



Cashless Policy and Performance of Banks in Nigeria

Nene Wilson-Amadi, Dr. Steve Nwulu

Department of Banking and Finance, Faculty of Management Sciences,
University of Port Harcourt, Choba

Emeka J. Okereke

Professor, Department of Banking and Finance, Faculty of Management Sciences,
University of Port Harcourt, Choba

ABSTRACT

This study looks into the connection between Nigerian banks' performance and their cashless policy. Checks, credit/debit cards, and NEFT were used as stand-ins, and profitability was used as a performance indicator, in order to analyse the synergy between Nigerian banks' performance and their cashless strategy. The study adopted quasi-experimental research design using cross-sectional research design. The population of this study comprised of 10 selected banks in South-South State, Nigeria. 100 copies of questionnaire distributed to top managers of these selected banks. The Multiple Regression Analysis Statistical tool was used with the aid of Statistical Package for Social Sciences (SPSS version 23.0), discriminant validity (AVE) and Cronbach Alpha verified the internal consistency and validity status and the results were positive. The findings of the study showed that cashless policy substantially related with performance of banks in Nigeria, thus enhancing profitability. Based on the findings, the study, recommends that, Making use of cheques, funds transfers, E –payments and owning/ operating of bank accounts should be encouraged. This will give a further boost to the enrichment of our payment system in Nigeria.

ARTICLE INFO

Article history:

Received 04 May 2023

Received in revised form

04 Jun 2023

Accepted 15 Jul 2023

Keywords: Cashless
Policy, Performance,
Banks.

© 2023 Hosting by Research Parks. All rights reserved.

Introduction

The emergence of the novel coronavirus (COVID-19) that caused a global lockdown and limited physical appearance at various banking halls has increased various online transactions. The deadly virus has shown that the world has evolved into a global village and the banking sector is not left out. Information and digital technology (ICT) has increasingly stirred the expansion of the banking networks and range of the services offered in recent times. The foundation of any nation's economy is its banking system. They play a key role in the financial landscape of the country and are crucial players in the process of growth (Ajayi & Ojo, 2006). In a developing economy such as Nigeria, the circulation of physical money has been reformed through the Central Bank of Nigeria (CBN) to a cashless-based economy. The agency considered this change to be a cashless policy. The term "cashless policy" refers to an economic situation in which payments are made using credit cards, debit cards, or other platforms without physically visiting a bank (Nweke, 2019). Instead, transactions are carried out without the need to transfer cash as a medium of exchange or a means of transaction.

The cashless policy represents the major foundation of the modern market economy. In essence, the payments system serves three key functions: monetary policy, monetary equilibrium, and overall economic growth (CBN, 2011). The CBN's new cashless strategy aims to create a cashless society and economy. As noted by (Ajayi & Ojo, 2006), promoting a secure, practical, and economical payment system is one of the requirements for the growth of the national economy. In this sense, the majority of wealthy nations worldwide are switching from paper to electronic payment methods (Humphrey, 2004). Any economy's financial system is in charge of utilising savings for lucrative ventures and ensuring effective allocation of funds. In this aspect, banks have a long history of being involved. The apex bank conceptualised the policy to transform Nigeria's economy from a cash-based one to a cashless one through electronic means of payment (e-payment), not only to enable Nigeria's monetary system to align with international best practises or discourage movements of large amounts of cash manually, but also to raise the proficiency of Nigeria's payment platforms which will in turn boost the standard of offerings that's provided to the banking public.

An agreed-upon society is regulated to maintain the least amount of cash in circulation, with the remaining transactions being carried out electronically, for example, through the use of direct debit, versatile Automated Teller Machines (ATMs), wireless payments, e-funds transfers, point of sale stations (POSs), and web-based banking (Nweke, 2019). According to Okoye and Ezejiofor (2018), a cashless policy entails the widespread use of several technological innovations in the financial system. Accepting a cashless policy has advantages such as decreasing corruption and the cost of bank services (such as the cost of credit), improving operational efficiency, expanding financial access by offering substitutes that facilitate simple transactions and have a wider reach, and improving the effectiveness of monetary regulation in controlling inflation and promoting economic growth (Atanda & Alimi, 2018). Increased transaction appropriateness, the promotion of online shopping, a decline in the use of counterfeit money, cash theft from individuals, Geld laundering, and the storage of cash by dishonest government employees in their homes are additional assistance (Lamikanra, 2019). But there are risks involved in implementing a cashless system. Since personal data and information will now be stored online, preventing internet hackers and thieves from getting away with theft gets harder over time. A few more drawbacks include the probable rise in cybercrimes, the increased sophistication of scammers' and hackers' tactics, and the theft of ATM, credit, and debit cards (Ovat, 2017). The importance of a safe national cyberspace is thus underlined for the implementation of cashless policies.

Numerous studies have been conducted in this area; a deluge of research works on both the theoretical

and empirical fronts have been carried out. However, in these earlier studies, Akhalumeh and Ohiokha (2012), primary data were analysed using straightforward percentages to address the perceived advantages and drawbacks of the cash-less policy. Additionally, Yaqub et al. (2013), Okey (2012), and Odior and Banuso (2012) all used theoretical approaches rather than numerical information to address the issue. To date, the empirical work of Osazevaru et al. (2014) is one of the attempts that has concentrated on the analysis of secondary data to determine the impact of the cashless economy on banks' income in general, while others, such as (Ejiofor & Rasak, 2012; Mieseigha & Ogbodo, 2013; Emegwu & Emeti, 2015), have primarily focused on the prospect, benefit, problems, and challenges of the discourse with. Since the majority of studies haven't really looked into the nature of causal connections between cashless policies and performance or the effects of those policies on banks in the Nigerian banking sector, this study is being conducted with the goal of adding to the body of knowledge on those empirical fronts. In filling this perceived gap in the empirical literatures, it is intended that this study would help create a body of knowledge on the topic from the standpoint of the Nigerian economy.

