



Evaluating Nigeria Cashless Policy Implementation

Kket E Ewa¹, Egu U. Inah²

ABSTRACT

The Central Bank of Nigeria introduced cashless policy initiative to accomplish two main macro-socio-economic policy objectives of increased convenience and greater financial inclusion in Nigeria. This study evaluates Nigeria cashless policy implementation using a four point Likert scale questionnaire administered to six hundred respondents. The results of the study show that the twin policy objectives investigated were partially achieved. Also the study reveals that social infrastructures in power and telecommunications need improvement and expansion and the need to create more awareness to encourage the unbanked to embrace banking culture. This study recommends vigorous investments on cyber security, strengthening of internet protocol and controls in the banks and enactment of relevant legislative laws to curb cybercrimes.

Keywords: Bankable, cashless policy, cybercrime, macroeconomic, transparency.

JEL Codes: E50, E51, E52, E58, E59.

Available Online: 20-06-2016

This is an open access article under Creative Commons Attribution 4.0 License, 2016.

1.0 INTRODUCTION

Monetary policy is the regulation of interest rates and the money supply by the apex banks of nations geared towards controlling inflation and currency stabilisation. In Nigeria, the Central Bank of Nigeria (CBN) undertakes monetary policy so as to promote and maintain monetary stability as well as safeguard the international value of the nation's currency and manage the country's external reserves. According to *Ajayi and Ojo (2006)*, in order to encourage economic development, a nation should encourage a payment system that is secure, convenient and affordable. Likewise, *Humphrey (2004)* opined that developed countries to a large extent are migrating from paper payment instruments to electronic ones. In this macroeconomic management, the payment system plays an important role being the channel through which financial resources are channelled from one segment or sector of the economy to another. It represents the crucial foundation of the modern market environment and plays three very

¹ Department of Accountancy, Cross River University of Technology, Ogoja, Cross River State, Nigeria. E-mail: uketewa@yahoo.com

² Department of Accounting, University of Calabar, Calabar, Cross River State, Nigeria.

important roles in the economy of any nation. These roles according to the CBN include financial stability role, monetary policy role and overall economic role (CBN, 2015).

The Nigerian Central Bank (CBN) conscious of the above and the drive for Nigeria to be the 20th developed economy by the year 2020, introduced electronic-based payment system initiatives for payment of goods, services and transfers. The scheme which began in Lagos in 2012 stipulates a cash handling charge on daily cash withdrawals or cash deposits that exceed five hundred thousand (N=500,000) naira for individuals and three million (N=3 million) naira for corporate bodies with the aim of reducing and not necessarily eliminating the amount of physical cash transactions in the economy and encouraging more electronic-based transactions in Nigeria. According to the CBN, the new policy was introduced for a number of key reasons including;

- (a) To drive development and modernization of the country's payment system in line with the Nation's vision 2020 goal of being amongst the top 20 economies by the year 2020. This they envisage that 'an efficient and modern payment system is positively correlated with economic development' and is a key enabler for economic growth (CBN, 2015).
- (b) To reduce the cost of banking services which include cost of credit and thus drive financial inclusion by providing more and efficient transaction options and greater reach.
- (c) To improve the effectiveness of monetary policy in managing inflation as well as driving economic growth. The former CBN governor reiterated that 'the major focus of payments system reform is to increase the diversity and liquidity of payment instrument' (EFLnA, 2013).
- (d) To curtail some of the negative ills associated with the high usage of physical cash in the economy which includes; high cost of cash handling associated with volume cash handling, high risk of using cash as a result of robberies and other related cash crimes, ineffectiveness of monetary policy in managing inflation and encouraging economic growth in an informal economy, corruption, leakages and money laundering.

Yaqub, Bello, Adenuga and Ogundeji (2013) highlighted various benefits expected to be derived by various stakeholders from the increased utilization of e-payment as enumerated by the CBN to include: to the customers; increased convenience, more services, reduced risk of cash-related crimes, cheaper access to banking services, access to credit and financial inclusion. To the corporations; faster access to capital, reduce revenue leakages and reduced cash handling costs. To government; increased tax collection, greater financial inclusion and increased economic development. In their study, Yaqub et al., (2013) reviewed the prospects and challenges of the cashless policy in Nigeria by only reviewing reports published by the CBN on: direct cost of cash to financial system in Nigeria, payment channels in Nigeria as at 2011, e-payment market share in Nigeria, value of electronic card-based transactions in Nigeria as at 2011 and the trend of currencies in Nigeria and in circulation as at 2011.

