

Effect of Cashless Policy Instruments on Small Scale Businesses in Abakaliki Metropolis, Ebonyi State

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Abstract

The focus of this study was to investigate the effect of cashless policy instruments on small scale businesses in Abakaliki metropolis. The specific aims of the researchers were: to find out the effect of POS transactions on small scale businesses in Abakaliki metropolis, to examine the effect of mobile USSD transactions on Small scale businesses in Abakaliki metropolis, and to investigate the effect of online web transactions on small scale businesses in Abakaliki metropolis. The study adopted survey research design with primary data, and employed Likelihood Ratio and percentage analysis to analyze the data. The findings of the study indicated that POS transactions as a cashless policy instrument have significant positive effect on small scale businesses in Abakaliki metropolis, mobile USSD cashless policy instrument has positive but insignificant effect on Small scale businesses in Abakaliki metropolis, and online web cashless policy instrument have positive but insignificant effect on small scale businesses in Abakaliki metropolis. Following the findings, the researchers recommended that there is need for the small scale business owners to expand their use of POS for business transactions as it seem to have significant positive influence on their

business, the business owners should explore more options to make their customers adopt use of USSD transactions so as to offer more convenience and security for both their customers and their businesses, and the agent banking operators may need to intensify effort in collaboration with their parent banks to make online web transactions more appealing to consumers.

Keywords: *Cashless Policy, Financial Systems, Small Scale Businesses, Financial Instruments*

INTRODUCTION

Cashless policy is one of the policies of the federal government through the Central Bank of Nigeria to deepen economic activities without the hindrances usually posed by cash demands. In Nigeria as it is in many developing countries, cash has been the most prevalent mode of payment. This makes the country to be heavily cash – based economy. However, the cost of cash to Nigeria financial system is high and increasing. It is in this regard, that the Central Bank of Nigeria (CBN) introduced the cashless policy with the objective of promoting the financial services innovation through the use of electronic payment channels instead of cash (CBN, 2015). The move towards a cashless Nigeria is expected to bring numerous benefits but there is still the need to create more awareness to entice the numerous unbanked Nigerians into the banking system. Most of the Economies in Africa support the driving out of cash from the financial system and the introduction of digital payment solutions is in line with their cashless strategies. This is premeditated on the notion that businesses need smart solutions that will provide efficiency, but also offer convenient ways to track and monitor expenditure.

The cashless policy instruments includes the various electronic payment channels such as the automated teller machine (ATM), online (web) transactions, mobile USSD transactions, point of sale (POS) and the Agency banking. These were intended to promote, deepen and enhance the acceptability and adoption of the cashless policy. There have been also been some kind of incentives from the banks intended to stimulate small business holders to embrace cashless policy, these includes offering of POS machines at reduced prices or outright gifting. Hence, most small scale businesses in Abakaliki metropolis are gradually making cashless transactions.

Some banks in Abakaliki have also introduced agent banking which allows some small business owners to offer some financial services which ordinarily people would go to bank branches to obtain, such as cash deposits, withdrawal, account opening, micro credit etc. these are geared towards further deepening the cashless policy. Despite this efforts towards enhance the adoption of cashless policy instruments, small scale businesses have shown to be more comfortable with cash transactions. Hence, this study aims to investigate the effect of cashless policy on small scale businesses in Abakaliki metropolis.

Statement of the Problem

Despite the overwhelming superiority of cashless payment instruments, business-to-business transactions in Abakaliki metropolis are still predominantly carried out with the use of cash. The reasons suggested for this includes the fear of exposure to internet frauds which has kept an

increasing trend. Also the time lost (lag) between cheque lodgments and receipt of value, and the high risk of fraud associated with such payment medium makes cashless payment instruments underutilized by small scale businesses in Abakaliki. The Nigeria Automated Clearing System (NACS) which has been in operation for about some years was set up with the objective to significantly combat theft associated with internet banking, guard against fraudulent transactions, and reduce clearing days. This has been far from felt by small scale business in cities across Nigeria (Abakaliki in particular) as there is still a daily rise in internet banking frauds which is undermining the achievement of the cashless policy

Experts have argued that cash differs from other payment instruments in many regards because it circulates, but the circulation of cash is uncontrolled. However, despite the preference of cash transactions by small scale businesses, they face a lot of challenges associated with high-cash usage which includes robberies and cash-related crime, revenue leakage arising from too much of cash handling, inefficient treasury management due to nature of cash processing, etc. Against these backdrops, the CBN introduced the cashless policy in April 2011 with the objective of promoting the use of electronic payment channels. But the small scale business operators are sluggishly dragging foot to accept and embrace fully the cashless policy.