1.1 Statement of the Problem

The aim of any economy policies (fiscal or monetary policy) is to improve the purchasing power of every individual and the society at large. Before the overview of cashless policy by the CBN (CBN) in 2012, banking sectors have been characterized with so many issues, ranging from poor handling of physical cash, high usage of cash in doing business which affect the cost of operation, leakages, money laundering and other financial related offence due to high cash usage within our various economic sector. However, the use of cash, in carrying out transactions has remained relatively high in Nigeria. This is due to the poor network connections in the use of Point-Of-Sale and bank transfers which often results in debiting customers' accounts more than once, high transaction charges by banks, as well as security and technical setbacks.

However, these are some of the factors still posing challenges in crossing into a cashless society which has reflected in the banking performance evidenced in their profitability. Furthermore, the adoption of electronic banking which was supposed to ease banking transactions rather resulted to woes to customers. The majority of consumers lament lost time at banks, usually when there is a network outage caused by a linkage issue between the main server and the branches. Aside from that, banks have been introducing ATM cards as payment cards since 2000, but usage has been extremely low due to a lack of interoperability. In light of this, the study set out to look at how Nigerian banks' performance and their cashless policy related to one another.

1.2 Aim and Objectives of the Study

The objective is to empirically study the connection between Nigerian banks' performance and their cashless strategy. Specifically, the objective of the study is to;

- 1) Examine the correlation, if any, between cheques and the profitability of Nigerian banks.
- 2) Analyse the effect of credit/debit cards on the financial performance of Nigerian banks.
- 3) Determine the connection between NEFT and the financial success of Nigerian banks.

2.0 Literature Review

2.1 Theoretical Framework: This study is anchored on the technological acceptance model which was propounded by Fred Davis in 1993. According to the principle of technological acceptance, when people adopt new technology, economies expand. It demonstrates how a user of a suggested technology

accepts and acclimates to a new technology, in essence. He claimed that the level of acceptability of a technology is determined by two beliefs. These notions include perceived applicability and perceived usability. Users' acceptance of new technology is influenced by perceived usefulness, which is based on how effectively it will help them execute their jobs better. The technology needs to be able to produce both a beneficial outcome and a positive performance. Fred Davis defined perceived ease of use as the simplicity with which users are able to employ new technologies. It implies that using the new technology ought to be simple. Nigeria had a sizable cash-based economy prior to the adoption of the policy. The public must have confidence that the policy will be simple to implement, produce positive results, and promote economic growth in order for it to have a greater impact on the general populace. E-Banking products must also be reengineered to make electronic payment effortless which will stir the country toward a cashless economy (Nwankwo & Eze, 2013).

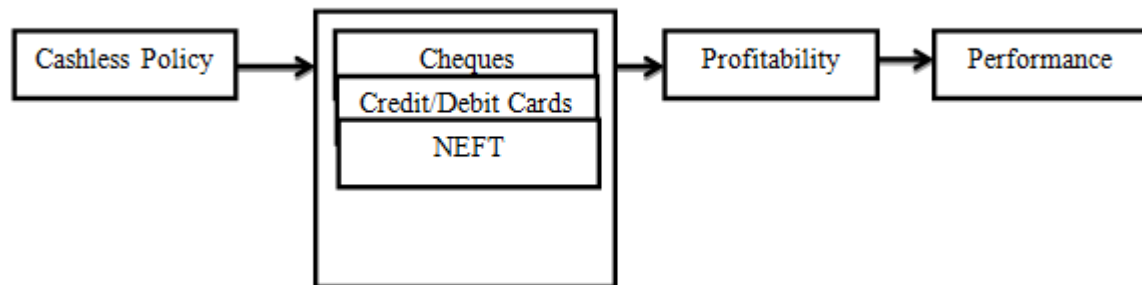


Fig.1: Conceptual framework on cashless policy and performance

Source: Alao (2019); Nwani et al. (2020); Taiwo et al. (2017)

2.2 Concept of Cashless Policy

As a unit of account, a store of value, a medium of exchange, and a method of postponed payment, money serves a variety of functions in economic activity. To reduce the friction and transaction costs associated with mediating exchange, it has developed over the years. According to Adurayemi (2016), the CBN's cashless policy is intended to provide payments via mobile devices, remove long-standing obstacles to financial inclusion for millions of Nigerians, lower costs, and offer practical monetary services for urban, semi-urban, and rural services across the nation. Money will still be used to exchange goods and services in the not-too-distant future, thus being cash-free does not mean that it will completely disappear. Contrary to what the word might imply, a cashless policy refers to one where the bare minimal numbers of cash-based transactions are allowed rather than one where there are no financial transactions at all. It is an economic system where the majority of transactions are not made in exchange for actual money. According to Soyemi et al. (2015), it is not also a system of trade for things like services and commodities (the barter system).

In order to encourage more electronic-based transactions (such as payments for products, services, transfers, etc.), cashless banking refers to a banking system that strives to reduce, not eliminate, the quantity of tangible money (study notes and coins) floating in the economy. It combines two cash-based and e-banking systems, in other words. It marks a transitional stage in the growth of the payment system in the majority of emerging nations. A monetary system of payment systems that consists of three phases and a cashless economy. This basically indicates that nations, especially developing nations, will go through a transition from a "cash-based" economic model to a "cash-less" economic model before reaching the purest form of a "cashless economic" model. The usage of checks, credit

cards, charge cards, or the transfer of funds between bank accounts through mobile banking are all examples of payment methods accepted in a monetary system, according to the Central Bank of Nigeria (CBN), which forbids the use of cash. The monetary system was created with the goal of reducing a variety of detrimental impacts associated with the use of physical currency in the economy, such as the high cost of cash, increased risk associated with using cash, high subsidy, theft, incompetence, and fraud (CBN, 2011). A cash-free economy is an economic framework in which transactions can be carried out without necessarily involving the use of actual money as a medium of exchange, instead opting for the use of debit or credit cards to pay for products and services. The cashless economy policy programme of the CBN (CBN) is a move to develop the financial terrain but in the long-term sustainability of the policy will be a function of adoption and compliance by end-users (Ejiro, 2012).

