

Cashless Policy and Accounting Evaluation Performance of Some Selected Deposit Money Banks in Nigeria

Ajuonu, Anulika Uche

Department of Accountancy,
Faculty of Management Sciences,
Nnamdi Azikiwe University, Awka, Anambra State
au.ajuonu@unizik.edu.ng

Uzodike, Ngozi Justina

Department of Business Administration,
Faculty of Management Sciences,
Nnamdi Azikiwe University, Awka, Anambra State
nj.uzodike@unizik.edu.ng

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Abstract

This study sought to examine the effect of Cashless Policy and accounting evaluation Performance of some selected deposit money banks in Nigeria. Ex-post facto research design was employed while data were collected from CBN statistical bulletin for the various years, Federal office of statistical annual account (FOS) and Nigerian stock exchange. Data was analysed using the multiple regression analysis. The study found that ATM transactions has significant effect on the return on equity of selected deposit money banks in Nigeria; POS transactions has significant effect on the Net profit Margin of selected deposit money banks in Nigeria. The study concluded that the volume of ATM transactions and E-banking transactions have significant influence on profits of deposit money banks in Nigeria likewise volume of POS transactions has significant effect on deposits of customers. The study recommends that Banks should train technical staff within and outside the country where they can learn and update themselves about modern and advanced technology used in banking which would enable them implement such innovation or build software that could be used to improve and enhance the Nigerian banking system. Bank management should pay more attention on the activities that would improve the ATM services, increase the ROE value of their banks as this would lead to high customer's satisfaction and patronage; Banks should work together with the Central Bank and Financial Settlement companies like Interswitch, Union Pay, MasterCard to ensure prompt reconciliation, increase the turnaround time in resolving dispute that relates to dispense error and failed transactions as these are part of reasons most bank's customers are afraid to use cashless platforms.

Keywords: *Cashless Policy; Accounting Performance Evaluation; POS Transactions*

1.0 Introduction

Today's financial system is the product of centuries of innovation. According to Ajayi (2014), a cashless economy is referred to as an environment in which money is spent without being physically carried from one place to another. Any country's banking system underpins its economy. They are essential participants in the nation's growth process and play a significant role in its financial structure. Banks mobilize and help in the effective distribution of national savings, increasing the volume of investments and subsequently national output by serving as a middleman between an economy's surplus and deficit savings units. The expansion of the financial sector in a developing economy like Nigeria has been accompanied by structural and institutional changes, and the sector has long been acknowledged as being essential to the growth of the country's economy. Nigeria's effort to transition to a cashless economy has been prominent for a while.

Before adopting a cashless policy, a number of economists and financial analysts had predicted that without fully embracing the electronic payment system, it would be challenging to become a leading economy by 2020. Customers in Nigeria had to enter the banking hall to conduct all types of transactions prior to the introduction of electronic payments. They had to wait in line and speak with a teller for longer hours in order to complete their transactions. The inconveniences brought on by these lengthy lines deter the majority of customers, who occasionally abandon the lines in annoyance. Bankers, IT professionals, business owners, and others have long pushed for the elimination of physical cash and the adoption of more adaptable, effective, and affordable retail payment solutions. The cashless policy was introduced to drive the development and modernization of the Nigerian payment system in line with the nation's vision 2020 goal of being among the top 20 economies in the year 2020 but the use of cash, as a means of carrying out transactions still remains very high in Nigeria.

Poor network and connectivity which results most often into debiting customers' account more than once, high transaction cost, as well as security and technical setback, are some of the factors still posing as challenges to the recent move. The current transition to a cashless economy raises a lot of concerns and there is yet no substantial evidence to justify its implementation in Nigeria. Against this back, the study sought to examine cashless policy and Accounting evaluation performance of some selected deposit money banks in Nigeria.

1.2 Statement of the Problem

The Nigerian deposit money banks have faced several challenges in implementing and operating the Central Bank of Nigeria (CBN) Cashless Policy, despite the CBN's introduction of the policy with the intention of transforming the country's economy into a digitally-driven and cashless financial ecosystem. Some challenges are still be encountered which include lack of technological infrastructure, low financial literacy, security worries, transaction costs, insufficient access to banking services, issues with the infrastructure and power supply, resistance to change, a limited acceptance of digital payments, complicated regulatory compliance, network glitches and a lack of financial resources, among others.

