

Effect of Cashless Policy on the Performance of Small Business Enterprises in Bayelsa State

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Abstract

Cashless Policy is an economic and monetary tool of government for the control and reduction of too much cash circulating in the informal sector of the economy. This research was embarked to examine the extent cashless policy can lead to improvement in small business enterprises in Bayelsa State. A descriptive survey design was adopted in the study and a sample size of four (400) respondents which comprised small business traders, civil servants and students in Bayelsa State. The data generated were subjected to different statistical tests such as descriptive, correlation analysis and inferential tests. The data gathered were finally analyzed using regression analysis via SPSS version 26. The study found that Digital payment instruments, Cash withdrawal limits and Naira notes redesign policy affect small business enterprises in the State. Consequently, the study concludes that this policy is capable to improve customers' satisfaction, reduce the harmful effect of cash related crimes, and raise the market for small business enterprises that will enhance the economy of the State. The study recommends that Bayelsa State government should enforce the political will to ensure full compliance in the cashless policy; ensure adequate power supply to power the electronic devices; conduct massive training on the use of the new technology and enlightenment programmes to sensitize the people of the State as well as meting appropriate punishment to officers, institutions and organs found sabotaging the cashless policy.

1. Introduction

Until recently, every business enterprise including the informal and formal sectors of the economy transacted business via physical cash such as raw cash-naira notes, coins, cheques, bank drafts, money orders, tellers etc. At that era, there was complete dependant on cash for all businesses and private operations. The economy was fully paper based and businesses were doing great, because it was an ease, durable, and trustful method of transacting business (Gbalam & Dumani, 2020). Recently, the cash- based transactions recorded series of problems that amounted to its lack of reliability , inefficiency, ineffectiveness and inconvenience method of business transactions due to increase in international business relationships, advent of computer technology and the level of education amongst the people of the world .The problems related to cash-based transactions

ranging from the breeding of corruption, attracting armed robbery, terrorism financing, lose of money due to natural occurrences, burden of carrying and counting heavy cash, high attendant cost of doing business, the transmission of bacterial infections through the carrying and counting of naira notes and coins (Ezinwane, 2023) and other inconveniences in the economy. To this vein, Adebayo (2013) contributed that the cash-based system created room for perpetrating financial crimes and inability to provide sound security measure to safe guard public asset and to ensure code of best practice. To overcome the present challenges of business transactions using the cash-based policy, the Federal Government through the apex bank introduced the cashless policy for conducting business across the country which compelled all businesses to migrate to the new policy and to drive home the needed benefits, Heman & Anna, (2023) reported that since every country all over the World is singing the slogan of going cashless. Nigeria cannot be exceptional, thus joined the comity of states to adopt the cashless policy. Adedamola (2023) asserted that the introduction of the cashless policy is designed to modernize the financial sector, improve transparency and further enhance efficiency in the economy. James (2023) also stated that this cashless policy is targeted to increase the volume of all available payments instruments in the country, as well as promoting end-to-end electronic payments in the country. ICAN (2023) posited that the introduction of the cashless policy is primarily geared to reduce the volume of physical cash in circulation, increase the availability of other payment instruments such as Debit and Credit Cards, Bank Transfers, Bank Direct Debits, Automatic Machines (ATM), Mobile Phone Money and Point of Sale (POS) machine, (Omose, 2011). The adoption of cashless policy is also to deepen the financial system of the country, improve and control the informal sector of the economy, preserve the currency from abuse.

However, the implementation of the cashless policy came with enormous challenges in the country such as delay in confirming amounts of money before leaving the point of sales or purchases, non-remittance of cash, lose of cash to operators of payment channels, banks etc. Advance fraud, customer unfriendliness etc. ICAN (2023) reported that the policy suffered several reversals and reviews by the CBN especially December 6, 2022 till date. This is further compounded by the near collapse of the payment instruments or channels in banks in Nigeria as well as the implementation of the ill-fated currency redesign which was designed at steering the country into full-fledged cashless economy by January 9, 2023. This brought in an untold hardship to the citizenry and corporate bodies. Edidiong Ikpoto in Punch news of March, 27th 2023 reported the outcry of Mr. Egbesola that in Nigeria today, quite a number of small businesses are still cash dependant. It is the bigger businesses that are already in tender with on-line transactions, but for small and micro businesses, it is more cash based. Over 19% of small businesses had shut down as a result of the cash crunch, while many others are on the verge of closing up. In a similar vein, Peter popoola in Punch news stated that SMEs are struggling to stay afloat as sales had dropped drastically due to the implementation of cash withdrawal limits over the counter, because over 80% of SMEs transactions were cash driven. This adoption has affected business operations in Nigeria both in the informal and the formal sectors of the economy as perceived.

The informal sector of the economy refers to the economy that is characterized by a diversified set of economic activities that are not controlled and regulated by the government which houses small and micro business enterprises, played very important role in building the economy by way of

creating employment, revenue generation (Aremu & Adeyemi 2011), provision of technical skills, raw materials, delivery and distribution services and also performs financial intermediation function. According to Heman and Anna (2023) cashless policy has brought several challenges for small business operators in Nigeria including cost of acquiring and maintaining electronic payment devices, lack of adequate infrastructure to support the electronic payment system as well as the levels of financial literacy among traders on the land. The authors added that another contributing factor of the cashless policy to the operators of the informal sector is literacy level of the business owners on how to operate the devices and bank accounts to drive the electronic payment system. Kingsley,(2017) also added that about 90% of retail transactions in sub-Sahara African are cash-based, while just about 34% of the adults have bank accounts . This has halted business operations of many of these small businesses, while a lot slow down their growth and sustainability in the State. This is true for the fact that small business enterprises perform their operations via bank accounts in the cashless regime.