Objectives of the Study

The broad objective of this study is to investigate the effect of cashless policy instruments on small scale businesses in Abakaliki metropolis. The specific objectives are:

1. To find out the effect of POS transactions on small scale businesses in Abakaliki metropolis
2. To examine the effect of mobile USSD transactions on Small scale businesses in Abakaliki metropolis
3. To investigate the effect of online web transactions on small scale businesses in Abakaliki metropolis

Research Question

The study suggested the following questions to guide the achievement of the objectives:

1. To what extent did POS transactions affect small scale businesses in Abakaliki metropolis?
2. How does mobile USSD transactions affect Small scale businesses in Abakaliki metropolis?
3. To what extent did online web transactions on small scale businesses in Abakaliki metropolis?

Research Hypotheses

The study formulated the following null hypotheses to answer the research questions:

HO₁: POS transactions has no significant effect on small scale businesses in Abakaliki metropolis

HO₂: Mobile USSD transactions has no significant effect on Small scale businesses in Abakaliki metropolis

HO₃: Online web transactions has no significant effect on small scale businesses in Abakaliki metropolis

Studies on cashless policy including the present study have a lot of importance for various economic units such as private businesses, financial institutions and the monetary policy authorities. Private small scale businesses could utilize the outcome of this study to enhance their business decision making especially regarding adoption of payment modes and channels. Financial institutions will also find this study useful in understanding the consumer choice of business transactions with respect to mode of payment and hence develop ways to enhance it or take to alternative payment options. The monetary authorities (the CBN) could also utilize this study to assess the performance of the cashless policy and develop ways to enhance it. The scope of this study covers the cashless policy and small scale businesses in Abakaliki metropolis. The study made use of some selected small businesses operating in Abakaliki metro. The cashless policy instruments are the explanatory variables while the performance of the small scale businesses is the explained variable. The selected respondents include Eze Agent banking services, Ogoja Road, Omenyi POS services, CAS gate; White Wash Laundry Services Water works Abakaliki; Perfectionists Restaurant, Water works Abakaliki, and other participants.

REVIEW OF RELATED LITERATURES

Concept of Cashless policy

Cashless policy is defined as a policy that discourages the use of huge raw cash for transactions but encourages the use of bank transfer, ATM card, POS, and other financial instruments for transferring cash in transactions. The importance of such policy led the Central Bank of Nigeria (CBN) to develop a policy in 2011 called cash-less Nigeria.

Cash-less Nigeria is a policy established in the year 2012 by the Central Bank of Nigeria to curb excesses in the handling of cash in the Nigerian federation. It prescribed a cash handling charges on daily withdrawal above five hundred thousand Naira (N500,000.00) for individuals and three million Naira for corporate bodies (N3, 000,000.00). The policy was enforced not to eliminate the use of cash, but to reduce the volume of cash circulating in the Nigerian economy. A pilot run of the policy started on 1 January 2012 in Lagos State. The service charges were with held until 30 March of the same year to allow for seamless migration from manual to electronic devices. The second stage of the pilot run started in Rivers, Anambra, Abia, Kano State, Ogun and the Federal Capital Territory on 1 July 2013, while the program nationwide started a year later on 31 July 2014.

Cashless policy instruments

The cashless policy instruments are the alternative payment channels to cash payment which were adopted to drive the cashless policy. These instruments include payment channels such as the point of sale (POS), the mobile phone USSD and the online web transactions.

Point of Sale (POS): A POS or point of sale is a device that is used to process transactions by retail customers. A cash register is a type of POS. The cash register has largely been replaced by electronic POS terminals that can be used to process credit cards and debit cards as well as cash. A POS may be a physical device in a brick-and-mortar store or a checkout point in a web-based store. The software for POS devices is growing increasingly elaborate, with features that allow retailers to monitor inventory and buying trends, track pricing accuracy, and collect marketing data.