Customers in Nigeria had to enter the banking hall to conduct all types of transactions prior to the introduction of electronic payments. They had to wait in line and speak with a teller for longer hours in order to complete their transactions. The inconveniences brought on by these lengthy lines deter the majority of customers, who occasionally abandon the lines in annoyance. Bankers, IT professionals, business owners, and others have long pushed for the elimination of physical cash and the adoption of more adaptable, effective, and affordable retail payment solutions. It is against this background, that this study arises to examine the effect of Cashless policy and accounting evaluation Performance of some selected deposit money banks in Nigeria and possible means of moving the sector forward. Ajayi, (2014) argued that by increasing the use of cashless banking instruments, monetary policy effectiveness is strengthened and further stated that the present level of e-money usage is not yet posing a threat to the stability of the financial system.

1.3 Objective of the Study

The main objective of this study is to investigate Cashless Policy and accounting evaluation Performance of some selected deposit money banks in Nigeria.

The specific objectives are to:

1. Determine the effect of ATM transactions on the return on equity of some selected Banks in Nigeria.
2. To determine the effect of POS transactions on return on equity of some selected deposit money banks in Nigeria.
3. To determine the effects of E-banking transactions on the return on equity of some selected deposit money banks in Nigeria.

1.4 Research Questions

Drawing from the above objectives, this study will attempt to answer the following questions:

1. Does ATM transactions significantly affect the return on equity of selected deposit money banks in Nigeria?
2. Does POS transactions significantly affect the return on equity of selected deposit money banks in Nigeria?
3. Does E-banking transactions influence the return on equity of selected deposit money banks in Nigeria?

1.5 Hypothesis of the study

The following statement of hypothesis made in null form, is to test the research questions:

H₀₁: ATM transactions have no significant effect on the return on equity of selected deposit money banks in Nigeria.

H₀₂: POS transactions have no significant effect on the return on equity of selected deposit money banks in Nigeria.

H₀₃: E-banking transactions have no significant effect on return on equity of selected deposit money banks in Nigeria.

2.1 Conceptual review

2.1.1 Cashless Policy

According to Ogbeinde and Fapohunda (2017), cashless policy is defined as “one with no transaction frictions which can be reduced through the use of money balances, and that accordingly provide a reason for holding such balances even when they earn rate of return”. Onoh (2017) expressed the difficulty in rightly defining the electronic money but agree that it blends technological and economic characteristics. It was further emphasized that cashless policy does not mean a total elimination of cash, as money will continue to be a means of exchange for goods and services in the foreseeable future. It is a financial environment that minimizes the use of physical cash by providing alternative channels for making payments. Contrary to what is suggestive of the term, cashless economy does not refer to an outright absence of cash transactions in the economic setting, but one which the amount of cash-based transactions is reduced to the barest minimum (Adu, 2016).

Since money continues to be the primary means of exchange for the exchange of goods and services, the aim of the cashless policy is not to completely eliminate cash from the economy. The goal is to reduce the amount of physical cash used as much as possible while simultaneously offering substitute payment methods. Contrary to what the term may imply, a cashless economy refers to a situation in which the number of transactions involving cash is kept to a minimum rather than an economy in which there are no cash transactions at all. Transactions are not primarily made in exchange for actual money in such an economic system. The barter system, in which goods and services are exchanged for one another, is not equally effective. Ajayi (2014) defined a cashless economy as an economic environment where most goods and services are purchased and paid for via electronic media. Therefore, it has been emphasized numerous times that a cashless economy does not mean that there is no cash at all. It's more like an economic environment were paying for goods and services through electronic media is the norm.

According to Roth (2010) in a cashless economy, there is no point to worry about how much cash is in one's wallet as this is practically irrelevant. One could pay for purchases by either credit cards or bank transfer. Developed countries have been observed to have virtually moved away from paper payment instruments and embraced electronic means, especially payment cards. Some aspects of the functioning of the cashless economy are enhanced by e-finance, e-money, e-

brokering and e-exchanges. These refer to how transactions and payments are affected in a cashless economy (Mohammed, Mohammed, & Alexander, 2014).