Bayelsa State is composed of 75% water, while 25% land is endowed with many mineral and solid resources (Ewujajakpo, 2014) which attracted small businesses and the state is a major civil service state. This implies that the state is densely rural setting where major farming, fishing and small business activities are highly concentrated. The State joined other states in Nigeria to adopt the cashless policy in order to participate in the inherent benefits. As a result of the rural terrain the presence of banks are difficult as well as the availability of bank accounts of individuals and small business owners. This compelled the sector to rely on cash in all financial transactions for many years. The implementation of the electronic money makes the situation even more disturbing for small business enterprises due to lack of awareness and knowledge, access to Information Communication Technology (ICT) (James, 2012) and the absent of bank accounts to drive the new policy. Bonugli (2006) argued that small business enterprises are the largest participants of the informal sector of the economy and the adoption of the cashless policy is not only a plaque to the operators but also a burden to the economy for the fact that the modern payment system came with many challenges for doing business. The State encountered the following problems after the implementation; cost of acquiring and maintaining payment channels, understanding the electronic payment instruments, low level of financial education amongst the operators. Cash trapped, lose of money to banks and POS operators and increase digital stealing and cash shortages due to huddling of cash, hardship and closure of small businesses. The implementation of the policy also created reduction in the State GDP, loss of consumer confidence, increased cyber crime as a result of poor implementation timeframe and sabotage.

This research is embarked to examine the extent to which Cashless Policy adopted by the state significantly improve the performance of Small Business Enterprises by way of blocking all revenue leakages, strengthening the procedures and processes of customers satisfaction; enhancing the size of SBEs by way of eliminating hardship and sabotage of digital payment systems.

Aim and Objective

This research is embarked to examine the effect of cashless policy on the performance of Small Business Enterprises in Bayelsa State.

Specific objectives are:

- i) To examine the effect of the adoption of digital payment instruments on small business enterprises' performance in Bayelsa State.
- ii) To ascertain the level of performance achieved by small business enterprises upon the introduction of withdrawal limits in the State.
- iii) To identify the performance of small business enterprises upon the application of Naira notes redesign policy in Bayelsa State.

Hypothesis

Ho₁: The introduction of digital payment instruments does not have effect on small business enterprises' performance in the state.

Ho₂: The introduction of cash withdrawal limits does not have significance effect towards the performance of small business enterprises in the State.

Ho₃: The application of naira notes redesign does not affect the performance of small business enterprises in the state.

2.0 Literature Review

2.1 Conceptual Clarification

2.1.1 Cashless policy

Cashless policy is a derivative of cashless and policy. Cashless is the absent or without cash, while policy is a set of rules, laws or norms generally accepted to guide the behavior, pattern or a process at a particular time. Or a plan of action adopted by an individual or social group. Cashless policy is a plan that guides transactions using electronic platforms instead of physical or raw cash as a medium of transactions in order to reduce and control the volume of money outside the banking system. According to James (2013), cashless policy is an economic system in which transactions are not done predominantly in exchange for actual cash. It is an economic setting in which goods and services are bought and paid for through electronic media. Alilonu, (2012) posited that the cashless economy does not mean a total elimination of cash as money will continue to be a means of exchange for goods and services in the foreseeable future. It is a financial environment that minimizes the use of physical cash by providing alternative channels for making payments. The term cashless policy is one where no one uses cash, all purchases being made by credit cards, charge cards, cheques, and direct transfers from one account to another. It is a wide spread application of computer technology in the financial system (Valentine, n.d). The Central Bank of Nigeria (CBN) in 2012 introduced the new policy on cash-based transactions which stipulates a cash handling charge on daily withdrawals that exceed ₦500,000.00 and ₦3, 000,000.00 for individual and corporate bodies respectively. This is aimed at reducing the volume of physical cash i.e coins and notes circulating in the economy and not eliminating cash in its entirety and encouraging more electronic based transactions in payment of goods and services.

2.1.2 Reasons for the Introduction of the New Policy

The introduction of the cashless policy in Nigeria is aimed at modernizing the financial sector. Increase transparency, and enhance efficiency in the economy (Adedamola, 2023). In the opinion

of James (2013) for the adoption of the cashless policy is to reduce the number of naira notes and coins used for business but not to eliminate cash in its entirety and seeks to ensure a seamless, inclusive and equitable implementation of the exercise for the overall benefits and growth of Nigeria, the financial system and the economy as a whole. CBN, (2012) reported that there was too much cash for transactions for goods and services, especially buying and selling which have attracted evil in the country and that is not good enough for developing country such as Nigeria. Gbalam and Dumani (2020) contributed that the cashless policy introduced by the CBN in 2012 is to digitalize payment channels and instruments, reduce cost of bank financial services to drive inclusive finance and to enhance monetary policy effectiveness and stimulate economic growth. It is a useful tool in the reduction of cost of providing banking service, encouraging affordability and penetration (Ajayi, 2014). Keck, (2012) in agreement with the imposition of the electronic platform in conducting financial services, contributed that the cashless policy will enhance privacy of transactions, convenience, compatibility, transaction efficiency, mobility and low financial risk.