Mobile USSD: USSD simply means Unstructured Supplementary Service Data. It is a Global System for Mobile Communications (GSM) protocol that is used to send text messages. USSD is similar to Short Message Service (SMS). USSD uses codes made up of the characters that are available on a mobile phone. It has become a common tool for financial transactions. Services USSD Gateway provides several benefits to Telcos and businesses. These include creating two-way communication with customers, offering them more efficient services and method of gaining information, maximizing customer reach, and enabling the effective targeting of customers.

Online Web Transactions: According to Luo, Krishnamurthy, Mohan, Pirahesh, Woo, Lindsay, and Naughton (2021), a Web Transaction is a transactional interaction between a client, usually a web browser, and one or several databases as backend of a multi-tier architecture. The middle tier of the architecture includes a web server which accepts client requests via HTTP. It forwards these requests either directly to the underlying database or to an application server which, in turn, interacts with the database. The main application of Web transactions is in e-Commerce applications. In a minimal configuration, the architecture for Web transactions consists of a client, a web server and a database server. Database access is provided at the web server level, i.e., by embedding database access into JavaServer Pages (Burke & Monson-Haefel, 2006).

Small scale businesses

A small scale enterprise, or more simply, a small business, is one marked by a limited number of employees and a limited flow of finances and materials. Clearly, Google, General Motors and Wal-Mart are not companies that anyone would mistakenly label a small enterprise.

In Nigeria, the definition of small scale enterprises has been based on different criteria such as investment in machinery and equipment, working capital, capital cost, turnover, and values of installed fixed cost (Osotimehin, 2012). The National Council on industry (1991) defined micro enterprises as an industry whose total project cost excluding cost of land but including working capital is not more than five hundred thousand naira (N500, 000) while small scale enterprises are

those industries whose total project cost excluding cost of land and including working capital does not exceed five million naira (N5, 000, 000). In spite of its definition, micro and small scale businesses are generally referred to as the engine of growth in many economies and a major factor in promoting private sector development. Micro and small scale enterprises not only contribute significantly to improved living standards, they also bring about substantial local capital formation and achieve high levels of productivity and capability. Often times, they are the only source of employment in poor regions and rural areas, thereby playing an important role in poverty reduction in most developing countries. Most large enterprises have their bearing in micro and small scale enterprises

Most businesses in Abakaliki metropolis could be classified in the category of small scale because they have no more than 5 employees. These businesses ranges from Laundry, Restaurants, Bakery and Small chops shops, transport service providers, fashion designing, beverage shops, Hair saloon and appearance works, etc.

Objectives of Cashless Policy Operation in Nigeria

The cashless policy is intended to achieve a lot of economic gains for the Nigerian economy. In addition, the cash policy aims to curb some of the negative consequences associated with the high usage of physical cash in the economy. These negative consequences according to Yaqub, Bello, Adenuga and Ogundeji (2013) include the following:

High cost of cash: There is a high cost of cash along the value chain - from the CBN and the banks, to corporations and traders; everyone bears the high costs associated with volume cash handling.

High risk of using cash: Cash encourages robberies and other cash-related crimes. It also can lead to financial loss in the case of fire and flooding incidents.

High subsidy: CBN analysis showed that only 10percent of daily banking transactions are above 150k, but the 10percent account for majority of the high value transactions. This suggests that the entire banking population subsidizes the costs that the tiny minority 10 percent incurs in terms of high cash usage.

Informal Economy: High cash usage results in a lot of money outside the formal economy, thus limiting the effectiveness of monetary policy in managing inflation and encouraging economic growth.

Inefficiency and Corruption: High cash usage enables corruption, leakages and money laundering, amongst other cash-related fraudulent activities

Empirical Review

Oluwatayo, Osabuohien, Okafor, and Osabohien (2022) examined how the following cashless policy instruments: Mobile banking, Automated Teller Machine (ATM) and Point of Sale (POS)

Terminal, influence financial transactions in Lagos, Nigeria; using Zenith Bank PLC as a case study. Structured Questionnaire was administered to 100 Zenith bank customers. The study applied the logit regression method and findings showed that 54% respondents use mobile banking daily, 39% respondents use ATM daily, 25% respondents use POS daily. On an overall scale, mobile banking is widely used and mostly preferred. Also, results showed that while POS has a significant relationship with financial transactions, Mobile banking, and ATM both have an insignificant relationship. Results from the study encourage the management of CBN to create more awareness of these instruments, and likely increase the number of these instruments.