For Woodford (2003), in cashless economy, there is assumedly no transactions friction that can be reduced through the use of money balances, and that consequently provide a reason for holding such balances even when they earn rate of return. Basel Committee (1998) emphasized the difficulty in accurately defining electronic money. The committee however, agrees that it blends technological and economic characteristics. In a similar vein, other reputable institutions and experts have tried to define concept of electronic money which they all consider as the backbone of the cashless economy. According to ECB (1998), electronic money is generally characterized as an electronic store of money value, usually on a technical device, and that could be extensively used for making payments to undertakings except for the issuer, and not necessarily involving bank accounts in the transactions, although actually acting as a prepaid bearer instrument. Electronic payments as arguably have a significant number of economic benefits aside their convenience and safety. These benefits when maximized can contribute immensely to economic development of a nation. Bank deposits are deepened following the use of automated electronic payments. As a result, funds available for commercial loans considered as a driver of the general economic activity are increased. There is a wide range of significant macroeconomic benefits that come with efficient, safe and convenient electronic payments. One could liken the impact of establishing electronic payments to using the gears on a bicycle. Put in place an additional efficient electronic payments system to an economy, and the economy is kicked into a higher gear and better-controlled consumer and business credit, and you notch up economic velocity even further (Okoye & Raymond 2013).

Automated Teller Machine (ATM) ATM is a computer-controlled device that can be instructed to dispense cash and equally provide other services to customers who are identified with a personal identification number (PIN). The introduction of this service has greatly reduced the physical carriage of cash and frequent visits to the banks. With ATM, cash is dispensed at any time of the day and it must not necessarily be located within the banking premises. It could be located even in stores, shopping malls, and fuel stations etc. This is different from the customary method where customers queue, and sometimes, for a very long period to withdraw cash or transfer funds (Obiora, Omaliko & Okeke, 2022)

The ATM is the most popular e-transaction solution in Nigeria. Its popularity stems from its convenience as it has rendered withdrawing cash, or checking of account balance a lot easier. However, despite its popularity, the effect of ATM has not been as expected as there is still huge amount of cash in circulation in the economy. Apparently, its introduction has done very little in reducing the amount of cash in the economy. This could be attributable to the fact that most Nigerians use ATM only for cash withdrawal. The vast majority of customers ignore the fact that ATM machines can perform other functions like fund/cash transfer, mobile phone credit recharge and bills payment. It has been noticed that cash withdrawals and balance inquiry are the most popular applications requested by users in Nigeria. This may be due to absence of education on the part of banks who are expected to properly educate their customers. The absence of merchants has also been sited among the reasons for not utilizing the other functions of ATM. For the fact

that ATM machines are mainly used for cash withdrawals, their impact has not gone far enough in turning Nigeria into a cashless economy.

ATM has succeeded in making more cash available in the economy since depositors can withdraw cash with ease. To turn Nigeria into a cashless economy, Nigerians need more than just ATM cards; they need credit/debit cards. The first ATM that was offered to the public was in 1969 at the chemical bank in Rockville Center, New York. ATM'S were introduced into Nigeria in the year 1989. It was installed by national cash registers (NCR) for the society General Bank of Nigeria (Ikpefan, e tal 2018). Because ATM machines are mainly used for cash withdrawals, they do not go far enough in turning Nigeria into a cashless economy. ATM only makes more cash available in the economy because of the ease at which

2.1.2 Performance (Return on Equity)

Performance is the dependent variable in this research and it is proxied by return on Equity (ROE). Performance can be described as a measure of how well a firm can use assets from its primary mode of business to generate revenues. It shows how efficient the management of an organization uses the assets at its disposal to generate profit. Performance of a business can be measured using different proxies. Abaenewe, Ogbulu, and Ndugbu (2002) proxied performance using return on asset (ROA) and return on equity (ROE). However, it is pertinent to note that firms' profitability is not the only performance measure of an organization. Ibukunle and James (2012), Olorunsegun (2010) and some other researchers have measured performance in a different perspective like productivity, increase in sales, cost reduction, competitiveness, efficiency, and effectiveness.