In addition to the fact that Nigeria only recently adopted the system, the cashless system is a worldwide concern. The term "cashless economy" refers to an economic environment where there are the fewest possible cash-based transactions (Yaqub et al., 2018), rather than an environment where there are no cash transactions at all. A cashless society, in accordance with Adewale (2019), accurately depicts the gradual transition of an economy's entire payment system from the use of tangible funds for all levels of individual, company, governmental, as well as local and international commercial payment activities, to a complex consent of other non-physical cash mode payment in payments of all types of deals in both the public and private sectors of an economy. As stated by Abimbola (2017), it is a financial framework where transactions are not typically made in exchange for actual money. In spite of the need to transition to a society where cash is less dominant in the payment system, supporters of cash money contend that because of illiteracy, physical cash is still the most practical way to settle transactions in developing and underdeveloped countries, with Nigeria being particularly guilty in this regard.

2.3 Performance

The performance of a bank is identified by its attainment of a given task effectively and efficiently beyond the present known standards (Herciu, 2017). The performance of a business entity according to Caroll (2004) is multi-dimensional, that is, it can be identified with level of profitability, market value, growth, returns on shareholder's funds, stability and economic value-added among others. Bank performance involves maximization of profit while minimizing costs (Sbârcea, 2017). Performance refers to the act of carrying out, achieving, and completing the assigned duties and must be evaluated in accordance with predetermined standards for accuracy, cost, completeness, and punctuality. It is a phrase used in finance to describe the financial measurements of a company's policies, operations, and results. It is used to evaluate the performance, compliance, and financial standing of a business. These outcomes are reflected in the company's equity, assets, capital employed, return on investment, and profitability.

Financial success is a way to gauge a company's overall financial health over time. To put it another way, it is a financial strategy used to increase a company's sales, profitability, and value for its shareholders by carefully managing its assets that are both current and non-financing, equity, revenues, and costs. Its fundamental goal is to empower investors and other interested parties to make decisions by giving them accurate, complete information. It can be used to assess related businesses in the same sector or to aggregate sectors for comparison.

2.3.1 Profitability

One of the main motivations for starting a business is to make money. Therefore, the term "profitability" refers to the act of making a profit or the extent to which a venture is lucrative. The basic

aim of all commercial endeavours is profitability. Without profitability, the company won't last very long. A highly lucrative company, on the other hand, can offer its owners a substantial return on their investment. Thus, achieving a satisfactory financial outcome is essential. The organisation must achieve acceptable financial performance; otherwise, its financial situation could worry creditors and shareholders, limit its ability to fund necessary projects, and possibly even jeopardise its very survival. As a result, estimating future profitability and analysing past and present profitability are crucial issues. As a result, profitability is acknowledged as a criterion for organisational effectiveness. Net income, earnings per share, or return on investment is all possible ways to express it. The financial viability can be evaluated using a number of profitability ratios.

Profit before taxes, which is the factor that is projected in this study, is a measure of profitability. Earnings before tax are another name for profit before tax. Profitability, according to the European Central Bank (2012), is a bank's main line of defence against unforeseen losses since it strengthens its capital position and increases potential profits through the deployment of retained earnings. It is important to remember that an institution that consistently loses money will eventually run out of capital, endangering the interests of both stock and debt investors. The metric of a company's profitability called "profit before tax" looks at the earnings made before any taxes are paid. The expense of income tax is not included in the comparison of all of the company's expenses, which also include operating along with interest costs. Profit before tax can be used to compare businesses with different tax obligations and to indicate how much tax a company owes. The income statement's profit before tax is calculated by deducting expenses from revenue.

2.4 Cashless Policy and Performance

Using a four-point Likert scale questionnaire given to 600 respondents, Ewa and Inah (2016) conducted research on "Evaluating Nigeria Cashless Policy Implementation using Simple Percentages and Relative Important Index (R.I.I)". The study's findings indicate that the two policy goals under investigation were partially met. The study also shows that communal facilities in the areas of power and telecoms need to be improved and expanded, and that there is a need to raise awareness in order to persuade the unbanked to adopt banking culture. The effects of e-banking and a cashless society on the Nigerian economy were evaluated by Umanhonlen et al. (2015). Using the banking industry of the Nigerian economy as its focal point, the study investigates various facets of e-banking and the cashless economy. In light of the fact that Nigerian banks, which operate in a cash-based economy, are renowned for their enormous profits despite the high operational costs connected with them, Osazevaru et al. (2014) evaluated the effect of monetary system on the profitability of Nigerian banks. In their study, Taiwo et al. (2017) evaluated the cashless policy's execution since it was introduced into the Nigerian financial system in 2012 as well as looked at the ongoing difficulties it has encountered. In view of the above-stated objective, primary data were collected with the aid of the questionnaire, which was randomly administered to 120 respondents ranging from First Bank, Zenith Bank and United Bank for Africa.