2.1.3 The adoption of Cashless Policy: This policy was adopted sequel to the massive failure of cash-based transactions as well as to control the informal sector of the flow of too much money. The cashless economy which is aimed at reducing the amount of physical cash in circulation and increasing the availability of other payment instruments such as mobile money transfer, POS, ATM, on-line banking, debit and credit cards (Olayinka & Adesina 2015; & ICAN, 2023). The Federal Government of Nigeria directed the implementation of cashless policy through the adoption of the following policies.

- a) **Introduction of digital payment instruments:** Digital payments instruments are instruments used for the day to day financial transactions via electronic platforms instead of using naira notes and coins. These instruments help to facilitate the activities of buying and selling and remove obstacles of trading involving the use of cash (Kingsley, 2017). Trading can be done without the physical contact of buyers and sellers, contractors and contracted and other players of the economy. These platforms provide a convenient medium of financial transactions of all kinds either in private or public settings. These instruments are:
 - i) **Point of Sale (POS) machine:** According to Wikipedia, POS is a system which allows the processing and recording of transactions between companies and customers. It is a device that is used to process transactions by retail customers (Adams, 2023).
 - ii) **Automated or automatic Teller Machine (ATM):** It is an electronic machine used for financial transactions. It is an automated or automatic banking platform that does not require any bank representative or teller or human cashier. The ATM dispenses cash or performs other banking functions such as withdrawals, checks account balances, transfer funds from account to account at different locations, allows cash deposit, cheque deposit, bill payments, pay railway tickets, insurance premiums, income tax payment, recharge mobile phones etc.
 - iii) **Credit and Debit Cards:** This serves as medium of transactions, they are used to replace the use of raw cash, cheques, withdrawal and deposit slips. Credit and debit cards are electronic payment tools. They are provided by banks and other authorized bodies, customized and used alongside with either ATM or POS machines. A credit card is a

- payment card, usually issued by a bank, allowing its users to purchase goods or services or withdraw cash. Using the card thus accrues debt that has to be repaid later. Credit cards are one of the most widely used forms of payment across the world (Wikipedia). The card allows one to borrow money from bank up to a certain limit with the agreement that one will pay back with interest (Kingsley, 2017).
- iv) **Mobile Money Transfer (Mcash):** Azeez (2011) opined that mobile money is an electronic wallet service. This is available in many countries and allows users to store, send, and receive money using their mobile phone. The safe and easy electronic payments make Mobile money a popular alternative to bank accounts. It can be used on both smart phones and basic feature phones. According to Kingsley (2017) mobile money is a primary means of making cashless payments which allow citizens to make on-line payments as well as usage and allows people, even in rural areas to transfer money to one another, make day to day purchases and pay for services.
- v) **On-line banking:** Online banking allows one to conduct financial transactions via the Internet. Online banking is also known as Internet banking or web banking. Online banking offers customers almost every service traditionally available through a local branch including deposits, transfers, and online bill payments. Virtually every banking institution has some form of online banking one can access through a computer or app. Mobile banking is the act of making financial transactions on a mobile device (cell phone, tablet, etc.). Advantages to mobile banking include the ability to bank anywhere and at any time. Disadvantages include security concerns and a limited range of capabilities when compared to banking in person or on a computer (Roth, 2010). Users of this device can pay utility bills, school fees, hotel bookings, house rents and other financial transactions using a mobile phone or ATM cards(Eromosele and Obinna, 2012).
- vi) **Bank Transfer:** This is another digital payment system that offers financial transactions via electronic platform. Money can be transferred from one account to another account(s) at different locations using ones hand set or computer devices. It can be done by using Unstructured Supplementary Service Data (USSD) code or direct mobile app from the bank. It a fast means of sending and receiving of money, paying bills, electronic means of buying and selling of goods and services.
- b) **Introduction of cash withdrawal limits:** As part of the cashless policy implementation, the CBN in 2012 and December, 2022 introduced cash withdrawal limits to reduce the too much use of cash in the economy, drastically reduce illegal transactions such as illegal gambling, drug processing and sales, and money laundering etc because cash transactions remain the primary mode of transactions in money laundering or terrorists activities(Bolu, 2022) and to improve the use of electronic devices in place of naira notes and coins. According to Adedamola(2023) cash withdrawal limit is to modernize the financial sector, increase transparency and enhance efficiency in the economy, reduce the volume of cash in the informal sector, remove the cost of printing and preserving currency notes, currency sorting , cash management and help keep the currency clean in circulation, and durable (Abdullahi, n.d) and check excess liquidity (Bolu, 2022).

- i) **Introduction of Naira notes redesign Policy:** This is one of the driver's for the achievement of cashless policy by the federal government of Nigeria. The re-design of the naira notes refers to the printing and legalizing the new naira notes as legal tender. Sheriff deen, (2023), posited that the CBN, introduced this policy to redesign naira notes such as 200, 500 and 1,000 , and plans to end the use of the old notes by 31 January 2023. , giving a deadline of 31 January 2023 for all old notes to be deposited in banks in exchange for new ones. In obedience to the CBN's order of swapping the old naira notes to new ones, all Nigerians including small business owners submitted their old naira notes with the hope of obtaining the new ones but to no avail. To worsen the situation, CBN deliberately introduced the Over The Counter (OTC) cash withdrawal limit of ₦20,000 and ₦100,000 for individuals and corporate bodies respectively per day to reduce the level of physical cash in circulation and drive home the cashless policy (Ndagi, 2023). These have created artificial scarcity of the naira and have brought untold hardship to Nigerians (Ameh, 2023) and other business operators including SBEs which dependent heavy on cash-based transactions.

