

CASHLESS POLICY ON FRAUD REDUCTION IN NIGERIA BANKING SECTOR



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**A PROJECT SUBMITTED TO THE DEPARTMENT OF ACCOUNTING, FACULTY OF
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CITY**

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DECLARATION

I, OSAMUDIAMEN CYNTHIA OSARIEMEN hereby declare that, this is based on a study undertaken by me in the department of accounting, faculty of Management sciences, University of Benin city, under the supervision of DR. K ORUMWENSE. This work has not been submitted for the award of degree elsewhere. ideas and views are product of my personal research and where the view of others has been expressed, they have been duly acknowledged Any liability arising from this work is to be wholly borne by me alone

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CERTIFICATION

This is to certify that this work was carried out by “OSAMUDIAMEN CYNTHIA OSARIEMEN” With Mat number- MGS2206781 in the Department of Accounting FACULTY of Management Sciences, University of Benin, Benin City, under the supervision of DR. K ORUMWENSE. It is adequate in scope and quality in partial fulfillment of the requirements for the award of Bachelor of Science (BSc.) degree in Accounting.

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DEDICATION

I dedicate this work first and foremost to Almighty God who has been there right from the beginning to this very point, to my lovely Mother Mrs. Mercy Osamudiamen who supported me through out all my years in University of Benin,

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I am indeed grateful to God almighty the author and finisher of our faith for his wisdom , love and blessings , Grace that have been bestow upon me throughout my academic journey , it is by his grace and mercy that i have been able to complete this project with dedication and perseverance.

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Abstract

This study examines the impact of the Central Bank of Nigeria's (CBN) cashless policy on fraud reduction within the Nigerian banking sector. Introduced in 2012, the cashless policy aimed to modernize Nigeria's financial system by reducing cash-based transactions and promoting electronic payment systems such as ATMs, POS terminals, internet, and mobile banking. The study investigates whether this transition has effectively minimized fraud or simply transformed its nature from physical to digital. Using a descriptive survey design, data were collected from 100 respondents comprising bank staff, customers, and other stakeholders through structured questionnaires. Chi-square statistical analysis was employed to test the formulated hypotheses. Findings reveal that the cashless policy has significantly improved transaction efficiency, enhanced security, and reduced traditional forms of fraud such as cheque forgery and cash theft. However, challenges such as poor network infrastructure, low digital literacy, and rising cases of electronic fraud persist. The study concludes that while the cashless policy has contributed positively to fraud reduction in Nigerian banks, its full potential can only be realized through stronger cybersecurity measures, improved infrastructure, and continuous public awareness campaigns. It recommends that the CBN and commercial banks intensify investment in digital security systems and customer education to strengthen confidence in cashless transactions.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

The global financial system has undergone significant transformation in recent decades, with technological innovations driving a shift from cash-based to cashless transactions. A cashless economy is one where financial transactions are carried out without the physical exchange of cash, but through electronic channels such as debit and credit cards, online transfers, Point of Sale (POS) systems, Automated Teller Machines (ATMs), and mobile money platforms. This global trend has been fueled by the need for efficiency, transparency, security, and alignment with digital innovations that characterize the modern economy. In many developed nations, cashless systems have become the dominant mode of financial exchange, while developing countries are gradually catching up by leveraging mobile technologies and electronic banking innovations. For instance, M-PESA in Kenya and Wizzit in South Africa have demonstrated how digital financial services can extend to previously unbanked populations, reduce the risks of carrying cash, and limit fraud associated with cash-based transactions (Akintaro, 2012).

Nigeria, Africa's largest economy, has not been immune to these global changes. In response to the inefficiencies of a cash-driven economy, the Central Bank of Nigeria (CBN) introduced the

cashless policy in 2012. The pilot scheme began in Lagos State, with the aim of modernizing the nation's payment system, reducing the risks and costs associated with cash handling, promoting financial inclusion, and curbing fraudulent practices in the banking sector. The policy placed daily cumulative limits of ₦150,000 for individuals and ₦1,000,000 for corporate customers on free cash withdrawals and deposits, with service charges imposed on transactions exceeding these limits (Omotunde, Muyiwa, et al., 2013). Third-party cheques above ₦150,000 were restricted from encashment over the counter, mandating their clearance through the banking system. These measures were designed to discourage excessive cash transactions, reduce avenues for fraud, and improve the transparency of Nigeria's financial system in line with global best practices.

The cashless policy was also motivated by the need to tackle the negative consequences of excessive cash usage in the economy. According to the CBN (2011), a high reliance on physical cash increases the cost of cash management, exposes individuals and institutions to theft and armed robbery, facilitates money laundering and other fraudulent activities, and strengthens the informal economy, which undermines monetary policy effectiveness. By migrating to electronic payments, the CBN envisioned a financial environment where transactions would be traceable, thereby discouraging illicit practices and reducing fraud within the banking sector.

Fraud has long been a major challenge in Nigeria's financial system, particularly in the banking sector. Traditional forms of fraud such as cheque forgery, cash theft, suppression of lodgments, and insider abuses have historically plagued banks, leading to financial losses and erosion of

public trust. The rise of digital banking has introduced new forms of fraud, including ATM fraud, phishing attacks, identity theft, and cyber-hacking. Fraud not only threatens the profitability and survival of banks but also undermines the stability of the entire financial system, making fraud reduction a critical policy objective. The introduction of the cashless policy was therefore viewed as a mechanism to combat fraud by limiting cash in circulation and promoting electronic transactions that leave digital footprints, thereby making fraudulent activities easier to detect and prosecute (Anijiri & Onodugo, 2020).

Empirical evidence on the effectiveness of the cashless policy in reducing fraud presents mixed outcomes. Studies such as Mushibudeen and Haladu (2023) suggest that electronic payment systems have reduced opportunities for traditional cash-related fraud by minimizing physical cash handling and improving transaction monitoring. Similarly, reports from the Nigeria Deposit Insurance Corporation (NDIC) indicate that digital banking platforms enhance fraud detection and strengthen internal controls in banks. However, Ogbonna, Oforkansi, and Igwe (2023) argue that infrastructural deficits, limited cybersecurity frameworks, low financial literacy, and resistance from customers have undermined the policy's fraud-reduction potential. Furthermore, while cashless transactions reduce conventional fraud, they have simultaneously given rise to new dimensions of electronic fraud, highlighting the double-edged nature of technological adoption in banking.

The Nigerian context further complicates the cashless policy's fraud-reduction goal. The COVID-19 pandemic, for example, accelerated the adoption of digital payment platforms due to restrictions on physical movement, but also exposed the weaknesses of Nigeria's payment infrastructure, particularly in rural and underbanked areas. More recently, the CBN's naira redesign policy and restrictions on cash withdrawals in 2022 renewed attention on the importance of digital alternatives, yet the challenges of fraud prevention and system failures became more pronounced. This suggests that while the cashless policy holds promise in addressing fraud, its success depends on effective infrastructure, strong cybersecurity, regulatory consistency, and public confidence in electronic systems.

Given the central role of banks as intermediaries in Nigeria's economy, their vulnerability to fraud poses a serious threat to financial stability and national development (Ajayi, 2014). Although several studies have examined the cashless policy's effect on financial inclusion, efficiency, and SME performance, relatively few have investigated its specific impact on fraud reduction within the banking sector. This research therefore seeks to fill this gap by assessing the extent to which the cashless policy has contributed to curbing fraud in Nigerian banks, identifying its successes, limitations, and implications for the future of the country's financial system.

1.2 Statement of the Research Problem

Fraud has long been a major challenge in Nigeria's banking sector, eroding public confidence, threatening institutional stability, and leading to significant financial losses. Before the introduction of the cashless policy, fraudulent practices such as cheque forgery, suppression of lodgments, cash theft, and money laundering were prevalent, largely due to the high volume of cash transactions that left little trace for proper monitoring. In response, the Central Bank of Nigeria (CBN) launched the cashless policy in 2012 with the expectation that reducing cash handling and promoting electronic payments would minimize fraud by making transactions more traceable, transparent, and secure.

Despite these intentions, the effectiveness of the cashless policy in reducing fraud remains uncertain. On one hand, the policy has reduced certain cash-related fraudulent activities by limiting over-the-counter transactions and creating electronic footprints for payments. On the other hand, the shift to digital channels has created new avenues for fraud. Nigerian banks continue to grapple with electronic fraud such as ATM card cloning, phishing, SIM swaps, unauthorized online transfers, and hacking of banking platforms. Data from the Nigerian Inter-Bank Settlement System (NIBSS) reveal that incidences of e-fraud have increased in recent years, suggesting that while the policy reduced traditional forms of fraud, it may have inadvertently facilitated more sophisticated digital crimes.

Moreover, the structural weaknesses in Nigeria's banking environment have limited the fraud-reduction potential of the policy. Infrastructural deficits, unreliable internet services, epileptic power supply, and weak cybersecurity systems expose banking operations to risks. Many bank customers also lack adequate digital literacy, leaving them vulnerable to social engineering scams and online fraud. These realities undermine the capacity of the cashless policy to achieve its intended goal of fraud reduction.