Onyekwelu and Nnabugwu (2020) examined the effect of cashless policy of the government on the performance of MSMEs in Anambra State, using the cashless channels of internet/online banking services, automated teller machine services and the mobile banking services as the independent variables. The literature of the study was segmented into four main sections namely; conceptual review, theoretical framework, theoretical exposition and empirical review. The study adopted descriptive survey design. Major statistical tools of analysis include summary statistics of percentages, Pearson correlation and multiple regression analysis. All tests were conducted at 0.05 level of significance. Preliminary results showed that F-Statistic is 23.516 and it is significant because 0.000 is less than 0.05. Regression coefficient of 0.627 showed that 62.7 percent relationship exists between the dependent and independent variables. Also, coefficient of determination R^2 is 0.678 and it shows that 67.8 percent variations in the dependent variable can be explained by the independent variables. Major findings are that internet/online banking services, automated teller machine services and mobile banking services have positive and significant effect on the performance of MSMEs in Anambra State. The study concludes that technological innovations have brought about unprecedented achievement in the banking industry which has led to enhanced performance in the MSMEs sector. It was recommended among others that there should be awareness creation and sensitization about the usefulness of cashless channels so that businesses and the general public can avail themselves of the opportunities.

Elechi and Rufus (2016) examined the cashless policy in Nigeria and its socio-economic impact on small scale businesses. The study determined the possible implication of a cashless economy on small scale businesses in Nigeria. It also proffered solution to the impending challenges that small scale businesses will face in a cashless society. The study concluded that that if necessary measure are not put in place and the necessary stakeholders to the policy carried along with consideration on how the policy may affect them, the cashless policy will adversely affect small scale business and may engineer their failure

Theoretical Framework

The study was anchored on Diffusion of Innovation Theory (DIT). This theory was propounded by Rogers M in 2003. According to the theory, an innovation is an idea, practice or project that is perceived as new by an individual or other unit of adaptation (Roger, 2003). An innovation may have been invented longtime ago, but if individual perceive it as new, then it may still be an innovation for them. The newness characteristics of an adoption are more related to the three steps (knowledge, persuasion and decision) of the innovation-decision process.

In addition, Roger claimed there is a lack of diffusion research on technological clusters. For Roger (2003), “a technology cluster consists of one or more distinguishable elements of technology that are perceived as being closely interrelated. In general (DIT) explains individuals’ attention to adopt a technology as a modality to perform a traditional activity. The critical factors that determine the adoption of an innovation at the general level are the following: relative advantage, compatibility, complexity, and observability (Moga, 2010). Many banks have found it advantageous to adopt ICT in their operation in order to improve their efficiency. This is achieved through development of websites and mobile applications that suit the customer needs.

Customers are therefore able to access their accounts anywhere as long as they are connected to the internet. This theory is concerned with the manner in which a new technological idea, artifact or technique, or a new use of an old one, migrates from creation to use. According to DIT, technological innovation is communicated through particular channels, over time, among the members of a social system

This theory is well study for this study of the effect of cashless policy instruments on small scale businesses in Abakaliki metropolis because the diffusion of the cashless policy is importance for its acceptance for transactions by small businesses.

METHODOLOGY

Research Design

The study adopted survey research design. The reason for adopting this design is that the study is qualitative in nature. It will require the use of some set of structured questionnaire to collect data.

Sources of Data

The data used for the analysis are primary data collected through the use of well -structured questionnaire from respondents of selected small scale business operators and their employees, agent banking operators, randomly selected respondents who use POS, mobile USSD and online web transactions. The study adopted 5 likert scale (strongly agree = 5, agree =1 , neutral = 3, disagree = 2 and strongly disagree = 4). The area of study is cashless policy instruments and small scale businesses in Abakaliki metropolis. Covers some selected small scale businesses situated in the Abakaliki city. The population of this study comprises of selected bank staffs, selected small scale business operators and their employees, agent banking operators, randomly selected respondents who use POS, mobile USSD and online web transactions. This study adopted the simple random sampling technique in attempt to make good prediction of the population and in determining the sample size of the population. This will ensure to give every member of the population an equal chance of being selected. The Taro Yamani formulae was adopted to determine the sample size of the study.

