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**CASHLESS ECONOMIC POLICY AND THE OPERATION OF SMALL SCALE ENTERPRISES  
IN OSOGBO METROPOLIS, OSUN STATE, NIGERIA.**

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**Abstract**

*As the cashless economic policy continues gaining ground in Nigeria, many small scale entrepreneurs are yet to completely agree that the policy actually have any benefit for them. This calls for a need to assess the effect of the policy on small scale enterprises which is the occupation of majority of the unbanked citizens in Nigeria. Thus, this study assessed challenges and benefits of adoption of cashless economic policy for small scale enterprises, among other objectives. Data for the study were collected through administration of questionnaire to hypothetical sample of 200 small scale enterprises in Osogbo metropolis of Osun, Nigeria. The data were analysed using frequency distribution analysis (FDA) and simple bar chart. The hypotheses were tested using multiple regression analysis. The result of findings shows that adoption of cashless policy has significant impact on small scale enterprises in terms of benefits and challenges. It was concluded that Nigerian small scale business that effectively and efficiently incorporate and integrate cashless system into their business strategy, with mindset of gaining and maximizing the benefits of cashless system and deliberately minimizing the impact of its challenges on their businesses would outperform those that do not. It was recommended that Nigerian small scale enterprises should invest considerable time and financial resources in getting relevant technology training and personal development that will facilitate effective and efficiency integration of cashless system into daily business transactions*

**Key words:** Cashless Economic Policy; Small Scale Enterprises; Performance

**Introduction**

A major identified constraint to the achievement of Nigeria's ambition to be amongst the top 20 economies of the world by year 2020 is the fact that the Nigerian economy is too heavily cash oriented in transactions of goods and services which is not in line with global trends (Sanusi, 2012). Thus, cashless economic policy was announced in Nigeria through the Central Bank (CBN) in 2011, after which a pilot of the policy was commenced in Lagos State in the year 2012. The policy has three key objectives and these include driving the development

**AJAYI, EZEKIEL OLUWOLE (PhD) AND ONIKOYI, IDRIS ADEGBOYEGA (PhD)**  
**CASHLESS ECONOMIC POLICY AND THE OPERATION OF SMALL SCALE ENTERPRISES IN.....**

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and modernization of the payment system in line with Vision 2020; reducing the cost of banking services to facilitate financial inclusion of many unbanked citizenry; improving the effectiveness of monetary policy in managing inflation and driving economic growth.

In an effort to place Nigerian economy on the platform of global competitiveness, the CBN in collaboration with the Bankers Committee on cashless economy policy designed to provide mobile payment services, breakdown the traditional barriers hindering the financial inclusion of millions of Nigerians and bring low-cost, secure and convenient financial services to the country (Sanusi, 2013). One of the identified means for Nigeria to actually achieve its vision 2020 is to support and enhance the capacity of its small scale enterprises (Fabayo, 2009).

Based on these facts, it is imperative that reasonable consideration should be given to this critical sub-sector in the course of introducing and implementing any significant policy in the country. Though, the CBN had earlier explained that the policy would empowered the previously unbanked populace to open accounts and perform e-transactions across the nation without having to visit their bank branches, yet, research shown that people are yet to fully embrace the policy (Siyanbola, 2013), because they were not sure whether or not the policy had any gain for them. It is on this background that this study assessed the benefits and challenges of cashless economic policy for selected small scale enterprises in Ilorin West Local Government, Nigeria.

### **Statement of the Problem**

As the cashless economic policy continues gaining ground in Nigeria, many small scale entrepreneurs are yet to completely agree that the policy actually have any benefit for them. This is because majority of small and medium scale business operators are claiming that adoption of the policy only increases challenges of managing their businesses (Ifeakandu, 2011). The result is that cashless policy, aimed at bringing sustainable economic growth to the country, has not been fully appreciated among the general populace, particularly by majority of small and medium scale enterprises (Lagos Chamber of Commerce and Industry, 2012), the largest economic sector in Nigeria.

Many previous studies have identified and highlighted some challenges and benefits of adopting the policy into Nigeria's heavily cashed economy. But, empirical research on the actual benefits and challenges associated with the policy, particularly for the informal sector as it relates to developing countries such as Nigeria is rather scarce. In view of this, it becomes imperative to empirically assess potential benefits and challenges associated with adoption of cashless economic policy and their effects on the operation of small scale enterprises in Nigeria.