In spite of the perceived benefits enumerated in the policy document prior to the introduction of the policy, there are noticeable complaints from the banking public over long queues at ATM centres, fraudulent electronic withdrawals of customers' funds and non-functionality of ATM machines. This paper seeks to empirically ascertain whether the CBN achieved the two main macro-socio-economic policy objectives of; (i) increased convenience, providing more efficient transaction options and greater reach, reduced risk of cash-related crimes, cheaper access to banking services, access to credit and financial inclusion by the general public and (ii) greater financial inclusion among the citizenry and increased economic development. The following research questions are addressed in the study: (i) whether with the introduction of cashless payment system many market traders are using the other mediums of payment methods as against cash, (ii) whether bankable public are satisfied with the overall performance of the banks, (iii) whether the bankable public are satisfied with the adequacy and functionality of the ATMs and the POS in service and (iv) whether the public infrastructures in use are efficient and effective in driving the cashless policy. The study proceeds as follows, section 2 deals with the theoretical/conceptual framework. Brief review of literature is in section 3 while section 4 states the methodology followed in carrying out the study. Data analysis is dealt with in section 5 while section 6 discusses the results of the data analysed. Recommendation for policy makers and conclusions are presented in section 7.

2.0 THEORETICAL/CONCEPTUAL FRAMEWORK

The theory of payment system efficiency and the Central bank mandate underpin this study. The theory advocate for the strengthening of the central bank mandate of currency management, regulation and control of the volume of physical cash in circulation to ensure price stability, check inflation and manage interest rate in the economy.

The proponents of this theory [Claudia and Grauwe \(2001\)](#) and [Marco and Bandiera \(2004\)](#) opined that the central banks as regulators of monetary policy management are gradually losing their monopolistic position in the provision of liquidity and management of interest rate in the economy. Therefore, the gaps which the cash based system creates reinforces the need for a paradigm shift in monetary policy and payment system management in the Nigerian economy.

Cashless policy is an economic system where by business transactions are done not purely or predominantly in exchange for physical cash neither is it an economic system where goods and services are exchanged for goods and services (the barter system). This is an economic setting in which goods and services are bought and paid for through electronic medium. It is defined as “one in which there are assumed to be no transactions frictions that can be reduced through the use of money balances, and that accordingly provide a reason for holding such balances even when they earn rate of return” ([Woodford, 2003](#)).

The commercial banks act as intermediaries between the surplus and deficit savings units within an economy by mobilizing and facilitating efficient allocation of national savings, thereby increasing the quantum of investments and hence national output. In a developing economy such as Nigeria, financial sector development is routinely accompanied by structural and institutional changes. The Nigerian banking sector has generally been recognized to play a crucial role in the economic development of Nigeria in her quest to be the twentieth developed economy by the year 2020.

The monetary Policy management is the responsibility of the apex bank. It is the regulation of the money supply and interest rates by the apex Bank in order to control inflation and stabilize currency. This responsibility is vested on the Central Bank of Nigeria (CBN) who regulates monetary policy in order to maintain Nigerian’s external reserve, safeguard the international value of the naira against other currencies, promote and maintain monetary stability. The Bank also acts as a banker and financial adviser to the Federal Government and as lender of last resort to the banks.

2.1 THE PAYMENT POLICY

In any country’s financial system, the payment system plays a very crucial role in the economy, being the channel through which financial resources flow from one segment of the economy to the other. It represents the major foundation of the modern market economy as it has important role in monetary policy, financial stability and overall economic activity of the nation.