$$n = \frac{N}{1+N(e)^2}$$

Where n= sample size

N = population size 103

N = sample size

e =significant level (5%) =0.05

$$\begin{aligned}
 n &= \frac{103}{1+103(0.05)^2} \\
 &= \frac{161}{1+103(0.0025)} \\
 &= \frac{103}{1+0.2575} \\
 &= \frac{103}{1.2575} \\
 n &= 82
 \end{aligned}$$

The population is thus summarized in the table below:

Category	No
Small Scale Business Owners	11
Small Business employees	55
Agent banking operators	9
Other participants	7
Total	82

Source: Field survey, 2023.

The study adopted frequency tables and percentages for the data analysis and hypotheses evaluation; as well as descriptive statistics. This was in order that this study makes good meaning to different categories of people that may consult it now or later. **Decision Rule:** Accept the alternate hypothesis and reject the null hypothesis if % of the number of participants who responded to (very high extent) is greater than the % which responded to very low extent; otherwise reject the alternate and accept the null hypothesis. The major instrument used for this study was structured questionnaire, designed to capture the required information for the study. Structured questionnaires which contain series of questions were formulated and distributed to the respondents.

RESULTS

Demographic Characteristics of the Respondents

The demographic data for respondent included gender, age, educational level and position/level. Table1 presents the reaction of the respondents based on their gender notation.

Table 1: Gender distribution of respondents

Item	No. of respondents	%
Male	38	46.34
female	44	53.66
Total	82	100.00

Data generated by researcher from field work, June, 2023

The study sampled 82 respondents. Out of this number, 53.66% were female while 46.34% were male. The researchers did not place any specific expectation on the influence of the gender notation of the respondents on their ability to give accurate information.

The age composition of the respondents can also provide some useful insight into the age categorization. Table 2 below shows the respondents' age distribution

Table 2: Age distribution of the respondents

Item	No. of respondents	%
20-29yrs	44	53.66
30-39yrs	24	29.27
40yrs above	14	17.07
Total	82	100

Data generated by researcher from field work, June, 2023

The table above shows that in terms of age distribution, those aged between 20-29years polled 53.66%. The other age distribution categories were 30-39years (29.27%) and 40years above (17.07%). Similarly, the researchers did not expect the age of a respondent to have any significant influence on their ability to provide useful information.

The researchers also considered educational qualification as a factor necessary to properly evaluate the effect of cashless policy instruments on small scale businesses. Hence, the study had reason to assume that the level of education will determine the quality of information provided by the respondents. The table 3 below provides information on the educational qualifications of the respondents.

Table 3: Educational information of the respondents

Item	No. of respondents	%
WASSC	20	12.20
HND/OND/NCE	29	35.37
BSC/BA	28	34.15
M. SC./Ph D.	15	18.29
Total	82	100

Data generated by researcher from field work, June, 2023

By inspecting the table above, it is clearly shown that the respondents which possessed ordinary level certificates (WASSC) pooled 12.20% of the sampled population. The second least category was those with advanced degrees (MSC/PhD) which pooled 18.29%. Those with bachelors were 28 in number (34.15%); while those with either of HND/OND/NCE turn up to be the highest category of the respondents numbering 29 (or 35.37).

The cashless policy flows through all levels of economic activity, however, its target at small scale businesses is more for the aim of improved financial inclusion. The composition of the respondents is the table 4 below:

Table 4: organization position of the respondents

Item	No. of respondents	%
Agent banking operators	9	10.98
Small scale business owners	11	13.41
Small scale business employees	55	67.07
Other participants	7	8.54
Total	82	100

Data generated from field work, June, 2023

The reliability of the outcome of this study is enhanced by the spread such that those of the respondents actually involved in small scale business either as owners or employees makeup the highest composition at 80.48%, the second largest group of the respondents are the cashless policy instrument agents who offer banking services authorized by their parent banks (10.98%), then those classified as other participants are not business owners, employees or agents banking operators, they make up (8.54%) of the sampled population.

