# THE IMPACT OF CASHLESS POLICY ON NIGERIA'S ECONOMIC GROWTH

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**A PROJECT SUBMITTED TO THE DEPARTMENT OF BANKING AND FINANCE OF THE FACULTY OF MANAGEMENT SCIENCE IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.Sc) DEGREE IN BANKING AND FINANCE OF THE UNIVERSITY OF BENIN, BENIN CITY**

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## DECLARATION

I, **Joseph Oghenekevwe ONOME** do hereby declare that this project is entirely my work and composition. The work embodied in this project has not been submitted by another candidate for any degree and is not currently being submitted for any other degree. All references made to the works of other persons have been duly acknowledged.

_____ _____

**Joseph Oghenekevwe ONOME** **Date**

## CERTIFICATION

We, the undersigned certify that this research work was carried out by **Joseph Oghenekevwe ONOME** and it is hereby approved for the partial fulfilment of the requirement for the award of Bachelor of Science (B.Sc) degree in Banking and Finance, University of Benin, Benin City.

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## DEDICATION

This project work is dedicated to God Almighty, for providence, guidance, and grace in seeing me through this study; I give Him all the glory. I also dedicate this project to my mum Mrs. Faith Oghenegaren for her support and care for I would not have come this far without her.

## ACKNOWLEDGEMENTS

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# ABSTRACT

The purpose of this study was to investigate the effect of cashless policies on economic growth in Nigeria. The research aimed to examine the impact of cashless policies on economic growth in Nigeria, identify the challenges of implementing a cashless society, and suggest ways to improve monetary policies to promote economic growth and development in Nigeria. The study employed a descriptive and explanatory design, utilizing both primary and secondary data sources, and data was analyzed using the Pearson Product Moment Correlation technique. The results of the study indicate that the cashless policy implemented by the Central Bank of Nigeria (CBN) and monetary policies as a means of economic management have the potential to promote sustainable economic growth and development through banking, but face challenges such as limited internet access. The study also used economic indicators such as Gross Domestic Product (GDP) to examine the positive or negative impact of the cashless policy on Nigeria's economy, including changes in growth trends and inflation. The challenges and perspectives identified in the study could assist stakeholders in developing strategies to overcome these challenges and improve the Nigerian economy

# CHAPTER ONE

# INTRODUCTION

## 1.1 Background of the Study

The adoption of electronic banking, mobile banking, and online transactions in Nigeria has led to a shift away from the use of physical cash. This evolution in technology raises questions for economists, financial institutions, business analysts, and government officials about the current economic status, logistics, and availability of financial tools to ensure economic growth and stability, as well as the efficiency and effectiveness of the cashless policy. The use of money and coins as a medium of exchange has its own challenges and can be replaced with a better payment system, such as the cashless policy. The advantages of cashless banking seen in developed nations like the United States and United Kingdom prompted the Central Bank of Nigeria (CBN) to implement the policy in major cities like Lagos, Kano, Port-Harcourt, and Onitsha. This led to a decrease in crime, reduced risks associated with carrying large amounts of money, decreased political corruption, and a reduction in the cost of banking. Overall, this has contributed to the growth and development of the Nigerian economy.

## 1.2 Statement of the Research Problem

Monetary policy is a tool used to achieve sustainable economic growth and development through the implementation of a cashless system. The Central Bank of Nigeria introduced cashless banking, but it was not fully effective due to high rates of illiteracy.

It is challenging to evaluate the impact of cashless policy on the economy as there is a lack of data for research. Economists have attempted to analyze the cashless system or e-banking, but few studies have presented a detailed evaluation of its implications in developing countries. Many countries do not conduct studies on the impact of cashless policy due to insufficient data, while others conduct studies with the limited data available to them. This is often due to unreliable data for monetary and macroeconomic indicators. Additionally, it is difficult to compare cashless studies from one country to another due to their diversity. Payment instruments may appear similar across countries but may differ due to historical and legal variations.

## 1.3 Objectives of the Study

The primary goal of this study is to evaluate the impact of the cashless policy on the economic development of Nigeria. The study will specifically aim to:

1. Investigate the consequences of the cashless policy on the economic progress of Nigeria.
2. Assess the difficulties encountered during the execution of the cashless policy.
3. Put forward ideas on how the cashless policy can assist in advancing the economic prosperity of Nigeria

These objectives will provide a comprehensive understanding of the cashless policy and its effects on the Nigerian economy, identify any challenges that hinder its effectiveness, and propose ways to enhance its implementation for the betterment of the economy.