In 2013, Omotunde et al. looked at the effects of Nigeria's cashless policy. The questionnaire was used as the data collection tool in survey research. According to the respondents' responses, a cashless policy will boost employment, decrease cash-related robberies, which lowers the risk associated with carrying cash, minimise cash-related corruption, and bring in more foreign investment. Ezuwore-Obodoekwe et al. (2014) critically analyzed Cashless Banking Policy in Nigeria. Using survey design, they found that Cashless policy has affected deposits taking, cash withdrawals, money transfers, loan administration; the provision of banking services in several ways, these include quick data processing and retrieval of

information increased customers' satisfaction, quick customer service delivery and production of accurate and reliable information, faster access to capital, reduced revenue leakage and reduced cash handling costs. The advantages and difficulties of Nigeria's monetary system were analysed by Osazevaru and Yomere (2015). Secondary data were gathered and subjected to content analysis in order to address the problem. The study discovered that banks made more money in cashless settings than in cash-based ones. Itah and Ene (2014) assessed the effect of cashless banking on Nigerian banks' profitability. A cashless banking proxy, such as an Automated Teller Machine (ATM), a point of sale (POS), or a web-based transaction (WBT), was used in the study to examine the effect of cashless banking on the aggregate return on equity (ROE) of deposit currency banks in Nigeria using the OLS (ordinary least squares) multivariate regression method of analysis.

2.4.1 Cheques and Performance

Worldwide, the use of paper cash still remains the most widely used and acceptable means of settling financial transactions and obligations. However, the proportion of cash transactions is increasingly on the decline, especially in advanced economies (Amedu, 2018). Cheques are a type of paper-based payment instrument whose applications are continually expanding. The goal of the automation for this instrument is to shorten the clearing period and enhance security during settlement and collection. For instance, the CBN in Nigeria has just begun online clearing, and Nigeria has expressed interest and signed up to this programme (Johnson, 2005). With cashless policy an individual can withdraw and deposit cash up to the maximum of N500,000, while a corporate body can transact up to N3m business daily in the bank. This is an increase from the previous limit of N150,000 and N1m respectively. The processing fees or penalties for withdrawing above limit for individual and corporate bodies have also been reduced from 10% to 3% and from 20% to 5% respectively (CBN, 2012)

To make Nigeria truly a cashless society, the CBN introduced Cheque Truncation Policy at Lagos Clearing House on August 10, 2012. The physical presentation of checks is eliminated, and the cash operations and settling period are cut from four to three days. This is accomplished by converting physical checks into electronic form. With the implementation of this policy, special conditions for passing checks, such as those pertaining to corporate seals, cheque imbursement, and other similar requirements, will no longer be necessary (Galbraith & Tkacz, 2015). What is only required is for the account holders to forward cheque confirmation letters to their banks and ensure that accounts are funded before issuing cheques to third parties. There is no doubt that the current trend in the cheque payments system is intended to drive strong expansion and growth in the payments system. The check payment system is regarded as a substantial subset of the payment mechanism in this perspective. To reduce the amount of cash used in company transactions, it is important to consider the relevance of cheque payments. A limit is imposed on cheque payments in accordance with this goal and in addition to the usage of electronic-based transactions. Cheque payments were regarded as an upgraded and superior alternative to cash transactions prior to the introduction of electronic banking. For instance, a trader could previously pay for products and services with "a caravan load" of cash, assuming all associated risks. As a result, the employment of checks to complete such transactions was the only option that would reduce these risks. Consequently, this hypothesis is raised:

Ho₁: Cheques does not substantially relate with banks lucrateness in Nigeria.

2.4.2 Credit/Debit Cards and Performance

According to Carow and Staten (2000), credit/debit cards are actual plastic cards that are used to do transactions on the internet, at ATMs, and point-of-sale (POS) terminals. They uniquely identify the

cardholder. Visa and MasterCard fall under this category; whereas credit cards can be used to evaluate both domestic and foreign networks, debit cards allow rapid payment confirmation and are linked to regional bank accounts. Since most nations accept credit cards, in addition to local lines, there are frequently global trust schemes (like visa and master card) that provide their fundamental infrastructures and guidelines for operation. Cards with integrated circuits that can process data and be used to conduct financial transactions are known as credit/debit cards (Sunday, 2018). Debit cards are used to pay for purchases, and money is taken immediately out of the customer's account when this happens. This is how debit cards vary from credit cards. The use of a credit card, on the other hand, is based on borrowing (Ezuwore-Obodoekwe et al., 2014). Master, Verve, and Visa cards are the most frequently used credit cards in Nigeria. Given the limited number of PoS terminals currently in use, debit cards—also known as ATM cards—are Nigeria's most popular cards. They are used for more than just POS transactions.

To lessen or completely do away with the issues associated with carrying currency, the smart card was launched into the Nigerian market (Amedu, 2015). It is carried around like a credit card and electronically loaded with cash value. A microchip inside keeps the information. The microchip has an electronic "purse" in which money is stored (Osazevbaru et al., 2014). Additionally, it includes security programmes that safeguard card user-to-card user transactions. In the same way that cash can be transferred directly from one person to another without the need for banks or other third parties, it can also be used to pay for merchandise and services at retailers, merchants, or other establishments. The structure does not need central clearing either. It gains value right away. Additionally, the system permits the transfer of one value to another; as a result, it functions like cash (Itah & Ene, 2014). The usage of credit and debit cards, among other non-cash payment methods, regulates the use of cash in payments in the current economic climate. The card companies like MasterCard, Verve, and Visa, who supply their payment network for the system's use (Ejoh et al., 2014), are the first sources of the card-based payment system. The second groups of sources are the banks, which serve as cardholder issuers and acquirers, respectively, and have an impact on the credit card billing services provided to the final consumers. Consequently, this hypothesis is raised:

Ho₂: Credit/Debit cards does not substantially relate with banks lucrativeness in Nigeria.