### **Research Questions**

The following research questions were raised to guide the proper conduct of the study:

1. What are the benefits associated with cashless economic policy and their combined effect on the operation of small scale enterprises?
2. What are the challenges associated with cashless economic policy and their combine effect on small scale enterprise operation?

### Objectives of the Study

The main objective of this study is to assess the benefits and challenges of cashless economic policy for selected small scale enterprises. The specific objectives are to:

- i. determine the benefits associated with the adoption of cashless economic policy and their combined effect on the operation of small scale enterprises;
- ii. examine the challenges associated with cashless economic policy and their combine effect on small scale enterprise's operation.

### Research Hypotheses

The following Null hypotheses were tested in the course of the study:

**H0<sub>1</sub>:** Benefits associated with cashless economic policy have no effect on the operations of small scale enterprises.

**H0<sub>2</sub>:** Challenges associated with cashless economic policy have no effect on small scale enterprise operations.

### Literature Review

#### Concept of Cashless Economy

There is no generally acceptable definition of cashless system as various authors and researchers only use concept suitable to their studies. Emengini&Alio (2014) argue that cashless economy is a utopian concept. This implies that no true cashless economy exists in the world. Central Bank of Nigeria (2011) clarifies that there is no economy in the world that operates with zero cash, rather each strives to rely less on cash. According to the Apex bank, "when we talk about cashless, we are not talking about zero cash; we are talking about less cash and this vary from country to country". There are about 47 per cent in terms of the ratio of cash to non-cash transactions. On this note, Aguda (2013) defines cashless economy as an environment in which money is spent without being physically carried from one person to the other. Adewale (2012) states that cashless economy is a gradual or a radical movement of the entire payment system of an economy from the use of physical cash to a systemic adoption of other nonphysical cash mode of payments in settlements of all types of transactions, including all commercial, homes, personal, local and international trade both in public and private life within the economy.

Okoye & Ezejio (2013) submit that cashless economy does not refer to an outright absence of cash transactions in the economic setting, but one which the amount of cash-based transactions are kept to the barest minimum. It is an economic system in which transactions are not done predominantly in exchange for actual cash. It is not also an economic system where goods and services are exchanged for goods and services (the barter system). It is an economic setting in which goods and services are bought and paid for through electronic media.

In another words, a cashless economy is a situation where there is little or very low cash flow in a given society, every other purchases and transactions are made via electronic channels.

#### Cashless Economic Policy and Small Scale Enterprises Operation in Nigeria

According to Siyanbola (2013), below are some of the attractions of cashless economy policy, particularly to average SMEs operator in Nigeria:

- i. **Prompt settlement of transactions:**

**AJAYI, EZEKIEL OLUWOLE (PhD) AND ONIKOYI, IDRIS ADEGBOYEGA (PhD)**  
**CASHLESS ECONOMIC POLICY AND THE OPERATION OF SMALL SCALE ENTERPRISES IN.....**

---

Cashless transaction will speed up settlement of transactions both locally and internationally, where the bank stands as paying bank to the customers for settlement of transaction or as collecting bank for collection of payment on transactions. This will enhance the business capacity of the small scale businesses

- ii. **Reduction in the frequency of visit to the Banks:** Unlike before customers and particularly small scale business operators can now transact their banking businesses in branches nearer to them and they can also withdraw money from any ATM including the ones located outside the bank where they have account. This will help reduce the burden of cash management (Omoso, 2011).
- iii. **Reduction of Theft:** Since robbers are attracted by volume of cash movement through bullion vans, the use of alternative electronic payment system will no doubt reduce the incidence of robbery in the society, this is one of the reasons why the Central Bank of Nigeria continues to emphasize that people should embrace the policy as possible solution to the problem of robberies and financial loss (CBN, 2012).
- iv. **Clearance of good:** Payment system in the custom services helps in ensuring easy facilitation of clearance of goods by importer, this is apart from the fact that money due to government would be paid electronically to the right account, thereby reducing the incidence of fraudulent practices of diverting government funds to individual pockets. If this is achieved, it would aid the government in providing basic infrastructures that will facilitate business and development of the small scale sector (Ademola, 2012).
- v. **Reduction in cash management:** With cashless policy, CBN will reduce cash management costs by as much as N 192 billion annually, thereby making more funds available for SMEs (Sanusi, 2012). CBN is of the opinion that cash handling accounts for at least one third of infrastructural and labour costs in the sector, hence cashless policy would impact negatively on employment of those handling cash in the bank (Akande&Yinus, 2013; Okoye&Ezejio, 2013).

