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The Workability of the Cash-less Policy Implementation in Nigeria

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Abstract

This study examines the cashless economic system so as to assess its feasibility and practicability in the Nigerian economy vis-à-vis: timeless, preparedness and adequacy against the backdrop of our level of development both technologically and educationally. Nigeria has continued to evolve in different realms of transactions from the commodity money (trade by barter) to the cash-less realm. The economy is being reformed, institutions are being reshaped and legislations are being re-examined so as to reposition the nation to take its rightful position in the international community. In order to achieve the primary objective of the study, the study used structured questionnaire as a means of data collection on a sample size of 120 respondents randomly selected from the entire population. The collected data were presented in tables and analyzed using simple percentage procedure, and the collated data tested using chi-square technique. The results of the study revealed that majority of Nigerians are already aware of the policy through sensitization exercises and adequate payment facilities in the banking sector have been developed to enhance the take off and feasibility of the policy in Nigeria. Based on the findings it was recommended that the Federal Government of Nigeria should overhaul and re-vitalize the current reforms in the power and telecommunication industry to position it as a vehicle of change needed to drive the cash-less policy in the Nation.
Keywords: cash-less policy. E-banking, information technology, e-fraud

1 Introduction

The last few years in the Nigerian financial sector have witnessed a growing chorus of voices calling for a shift from cash-based economy to cash-less economy. The move is fast becoming a top priority for governments, NGOs and companies focused on expanding financial access to the underserved. Recent statistics show that nearly 2.5 billion people (almost half the word's adult population) do not have access to formal financial services. Without basic payments and savings accounts, money is often kept in cash under the mattress then moved around from person to person, drastically increasing the risk of theft or loss. Even a task as simple as paying bills – in person and via cash – can be unsafe, costly and time-consuming. The implications of this financial exclusion are significant and far-reaching, reinforcing the cycle of poverty and slowing economic progress.

Information Technology plays an important role in bringing about sustainable development in every nation. Without an optimal use of Information Technology, no country can attain a speedy socio-economic growth and development. According to Kosoko, *"The future of all business, particularly those in the service industry lies in information technology. In fact, information technology has been changing the way companies compete. Banks are companies engaged in banking business. Their future is, therefore, linked to the pervasive influence of information technology."*

Information technology is more than computers. It encompasses the data that a business creates and uses as well as a wide spectrum of increasing convergent and linked technologies that process such data. Information technology thus relates to the application of technical processes in the communication of data. It is beyond doubt that information technology can help reduce transaction costs for banks, which will translate to lower prices for services to customers. Information technology for banks takes different forms. The forms include:

computerization of customers accounts and account information storage and retrieval; deposit and withdrawal through Automated Teller Machines (ATMs); and networking to facilitate access to accounts from any branch of the bank.

Further forms include bio-metrics used in finger-printing and identification which should dispense with the use of passwords or Personal Identification Numbers (PINs) in the initiation of transaction by customers. The use of the internet and websites to bundle a host of services that go beyond traditional financial services which is increasing among banks, is also a product of information technology in banking. It was therefore hardly surprising that the Central Bank of Nigeria (CBN) introduced the cashless policy in Nigeria in order to ensure that banking services get to everybody and offers all platforms for empowerment that will change the way people transact businesses and living generally in Nigeria. A cashless economy is an environment in which money is spent without being physically carried from one person to the other. The first issue in the cashless economy is the issue of electronic purse. This is electronic information that is transmitted to a device which reveals the information about how much a person has stored in the bank and how much he can spend. The advantages of a cashless economy are enormous; cost of transportation and the danger of carrying large sum of money about will possibly reduce. The policy, it is claimed by the makers, will enhance the integration of our economy as presently 78.8 percent of the country's rural populations are largely unbanked. According to the CBN, this policy, when fully implemented therefore, will drive Nigerian's huge informal economy which is driven by small scale farmers, traders, craftsmen and other types of small and medium sized businesses and eventually integrate it into the nation's formal economy.

