

## Impact of Cashless Banking System of Payment on Entrepreneurial Activities in Anambra State

♣Onyeagba, Justus B. C. *Ph.D* and ♠Ilokanulo N. Samuel

♣Federal Polytechnic, Oko,  
♠Abuja Investments Company Ltd

### Abstract

Before the emergence of modern banking system, banking operation was manually done which lead to a slowdown in settlement of transactions, which massively affected entrepreneurial activities. This manual system involves posting transactions from one ledger to another with human hands. The new policy by Central Bank of Nigeria (CBN) on cashless system of payment has raised a lot of concern to the growth of entrepreneurial activities in Anambra State, with the objective of reducing robbery, high cost of processing cash, revenue leakages, inefficient treasury management, promoting economic development through financial intermediation, among others. The aim of this paper is to ascertain the extent to which proposed introduction of cashless banking system of payment will affect entrepreneurial activities in Anambra State. Qualitative research design and correlation was used to carry out this study. The study indicates that there is significant positive relationship between the introduction of cashless banking system of payment and entrepreneurial activities in Anambra State. The implication of these to the economy of Anambra State is that, it will lead to significant decrease in deposit mobilization and credit extension by Nigerian deposit money banks. Consequently, the study concluded that cashless system of payment will be examined and develop the e-payment system first, so that people will be used to it before talking of cashless economy. This is because; bulk of the Anambra State business activities is driven by Small and Medium Enterprises (SME) and petty traders. To retain this proposed policy of cashless economy in Nigeria, we recommend that the migration of our payments system towards a cashless society would require some reforms and a lot of effort and sensitization especially for low income group, who are currently deeply rooted in using cash and see it as a convenient and easy way of receiving and making payments.

**Keywords:** Cashless Economy, Electronic Payment, economy, revenue leakages, PoS terminal, robbery.

Corresponding Author: [jbconyeagba@gmail.com](mailto:jbconyeagba@gmail.com)

## **Introduction**

Before the emergence of modern banking system, banking operation was manually done which lead to a slowdown in settlement of transactions. This manual system involves posting transactions from one ledger to another which human handles. Figures or counting of money which should be done through computers or electronic machine were computed and counted manually which were not 100% accurate thereby resulting to human errors. Most bank then used only one computer in carrying out transactions which ameliorate the sluggish nature of banking transaction.

David (2012) states that Nigeria did not embrace electronic banking early enough compared to developed countries. Nigeria adopted electronic banking system in the early 2000s. During the introduction of electronic banking system, the use of raw cash was said to have bred corruption through the “cash and carry syndrome” usually linked with the swift movement of “Ghana-must go” bags by some politicians. Such bags as some analyst say, are a major source of corrupt practices as dubious persons seek to bribe their way to avoid been checked in some sensitive areas or places in a corrupt society.

Since electronic banking started in all Nigeria banks, it has been a problem to some civil servants; it shows that some staff in establishments such as the national boundary commission for instance, is yet to receive their salaries for the previous months as efforts to electrically transfer salaries into their account have failed (Ibrahim, 2009).

James, (2009) opine that “we should not destroy electronic-banking by looking at the negative aspects; we must strive towards perfecting it”. He also says that the volume of data generated by the Government ministry, Agencies is much making it a bit difficult for banks to cope. Mathew, (2009) a worker says in his report to vanguard annual report on banks and cards that government should have done its home work “very well” before introducing the system, “they plugged us into a system they were not prepared for and the result is untold hardship visited on innocent people”.

The payments system plays a very crucial role in any economy, being the channel through which financial resources flow from one segment of the economy to the other. It, therefore, represents the major foundation of the modern market economy. Essentially, there are three

pivotal roles for the payments system namely; the Monetary Policy role, the financial stability role and the overall economic role (CBN, 2011).