### **Challenges of Cashless Economic Policy**

According to Odior & Banuso (2012) issue of security is a major obstacle to effective implementation of cashless system. The apprehension over security of the system is not only coming from the non-elites, in fact, the technology literates are wary of cyber-attacks as they argue that the Nigerian cyber space is not secured (Dada & Oronsaye, 2011).

Information Technology security experts have alerted that while the cashless policy is poised to increase online transactions and deployment of various payment platforms such as Automated Teller Machine and the Point of Sale terminals, the security of these e-payment platforms is not yet being given priority attention by the stakeholders (Dada & Oronsaye, 2011)

Siyambola (2013) argue that the policy has been affected by many factors including ineffective sensitisation campaign exercise; inadequate protection of the interest of merchants and people in the informal sector; non-functional Point-of-Sale (POS) terminals as well as other technological challenges. Emengini & Alio (2014) assert that the adoption and development of cashless policy in the history of our economy has brought with it a mirage of challenges for its sustenance. Absence of infrastructural facilities like electricity supply and internet facilities in the rural areas are some of these challenges that needed to be addressed adequately. Other

challenges identified by Emengini & Alio (2014) are high illiteracy, porous information technology platforms, low level of consumer enlightenment on product availability on electronic channel, lack of understanding of security implications of divulging personal information, access to consumer' information by fraudster, weak information technology control, reversal of pos and atmerros. It was observed that the available infrastructure in Nigeria is not adequate to carry the load of a cashless society (Okoye & Ezejio, 2013) and that the issue of infrastructure must be concertedly addressed (Alchalumeh & Ohiokha, 2012).

The field survey study conducted by Lagos Chamber of Commerce and Industry (2012) on Cashless Lagos, posit that majority of cashless users across board pointed out that cashless facility has impacted on their business transaction by reducing cash-related crimes, increased convenience of doing business, reduce cash handling cost, more payment options, easy access to cash out of bank branch and reduce revenue leakage. This implies that there are basic benefits small scale business operators in Nigeria could gain from adoption of cashless system of transaction if they could efficiently integrate and utilize the system into their respective business. Thus, this study empirically established a link between the challenges and benefits associated with the operation of cashless system and small scale enterprises operation.

## **Theoretical Background**

### **Technological Acceptance Model (TAM)**

Technological Acceptance Model (TAM) assumes that when someone forms an intention to act, he/she will be free to act without limitation (Bagozzi, Davis & Warshaw, 2015). The model suggests that when users are presented with a new technology, a number of factors such as Perceived Usefulness (PU) and Perceived Ease-Of-Use (PEOU) influence their decisions about how and when they will use it. The theory helps to understand how small and medium scale enterprises come to accept or reject the use of ICT in their small businesses.

### **Diffusion of Innovation Theory (DOI)**

Diffusion of innovation theory as postulated by Rogers (1995) involves the process by which an innovation is communicated through certain channels over time among the members of a social system. The DOI approach has its primary focus on how potential adopters perceive an innovation in terms of relative advantage/disadvantage (Rogers, 1995). The basic features of the innovation as perceived by the members of a social system determine its rate of adoption (Rogers, 1995). This theory comprises four elements including innovation, communication channels, time and the social system. In summary, the diffusion theory provides a framework that helps to understand why ICTs are adopted by some SMEs and not by others (Shih, 2013). This study adapts the diffusion theory of innovation because it predicts that the earlier Nigerian SMEs accept and use cashless system their business operations, the earlier it improve their business activities.