The move to use electronic cash, commonly dubbed "cashless" however, has its own challenges, which in Nigeria, appear to be accentuated by the perennial problem of inadequate physical and social infrastructure. The introduction of the policy in Nigeria therefore brings up issues that touch on security, privacy, crime and computerization. Societal acceptance of the policy is therefore critical to its sustenance or the tendency to rebel against it by the common man on the street becomes imminent. However, as the financial institutions have implemented such things as debit cards, credit cards, internet banking, etc, it has slowly brought society into the acceptance zone whereby another step could be taken. Without society being able to understand the pros and cons of electronic cash, the full benefit of the cashless society may never be realized. The cashless policy will potentially result in an extensive application of computer technology in the financial system, as technologies are developing rapidly on the transfer of funds from one place to another. This places the Computer Professional Registration Council at the centre of control and regulation of the emerging technology in our economy. It has been argued that cashless transactions are viable and more secured mode of payment in any economy. Currently, about 63.7 per cent of Nigerians do not have bank accounts but the new initiative would enhance banking habit among individuals, especially among the rural dwellers so that they can easily transfer money to their people wherever they might be. The high cost of minting the Naira has also necessitated an alternative economic system where less or no cash is required for various transactions. Specifically, the average cost of producing a naira note is about N4.00. Producing N1 billion notes of Nigerian Naira, therefore, means spending N4billion. Hence the cashless policy introduction by CBN to reduce the cost involved in minting the naira as much as possible. This latest development, according to the apex financial regulatory authority is therefore, coming on the heels of increasing dominance of cash in the economy with its implication for cost of cash management to the banking industry, security, money laundering, among others. The cashless policy itself is the trend in most countries of the world. Almost all the central banks across Africa are bracing up for a cashless economy because almost all African countries have the same problems associated with cash based economy. There is slow processing time involved in counting and queuing for deposits in the bank.

In the other way round, the naira is not durable and security of handling cash is not guaranteed. Cash is difficult to document because it is difficult to capture all the money in the financial system. About two years ago, a World Bank study revealed that about $10 billion cash transactions that move just between Nigeria, Ghana and Cote de Voire shows no clue about how it comes and how it goes. The transactions were not recorded or reported anywhere in our system. This means government cannot even plan based on that. A cash-based economy encourages money laundering activities. There is also a high level of tax evasion in such an economy. But the cashless policy is not all roses. It has as much challenges as its benefits. Accordingly, experts and many Nigerians have expressed doubts about the capacity of Nigeria to truly move on progressively as a cashless society. Variously, issues have been raised about the viability of the policy in view of the enormous challenges confronting its effective implementation, and the ability of the CBN to effectively water the storm and carry out the policy as planned.

1.1 Statement of the Problem

"Necessity is the mother of invention" goes an old adage. Every policy is an off-shoot of previous policy drawbacks and is usually anchored on the need to either cushion the negative effect(s) or to outright expunge it within legislative framework. In Nigeria, the financial system consists of the formal and informal sectors. While the formal sector is regulated and controlled using legislations and other instruments of governments, the informal sector remained largely unregulated. The nature and operation of the informal financial sector makes it difficult to be regulated and/or control. The consequence is that, financial leakages are high making it difficult to access funds for investment purposes. This impedes economic growth and development.

Consequently, these losses and economic leakages vis-à-vis other drawbacks of the cash based economy triggered – off agitation for change among the stakeholders in the financial sector. A critical appraisal of their position led to the Central Bank of Nigeria (CBN) policy on "Cash-less economy" for Nigeria. This was pilot tested in Lagos from January 1, 2012. The intent was to ascertain Nigeria readiness for a full implementation across the country. This research therefore seeks to find out the extent of readiness of Nigeria for a cash-less economy. If there are any challenges; what are they? Are there any prospects for cashless economy in Nigeria? The stage is now set.

1.2 Objectives of the Study

This study was undertaken to achieve the following aims and objectives:

i) To identify the prospects for cashless economy in Nigeria.
ii) To make objectives recommendation for the timing of kick-off of a cashless policy in Nigeria.

1.3 Research Questions

As a guide to this study, the researcher posed the following questions:

i) Is Nigeria ripe for a cashless policy?
ii) If no, what are the prerequisites for the implementation of cash-less policy?
iii) Does Nigeria have all that it takes/required for a smooth take-off of this policy?
iv) Is the implementation of the cash-less policy feasible in Nigeria?