Existing literature has mostly examined the cashless policy in relation to financial inclusion, SME performance, and monetary efficiency. However, there is a paucity of research focusing specifically on how the policy has influenced fraud reduction in Nigeria's banking sector. The disconnect between policy objectives and actual outcomes presents a critical gap in knowledge. If the cashless policy has not been effective in curbing fraud or if it has merely shifted fraudulent practices from physical to electronic channels then the long-term sustainability of the policy as a fraud-reduction strategy is questionable.

1.3 Objective of the Study

The main objective of the study is to evaluate the effect of cashless policy on fraud reduction in Nigeria Bank. The specific objectives for this research work are to:

1. Examine the effect cost of cashless policy on banking sector performance in Nigeria
2. Evaluate the impact of cashless policy on fraud reduction in banking sector in Nigeria

3. Identify the challenges and limitations of cashless policy implementation in addressing fraud within the Nigerian banking sector.

1.4 Research questions

The following research questions were raised to analysis the objectives of the Study:

1. What extent has cashless policy effect on fraud reduction in banking sector in Nigeria?
2. What extent has cost of cashless policy impact on banking sector performance in Nigeria
3. What are the major challenges and limitations of the cashless policy in addressing fraud within the Nigerian banking sector?

1.5 Research Hypotheses

Based on the research questions and objectives, the following hypotheses have been formulated to test the relationship between cashless policy and the various aspects of the economy:

H₀₁: The cost of implementing the cashless policy has no significant impact on the performance of the Nigerian banking sector.

H₀₂: The cashless policy has no significant effect on fraud reduction in the Nigerian banking sector.

H₀₃: The challenges and limitations of the cashless policy do not significantly hinder its effectiveness in addressing fraud within the Nigerian banking sector.

1.7 Scope of the Study

This study focuses on evaluating the effect of the cashless policy on fraud reduction within the Nigerian banking sector. The research is restricted to commercial banks operating in Nigeria, as they constitute the major financial institutions directly affected by the Central Bank of Nigeria's cashless policy directives. Geographically, the study covers selected banks within [insert your chosen study area, e.g., Lagos State, Abuja, or nationwide depending on your research design], which serve as representative samples of the larger banking industry.

Thematically, the study emphasizes three major dimensions: the cost implications of implementing the cashless policy on banking performance, the extent to which the cashless policy has contributed to fraud reduction, and the challenges or limitations hindering its effectiveness. The study covers both traditional cash-related fraud (e.g., cheque forgery, cash theft, suppression of lodgments) and electronic fraud (e.g., ATM fraud, phishing, SIM swaps, and online banking fraud).

In terms of time frame, the study examines the period from 2012, when the cashless policy was first introduced by the Central Bank of Nigeria, up to 2025, to provide a comprehensive understanding of its evolution, outcomes, and continuing challenges.

The unit of analysis includes banking staff, customers, and regulatory reports, as they provide relevant insights into the relationship between the cashless policy and fraud reduction in Nigeria.

1.7 Significance of the Study

The results of this study will educate the general public on the perception of bank customers regarding the Central Bank of Nigeria's (CBN) cashless policy, with particular emphasis on its role in fraud reduction. By shedding light on how the policy influences fraud trends in the banking sector, the study will enhance public awareness and foster informed decision-making by customers in adopting and utilizing cashless channels.

The study is also significant to policymakers and regulatory bodies, especially the CBN, as it will provide empirical evidence on the successes, limitations, and challenges of the cashless policy in curbing fraudulent practices. Such insights can guide the formulation of improved regulations, infrastructural investments, and security frameworks that will strengthen Nigeria's financial system. For commercial banks, the findings will help identify gaps in fraud prevention strategies and highlight areas for improved digital security, customer education, and operational efficiency.

Furthermore, this research contributes to the academic body of knowledge by filling the gap in literature on the relationship between cashless policy and fraud reduction in Nigeria. While several studies have examined the cashless policy in relation to financial inclusion, SME growth, and banking efficiency, fewer have focused specifically on its fraud-reduction potential. The present study therefore extends the frontier of knowledge in this area and offers new perspectives that future researchers can build upon.

Finally, this research will serve as a resource base for other scholars and researchers who may wish to carry out further studies on related topics. By providing empirical findings and a theoretical framework, the study will enrich existing literature and stimulate future inquiries into the dynamics of cashless policies, fraud prevention, and financial stability in Nigeria and other developing economies.

CHAPTER TWO

LITERATURE REVIEW

The transition to a cashless economy has become one of the most significant policy strategies in Nigeria, largely driven by the need to enhance financial inclusion, reduce cash-handling costs, minimize fraudulent practices, and modernize the nation's payment infrastructure. The Central Bank of Nigeria (CBN), through the introduction of the cashless policy in 2012, sought to transform the country's financial system by limiting excessive dependence on physical cash while promoting electronic transactions. This transition was motivated by the broader objectives of stimulating economic growth, curbing corruption, improving monetary policy efficiency, and aligning Nigeria's financial system with global trends in digital finance (CBN, 2011).

Historically, Nigeria's system of exchange has evolved from the barter system, where goods were traded directly, to the use of currency, and more recently to digital and electronic platforms. While the use of cash facilitated trade and commerce, it also introduced several problems such as high costs of printing and managing currency, security risks related to theft and armed robbery, and the facilitation of crimes like money laundering, embezzlement, and fraud. These challenges created an urgent need for safer, more efficient and transparent mechanisms of conducting transactions. Consequently, the adoption of cashless channels such as Point of Sale (POS) terminals, Automated

Teller Machines (ATMs), internet banking, and mobile money services emerged as a solution to reduce the risks associated with excessive cash usage (Eravwoke & Gayovwi, 2025).

The cashless policy is particularly important in the context of fraud reduction. Fraud has long been a persistent problem in Nigeria's banking sector, ranging from cheque forgery, suppression of lodgments, and over-the-counter theft, to more recent cyber-related crimes such as ATM card cloning, phishing, SIM swaps, and online banking fraud. By promoting electronic transactions that leave digital footprints, the cashless policy was envisioned to improve transparency and enhance fraud detection within the financial system. However, while it has reduced certain cash-related fraudulent activities, the shift to electronic platforms has also introduced new forms of cyber fraud, exposing gaps in digital security and consumer awareness (Ogbonna, Oforkansi & Igwe, 2023).

Despite the policy's strategic intent, its implementation in Nigeria has faced numerous challenges. Infrastructural deficits, weak cybersecurity frameworks, unreliable internet connectivity, and low levels of financial literacy, particularly in rural areas, continue to undermine its effectiveness. These challenges have slowed adoption and created disparities in outcomes across regions and socio-economic groups. Nevertheless, studies have indicated that when properly adopted, cashless systems contribute not only to improved efficiency and financial inclusion but also to fraud mitigation by limiting excessive cash transactions and enhancing transaction monitoring (Mushibudeen & Haladu, 2023).

This chapter therefore reviews existing literature to establish the conceptual, theoretical, and empirical foundations of this study. It highlights the relationship between cashless policy and fraud reduction in the Nigerian banking sector, identifies existing knowledge gaps, and provides a framework for evaluating the successes, challenges, and implications of the policy in curbing fraud within the financial system.

2.2 Conceptual Review

One of the prerequisites for the development of national economy according to Ajayi and Ojo. (2006) is to encourage a payment system that is secure, convenient and affordable. In this regard, developed countries of the world, to a large extent are moving away from the payment instruments toward electronic ones, especially payment cards (Humphrey, 2004). In recent times, the mobile phones is increasingly used to purchase digital contents (ringtones, music or games, tickets, parking fees and transport fees etc) just by subscription on mobile phones or using Point of Sales. In Nigeria, as it is in many developing countries, cash is the main mode of payment and a large percentage of the population is unbanked (Ajayi and Ojo, 2006) which makes the economy to be heavily cash-based. However, the cost of cash to the Nigerian financial system is high and increasing; the cost was very close to fifty million naira in 2008 (CBN,2012).Cashless economy does not mean a total elimination of cash as money will continue to be a means of exchange for goods and services in the for seeable future. It is a financial environment that minimizes the use of physical cash by providing alternative channels for making payments. The cashless policy of the

Central Bank of Nigeria is designed to provide mobile payment services, breakdown the traditional barriers hindering financial inclusion of millions of Nigerians and bring low cost, secure convenient financial services to urban, semi-urban and rural services across the country.

