on the cashless policy and increase of banking habit and growth of e-banking. The Table reveals that, 81 (31.03%) respondents mentioned speed in transaction as a benefit, 77 (29.51%) of the respondents mentioned cost saving and 39(46%) respondents mentioned quick balance check as a benefit. Also, to know if e-banking is more affordable than cash-based banking, 158 (60.54% ) respondents said ‘yes’ while 108(39.46%) respondents said ‘no’. if e-banking encourages savings, 133 (50.96%) respondents said yes while 128 (49.04%) respondents said ‘no’. Lastly, if, e-banking helps the banking profession, 65 (24.90%) respondents said ‘yes’ because it helps them to be more efficient while 61 (23.37%) respondents mentioned ‘reduction in manual work’, 45 (17.24%) respondents said it helps them to make ‘Data-driven decisions’, 48 (18.39%) respondents said it helps them in their ‘career growth’, and respondents who mentioned ‘Cost Reduction’ were 42 (16.10%). The above indicates that the cashless policy encourages E-Banking, and promotes saving habits among the respondents.

**Table 5: Responses to the Negative Effects Associated with the Cashless Policy (N=261)**

Variables	Frequency (f) Percentage (%)	
<b>Does the cashless policy encourage frequent money withdrawals?</b>		
Yes	208	79.69
No	53	20.31
<b>Total</b>	<b>261</b>	<b>100</b>
<b>If your answer is Yes in the question above, has it negatively impacted on your work?</b>		
Yes	197	75.48
No	64	24.52
<b>Total</b>	<b>261</b>	<b>100</b>
<b>What are the difficulties faced in electronic money transfer?</b>		
Technical Issues	77	29.50
Security Concern	48	81.39
Cyber Attacks	36	13.79
Transaction Error	38	14.56
Fraudulent Transaction	62	23.75
<b>Total</b>	<b>261</b>	<b>100</b>
<b>Will you say that difficulty in the network is a challenge to The Federal Government Cashless Policy?</b>		
Yes	254	97.32
No	39	14.94
<b>Total</b>	<b>261</b>	<b>100</b>

*Source: Field Data (2024)*

Table 5 presents responses on whether the cashless policy encourages frequent money withdrawals. Data revealed that 208, (79.69%) respondents said ‘yes’ and 53 (20.31%) respondents said ‘no’, This revealed that the cashless policy encourages frequent spending. In a bid to know if frequent money withdrawals negatively impact respondents’ work 197 (75.48%) respondents said ‘yes’ while 64 (24.52%) respondents said ‘no’. On the difficulties faced in electronic money transfer, 77 (29.50%) respondents saw technical issues as one of the difficulties encountered when carrying out transfers, 48 (81.39%) respondents mentioned security as a concern, 36 (13.79%) respondents mentioned cyber-attack, and 38 (14.56%) respondents mentioned transaction error, while 62 (23.75%) respondents mentioned fraudulent transactions. Lastly, on whether difficulty in the network is not a challenge to the Federal Government Cashless Policy, 254 (97.32%) respondents said it is, while 39 (14.94%) said ‘no’. Data revealed that the majority of the respondents considered the mobile network as a big challenge in the Cashless Policy implementation.

### 4.3 Presentation of the Key In-depth Interview (KII).

#### 4.3.1 Influence of Electronic Money Transfer

##### i. Does the cashless policy influence electronic money transfers? Bank managers answered thus:

*“Yes, the cashless policy by the Federal government of Nigeria is an initiative aimed at reducing the reliance on physical cash and promoting digital financial transactions. The main objective of the policy is to improve the efficiency of the financial system, reduce the cost of banking services and promote financial inclusion for all Nigerians (Branch Manager Eco-Bank Plc, Uyo)”.*

*"I believe that the Cashless Policy implemented by the Federal Government of Nigeria has both positive and negative aspects. On the positive side, it has the potential to modernize the economy, reduce cash-related crimes, and promote financial inclusion by bringing more people into the formal financial system, on the other hand, it increases the rate of frauds. Digital transactions can be more efficient and convenient, and they offer opportunities for growth, particularly in the Fintech sector (Branch Manager Access Bank Plc, Uyo)".*