1.4 Research Hypothesis

It is expedient to formulate hypothesis to guide any study in which objectivity and valid generalization is sought. This work would therefore not take exception. Thus, as a guide to this work the researcher formulated this hypothesis:

Ho: Cash-less policy implementation has no workability in the Nigerian economy
H_1: Cash-less policy implementation has workability in the Nigerian economy

2. Literature Review and Theoretical Framework

2.1 Theoretical Framework

This section explores the basic theories underpinning the advocacy for a "Cashless Policy" across the globe and how it became an issue of public interest in Nigeria.
In recent times, there has been a consensus that Central banks (Federal Reserve banks or Government Banks as it is identified in different countries) have the capacity to control the price level. One of the approaches is through controlling money supply advocated by monetarists and has led many central banks to implement money-supply-targeting procedures (Claudia, 2001). Okereke and Sanni (2005) defined money supply as "the total sum money in circulating that facilitates the exchange process in an economy at any given time". They added that money supply would be viewed from either a narrow perspective or from a broader horizon.

They defined money supply in narrow sense as money in circulation needed as a medium of exchange. This they called M_1. In a broader sense money supply (M_2)is the store of purchasing power. In other words;

	M_2	=	M_1+other assets that command liquidity.
In Nigeria,	M_2	=	$M_1 + Q_m$
		=	Money supply + Quasi money
		=	Money supply + Savings + time deposit
i.e.	M_2	=	M_1+ Savings Deposits + Time deposit
	M_2	=	M_1+ SD + TD

Okereke and Sanni (2005) quoting Gurely and Shaw define money supply in the broad sense as $M_1 = M_2S + B$

Where:

M_2 = as defined above
S = Shares of credit institutions
B = Bonds of credit institutions

However, the Central Bank of Nigeria (CBN) in its approach to the broad definition of money supply sees money supply $M_4 = M_3 + BA + CP + CD$

Where:

BA	=	Banker Acceptance
CP	=	Commercial Papers
CD	=	Certificate of Deposit

In order to effectively regulate the supply of money in the economy, monetary policies must be put in place to enhance balance development and control. Monetary policy refers to a combination of measures designed to regulate the: Value of money, supply and cost of money in an economy. (CBN,1994). Monetary policy aims at influencing the cost and availability of credit or alternatively at controlling the supply of money with a view to counteracting undesirable trend in the economy. Unfortunately, the unregulated and uncontrollable nature of the informal financial sector (which controls substantial volume of Nigeria currency) makes it difficult and indeed impossible to perform this onerous task of controlling money supply in Nigeria. This had been worsen by the looting spree among the political class leading to inflation, decline in the value of money and the impoverishment of the Nigeria masses.

One of the most compelling propositions put forward by the CBN in the defense of its new policy on cash-based transactions (Cash-less Policy) is that:

> "An efficient and modern payment system is positively correlated
> with economic development, and is a key enabler for economic
> growth" (CBN, 2011).

Interestingly, we find evidence in theory to support this proposition, but there is the need to find equally supportive evidence for this proposition in practice. Therefore, we ask ourselves two pertinent questions in this regard?

- Does the relationship or correlation between payment systems (i.e the medium of exchange) and economic development hold true in practice, as it does in theory?
- If true, what important lessons and implications can be drawn for the specific case of a developing economy like Nigeria, in its vision and quest towards a cash-less economy?

This research in an attempt to answer the above questions would take the theoretic origins and historical evolution of medium of exchange and payment system vis-à-vis economic development.

1. **The Theory of the monetary stages of development**

According to Sen., (1983) the process of economic development necessarily entails economic growth in addition to the qualitative and quantitative changes in multiple areas of the economy such as human capital, critical infrastructure, health, literacy, to mention a few. Although the concept of economic development was popularized in the 20th century, the term actually predates this era. Economics of this era advocated a common historical based methodology to their economic analysis, as era as well as the belief that the Chief task of economics was to discover the laws governing the stages of economic growth and development. Scallet (n.d) reported that, Georg Friedrich (1789-1846), who is regarded as the forefather of the German historical school of economics, stated that economies of the temperate zone will go through four stages of economic development namely: Pastoral life; Agriculture; Agriculture and Manufacturing; and Agriculture and Commerce.

Another German economist, Bruno Hildebrand (1812-1878), took a variant yet historical approach to the study of the stages of economic growth was to found in the conditions of exchange; thus, he posited three economic stages based on barter, money and credit. This assertion is known as the theory of the monetary stages of development and this forms a major theoretical standpoint in this work. Hildebrand's vision was that a society would advance from barter (a state of natural economy where goods were exchanged directly for goods) through monetary exchange before reaching its highest synthesis in a credit economy.