On the theoretical side Humphrey and Barter (1990) present one of the earliest attempts to comprehensively estimate the private and social costs for nine separate payment instruments. Cash, cheques, credit cards, money order, point of sales (POS), Automate clearing house transfer (ACH), ATM bills payments, traveler's cheques and wire transfers. They find that from a social cost perspective, cash is the cheapest payment instrument, followed by ACH, POS and ATM bill payment. From a private perspective, cheques emerge as the cheapest payment method followed by cash ACH and POS bill payment. However, the influence of government intervention was prematurely considered as there was no calculation of net benefit of such payment instrument (Daniel et al 2014). In recent times, there is a consensus that central banks have the capacity to control of the price level. One of the approaches is through controlling money supply (Advocated by Monetarist) and has led many banks to implement money supply targeting procedures (Claudia, 2001). Another approach is the Taylor-Principle, which is adjusting short term interest rate in respond to movement in expected inflation and state of economic activity, as shown in Taylor (1993), Claudia et al (1997) and woodford(2003). Looking at empirical issues, however in a cashless economy, money demand equation can be derived without influencing output and inflation (Gali, 2008). In this case, money plays the role of a unit of account and the amount of real

money balances follows residually after output, inflation and interest rate have been determined (Odior et al 2012).

In another study comparing cost across nations De Grauwe et al (2000) examined the cost of cash and payments cards in Iceland and Belgium. These countries were selected because they provide a clear contract as Iceland has one of the lowest rate of cash usage while Belgium is at the other extreme. Exploring cash payments system in Iceland, the study estimated the cash production and distribution cost incurred by the banks and subtracted the revenues obtained through interest foregone on cash in circulations whereas for the card-based system, they examine the card companies, commercial and saving banks, card holders and merchants.

Examining from social perspective, it was discovered that a card-based system is considerably more efficient than a cash-based system for two reasons (Odior and Banuso, 2012). The first reason is that diseconomies of scale in cash supply rises as cards displace cash, while economics of scale improves for cards. Secondly, the displacement relegates cash to smaller transactions because smaller transaction must cover the fixed cost of the cash systems.

Recent empirical studies such as Kriwolozky and Stoltenberg (2012) attempted to estimate the cashless and monetary economy in United State by using Bayesian estimation techniques. The data set, was split into parts ranging from first quarter 1964 to third quarter 2009 as earlier done in Lubik and Schordeide (2004), and Clarida et al (2000). However, treating GDP deflator, output

per capital and real wages as observable, the study suggest that interest rate policy was passive in the monetary but active in the cashless economy studies by stock and waltson (2002). Kim and Nelson (1999): Gali and Gambeth (2009) reached similar conclusion that volatilities in output and inflation declined due to observed loss in the predictive power of money in a monetary economy.

In assessing the role of central bank in cashless society, Claudia et al (2001) stressed that central banks gradually lose their monopoly position in the provision of liquidity combined with its subsequently small size which makes it hard to control the short-term interest rates. On the contrary, Marco and Bandiera (2004) argued that increased usage of cashless banking instruments strengthens monetary policy effectiveness and that the current level of e-money usage does not pose a threat to the stability of the financial system. Hence, they did conclude that central banks can lose control over monetary policy if the government does not run a responsible fiscal policy.

2.2.1 Cashless Policy

The cashless policy refers to the deliberate efforts by the Central Bank of Nigeria (CBN) to reduce cash-based transactions and promote electronic alternatives such as POS, ATMs, mobile banking, internet banking, and USSD platforms (CBN, 2023). Introduced in 2012, this policy was designed to reduce the excessive handling of physical cash in the economy and encourage digital financial inclusion, improved transparency, and operational efficiency in the financial system. The initiative

stems from a global trend toward financial digitization and aligns with broader macroeconomic goals of growth and formalization.

The operational backbone of the policy involves the promotion and expansion of several electronic transaction channels, including Point-of-Sale (POS) terminals, Automated Teller Machines (ATMs), mobile banking, internet banking, and USSD platforms. Through these tools, both individuals and businesses are encouraged to perform financial transactions digitally, with the ultimate goal of reducing the dependency on physical cash. As noted by the CBN (2023), these efforts are designed not only to modernize the payment infrastructure but also to encourage a more inclusive, transparent, and efficient financial system. By minimizing physical cash handling, the policy aims to reduce the risks of armed robbery, corruption, counterfeit currency circulation, and operational costs for banks and businesses.

Importantly, the cashless policy is not isolated from Nigeria's broader economic strategy. Rather, it is intricately linked to key macroeconomic objectives such as increasing financial inclusion, enhancing revenue generation, strengthening monetary policy, and integrating the vast informal sector into the formal economy. These objectives resonate with global development goals, particularly those outlined by international institutions such as the World Bank and the International Monetary Fund (IMF), which advocate for financial digitization as a pathway to inclusive economic growth.

The Debit Card, Credit Card, Automated Teller Machine (ATM), Point of Sale (POS), Debit Card

A debit card is a plastic card that allows holders or customers to purchase goods or services with funds that are deducted immediately from their saving accounts.

A debit card is also known as cheque card. A debit card looks like a credit card but works like a cheque. When a customer uses a debit card to pay. The money is taken right away from their saving account. They must be sure that they have enough money in their account to cover the cost of item they buy. In other to use a debit cardholder must have a personal identification number (PIN) in which they must remember whenever they want to make use of their card.

The Credit Card: A credit card is a thin plastic card that can be used to buy item used instead of cash. A credit card allows customers to pay later for the item been bought. This is called charging. Credit cards authorize the delivery of goods and services in exchange for future payment with interest. Customers receive a monthly bill and may be charge a yearly fee. Each credit card has a maximum amount customer are allowed to charge. The maximum amount is called credit limit.

The Automated Teller Machine (ATM): This is an electronic device that enables the customer of a bank performs financial transaction without the need of a human cashier, clerk or bank teller. Customers are identified by inserting a plastic ATM card with a magnetic strip or a plastic smart card with a chip that contains a unique card number and some security information. Such as an

expiration date or (CVV). Authentications are provided by the customer entering a personal identification number (PIN).

Point of Sales (POS): This is a computerized replacement for a cash register the POS system can include the ability to record and track customers' orders. Process credit and debit card, connect to other system in a network and manage inventory. POS terminals are used in most industries that have a point of sale such as desk including restaurants, lodging, entertainment and museums.

Difference between Debit Card and Credit Card

Debit Card:

1. It provides a way for customer to make purchases using funds from their saving account, so they don't have to carry cash or a cheque book.
2. If the money for debit card purchases comes from customers saving account, the debit card may be called cheque card.

Credit Card:

1. It only provides a way to make purchases using funds obtained through a loan from a bank or stores.
2. Everything interest is added, it extends the time it will take, to pay back the loan.

2.2.1 Positive Effect of Cashless Policy

- i. Prompt settlement of transactions: E- banking speeds up settlement of transactions both locally and internationally, where the bank stands as paying bank to the customers for settlement of transaction or as collecting bank for collection of payment on transactions;
- ii. Reduction in the frequency of visits to banks: unlike before customers can now transact their banking businesses in branches nearer to them and they can also withdraw money from any ATM including the ones located outside the bank where they have account. They can also transact banking business at home with the aid of telephone
- iii. Stimulation of cashless policy: e- banking paves way for cashless society as the introduction of electronic machine has reduced the use of raw cash thereby transiting the country into a cashless society.
- iv. 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 incidence of robbery in the society, this is one of the reasons why CBN continues to emphasize that people should buy into the policy as soon as possible.
- v. Clearance of goods: payment system in the custom services help 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.

- vi. With cashless policy, CBN will reduce cash management costs by as much as N192 billion annually. CBN is of the opinion that the cash handling accounts for at least one third of infrastructural and labour costs in the sector, hence cashless policy will impact negatively on employment of those handling cash in the bank. The policy will also reduce cash related vices like robbery, cost of processing cash, revenue leakages from cash handling and inefficient treasury management through cash processing.

2.2.2 Negative Effects of Cashless Policy

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

- i. Erratic power supply and communication link: power failure negatively affects e- banking infrastructures like ATM, network failure of communication link due to much congestion, change in weather also affect the policy
- ii. Non- existence of computer back-up: there is bound to be total loss of data on customers' accounts if there is no back up and the entire file is damaged. This may lead to misappropriation of customers' account; hence bank should maintain back up of all its information outside the bank's premises.
- iii. Inadequacy of fund to invest in information technology: most banks find it difficult to fund procurement of modern equipment needed for e-banking. Nevertheless, there has been tremendous improvement in automation of bank operation in the country in the last 5years

but there are still rooms for further expansion so as to catch up with hi-tech, which is in vogue in developed countries.

- iv. Replacement of workforce by machine: electronic banking has now somehow reduced the number of employees needed to handle most transactions in the bank as most work done by workers are now being handled by machines thereby translating to increase in the rate of unemployment in the country.
- v. High bank charges for the use of e- banking machines: commission charged by bank on ATM transactions, as an example, is too high, thereby discouraging customer from using it; Central Bank of Nigeria is working out a modality to stop forthwith charges for usage of ATM. This will be a sort of relief and stimulates the effectiveness of the policy in Nigeria, if fully implemented.
- vi. Low acceptance by the public: many people have burnt their fingers as a result of fraudulent withdrawals from their accounts through the use of ATM by unscrupulous individuals who believe in using master cards to withdraw money from unsuspecting individuals. Not to mention situations whereby customers are debited by the ATM with withdrawals not supported by cash that fail to drop down from the machine as expected. Customers are discouraged to use the machine as it takes longer time before the wrong debit is reversed if it does not end up unsolved.
- vii. Inadequate securities around the ATM location: most ATM locations are not secured thereby making it easier for fraudulent persons to carry out their fraudulent activities without any

arrest. Computer hackers also use the porous security system to steal data by breaking the codes or passwords.