Effect of POS Transactions on Small Scale Businesses in Abakaliki Metropolis

The researchers analyzed the responses from the questionnaire administered. When asked to what extent did POS transactions affect small scale businesses in Abakaliki metropolis, 63.45% of the respondents strongly agreed that POS transactions has made invoicing simple, quicken payments and reduced delays in business time, only 10.98% strongly disagreed. Further to this question, 58.54% strongly agreed that POS cashless option improves purchasing and supply order management, better customer experience and satisfaction, 23.17% strongly disagreed. To quantify the size of the effect and determine whether significant or not, the researchers conducted the Pearson Chi-square test. The decision is based on whether the value of the likelihood ratio is positive or negative. The result is presented below:

Table 5: Pearson Chi-square test result

Tabulation of SERIES05 and SERIES06
 Date: 06/15/23 Time: 05:46
 Sample: 1 82
 Included observations: 82

Tabulation Summary

<u>Variable</u>	<u>Categories</u>
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SERIES05	4
SERIES06	4
Product of Categories	16

<u>Measures of Association</u>	<u>Value</u>
Phi Coefficient	0.867020
Cramer's V	0.500574
Contingency Coefficient	0.655083

<u>Test Statistics</u>	<u>df</u>	<u>Value</u>	<u>Prob</u>
Pearson X2	9	61.64140	0.0000
Likelihood Ratio G2	9	49.23177	0.0000

Source: Researchers' computations 2023 (E-views)

From the result, we see that the likelihood ratio is positive (49.23177.9074) and is significant at 5% level (0.0000). This implies that POS transactions has made invoicing simple, quicken payments and reduced delays in business time, improves purchasing and supply order management, better customer experience and satisfaction.

Effect of Mobile USSD Transactions on Small Scale Businesses in Abakaliki Metropolis

The usage of GSM is no longer a luxury as anyone can now afford a simple GSM handset. As the numbers and usage of GSM increased, banks have keyed into this by innovating on product and services using this option. Thus the USSD is the simplest banking cashless option affordable and available to greater number. Hence, the second research question of this study centered on the effect of mobile USSD transactions on small scale businesses in Abakaliki metropolis.

Based on the responses as pooled from the returned questionnaires, the respondents gave their opinion how USSD transactions affect small scale businesses. 69.51% of the respondents strongly agreed stated that mobile USSD is the most preferred cashless instrument for small businesses because it does not require internet, works on all GSM phones and can work across all mobile networks. Again, 74.39% further identified strongly that mobile USSD transactions is highly customized, extremely cost effective provides added security for both consumers and business owners. The strongest disagreement to this was only to 3.66% of the sample population. The Pearson Chi-square likelihood ratio test on the responses is presented in table 6 below:

Table 6: Pearson Chi-square test result

Date: 06/15/23 Time: 05:47

Sample: 1 82

Included observations: 82

Tabulation Summary

<u>Variable</u>	<u>Categories</u>
SERIES07	4
SERIES08	5
Product of Categories	20

<u>Measures of Association</u>	<u>Value</u>
Phi Coefficient	0.404829
Cramer's V	0.233728
Contingency Coefficient	0.375246

<u>Test Statistics</u>	<u>df</u>	<u>Value</u>	<u>Prob</u>
Pearson X2	12	13.43869	0.3380
Likelihood Ratio G2	12	13.41312	0.3397

Source: Researchers' computations 2023 (E-views)

The result showed a positive likelihood ratio (13.41312), the p-value is 0.3397. the result showed that the notion that mobile USSD is the most preferred cashless instrument for small businesses and all its attributes of not requiring internet, workable on all GSM phones, can work across all mobile networks, highly customized, extremely cost effective and provides added security for both consumers and business owners; may not have come from a significant population. Hence the p-value is not significant.