NIBSS Electronic Funds Transfer (NEFT) and Performance

A payment to a third-party bank may be made via the NIBSS Electronic Fund Transfer (NEFT), which is an irreversible digital money transfer instruction (Nwani et al., 2020). In 2004, it was first made available in Nigeria. According to Nwani et al. (2020), NIBSS is a payment and settlement company that was established to offer banking industry clients transactions switching, settlement services, e-payments and payment aggregation. The processing of NEFT occurs during planned batch settlement sessions on NIBSS ACH and is typically used for high volume payments like salaries and vendor payments. Although NEFT transactions are not made in real-time, beneficiaries still receive the value of transactions made before settlement events (Osazevbaru & Yomere, 2015).

One of the available payment methods is (i) NEFT credit transfer (single products). (a) Automated direct credits for bulk clearing (c) Bulk processing. Since the payer's bank will generally refuse the instruction if there aren't enough funds to cover the amount being paid instruction, NEFT credit transfers are irreversible fund transfer orders that help to minimise the hassle of returned checks in the transaction. Bulk clearing- allows corporations or organizations to present numerous direct credit or direct debit instruments, through clearing banks to the automated clearing period (Omotunde et al., 2013).

Payments that can be made through Bulk clearing- Automated direct credits are payment of staff salaries, payment of pensions, payments of sundry benefits to several individuals' e.g shareholders dividends, payment of inter-bank standing orders by banks, and contractor payments (Taiwo et al., 2017). The payment of rates for insurance, the settlement of utility bills (such as those for water, electricity, and telephone service), and subscription collections are all transactions that can be carried out through bulk clearing-automated direct debits. Prior to transferring money using NEFT, sign in to your bank's online banking system with your ID and password. Next, select Add Beneficiary (Recipient's Bank) under the Fund Transfer tab. Enter the beneficiary's account number after choosing the beneficiary type, for instance, "transfer to another bank." the "Send" button. In order to make sure that the money is set aside, the bank first debits your account. Your bank then sends an electronic file containing your instructions (together with those of other clients) to NIBSS for further processing (Muotolu & Nwadiolor, 2019). Beneficiaries receive same-day value for NEFT activities posted before the settlement procedures even though they are not real-time. Consequently, this hypothesis is raised:

Ho₃: NEFT does not substantially relate with banks lucrativeness in Nigeria.

2.5 Empirical Review

The Nigerian payment system and the cashless strategy were researched by Nwani et al. in 2020. The influence of the cashless policy on the Nigerian payment system is assessed in this study using paired data samples collected between 2007 and 2017. Additionally, it was discovered that more people are using ATMs to facilitate financial transactions.

In Rivers State, Nigeria's Ogoni Land, Humphrey (2017) conducted research on the impact of a zero-cash system on small businesses. Examining the effects of a zero-cash system on small enterprises is the goal of this study. 250 small company owners and operators were chosen for the study that was approved in Ogoni, Rivers state, and a questionnaire was completed by them. SPSS was utilised to test the framed hypotheses while regression analysis was performed to code and analyse the acquired data utilising frequency tables and percentages. The findings showed a positive correlation between cashless policies and performance.

In a research of financial institutions in Ogun State, Nigeria, Alao (2019) looked into their cashless system and customers' happiness. It used a survey design. Descriptive statistics were used to compile the data from a well-designed questionnaire, and correlation coefficients were used to assess the study's hypotheses. According to the study's findings, Ogun State's cashless policy considerably increased consumer satisfaction.

In their empirical investigation of the effects of wireless banking on service delivery in Nigerian Commercial Banks, Ayo et al. (2019) used a questionnaire to get their conclusions. According to their findings, mobile banking improves banks' ability to supply services in terms of transactional suitability, time savings, timely transaction alerts, and cost savings, all of which have restored customers' affiliations and happiness.

Singh (2015) looked into the advantages and difficulties of Nigeria's cashless policy. The study discovered that banks made more money when there was no cash present than when preparation was done with cash. The banking industry so greatly profits from the cash-less regime. It is advised that the necessary infrastructures and legal backing be offered to make it possible for the policy to be implemented religiously.

Jatau and Dung (2016) in their paper titled the CBN's cashless policy: a main panacea for removing corruption and attractive sustainable development in Nigeria aimed at unveiling how electronic payment which is the constituent of the cashless policy can be instrumental in removing corruption in Plateau State and Nigeria at large, hence, attractive supportable development.

The main advantages and key components of a cashless policy were analysed by Okoye and Ezejiolor (2018), as well as how much it can advance the development of financial stability in the nation. The study used a convenience sampling strategy to reach a sample size of 68 questionnaires and utilised a descriptive research design. The data collected was subjected to face validity test, and was tested with ANOVA and chi - square (χ^2) technique and the results designate that: a wide range of Nigerians are already aware of the idea and concur that it will assist combat corruption and money laundering while lowering the risk associated with carrying cash. Cyber-fraud and illiteracy are two major issues that are expected to hinder the policy's execution.

3.0 Materials and Methods

Research design: The quasi-experimental using cross-sectional research design was adopted for the study. The choice of the research design is due to the fact that the study generated data based on cashless policy and performance of banks who perform transactions on the internet.

Population of the Study: The population was drawn from the banks' top management staff in South-South States. Ten (10) banks are selected conveniently for this study and these banks are: 1) Access Bank Plc, 2) Sterling Bank Plc, 3) Fidelity Bank Plc, 4) First City Monument Bank Plc, 5) First Bank of Nigeria Limited, 6) Guaranty Trust Bank Plc, 7) Polaris Bank, 8) Union Bank of Nigeria Plc, 9) United Bank for Africa Plc and 10) Zenith Bank Plc (CBN, 6 June 2021).