## 1.4 Research Hypothesis

1. Ho: The adoption of a cashless policy in Nigeria has not been proven to have a substantial effect on reducing inflation.

Hi: The cashless policy adopted in Nigeria has been observed to have a notable effect on reducing inflation, as it limits the amount of cash in circulation, slowing down the rate of price increases

2. Ho: The implementation of a cashless policy in Nigeria has not resulted in a significant increase in economic growth.

Hi: The implementation of a cashless policy in Nigeria has a notable effect on economic development.

## 1.5 Significance of the Study

The research provides an in-depth analysis of the potential impact of the cashless policy on Nigeria's economy by evaluating key economic indicators such as GDP and inflation. It compares growth and trends to determine the policy's overall effect on the country's economy. The findings and opportunities identified in the study will aid stakeholders in

devising solutions and implementing policies to address any challenges and enhance the economy of Nigeria.

## 1.6 Scope of the Study

The purpose of this study is to investigate the adoption and operation of electronic banking and e-commerce in Nigeria, using research and data from the Central Bank of Nigeria's bulletins from 2010 to 2012

## 1.7 Definition of Terms

**"Access Products"** refers to electronic means for consumers to access traditional payment methods, typically remotely.

**An "ATM Card"** is a payment card provided by a financial institution for use at automated teller machines (ATMs) for transactions such as deposits, withdrawals, and account information.

**"CBN"** stands for Central Bank of Nigeria.

**A "Chip Card"** is a card with an integrated circuit that verifies personal identification numbers, authorizes purchases, and stores personal records.

**"Electronic Data Interchange (EDI)"** is the transfer of information between organizations in machine-readable form.

**"Electronic Money"** is used to stored monetary value in an electronic format.

**"Internet Banking"** is a service that allows customers to access banking transactions via the internet.

**"Mobile Banking"** allows customers to access services on-the-go.

**"Payment System"** is a financial system for transferring money between suppliers and funds.

**"Point of Sale (POS) machine"** is a device that allows customers to make credit/debit card payments at the point of purchase.

**"Smart Card"** is a card with an embedded computer chip that can store and process information related to financial health, education, and security.

**"Transaction Alerts"** notify customers of debit/credit transactions on their accounts.

**"Western Union Money Transfer (WUMT)"** is a service for sending money to relatives in the diaspora.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.0 Introduction

In a cashless economy, financial transactions are completed digitally, eliminating the need for physical currency exchange. The primary challenge in this system is the use of electronic wallets, which store information about an individual's bank balance and spending limit. Despite this, a cashless economy offers many advantages such as reduced risk of theft and travel expenses. It is believed that implementing such a system in Nigeria could improve economic integration and boost the country's informal economy. However, there are also potential drawbacks such as security and privacy concerns, and computerization issues. For society to fully benefit from a cashless economy, it is crucial that the advantages and disadvantages of electronic money are understood and accepted by all.

The implementation of a cashless policy will likely lead to increased use of technology in the financial system as methods for quickly transferring funds continue to evolve. This places the Computer Professional Registration Council at the center of managing and regulating new technologies in the economy.

Cashless transactions have been proposed as a secure and efficient payment method in any economy. Currently, many Nigerians do not have bank accounts, but new initiatives

aim to encourage individuals, particularly in rural areas, to improve banking habits and make it easier to transfer money. The high cost of producing Naira notes also necessitates an alternative economic system that relies less on cash for transactions. Specifically, the average cost of producing Naira banknotes is around N4.00 per note. Therefore, the Central Bank of Nigeria (CBN) has introduced a cashless policy to minimize costs associated with producing Naira.

According to financial regulator Apex, this shift towards cashless transactions comes as a response to the growing dominance of cash in the economy, which affects cash management costs for banks, security, and anti-money laundering efforts. Cashless policies are becoming more prevalent worldwide, and many African central banks are also moving towards cashless economies to address issues related to cash-based economies. Counting and depositing cash at banks takes time and resources.