Given the important role that a well-functioning payment system has on monetary policy, financial stability and overall economic activity, the CBN bank formulated a set of national payment systems policy objectives as a broad guideline and framework for all payment systems initiatives. The national payments system objectives clearly spelt out include:

- **Promotion of efficiency and effectiveness by being** transparent, flexible and reliable, ensuring integration, interoperability of the sub-systems and speeding up exchange and settlement of funds and securities
- **Safety by** protecting systematic risks through containing credit, legal, liquidity and operational risks, complying with international standards and recommendations (E.g. the ten core principles for Systematic Important Payment Systems) and complying with national standards and recommendations (E.g. cheque and electronic banking standards)

- Migration to cash-less modes of payment, such as electronic debit/credit instruments, credit/debit cards, ATM-sharing and electronic Fund transfer at point of sales and real time gross settlement system(RTGS)
- **Transparency in the payment system** as one of the factors militating against widespread usage of the formal payment systems is the concern of market participants about transparency.

The goal thus of the national payment systems (NPS) is to ensure that the system is available without interruption, meet as far as possible all users' needs, and operate at minimum risk and reasonable cost. The significant points of the policy were the decision to peg customer's daily withdrawal or deposits to a maximum of =N=150,000 per individual customer and =N=1 million naira for corporate clients. This was reviewed to =N=500,000 for individuals and =N=3,000,000 for corporate in 2012 and again reviewed downwards to =N=60,000 for individuals in 2015. At the commencement of the policy, the CBN Governor Sanusi Lamido Sanusi, said the limit did not stop customers from withdrawing or depositing beyond the limit set by the apex bank, but such a customer should be ready to pay a penal fee of about 100 naira per 1,000 in bank charges to enjoy his desire. However, the recent downward review did not give room for the discretionary withdrawal with a penal fee.

The policy has other financial services ranging from customer accounts information and updates and transactions alerts which have been in existence but not widely subscribed to by account holders to payment of bills, person to person transaction and remittances in different forms. In achieving the goal of the payment system and the broad objectives enumerated, the apex bank in collaboration with the Bankers committee launched various initiatives to modernize the payment system ranging from the automation of the cheque clearing system and making it veritable platform for development of electronic payment channels, the use of POS, ATMs and mobile banking.

The policy has thus emphasised the use of; POS, ATMs and Internet banking.

The application of these products in the financial architecture of Nigeria requires enormous investments in power, telecommunication, financial infrastructures and security. The functionality and adequacy of these infrastructures is critical to the success of this policy.

According to Emecheta (2012), the implementation of the new procedures and rules based on MICR technology revolutionized the cheque clearing system thus, a centralized Automated Clearing process was established whereby with MICR Reader Sorters, necessary information on cheques are captured, built into clearing files and electronically transmitted to the clearing house, from where the net settlement position of participating banks are automatically computed and also electronically transmitted to the apex bank for final settlement. This initiative reduced clearing cycle from 5days to 3days for local instrument and from 9days to 6 days in respect of up-country instrument.

3.0 LITERATURE REVIEW

Cashless banking is that banking system with the sole aim at reducing but not eliminating physical cash transactions in the day to day business transactions in the economy for electronic based transactions. In other words, cashless policy is the optimal combination of electronic banking (e-banking) system and cash-based system. Electronic banking system entails the application of the following; mobile payment system, Point on sale (POS) system, credit/debit card system and internet banking system.

According to Emecheta (2012), the cashless economy policy of the Central Bank of Nigeria (CBN) was designed towards providing mobile payment services, breaking down the traditional barriers hindering financial inclusion of millions of Nigerians, bringing down transaction costs, and to secure convenient financial services to both the urban, semi urban and rural areas across the country. Regrettably, it has, however, become an albatross to some elites, the poor, uneducated and traders (Emecheta 2012). Adewoye (2013) in his study of the impact of mobile banking on service delivery in the Nigerian Commercial Banking system found that the introduction of e-banking services has improved banking

efficiency in rendering services to customers in the form of transactional conveniences, savings of time, quick transaction alert and savings on service cost. He observed lack of awareness of the e-banking by the public, lack of collaboration among the banks, lack of skill manpower to drive the product and inadequate and poorly maintained public network systems like power and telecommunications to be mitigating full benefit of the service and so recommended improvement on these constraints. James (2012) investigated the acceptability of e-banking services in Nigeria and found that e-banking was significantly influenced by the age, educational background, income, perceived risk and perceived benefits, perceived ease of use, perceived risk and perceived enjoyments by the respondents customers. In their study on bankers' perceptions of electronic banking in Nigeria, Morufu and Taibat (2012) observed that bankers in Nigeria perceived electronic banking as a tool for minimising inconveniences, reducing transaction costs and customers queuing time and thus saving customers' waiting time in the banking hall.