Although Hildebrand eventually failed to develop a coherent system of economics his vision of a barter-money-credit advancement model of economic development provides theoretical evidence of the existing relationship or correlation between the medium of exchange and economic development.

2. **The theory of payment system efficiency and central Bank monopoly**

The proponents of this theory Claudia and Grauwe (2001) and Marco and Bandiera (2004) argued that, the central banks gradually lose their monopoly position in the provision of liquidity combined with its subsequent small size which makes it hard to control the term interest rates. They further argue 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.

Thus, to maintain the central bank cardinal role of currency issue, regulation and control of cash volume in the economy, its monopolistic position must be enhance and strengthen. The gaps which the cash based system create buttressed the need for a paradigm shift in monetary policy and payment system, hence the need for a cashless policy.

2.2 Literature Review

This paper x-rays the cashless policy in Nigeria vis-à-vis its prospects.

Nigeria is a creation of the British Government pursuant to their commercial interest in the sources rich territory prior to 1861 different British companies explore the southern part of Nigeria in quest of raw materials and slaves to feed their home industries. When these interests were threaten by different kingdoms (like King Jaja of

Opobo kingdom, etc) they saw the need to establish a formal government to enable them take effective administration and control of the resources rich region. Hence, a formal colonial government was established. The intent was to cow the natives, whose swords were raised, battle ready against the explorers and exploiters. Firstly, Lagos was annexed in 1861 followed by the northern Nigeria in 1900 and the southern Nigeria in 1902. All these parts were brought under one umbrella and loans of control by a British fiat issue by Lord Lugard in 1914 – "The Amalgamation of the North and Southern protectorates". The name Nigeria was Christened by Flora Shaw later Flora Lugard.

Let it be known that, prior to British invasion and colonialization, the different parts of Nigeria existed as independent kingdoms with well-established machinery for governance and control of its people. With the establishment of a formal colonial administration in Nigeria, the enlighten youth sought for improve government services and conditions. To circumvent attention from these requests and agitations, the British colonial government rather introduce indirect rule, hence institutionalizing "divide and rule". This did not deter the educated elites, as their fight for good governance and later an outright "call for independence" continued to gain momentum. Before and after independence of the Nigeria political entity, several policies have been initiated, implemented, overhauled/replaced and new ones introduced in line with the objectives and priority of government. In line with the focus of this research, a historical purview of Central Bank of Nigeria would be expedient.

In examining the implications of cash-less system, it is necessary to review how conventional money has evolved over time. Money performs a number of roles in economic activity; it is a unit of account, store of value, medium of exchange and means of deferred payment. Also, money has evolved over the centuries to minimize the friction of transaction costs that are involved in mediating exchange. In fact, the process can be observed from the development of the very first monetary products. For instance, conducting economic transactions in barter economies involved high transaction costs as considerable time and effort was required in finding suitable partner.

Several scholars have attempted to analyze the cashless system or e-banking. However, it becomes clear that few studies present a comprehensive evaluation of cash-less banking implications in developing countries. Most ignore its economic benefits of the equation while some do incomplete examination of its negative implications. This is often due to unreliable panel data for monetary and macroeconomic indicators. Although, this study focuses on Nigeria, it is difficult to translate cashless studies from one country to another. Even payments instruments that look similar across countries on the surface may be different due to historical and legal variations (Daniel et al, 2004).

On theoretical side, early studies in this regard attempted to explain the root cause of price indeterminacy, some of which are Fisher (1896) and Patinkin (1965). It established the following basic result: for any given real demand for money, there are infinitely many combinations of money stock and price levels that will do the job of bringing about money market equilibrium. In other words, economic agents do not care whether additional money desires are realized by increases in money stock or declines in price level.

Also, Humphrey and Berger (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 orders, point of sale (POS), Automated Clearing House Transfers (ACH), ATM bill payments, travelers‘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 payments. However, the influence of government intervention was prematurely considered as there was no calculation of net benefits of such payments instruments (Daniel et al, 2004). In recent times, there is a consensus that central banks have the capacity to control the price level. One of the approaches is through controlling money supply (advocated by monetarists) and has led many central banks to implement money-supply-targeting procedures (Claudia, 2001). Another approach is the Taylor-principle, which is, adjusting short-term interest rate in response to movements in expected inflation and state of economic activity, as shown in Taylor (1993), Clarida et al (1997) and Woodford (2003).