On the other hand, the use of cash is burdensome and its security cannot be guaranteed. It is difficult to keep track of all the money in the financial system when it is in the form of cash. A World Bank study from a couple of years ago found that about $10 billion worth of cash transactions moving between Nigeria, Ghana, and the Côte d'Ivoire could not be traced and were not recorded or reported anywhere in the system. This makes it difficult for the government to plan and also leads to money laundering activities and high levels of tax evasion.

While a cashless policy has its benefits, it also comes with its own set of challenges. This has led experts and many Nigerians to express doubts about Nigeria's ability to fully transition to a cashless society. There are concerns about the feasibility of the policy given the difficulties in implementation and the Central Bank of Nigeria's ability to effectively address these challenges.

## 2.1 Meaning of a Cashless Society

A cashless society is one in which cash is not used and all transactions are made electronically through methods such as credit cards, store cards, checks, or mobile banking. The cashless society being referred to here involves the widespread use of computer technology in the financial system.

Electronic money, also known as e-money, is a system that allows individuals to make purchases without using physical currency. The concept of money still exists, but in a more digital form. This term has become more commonly accepted as society moves towards a cashless system. Governments and financial institutions around the world have been working towards this goal since the 1960s. A cashless society offers more secure and convenient payment methods, and can help prevent criminal activities such as theft, money laundering, and corruption.

The future of businesses, particularly service industries, is closely tied to information technology. IT has changed the way companies compete and banks, as providers of

financial services, are no exception. Information technology is more than just computers, it also includes the data that organizations create and use, and the various interconnected technologies that process this data. IT helps banks to lower their transaction costs, resulting in lower prices for customers. Banking information technology takes many forms, such as:

(a) Automating customer accounts and storing and retrieving account information.

(b) Receiving and sending money through ATM

(c) Streamline access to accounts across all branches of the bank by connecting them;

In summary, the use of information technology in banking includes the implementation of biometrics for identification, the increasing use of the internet for banking services, and the adoption of cashless policies. These policies have the potential to save costs for banks and increase the efficiency of the financial system by bringing more cash into the formal banking system. Additionally, cashless policies may also help curb money laundering. Overall, it is important for the Apex Bank to implement cashless policies effectively to drive business growth in Nigeria.

## 2.2 Introduction of the Cashless Policy in Nigeria

The Central Bank of Nigeria announced the launch of a mobile money pilot program as part of its financial services on January 1, 2012 through CBN Circular Ref. No.

COD/DIR/GEN/CIT/05/031. This initiative was announced as part of the effort to create a cashless economy in Nigeria, which was first launched in Lagos, the country's commercial hub, on January 20, 2011.

A mobile money platform is a technology-based system that enables users to make payments and conduct various financial transactions such as account information updates, bill payments, person-to-person transfers, and money transfers using their GSM phone. This system turns a user's phone into a savings account, allowing them to save, withdraw, and transfer money. Additionally, it provides various other business opportunities in the economy and allows for easy daily transactions, payment for goods and services, and person-to-person transfers directly through GSM phones. An example of this is being able to pay for purchases made at a supermarket or shopping center using your mobile phone. Merchants also receive instant electronic payments.

The mobile money platform is a technology-based system that offers various financial services such as account information updates, alerts (which may not be frequently used by account holders), bill payments, person-to-person transactions, and various forms of money transfers as part of a cashless savings plan. The introduction of this system in Nigeria has put it in line with the rapidly developing global payment system, opening up new business opportunities in the economy

A mobile money payment system enables individuals to perform financial transactions, such as paying for goods and services, transferring money, and managing savings, using their GSM mobile phone. It transforms the phone into a virtual savings account, allowing users to make daily transactions, person-to-person transfers, and make instant electronic payments to merchants. For example, one can use their mobile phone to pay at a store or shopping mall.

Mobile money enables users to make various payments, including utility bills, education fees, travel reservations, and rent, using their mobile phones. It utilizes a network of agents, which can be found in both urban and suburban areas, to bypass traditional banking procedures.