According to David (2012), during the course of the past ten years the Central Bank of Nigeria (CBN), in collaboration with the Bankers Committee, launched the first major initiative to modernize the payments system. The starting point was to automate the cheque clearing system and making it a veritable platform for development of electronic payment channels. Hitherto cheques processing and computations of the net settlement position of banks were done manually. The implementation of the new procedures and rules based on MICR technology revolutionized the cheque clearing system. Consequently, a Centralized Automated Clearing process was established in Lagos clearing zone, whereby with MICR Reader Sorters, necessary information on cheques are captured, built into clearing files and electronically transmitted to the clearing house, from where the net settlement position of participating banks are automatically computed and also electronically transmitted to the Central bank for final settlement. The clearing cycle was subsequently reduced from 5 days to 3 days for local instruments and from 9 days to six days in respect of up-country instruments (CBN, 2011).

The Nigerian cashless system of payment has been evolving in line with the global payments evolution. Cashless system of payments and instruments are significant contributors to the broader effectiveness and stability of the financial system. Innovations in technology and business models have implications for the efficiency and safety of cashless system of payments. New technology and new participants in the cashless system payments, for example non-bank providers will support the wider financial inclusion agenda.

The nation's quest of migrating from cash to cashless economy has been on the front burner. Analysts have posited that to meet the target of becoming one of the leading world economies by the year 2020, efforts must be made to embrace electronic payment system in its entirety. It was in this consciousness that the Central Bank of Nigeria (CBN), the apex regulatory body of the banking sector, came up with a reform policy to check the increasing dominance of cash in the banking sector in order to enhance e-payment system in the economic landscape.

### **Problem of the Study**

Adoption of electronic banking which supposed to ease banking transactions rather resulted to woes to entrepreneurs. Most people complain of time wasted in banks. This occurs when

there is power failure in banks resulting to slow down in operation. The problem of Cashless system of payment on entrepreneurial activities within the economic growth of Anambra State could be described as how will Anambra State illiterate entrepreneurs make use of ATM since the bank will lodge huge amount of money into ATM and the illiterate entrepreneurs are used to making withdrawals on teller/counter with their cheque book.

How will the average entrepreneur in Nnewi Market or Main Market, Onitsha, who deals in millions of cash every day, cope with the policy when he has to make huge cash available to respond to quick businesses? How will the illiterate cattle entrepreneur in the market buy and sell his cow with the new policy as a cow costs more than the limit set by the Central Bank of Nigeria (CBN)

### **Research Hypotheses**

In order to achieve the aim of this research, hypotheses were formulated in null form. They are as follows:

1.  $H_0$ : There is no significant relationship between the introduction of cashless banking system of payment and entrepreneurial activities in Anambra State.
2.  $H_0$ : There is no significant relationship between ATM usage and business activities in Anambra State.

### **Objectives of the Study**

The study is challenged to ascertain the level of impact cashless system of payment on the entrepreneurial activities in Anambra State. In the light of the above mentioned issues, this study aims at examining the impact of cashless economy on entrepreneurial activities in Anambra State.

### **Review of Related Literature**

#### **Empirical Review**

In the works of Taylor and Todd (1995) and Gefen and Straub (1997), it was found that gender has a direct influence on adoption of technology with men and women having different rates of computer technologies adoption. Putrevu (2002), using descriptive survey to ascertain the origin technology and information difference between man and woman. He found out that difference in information processing exists between men and women and as such both genders will have different rate of technology acceptance.

Gikandi over the years, many authors have in one way or the other investigated the introduction of electronic banking and its implications on the economy in both developed and developing countries and Bloor (2009) used time series data investigate the determinants of the adoption and influence of e-commerce involving 90% of the retail banks in Kenya. They found out that there was a drastic shift in the importance attached to some e-banking drivers between years 2005 and 2009.

Olatokun and Igbinedion (2009) used diffusion of innovation (DOI) theory to investigate the adoption of Automatic Teller Machines in Nigeria. They found out that the constructs Relative Advantage, Complexity, Observeability, Compatibility, and Trialability were positively related to attitude to the use of ATM cards in Nigeria.

Olorunsegun (2010) used cluster sampling technique to study the impact of electronic banking in Nigerian banking system. He found out that a bank having an effective electronic banking system improves its customer's relationship and satisfaction.

James (2012) used Statistical Package for Social Sciences (SPSS) to investigate the acceptance of E-banking in Nigeria. The result shows that acceptance of e-banking in Nigeria is significantly influenced by Age, Educational Background, Income, Perceived Benefits, Perceived Ease of Use, Perceived Risk and Perceived Enjoyment.