2.1.4 Small Business Enterprises

Small business enterprises are those that are run and managed by owners. It is a start-up point for all businesses; provide financial and technical support to big enterprises as well as providing raw materials, personnel, and marketing and distribution services to big businesses. These groups of businesses make up the informal sector of the economy where there is no regulation or protection by the government. They are privately owned businesses that are typically required minimal capital to begin, have a limited number of employees and operate independently within a locality (Investopedia). According to Wikipedia, small businesses are types of corporations, partnerships or sole proprietorships which have small number of employees and less annual revenue than that of a regular sized businesses or corporations.

Performance of Small Business Enterprises (SBEs): Business performance is a term that describes how well an organization is doing. Optimal performance might look different for individual companies depending on their industry, goals and sizes. Businesses can measure their performance using metrics that evaluate the various aspects of their processes. The Oxford English Dictionary defines performance as the accomplishment, execution, carrying out and working out of anything ordered or undertaken. This refers to outputs or outcomes (accomplishment) but also states that performance is about doing the work as well as about the results achieved. SBEs performance can be measured by the following performance indicators: Customers' satisfaction (Rose, 2020); Increase the firm size of SBEs; Improve revenue generation.

2.1.5 Cashless Policy and Small Business Enterprises Performance

Agwu and Ezeanic (2021) posited that the adoption of cashless policy in doing business has been slow among small business operations in developing countries specially Nigeria, due to insufficient financial inclusion, unbanked masses and financial literacy of business owners, availability of steady power supply as well as the costs of acquiring and maintaining electronic devices(Kingsley, 2017).However, Herman & Anna, (2023) opined that the Cashless policy is an

economic and monetary policy that provides opportunities for SBEs to conduct business without involving huge cash or reduced volume of money and enabling transactions to take place with little or no contact by the parties involved. This comprised digital payment system which allows business to collect payments via POS terminals, ATM, bank-to-bank transfer, debit and credit Cards and deposit funds directly into bank account. These systems are an upgrade to entire business operation, as they allow customers to make payment from anywhere, track and store digital receipts, and receive automated reminders for overdue bills. It is advantageous of small business for transacting business to clients even abroad and order for goods and services and eliminates transaction costs of SBEs, increase customer convenience, trust, improve competition, financial performance, increase accuracy, speed and improve revenue generation etc (Kusuma, 2019 and Kumar & Arora 2018). The cashless policy is designed to break down the traditional barriers hindering financial inclusion and bring low cost, secure and convenience financial services to urban, semi-urban and the rural areas across the country. It is time and money saving to small business entities by eliminating the need for counting, depositing and reconciliation of cash. This has however, become problematic to some elites, the poor, the uneducated and traders (Ereomosele & Obinna, 2012 and Fatima et.al (2018). The introduction of cash withdrawal limits via digital platforms, non-availability of constant supply of electricity to power the electronic payment system, attitude of Nigerians to new technology has make the situation even more disturbing and frustrating for SBEs especially in the rural and semi-urban areas, increased the costs of doing business (Segun, 2022). Hence, this research is conducted to investigate the effect of doing business under the platform of electronic means in terms of customer satisfaction, increasing the size of SBEs and enhancing its revenue base in order to maximize profit.

2.2 Theoretical Framework

The theoretical framework employed in this work is anchored on the institutional theory.

According to Kraft's Public Policy (2007), Institutional Theory is "Policy-making that emphasizes the formal and legal aspects of government structures". Institutional theory is a theory on the deeper and more resilient aspects of social structures including schemes; rules, norms and routines become established as authoritative guidelines for social behavior. Different components of institutional theory explain how these elements are created, diffused, adopted and adapted over space and time; and how they fall into decline and disuse (Scott, 2004). Rowan examined the growth of three administrative services in California public schools (school health, psychology and curriculum) from the standpoint of institutional theory. He found that when there is a high level of consensus and cooperation within the institutional environment, diffusion of innovative structures is steady and long-lasting. However, when the institutional environment is contentious and unfocused, adoption of innovative structures is slow and tentative. Tolbert and Zucker extended Rowan's findings by evaluating the rate of adoption of civil service organizations in the United States from 1880-1935. Their results strongly support the institutional theories outlined above. Recent developments in Nigeria public accounting and finance framework are the new accepted behaviors, rules, norms that need to be adhered to and the question prevalent in this theory and applied here is whether these recent policy (cashless policy) is due to normative or regulatory practices?

Institutional theory addresses practices of cashless policy such as digital payments, cash withdrawal limit, and naira notes redesign policy these are the subject of the current trend in the public sector, of which their adoption can enhance the technical efficiency in the organization or institution. Also, it results in legitimization of the standard practices and its absence will leave the organization to be termed negligent, irrational and corrupt. To increase homogeneity in organizational structure within Nigeria, MDAs and across countries globally, is the utmost effect of this cashless policy, therefore this cashless policy has been thought to promote efficiency, effectiveness, accountability, transparency, curb corruption, safeguard the finances and small business enterprises for business activities.