This study, therefore, measures deposit money banks' accounting evaluation performance using return on equity (ROE) which is consistent with that of Abaenewe et al (2013). Measurement of Accounting evaluation Performance Accounting evaluation performance measures a firm's financial health based on assets, liabilities, revenue, expenses, equity, and profitability. It is a thorough analysis of company financial statements. Analysts examine a firm's Income Statement, Cash Flow Statement, Balance Sheet, and Annual Report. Accounting evaluation performance signifies a firm's ability to manage its finances. Based on the analysis, firms strategize the improvement of capital structure, increase in revenue, enhancement of cash flow, and reduction in expenses. In addition, decision-makers use financial indicators like liquidity, profitability, leverage, efficiency, and market value ratios to study the financial position of a particular firm.

These indicators determine firms' growth potential. Investors and shareholders require such inputs to identify potential risks associated with a particular business. Similarly, lenders and financiers use a firm's performance data to determine credit worthiness and repayment capacity. Further, creditors gauge the liquidity position of each borrowing firm before extending trade credit. Accounting Evaluation Performance Analysis is the study of company financial statements to discover a firm's strengths and weaknesses. It also involves the comparative analysis of a company's overall financial health. Company performance in a current fiscal year is compared to previous periods and competitors' performance.

2.1.3 The different areas of accounting evaluation performance analysis are as follows:

Profitability Analysis: Owners, managers, investors, shareholders, and creditors use profitability ratios. This helps to determine a firm's business performance and profit earning ability.

Working Capital Analysis: Analysts study firms' operational efficiency to ensure that the firm does not run out of current assets—required to meet short-term obligations.

Activity Analysis: This comprises the evaluation of a company's production process, human resource requirements, time taken; raw materials consumed, and value creation. Activity analyses are undertaken to boost productivity and to streamline business operations. **Financial Structure Analysis:** The interpretation of the business capital structure is essential to balance the firm's debt and equity proportion.

The accounting evaluation performance of any business can be gauged through various financial ratios that indicate a firm's liquidity, profitability, leverage, and market value. Prominent Accounting evaluation performance metrics are as follows:

1. **Net Profit Margin:** The net profit ratio is another accounting evaluation performance metric. It measures firms' profitability after deducting all the expenses from gross profits. It is evaluated as follows: $\text{Net Profit Margin} = (\text{Net Profit} / \text{Revenue}) \times 100$.

2. **Return on Equity:** It is a profitability measure that ascertains a firm's ability to generate profit from equity capital that was acquired from the shareholders. It is represented by: $\text{Return on Equity} = \text{Net Profit} / [(\text{Beginning Equity} + \text{Ending Equity}) / 2]$.

3. **Quick Ratio:** It is a liquidity metric; it analyzes firms' ability to clear short-term liabilities using cash and cash equivalents. Its formula is as follows: $\text{Quick Ratio} = (\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}$.

4. **Current Ratio:** It measures firms' liquidity. It evaluates a firm's ability to pay off short-term liabilities (using current assets). It is determined as follows: $\text{Current Ratio} = \text{Current Assets} / \text{Current Liabilities}$.

A Point-of-Sale machine allows credit/debit cardholders make payments at sales/purchase outlets. It allowed customers to perform the following services: retail payments, cashless payments, cash back balance enquiry, airtime vending, printing mini-statement, etc. (Ikpefan, Akpan, Godswill, Grace and Chisom, 2018)