Morufu and Taibat (2012) used qualitative survey to ascertain bankers' perceptions of electronic banking in Nigeria. The results suggest that bankers in Nigeria perceive electronic banking as tool for minimizing inconvenience, reducing transaction costs, altering customers queuing pattern and saving customers banking time.

Olajide (2012) used theories to investigate cashless banking in Nigeria and its implications on the economy. He found out that cashless banking will boost the economy on the long run.

Zeithaml and Gilly (1987) used technology acceptance theory to determine the Characteristics affecting the acceptance of entrepreneurial technologies: a comparison of elderly and non-elderly consumers in developed country. He opined that there is existence of a positive relationship between education, income, and exposure to mass communication and

the adoption of Electronic Funds Transfer (EFT) and the relationship was greater for younger than for older entrepreneurs.

Lee, Lee, and Schumann (2002) used qualitative survey to ascertain the influence of communication source and mode on entrepreneurs adoption of technological innovations in Nigeria. They discovered the older the adopters the lower the rate of technology adoption.

Egwali (2008) used consumer acceptance theory to investigate entrepreneurs perception of security indicators in online banking Sites in Benin, Nigeria. He found out that Security Indicators (SI) are not very effective at alerting and shielding users from revealing sensitive information to fool e-banking sites in Nigeria.

Hogarth, Kolodinsky, and Gabor, (2008) used diffusion innovation theory to investigate the Consumer (entrepreneur) Payment Choices: Paper, Plastics or Electrons. They found out that increases in income and education also elicit a positive effect on adoption of electronic banking, regardless of the technology. On the other hand, the impacts of other demographic characteristics on adoption are less clear'.

Karjaluoto, Mattila and Pento (2002) used consumer (entrepreneur) acceptance theory to determine online banking acceptance. They found out that attitude towards online banking and its usage is significantly affected by Prior Computer Experience, Prior Technological Experience, Personal Banking Experience and Reference Group Influence. Rotchanakitumnuai and Speece (2004) on the other hand found out that Web Benefits (Information Quality, Information Accessibility, Information Sharing, and Transaction Benefit) and Web Barriers (Organisation Barrier, Trust, and Legal Support) are key factors influencing e-banking adoption by customers (entrepreneurs).

Ezeoha (2006) used descriptive survey to examine regulating internet banking in Nigeria, problem and challenges. He found out that Internet banking in Nigeria is slowly been embraced by customers (entrepreneurs) because Internet practice in Nigeria has been abused by cyber fraudsters who use real and deceptive banking websites to fool users' sensitive information and funds.

### **Theoretical Framework**

Based on the empirical literature, the theoretical framework of this study is Technology Acceptance Model and Diffusion of Innovation (DOI) Theory.

**Technology Acceptance Model (TAM)** is an information systems theory that models how users come to accept and use a technology that will encourage economic growth. The model suggests that when users are presented with a new technology, a number of factors influence their decision about how and when they will use it, notably: **Perceived usefulness (PU)** - This was defined by Fred Davis as "the degree to which a person believes that using a particular system would enhance his or her job performance". And **Perceived ease-of-use (PEOU)** - Davis defined this as "the degree to which a person believes that using a particular system would be free from effort. This model was developed by Fred Davis (1989) and used by Pikkarainen, et al (2004). While **Diffusion of Innovations theory** is a theory that seeks to explain how, why, and at what rate new ideas and technology spread through cultures. This theory was developed by Gabriel Trade (1890) and Everett Rogers, a professor of rural sociology, popularized the theory in his 1962 book **Diffusion of Innovations**. He said diffusion is the process by which an innovation is communicated through certain channels over time among the members of a social system. This theory was used by Hogarth et al (2008) among others. The implication of these two theories is that the earlier people of Anambra State accept cashless economy or cashless system of banking, the earlier it improves entrepreneurial activities and in turn encourage economic growth in the state.

### **Concept of Cashless Economy**

The internet is perhaps one of the most useful tools to businesses and individuals in contemporary world economies. Its use has touched virtually every aspect of human endeavour especially banking. Technological breakthroughs and product designs have led to the emergence of e-banking services which, in recent time has become globally popular except in developing countries including Nigeria (James, 2012).