Ajayi (2014) on his study 'Effect of cashless monetary policy on Nigerian banking industry: Issues, prospects and challenges' observed that the cashless policy has improved the performance of bankers in carrying out their duties, maximised the banks' profitability by the extended customers' base among others. However, the study observed that 'social infrastructures in Nigeria, technological infrastructures, security and limited numbers of electronic channels for cashless transactions' continue to be major challenges and problems facing the cashless policy adoption in Nigeria. The challenges enumerated above were collaborated by Yaqub et al. (2013) who further added legal, Regulatory and Socio-Cultural issues as challenges confronting the policy in Nigeria. Their study only reviewed CBN reports without carrying out independent survey of citizenry who use the facilities to establish if the benefits intended by the CBN have been achieved. Similarly, Ajayi (2014) failed to relate the banks' performances with their financial statements to establish any upward trend in their financials. Olajide (2012) in his study 'Cashless banking in Nigeria and its implications,' concluded that among other factors 'the existence of severe poverty and poor state of infrastructure must be duly considered before embarking on this project. In their study on 'benefits and challenges of Nigeria's cash-less policy, Osazevbara and Yomere (2015) citing Princewell and Anuforo stated that the CBN in 2011 estimated that 99% of over 215 million customer transactions in Nigerian banks were through ATM and over-the-counter valued at about =N=2.1 trillion. Also, that this transaction level has a significant cost to the Nigerian economy and estimated that cash distribution cost accounts for about 60% of the overheads in the banking industry. Similarly, cash management operations in the period require about 80% of the industry's infrastructure base and staff strength, (CBN, 2012). They thus concluded that electronic banking in Nigeria has positively impacted on the development of payment system in particular and the banking system in general. They also stated that the system will increase the customer base of banks as more un-banked Nigerians will be banked (Osazevbara and Yomere 2015). However, the authors have not shown in 2015 actual positive impact in the years 2012 to 2014 as postulated in their study which used 2011 pre-operational period. Secondly, the study has not shown also the growth in customer base since the introduction of the system as postulated.

Emecheta (2012) opined that Nigeria occupies the unenviable position of being number one country in Africa with largest number of people with no access to financial services. Citing a data compiled by Microfinance Information Exchange (MIX), he stated that Nigeria and the Democratic Republic of Congo (DRC) were found to have 'the largest gaps between populations living in poverty and those with no access to financial services – 80 million in Nigeria and 48 million in the DRC'.

In spite of the low bankable population, managing the few that have access to the banks is said to cost banks a huge amount of money with cash management taken a large chunk of the expenses. Similarly, the cost of printing new bank notes as a result of frequent handling is said to cost the apex Bank significant amount annually. According to Emecheta (2012), to address the above and many other issues facing the banks and the nation's economy, the apex bank introduced the cashless economy policy.

4.0 DATA AND METHODOLOGY

A structured questionnaire to address the research questions enumerated was administered to bank customers in urban, semi-urban and rural communities in Cross River State, Nigeria. The structured questionnaire was complemented with qualitative interviewing to address any ambiguity in the questionnaire and uneducated customers (respondents) that may be enlisted in the study. Since Nigeria is largely a cash-based economy with about 66% of cash residing outside the banking sector (Yaqub et al. 2013) but with the informal sector (petty traders, small retail & supermarket shops, educational and hospital institutions, artisans and the monthly low paid employees), to ascertain if the policy is a myth or reality, one hundred and twenty candidates each were recruited from petty traders & retail stores, supermarket shops, educational and hospital institutions, artisans and professional services and paid employees in selected urban cities, semi-urban towns and the rural communities. A total of six hundred questionnaires were thus administered to the respondents in the study. However, five hundred questionnaires were returned completed constituting 83.3% (eighty three point three per cent) success rate. Based on the assertion by Moser and Kalton that the result of a survey could be considered as biased and of little value if the return rate was lower than 30 – 40%, the return rate of 83.3% is considered adequate.