2.1.4 E-banking Electronic Payment

E-banking is a term that refers to any sort of banking activity that takes place through the internet. It is the newest financial service delivery channel, and it is utilized for both business to-business (B2B) and business-to-consumer (B2C) transactions (Mohammad, 2009). Electronic banking refers to several types of services through which a bank customer can request information and carry out most retail banking services via computer, television, or mobile phone, and the definition of e-banking varies among researchers partly because electronic banking refers to several types of services through which a bank customer can request information and carry out most retail banking services via computer, television, or mobile phone (Mohammad, 2009). (Mohammad, 2009) defines e-banking as an electronic connection between a bank and a customer for the purpose of preparing, managing, and controlling financial transactions, while Leow, Hock Bee (1999) define personal computer (PC) banking, online banking, Internet banking, telephone banking, or mobile banking as a variety of ways in which customers can access their banks without having to be physically present at a bank branch. As a result, e-banking encompasses all of these electronic banking methods (Mohammad, 2009). In every economy, electronic transactions are a key instrument for reducing cash circulation. It is a pre-requisite to the adoption of a cashless policy if it is to succeed. Electronic currency is a mechanism that allows people to buy products and services in today's society without having to trade physical items. Money is still used, but it is now in an electronic format. This is becoming increasingly accepted as the world moves toward a cashless society, which is being presented as a more convenient mode of payment and a way of reducing crimes ranging from individual cash robberies to money laundering among criminal syndicates and cash hoarding at home by corrupt government officials.

2.2 Theoretical Review

This study is anchored on the Roger's diffusion theory originally proposed by Everett Rogers in 1962 and the Bank-Led Theory put out by Lyman, Ivatury, and Stachen in 2006.

2.2.1 Rogers' Diffusion Theory

These generally accepted conceptions of innovator and early adopter are based on diffusion theory, whose founder is regarded as Everett Rogers. The fundamental tenet of the theory is that diffusion or penetration of technological innovation follows a typical bell-shaped distribution pattern. In this diffusion pattern, the theory distinguishes five adopters' segments, each with its own set of size, profile, and adoption-related presumptions. According to Rogers (2003), the timeliness of one's adoption choice or the innovativeness of a collection of product qualities is presumed to be determined by the subjective impression of those attributes (relative advantage, complexity, compatibility, trialability and observability). Early adopters and innovators, for instance, are thought to perceive complexity as being lower and to perceive relative benefit as being higher than the majority segments.

2.2.2 Bank-Led Theory

Lyman, Ivatury, and Stachen (2006) put out the bank-led theory of branchless banking, which emphasizes the function of an intermediary between the banks and their clients. In this instance,

the retail agents deal directly with the consumers of the banks and assume the obligations of the bank by either paying cash or collecting deposits (Owens, 2006). Finally, this agent is required to use electronic means to transmit all of his communications with the bank's clients to the bank he is representing (such as phones, internet).

2.3 Empirical Review

Odior & Banuso (2020) examined the challenges, benefits and prospects of cashless policy, using descriptive design involving both qualitative and quantitative approaches was employed and their study found that some of the challenges that have the capacity to hamper the success of cashless policy are power supply and poor infrastructures to mention but a few. On the other hand, their study revealed that cashless policy will promote economic growth and provide banks with more liquidity for lending to needy sectors and contribute to eliminating corruption if the right infrastructure and trust is instituted.

Oyewole et al., (2020) examined electronic payment systems and its impact on economic growth in Nigeria, and their study found that e-payment system has a positive impact on economic growth in terms of real GDP and that the introduction of ATMs in doing financial transaction impacts directly on economic growth, while other forms of e-payment channels showed a negative impact on economic development.

Princewell (2020) examined issues in economic policy drift in payment systems with reference to Nigeria's shift from a cash-based economy to a cashless society. Using the survey method, the study sampled 650 stakeholders (respondents) comprising of Businessmen, University Students, and civil servants. Results show that the majority of the stakeholders support the policy. The key reason why they support the policy is that of its potential in reducing cash-related robberies, corruption, and other fraudulent practices among others. On the other hand, stakeholders who are against the policy shift hinged their reasons on payment fraud associated with the cashless economy; high rate of illiteracy and infrastructural decay in Nigeria.

Tunmibi and Falayi (2020) investigated Information technology security and e-banking in the Nigeria banking industry. A total of forty customers were sampled from nine different banks in Nigeria using accidental sampling method and questionnaire was used as the data collection instrument. Information technology has been acknowledged as the life wire of banks in the financial sector as it promotes and facilitates the performance of banks in various countries. However, with respect to IT security in Nigeria, there is a variation in the level of trust that customers have in their banks. Most of the sampled customers responded that network is unreliable and there is an occasional experience of cash deduction without cash withdrawal when using ATM. They noted that IT security is a major challenge to e-banking in Nigeria and the banking industry is not stable enough for e-banking.