*"I see the Cashless Policy in Nigeria as a double-edged sword. On the one hand, it can boost efficiency and financial inclusion. On the other hand, there are concerns about privacy, security, and accessibility. It is vital that we strike the right balance and ensure that no one is left behind in this transition to a cashless economy (Branch Manager First Bank, Uyo)".*

**Other managers added thus:**

*"The cashless policy was first introduced in 2012 and has gone through various phases of implementation. It includes measures such as setting limits on cash withdrawal and deposit, promoting electronic payment systems and encouraging the use of digital financial services (Branch Manager Globus Bank, Uyo)".*

*"The cashless policy reduces cash related crimes like robbery and counterfeiting by reducing the circulation of physical cash. It seeks to bring more Nigerians into the formal financial system by making digital financial services more accessible (Branch Manager Heritage Bank, Uyo)".*

*"The cashless policy has opened up new opportunities for digital payment services. This policy allows for quicker and easier financial transactions without the need for a large amount of cash (Branch Manager Stanbic IBTC Bank, Uyo)".*

**ii. How does the cashless policy influence your profession? Their responses were as follows:**

*"A cashless policy promotes electronic transactions, which are typically faster and more efficient than dealing with physical cash. This led to smoother daily operations within the bank (Branch Manager EcoBank, Uyo)".*

*"As a bank manager, the Cashless Policy benefits my profession by reducing cash handling costs, promoting our digital services, and attracting more customers. However, it also requires investments in technology and security (Branch Manager Access Bank, Uyo)".*

*"The Cashless Policy streamlines operations, reduces cash-handling costs, and broadens our service offerings. However, we must invest in technology and security to meet its demands. (Branch Manager First Bank, Uyo)".*

*"With the cashless policy, fewer customers come to the bank to deposit or withdraw cash, which will give banks staff more opportunity to focus on more value-added services such as financial advising, rather than handling and counting physical cash (Branch Manager Globus Bank, Uyo)".*

*"Managing cash including securing it and transporting it, can be expensive. With the introduction of the cashless policy, the risk associated with cash management and movement is reduced. This is more secure than cash handling. The reduction in cash transactions leads to fewer cases of cash-related robbery (Branch Manager Heritage Bank, Uyo)".*

*"Digital transactions generate data that can be used for customer insights, risk management, and improving services. As a manager I leverage on these data for strategic decision making (Branch Manager Stanbic IBTC Bank, Uyo)".*

#### **4.3.2 Influence of Mobile Banking on the Inflow and Outflow Of Cash**

**iii. How does E- banking influence the inflow and outflow of cash? The response was thus:**

*“Mobile money transfer services facilitate the inflow of cash into our country through remittances. People working abroad can send money to their families back home quickly, securely and at a lower cost using electronic transfer. Mobile money transfer service also causes about financial inclusion, and mobile money services often reach people who previously did not have access to traditional banking. This inclusion can bring new customers into the formal financial system, resulting in additional fund entering the economy, (Branch Manager EcoBank, Uyo)”.*

*“Mobile money transfers facilitate the inflow of money through remittances and digital transactions. On the outflow side, they reduce the need for physical cash by enabling electronic payments and transfers, (Branch Manager Access Bank, Uyo)”.*

*“Mobile money transfers increase cash inflow via remittances and digital transactions, while reducing the outflow of physical cash by enabling electronic payments, (Branch Manager, First Bank)”.*

*“Mobile banking encourages digital transactions, which can boost economic activities. Businesses that accept mobile money payment may see an increase in their revenue, leading to more cash flow into the economy, (Branch Manager Globus Bank, Uyo) ”.*

*“Mobile money users can withdraw cash from their mobile wallet through agents or ATMs, which reduces the amount of money in the mobile money system and results in cash leaving the system (Branch Manager Heritage Bank, Uyo)”.*