The respondents rated each preposition on a four point Likert scale. The scale was then transformed to relative important index for each of the prepositions. The completed and returned questionnaires were analysed using simple percentages and Relative Important Index (R.I.I) based on the work of Lim and Alum (1995).

$$R.I.I. = (4n_4 + 3n_3 + 2n_2 + n_1)/4N$$

Where n_4 = Very adequate/Efficient

n_3 = Adequate/Efficient

n_2 = Not adequate/Efficient

n_1 = Not very adequate/Efficient

N = Number of respondents.

The R.I.I. rate of 0.80 and above is considered significant to suggest that the cashless policy is working efficiently and the infrastructures are adequate for the operations of the system.

5.0 RESULTS

Table 1: Usage of bank products

S/N	STATEMENTS	POS	%	Mobil	%	ATM	%	Direct Cash	%	Total
1	Your frequent method use in daily transactions	40	7%	20	4%	270	47%	240	42%	570
2	Most common payment method use in daily transactions	0	0%	10	2%	200	38%	310	60%	520

Source: Field survey (2016)

Table 2: Cashless policy in Nigeria, Myth or reality?

S/N	STATEMENTS	Very adequate		Adequate		Not adequate		Not very adequate		Total
			%		%		%		%	
1	There is adequate ATM machines in the locality	20	4%	140	28%	270	54%	70	14%	500
2	The ATMs are very functional in the locality.	20	4%	130	26%	290	58%	60	12%	500
3	The Cashless system has provided effective and efficient service delivery since its introduction.	30	6%	140	28%	260	52%	70	14%	500
4	The telecommunications systems in the locality are efficient and effective in driving the cashless payment system.	60	12%	100	20%	280	56%	60	12%	500
5	There are enough functional ATM machines to service customers in the locality.	40	8%	70	14%	280	56%	110	22%	500

Source: Field survey (2016)

Table 3 (using RII): Cashless policy in Nigeria, Myth or reality?

S/N	STATEMENT	4	3	2	1	Total	RII
1	There is adequate ATM machines in the locality	20	140	270	70	430	0.65
2	The ATMs are very functional in the locality.	20	130	290	60	500	0.56
3	The Cashless system has provided effective and efficient service delivery since its introduction.	30	140	260	70	500	0.57
4	The telecommunications systems in the locality are efficient and effective in driving the cashless payment system.	60	100	280	60	500	0.58
5	There are enough functional ATM machines to service customers in the locality.	40	70	280	110	500	0.52

6.0 DATA ANALYSIS

From the findings, 480 (96%) of the respondents in the study own bank accounts in various bank in the locality. Of this number 470 (94%) claimed to have knowledge of cashless payment system while 30 (6%) of the respondents claimed ignorance of the system.

110 (22%) of the respondents accepted being influenced into opening their bank accounts due to the awareness for the cashless banking system while 390(78%) of the respondents stated that they were not influenced by the introduction of the cashless policy into opening their personal accounts. 300(62.5%) of the respondents opened their accounts over 10 years ago, 140(29%) opened their accounts above 5 years and 40(8%) of the respondents opened their accounts within the last 5 years.

From the analysis of the data, while 40(7%) respondents affirmed frequent use of POS on their daily business transactions, 20(4%) respondents affirmed frequent use of Mobil banking facility. Similarly, 270(47%) respondents affirmed frequent use of ATM while 240(42%) respondents affirmed frequent use of cash transactions in their daily business transactions. Therefore, 510(89%) of the respondents effectively use physical cash in their daily business transactions. On the question of the most common payment method used in the locality in the daily business transactions, while 10(2%) respondents stated the use of Mobil banking facility, 200(38%) respondents stated the use of ATM and 310(60%) respondents' stated direct physical cash as the most common payment method in use in the daily business transactions.