2.3 Empirical Review

Heman and Anna (2023) investigated the impact of cashless economy on small business operators in Borno state of Nigeria. The study aimed at promoting electronic payment system and reduce the volume of cash transactions has significantly affected small business operations in Borno state, Nigeria. The researchers used mixed method approach that includes; surveys, interviews, observations, and focus group discussions. Data was collected through a survey questionnaire distributed to a sample of small business operators across Borno state, and analyzed using descriptive statistics and hypotheses testing. The results show that the transition to cashless economy has a perceived impact on the performance of small business operators. However, Significant challenges were identified which include; high transaction costs, restricted access to digital infrastructure, network outages, lack of client bank accounts, and low customer awareness, Low levels of financial education and support for the acquisition and maintenance of electronic payment devices.

Again, Gyamfi-Yeboah, et.al (2019) conducted a study to examine the effects of the digital payment system on SME's performance. This study used a technology-organizational-environmental framework to investigate the effects of the digital payment system. The study used a closed-ended self-administered questionnaire to collect data. Data collected from September 2019 to November 2019. The respondents of the study were executives and owners of SMEs. The partial least squares structural equation modeling approach utilized to analyze the data. The findings of the study include significant effects of technology, organizational, environmental, and use of digital payment systems on SME's performance. This study helps the owner of SME's to execute the digital payment system to foster trade and relationship with stakeholders.

Nwankwo, et.al (2022) also studied the effect of channels for the cashless economy on entrepreneurship development in Anambra State, Nigeria. This descriptive study explores internet banking services, automated teller machines and crowd funding as the explanatory/independent variables, while the dependent variable was entrepreneurship development. The study population was 3,574 owner-managers of manufacturing small and medium enterprises in Anambra State, Nigeria. A sample of three hundred and four (344) owner-managers was selected using a simple random sampling technique. Data collected through structured questionnaires were analyzed using correlation analysis and multiple regression analysis. Results show that internet banking services,

automated teller machine services, and crowd funding positively affect entrepreneurship development. The study concluded that channels for a cashless economy have a significant and positive effect on entrepreneurship development.

Monye (2023) is another researcher who carried out a study on cashless policy initiative in Nigeria, outline of crucial socio-economic and regulatory considerations. This study aims to identify the unique challenges of going cashless in Nigeria, particularly in terms of infrastructural, exclusionary and cost implications of the policy on the average citizens. The author applies a doctrinal research methodology to identify and reflect on key challenges of the cashless policy from the economic, regulatory and transactional perspectives.

Moreso, Gbalam and Dumani, (2020) studied the impact of cashless payment systems on financial inclusion in Nigeria. This was aimed at ascertaining the level of financial inclusion caused by the cashless policy. The study was hinged on the theories of technology acceptance and diffusion of innovation. Thus, primary data was sourced and collated via structured questionnaires administered to 117 respondents and analyzed using simple percentages and presented using graphs. The data was further estimated using the ordered probit regression technique. The results indicate that nearness of financial products and service outlets to rural settlements, ease of digital financial transactions and reduced visits to banking halls aided by access to cashless payment mediums has enhanced financial inclusion in Nigeria. It also emerged that efficiency of cashless payment channels does not significantly reduce the use of financial products and services, hence financial inclusion. Furthermore, the results indicate that the desire to own bank account and excessive digital payment charges has a positive but insignificant influence on financial inclusion in Nigeria. The study concludes that cashless payment channels have enhanced equal access and use of financial products and services in Nigeria.

Lema (2017) investigated the factors influencing the adoption of mobile financial services in the unbanked population. Across-sectional research design and structured questionnaires were used to collate from 250 respondents. The key variables of the study are usefulness, ease of use, trust, cost, risk and social influence. A structural equation model was built and estimated using the multiple regression technique. The estimates indicate that the explanatory variables have a significant impact on mobile financial services.

3 Methodology

3.1 Methods

Sampling is a process of selecting a number of individuals or objectives from a population such that the selected group contains elements that are representative of characteristics found in entire group (Orodho and Kombo, 2002). This study used the descriptive design method to investigate and give vivid narration of how Cashless policy can lead to improvement in the performance of small business enterprises in Bayelsa State. Furthermore, the survey design method is adapted for generalizing the findings of this research work. The population of this study comprises traders, operators and customers of SBEs such as civil and public service administrators, accountants,

auditors, bankers, students etc. As at the time of carrying out this study, the population of the study was estimated to be 19,683

S/N	TYPES OF SMALL BUSINESS ENTERPRISE	POPULATION	SAMPLE
1	Transport-taxi, keke, okada, boat driving and ferrying etc	800	16
2	Fast food supplies	931	19
3	Tailoring and design	1121	23
4	Farming –platain, cassava, yam, sugarcane etc	2122	43
5	Catering services	300	6
6	Barbing and Hair dressing	522	11
7	Borehole dealers	612	13
8	Carpentry and roofing services	732	15
9	Canoe carving and building	1000	20
10	Decoration services	356	7
11	Retail outlets	432	9
12	Building and construction services	357	7
13	Shops and kioks dealers	1002	20
14	Computer business centres	722	15
15	Training centres	467	10
16	Traditional bed attendants	300	6
17	Event centres	291	6
18	Restaurant & Guesthouse services	503	10
19	Make up and Gele business	200	4
20	On-line Thrift store	143	3
21	Sand , chippings and clement supplies	670	14
22	Fish farming	551	11
23	Poultry farming	631	13
24	Snail farming	343	7
25	Shachet and table water supplies	400	8
26	Grocery stores	309	6
27	Medical stores	502	10
28	Bakeries	311	6
29	Goat farming	212	4
30	Artists	610	12
31	Boli supplies	800	16
32	Vegetable supplies	518	11
33	Artisan services	112	2