*“Some mobile money offers the option to transfer funds from a mobile wallet to a nontraditional bank account, which moves funds out of the traditional banking system (Crypto Currency), (Branch Manager Stanbic IBTC Bank, Uyo)”.*

**iv. Does mobile banking have any negative effect on the economy? The responses were as follows:**

*“Mobile banking encourages individuals and businesses to conduct digital transactions. Instead of using cash, people can transfer money electronically, playbills online, and make purchases with their mobile phones. This can reduce the need for physical currency, (Branch Manager, EcoBank, Uyo)”.*

*“Mobile banking has decreased the volume of cash in circulation by promoting digital transactions, enabling electronic payments, and reducing the need for physical cash in everyday financial activities, (Branch Manager Access Bank, Uyo)”.*

*“Mobile banking has reduced cash in circulation by encouraging digital payments, it also, facilitates electronic transfers, and promotes cashless transactions for various financial activities (Branch Manager First Bank, Uyo)”.*

*“Mobile banking apps and services facilitate peer- to-peer transfers, allowing individuals to send money to friends and family digitally. This eliminates the need to provide physical cash when settling debts or making gifts, (Branch Manager Globus Bank, Uyo)”.*

*“Mobile banking apps enable users to locate ATMs, check their balance and initiate ATM withdrawals, reducing the need for frequent cash withdrawals, (Branch Manager Heritage Bank, Uyo)”.*

*“Mobile banking services often facilitate transfers between traditional bank accounts and mobile wallets, enabling users to manage their funds more efficiently without relying on cash (Branch Manager Stanbic IBTC Bank, Uyo)”.*

**4.3.3 Increased Banking Habit and Growth of E-Banking**

**v. Does electronic banking have benefits? The managers had this to say:**



*“Some electronic banking apps often include features for setting saving goals. These tools help individuals establish targets and track their progress, which can be motivating and encourage regular savings contributions (Branch Manager EcoBank, Uyo)”.*

*“Electronic banking encourages financial savings by offering convenient tools for setting up automated transfers to savings accounts, tracking spending patterns, and providing easy access to account balances, ultimately fostering better financial management. (Branch Manager Access Bank, Uyo)”.*

*“Electronic banking encourages financial savings through features like automated transfers to savings accounts, budget tracking tools, and easy access to account information, making it convenient and effective for individuals to manage and grow their savings (Branch Manager First Bank, Uyo)”.*

*“Electronic banking reduces the reliance on physical cash. People are more likely to save when their money is in digital form, as it is less prone to impulse spending (Branch Manager Globus Bank, Uyo)”.*

*“Opening a saving account online is a straight forward process, and many people can do it without visiting a physical bank branch. This accessibility encourages those who might have otherwise postponed opening a saving account to do so and start saving (Branch Manager Heritage Bank, Uyo)”.*

*“Some electronic banking platforms offer automated transfer options. Customers can set up recurring transfers from their current accounts to savings accounts, this helps them to save a portion of their income. (Branch Manager Stanbic IBTC Bank, Uyo)”.*

**vi. What ways can online banking decreases the usage of cash? The following responses were got from the managers:**

*“Online banking enables electronic fund transfers between accounts, including saving and current accounts. This feature makes it easier to move money without the need for cash or checks; thus, it decreases the use of cash (Branch Manager EcoBank, Uyo)”.*

*“Online banking reduces the usage of cash by promoting digital transactions, enabling electronic bill payments, facilitating peer-to-peer transfers, and encouraging digital purchases, making it convenient for individuals to rely less on physical currency (Branch Manager Access Bank, Uyo)”.*

*“Online banking decreases cash usage by offering digital alternatives for financial transactions, including electronic fund transfers, digital bill payments, contactless purchases, and mobile peer-to-peer transfers, reducing the need for physical cash in daily life (Branch Manager First Bank, Uyo)”.*

*“The use of debit and credit cards, which are linked to online banking accounts, reduces the need for cash for point-of-sale transactions. Contactless payments, such as NFC and QR code payments, further contribute to cashless transactions (Branch Manager Globus Bank, Uyo)”.*