The implementation of a cashless society in Nigeria would bring many advantages, including:

- Decrease in money laundering and terrorist financing
- Improved effectiveness of monetary policy
- Creation of more financial sector job opportunities
- Increased ability to combat bribery, particularly among public officials and politicians
- Stimulation of economic growth through increased credit access for investors

## 2.3 Impact of the Cashless Policy on the Economy of Nigeria

The shift to a cashless society raises important questions about how money has traditionally functioned. Money serves as a unit of account, a store of value, and a medium of exchange, and has evolved over time to reduce transaction costs. For example, using physical currency, such as coins and banknotes, allows for greater divisibility and fungibility compared to bartering. However, the move towards electronic money raises new issues, as it is difficult to define and its technical and economic characteristics are still being studied. The European Central Bank defines electronic money as stored on technological devices and used for payments to entities other than the issuer

Analogous to the definition of a cashless economy, where private financial institutions rather than central banks issue banknotes and coins, is the concept of e-banking or cashless systems. However, while several scholars have attempted to analyze these systems, few have comprehensively assessed their impact in developing countries, with some not fully exploring their negative effects. Additionally, research on cashless systems in one country may not necessarily be transferable to other countries due to historical and legal differences. Furthermore, early theoretical work on cashless systems attempted to explain the root causes of price uncertainty, with the basic result being that it is difficult to transfer cashless research from one country to another:

- There are numerous ways in which the equilibrium in the money market can be achieved through various combinations of money stocks and price levels, given a specific real money demand.

In simpler terms, it doesn't matter to economic agents whether more money is made available by increasing the supply or by decreasing the prices.

Cash is considered the most cost-effective payment method in terms of social costs, according to Humphrey and Berger (1990). Other payment methods such as ACH, POS, and ATM bill payments also have relatively low costs. From a personal perspective, checks are the cheapest method, followed by cash, ACH, and POS bill payments. However, the impact of government intervention on these payment methods is not well understood. Central banks have the ability to control the price level through currency control and adjusting short-term interest rates, according to Taylor (1993). Recent studies (Kriwoluzky and Stoltenberg, 2010) suggest that monetary policy is less active in cash transactions, but more active in cashless transactions. However, central banks may lose their liquidity-providing monopoly in a cashless society (Claudia and De Glauwe, 2001). Cashless banking methods can improve the effectiveness of monetary policy, but governments must also pursue responsible fiscal policy to maintain control of monetary policy (Marco and Bandiera, 2004).

## 2.4 Workability of the Policy in Nigeria

The CBN has set rules for mobile payment services which include restrictions on the number of transactions that customers can do in a day. For example, an unbanked person who only has to give their name and phone number can only do a maximum of N3,000

per transaction and N30,000 per day. Semi-unbanked people are allowed to do a maximum of N10,000 per transaction and N100,000 per day.

In order to comply with the Central Bank of Nigeria's Know Your Customer policy, customers must give their personal information and biometrics. The maximum amount of money that can be transferred for a full bank account is N100,000.00 and N1,000,000.00 per day. Personal identification numbers are needed to access mobile money accounts and there were difficulties when the program was first introduced. The Central Bank of Nigeria temporarily halted all fees for its early payment system until the end of March 2012 before it was released.

The cashless policy was introduced to give potential users more time to learn how the payment system works and to meet customer demand. However, challenges such as lack of awareness and education, poor infrastructure, and cyber instability need to be addressed for the policy to be successful. The pilot project is only being implemented in Lagos due to low awareness and education about payment systems. The policy also creates job and business opportunities through licensing and setting up payment processing companies, but there are concerns about its effectiveness.

The policy being discussed is deemed positive, however, there are significant obstacles that need to be addressed in Nigeria.

One major challenge is the low literacy and computer proficiency rates, particularly in northern regions of the country. Additionally, there is a lack of trust in the business community, leading to a preference for cash transactions and a high incidence of check bouncing.

Furthermore, historically, the needs and well-being of the general population were not considered in decision-making, however, recently there has been a shift towards taking these factors into account in policy formulation and implementation.

Many companies in Nigeria struggle to make profits despite investing large amounts of capital. This is often due to high charges that exceed limits set by the Central Bank of Nigeria, leading to the erosion of financial capital and creating new poverty within the country. Despite this, people still rely on businesses as a means of survival.