Ezuwore-Obodoekwe, et al (2021) 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.

Njogu (2021) in their study examined the effects of electronic banking on the profitability of deposit money banks in Kenya. These data were collected from the Central Bank of Kenya and Deposit money banks. Regression analysis was done for the period to determine the effects of electronic banking on the profitability of deposit money banks in Kenya. The study covered a period of 5 years from the year 2009 to 2013. The findings on the coefficient of determination, the study found that major changes in the financial performance of deposit money banks in Kenya could be accounted to changes in internet banking, the point of sales, automatic teller machine, mobile banking and size of the bank at 95% confidence interval. The study found that there was a strong positive relationship between the financial performance of deposit money banks and electronic banking, as it was found that there was a strong relationship between the financial performance of deposit money banks and electronic banking. Size of the bank was also found to positively influence the financial performance of deposit money banks in Kenya.

Obiekwe and Anyanwaokoro (2021) in their study investigated the effect of Electronic Payment Methods (EPM) on the profitability of deposit money banks in Nigeria. In order to achieve the broad objective, the study specifically investigated the effect of Automated Teller Machine (ATM), Point of Sale (POS) and Mobile Payment (MPAY) on the profitability of deposit money banks in Nigeria. A total sample of five (5) banks was considered for the period 2009 to 2015 and the study adopted the Panel Least Squares (PLS) estimation technique as the analytical tool. Data were collected from the Central Bank of Nigeria (CBN) Statistical Bulletin and Annual Reports and Statements of Accounts of the five banks used in the study. Findings revealed that Automated Teller Machine (ATM) and Mobile Phone payment have a significant effect on the profitability of deposit money banks in Nigeria. However, Point of Sale (POS) has an insignificant effect on deposit money banks' profitability in Nigeria.

Morufu (2022) in their study examined the impact of four (ATM, POS, web/Internet and mobile) e-payments adoption and banks specific variables on the profitability of the Nigerian Deposits Money Banks (DMBs). Secondary data were obtained from the annual report and accounts often quoted (DMBs) between 2005 and 2012. Data were analyzed using panel logistic regression. The overall result from data analysis shows that when bank adopts e-payment systems, their performance level, such as gross margin, profits after tax, return on assets and return on equity changes. This is reflected in the positive association between adoption and gross earning of banks. Further, adoption of the four e-payment instruments like ATM, WEB, POS and Mobile banking influenced performance indices measured by return on assets (ROA), gross margin and profits after tax (PAT) of the sampled banks.

Ugwueze and Nwezeaku (2022) studied the relationship between electronic banking and the performance of Nigerian deposit money banks. The study became necessary due to the increased adoption of electronic banking which has redefined the banking service both in Nigeria and internationally. Electronic banking was proxied by the value of Point-of-Sale transactions while

commercial banking performance was proxied by customers' deposits. Engle-Granger co-integration model was used to analyze data for the sample period January 2009 to December 2013. The results show that POS is not co-integrated with both the savings and time deposits but are co-integrated with demand deposits.

3.1 Methodology

The study, adopted ex-post facto research design and this is used because the research study involves collection of data from published annual reports and statements of account of the selected banks. The researcher focused attention on the Cashless policy and accounting evaluation performance of some selected deposit money banks in Nigeria. The population of the study comprises selected Deposit money banks in Nigeria as at 31st December 2022. There were fifteen (13) selected banks from the Nigeria stock exchange. These include Access Bank, Ecobank, Fidelity Bank, First Bank, First City Monument Bank, Guaranty Trust Bank, Stanbic IBTC Bank, Sterling Bank, Union Bank, United Bank for Africa, Unity Bank, Wema Bank and Zenith Bank.