On the adequacy of ATMs machines in the locality: 20(4%) respondents are of the opinion that they are very adequate, 140(28%) respondents are of the opinion that they are just adequate for the locality. However, 270(54%) respondents are of the opinion that the machines are not adequate while 70(14%) respondents are of the opinion that the machines are grossly inadequate for the locality. This has a relative important index rate of 0.65 far below the acceptable significant minimum rate of 0.80.

On the investigation to ascertain the functionality of the ATMs installed in the localities: 20(4%) respondents are of the view that the machines are very functional and efficient while 130(26%) of the respondents are of the view that they are just functional. In the contrary, 290(58%) of the respondents are of the view that the machines are not functional and not efficient while 60(12%) respondents are of the view that the machines are not very functional and are very inefficient in performance and functionality. This preposition has a relative important index of 0.56 which is below the acceptable minimum rate of 0.80 considered significant.

On the preposition on whether the newly introduced cashless policy has provided effective and efficient service delivery in business transaction in the country: 30(6%) respondents are of the opinion that it has greatly enhanced service delivery while 140(28%) of the respondents are of the opinion that the policy has enhanced service delivery generally. In contrast, 260(52%) respondents are of the opinion that the policy has not produced the expected objective of enhancing seamless business transactions in the country. Similarly, 70(14%) of the respondents are of the opinion that the policy has completely failed in accomplishing the objective for its implementation. This has a relative important index of 0.57 which again is below the significant minimum rate of 0.80.

On the functionality of the telecommunications facilities in the locality studied: 60(12%) of the respondents are of the opinion that the facilities are very adequate to support the policy while 100(20%) of the respondents are of the opinion that the facilities are just adequate and need further improvement to support the policy. In the contrary, 280(56%) of the respondents are of the view that the infrastructural facilities are not adequate in supporting the programme, 60(12%) of the respondents are of the view that the facilities are very inadequate in supporting the cashless policy programme in the locality. This preposition has a relative important index of 0.58 far below the significant and acceptable minimum rate of 0.80. Similarly, 40(8%) of the respondents on the study are of the view that the functional ATM machines deployed in the localities studied are very adequate to service the population while 70(14%) of the respondents are of the view that the functional ATMs are just adequate for the localities studied. However, 280(56%) of the respondents are of the view that the functional ATMs are not adequate to service the customers in the area as long queues of users is a common sight in the banks. In the same vain, 110(22%) of the respondents are of the view that functional ATMs are very inadequate. That even where there are installed ATMs, many are not functional and so long queues are built every day of the week. The functionality of the ATM machines has a relative important index rate of 0.52 which is below the significant minimum rate of 0.80.

7.0 RESULT AND DISCUSSION

From the study although 94% of the respondents claimed to be aware of cashless policy, only 22% of account holders were influenced to open their bank accounts through the awareness campaign of the

cashless policy. The study also revealed that 92% of bank customers opened their banking relationship before the introduction of the cashless policy in 2012. Considering the fact that one of the cardinal objectives for the cashless policy was to drive development and modernization of our payment system in line with Nigeria's vision 2020, an 8% increase in the bankable public within 5 years is questionable.