This outbreak can be referred to as "electronically generated poverty" which is caused by the use of electronic methods of debiting businessman's accounts and not utilizing electronic payment alternatives. It is also referred as "policy-induced poverty" as it is created by the direct implementation of policies. The high cost of transferring money, including Central Bank of Nigeria fees, affects both business and non-business transactions, including personal transfers, leading to a portion of one's money being held by the banking sector in almost every transaction.

It's easy to say that people who don't want to pay fees should use electronic payments. How many are familiar with electronic payment instruments? Given the huge losses from fraud experienced by those who have attempted fraud in the past, only a few of the electronically savvy have the courage to undertake this process. How many people are brave enough to go through this process so as not to lose the privacy of their cash holdings, such as debit and credit cards, and their personal identification numbers (PINs)? Even close family members who only need those few numbers to wreak havoc on someone's bank account? PINs don't have to be stolen before others know them. Many are happy to pass their PIN on to others, literally asking those recipients to help them use her PIN. As PIN owners, they often do not have sufficient technical knowledge or knowledge to use PINs or are very busy in an emergency.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Introduction

The methodology refers to the entire process used to gather the necessary information for this research. This chapter outlines the design of the study, including the techniques and procedures used to investigate and collect data. It includes details on the study design, the population being studied, the sampling and sampling methods used, the sources of data, the methods of data collection, and the methods used for data analysis.

## 3.2 Research Design

This study is focused on causality, which involves identifying potential causes among a variety of variables. The causality approach is used specifically to examine the relationship between a bank's investment in the internet and changes in the bank's profits. Both descriptive and inferential research methods were used, including describing trends in bank performance, adoption, usage, and investment in the banking sector, as well as testing for causality between bank performance and the internet in relation to the study's objectives.

## 3.3 Data Collection Method

This study utilizes secondary data obtained from the published annual reports of commercial banks in order to calculate return on assets and return on equity for each year. The primary sources of information for this study are documentary materials, including textbooks, journals, articles, newspaper articles, and published papers. Additionally, publications from the Central Bank of Nigeria and other financial institutions, such as CBN bulletins, presentations, slides, and commercial bank bulletins, were also consulted.

### Model Specification

The study includes a model with two parts, which are outlined below:

**Internet banking (EB)**

This model consists of the following three elements:

- Point On Sale Channels (POS)
- ATM Channels
- Internet/Mobile Banking

These variables are represented by:

$$GDP = C + \beta 1POS + \beta 2\ EB + \beta 3\ ATM + U$$

This formula defines the regression formula used in this study. where PRFT is profitability represented by return on investment and return on equity, and POS is

variable investment in point-on-sale channels, measured in Naira. ATM is the Automated variable number is the ATM installed by the bank and EB is the variable that represents the amount the bank spent on internet and mobile banking. GDP is simply used to measure a country's economy.

### 3.5 Method of Data Analysis

Data analysis is defined as techniques that allow researchers to extract information from data that was previously apparent, allowing a summary description of the study in question.

A statistical tool and statistic known as Pearson Product Moment Correlation (PPC) was used to analyze the data collected to conduct this study. The use of sampling rate has also been used. Tables are used in presenting the data for brevity and clarity. The Pearson Product Moment Correlation (PPC) method can be expressed by the following formula:

$$r = \frac{n\sum Xy - \sum Xy}{\sqrt{\left[n\sum X^2 - (\sum X)^2\right]\left[n\sum y^2 - (\sum y)^2\right]}}$$

Where x = independent factor

y = dependent factor

# CHAPTER FOUR

# DATA ANALYSIS AND INTERPRETATION

## 4.1 Introduction

This chapter deals with the presentation and analysis of the results obtained from the bank's annual statements issued in . The data collected were presented in the order arranged in the survey questions, simple percentage and pie charts were used to analyze the demographic information of the respondents, and regression techniques were applied to test the survey hypotheses.

## 4.2 Presentation of Data

**Table 4.1: Presentation of E-Channels**

| YEAR | ATM | POS | EB | INFLATION RATE | GDP |
|---|---|---|---|---|---|
| 2010 | 254 | 4210 | 144,234 | 13.72 | 5.97 |
| 2011 | 558 | 5278 | 128,342 | 10.84 | 4.87 |
| 2012 | 623 | 2822 | 237,414 | 12.22 | 5.57 |
| 2013 | 721 | 5578 | 390,000 | 8.48 | 3.64 |
| 2014 | 982 | 5967 | 511,111 | 8.06 | 6.77 |

*Source: Central Bank of Nigeria Annual Reports 2010, 2011, 2012, 2013, 2014.*

## 4.3 Test of Hypotheses

**Hypothesis 1**

**$H_0$:** Cashless policy will not affect Nigeria's economic growth

**$H_1$:** Cashless policies are impacting Nigeria's economic growth

Level of significance: 0.05

Decision rule: If the p-value is less than the significance level, reject the null hypothesis. Otherwise, accept the null hypothesis.