The Central Bank of Nigeria (CBN) in 2011 released a circular on the introduction of 'cashless' policy which sets cash deposit and withdrawal limits. That the country would from June 1<sup>st</sup> 2012 join the committee of nations that embrace the electronic means of payment and limit the use of cash to the very barest. The apex bank has also gone ahead to assert that the commencement of its "cashless policy" for cities such as Lagos, Abuja and Port Harcourt to demonstrate the CBN's seriousness about the policy which has generated huge debate from Nigerians. While the apex bank is of the view that the cashless policy is the way to go in line with global trends, many Nigerians both informed and uninformed have divergent views about the policy (CBN, 2011).

The Governor of the Central Bank of Nigeria (CBN), is of the view that the electronic means of payment is in vogue throughout the world (Obodo, 2012). He stressed that the policy, if allowed to succeed, would save the country huge resources such as cost of printing cash and its transportation from the mint to the length and breadth of the country. That such fund could be diverted to other pressing national needs because the use of cash is attributed to corruption problem in Nigeria (Sanusi, 2011).

To show that CBN mean business about the policy, it has gone ahead to license six Payment Terminal Service Providers (PTSPs) to support and maintain Point-of-Sale (POS) terminals. This step is a bold demonstration that the apex bank is determined to see this policy work. The bank has kick started the policy in Lagos this year. The licensed PTSPs are ITEX, ValueCard, ETOP, Paymaster, Citi Serve and Easy Fuel, which is focused on the downstream sector. CBN also moved a step further by assuring Lagos residents that there would be no need for a separate POS terminal for each type of card scheme, as all terminals would be equipped to accept payments for any type of card. The cards in the scheme are; Verve, Genesis, Master Card, Visa, etc (CBN, 2012). The success of this policy requires the increased use of alternative payment systems including e-banking. Electronic banking is defined as the provision of banking services to customers through the internet (Daniel, 1999). Services offered by banks using the internet include: Mobile banking (M-banking), video banking, fund transfers, e-payments and ATM cards. Of these entire e-banking services banks offer, ATM is by far the most popular in Nigeria. However, technological advancements keeps broadening the frontier of possibilities in all human endeavours and thus more e-banking services are being developed and introduced. As at today, all the deposit money banks in Nigeria offer e-banking services.

Electronic banking and the introduction of the cashless system of payment has been on public debate as found in the Wicksell's, (1935) and pure credit economy where, monetary policy without money" (Boianovsky and Trautwein, 2004 in Olajide, 2012). These studies considered the case of the cashless economy and the connection between the flows of investor demand as measured by movements in the demand deposits and the real sector and this is further witnessed in Berg, Hann and Strum (2006) who suggest that money does not really matter in the determination of price movements in any economy, hence inflation and that economy can grow without cash as the money base is not relevant for manipulations in the price level while the quantity theorists claim otherwise.

Apart from the monetary policy implications of the introduction of a cashless economy, some authors have investigated the introduction of electronic banking and cashless economy with a view to ascertaining its implications for transactions, regulations, costs to banking and non-bank public (Godschalk and Krueger, 2000; Palley, 2001; Rogers, 2004). However, most of these studies were centred on the comparatively more advanced countries of the world which were the likely candidates for the so called e-revolution given the standard of living, the peculiarity of their monetary policy issues and the technological sophistication. With the development of sophisticated forms of money also develops sophisticated forms of financial crimes both at the public and private sectors (Woda, 2006; National Drug intelligence centre, 2008; financial action task force, 2010).

Literature on e-banking and cashless system of banking is one that is quite scanty in less developed countries like Nigeria and this may not be unconnected to the heavy presence of the informal sector in most dual developing economies and the poor banking culture in the same. Hence, against this backdrop there is the need to investigate the introduction of cashless economy in Anambra State and its implication on the entrepreneurial activities in the State.