*“Online banking platforms offer bill payment services, allowing customers to pay utility bills, credit card bills, rent, and other regular expenses electronically. This minimizes the use of checks and cash for bill settlements and other transactions (Branch Manager Heritage Bank, Uyo)”.*

*“Electronic banking enables many employers to make direct deposits of salaries and wages into employees’ bank accounts. This reduces the need to receive physical cash or paychecks and, subsequently, to cash them at a bank or ATM. (Branch Manager Stanbic IBTC Bank, Uyo)”.*

#### **4. 3.4 Negative Effects Associated with the Cashless Policy**

**vii. What are the negative effects of cashless policy of the Federal Government?**

*“One of the negative effects is that cashless policies can exclude people who do not have access to the necessary digital infrastructure or who lack the skills to use digital financial services. This can perpetuate financial inequality and cause chaos in the society (Branch Manager Ecobank, Uyo)”.*

*“As a manager and user of the cashless policy, I have noticed some negative effects. First, not everyone has access to the digital infrastructure, which can lead to financial exclusion. Second, there are concerns about data privacy and security in a world where digital transactions are the norm. Lastly, while the policy aims to reduce cash-related crimes, it is vital to ensure that the transition to a cashless economy does not adversely affect those who depend on the cash-based informal sector (Branch Manager Access Bank, Uyo)”.*

*“As a manager, I have concerns about the cashless policy. While it can reduce operational costs, the fees associated with digital transactions can add up and become a burden. Moreover, some of my customers prefer cash, and I worry about the potential loss of business if I don't cater to their payment preferences. There is also the issue of internet connectivity, which can be unreliable in some areas, making it challenging for both customers and businesses to rely solely on digital payments (Branch Manager First Bank, Uyo)”.*

*“Digital systems can be vulnerable to cyber-attacks and fraud. Instances of data breaches and financial fraud can undermine confidence in cashless systems. (Branch Manager Globus Bank, Uyo)”.*

*“Nigeria’s intercommunication and internet systems are not sophisticated enough to provide strong internet services to bank and mobile banking user; thus, transaction inconsistencies occur and it is a big challenge. In addition, the gap in digital literacy and access to technology can intensify the digital dividend, as those who are less tech-savvy or have limited access to digital tools may be left behind (Branch Manager Heritage Bank, Uyo)”.*

*“Certain industries that rely heavily on cash transactions, such as street vendors or informal labor, and many others struggle to adapt to cashless policies since some cashless systems and digital payment services may charge transaction fees, which can be a burden on them, particularly in regions where fees are relatively high (Branch Manager Stanbic IBTC Bank)”.*

**4.3.5 Managers were asked to suggest ways they think the negative effects of the policy can be mitigated, and suggested responses were as follows:**

*“Banks should develop user-friendly and multilingual interfaces for mobile banking apps and digital payment systems, and establish initiatives to bring banking services to underserved or remote areas, such as Encouraging more POS agents, mounting more ATMs, and mobile banking vans or kiosks. (Branch Manager EcoBank, Uyo)”.*

*“The government should enforce comprehensive regulations to protect consumers, foster competition, and ensure responsible use of digital financial services. In addition, they should launch government-backed financial inclusion programs to encourage the adoption of digital financial services. Furthermore, banks should partner with the government to run awareness campaigns to educate the public about the benefits and potential risks of digital financial services (Branch Manager Access Bank, Uyo)”.*

*“Banks should collaborate with businesses and industries that rely heavily on cash to facilitate their transition to digital payments. Also, they should offer incentives for businesses to accept digital payments to minimize the impact on those who still prefer cash. Banks should invest in reliable digital infrastructure, including widespread internet access, and developed mobile apps and payment solutions that are user-friendly and accessible to all, including those with limited technical skills (Branch Manager First Bank, Uyo)”.*

*“Banks Should enforce strong data protection and privacy regulations to ensure the security of financial data promote two-factor authentication and secure encryption methods to protect digital transactions and educate users about common online security practices like token to reduce the risk of fraud and hacking (Branch Manager Globus Bank, Uyo)”*.