Recent empirical studies such as Kriwoluzky and Stoltenberg (2010) attempted to estimate the cashless and monetary economy in US by employing Bayesian estimation techniques. The data set, which was split into two parts, ranged from first quarter 1964 to third quarter 2009, as done in Lubik and Schorheide (2004); Clarida et al (2000). Whilst treating GDP deflator, output per capita and real wages as observable, its findings suggest that interest rate policy was passive in the monetary but active in the cashless economy. According to Gali and Gambetti (2009), volatilities in output and inflation declined due to observed loss in the predictive power of money in a monetary economy. A similar conclusion was also reached by Stock and Watson (2002) and Kim and Nelson (1999).

2.2.1 The Central Bank of Nigeria and Cash-less policy guideline

Umoren (2006) posited that, Banking in Nigeria began unregulated and free-for-all. It evolved to finance special foreign commercial interest. According to Sanusi(1993) the extension of European trading enterprises into West Africa encouraged the use of currency which facilitated exchange and diminished the use of barter. This situation exerted concerted pressure to establish banking business in West Africa. Thus, in 1892, commercial banking began in Nigeria when African Banking Corporation opened shop in Lagos. It was replaced by the Bank for British West Africa (BBWA) IN 1894, which monopolized the banking scene until the Barclay Bank opened a branch in 1917. Earlier, Bank of Nigeria, formerly Anglo-Africa Bank opened in 1905 had sold out to BBWA, while the British and French Bank (now United Bank for Africa - UBA) became the 3rd expatiate bank to start banking business in Nigeria in 1948. These banks (Barclays and UBA) on joining BBWA in the Nigerian banking scene principally concentrated attention on services to facilitate foreign trade and cater for relations with the colonial government with little or no attention to indigenous businesses.

However, efforts by the Nigerians (indigenous businesses) to establish and manage banks between 1914 and 1959 failed. Because, they lacked effective market capital and expertise folded up almost as quickly as they sprouted. As had been mentioned earlier, banking business in Nigeria was unregulated prior to 1952. Banking regulation in Nigeria started when the “Banking Ordinance” of 1952 was passed by the Nigerian dominated parliament. This was strengthened further by the “CBN Act of May 15, 1958”, which formally established a central bank to regulate banking activities in Nigeria. (Okereke & Sanni, 2005; Umoren, 2006; CBN, 1994).

The cardinal functions of the CBN as outlined in the enabling Act include:

- To issue legal tender (currencies and coins in Nigeria
- To promote monetary stability
- To regulate currency volume and value
- To safeguard the international value of the currency
- To promote sound financial structure in Nigeria
- To act as bank and financial adviser to the federal government and
- To maintain external reserves.

Pursuant to these functions the CBN had initiated and implemented several policies. The 2004 bank recapitalization exercise which stipulated a minimum paid-up capital of ₦25billion was one of such policy designed to put banks in Nigeria on good footing for business. Also, the increasing dematerialization of banking, quick opened by rapid advances in information and communication technology led to the evolution of e-banking and the cashless policy for Nigeria, which was intended to check cash volume control and regulation under a common electronic platform – e-money.

In assessing the role of central bank in a cashless society, Claudia and De Grauwe (2001) stressed that central banks gradually lose their monopoly position in the provision of liquidity combined with its subsequent small size which makes it hard to control the short-term interest rates. On the contrary, Marco and Bandiera (2004) argue 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. However, it does conclude that central banks can lose control over monetary policy if the government does not run a responsible fiscal policy.

2.2.2 Cash-Less Lagos Policy

According to Odior & Banuso (2012) is a middle phase of a three-phased economic model of payment system. It is a transition stage between a cash based economy and a cashless economy.

Cash Economy → Cash-less Economy → Cash-less Economy

The Cashless Lagos Policy according to the CBN was initiated to achieve amongst other things:

i) Development and modernization of the payment system in line with Nigeria's vision 2020 goal of being amongst the top 20 economies by the year 2020.
ii) To reduce the cost of banking services (including cost of credit) and drive financial inclusion by providing more efficient transaction options and greater reach.
iii) To improve the effectiveness of monetary policy in managing inflation and driving economic growth.
iv) To curb the negative consequences associated with high cash usage, which has resulted to a number of challenges across the system.