### **Overview of the Payment Systems in Nigeria**

There is no law that explicitly and exclusively deals with Payment systems in Nigeria. Rather, the CBN Act, as amended in 1999 gives the Bank the implicit powers to oversee and regulate the payments system. Section 41 of the CBN Act provides that "it shall be the duty of the CBN to facilitate the clearing of cheques and credit instruments for banks carrying on business in Nigeria and for this purpose, the bank shall at any appropriate time and in conjunction with other banks establish clearing houses in premises provided by the Bank in such places as the Bank may consider necessary". Section 17 provides that "the Bank shall have the sole right of issuing currency notes and coins throughout Nigeria". Also, the Nigeria Deposit Insurance Corporation (NDIC) in exercising its' responsibilities as provided by NDIC Act of 1988 complements the supervisory function of the CBN in the nation's payment system. The extent of this responsibility is the insuring of all deposit liabilities of banks in order to protect depositors against bank failure and install public confidence in the system. Also the Nigerian Stock Exchange plays a dominant role in the Nigerian Payments and Settlement landscape as the trading in equities is conducted via the floor of the exchange based on encompassing laws and regulations (CBN, 2011).

### **Cashless Economy and Business Activities in Anambra State.**

Since the introduction of cashless system of banking in Nigeria and yet to take off in Anambra state. The question that occupied people of Anambra state mind is how will Anambra politicians be in a cashless economy where carrying of raw cash in ‘Ghana-must-go’ bags is the order of the day? Following the forthcoming local government election in the state and general election in 2015; how will Anambrarians socialite spray their money at parties, wedding, birthday etc? How can a big family in Anambra cope with money for its domestic needs on weekends? How will the average trader in Nnewi market or Onitsha Main Market, who deals in millions of cash everyday cope with the policy when he/she has to make huge cash available to respond to quick businesses? How will the illiterate cow, goat and fowl sellers in the market buy and sell their cows, goat and fowls with the new policy as a cow costs more than the limit set by the Central Bank of Nigeria (CBN)?

Central Bank of Nigeria (CBN) pegged that of corporate bodies at N1m with penalty fees of N100 per extra N1,000 and N200 per N1,000 on individual and corporate defaulters respectively. But churches, market women, traders, artisans and others in the small and medium scale industries of the economy in Anambra State are already complaining, saying that the policy would do more harm than good, though some financial experts and top businessmen in Anambra State give the policy thumbs up.

#### **Cashless economy in Anambra State**

In the same vein, some businessmen, traders, market women and artisans, who make huge financial transactions on a daily basis, are also complaining. Many of them expressed displeasure over the introduction of the policy, asking how they were to go about without cash for their daily transactions. Some of them, without mincing words, stressed that there were several other important issues to deal with other than introducing the cashless policy in Nigeria especially in Anambra State.

#### **Methodology and Data Analysis**

Every research design is structured so as to address the central research questions and hypotheses (Trochim, 2008). The research design used in this work is the cross-section survey design. This was deemed useful since data on the key research variables such as ATM usage and cashless system of payment cannot be sourced from any existing secondary database.

### Presentation of Result Using Factorial Analysis

The relationships between the variables (dependent and independent) were analyzed using 1x2 cross sectional designs. The dependent variables, 'Y' has one factor represented by 'B' with business activities ( $B_1$ ). While the independent variables (A) has factors represented by 'A' with component as ATM usage ( $A_1$ ) and introduction of cashless banking system of payment ( $A_2$ ).

**Table 1: Mean, Variance, Standard Deviation and Coefficients of Variation of Questionnaire Responses**

Questionnaire Items	Mean	Variance	Standard Deviation	Coefficient of Variation
1.	4.4	3.87	1.97	44.77
2.	16	51.2	7.16	44.75
3.	21.6	93.31	9.66	44.72
4.	20	80	8.94	44.70
5.	17.6	61.95	7.87	44.72
6.	8	12.8	3.58	44.75
7.	6.4	8.19	2.86	44.69
8.	8.8	15.49	3.94	44.77
9.	19.2	73.73	8.59	44.74
10.	13.6	36.99	6.08	44.71
11.	12.8	32.77	5.72	44.69
12.	15.2	46.21	6.80	44.74
13.	9.6	18.43	4.29	44.69

Author's Computation 2014.

In order to eliminate possible errors, data collected were edited, coded and tabulated based on their frequency distribution. Also the mean, variance, standard deviation and coefficient of variation of the distribution were determined as shown above.