34	Petrol , oil and diesel supplies	201	5
35	Cooking gas retailing	600	12
Total		19,683	400

Sample distribution=type of SBE/population size*400

Survey data, 2023

Population=19683, Sample size=400

Sample distribution=SBE population/Total population*sample size.

Since this research focused on the effect of Cashless Policy on the performance of SBEs in Bayelsa State, non-probability sampling method is employed to select the samples. The purposive sampling made it possible to reach SBEs traders, operators and customers in State. Hence, the study employed Yamane formulae for sample size as shown below:

$n = N/1+N(e)^2$ where: n = Sample Size, N = Population, e = Margin of error, 1 = Constant, $n = 19683/1+(19683(0.05)^2)$, $n = 19683/1+(19683 \times 0.0025)$, $n = 19683/49.2075 = 400$, $n = 400$

Thus, in this study a convenience sample size of 400 respondents have been obtained from traders, operators and customers of SBEs. The instrument designed for data collection in this work is a set of questionnaires. The structured type questionnaire with five (5) points Likert-scale was used to measure respondents' opinions on the subject which is useful in survey research.

The information gathered from the questionnaire formed the primary source of data. Primary data is original data gathered by the researcher for the purpose of this study (Deepak & Neena, 2014). Thus, the data gathered from this source was patterned to suit both the main and specific objectives. The set of questionnaires constructed and used in this study under gone a validity procedure which reduces bias, unrelated responses and ambiguity. It was validated by experts in both accounting and finance.

Anyanwyu (2009) highlighted that the Cronbach alpha is a measure of internal consistency and indicates the extent to which data distributions are consistent across the cases with 0.70 alpha benchmark adopted in the study as the basis for measuring reliability. A reliability index of 0.90 for SBEs, Digital payment (0.89), Cash withdrawal limit (0.93), Naira notes redesign (0.76) and aggregate result was obtained (0.87), this is being within the range endorsed by Cronbach as being a reliable instrument as highlighted in appendix IV.

3.2 Model

The face to face administration of questionnaire was carried out personally to collect valid responses from the study population through research assistant. Tables were employed to organize and analyze data for easy interpretation of findings. This involves the counting of responses, categorizing responses in the appropriate order, totaling all various responses to a specific question for clear understanding. Simple percentages were also used to analyze data collected. Statistical models were duly employed to analyze the effect of cashless policy on SBEs performance such as the descriptive and inferential statistics to analyze the data collected through the primary source of data collection. Also adopted, is the Ordinary Least Square (OLS) regression analysis to analyze

the variables via SPSS software 26. To examine the impact relationships between the dependent variables SBEs performance and the independent variables Cashless policy, the Pearson Correlation Coefficient is used.

The following model was specified for this study, first is the model in its functional form: $SBEs = f(\text{Digital payment} + \text{cash withdrawal limit} + \text{Naira notes redesign})$.

The model stated above was restated in its econometric form below:

$$SBEs = \beta_0 + \beta_1 \text{Digital payment} + \beta_2 \text{Cash withdrawal limit} + \beta_3 \text{Naira notes redesign} + \mu_i$$

β_0 = constant Parameters: $\beta_1, \beta_2, \beta_3$, represent the coefficients.

Apriori sign: $\beta_1 < 0, \beta_2 < 0, \beta_3 < 0$.

4. Result and Discussion

4.1 Results

4.1.1 Descriptive Analysis

Table 4.1: Administration of Questionnaire

S/N	TYPES OF SMALL BUSINESS ENTERPRISE	No. Returned	No. not Returned	Total No. Distributed	% Returned	% not Returned	TOTAL
1	Transport-taxi, keke, okada, boat driving and ferrying etc	16	4	20	80	20	100
2	Fast food supplies	19	2	21	90	10	100
3	Tailoring and design	23	2	25	92	8	100
4	Farming –platain, cassava, yam, sugarcane etc	43	1	44	98	2	100
5	Catering services	6	3	9	67	33	100
6	Barbing and Hair dressing	11	2	13	85	15	100
7	Borehole dealers	13	4	17	76	24	100
8	Carpentry and roofing services	15	11	26	58	42	100
9	Canoe carving and building	20	4	24	83	17	100
10	Decoration services	7	3	10	70	30	100
11	Retail outlets	9	5	14	64	36	100
12	Building and construction services	7	3	10	70	30	100
13	Shops and kioks dealers	20	4	24	83	17	100