The melodious song coming out from the CBN on the cash-less policy appeared to mean that there are no inherent challenges associated with it. It would be misleading to think that, the Cashless Lagos Policy is smooth-sailing without hitches. An appraisal of the policy revealed the following drawbacks:

- **Infrastructural deficit:** There is acute inadequacy of payment infrastructure such as ATM, POS terminals, etc. these couple with ē epileptic nature of power supply and the gross disabilities in the functioning of our telecom industry.
- Within the confines of Lagos as an industrial state ICT literacy was discover to be grossly inadequate. More than 40% of the populace were incapable of operating the payment machines like the ATM, POS machines, etc leaving them at the mercy of friends, family members and customers when they would unavoidably engage if transactions must be carried out.
- **Prevalence of e-fraud:** Within the one year span for the pilot scheme, a lot of fraudulent activities were reported. Some of these were beyond the technical competence of the monitoring authorities in Nigeria.
- **Religious beliefs:** The cashless policy from the Christendom is the transition to the Biblical prophecy of The ANTI-CHRIST with the beast number "666". This is a serious challenge and a pointer to the fact that much ought to be done in the education and reorientation of Nigerians on the intensions and merits of cashless policy.
- **Lack of real data:** The particulars and biometrics of citizens in most cases are inadequate. This makes tracing of sources and destination of transaction difficult and sometimes impossible.
- High charges associated with e-channels, etc.

2.2.3 Workability of the cash-less policy in Nigeria

Essentially, the regulatory framework for mobile (electronic) payment services released by the CBN imposes some restrictions on the volume of transactions a customer can do in a day. For the unbanked, for instance, who requires only his name and phone number to carry out transactions, the maximum limit of N3, 000.00 and daily limit of N30, 000.00 are stipulated. The semi-unbanked has a maximum transaction limit of N10, 000.00 and daily limit of N100, 000.00 However, in line with the CBN's Know Your Customer (KYC) policy, the customer would be required to present his phone number, name, photograph and biometrics. The third level, which requires the customer to have a full bank account, allows a maximum transaction limit of N100, 000.00 and daily limit of N1, 000,000.00. For the customer to be able to access his mobile money account there is a Personal Identification Number, (PIN) which his mobile money operator requires him to enter just like the ATM card. It was hardly surprising that at the take-off of the scheme, it was very obvious that it had many challenges to contend with. On the eve of the take off, the CBN had announced that all charges associated with the emerging payment system be suspended till the end of the first quarter of the year (i.e. 2012) That was primarily aimed at creating time for potential users of the payment system to gain better understanding of how it works. Even after the pilot scheme had taken off, most of the banks are yet to meet customers' demand on the new payment systems. For instance, there are reports of some banks being overwhelmed by demands for ATM cards. Lack of awareness and education, poor infrastructure, and insecurity in the cyberspace are issues that must be addressed to achieve penetration in the adoption of the cashless policy. The low level of awareness and education on the payment system are responsible for the pilot scheme being limited to Lagos. Although the licensing and establishment of payment agencies will create jobs and new business opportunities, the hurdles before the cashless policy have raised concerns over how it is going to work. This policy, as beautiful as it is, faces great challenges here in Nigeria. A few of these challenges are treated below. To begin with, there are challenges associated with illiteracy/computerization. As it is commonplace in any developing country, the literacy rate is still very low in Nigeria especially in the Northern part of the country. The business men/women here prefer to keep their money in their own vault while there are banks scattered all over the country. Also, computer usage, skills and knowledge of Nigerians even among the educated is still poor. There is also the issue of lack of trust and the Bounced-Cheque Syndrome. Trust is lacking in Nigeria's business environment. As a result, business operatives believe in cash and carry business transactions. The bounced cheque issue is a very common thing in Nigeria and as a result people place less trust on the use of cheques too. More so, Concerns have continued to trail the level of 'pocket-friendliness' of the policy on the common man. In recent times, the welfare of the common man has become more relevant in Nigeria's decision making process, unlike the virtually complete neglect of the masses when decisions were taken in the past. The term, "anti-people" has also become mainstream language. With this development, the welfare of the common man needs to be considered in policy formulation and implementation. Many businesses in Nigeria make very little profit. In a very remarkable number of such cases, transactions are made with huge sums of capital input in both financial and non-financial terms, but the resultant profit is often disproportionate to the amount of capital invested. Despite this, the common man continues to struggle to survive, desperately holding unto his lifeline in form of the very businesses he is involved in. This implies that charges on exceeding the Five Hundred Thousand Naira (N500, 000.00) set by the CBN for individual accounts and the Three Million Naira (N3 million) limit set for corporate accounts will naturally eat deep into any businessman's profit, and in some cases, not only wipe out such profit, but also dig into the financial capital as well, thus, causing gradual erosion of capital, creating a new class of poor people in the country. This occurrence can be described as "electronically-generated poverty" as the poverty comes through the application of electronic process in deducting commissions from the business man's account as well as through the non-usage of electronic substitutes for payment. The occurrence can also be described as "policy generated poverty", as the poverty comes through the direct implementation of policy. Apart from business people and money being transferred from one person to another for transactionary reasons, money can be transferred for personal, non-business and non-transactionary reasons as well, by both business persons and non-business persons alike. The price to pay for this is quite huge, as it will imply including the CBN's charges in one's budget, when transferring money for very personal reasons. In other words, the banking sector has a share of money (whether profits are made or not) in almost any transaction and any transfer of money which one undertakes.