Using the 5-point Likert scale of 5, 4, 3, 2 and 1 used in the questionnaire responses, means, score of 3 and above were rated as positive while those below 3 were rated as negative. From table 1 above, all the mean scores ranging from item 1 to 13 representing the use of ATM and the introduction of cashless system of banking are positive. In the same distribution, all the variance ranging from 3.87 for item 1 representing adequacy of introduction of cashless banking system in Anambra State. The standard deviation is to measure the degree of

dispersion of the responses from the mean. To further measure the closeness of the scores from the mean, the variance and coefficient of variation were used. To arrive at the variance, the mean was subtracted from the individual Likert scales. This is squared and multiplied by their attached frequencies. The result of all the outcomes were summed up and divided by the sum of the frequencies. The standard deviation was simply the square root of the variance. The coefficient of variation was simply the percentage of the mean to the standard deviation.

**Table 2: Person Moment Correlation Matrix**

Variable	A <sub>1</sub>	A <sub>2</sub>	B <sub>1</sub>
A <sub>1</sub>	1	0.995*	0.985*
A <sub>2</sub>	0.985*	0.999*	0.978*
B <sub>1</sub>	0.975*	0.969*	0.988*

\* Correlation is significant at the 0.05 level

Table 2 above explains the correlation coefficients between the dependent variable and the independent variables. The correlation coefficients above do not only show strong positive relationships but are also significantly high. Here the highest coefficient being that of ATM usage (A<sub>1</sub>) which is 1 at 0.05 level of significance. The lowest relationship is that of introduction of cashless system of banking (A<sub>2</sub>) which is 0.985 at 0.05 level of significant.

Table 2 above shows the analysis of the relationships among the dependent and independent variables. Both the independent and the dependent variables showed strong positive relationship in both short and long run.

For the dependent variable, the correlation coefficient (r) between B<sub>1</sub> and A<sub>1</sub> is 0.985 at 0.05 level of significance. With these high levels of cross sectional relationships that exist among the variables, there is consistency and stability among the variables used in this study.

### Test of Hypotheses

The technique of analysis in this research work was the Pearson Product Moment correlation coefficient (r). The hypotheses were tested by transforming the correlation coefficient (r) into student's-t statistics, using the formula:

$$tr = \frac{r \sqrt{N-2}}{\sqrt{1-r^2}}$$

Where, tr = Transformed correlation coefficient (r)  
N = no of items

N-2	=	degree of freedom
r	=	Coefficient of correlation
r <sup>2</sup>	=	Coefficient of determination.

The correlation coefficients above were transformed in testing the hypothesis of this study.

**Decision rule:** Accept the null hypothesis ( $H_0$ ) if calculated value is less than the critical value at 0.05 level of significance and 1 degree of freedom; otherwise accept the alternative hypothesis ( $H_1$ ).

$H_0$ : There is no significant relationship between the introduction of cashless banking system of payment and entrepreneurial activities in Anambra State.

The hypothesis was tested using tables below.

**Transformed Person Correlation Coefficient (r) between Introduction of Cashless Banking System of Payment and Entrepreneurial Activities in Anambra State B<sub>1</sub>**

R A <sub>1</sub> B <sub>1</sub>	R <sup>2</sup> A <sub>1</sub> B <sub>1</sub>	Tr A <sub>1</sub> B <sub>1</sub>
0.989	0.988	18.25

SPSS 15.0

Correlation is significant at the 0.05 level.

Based on the 7 above, the transformed correlation coefficient (tr) calculated value is 18.25, while the tabulated value of tr at 0.05 level of significance and 1 degree of freedom (df) is 1.514.

**Decision Rule:** From the tables above, the t-calculated values of 18.25 is greater than the t-tabulated value of 1.514. The null hypothesis is rejected while the alternative hypothesis is accepted. It is therefore concluded that there is significant relationship between the introduction of cashless banking system of payment and business activities in Anambra State. This means that the introduction of cashless banking system of payment will in the long run have positive impact on the entrepreneurial activities in Anambra State.

$H_0$ : There is no significant relationship between ATM usage and entrepreneurial activities in Anambra State.

The table below is used for the hypothesis test.