### **Empirical Framework**

Siyanbola (2013) in his study "the effect of cashless banking on Nigerian economy", using direct interviews, observations and questionnaire for data collection from a sample of randomly selected 70 respondents and using t-calculated tool found that there is significant relationship between cashless banking and Nigerian economy. The study equally concluded that cashless banking has effect on Nigerian economy; cashless banking has positive effect on

**AJAYI, EZEKIEL OLUWOLE (PhD) AND ONIKOYI, IDRIS ADEGBOYEGA (PhD)**  
**CASHLESS ECONOMIC POLICY AND THE OPERATION OF SMALL SCALE ENTERPRISES IN.....**

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employment and that cashless banking has a best means of usage. However, the empirical framework of this paper is based on the field survey study conducted by Lagos Chamber of Commerce and Industry (2012) on Cashless Lagos, using interview and questionnaire to gather information which were analyzed using descriptive statistics. The study found that cashless facility has great impact on business transactions.

**Methodology**

The general focus of this study is to assess potential benefits and challenges associated with adoption of cashless economic policy for selected small scale enterprises in Osogbo, Osun State, Nigeria. The data that were gathered is limited in coverage to selected small scale enterprises in Osogbo, the capital of Osun State, Nigeria. The time frame covered by the study is the period between 2012 and 2019 (7 years period), because this is the period when cashless policy is being more promoted.

Survey method of research design was used in carrying out the study. The population for the study is restricted to small scale enterprise located in Osogbo main business hub where the presence of the small scale enterprises are more pronounced. The study adopted a hypothetical sample in line with the views of Attwell & Rule. (1991) which postulated that hypothetical samples may be used for an unknown population. This was because many of small scale enterprises in Osogbo, Osun state are not registered. So, the study selected a hypothetical sample of two hundred (200) small scale enterprises. This sample figure is in accordance with the view of Hill, Brierley & MacDougall (2003) who postulated that a sample size of one hundred (100) and above is sufficient to present good concise research findings and to also provide good representation of the population or organization or any subject investigated. Due to unavailability of accurate sampling frame, a non-probability judgmental sampling technique was adopted for the study. Thus, the researcher was guided by certain characteristics of the population which include access to higher level of education, common language influence, common business environment and common regulations, necessary in choosing the sample elements that most likely, provided the required data for investigation.

Primary data were sourced for the study through questionnaire administration. The questionnaire was structured to focus on questions related to challenges and benefits of cashless economic policy for small scale business operation. Thus, a total of two hundred (200) copies of questionnaires were administered to small scale enterprises in Osogbo main business hub area.

Frequency distribution analysis (FDA) and multiple regression analysis was used and the two hypotheses formulated for the study were equally tested.

**Model Specifications**

$$OP = \beta_0 + \beta_1COT + \beta_2CP + \beta_3TRN + \beta_4CRC + \beta_5CHC + \beta_6MPO + \beta_7ACOB + \beta_8EAF + \beta_9FBT + \beta_{10}BOP + e \text{--- equation (1)}$$

$$OP = \beta_0 + \beta_1AWPO + \beta_21TL + \beta_3ITINF + \beta_4MCOS + \beta_5CF + \beta_6PWF + \beta_7SRCH + \beta_81NS + \beta_9DB + \beta_{10}CXUMC + e \text{--- equation (2)}$$

Where:

OP— Operation of small scale enterprises (Dependent variable)

B<sub>0</sub>= Intercept of the model.

B<sub>1</sub>, B<sub>2</sub>, B<sub>3</sub>...B<sub>n</sub> = Estimate of the parameter of the independent variables in the model.

e= Error term.

The variables that are measure are specified as:

Model 1: Benefit associated with cashless economic system (independent variables): . convenience of transaction (COT); increases customers' patronage (CP); increases turnover (Sales/income) (TRN); reduce cash-related crimes (CRC); reduce cost of handling cash(CHC); provide more payment options (MPO); provide access to cash out of bank branch (ACOB); facilitate easy access to fund (EAF); enhance faster business transactions(FBT) and create more business opportunities (BOP).