Sample Size and Sampling Technique: Ten (10) top managers of banks were drawn to summed up study elements/participants. A convenience sampling technique was adopted to generate primary data using a well-structured questionnaire. A total of 100 copies of questionnaires were distributed to each State head branch of these selected banks in South-South States in Nigeria.

Data Analysis Techniques: This study employed the use of frequency and percentages, pie and bar chart for demographic data, multiple regression was used in testing the hypotheses.

4.0 Results and Discussion

Demographic Profile of Respondents: Respondents' demographic profile revealed the following: gender- 47(47%) were male while 53(53%) were female; age of the respondents- 7(7%), were within 18–25 years, 20(20%) were within 26–35 years, 42(42%) were within 36–45 years, while 31(31%) were within 46 years and above; marital status of the respondents-21(21%) were single, 72(72%) were married, 5(5%) were divorces and 2(2%) were widowed; respondents' level of education: O'level (0(0%)), OND/NCE (5(5%)), B.Sc/HND (66(66%)), M.Sc/MBA (23(23%)) and Ph.D (6(6%)).

The questionnaire was subjected to a validity and reliability analysis. For the validity tests, the statement items were tested for discriminant validity (average variance extracted: AVE) based on 0.50 threshold. On the other hand, Reliability measures consistency and stability of instrument over time. In order to determine the consistency and stability of instrument, this study ensured a test-retest technique was implemented using the Cronbach Alpha Reliability co-efficient.

Table 1: Properties of the Cashless Policy and Performance Instruments.

Constructs/indicators	Standardized loading(λ)	λ^2	AVE	CR	Cronbach Alpha
Cheques			0.64	0.89	0.802
C1	0.895	0.801			
C2	0.775	0.601			
C3	0.717	0.514			
C4	0.801	0.642			
Credit/Debit Cards			0.63	0.87	0.889
CDC1	0.912	0.832			
CDC2	0.813	0.661			
CDC3	0.727	0.529			
CDC4	0.719	0.517			
NEFT			0.74	0.92	0.811
N1					
N2	0.878	0.771			
N3	0.797	0.635			
N4	0.897	0.805			
	0.867	0.752			
Profitability			0.78	0.94	0.799
P1	0.887	0.787			
P2	0.883	0.780			
P3	0.858	0.736			
P4	0.910	0.828			

Evidence on the outputs from the factor analysis as shown in Table 1 present the standardized factor loading values of all items were above the value of 0.50. Additionally, composite reliability (CR) and average variance extracted (AVE) were computed using the standardized factor loadings. All these values were above the threshold value of 0.70. Moreover, the AVE value was calculated for each variable. The AVE values were above 0.50, which was acceptable. It is also expected that CR is higher than AVE outputs. Also the calculated AVE and composite reliability as well as SPSS output of Cronbach's Alphas for the sixteen (16) statement items demonstrated a high level of reliability on the constructs of cashless policy and performance. All items loadings were above 0.70.

4.1 Hypotheses Testing

Table 2: Regression Analysis showing the affiliation between Cheques, Credit/Debit Cards, NEFT and Profitability

	R	R Square	Adjusted R Square	F	Unstandardized Coefficients (Beta)	T	Sig.	VIF
	.742 ^a	.551	.653	63.318			.000	.532
Constant					4.055	-1.136		
Cheques					.841	2.104	.000	

Credit/Debit Cards					.722	2.713	.000	
NEFT					.612	1.009	.000	

Dependent Variable: Profitability

Source: Data Output from SPSS (2023)

Regression line

$Y = a + bX_1 + bX_2 + bX_3$: Where:

Profitability = 4.055 + [(0.841Cheques) + (0.722Credit/Debit Cards) + (0.612NEFT)]

$R = 0.742$; $R^2 = 0.551$; $F_3, 100 = 63.318$; $P\text{-value} = 0.000$

The results above indicated $R = 0.742$, $R^2 = 0.551$ which is equal to 55.1% and this is the explanatory power of the model as it is used. It means that only 55.1% variation can be explained by factors within the model used for the study and the remaining 44.9% can only be explained by other external quantitative and qualitative factors of the model used for the study. The f-ratio ($F_3, 100 = 63.318$) showed substantial effects in existence and this revealed the appropriateness of the model used for the study. For beta coefficient, cheques had the highest contribution value of 0.841 at 0.000 probability value, meaning it is positively substantial, credit/debit cards came second with 0.722 contribution value at p-value of 0.000, meaning it is positively substantial while NEFT came third with 0.612 contribution value at p-value of 0.000, meaning it is positively substantial. Also, the $p\text{-value} < 0.05$ for the three dimensions of predictor as showed in table 2. These results means that the null hypotheses (H_{01} , H_{02} and H_{03}) were rejected as regard the profitability.

4.2 Discussion of Findings

Affirmative rapport between Cheques and Performance

The purpose of hypothesis one was to investigate the major impact that checks had on the financial success of Nigerian banks. When the potential impact of checks on profitability was evaluated, the findings showed that checks positively impacted the profitability of Nigerian banks. This outcome could have a number of interpretations. The empirical result agrees very well with Osazevbaru et al. (2014), Itah and Ene (2014) and Osazevbaru and Yomere (2015). The financial performance of banks was shown to decline when bank size was used as a control variable; therefore, there is no association between the cashless policy and bank size that could have a favourable impact on the financial performance of banks in the Nigerian banking system. It has been discovered over time that increasing bank size does not improve bank performance, necessitating additional consolidation in Nigeria (Igbinosa & Ogbeide, 2016).