**Table 8: Transformed Pearson Correlation Coefficient (tr) between ATM Usage (A<sub>2</sub>) and Entrepreneurial Activities in Anambra State (B<sub>1</sub>)**

r A <sub>2</sub> B <sub>1</sub>	r <sup>2</sup> A <sub>2</sub> B <sub>1</sub>	tr A <sub>2</sub> B <sub>1</sub>
0.999	0.969	7.145

Source: SPSS 15.0

Correlation is significant at 0.05

From the table above, the t-calculated value is 7.145, while the t-tabulated value at 0.05 level of significance and 1 degree of freedom is 1.514.

**Decision rule:** From table above, the t-calculated values is greater than the t-tabulated values at 0.05 level of significance and 1 degree of freedom. Based on this, the null hypothesis is rejected while the alternative hypothesis is accepted with a conclusion that there is significant relationship between ATM usage and entrepreneurial activities in Anambra State.

### Summary of Research Findings

This study examines the impact of cashless system of payment on the entrepreneurial activities in Anambra State. Having analyzed the data collected through the use of questionnaire and the oral interview conducted in a logical and sequential manner, the following findings were made; test of hypothesis one indicates that the variable introduction of cashless banking system of payment appeared in our correlation test with significant positive relationship. Judging from this, we can agree that there is significant positive relationship between the introduction of cashless banking system of payment and entrepreneurial activities in Anambra State; and test of hypothesis two indicates that the variable ATM usage appeared in our SPSS result with positive sign and as well significant. Based on this result, we agree with the alternative hypothesis with a conclusion that there is significant positive relationship between ATM usage and entrepreneurial activities in Anambra State.

### Conclusion

We would like to emphasize that the focus of the Central Bank of Nigeria in introduction of cashless banking system of payment and its impact on the entrepreneurial activities in Anambra State is the effective management and use of e-banking in Anambra State. Nigerian

cashless policy has placed much emphasis on high cost of processing cash, robbery among others. One cannot fault the right of the CBN to regulate monetary transaction in the country, which goes a long way in managing the nation's economy. But this policy was planned without taking into consideration the present state of e-banking in the country. Migration from cash transaction to cashless transaction is not something that should be done in a hurry. We should talk of issue that is practical and realistic in Anambra State. What we should talk about is raising confidence and stability in the banking industry. That is what the CBN should first of all address. We believe the velocity is too high. Let's examine and develop the e-payment system first so that people will be used to it before talking of cashless transaction in Anambra State. This is because; up to 80% of Anambra State occupants are used to cash transaction. The bulk of the Anambra State economy is driven by SME and petty traders. With negligible internet penetration in the rural areas, no meaningful electronic security and epileptic power supply. What infrastructure does the CBN hopes to build this cashless economy on? Despite the challenges and issues raised, cashless banking system of payment would gradually penetrate in the entrepreneurial activities in Anambra State, help the economy to grow and reduce the cash and carry syndrome that is in vogue.

### **Recommendations**

From the finding of this study, the following recommendations were made to improve the impact of cashless banking system of payment on the entrepreneurial activities in Anambra State.

1. The migration of our payments system towards a cashless society would require some reforms and a lot of effort and sensitization especially for low income customers, who are currently deeply rooted in using cash and see it as a convenient and easy way of receiving and making payments. The sensitization exercise would require the combined efforts of various stakeholders, including government, financial institutions and non-bank providers of payment services. This is because of significant positive relationship between introduction of cashless banking system of payment and entrepreneurial activities in Anambra State.
2. The cashless system of payments idea was well received by the majority of Anambrarians, but with some concerns/challenges which can hamper its success and must be addressed by providers.
3. There is need for the regulatory authorities to ensure that the policy was properly enforced, through the use of moral suasion to drive it home. Coercive measure should be out of it. On the long run, the economy will be better for it.

4. The transformation from a cash-centric economy to a plastic one would need more than one year, this is because the introduction should be gradual with the fundamental structures that can let people know on how to make use of ATM; first put into place.

5. Hence before cashless banking system of payment can be widely accepted and used in Anambra State, consumers must trust and have full confidence in the system, which entails:

- Clear and practical communication.
- High level of security in the system – difficult for scammers/fraudsters.

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