- viii. Encouragement of excessive withdrawals: customers can use their cards to effect withdrawals as many times as possible, even on weekend and during public holidays. They can even make impulse withdrawals while attending a ceremony with the use of their credit cards.

2.2.3 Benefits of Cashless Policy

- i. Faster transactions- through reduction in queue at the banking halls. It has been proven from time to time that queue at point of sale terminals has been reduced which leaves much time for employees to enjoy their break, there has been an improvement in the speed of rendering banking services.
- ii. Improving Hygiene: it has eliminated bacterial spread through handling of notes and coins from one individual to another.
- iii. Increased Sales: it has been demonstrated that with the introduction of a cashless policy, there has been increase in sales by 20%. Vending and catering purchases are often dictated by the amount of loose balance we have in pockets. With the introduction of cashless policy, this is never a problem; the value on the card is available 24hours and 7days a week.
- iv. Cash collection made simple: time spent on collecting, counting and sorting cash is eliminated. The cashless system offers a choice of top-up options including payroll reduction,

credit and debit cards. Removing all the cash from your site removes the security issues relating to cash handling significantly and reduces the risk of vandalism and theft from your vending and catering points of sale. A payroll loader, where money is transferred from your salary to your smart card, or a credit card, where money can be loaded from Access, Visa or Master card directly to your smartcard offers you and your customers a truly cashless system.

2.2.4 Definition of Fraud

Fraud has been widely defined in literature by scholars and experts. Horn by (1998) define fraud as an action or an instance of checking somebody in order to make money or obtain goods illegally. The same dictionary defines the perpetrators or fraud as fraudsters.

According to ICAN study pack (2006a,b) fraud consists of both the use of deception to obtain an unjust or illegal financial advantage and international misrepresentations, affecting the financial statements by the one or more individuals among management, employees, or third parties.

The Institute of Internal Auditors „International Professional Practices Framework“ (2009) defines fraud as, “Any illegal act characterized by deceit, concealment, or violation of trust. Frauds are perpetuated by parties to obtain money, property or services; to avoid payment, or loss of services; or to secure personal or business advantage.” It should be noted that frauds generally impacts a bank by causing financial, operational or psychological loss.

Type of Fraud

1. Fictitious payment of supplier
2. Alteration of invoices
3. Double payment of invoices
4. Suppression of credit note received
5. Missing returned cheques
6. Payment for hours not worked for
7. Misappropriated cash from credit sales,e.t.c

It is important to note that all these form of employee fraud are perpetrated, so that the perpetrators will have an undue benefit from all the irregularities made, as embedded in the definition of fraud.

2.2.5 Prevention and Detectionof Fraud

According to Ola (2001), primary responsibilities for the prevention and detection of error and irregularities rest with the management. This responsibility arises out of a contractual duty of care by directors and managers and also because directors and other managers act in a stewardship capacity with regard to the property entrusted to them by the shareholders or the owners.

Izedonmi (2000), also said that the responsibility for the prevention or detection of fraud and error, within an enterprise, rest with the management. This responsibility is discharged by management,

through the establishment of an adequate system of cashless policy.

It is therefore, pronounced that the management of any banking organization is totally responsible for the prevention and detection of fraud, majorly by the establishment of an adequate, efficient and effective cashless policy.

1. Identify the fraud risk.
2. Determine the likelihood of a misstatement occurring if a control were to fail or a control was not present.
3. Determine the significance/magnitude of a misstatement occurring if control were to fail or control was not present.
4. Assign an overall rating (high medium or low).
5. Identify compensating controls.
6. Determine if existing controls are operating effectively.
7. If not, determine what additional, more effective controls should be put in place.

2.2.6 Causes of Fraud in the Banking Sector

1. Greed – good old-fashioned human nature intervenes when an individual, or group of individuals, sees a chance to make ‘a fast buck’. A good example being those cases where people adjust’ their expense claims upwards.
2. Lack of transparency – complex financial transactions that are difficult to understand are an

ideal method to hide a fraud. The Barings fraud was perpetrated by use of an accounting ‘dump account’ that no one understood.

3. Poor management information – where a company’s management information system does not produce results that are timely, accurate, sufficiently detailed and relevant; the warning signals of a fraud, such as ongoing theft from the bank account, can be obscured.
4. Excessively generous performance bonus payments – the more generous the bonus, when coupled to a demanding target; the more temptation there is to manipulate results, such as year-end sales figures, to reach that target.
5. Non independent internal audit department – where an organization’s internal audit department is not independent, e.g. where it does not report to a truly independent audit committee but to the Finance Director, the more likely that when there are signals that a fraud is occurring the more likely they will be ignored. It is indeed interesting to note that Cynthia Cooper (Head of Internal Audit at WorldCom) had to bypass her boss (the CFO) and go directly to the audit committee to report the discovery of the capital expenditure fraud.

Role of Mobile Technology in Access to Banking

Mobile technology has emerged as a **powerful enabler of financial inclusion**, especially in a country like Nigeria where physical bank branches are scarce in many rural areas. The spread of

mobile phones, even basic GSM devices, has enabled millions of Nigerians to access digital financial services.

USSD and Feature Phone Access

Through **USSD codes**, users without smartphones or internet access can conduct basic banking operations including balance checks, money transfers, and airtime purchases. These services are especially vital for rural women, farmers, and informal workers who often lack the infrastructure and education for more complex banking platforms.

Mobile Money Platforms

Platforms like **Paga, OPay, and MTN MoMo** provide banking-like services through agent networks, thereby reaching previously excluded populations. These agents act as **human ATMs**, helping users deposit and withdraw funds, make payments, or send money across long distances without formal bank accounts (Aderounmu & Osundina, 2025).

Digital Wallets and Fintech Apps

With smartphone penetration increasing, more people especially youth and urban dwellers are using digital wallets and apps for a range of services including bill payments, savings, investments, and loans. These tools are not only expanding access but also reshaping financial behavior and deepening engagement.

2.3 Theoretical Framework

Merton and Bodie (1995) developed the modern theory of financial intermediation which comprises traditional theory and the changes in financial environment. The modern theory of financial intermediation emphasizes six core functions of financial intermediaries to include: provision of means for clearing and settling payments to facilitate exchange of goods and services; provision of mechanism for pooling resources; resources allocation; risk management; provision of price information to help in coordinating decentralized decision making in various sectors of the economy and provision of means to tackle the problem of moral hazard, physical hazard and information asymmetry. For the purpose of this study, the enumerated functions by Merton and Bodie (1995) could be expressed as resources accumulation, resource allocation, managing various risks and facilitation of exchange. It is by realizing these functions that banking sector financial intermediation contributes to economic growth. The growth theory states that well-developed financial intermediation can promote economic growth through marginal productivity of capital, efficiency of channeling savings to investment, savings rate and technological innovations. Buttressing further, Jatau (2014) confirmed that financial development promotes economic growth through channels of marginal productivity of capital, efficiency of channeling savings to investment, saving rate and technological innovation. Affecting economic growth through these channels is realized by functions of financial intermediaries. These functions include the provision of means for clearing and settling payments to facilitate the exchange of goods, services and assets,

the provision of a mechanism for pooling resources together and channeling them to the most productive sector of the economy for investment, risk management, and price information to help coordinate decentralized decision making in various sectors of the economy, among others (Merton and Bodie, 1995). Among financial intermediaries, the banking firms play important role, they mobilize funds in terms of deposit and transfer them to deficit economic units for financing real investment. Theoretical studies and empirical evidence have shown that countries with better-developed financial systems enjoy faster and more stable long-run growth. Well-developed financial markets have a significant positive impact on productivity, which translates into higher long-run growth. Merton (1995) citing King (1993) noted that in the absence of a financial system that can provide the means for transforming technical innovation into broad implementation, technological progress will not have significant and substantial impact on the economic development and growth. Theoretical conceptions explain that financial systems influence savings and investment decisions and hence long-run growth rates through the following functions.

- i. Lowering the costs of researching potential investments.
- ii. Exerting corporate governance
- iii. Trading, diversification, and management of risk.
- iv. Mobilization and pooling of savings.
- v. Conducting exchanges of goods and services,
- vi. Mitigating the negative consequences that random shocks can have on capital investment

(Levine, 2004).

Financial intermediaries support development through the improvement of these functions (i.e., the amelioration of market frictions such as the costs of acquiring information, making transactions, and enforcing contracts and allowing economies to more efficiently allocate resources (savings) across investments). However, the positive effects of financial development are tailored by the macro policies, laws, regulations, financial infrastructures and enforcement norms applied across countries and time.