*“Banks should Invest in digital infrastructure, including reliable internet access, in underserved areas, develop mobile apps and digital payment solutions that work on low-end devices and slow internet connections and offer offline digital transaction options, such as USSD codes, for areas with limited connectivity. (Branch Manager Heritage Bank, Uyo)”*.

*“Banks should collaborate with small business owners, street vendors and other cash-dependent sectors to help them transition to digital payment devices. This could include providing affordable POS (Point of Sale) devices or mobile payment solutions, and creating incentives for businesses to accept digital payments, such as reduced transaction fees (branch Manager Stanbic IBTC, Uyo)”*.

#### **4.4 Findings/Discussion of Findings**

##### **4.4.1 Awareness of the Federal Government’s cashless policy in the study area**

Findings show that most respondents do not know of the federal government cashless policy, as only 27.97% claimed to know, while 72.03% of them said they do not know. Findings also revealed that, 86.97% of the respondents engaged in financial transactions using electronic money transfer system and mobile apps while 13.03% did not use electronic transfer during their transactions. Findings show that about 85.05% regularly used electronic money transfer systems to pay for goods and services, 10.73% rarely used electronic money transfer systems to pay for goods and services, while 4.21% did not engage in electronic banking and transfer systems. However, respondents found electronic banking to be convenient for payment, time saving, enhancing security, easily accessible, and easy for account management. The findings shows that even though most respondents do not know much about the cashless policy, they have knowledge about electronic banking and are actively involved in electronic banking transactions through automated teller machines and mobile app banking. The respondents have also been actively engaging in the use of electronic banking platforms for banking activities, and they have been of significant benefits to the respondents as they acknowledged that electronic banking is convenient, time saving, enhances security, is easily accessible, and easy for account management. These findings align with the works of Ejoh, Adebisi and Okpa (2014), who suggested that public awareness should be done to encourage cashless economy in Nigeria. Additionally, this finding is in support of the works of Nwankwo and Eze (2013) who suggested that, in order to increase the positive effects of the cashless policy on citizens, the people have to believe that the policy will be easy to use and also result in positive performance, thereby leading to economic growth. Moreover, e-banking products must also be reengineered to make electronic payments effortless, which will steer the country toward a cashless economy.

##### **4.4.2 Influence of Mobile banking on the Inflow and Outflow of cash**

Findings show that 88.12% of respondents made cash withdrawals through electronic and mobile banking, while 11.88% did not make withdrawals through this platform. Also, 39.13% of respondents preferred cash transactions, while 60.87% prefer cashless transactions. Further findings on why respondents prefer cashless transaction includes; avoidance of robbery and burglaries, convenience for making payment, decreases excess spending and makes payment for goods and services easy. Findings on whether mobile banking has reduced the volume of cash in circulation, 96.55% said it has reduced the volume of cash in circulation, while a significant percentage of 3.45% said ‘NO’. From their response, it shows that most, respondents prefer cashless

transactions to physical cash transactions. Moreover, electronic banking and mobile banking help in the reduction of the volume of cash in circulation, thus, reducing the inflow and outflow of cash.

#### **4.4.3 Increased Banking Habit and Growth of E-Banking**

On the increase of banking habit and growth of e-banking, findings according to the respondent show that e-banking has a positive effect on the habit of the respondents as 50.96% affirmed that e-banking encourages savings, while 49.04% said e-banking does not encourage saving. Further findings on the benefit of e-banking show that the respondents mentioned speed in transaction, cost saving, and quick balance check. Also, in a bid to know if e-banking is more affordable than cash-based banking, 60.54% said that electronic banking is more affordable than cash-based banking, while 39.46% said that cash-based banking is more affordable than electronic banking. On if e-banking helps their profession, 24.90% said, electronic banking helps them to be more efficient in their profession, reduces manual work, Data-driven decision, career growth, and Cost Reduction. Similar to this finding, Ayodele (2015) found in a study that mobile money enhanced security measures and transparent record-keeping, and consumers and businesses gained confidence in cashless transactions. The cashless economy has led to the growth of e-commerce, offering convenience and flexibility to consumers.