14	Computer business centres	15	1	16	94	6	100
15	Training centres	10	2	12	83	17	100
16	Traditional bed attendants	6	2	8	75	25	100
17	Event centres	6	1	7	86	14	100
18	Restaurant & Guesthouse services	10	2	12	83	17	100
19	Make up and Gele business	4	0	4	100	0	100
20	On-line Thrift store	3	1	4	75	25	100
21	Sand, chippings and cement supplies	14	3	17	82	18	100
22	Fish farming	11	5	16	69	31	100
23	Poultry farming	13	4	17	76	24	100
24	Snail farming	7	2	9	78	22	100
25	Sachet and table water supplies	8	0	8	100	0	100
26	Grocery stores	6	0	6	100	0	100
27	Medical stores	10	0	10	100	0	100
28	Bakeries	6	1	7	86	14	100
29	Goat farming	4	1	5	80	20	100
30	Artists	12	2	14	86	14	100
31	Boli supplies	16	2	18	89	11	100
32	Vegetable supplies	11	3	14	79	21	100
33	Artisan services	2	0	2	100	0	100
34	Petrol, oil and diesel supplies	5	1	6	83	17	100
35	Cooking gas retailing	12	3	15	80	20	100
	Total	400	84	484	83	17	100

Survey Data, 2023

4.1.2 Inferential Analysis and Test of Hypotheses

Hypothesis One: The introduction of digital payment instruments does not have effect on small business enterprises' performance in the state.

Table 4.2: Model Summary of the effect of the adoption of digital payment instruments on small business enterprises' performance in Bayelsa State.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Sig. F Change	Durbin-Watson
					R Square Change	F Change	df1	df2		

1	.965 ^a	.931	.931	1.88068	.931	5410.356	1	398	.000	.027
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a. Predictors: (Constant), Digital Payment

b. Dependent Variable: SBE Performance

Table 4.2: Regressed the effect of the adoption of digital payment instruments on small business enterprises' performance in Bayelsa State. From the table, the R-value is 0.965 with an adjusted value of 0.931, suggesting that the independent variable (digital payment) explained about 93.10% of the systematic variation in the dependent variable (SBEs performance). This implies that the model provides a good fit since the unexplained variation is just 6.9%. However, the result showed that a significant relationship exists since the *f-ratio* $1, 398 = (5410.356)$; the DW value (.027), suggests the absence of serial correlation in the model of digital payment instruments on small business enterprises' performance in Bayelsa State.

Decision: From the result in table 4.2, the study rejects the null hypothesis and accept the alternate, which implies that digital payment instruments of the cashless policy adoption by small business enterprises in Bayelsa State has significant effect on their performance (p-value = 0.000 < 0.05).

Hypothesis Two: The introduction of cash withdrawal limits does not have significance effect towards the performance of small business enterprises in the State.

Table 4.3: Model Summary of the level of performance achieved by small business enterprises upon the introduction of withdrawal limits in the State.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Sig. F Change	Durbin-Watson
					R Square Change	F Change	df1	df2		
1	.969 ^a	.939	.939	1.77359	.939	6132.990	1	398	.000	.030

a. Predictors: (Constant), Cash Withdrawal

b. Dependent Variable: SBE Performance

Table 4.3: Regression effect of the introduction of cash withdrawal limits on small business enterprises' performance in Bayelsa State. From the table, the R-value is 0.969 with an adjusted value of 0.939, suggesting that the independent variable (cash withdrawal limits) explained about 93.90% of the systematic variation in the dependent variable (SBEs performance). This implies that the model provides a good fit since the unexplained variation is just 6.10%. However, the result showed that a significant relationship exists since the *f-ratio* $1, 398 = (6132.99)$; the DW value (.030), suggests the absence of serial correlation in the model of cash withdrawal limits on small business enterprises' performance in Bayelsa State.

Decision: From the result in table 4.3, the study rejects the null hypothesis and accept the alternate, which implies that cash withdrawal limits of the cashless policy adoption by small business enterprises in Bayelsa State has significant effect on their performance (p-value = 0.000 < 0.05).

Hypothesis Three: The application of naira notes redesign does not affect the performance of small business enterprises in the state.

Table 4.4: Model Summary of the performance of small business enterprises upon the application of Naira notes redesign policy in Bayelsa State.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Sig. F Change	Durbin-Watson
					R Square Change	F Change	df 1	df 2		
1	.979 ^a	.959	.959	1.45826	.959	9262.847	1	398	.000	.058

- a. Predictors: (Constant), Naira Redesign
 b. Dependent Variable: SBE Performance

Table 4.4: Regression effect of the application of naira notes redesign on small business enterprises' performance in Bayelsa State. From the table, the R-value is 0.979 with an adjusted value of 0.959, suggesting that the independent variable (naira notes redesign policy) explained about 95.90% of the systematic variation in the dependent variable (SBEs performance). This implies that the model provides a good fit since the unexplained variation is just 4.10%. However, the result showed that a significant relationship exists since the *f-ratio* 1, 398 = (9262.847); the DW value (0.058), suggests the absence of serial correlation in the model of naira notes redesign policy on small business enterprises' performance in Bayelsa State.

Decision: From the result in table 4.4, the study rejects the null hypothesis and accept the alternate, which implies that the naira notes redesign of the cashless policy adoption by small business enterprises in Bayelsa State has significant effect on their performance (p-value = 0.000 < 0.05).

4.2 Discussion

The primary objective of the research inquiry was to find out the effect of cashless policy (explanatory variable: Digital payments instruments, Cash withdrawal limits and Naira redesign) on the explained variable) Small Business Enterprises (SBEs) Performance in Bayelsa state of Nigeria. The study carried out a linear regression analysis to determine the effect of cashless policy on the performance of small business enterprises of the studied area with a confirmation of the correlation results through coefficients as discussed in the following paragraphs.