The Institute of Internal Auditors „International Professional Practices Framework“ (2009) Defines fraud as, “Any illegal act characterized by deceit, concealment, or violation of trust. Frauds are perpetuated by parties to obtain money, property or services; to avoid payment, or loss of services; or to secure personal or business advantage.” It should be noted that frauds generally impacts a bank by causing financial, operational or psychological loss.

2.4 Empirical Review

Empirical studies on cashless policy are sparse because it is a newly implemented policy of the CBN. However, the following are worth mentioning. Echekeba and Ezu (2012) in a research carried out in Nigeria, observed that 68.2% of the respondent complained about long queues in the bank, 28.9% complained of bad attitude of teller officers (cashiers), while 2.89% complained of long distance of bank locations to their home or work places. Likewise in her 24th NCS national conference in December 2011, CBN data shows that 51% of withdrawal done in Nigeria was

through ATM, while 33.6% was through over the counter (OTC) cash withdrawals and 13.6% through Cheque. Payment was also done through point of sales machine (POS) which accounted for 0.5% and web 1.3%. Therefore, if the introduction of ATM in Nigeria cash withdrawals system reduced OTC withdrawal; then it will implies that introduction of cashless policy supported by application of information technology can achieve more to reduce over dependent on cash payment in Nigeria economy system.

Adewoye (2013) empirically studied the impact of mobile banking on service delivery in the Nigerian Commercial Banks through the use of questionnaire. He found out that the introduction of e-banking services has improved banking efficiency in rendering services to customer. His findings shows that mobile bankingimprove banks service delivery in a form of transactional convenience, savings of time, quick transaction alert and save of service cost which has recuperate customer “relationship and satisfaction. To this end, he recommended that banks management should create awareness to inform the public about the benefits derived on the e-banking service products, collaboration among banks should perfectly maintained, skilled manpower andcomputer wizard should be employed by every banks, in other to prevent fraudulent personal and hackers from manipulating the banks data and stealing money from the banks accounts. Finally, provision and maintenance of public network system such as telephone (Nitel) and the availability of these basic infrastructures is fundamental tothe efficient functioning of the mobile banking services.

Jeffords et al., (1992) “examined 910 cases during the 9 year period from 1981-1989 to assess the

specific risk factors cited. Approximately 63% of cases were classified under the internal control risks.” Similarly, Calderon and Green (1994) “made an analysis of 114 actual cases of corporate fraud from 1986 to 1990. The study found that professional and managerial employees were involved in 45% of the cases.” Ziegenfuss (1996) performed a study to determine the amount and type of fraud occurring in state and local government. Willson (2006) examined “the causes that led to the breakdown of „Barring“ bank as case study. The collapse resulted due to the failures in management, financial and operational controls of Baring Banks.” However, Bhasin (2007) “examined the reasons for check frauds, the magnitude of frauds in Indian banks, and the manner in which the expertise of internal auditors can be integrated in order to detect and prevent frauds in banks.” One important challenge for banks is the examination of new technology applications for control and security issues. As per the survey conducted by Ganesh and Raghurama (2008), about 80 executives from Corporation Bank and Karnataka Bank of India. “Respondents were requested to rate their subordinates in terms of development of their skills before and after they underwent certain commonly delivered training programs.” Responses revealed that for the 17 skills identified, there was improvement in the skills statistically. Moreover, another study to investigate the reasons for bank frauds and implementation of preventive security controls in Indian banking industry was performed by Khanna and Arora (2009). The study “seeks to evaluate the various causes that are responsible for bank frauds. The result indicate that lack of training, overburdened staff, competition, low compliance level are the main reasons for bank frauds.”

2.5 Identified Gaps in Literature

Although several studies have been carried out on Nigeria's cashless policy, significant gaps still exist in the literature, especially in relation to its connection with fraud reduction. Most existing works have concentrated on the broader impact of cashless policy on economic growth, banking efficiency, financial inclusion, and service delivery (Adewoye, 2013; Echekoba & Ezu, 2012). However, relatively few studies have examined its direct effect on the prevalence of fraud in the Nigerian financial system. In cases where fraud is discussed, it is often treated as a secondary issue or mentioned in passing, without providing a systematic analysis of how the policy reduces, transforms, or even enables fraudulent practices. This creates a gap in understanding whether the policy has truly delivered on one of its implied promises: the reduction of fraud and other financial crimes.

Another key limitation of the existing literature is that most studies rely on descriptive or qualitative approaches, with limited empirical evidence establishing causality between cashless policy adoption and fraud reduction. Many of the earlier studies were conducted in the immediate aftermath of the policy's introduction (around 2012–2014), focusing primarily on ATM and POS usage. Since then, however, the financial environment has changed drastically, with new forms of technology-driven fraud such as phishing, SIM-swap fraud, ATM skimming, internet banking fraud, and identity theft becoming more prevalent. Yet, research has not adequately kept pace with these developments, creating a temporal gap that needs to be addressed.

Furthermore, the majority of existing research focuses mainly on urban populations and large commercial banks, neglecting how cashless initiatives impact fraud reduction in rural areas and among small and medium-sized enterprises (SMEs). This is problematic because rural and semi-urban communities face infrastructural challenges, low digital literacy, and poor security systems, which may expose them to different types of fraud compared to urban customers. Similarly, SMEs, which are vital to Nigeria's economy, are often overlooked in cashless policy studies, despite being highly vulnerable to fraud due to their reliance on POS, mobile money, and weak internal control systems.

Another underexplored area in the literature is the dual effect of cashless policy on fraud. While the policy is designed to minimize cash-related frauds such as cheque forgery, cash theft, and insider abuse, it may unintentionally increase cyber-enabled crimes. For instance, fraudsters have become more sophisticated in exploiting weaknesses in e-payment systems. Yet, there is little comprehensive research comparing the extent to which cashless policy has reduced traditional fraud versus the extent to which it has introduced or amplified new forms of fraud.

Finally, there is a gap in the discussion of institutional and regulatory responses to fraud within the cashless framework. Most studies have not sufficiently examined the role of the Central Bank of Nigeria (CBN), commercial banks, and fintech operators in strengthening cybersecurity, monitoring suspicious transactions, and enforcing anti-fraud policies. Without this institutional

perspective, the literature provides an incomplete picture of the challenges and opportunities of using cashless policy as a fraud-reduction strategy.

In summary, while the cashless policy has been studied in relation to efficiency, inclusion, and growth, there remains insufficient, up-to-date, and empirically grounded research on its actual impact on fraud reduction in Nigeria. This gap provides an opportunity for this study to make a meaningful contribution by evaluating whether and how cashless policy contributes to reducing fraud in the Nigerian financial system, while also identifying the new risks that emerge in a digitalized payment environment.

2.6 Summary and Link to Chapter Three

This chapter has provided an extensive review of literature relevant to the study on the impact of cashless policy on fraud reduction in the Nigerian banking sector. It began by examining the conceptual issues surrounding the cashless policy, tracing the evolution of Nigeria's payment system from the barter economy, to cash-based exchange, and ultimately to digital and electronic financial transactions. The review highlighted that the Central Bank of Nigeria (CBN) introduced the cashless policy in 2012 to reduce the dominance of cash, minimize cash-handling costs, improve transparency, and promote financial inclusion. However, while the policy was designed to modernize the financial system, its effectiveness has been uneven due to infrastructural deficiencies, low levels of awareness, and cyber-related vulnerabilities.

The chapter also reviewed theoretical perspectives underpinning this research. The financial intermediation theory emphasized the role of financial institutions in resource allocation, risk management, and facilitation of exchange, while the growth theory linked effective financial systems with higher productivity, savings mobilization, and economic growth. These theories provide the foundation for understanding how policies like the cashless initiative influence both the efficiency of the banking sector and its ability to combat fraudulent practices.

From the empirical review, both local and international studies were examined to assess the outcomes of cashless policy adoption. Evidence from Nigerian scholars shows that cashless channels such as ATMs, POS terminals, mobile banking, and online transactions have enhanced banking efficiency and customer convenience. However, the findings also revealed that the transition to a cashless economy introduced new dimensions of fraud, including phishing, ATM card cloning, unauthorized transfers, and cyber-hacking. Studies from other countries reinforced these findings by showing that while electronic systems reduce traditional fraud associated with cash handling, they simultaneously expose banks to technology-driven crimes.

The literature further identified challenges that limit the fraud-reduction potential of the cashless policy in Nigeria. These include weak cybersecurity infrastructure, epileptic power supply, inadequate internet penetration, and limited digital literacy, particularly in rural areas. Moreover, the reviewed studies noted that most existing research has focused on the cashless policy's impact on financial inclusion, economic growth, and service delivery, with only a few addressing its direct

influence on fraud reduction. This indicates a clear gap in the literature, as there is insufficient empirical evidence linking cashless policy adoption directly to fraud reduction outcomes in the Nigerian banking sector. This gap justifies the present study and underscores its relevance.