**Table 1: Variables Entered/Removed**

| Model | Variables Entered | Variables Removed | Method |
|---|---|---|---|
| 1 | ELECTRONIC BANKING, POS USAGE, ATM USAGE | . | Enter |

a. All requested variables entered.

b. Dependent Variable: GROSS DOMESTIC PRODUCT

**Table 2: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .281[a] | .079 | -2.685 | 2.27198 |

a. Predictors: (Constant), ELECTRONIC BANKING, POS USAGE, ATM USAGE

**Conclusion based on table 2 above**

An $R^2$ of 0.079 means that the independent variables (ATM, POS, and EB) did not explain much of the dependent variable GDP.

R is 0.281, suggesting a weak positive correlation between ATM usage, POS usage, e-banking, and gross domestic product.

**Table 3: Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 6.022 | 4.737 | | 1.271 | .424 |
| | ATM USAGE | .000 | .009 | -.041 | -.020 | .987 |
| | POS USAGE | .000 | .001 | -.275 | -.241 | .849 |
| | ELECTRONIC BANKING | 2.409E-6 | .000 | .336 | .161 | .899 |

a. Dependent Variable: GROSS DOMESTIC PRODUCT

***MODEL 1***

*GDP= 6.022 + 0.000POS + 2.409E-6EB+ 0.000ATM + U*

**Conclusion based on table 3**

Assuming a constant of 6.022, the Gross Domestic Product (GDP) is 6.022 when the independent variable is zero.

The estimate for B1 is 0.000. This means that there is no relationship between GDP and POS. This means that even if the POS unit changes, the Gross Domestic Product will not change.

The estimate for B2 is 2.409E-6. This means that there is a direct positive relationship between GDP and EB. This means that changing the unit to EB will increase GDP by 2.409E-6.

B3 has an estimate of 0.000. This means that there is no relationship between GDP and ATM. This means that even if the unit of ATM changes, GDP will not change.

**Table 4: ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | .441 | 3 | .147 | .028 | .990[a] |
| | Residual | 5.162 | 1 | 5.162 | | |
| | Total | 5.603 | 4 | | | |

a. Predictors: (Constant), POS, ATM, INTERNET BANKING

b. Dependent Variable: Gross Domestic Product

**Conclusion based on the ANOVA table above.**

Since the p-value (0.990) is greater than the significance level, we accept the null hypothesis and conclude that the cashless policy does not affect Nigeria's economic growth.

**Hypothesis 2**

**$H_0$:** Cashless policy has nothing to do with inflation control in Nigeria.

**$H_1$:** Cashless policies have implications for controlling inflation in Nigeria.

Level of significance: 0.05

Decision rule: If the p-value is less than the significance level, reject the null hypothesis. Otherwise, accept the null hypothesis.

**Variables Entered/Removed**

| Model | Variables Entered | Variables Removed | Method |
|---|---|---|---|
| 1 | ELECTRONIC BANKING, POS USAGE, ATM USAGE | . | Enter |

a. All requested variables entered.
b. Dependent Variable: INFLATION RATE

**Table 5: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .972[a] | .945 | .779 | 1.13503 |

a. Predictors: (Constant), ELECTRONIC BANKING, POS USAGE, ATM USAGE

An $R^2$ of 0.945 means that the independent variables (ATM, POS, EB) explain much of the dependent variable (inflation).

R is 0.972, suggesting a strong positive correlation between ATM usage, POS usage, e-banking, and inflation.