Hypothesis I: Hypothesis one was embarked to find out the effect of Digital payments instruments on SBEs' performance in Bayelsa State, Nigerian. The analytical results presented in Tables 4.5 have shown that, there is a substantial connection between Digital payment instruments and performance of small business enterprises in the target area of the study.

The level of significance as shown in the tables revealed that small business enterprises performance is strongly impacted by Digital payment instruments as a tool of cashless policy in Bayelsa state of the South-South Geopolitical Zone of Nigeria such as improving the performance of SBEs by removing revenue leakages created by the cash accounting system, which leads to higher sales revenue and profitability. It also revealed that a it is a better way of increasing customers satisfaction such as offering a faster, convenient and easy means of doing business;

elimination of cash handling problems as well as expanding the markets for SBEs and improving efficiency in business transactions.

The findings of the study are in line with previous studies carried out in different sectors of the Nigerian economy and other parts of the world such as Gbalam and Dumani, (2020), Heman and Anna(2023) and Gyamfi-Yeboah, et.al (2019) and Kingsley(2017).

Hypothesis 2: Hypothesis two was to establish the effect of cash withdrawal limits on SBEs' performance in Bayelsa State, Nigerian. The analytical results presented in Tables 4.6 have shown that, there is a substantial connection between Cash withdrawal limits and performance of small business enterprises in the target area of the study.

The level of significance as shown in the tables revealed that small business enterprises performance is affected by the cash withdrawal limits of cashless policy in Bayelsa state of Nigeria such as improving the performance of SBEs by removing cash related fraud and other crimes which leads to security of doing business that help improve sales revenue and profitability. It further revealed a better way of increasing digital payment options thereby increasing the market for SBEs such as POS, ATM, internet banking and mobile money transfer services. However, there are also strong indications that the cash withdrawal limits resulted to closure of most of SBEs and brought in untold hardship to Bayelsans and Nigerians in general.

The findings of the study are in line with previous studies carried out in different sectors of the Nigerian economy and other parts of the world such as Nwankwo, et.al (2022), Lema (2017, James, (20120, Alvaro, (2023)) and Olajide (2012).

Hypothesis 3: Hypothesis three was to identify the effect of Naira notes redesign on SBEs' performance in Bayelsa State, Nigerian. The analytical results presented in Tables 4.7 have shown that, there is substantial connections between Naira notes redesign policy and performance of small business enterprises in the target area of the study.

The level of significance as shown in the tables revealed that small business enterprises performance is affected by the naira notes redesign of cashless policy in Bayelsa state of Nigeria such as creating artificial scarcity of the naira currency thereby frustrated and collapsed most of SBEs which leads to insecurity of doing business. It further revealed that sales drastically dropped and resulted to low patronage and profitability.

The findings of the study are in line with previous studies carried out in different sectors of the Nigerian economy and other parts such as Agwu and Ezeanic (2021), Ereomosele & Obinna, (2012) and Fatima et.al (2018).

5 Summary, Conclusion and Recommendation

5.1 Summary

The study examined the effect of cashless policy on the performance of small business enterprises in Bayelsa state. Survey design was adopted and primary data were gathered through

questionnaire. The population of the investigation was the Bayelsa State small business operators, civil service and students. Data were descriptively and inferentially analyzed to determine the effect of digital payment, cash withdrawal limits and naira notes redesign of the cashless policy on the performance of small business enterprises (SBEs) in the State. Analyses in section four have revealed the following findings.

1. The introduction of digital payment instruments has significant effect on small business enterprises' performance in the Bayelsa State.
2. Cash withdrawal limits have significant effect on the performance of small business enterprises in the Bayelsa State.
3. The application of naira notes redesign has substantial effect on the performance of small business enterprises in the Bayelsa State.

5.2 Conclusion

The study concludes based on the findings that cashless policy such as Digital payment instruments, Cash withdrawal limits and Naira redesign policy have a strong positive significant effect on SBEs in Bayelsa State of Nigeria. This simply means that, cashless policy has positive correlation with small business enterprises' performance. This policy is capable to reduce or eliminate the harmful effects of cash related fraud and crimes, high costs associated in handling cash for doing business and improve customers satisfaction that will enhance the sales revenue and grow the market of SBEs thus, leading a corresponding increase in profitability and growth of the Bayelsa 's economy. These findings are also in line with findings of previous studies carried out by researchers and scholars in other sectors of the Nigerian economy and other parts of the world.

5.3 Recommendation

Based on the findings of this study, the following recommendations are put forward with the hope that it may be useful if the authority have access to this study.

- i. Bayelsa State government should have the political will to ensure full compliance in the cashless policy agenda.
- ii. The State government should ensure that there should be massive training of Bayelsans on the use of the new technology such as POS terminals, ATM machines, on-line transactions and sustenance of this economic and monetary policy.
- iii. There should be adequate electricity to power the electronic devices.
- iv. Enlightenment campaigns and programmes should be organized to sensitize the people of the State embrace the new policy.
- v. Adequate punishment should be meted to few privileged individuals, officers, institutions and organs of government sabotaging the efforts of the Federal Government on this digital policy.
- vi. SBEs challenges identified in this study should be carefully addressed by the government in order to improve the sustenance and growth of the economy

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