Model 2: Challenges associated with cashless economic system (independent variables): (AWPO), IT illiteracy (ITL), lack of IT infrastructure (ITINF), machine frequent out of service (MCOS), theft/cyber fraud (CF), constant power failure (PWF), service charges associated with usage (SRCH), insecurity related issues (INS), lack of national or state owned data base of users (DB), complex of usage of the machine (CXUMC)

### Data Analysis and Discussion Of Results

Total of two hundred (200) copies of the questionnaire were administered to the respondents, 186 copies representing 93.0% were returned, while 14 copies representing 7.0% of the questionnaires were not returned or not fit for the study . The implication is that majority of the respondents positively responded to the questionnaire, thereby it is relevant for the study.

**Objective 1: To determine the benefits associated with the adoption of cashless economic . policy and their combined effect on the operation of small scale enterprises.**

**Table Showing Benefits Associated with Cashless Economic Policy**

	Frequency	Percent	Valid percent	Cumulative Percent
Convenience of Transaction	21	11.3	11.3	11.3
Increases customer's patronage	16	8.6	8.6	19.9
Increase turnover (sales/income)	10	5.4	5.4	25.3
Reduce cash-related crime	29	15.6	15.6	40.9
Reduces cost of handling cash	18	9.7	9.7	50.5
Provide More Payment Options	16	8.6	8.6	59.1
Provide Access to Cash out of Bank Branch	31	16.7	16.7	75.8
Facilitate Easy Access to fund	9	4.8	4.8	80.6
Enhance Faster Business Transactions	28	15.1	15.1	95.7

**AJAYI, EZEKIEL OLUWOLE (PhD) AND ONIKOYI, IDRIS ADEGBOYEGA (PhD)**  
**CASHLESS ECONOMIC POLICY AND THE OPERATION OF SMALL SCALE ENTERPRISES IN.....**

Create More Business Opportunities	8	4.3	4.3	100.0
Total	186	100.0	100.0	

**Source:** Field Study, 2019

The perception of the respondents in relation to benefits associated with operating cashless system as reflected in the table above reveals that there are benefits associated with cashless economic policy for small scale business enterprises. The table posits that the cashless system have specific benefits for small scale to include convenience of transaction (11.3%); increases customers' patronage (8.6%); increases turnover (Sales/income) (5.4%); reduce cash-related crimes; (15.6%); reduce cost of handling cash (9.7%); provide more payment options (8.6%); provide access to cash out of bank branch (16.7%); facilitate easy access to fund (4.8%); enhance faster business transactions (15.1%) and create more business opportunities (4.3%).

**Test of Hypothesis One:**

***H<sub>01</sub>: Benefits associated with cashless economic policy have no effect on the operation of small scale enterprises.***

The regression analysis to test whether or not benefits associated with cashless economic policy have effect on the operation of small scale enterprises is presented in table below:

**Model Summary**

Model	R	R Square	Adjust R square	Std. Error of the Estimate
1	.746 <sup>a</sup>	.711	.711	5.69

a. Predictors: (Constant), COT, CP, TRN, CRC, CHC, MPO, ACOB, EAF, FBT, BOP

**Source: Author's computation, 2019**

The table depicts the model summary which shows that the coefficient of determination (R) is 0.746 (74.6%). The Co-efficient of Determination (R) value of 0.746 (74.6%) explains that a proportion of the total variations in operation of small scale enterprises (dependent variable) is attributed to combined effect of variations in the independent variables (i.e COT, cp, TRN, CRC, CHC, MPO, ACOB, EAF, FBT, BOP).

However, the R-value often overstates the true value of explanations due to the unadjusted degrees of freedom and to eliminate such, the adjusted R<sup>2</sup> is usually use. Thus, the adjusted R<sup>2</sup> value is 0.711 (71.1%) which shows that actual variation in operation of small scale enterprises is attributable to changes in benefits associated with adoption of cashless economic policy as specified by COT, cp, TRN, CRC, CHC, MPO, ACOB, EAF, FBT, BOP (independents variables). Also, the 71.1% is good enough in determining the goodness of fit for the model (regression equation), while the remaining 28.9% is explained by other factors which are not included in the model. The regression equation (model formulated) proved to be very useful for making predictions since the value of R is close to 1.