The study revealed POS utilization of 7%. It is evident that the intended POS penetration in the economy is not actualised as many retail shops both in urban, semi urban and rural communities still do not operate the POS. In fact none of the filling stations visited operates a POS in the sale of their products. It also revealed Mobile banking services of 4% as against 47% ATM utilization and 42% physical cash transaction negates yet again one of the CBN cardinal objectives for the policy which is to reduce the amount of physical cash circulating in the economy and encouraging electronic based transactions as the respondents affirmed the use of the ATMs for cash collection only. It is evident that the literacy level of Nigeria has a direct relationship with the cashless policy penetration in the economy as many customers from the study who are given ATM cards only used the cards for cash withdrawals which is not in the real sense of it cashless system. There is therefore still high demand for physical cash for day to day business transactions. This is evident as there are constant long queues at ATM Cash points. The respondents claimed they seldom use the ATMs for internet banking and or cash transfers. The study revealed the most common payment method in the day-to-day business transactions to be physical cash at 60% as against 2% usage of Mobile banking facility. All the filling stations visited in the locality sell on cash as well as most of the super markets and petty traders. This daily business transactions based on physical cash has a direct impact on the demand for ATM services in the locality prompting long queues in all ATM locations with attendant risk factors. This is in agreement with the survey carried out by Global FINDEX 2011 that stated that, around one-third of Brazilians and South Africans with debit cards use e-payments, compared with one in ten Nigerians. And that the 2% of Nigerian adults who currently make e-payments represents a small fraction of the 19% holding debit cards (which is likely to provide e-payment functionality). Similarly, data from EFINA's Access to Financial Services in Nigeria 2012 survey (A2F 2012) highlighted Nigerians' limited adoption of electronic payments and services to date, with less than 2.5% using mobile phones for their banking transactions, 0.8% of banked adults using the internet, and 0.7% of banked adults using POS terminals (EFInA, 2012). This is so because ATM transactions are largely still cash withdrawals (EFInA, 2013). This is contrary to Adewoye (2013) and Morufu and Taibat (2012) who stated that the e-banking services has improved banking efficiency in rendering services to customers in the form of transactional conveniences thus minimising inconveniences, saving of time, quick transaction alert and savings on service costs. There is no minimisation of convenience for a customer to queue long under the sun for the sake of cash withdrawal in an ATM point. The study revelation of inadequacy on the number of ATMs confirms the findings of Ajayi (2014) who stated that limited no of electronic channels continue to be a challenge for the implementation of the cashless policy in Nigeria. Similarly, the study revealed the non-functionality of most of the ATM machines in use. This non-functionality contributes directly to the persistent long queues noticed in the ATM centres. Though, Morufu and Taibat (2012) stated that bankers perceived electronic banking as a tool for minimising inconveniences, reducing transaction cost and customers queuing time and thus saving waiting time in the banking hall, the agony and inconvenience of waiting is transferred from the banking hall to the ATM cash point. It is observed that in most Cash Points, out of 7 ATM machines only two may be functional. The study revealed the inadequacy of social infrastructure like power and telecommunication facilities to drive the cashless policy process. This collaborate the study of Ajayi (2014) who observed that social infrastructure, technology, security and limited number of electronic channels continue to be a challenge and problem mitigating cashless policy of the CBN.

8.0 CONCLUSION AND POLICY IMPLICATION

The result from the analysis reveals that the twin policy objectives of the CBN investigated were partially achieved as payment systems in Nigeria have undergone some significant progress in the past few years, though some business transactions are still cash dominated. Therefore, more work need to be down for Nigeria to be among the 20th developed economies by the year 2020.

Social infrastructures in power and telecommunications need improvement and expansion, as the major challenges that impede smooth development of e-payment and e-commerce is due to these infrastructures. There is the need to create more awareness in the populace to encourage the unbanked to embrace banking culture and the benefits of cashless policy in business and daily operations. It is also recommended that the banks be more proactive in their IT architecture as instances abound that the available ATMs are either none functional due to network problems, breakdown and or power outages.

Therefore, there should be vigorous investments by the CBN and the banks on cyber security to stem the fear of cybercrimes as some bank customers who registered for the mobile banking services have been defrauded by fraudsters through the service. Also, efforts should be made to strengthen internet protocols and controls in the banks to give their customers the assurances to apply and use the services. It is also recommended that relevant legislative laws curbing cybercrimes be promulgated by the National Assembly as proactive measures by government. This will create confidence in the minds of the masses.

Finally, since there is a high rate of illiteracy in Nigeria, and there is desire that all people be brought into the system, the banks in collaboration with the CBN should design special enlightenment programmes for the non-literate population using probably signs and symbols to educate this segment on how to operate the cashless system.