3.2 Model Specification

In the model, average profits of the banks selected (Zenith Bank Plc., GT Bank, UBA Plc, Access Bank Plc. and First bank Plc.) were used as indicator for accounting evaluation performance of deposit money banks, hence dependent. On the other hand, forms or tools of cashless policy (ATM, NEFT, NIP, EBN, POS, CHQ, WEB) are used as indicators for cashless policy in the study and are the independent variables.

Functional form:

$$\text{PERF} = f(\text{ATM}, \text{NEFT}, \text{NIP}, \text{EBN}, \text{POS}, \text{CHQ}, \text{WEB}) \dots\dots\dots (i)$$

Structural form:

$$\text{PERF}_t = \beta_0 + \beta_1\text{ATM}_t + \beta_2\text{NEFT}_t + \beta_3\text{NIP}_t + \beta_4\text{MBN}_t + \beta_5\text{POS}_t + \beta_6\text{CHQ}_t + \beta_7\text{WEB}_t + \mu_t \dots\dots\dots (ii)$$

Where;

PERF_t = Performance of banks at time t

ATM_t = Volume of ATM transactions at time t

NEFT_t = Volume of NEFT transactions at time t

NIP_t = Volume of NIP transactions at time t

MBN_t = Volume of mobile banking transactions at time t

POS_t = Volume of POS transactions at time t

CHQ_t = Volume of cheque transactions at time t

WEB_t = Volume of web pay transactions at time t

β_0 = Constant or intercept of the model

$\beta_1; \beta_2; \beta_3; \beta_4; \beta_5; \beta_6$ and β_7 = Coefficients of the variables in the model

μ_t = Stochastic error term of the model

3.3 Methods of Data Analysis The major tool of data analysis that will be used is multiple regression analysis which will be carried out with the aid of Eviews statistical software. The data will be further analysed using various robustness tests such as multicollinearity, normality and heteroscedasticity.

4.1 Presentation of Data and Descriptive Statistics

The data generated for this study were analyzed in this section and the result obtained was presented in the table below.

Table 1: Summary Statistics of Variables

Variable	Mean	Standard Deviation	Minimum	Maximum
PROFIT	94895.52	29381.49	66709	145474.2
ATM	5495.75	4282.801	1561.74	16513.61
NEFT	13541.99	1539.732	10845.18	14946.46
NIP	50234.14	50716.18	3891.026	158223.6
MBN	1712.818	2467.623	18.98	7231.965
POS	1782.305	2774.143	31.02	9065.753
CHQ	7811.481	5200.768	4481.669	22302.65
WEB	240.4268	252.8716	31.56736	675.9167

Source: Author's Computation (2023) Using E-views 9.0 Software

Average profit of banks over the years is ₦94.9 billion minimum profit after tax over the years is ₦66.7 billion while maximum is ₦145 billion. Average value of transactions performed using ATM over the years of study is ₦5.5 trillion, standard deviation of 4282 shows that the values over the years spread far from their mean, minimum value of transactions at the ATM over the years is ₦1.5 trillion while maximum value of transactions processed through ATMs in a year is ₦16.5 trillion. Over the years, average of ₦13.5 trillion NEFT transactions were processed, minimum value of transactions in a year is ₦10.8 trillion while maximum is ₦14.9 trillion. Average value of NIP transactions over the years is ₦50.2 trillion, minimum value is ₦3.9 trillion while maximum in a year is ₦15.8 trillion. Over the years, mean value of transactions processed through mobile banking stood at ₦1.7 trillion, minimum of ₦18 billion and maximum of ₦7.2 trillion. Average value of transactions processed through POS over the years is ₦1.7 trillion, minimum value is ₦31 billion while maximum is ₦9 trillion. Value of transactions processed through cheque over the years is ₦7.8 trillion, maximum value of cheque transactions in a year is ₦22.3 trillion while minimum is ₦4.5 trillion. Over the years, average value of transactions processed through web is ₦240 billion, minimum value of transactions processed the platform in a year is ₦31.5 billion while maximum is ₦675 billion.

4.2 Data Analysis

Table 4.2. Showing Ordinary Least Square Regression result on the Cashless policy and Accounting Evaluation Performance of some selected deposit money banks in Nigeria.