ANOVA<sup>b</sup>

Model	Sum of Squares		Mean Square		Sig.
1 Regression Residual	2363.319	9	1181.650	199.975	.000 <sup>a</sup>
Total	927.082	177	5.909		
	3290.401	186			

a. Predictors: (Constant), COT, CP, TRN, CRC, CHC, MPO, ACOB, EAF, FBT, BOP

b. Dependent Variable: operation of s mall scale enterprises (OP)

**Source: Author's computation, 2019**

The ANOVA table indicates that the calculated P-value is 0.000 (positive) and is less than the tabulated value of 0.05 at 95% level of confidence. This indicates that there is significant relationship between benefits associated with cashless system and small scale enterprises' operations.

Coefficient<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)				25.550	.000
COT	.938	.037			
CP	.014	.029	.013	.058	.154
TRN	.162	.058	.423	2.804	.005
CRC	.161	.043	.483	3.775	.000
CHC	.061	.034	.483	1.820	.049
MPO	-.276	.058	.174	1.820	.049
ACOB	.143	.089	.749	-4.731	.000
EAF	.359	.084	.366	1.598	.011
FBT	-.039	.057	.910		.000
BOP	.086	.060	-.089	-.671	.040
	.383	.067	.182	1.431	.015
			.894	5.692	.000

a. Dependent Variable: Operation of small scale enterprises (OP)

**Source: Author's computation, 2019**

The table provides information on the effect of individual independent variables on the dependent variable. The table depicts that the coefficient of convenience of transaction(COT) is 0.014 with p-value of 0.154 which is less than the critical value of 0.05, the coefficient of customers' patronage (CP) is 0.423 with p-value of 0.005 which is less than the critical value of 0.05, coefficient of turnover (TRN) is 0.483 with p-value of 0.000 which is less than the critical value of 0.05, coefficient of reduce cash-related crimes (CRC) is 0.174 .with p-value of 0.049 which is less than the critical value of 0.05, coefficient of reduction in cost of handling cash (CHC) is -749 with p-value of 0.000 which is less than the critical value of 0.05, coefficient of more payment options (MPO) is 0.366 with p-value of .011 which is less than the critical value of 0.05, coefficient of access to cash out of bank branch (ACOB) is 0.910 with p-value of 0.000

**AJAYI, EZEKIEL OLUWOLE (PhD) AND ONIKOYI, IDRIS ADEGBOYEGA (PhD)**  
**CASHLESS ECONOMIC POLICY AND THE OPERATION OF SMALL SCALE ENTERPRISES IN.....**

which is less than the critical value of 0.05, coefficient of easy access to fund (EAF) is 0.890 with p-value of 0.402 which is less than the critical value of 0.05, coefficient of faster business transactions (FBT) is 0.182 with p-value of 0.015 which is less than the critical value of 0.05 and coefficient of more business opportunities (BOP) is 0.894 with p-value of 0.000 which is less than the critical value of 0.05. This implies that the variables significantly contribute to the model. The analysis further indicates that all calculated values are less than the critical values of 0.05, thus, the Null hypothesis (Ho) is rejected while the Alternative hypothesis (H1) is accepted which states that benefits associated with cashless economic policy have effect on the operation of small scale enterprises. Therefore, benefits associated with cashless economic policy have significant effect on the operation of small scale enterprises.

**Objective 2:** *To examine the challenges associated with cashless economic policy and their combine effect on small scale enterprise's operation.*

**Table Showing Challenges Associated with Adoption of Cashless Policy for Small Scale Business in Nig**

	Frequency	Percent	Valid Percent	Cumulative Percent
Inadequate Awareness of the Policy		4.8	4.8	4.8
IT Illiteracy	9	7.0	7.0	11.8
Lack of IT Infrastructure	13	9.7	9.7	21.5
Machine Frequent out of Service	18	18.8	18.8	40.3
Theft/Cyber Fraud	35	7.0	7.0	47.3
Constant Power Failure	13	9.7	9.7	57.0
Service Charges Associated with Usage	18	13.4	13.4	70.4
Insecurity Related Issues	25	10.2	10.2	80.6
Lack of National or State Owned Data Base of Users	19	5.9	5.9	86.6
Complex of Usage of the Machine	11			100.0
Total	25	13.4	13.4	
	186	100.0	100.0	

**Source: Field Study, 2019**

The perception of the respondents in relation to challenges associated with operating cashless system as reflected in the table above reveals that there are benefits associated with cashless economic policy for small scale business enterprises. It depicts that the challenges include awareness of the policy (4.8%); IT illiteracy (7.0%); lack of it infrastructure (9.7%); machine frequent out of service (18.8%); theft/cyber fraud (7.0%);

constant power failure (9.7%); service charges associated with usage (13.4%); insecurity related issues (10.2%); lack of national or state owned data base of users (5.9%) and complex of usage of the machine (13.40/0).