REFERENCES

- Adewoye, J. O. (2013). Impact of mobile banking on service delivery in the Nigerian commercial banks. *Int. Rev. Manage. Bus. Res.* 2(2): 333-344.
- Ajayi, L. B. (2014). Effect of cashless monetary policy on Nigerian banking industry: Issues, prospects and challenges, *International Journal of Finance and Business Management Research*, 2, 29-41.
- Ajayi, S. I. and Ojo, O. O. (2006). *Money and banking: Analysis and policy in the Nigerian context*. Ibadan Daily Graphics
- Akhalumeh, A. A. and Ohioka, F. (2012). Nigeria's cashless economy: the imperatives, *International Journal of Management and Business Studies*, 2(2), 31-36
- Claudia, C. and Grauwe, P. (2001). *Monetary policy in a cashless society*, Brussel CEPR Discussion Study.
- CBN (2015). *The cashless Nigerian project*, Retrieved from: <http://www.cenbank.org/cashless/> on August 30, 2015.
- EFInA (2012) *Access to Financial Services in Nigeria 2012 survey*, key findings available via www.EFInA.org.ng
- EFInA, (2013) *What does the CBN's Cash-less policy mean for financial inclusion in Nigeria?*, Enhancing Financial Innovation and Access, Bankable Frontier Associate (BFA).
- Emecheta GN. (2012). *The cashless policy of the Central Bank of Nigeria: Its implications in the management of higher education in Nigeria*. A paper delivered at the Committee of Bursars Meeting, Cross River University of Technology, Calabar, Nigeria
- Global FINDEX 2011, World Bank
- Humphrey, D. B. (2004). Replacement of cards by cashless in U.S consumer payments, *Journal of Economics and Business*. 56: 211- 225.
- Humphrey, D. B. and Berger, A. N. (1990). *Market Failure and Resource Use: Economic Incentives to Use Different Payment Instruments*, New York. Monograph Series in Finance and Economics.
- Humphrey, D. B, Pulley, L. B. and Vesala, J. M. (1996). Cash, study and electronic payments: A cross-country analysis. *Journal of Money, Credit and Banking*, 28: 914-939.
- James, A. O. (2012). The acceptance of e-banking by customers in Nigeria. *World Rev. Bus. Res.* 2(2):6-8.
- James, A. O. (2013). Going cashless: Adoption of mobile banking in Nigeria. *Arab. J. Bus. Manage. Rev.* (Nigerian Chapter). 1(2):9-17.
- Jatau, V. S. and Dung, K. L. (2014). The Central Bank of Nigeria's cashless policy: A major panacea for eliminating corruption and enhancing sustainable development in Nigeria, *African Research Review*, 8(4), S/N. 35, 198-205.

- Lim, E. C, Alum, J. (1995). Construction Productivity issues encountered by contractors in Singapore, *International Journal of Project Management*, 13(1); 51-8
- Marco, A. and Bandiera, L. (2004). *Monetary policy, monetary areas and financial development with electronic money*, IMF Working Study, IMF
- Moser, C. A and Kalton, G. (1971). *Survey methods in social investigation*. UK; Heineman Educational.
- Morufu, O and Taibat, A. (2012) Banker's perceptions of electronic banking in Nigeria: A review of post consolidation experience. *Research Journal of Finance and Account*. 3(2):5-6.
- News Letter (2013, March). Enhancing financial innovation and access, *EFLnA*).
- Okoye, P. V. C. and Ezejiofor, R. (2013). An appraisal of cashless economy policy in development of Nigerian economy, *Research Journal of Finance and Accounting*, 4(7), 237-252.
- Olajide, V. C. (2012). Cashless banking in Nigeria and its implications, *Munich Personal RePEc Archive (MPRA)*, 38096, 1- 20. Retrieved online on 23/06/2013. Available online at: <http://mpra.ub.uni-muenchen.de/38096/>
- Osazevbara, H. O. and Yomere, G. O. (2015). Benefits and challenges of Nigeria's cashless policy, *Kuwait Chapter of Arabian Journal of Business and Management Review*, 4 (9), 1-10.
- The Nation (2013). *CBN's cashless policy begins in six states today*, The Nation Newspaper.
- Woodford, M. (2003). *Interest and prices: Foundations of a Theory of Monetary Policy*, Princeton University Press.
- Yaqub, J. O; Bello, H. T.; Adenuga, I. A. and Ogundeji, M. O. (2013). The cashless policy in Nigeria: prospects and challenges, *International Journal of Humanities and Social Science*, 3(3), 200-212