#### **4.4.4 Negative Effects Associated with the Cashless Policy**

On the negative effect of the cashless policy, the finding shows that 79.69%, responded affirmed that the, cashless policy encourages frequent money withdrawal, and 20.31% said it does not encourage frequent money withdrawals. In a bid to know if frequent money withdrawals negatively impact respondents' work 75.48% said it does have a negative impact on the respondent's work while 24.52% said 'NO' in disapproval. On the difficulties faced in electronic money transfer, the respondent listed technical issues, security as a concern, cyber-attack, transaction error and fraudulent transaction as the difficulties encountered when carrying out transfers with electronic banking and mobile app banking systems. Lastly, on whether difficulty in the network is not a challenge to the Federal Government Cashless Policy, 14.94% affirmed that the, network is not a challenge to the cashless policy while 97.32% said 'NO' in disapproval. Findings revealed that the, negative effect of the cashless policy encourages frequent spending, frequent withdrawals, cyber-attacks, transaction errors, fraudulent transactions and difficulty accessing the network. All these negatively impact respondents' work and their daily activities, which is also a challenge to the implementation of the Federal Government's Cashless Policy. CBN (2021) identified some of the negative consequences associated with the high usage of physical cash in the economy, including the high printing cost of cash, the high risk of using cash, the high subsidy, the informal economy, inefficiency and corruption. All these negative impacts affect the policy: thus, it could be reason why some sectors, despite the fact that the, cashless policy is largely accepted, still believe that physical cash transaction is the best.

## **5. CONCLUSION**

The study assessed the Federal Government's Cashless Policy on the economy of the Uyo Local Government Area in Akwa Ibom State. The study revealed that many people in the study area have limited knowledge of the policy despite engaging in financial transactions using the electronic money transfer systems and mobile apps. Notably, people in the study area regularly use electronic money transfer systems to pay for goods and services. Electronic banking or mobile banking has been found to reduce the volume of cash in circulation. Hence, the avoidance of robbery and burglaries decreases, excess spending and makes payment for goods and services easy. Other benefits of e-banking found include: its affordability, encourage savings, speed in transaction, cost

saving and quick balance check. However, the study discovered that technical issues, security concerns, cyber-attacks, transaction errors and fraudulent transactions are the difficulties encountered when performing transfer with electronic banking and mobile app banking systems.

## **6. RECOMMENDATIONS**

Based on the study findings, the following recommendations were made:

1. The Federal and State Government through the National Orientation Agency, in collaboration with Financial Institutions and media, should increase the campaign and awareness of the cashless policy to; inform the public about the benefits of electronic and mobile banking services and the potential risks of physical cash.
2. The Federal Government through the Nigerian Communications Commission (NCC) should collaborate with Financial Institutions to invest in expanding digital infrastructure and internet access, particularly in underserved areas.
3. Financial institutions should invest in their internet facilities and develop mobile applications that are user friendly with less or no transaction failure.
4. Banks should encourage cashless transactions by reducing service charges and, collaborate with businesses and industries heavily reliant on cash to help them transition to digital payments. Furthermore, also offer incentives and support for businesses to adopt digital payment options and minimize the impact on cash-dependent sectors.
5. The government through financial institutions should enforce regulations that cap transaction fees to protect consumers from excessive charges and, promote transparency in fee structures to make users aware of the costs associated with digital transactions.
6. The government should establish stringent data protection and privacy regulations to safeguard users' financial information and encourage financial institutions and service providers to invest in state-of-the-art cyber security measures.
7. The government through the Consumer Protection Council of Nigeria (CPC) should establish mechanisms for addressing consumer complaints and disputes related to electronic and mobile app transactions to ensure that users are aware of their rights and how to seek redress in case of issues arising in the course of cashless transactions.

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