### Test of Hypothesis Two:

**H<sub>02</sub>:** Challenges associated with cashless economic policy have no effect on small scale enterprise operation.

The regression analysis to test whether or not challenges associated with cashless economic policy have no effect on small scale enterprise operation is presented below:

**Model Summary**

Model		R Square	Adjusted R Square	Std. Error of the Estimate
1		.973a	.947	.230

a. Predictors: (Constant), AWPO, ITL, ITINF, MCOS, CF, PWF, SRCH, INS, DB, CXUMC

**Source: Author's computation, 2019**

The table depicts the model summary which shows that the coefficient of determination (R) is 0.973 (97.3%). The Co-efficient of Determination (R) value of 0.973 (97.3%) explains that a proportion of the total variations in operation of small scale enterprises (dependent variable) is attributed to combined effect of variation in the independent variables (i.e AWPO, ITL, ITINF, MCOS, CF, PWF, SRCH, INS, DB, CXUMC). The R-value often overstates the true value of explanations due to the unadjusted degrees of freedom and to eliminate such, the adjusted R<sup>2</sup> is usually use. Thus, the adjusted R<sup>2</sup> value is 0.946 (94.6%) which indicates that actual variation in operation of small scale enterprises is attributable to changes in challenges associated with cashless economic policy (independents variables). Also, the 97.3% is good enough in determining the goodness of fit for the model (regression equation), while the remaining 6.7% is explained by other factors which are not included in the model. The regression equation (model formulated) proved to be very useful for making predictions since the value of R is close to 1.

**ANOVA<sup>b</sup>**

Model		Sum of Squares	df	Mean Square	Sig.
1	Regression	405.423	9	45.047	.000a
	Residual	22.563	177	.013	
	Total	427.986	186		

- Predictors: (Constant), AWPO, ITL, ITINF, MCOS, CF, PWF, SRCH, INS, DB, CXUMC
- Dependent Variable: Operation of small scale enterprises (OP)

**Source: Author's computation, 2019**

The table revealed that the calculated P-value is 0.000 (positive) and is less than the tabulated value of 0.05 at 95% level of confidence. Therefore, there is significant relationship between challenges associated with cashless system and the operation of small scale enterprises.

**AJAYI, EZEKIEL OLUWOLE (PhD) AND ONIKOYI, IDRIS ADEGBOYEGA (PhD)**  
**CASHLESS ECONOMIC POLICY AND THE OPERATION OF SMALL SCALE ENTERPRISES IN.....**

		<b>Coefficients</b>				
Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta		
1	(Constant)	1.085	.032		34.081	.000
	AWPO	.297	.041	.	7.181	.000
	ITL	-.376	.046	.333	-8.163	.000
	ITINF	.240	.053	-.417	4.482	.000
	MCOS	.289	.037	.248	7.737	.000
	CF	.022	.059	.227	.370	.012
	PWF	.352	.054	.025	6.539	.000
	SRCH	.191	.050	.364	-3.804	.000
	INS	-.072	.036	-.229	-2.024	.044
	DB	.070	.022	-.089	3.202	.001
	CXUMC	.305	.030	.097	10.305	.000
				.467		.000

a. Dependent Variable: Operation of small scale enterprises (OP)