Effect of Online Web Transactions on Small Scale Businesses in Abakaliki Metropolis

In the third objective of the study, the objective was to examine the effect of online web transactions on small scale businesses in Abakaliki metropolis. The researchers asked the respondents to state their agreement or dissent on the effect of online web transactions in relation to the performance of small scale businesses. Based on the data extracted from the questionnaire, only 21.95% strongly agreed online web transactions makes it easier for their business to view and monitor cash flow in real time, 39.02% simply agreed, 29.27% moderately agreed while 4.88% disagreed in strong terms. Further to this question, 76.83 simply agreed that online transactions provide convenience for both consumers and business owners, only 7.32 disagreed while 12.20% moderately agreed. To check the significance of the responses the researchers conducted the Pearson Chi-square test. The decision is based on whether the value of the likelihood ratio is positive or negative. The result is presented below:

Table 5: Pearson Chi-square test result

Tabulation of SERIES09 and SERIES10

Date: 06/15/23 Time: 05:48

Sample: 1 82

Included observations: 82

Tabulation Summary

<u>Variable</u>	<u>Categories</u>
SERIES09	5
SERIES10	4
Product of Categories	20

<u>Measures of Association</u>	<u>Value</u>
Phi Coefficient	0.422427
Cramer's V	0.243888
Contingency Coefficient	0.389132

<u>Test Statistics</u>	<u>df</u>	<u>Value</u>	<u>Prob</u>
Pearson X2	12	14.63246	0.2622
Likelihood Ratio G2	12	19.12287	0.0856

Source: Researchers' computations 2023 (E-views)

According to the result, the likelihood ratio is positive (19.12287) and is not significant at 5% level (0.2622). The respondents had stated that online web transactions make it easier for their business to view and monitor cash flow in real time, provide convenience for both consumers and business owners. However, the p-value seem to indicate that their responses may not have come from a significant population.

Test of Research Hypotheses

HO₁: POS transactions has no significant effect on small scale businesses in Abakaliki metropolis

Decision rule: accept the null hypothesis if the p-value of the likelihood ratio is higher than the significance level (0.05).

Following the Pearson Chi-square result presented in table 6, the value of the likelihood ratio is (49.23177) while the p-value is [0.0000]; based on the decision rule, the study hereby rejects the null hypothesis. The alternative is accepted that POS transactions have significant positive effect on small scale businesses in Abakaliki metropolis.

HO₂: Mobile USSD transactions has no significant effect on Small scale businesses in Abakaliki metropolis

Decision rule: accept the null hypothesis if the p-value of the likelihood ratio is higher than the significance level (0.05).

As observed in table 6, the likelihood ratio showed a value of (13.41312) and the p-value is [0.3397]. Based on the decision rule, the study hereby accepts the null hypothesis, the alternative is hereby rejected. The study concluded that mobile USSD transactions have positive but insignificant effect on Small scale businesses in Abakaliki metropolis.

HO₃: Online web transactions has no significant effect on small scale businesses in Abakaliki metropolis

Decision rule: accept the null hypothesis if the p-value of the likelihood ratio is higher than the significance level (0.05).

Following the Pearson Chi-square result presented in table 7, the value of the likelihood ratio is (19.12287) while the p-value is [0.0856]; based on the decision rule, the study hereby accepted the null hypothesis. The alternative is rejected and the study concludes that online web transactions have positive but insignificant effect on small scale businesses in Abakaliki metropolis.

SUMMARY, CONCLUSION AND RECOMMENDATION

Summary of Research Findings

The study examined the effect of cashless policy instruments on small scale businesses in Abakaliki metropolis. The summary of the findings is based on the results obtained from the analysis of data carried out. Below is the summary of the major research findings:

1. The study found that POS transactions as a cashless policy instrument have significant positive effect on small scale businesses in Abakaliki metropolis
2. The study also found that mobile USSD cashless policy instrument has positive but insignificant effect on Small scale businesses in Abakaliki metropolis
3. The further found that online web cashless policy instrument have positive but insignificant effect on small scale businesses in Abakaliki metropolis.

Conclusion

The study examined the effect of cashless policy instruments on small scale businesses in Abakaliki metropolis. The researchers employed the percentage analysis and the Pearson Chi-square test to analyze the data. Relying on the empirical results, the study concluded that e-banking has significant positive effect on customer satisfaction.

Recommendations

Based on the findings and the conclusion, the researchers make the following recommendations:

1. There is need for the small scale business owners to expand their use of POS for business transactions as it seem to have significant positive influence on their business.
2. The business owners should explore more options to make their customers adopt use of USSD transactions so as to offer more convenience and security for both their customers and their businesses.
3. The agent banking operators may need to intensify effort in collaboration with their parent banks to make online web transactions more appealing to consumers.

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