It is easy to say that if people do not want to incur charges, then they must use electronic means to effect payment. How many people know an iota about electronic means of payment? Among those who are electronically-literate, how many of them are brave enough to undertake this process, going by the huge loss of money due to fraud, encountered by some who have dared to do this in the past? Among the brave who have dared to undertake this process, how many of them can be careful enough to ensure they do not lose their media of cash holding, such as debit cards and credit cards or lose the privacy of their Personal Identification Number (PIN) to even someone as close as a family member, who needs just those few numbers to wreck havoc on the holder's bank account? PINs do not need to be stolen before being known by another person. A good number of people willingly hand over their PINs to others, literally begging such recipients to assist them in effecting the use of the PINs, as they, the PIN holders, are often not technologically exposed or savvy enough to use the PINs or otherwise seriously engaged at a pressing period. It goes without saying therefore that in addition to the probability of widening the poverty gap and increasing the incidence of poverty in the country, other challenges to the success of the cashless policy are ICT literacy, conviction of service safety and greater client exposure to fraud as a result of service/instructional support seeking from third parties, and also, of entrusting the individual with all his money, which he or she prefers to entrust to the care and safe-keeping of the bank. Functionality also comes into question. Many Automated Teller Machines (ATMs) do not function at all times. Either the bank complains of no network service, no electricity power and in some cases, no money in the machines. This short-circuits the customer's intention of using some of the available means of electronic-based transactions. Resorting to physical, over-the-counter means of financial payment attracts charges for the customer who will be, in essence, paying dearly for the inefficiency of the system. The cashless policy can however, promote the wide application of technology-enhanced business such as e-business and related web, internet and mobile phone/communication based businesses, but this will benefit only a limited number of people, as the vast majority of the populace are not endowed with such skills of using technological applications for business, and are either not yet ready to acquire such skills, or are not even in a position to acquire such skills. Despite these setbacks, the e-business community and other virtual platforms of transaction will undoubtedly receive a boost with the introduction of the cashless policy, no matter how little.

3. Research Methodology

This study adopts the Survey Research Design. Given the resources constraint (time, funds and materials, etc) required to undertake a census, vis-à-vis the implication of analyzing data obtained from the entire population if census were to be carried out, it became expedient to adopt survey design. This method allowed the researcher to obtained data from a representative sample (typical of the entire population strata) for an objective analysis and valid inference. The survey design also has the advantage of wider area coverage. Thus, data relevant to this study was obtained from sampled respondents.

3.1 Sample Size and Sampling Technique

The difficulty of conducting a census makes it imperative to choose from the accessible population certain subjects for inclusion in this research. A sample is a part systematically selected from the population for examination or study. The sample size for this work is 120 respondents drawn from among the bankers, bank customers and unbanked public.

3.2 Data Treatment Technique

The data obtained from the research instrument were analyzed using Chi-Square Test. The researcher choice of Chi-Square (x^2) technique was informed by the nature of data obtained. Besides, the suitability and ease of manipulation of data using the Chi-Square, buttressed the use of this test. The formula for Chi-Square (x^2) is given by:

$$X^2 = \frac{\Sigma(O - E)}{E}$$

Where:

Σ = summation
O = frequency observed
E = frequency expected
X^2 = chi-square

Decision Rule

Reject the null hypothesis if the calculated value of the Chi-square is greater than the critical or tabulated value. Otherwise accept.