**Table 6: Coefficients**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 18.329 | 2.366 | | 7.746 | .082 |
| | ATM USAGE | -.006 | .005 | -.603 | -1.202 | .442 |
| | POS USAGE | .000 | .001 | -.422 | -1.512 | .372 |
| | ELECTRONIC BANKING | -1.313E-6 | .000 | -.090 | -.175 | .889 |

a. Dependent Variable: INFLATION RATE

***MODEL 2***

*INFL RATE= 18.329 – 0.006ATM + 0.000POS* - 1.313E-6*EB + U*

**Conclusion based on table 6**

Assuming the constant 18.329 means that if the independent variable is zero, the country's inflation rate will be 18.329.

The estimate for B1 is 0.000. This means that there is an inverse relationship between ATM usage and Nigeria's inflation rate. This means that a 1 unit change in ATM usage reduces inflation in Nigeria by -0.006.

The estimate for B2 is 0.000. This means that there is no correlation between POS usage and national inflation rates. This means that the use of POS has no impact on Nigeria's inflation rate.

The estimate for B3 is -1.313E-6. This means that there is an inverse relationship between e-banking use and inflation. This means that changing units when using e-banking will reduce inflation by -1.313E-6.

**ANOVA**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 22.054 | 3 | 7.351 | 5.706 | .296[a] |
| | Residual | 1.288 | 1 | 1.288 | | |
| | Total | 23.342 | 4 | | | |

a. Predictors: (Constant), ELECTRONIC BANKING, POS USAGE, ATM USAGE

b. Dependent Variable: INFLATION RATE

**Conclusion based on the ANOVA table above.**

Since the p-value (0.296) is greater than the level of significance we accept the null hypothesis and conclude that cashless policy has no impact in the reduction of inflation in Nigeria.

The p-value (0.296) is greater than the significance level, so we accept the null hypothesis and conclude that the cashless policy has no effect on controlling inflation in Nigeria.

# CHAPTER FIVE

# SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

## 5.1 Summary of Findings

The purpose of the research is to:

- Examine the impact of cashless policies on economic growth in Nigeria.
- Explore various challenges related to cashless policy/banking implementation.
- Suggest ways in which cashless and other financial policies can be implemented to support the growth and progress of Nigeria's economy.

Our investigation revealed the following:

- The implementation of cashless policy has no correlation to either economic growth or inflation control in Nigeria.
- The adoption of a cashless policy does not appear to have any bearing on either the economic growth or inflation control in Nigeria

## 5.2 Conclusion

A cashless society is one where people do not use physical money and instead make all transactions electronically through means such as credit cards, store cards, checks, or mobile banking. This is made possible by the widespread use of computer technology in the financial system. Electronic money is becoming more common as society moves towards a cashless system. The goal of a cashless society is to provide more convenient payment methods and reduce crime.

Information technology plays a crucial role in the future of all businesses, especially in the service industries. The way companies compete has been greatly affected by IT. For instance, banks, being service providers, have a future that is closely intertwined with the broad impact of IT. IT is not limited to computers alone, it also covers the data generated and used by organizations and the various interconnected technologies that handle such data. In short, IT is the use of technology in the transfer of data.

To understand the impact of a cashless society, it's crucial to examine the role of traditional money in economic activity. Money performs multiple functions such as serving as a standard of value, a store of value and a medium of exchange and payment. Throughout the history, currencies have been developed to lower the transaction costs and difficulties related to facilitating transactions. This can be observed in the development of money products, for instance, in a barter economy, conducting economic transactions necessitated a considerable amount of time and effort to find suitable partners, resulting in high transaction costs.

The evolution of money necessitated the ability to be interchangeable and able to be divided, resulting in the invention of banknotes and coins. This allowed for individuals to focus on specific tasks and for monetary authorities to make coins in various denominations, lowering expenses. However, the emergence of digital money makes it hard to classify. A cashless system may encourage the expansion of technology-based businesses such as e-commerce, but it may also present difficulties for certain groups of

people who lack the ability or training to use technology-based enterprise applications. Despite these challenges, the e-commerce sector may still experience some growth as a result of cashless policies being put in place.

## 5.3 Recommendations

We can make the following recommendations:

1. Going cashless should be promoted in society as it will help significantly reduce crime rates such as chewing gum.
2. Cashless policies should also be promoted to encourage widespread adoption of technology-enabled businesses such as e-business and related web, internet and mobile/telephone-based businesses.
3. The government must educate all citizens of the state on how the new technology works so that everyone can reap the benefits of the new system.

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