Constructive liaison between Credit/Debit Cards and Performance

Credit/debit cards was statistically tested against the measure of accomplishment of banks in Nigeria. Earlier, we hypothesized of the existence of no affiliation between credit/debit cards and banks lucriveness in Nigeria. However, the present findings indicate the tendency of credit/debit cards to positively influence lucriveness of banks in Nigeria in terms of profitability. The role of effective credit/debit cards has overtime, been recognized by several authors as a strategic tool that enhances profitability. Our finding is in accordance with the positions of Nwani et al. (2020) who revealed that electronic cards positively and substantially relate accomplishment of banks. Humphrey (2017) results revealed that cashless policy using credit/debit cards positively correlates with accomplishment.

Optimistic affiliation between NEFT and Performance

NEFT was statistically tested against the measure of accomplishment of banks in Nigeria. Earlier, we hypothesized of the existence of no affiliation between NEFT and banks lucrateness in Nigeria. However, the present findings indicate the tendency of NEFT to positively influence banks lucrateness in Nigeria in terms of profitability. Over time, a number of authors have acknowledged the value of effective NEFT as a tactical tool that boosts profitability. Our findings are consistent with those of Okoye and Ezejiofor (2018), whose research showed that NEFT affects banks' success. Cashless policies will negatively effect small businesses and could cause them to fail, according to Elechi and Rufus' (2016) research. According to Taiwo et al. (2016), the current transition to a cashless economy poses several questions and there is little evidence to support its implementation. Akintayo et al. (2020) findings revealed that there is a substantial affiliation between cashless policy and Organizational Accomplishment.

5.0 Conclusions

The findings outcome on the dimensions of cashless policy, namely cheques, credit/debit cards and NEFT all contribute substantially towards achieving accomplishment of banks in Nigeria. In light of this, the study therefore concludes that:

- ii) Cashless policy initiated by banks in Nigeria affects accomplishment through profitability.
- iii) Cheques substantially influence banks lucrateness in Nigeria positively.
- iv) Credit/Debit cards positively correlates with banks lucrateness in Nigeria.
- v) NEFT positively correlates with banks lucrateness in Nigeria.

5.1 Recommendations

Based on the findings of the study, we put forward the following recommendations:

- 1) Management of banks should pay more attention on the activities that will improve the electronic cards services of their banks if they wish to increase the profitability of their banks as this will lead to high customer's satisfaction and patronage.
- 2) When planning to improve their profitability, management of banks should not just focus on cheques transactions but on other activities that would enhance profitability.
- 3) Management of banks while considering the enhancement of the profitability should not depend on NEFT though it is important for the general accomplishment of the bank.
- 4) Management in attempting to improve the profitability should not base its decision on the NEFT though it is still necessary for customers' convenience and satisfaction.
- 5) Making use of cheques, funds transfers, E –payments and owning/ operating of bank accounts should be encouraged. This will give a further boost to the enrichment of our payment system in Nigeria.

References

1. Abimbola, A. (2017). The imperative of a cashless society. *Journal of Business, Commerce and Management*, 3(2), 41-48.

2. Adewale, A.A. (2019). *Evaluating the systemic transition to a cashless economy in Nigeria*. Social Science Research Network. Social Science Electronic Publishing.
3. Adurayemi, A. C. (2016). cashless policy and its effect on the Nigerian economy, *European Journal of Business, Economics and Accountancy*, 4(2), Progressive Academic Publishing, UK. www.idpublications.org
4. Ajayi, M. (2006). Banking sector reforms and banking consolidation: conceptual framework, *Bullion*, 29(2), 60-74
5. Ajayi, S. I., & Ojo, O. O. (2016). *Money and banking: Analysis and policy in the Nigerian context*. Daily Graphics.
6. Akhalumeh. P. B. & Ohiokha, F. (2012). Nigeria's cashless economy: The imperatives, *International Journal of Management and Business Studies*, 2(2), 31-36
7. Akintayo D. I., Shadare, O. A., Ayantunji, I. O. & Olaniyan, T. S. (2020). *Impact of cashless policy on organizational performance in national control center Osogbo, Osun State, Nigeria*.
8. Alao, A. P (2019). Definition of customer satisfaction, academy of marketing science review, *Journal of Economics and Sustainable Development*, 3(14), 67-73.
9. Amedu, U. M. (2018). Domestic electronic payment in Nigeria: The challenges. *CBN bullion*, 2(10), 17-19.
10. Atanda, A. A., & Alimi, O. Y. (2018). *Anatomy of cashless banking in Nigeria*. Centre for Management, Development & Policy Modelling (CMDPM), 1-20.
11. Ayo, C. K., Adewoye, J. O., & Oni A. A (2019). The state of e-banking implementation in Nigeria: A post-consolidation review. *Journal of Emerging Trends in Economics and Management Sciences (JETEMS)*, 1(1), 37-45.
12. Carow, K. A. & Staten, M. E. (2000). *Plastic choices: Consumer usage of bank cards Vs proprietary credit cards*. a Working Study.
13. Carroll, A. B. (2004). Managing ethically with global stakeholders: A present and future challenge, *The Academy of Management Executive*, 18(2), 114-120
14. CBN, (2011). *Guidelines on Point of Sales (POS) card acceptance services*, retrieved from www.cenbank.org
15. CBN, (2011). *New cash policy*, retrieved from www.cenbank.org
16. CBN, (2012). *Toward a cashless Nigeria: Tool and strategies*, retrieved from www.ncs.org.ng/wpcontent/uploads/2012/08/cashless2012-4.pdf
17. Ejiro, O. (2012). What Nigerians think of the cashless economy policy. *Nigerian Journal of Economy*, 4(6), 97-102.
18. Ejoh, N. O., Adebisi, A. W. & Okpa, I. B. (2017). Information and communication technology- an indispensable tool for the implementation of cash-less policy in Nigeria. *International Journal of Economics, Commerce and Management*, 11(10), 1-18.
19. Elechi, A. C. & Rufus, A. (2016). Cashless policy in Nigeria and its socio-economic impacts, *Public Policy and administration Research*, 6(10). www.iiste.org