In summary, this chapter synthesized the conceptual, theoretical, and empirical underpinnings of cashless policy and its relationship with fraud in the Nigerian banking sector. It demonstrated that while the cashless initiative has the potential to reduce fraud, the policy has also created new vulnerabilities, thereby raising questions about its overall effectiveness. Having established this foundation, the next chapter (Chapter Three) will present the research methodology that will guide this study. Specifically, it will outline the research design, population and sampling techniques, data collection methods, research instruments, validity and reliability considerations, as well as methods of data analysis. This will provide a structured framework for investigating the extent to which the cashless policy has contributed to fraud reduction in Nigerian banks.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the methodology adopted in investigating the effects of the cashless policy on the Nigerian economy, with emphasis on financial inclusion, GDP, employment, revenue generation, inflation, and business efficiency. It explains the research design, population of the study, sample size and sampling technique, data sources, research instruments, and methods employed for data collection and analysis. It also discusses the validity and reliability of the instruments, as well as the ethical considerations observed during the study. The methodology was carefully selected to ensure that the findings are credible, relevant, and aligned with the stated research objectives and questions.

3.2 Research Design

This study adopts an ex-post facto research design because it focuses on examining events that have already occurred without manipulating any variables (Amade & Oyigebe, 2024). Since the research is based on secondary data obtained from credible sources such as the National Bureau of Statistics and other recognized institutions, this design is appropriate for drawing inferences from documented records and reports.

The ex-post facto approach enables the researcher to investigate the relationship between the cashless policy and key economic indicators such as financial inclusion, GDP growth, employment generation, government revenue, inflation rate, and business efficiency (Adepoju et al., 2022). This is achieved by analyzing existing economic data over a specific period to identify patterns and trends that align with the objectives of the study.

This design is particularly suitable for policy-related research because it allows for the evaluation of real-world outcomes in a natural setting. By relying solely on published and verifiable data, the study ensures objectivity, reduces bias, and enhances the reliability of findings. The approach also provides a cost-effective and time-efficient framework for assessing the broader economic impact of Nigeria's cashless policy.

3.3 Population of the Study

This includes individuals, businesses, financial institutions, government agencies, and regulatory bodies whose operations are affected by the shift from cash-based transactions to electronic payment systems. The population of this study consists of all economic activities, institutions, and stakeholders in Nigeria that are directly or indirectly influenced by the cashless policy.

Given the scope of the research, the population also extends to national economic data covering variables such as financial inclusion rates, gross domestic product, employment figures, government revenue, inflation levels, and measures of business efficiency. These indicators

provide a comprehensive representation of how the cashless policy interacts with different sectors of the economy (Amade & Oyigebe, 2024).

By focusing on macroeconomic data and institutional performance, the study captures the overall impact of the policy at a national level rather than on specific individuals or firms. This broad population scope ensures that the findings reflect the general economic reality in Nigeria and offer insights that can guide policymakers, financial institutions, and other stakeholders in decision-making.

3.4 Sample Size and Sampling Technique

Determining an appropriate sample size is essential for collecting reliable and representative data, especially in a study focused on evaluating the impact of cashless policy on Nigeria's economic performance. Since this research uses secondary macroeconomic indicators and selected institutional data, the sample will consist of data points and records that accurately reflect national trends in financial transactions, GDP, and related performance measures over the study period.

3.4.1 Sample Size Determination

Given that the study is based on secondary data from credible sources such as the National Bureau of Statistics (NBS) and other recognized institutions, the sample size will be determined by the availability and completeness of data for the selected timeframe (2019–2024). Unlike primary

survey research, where formulas such as Cochran's are applied to estimate a respondent pool, secondary data research focuses on extracting consistent and comparable observations from existing records.

For this study, annual data covering at least 5 - 10 years will be used to capture both pre- and post-implementation phases of the cashless policy. This ensures sufficient data points for statistical analysis while maintaining accuracy and comparability across variables such as GDP growth, financial inclusion rates, inflation, and digital transaction volumes.

3.4.2 Sampling Technique

The study adopts a purposive sampling technique to select only data sources and variables that are directly relevant to assessing the relationship between cashless policy and economic performance. This approach ensures that the analysis focuses on credible, policy-related economic indicators rather than on unrelated or noisy datasets.

The selection will include macroeconomic time-series data on GDP, inflation, and government revenue, alongside financial sector indicators such as electronic payment volumes, POS transactions, and mobile banking usage. By narrowing the scope to these key variables, the study ensures that the findings are both relevant to the research objectives and grounded in verifiable evidence (Adepoju et al., 2022).

3.5 Sources of Data

The data for this study will be obtained exclusively from secondary sources to ensure reliability and credibility. Key sources will include annual economic reports from the National Bureau of Statistics (NBS, 2023), as well as other recognized national and international institutions that publish economic and financial data. Additional information will be drawn from peer-reviewed journal articles, conference papers, and research reports relevant to the Nigerian cashless policy (Ogbonna, Oforkansi, & Igwe, 2023). Government policy documents, industry reports from reputable organizations, and credible online research repositories will also serve as important sources (Adelowotan & Afolabi, 2022). These materials provide validated datasets and analytical insights necessary for evaluating the effects of the cashless policy on financial inclusion, GDP, employment, revenue generation, inflation, and business efficiency in Nigeria.

3.6 Research Instrument

This research is exclusively based on secondary data; therefore, the primary research instruments are documentary sources such as published journal articles, textbooks, institutional reports, government policy documents, and credible online databases. These materials provide relevant information on Nigeria's cashless policy and its economic effects, including aspects such as financial inclusion, GDP growth, employment, revenue generation, inflation, and business efficiency. Only recent and credible publications are considered to ensure the validity and

reliability of the findings (Johnston, 2017; Saunders et al., 2019).

The choice of secondary data as the sole instrument is informed by its ability to provide comprehensive, historical, and large-scale information without the limitations of field data collection. This approach also allows the researcher to draw on multiple sources for triangulation, enhancing the depth and accuracy of the analysis (Vartanian, 2010). Data will be extracted, reviewed, and synthesized systematically to address the research objectives while maintaining academic rigor and credibility.

3.7 Validity and Reliability of Research Instrument

3.7.1 Validity of Research Instrument

The validity of this study was ensured by sourcing data exclusively from reputable and authoritative institutions such as the National Bureau of Statistics and peer-reviewed academic journals. These sources are widely recognized for their accuracy, objectivity, and methodological soundness, which strengthens the credibility of the research findings. Only data that met the study's objectives and aligned with the theoretical framework were included, ensuring content validity.

3.7.2 Reliability of Research Instrument

Reliability was maintained by cross-checking data from multiple credible sources to ensure consistency and by relying on well-established, published statistics that have undergone rigorous verification processes by their respective institutions. This approach ensures that the data used can be trusted to produce consistent results if the study were replicated under similar conditions.

3.8 Method of Data Collection, Data Analysis Techniques, and Data Synthesis

This study relies on secondary data collection to assess the impact of Nigeria's cashless policy on key economic indicators. Secondary data is ideal for this research, as it allows for the analysis of long-term trends and relationships without the need for primary data collection, which may be time-consuming and costly. The data will be sourced from credible, established institutions, ensuring both reliability and comprehensiveness.

3.8.1 Data Collection Process

The data collection process will involve:

1. **Gathering Macroeconomic Data:** Data on key economic indicators such as GDP growth, inflation rates, employment figures, and government revenue will be collected from the National Bureau of Statistics (NBS) and other recognized international databases.
2. **Financial Sector Data:** Information on electronic payment volumes, mobile transactions, POS usage, and other indicators of cashless system adoption will be obtained from

reputable industry reports and government publications. This data will provide insights into the adoption of cashless systems and their effect on business efficiency and financial inclusion.

3. **Review of Policy Documents:** Government policy documents, including official reports on the cashless policy, will be reviewed to understand the broader context of its implementation and objectives. These documents will include relevant laws, guidelines, and strategic reports that support the transition to a cashless economy.
4. **Peer-Reviewed Articles and Research Reports:** Relevant academic and industry publications, along with research reports, will be utilized to complement the data obtained from governmental sources. These publications provide a deeper analytical understanding of the cashless policy's impact.

3.8.2 Data Analysis Techniques

The collected data will be subjected to quantitative analysis using statistical techniques to identify patterns, trends, and relationships. The following methods will be employed:

1. **Trend Analysis:** Data will be analysed for trends over the study period (2019-2024), comparing pre- and post-policy implementation phases.
2. **Correlation and Regression Analysis:** The relationship between the cashless policy and economic indicators will be examined using correlation and regression techniques. This will allow the identification of key variables that are most affected by the policy.

3. **Descriptive Statistics:** Descriptive statistics, such as mean, median, and standard deviation, will be used to summarize the data and provide a clear overview of trends in financial inclusion, GDP, and other key indicators.