**Source: Author's computation, 2019**

The table provides information on the effect of individual independent variable on the dependent variable. The table depicts that the coefficient of independent variables exert significant effects on the dependent variable. This is because the coefficient of inadequate awareness of the policy (AWPO) is 0.297 with calculated p-value of 0.000, the coefficient of IT illiteracy (ITL) is -0.376 with calculated p-value of 0.000, coefficient of lack of IT infrastructure (ITINF) is 0.240 with calculated p-value of 0.000, coefficient of machine frequent out of service (MCOS) is 0.289 with calculated p-value of 0.000, coefficient of cyber fraud (CF) is 0.022 with calculated p-value of 0.012, coefficient of constant power failure (PWF) is 0.366 with calculated p-value of .011, coefficient of service charges associated with usage (SRCH) is -0.191 with calculated p-value of 0.000, coefficient of insecurity related issues (INS) is -0.072 with p-value of 0.044, coefficient of lack of data base of users (DB) is 0.070 with p-value of 0.001 and coefficient of complex of usage of the machine (CXUMC) is 0.305 with p-value of 0.000. The analysis equally indicates that all calculated p-values are less than the critical p-values of 0.05, thus, the Null hypothesis (Ho) is rejected while the Alternative hypothesis (H1) is accepted which states that challenges associated with cashless economic policy have effect on the operation of small scale enterprises.

**Discussion of Findings**

It is imperative to note that the parameters tested for benefits and challenges in this study do not represent the overall benefits and challenges associated with cashless policy operation for the small scale enterprises in Nigeria. The variables represent significant effects of benefits and challenges of cashless system which have significant effects on the operation of small scale business operators in Nigeria.

These conform to the findings of a field survey study conducted by Lagos Chamber of Commerce and Industry (LCCI) (2012) on Cashless Lagos. The study posited that majority of cashless users across board pointed out that cashless facility has impacted on their business transaction by reducing cash-related crimes, increased convenience of doing business, reduce cash handling cost, more payment options, easy access to cash out of bank branch and reduce revenue leakage. Thus, it was empirically established that cashless facility has great impact on business transactions by increased convenience by 22%; reduce cash-related crimes by 20%; reduce cash handling cost by 9%; more payment options by 14%; access to cash out of bank branch by 9%; reduce revenue leakage by 7%; faster access to fund by 6%; access to credit facility by 3%. Empirical findings of the study conducted by Lagos Chamber of Commerce and Industry (2012) also established that major challenges requiring urgent attention in regards to cashless system of transaction include machine frequent out of service (32%); high service charge (19%); insecurity (17%); poor remittance (15); fraud/theft (10%) and complex to use (7%).

The implication of these findings is that there are basic benefits small scale business operators in Nigeria could gain from adoption of cashless system of transaction if they could efficiently integrate and utilise the system into their respective business. Also, there are basic challenges associated with operating cashless system that they could minimize their impacts on their businesses by learning to efficiently incorporate and integrate cashless system into their business strategy.

### **Conclusion**

There is urgent need for Nigerian small scale business owners to be aware of the benefits and challenges of cashless system of transaction so as to maximize benefits associated with the system and minimize the impact of the challenges on their businesses. Therefore, this study concludes that Nigerian small scale businesses that effectively and efficiently incorporate and integrate cashless system into their business strategy, with mindset of gaining and maximizing the benefits of cashless system and deliberately minimizing the impact of its challenges on their businesses would outperform those that do not.

### **Recommendations**

In view of the findings from the study, the following recommendations were made: There is need to intensify public enlightenment on the cashless system, particularly among the small and medium scale enterprises so as to increase the pace of their development and their efficiency of competition in both the local and international market. This require much effort on the part of government in the area of creating awareness and sensitizing about the operation of cashless economy and how small scale enterprises can use it for their own benefits and growth. Nigerian small scale enterprises should support, incorporate and utilise cashless system efficiently and effectively into their business transaction so as to maximize and enjoy the potential benefits associated with it.

Illiteracy is one of the challenges found in this study that is affecting effective utilization of cashless system among the small scale enterprises. Thus, government and other stakeholders, particularly banks that have direct contact with these businesses should design special enlightenment programmes for non-computer literates, using probably signs and symbols to educate this segment on how to operate the cashless system effectively. Provision

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**CASHLESS ECONOMIC POLICY AND THE OPERATION OF SMALL SCALE ENTERPRISES IN.....**

of adequate infrastructures and equipments should be made available to end users particularly the small scale enterprises who are having problems utilizing the system for efficient service delivery in their business operations. The regulatory authority (CBN) needs to be proactive in addressing the security, technology and infrastructural challenges associated with electronic transactions.

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