4. Analysis and findings

4.1 Data analysis

Table 1: Sensitization on the cash-less policy by CBN and Federal Government of Nigeria

Responses	Frequency (observed)	Percentage (%)
SA	38	32
A	48	40
D	23	19
SD	11	9
	120	100

Source: Researcher field work 2014

Table 2: Sufficiency of banks in rural areas for take-off of cash-less policy nation-wide

Responses	Frequency (observed)	Percentage (%)
SA	29	24
A	50	42
D	34	28
SD	7	6
	120	100

Source: Researcher field work 2014

Table 3: Adequacy of Payment infrastructure (ATM, POS Terminals, etc) for the proposed take-off of the cash-less policy nation-wide

Responses	Frequency (observed)	Percentage (%)
SA	42	35
A	51	43
D	16	13
SD	11	9
	120	100

Source: Researcher field work 2014

As can be seen from table 1, 32% strongly agreed, 40% agreed, 19% disagreed and 9% strongly disagreed that there is adequate grass root education/sensitization on the cash-less policy by CBN and Federal Government of Nigeria.

In table 2, 24% strongly agreed, 42% agreed, 28% disagreed and 6% strongly disagreed that the number of banks in rural areas of Nigeria are sufficient for cash-less policy to take-off nation-wide.

In table 3, 35% strongly agreed, 43% agreed, 13% disagreed and 9% strongly disagreed that payment infrastructure (like: ATM, POS Terminals, etc are adequate for the proposed nation-wide take-off of the cash-less policy.

4.2 Test of Hypotheses

Hypothesis

Ho: Cash-less policy implementation has no workability in the Nigerian economy

H_1: Cash-less policy implementation has workability in the Nigerian economy

Table 4: Analysis of the workability of cashless policy in Nigeria

Responses	Frequency (observed)	Frequency (Expected)
SA	52	30
A	37	30
D	15	30
SD	16	30
	120	120

Source: Researcher field work 2014

Table 5: calculated chi- squared value of the workability of the cash-less policy implementation in Nigeria

Responses	O	E	O-E	$(O-E)^2$	$(O-E)^2/E$
SA	52	30	22	484	16.13
A	37	30	7	49	1.63
D	15	30	-15	225	7.50
SD	16	30	-14	196	6.53
					$X^2 = 31.79$

Researcher's computation from table 4

Tabulated / critical chi- squared value = (n-1) df @ 0.05 level of significance. X^2 = (4-1) @ 0.05 = 7.81473

Decision/ Inference:

The null hypothesis (Ho) which state that, "Cash-less policy implementation has no workability in the Nigerian economy" is therefore rejected in favour of the alternative hypothesis (H1). It is obvious from the analysis of data that the chances of the nationwide implementation of the cash-less policy are bright.

5. Conclusion and Recommendations

The findings are thus summarized:

- The gradual but steady increase in the number of bank customers using ATM and POS Terminals for business and financial transactions is a pointer to the fact stated above.
- Government commitment to fighting cyber-crimes through institutionalized agencies and the complete overhaul of the banking system is a clear attempt aimed at positioning of Nigeria for cash-less economy.
- The consolidation of banks and the gradual establishment of branches across the country especially in area with adequate population or patronage is a step toward nation-wide implementation of cash-less policy.

All these and more, is a clear indication that there is no going back in the CBN effort toward a nationwide implementation of the cash-less policy. Without any fear of contradiction, it could be concluded that notwithstanding the challenges which hitherto hamper the country-wide implementation of the proposed cash-less policy, the feasibility of its implementation is high. The renewed vigour in narrowing the gap between people-infrastructural ratio, cyber-safety, ICT education, etc, buttressed the fact that the CBN is more than determined in her effort to implement the cashless policy which is fast growing wide acceptance among Nigerians.

Having critically analyzed the findings of this work, the following recommendations are made:

- The Federal Government of Nigeria (FGN) should collaborate with all the states ICT centers and other private institutions to provide mass ICT education for the computer illiterates, without which mass participation in the policy would result in more casualties, arising from e-fraud.

- The FGN should overhaul and re-vitalize the current reforms in the power and telecommunication industry to position it as a vehicle of change needed to drive the cash-less policy.

The FGN should evolve a new national re-orientation of Nigerians on government reforms, in view of the perception of the "cashless policy" as the "Anti-Christ" from religious quarters.

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