3.8.3 Data Synthesis

Once the data is collected and analyzed, the findings will be synthesized to evaluate the overall impact of the cashless policy. The results will be compared to the research questions and objectives, ensuring that the analysis addresses the primary aims of the study.

By focusing on secondary data, the study provides a comprehensive, cost-effective, and reliable framework to evaluate the long-term effects of Nigeria's cashless policy on its economy.

3.9 Ethical Considerations

This study follows key ethical principles to ensure integrity and reliability. Since the research utilizes secondary data from publicly available sources, concerns related to personal privacy and confidentiality are minimal. However, the study will ensure that all data sources are properly cited, respecting intellectual property rights. The findings will be reported truthfully and without distortion, and any limitations in the data or analysis will be clearly acknowledged to ensure transparency and reliability.

The study will also avoid plagiarism by appropriately referencing all sources, including academic articles, reports, and official statistics. The research process will be fully transparent, with detailed documentation of data collection and analysis methods, allowing for replication and verification. Additionally, the potential social and economic impacts of the cashless policy, particularly on vulnerable groups with limited access to digital payment systems, will be considered to ensure the study addresses equity concerns.

By adhering to these ethical guidelines, the study ensures academic integrity and contributes to the research on Nigeria's cashless policy.

3.10 Summary

This chapter presented the methodology for evaluating the effects of Nigeria's cashless policy on its economy. It outlined the research design, which follows an ex-post facto approach, and detailed the population and sampling techniques used for data selection. The study will rely on secondary data obtained from reputable sources, such as the Central Bank of Nigeria, National Bureau of Statistics, and the World Bank, focusing on key economic indicators like financial inclusion, GDP growth, inflation, and business efficiency.

Various statistical tools will be applied to analyse the data, including trend analysis, descriptive statistics, regression analysis, and correlation analysis. Ethical considerations related to data

privacy, transparency, and responsible use of secondary data have been addressed to ensure the research's integrity.

CHAPTER FOUR

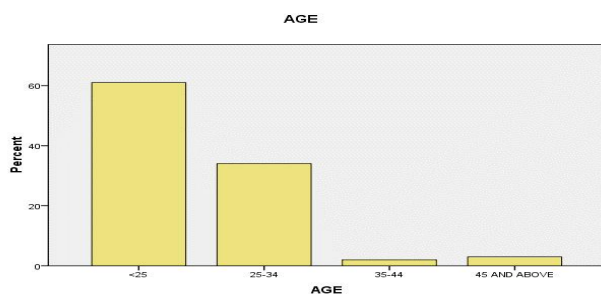
DATA PRESENTATION AND ANALYSIS

TABLE 1.1: The below table shows the age of the respondents

Item	Frequency	Percent
< 25 years	64	61%
25 – 34 years	34	34%
35 – 44 years	2	2%
45 and above	3	3%
Total	100	100%

Source: Field Survey 2024

Figure 1.1: The below charts shows the age of the respondents



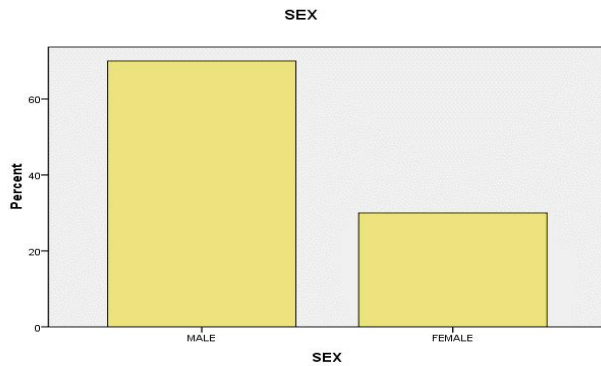
INTERPRETAION: from the above analysis the table shows 61% of the respondent are below age 25,34% are between age 24-34 ,2% are between age 35-44 and 3% are age 45 and above.

TABLE 1.2: The below table shows the sex of the respondents.

Item	Frequency	Percent
Male	70	70%
Female	20	20%
Total	100	100%

Source: Field Survey 2024

Figure 1.2: The below table shows the gender of the respondents



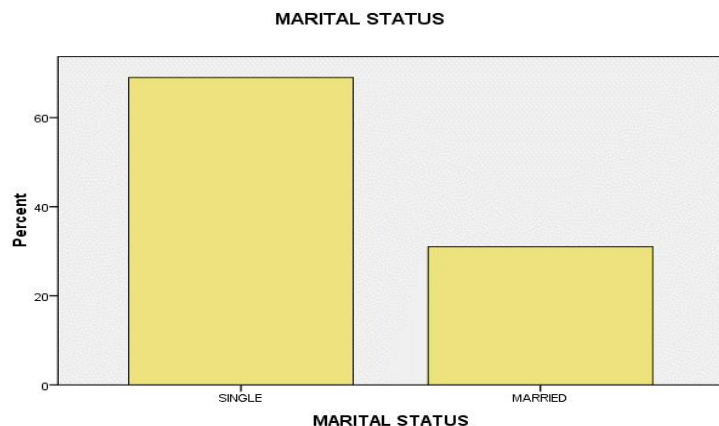
Interpretation: the table and chart above reveals that 70% of the respondent are male while 30% are female

TABLE 1.3: The below table shows the marital status of the respondents

Item	Frequency	Percent
Single	69	69%
Married	31	31%
Total	100	100

Source: Field Survey 2024

Figure 1.3: The below charts shows the marital status of the respondents.



Interpretation: the above table and chart shows that 31% of the respondents are married, 69% are single and there is no other status recorded during the cause of the study.

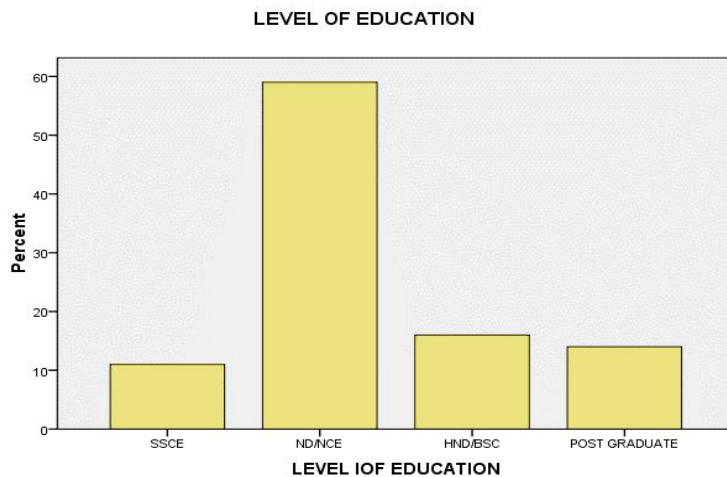
TABLE 1.4: The below table shows the level of education of the respondents

Items	Frequency	Percent
SSCE	11	11%
ND/NCE	59	59%
HND/BSC	16	16%

POST GRADUATE	14	14%
Total	100	100%

Source: Field Survey 2024

Figure 1.4: The below charts shows the level of education of the respondents.



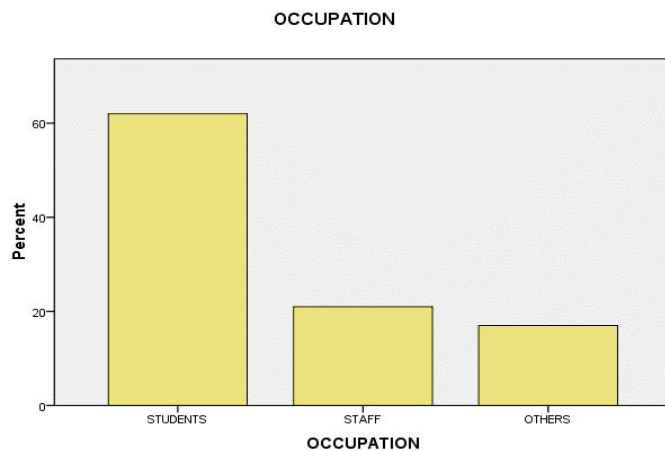
INTERPRETION: The above table and chart indicates that 59% of the respondent are ND/NCE holders,16% are HND/BSC holder,14% are post graduate and 11% are SSCE holder.

TABLE 1.5: The below table shows the occupation of the respondents.

Items	Frequency	Percent
Students	62	62%
Civil Servant	21	21%
Trader	17	17%
Total	100	100%

Source: Field Survey 2024

Figure 1.5: The below table shows the occupation of the respondents.



INTERPRETION: The above table and chart indicates that 62% of the respondents are students 21% of the respondents are civil servant 17% of the respondents are traders.