The method adopted in estimating the regression model $PERF_t = \beta_0 + \beta_1ATM_t + \beta_2NEFT_t + \beta_3NIP_t + \beta_4MBN_t + \beta_5POST_t + \beta_6CHQ_t + \beta_7WEB_t + \mu_t$ (ii)

Table 2: Regression Result

Variable	Coefficients	T-Statistics	Prob. Value
ATM	33.04	5.4958	0.0400
NEFT	5.51	1.5513	0.2610
NIP	3.42	4.6264	0.0417
MBN	41.25	4.5966	0.0484
POS	-42.33	2.8942	0.1015
CHQ	1.14	5.1940	0.0405
WEB	-114.9	2.0677	0.1746
C	61.58	1.283	0.3281
Dependent Variable	ROE		Sample: 2016-2022(11 Obs)
R-squared	0.9948		Adjusted R-squared
F-statistics	55.5818		0.976986
*indicates significance	at 5% significance level		Prob(F-statistic) 0.017785

Source: Author's Computation (2023) Using E-views 9.0 Software

Test of Significance

ATM transactions, NIP transactions, mobile banking transactions and cheque transactions have positive and significant impact on profit of banks in Nigeria as the probability values of these variables (0.040, 0.0417, 0.0484 and 0.0405 respectively) are less than 5% significance level. On the other hand, NEFT transactions, POS transactions and web transactions do not have significant impact on ROE of banks as their probability values are greater than 5% significance level.

Evaluation of Results

In the regression result, POS transactions and web transactions are the only variables which signs of coefficients do not conform to prior expectations.

The R-squared value of 0.9948 and adjusted R-squared of 0.9769 as shown in the regression result in Table 4.2 shows that 99% variations in profits of banks in Nigeria is explained by the independent variables in the model. This shows that the model is a good fit. The F-statistics of the model is 55.58, the Prob (F-statistics) of 0.0177 shows that the variables in the model are jointly significant as the value is less than 5% significance level.

In addition to the above the specific findings from each explanatory variable are provided as follows:

Hypothesis One

H₀: ATM transactions have no significant effect on the return on equity of selected deposit money banks in Nigeria.

H₁: ATM transactions have significant effect on the return on equity of selected deposit money banks in Nigeria.

In the regression result, the probability value of ATM transactions (0.0400) is less than 5% significance level, therefore the null hypothesis is rejected and concluded that ATM transactions has significant effect on the return on equity of selected deposit money banks in Nigeria.

Hypothesis Two

H₀: POS transactions have no significant effect on the Return on Equity of selected deposit money banks in Nigeria.

H₁: POS transactions have significant effect on the Return on Equity of selected deposit money banks in Nigeria.

The probability value of the variable (POS) in the regression analysis (0.1015) is greater than 5% significance level, as a result of this, the null hypothesis is accepted and concluded that POS transactions has no significant effect on the Return on Equity of selected deposit money banks in Nigeria.

Hypothesis Three

H₀: E-banking transactions have no significant effect on Return on Equity of selected deposit money banks in Nigeria.

H₁: E-banking transactions have significant effect on Return on Equity of selected deposit money banks in Nigeria.

MBN which proxy electronic banking in the regression model has probability value (0.0484) less than 5% significance level. As a result of this, the null hypothesis is rejected and concluded that E-banking transactions has significant effect on Return on Equity of selected deposit money banks in Nigeria.

5.1 Conclusion and Recommendations

From the statistical analysis of the study, it was concluded that cashless policy ensures the financial performance of listed deposit money banks in Nigeria. Thus, it was recommended that Banks should train technical staff within and outside the country where they can learn and update themselves about modern and advanced technology used in banking which would enable them implement such innovation or build software that could be used to improve and enhance the Nigerian banking system. Bank management should pay more attention on the activities that would improve the ATM services, increase the ROE value of their banks as this would lead to high customer's satisfaction and patronage; Banks should work together with the Central Bank and Financial Settlement companies like Interswitch, Union Pay, MasterCard to ensure prompt reconciliation, increase the turnaround time in resolving dispute that relates to disperse error and failed transactions as these are part of reasons most bank's customers are afraid to use cashless

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