20. Emegwu, C. & Emeti, E. (2015). Integrating cashless economic policy in Nigeria: Challenges and prospects. *International Journal of Business and Behavioural Sciences*, 3(5), 18–32.
21. Ewa, K.E & Inah, E. U. (2016). Evaluating Nigeria cashless policy implementation. *International Journal of Business and Social Research*, 6(5).
22. Ezuwore- Obodoekwe, C. N., Eyisi, A.S, Emengini, S.E. & Alio, F. C. (2014). A critical analysis of cashless banking policy in Nigeria. *IOSR Journal of Business and Management*, 16(5), 30-42.
23. Galbraith, J. W. & Tkacz, G. (2015). *Now casting GDP with electronic payments data*. European Central Bank. Statistics papers series. No.10/August.
24. Herciu, M. (2017). Drivers of firm performance: exploring quantitative and qualitative approaches, *Studies in Business and Economics*, 12(1), 79-84
25. Humphrey, D. B. (2004). Replacement of cash by cards in U.S. consumer payments, *Journal of Economics and Business*, 56, 211–225.
26. Humphrey, D. B. (2017). Replacement of cash by cards in U.S. consumer payments, *Journal of Economics and Business*, 8(56), 211–225.
27. Igbinosa, S. O. & Ogbeide, S.O. (2016). Banking sector development and performance of the Nigerian economy. *International Journal of Management Science Research*, 1(1), 1-12.
28. Jatau, V. S. & Dung, K. L. (2014). The CBN's cashless policy: A major panacea for eliminating corruption and enhancing sustainable development in Nigeria, *African Research Review, An International Multidisciplinary Journal, Ethiopia*, 8(4), 35-49
29. Lamikanra, B. (2019). Managing the transition to a cashless economy in Nigeria: The challenges and strategies. *Journal of Accounting and Management*, 15(2), 20-31.
30. Muotolu, P. C., Nwadiakor, E. O. (2019). Cashless policy and financial performance of deposit money banks in Nigeria. *International Journal of Trend in Scientific Research and Development (IJTSRD)*, 3(4), 465-476,
31. Nwani, J. J., Nwaimo, C. E., Kanu, S. I. & Chinonso, K. E. (2020). Cashless policy and the Nigerian payment system. *International Journal of Innovation and Economic Development*, 5(6), 7-29
32. Nwankwo, O. & Eze, O. R. (2018). Electronic payment in cashless economy of Nigeria: problems and prospect. *Journal of Management Research*, 5(1), 138- 151.
33. Nweke, F. (2019). *The vision of cash-less economy*. Delivered at the J-K Gadzama & Partners LLP 2019 Annual Public Lecture.
34. Nweze, C. (2015). *Electronic banking: Little gains, more pains*. *Nigerian Journal of Computing & ICT*, 5(5), 149-152.
35. Odior, S. E. & Banuso, B. F. (2012). Cashless banking in Nigeria: Challenges, benefits and policy implication, *European Scientific Journal*, 8(12), retrieved from <http://www.eurjonline.org/index.php/esj/article/view/192>
36. Okey, O. O. (2012). The CBN's cashless policy in Nigeria: Benefits and challenges, *Journal of Economics and Sustainable Development*, 3(14), 128-133.

37. Okoye, P. V. C., & Ezejiolor, R. (2018). An appraisal of cashless economy policy in development of Nigerian economy. *Research Journal of Finance and Accounting*, 4(7), 237-252.
38. Omotunde, M., Sunday, T. & John-Dewole, A.T. (2013). Impact of cashless economy in Nigeria. *Greener Journal of Internet, Information and Communication Systems*, 1(2), 40-43.
39. Osazevbaru, H. O & Yomere, G. O. (2015). Benefits and challenges of Nigeria's cash-less policy. *Kuwait Chapter of Arabian Journal of Business and Management Review*, 4(9), 1-10
40. Osazevbaru, H.O., Sakpaide, E. J. & Ibubune. R.O. (2014). Cashless policy and banks' profitability in Nigeria. *European Journal of Accounting, Auditing and Finance Research*, 2(10), 1-12
41. Ovat, O. O. (2017). The CBN's cashless policy in Nigeria: Benefits and challenges. *Journal of Economics and Sustainable Development*, 3(14), 128-133.
42. Sbârcea, L. R., (2017). Credit risk versus performance in the Romanian banking sector, *Studies in Business and Economics*, 12(3), 171-180
43. Singh, A. M. (2016). *The effectiveness of internet marketing: A management and consumer perspective*. Unpublished doctoral thesis, University of Durban-Westville, Durban, 2016.
44. Sunday, O. (2018). Facing the home truth of cashless policy, IT & Telecom digest. *International Journal of Economics, Business and Management*, 2(7), 11-19.
45. Taiwo, J.N., Ayo, K. O., Afieroho, E. & Agwu, M. (2017). *Appraisal of cashless policy on the Nigerian financial system*, Department of Banking & Finance, Covenant University, Ota.
46. Umanhonlen, Umanhonlen, & Omoruyi (2015). Appraisal of the Impact of e-banking and cashless society in the Nigerian economy. *Management and Economics Research Journal*, 1(3), 34-45
47. Yaqub, J.O., Bello, H. T., Adenuga, I. A. & Ogundeji, M. O. (2013). The Cashless policy in Nigeria: Prospect and challenges. *International Journal of Humanities and Social Science*, 3(3), 200-212.