TABLE 1.4: The below table shows the responses of the respondent to the question that were asked during the cause of this research

S/N	QUESTIONS	AGREED	UNDECIDED	DISAGREED
1	Cashless policy has to behavioral change in the way business is conducted in Nigeria.	89	7	4
2	Cashless Policy has led to poor network connectivity and communication in Nigeria	32	27	41
3	Infrastructures deficits is not adequate to carry the load of cashless policy in Nigeria.	46	43	11
4	Cashless policy is more safe and secure	76	8	16
5	Cashless policy is a good policy that needs to be encouraged	77	9	14
6	Customer may be debited twice in the course of transaction while using ATM, POS and other machine	66	26	8
7	Cash policy is faster than any other means of money transaction	73	17	10
8	Cashless policy should be in place for effective and efficient banking system.	93	0	

Source: Field Survey 2024

INTERPRETATION

From the above table and chart the result shows that 89% of the respondent agrees that cashless policy has led to behavior changes in business where others disagree and some could not decide, 76% of the respondent comments that cashless policy is very safe and secure i.e. it reduces fraud, thefts, risk etc. of various monetary and financial transaction 77% percent of the respondent proffers that the implementation of cash policy should be encourage to prevent fraud and other financial risk.

Cashless policy has led to behavior change in the way business is conducted in Nigeria.		
	Observed N	Expected N
AGREE	22	8.3
UNDECIDED	1	8.3
DISAGREE	2	8.3
Total	25	

Source: Field Survey 2024

Chi square table

Chi-Square	33.680 ^a
Df	2
p-value	.000

Hypothesis Statement

H₀: Cashless policy has no significant effect on the behavior change in the way business is conducted in Nigeria.

H₁: Cashless policy has significant effect on the behavior change in the way business is conducted in Nigeria.

Decision

Since p-value is less than the level of significant 0.05 the null hypothesis (H₀) is rejected.

Conclusion

Cashless policy has significant effect on the behavior change in the way business is conducted in Nigeria cashless policy has played a significant role in changing the behavior and environment of business in Nigeria.

Cashless policy has led to poor network connectivity and communication in Nigeria.		
	Observed N	Expected N
AGREE	8	8.3
UNDECIDED	6	8.3
DISAGREE	11	8.3
Total	25	

Source: Field Survey 2024

Chi-Square	1.520 ^a

Df	2
P-Value.	.468

Hypothesis Statement

H₀: Cashless policy has no significant effect on the poor network connectivity and communication in Nigeria

H₁: Cashless policy has significant effect on the poor network connectivity and communication in Nigeria

Decision

Since p-value is less than the level of significant 0.05 the null hypothesis (H₀) is rejected.

Conclusion

Cashless policy has no significant effect on the poor network connectivity and communication in Nigeria

Infrastructures deficit is not adequate to carry the load of cashless policy in Nigeria		
	Observed N	Expected N
AGREE	11	8.3
UNDECIDED	12	8.3
DISAGREE	2	8.3
Total	25	

Source: Field Survey 2024

Chi Square Value

Chi-Square	7.280 ^a
Df	2
P-value.	.026

Hypothesis Statement

H₀: Cashless policy has no significant effect on the poor network connectivity and communication in Nigeria

H₁: Cashless policy has significant effect on the poor network connectivity and communication in Nigeria

Decision

Since p-value is less than the level of significant 0.05 the null hypothesis (H₀) is rejected.

Conclusion

Cashless policy has no significant effect on the poor network connectivity and communication in Nigeria

Cashless policy is more safe and secure.		
	Observed N	Expected N
AGREE	19	8.3
UNDECIDED	3	8.3

DISAGREE	3	8.3
Total	25	

Source: Field Survey 2024

Chi-Square	20.480 ^a
Df	2
P- value	.000

Hypothesis statement

H₀: Cashless policy has no significant effect on the safety and security of banking system in Nigeria

H₁: Cashless policy has significant effect on the safety and security of banking system in Nigeria

Decision

Since p-value is less than the level of significant 0.05 the null hypothesis (H₀) is rejected.

Conclusion

Cashless policy has significant effect on the safety and security of banking system in Nigeria, cashless policy has played a significant role in fraud reduction in Nigeria banking sector

Cashless policy is a good policy that needs to be encouraged		
	Observed N	Expected N
AGREE	19	8.3
UNDECIDED	1	8.3
DISAGREE	5	8.3
Total	25	

Source: Field Survey 2024

Chi Square Table

Chi-Square	21.440 ^a
Df	2
P- value	.000

Hypothesis statement

H₀: Cashless policy has no significant effect it should not be encouraged in the banking system in Nigeria

H₁: Cashless policy has significant effect it should be encouraged in the banking system in Nigeria

Decision

Since p-value is less than the level of significant 0.05 the null hypothesis (H₀) is rejected.

Conclusion

Cashless policy has significant effect it should be encouraged in the banking system in Nigeria, cashless policy has played a significant role in fraud reduction in Nigeria banking sector

Cash policy is faster than any other means of money transaction		
	Observed N	Expected N
AGREE	19	8.3
UNDECIDED	4	8.3
DISAGREE	2	8.3
Total	25	

Source: Field Survey 2024

Chi-Square	20.720 ^a
Df	2
P-value.	.000

Hypothesis statement

H₀: Cash policy is not faster than any other means of money transaction

H₁: Cash policy is faster than any other means of money transaction

Decision

Since p-value is less than the level of significant 0.05 the null hypothesis (H₀) is rejected.

Conclusion

Cash policy is faster than any other means of money transaction. Cashless policy should be encouraged for increased efficiency and timely banking system.

Cashless policy should be in place for effective and efficient banking system		
	Observed N	Expected N
AGREE	23	12.5
DISAGREE	2	12.5
Total	25	

Source: Field Survey 2024

Chi-Square	17.640 ^b
Df	1

p-value	.000
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Hypothesis statement

H₀: Cash policy if in place will has no significant effect on the effectiveness and efficiency of banking system in Nigeria

H₁: Cash policy if in place will has significant effect on the effectiveness and efficiency of banking system in Nigeria

Decision

Since p-value is less than the level of significant 0.05 the null hypothesis (H₀) is rejected.

Conclusion

Cash policy if in place will has significant effect on the effectiveness and efficiency of banking system in Nigeria

Result and Discussion

According to the result explained by the table and charts above of 100 samples randomly selected the result shows that majority of the respondent are male 61% of the respondent are below age

34, % are between age 24-34 ,2% are between age 35-44 and 3% are age 45 and above, the result also reveals that 70% of the respondent are male while 30% are female, the result also shows that 62% of the respondent are students , 21% of the respondent are civil servant 17%of the respondent are traders.

Chi square analysis of some social demographic factors on the safety and security of cashless policy shows that sex and the occupation of respondent respectively are not dependent of the respondent believe about the safety and security of cashless policy, where age and marital of respondent respectively are not dependent of the respondent believe about the safety and security of cashless policy

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Conclusion

The study, effect of cashless policy on fraud reduction in Nigeria, the study focusses on some major categories such as age, sex etc. More of male are sampled because they are more into business regarding cashless transactions has compared to females .therefore since the percentage of respondent who agrees to the fact that cashless policy ifs fast, safe and secure has compare to all other means of eliminating fraud, and other financial and monetary risk and that the implementation of cashless rule should be encourage in fraud alleviation in Nigeria and that Cashless policy has led to behavior change in the way business is conducted in Nigeria.is higher than those who disagrees or could not even say specifically in their opinion therefor the research conclude based on the mathematical and statistical fact that cash policy is a very important that the government, individual ,organization, business owners etc. should employ to save them from fraud and other financially associated risk. The research therefore recommends the following

5.2 Recommendation

1. Government and CBN should create awareness on the benefits derivable from shifting to cashless banking system in Nigeria,

2. Government and CBN should organize orientation programs on the use and the lacuna or gap that cashless system has filled
3. Cashless policy should be finance and encouraged by every citizen of this country
4. Furthermore, there should be constant training and retraining of banks staff through seminars and conferences to keep them abreast with the modern trend in banking industry (cashless banking), since demand has shifted away from the skills they do have (cash-based banking system)

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APPENDIX

QUESTIONNAIRE

SECTION A

Introduction: this questionnaire was design to access the effect of cashless policy on fraud reduction in Nigeria banking sector.

Instruction: Tick as appropriate (√)

Age: below 25() 25-34 () 35-44 () 45+

Sex: Male () Female ()

Marital status: single () married () divorce () widow/widower ()

Level of education: pry 6 () SSCE () ND/NCE () HND/BSC () Post graduate ()

Occupation: trader () civil servant () student ()

SECTION B

You are expected to mark your choice of statement according to the code below

Agreed [A] Undecided [U] Disagreed [D]

	VARIABLE	A	U	D
1	Cashless policy has led to behavioral change in the way business is conducted in Nigeria.			
2	Cashless policy has led to poor network connectivity and communication in Nigeria.			
3	Infrastructures deficit is not adequate to carry the load of cashless policy in Nigeria			
4	Cashless policy is more safe and secure.			
5	Cashless policy is a good policy that needs to be encouraged			
6	Customer may be debited twice in the course of transaction while using ATM,POS and other machine			
7	Cash policy is faster than any other means of money transaction			
8	Cashless policy should be in place for effective and efficient banking system			