



Thomas Adewumi University

Journal of Innovation, Science and Technology (TAU-JIST)



ISSN: 3043-503X

RESEARCH ARTICLE

THE CASHLESS POLICY AND HOUSEHOLD EXPENDITURE IN NIGERIA

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ARTICLE DETAILS

Article History:

Received 02 July 2024

Accepted 05 October 2024

Available online 10 December 2024

ABSTRACT

Scarcity of currencies caused by new notes introduced by apex Bank in Nigeria with daily demand for money in settling transactions led to introduction of cashless policy in Nigeria. The objective of the study was to examine impact of cashless policy on household expenditure in Nigeria, and this determined level of activities carried by consumers in the country with multiplier effect on economic performance. The study employed primary data and administered questionnaires to various stakeholders in Ekiti State; descriptive and inferential statistics were used to determine relationship between cashless policy and household expenditures in Nigeria. The findings showed that cashless policy significantly affected household expenditure in Nigeria as the study failed to accept null hypothesis stating that cashless policy does not have any effect on household expenditure. The study recommended to various levels of government to properly implement cashless policy on economic and monetary policies in order to safeguard kidnapping issues, cash holdings and inflation effects in the country.

KEYWORDS

Monetary Policy, Personal Expenditure and Currency Redesigned.

Introduction

The cashless policy was proposed since commencement of millennium for regulating economy and stabilization of nation's currency in relationship with foreign exchange. The policy curbed many economic issues in Nigeria such as employment generation, reduction of kidnapping and robbery attack, bribery and corruption (Omotunde et. al, 2013). This is a policy where resources are spent without exchange of money or others in a business environment such as money transfer, credit card and others; this ensured economic and price stabilization in Nigeria (Alawiye- Adams, 2013)

Ekpeyong (2023) said that cashless policy stabilized price of consumers' goods and other expenditure through proper implantation of monetary policy in Nigeria by reducing quantity of currency in circulation. Adu (2016) emphasized on cashless policy and economy in Lagos state using both electronic and manual money transfer, and was introduced to reduce excessive handling of currency in Nigeria.

Pam (2019) said that cashless policy was initiated as a result of delaying in cheque payment, wasting of time in bank hall alongside with network failure experienced during transaction; this new policy

Quick Response Code



Access this article online

Website:

<https://journals.tau.edu.ng/index.php/tau-jist>

DOI: <https://doi.org/10.5281/zenodo.15003503>

Cite the Article: Dr. Festus Taiwo SOLANKE, Dr. Alani Olusegun EFUNTADE, Dr. (Mrs.) Olubunmi Omotayo EFUNTADE, Dr. Fatima Jummai Shawai AKINSANMI Mrs. Omobolanle Olubunmi OSO. & Miss. Kehinde Deborah OLUWAPELUMI. (2024). The Cashless Policy and Household Expenditure in Nigeria

ensures transaction's effectiveness of various householders' expenditure in Nigeria.

The scarcity of currencies caused by new notes introduced by apex Bank in Nigeria with daily demand for money in settling transactions, and this led to introduction of cashless policy in Nigeria. Omotunde et. al (2013) said that cashless policy was proposed since commencement of millennium for regulating economy and stabilization of nation's currency in relationship with foreign exchange, and this prompted current study to examine impact of cashless policy on household expenditure in recognition with current inflation issues in Nigeria.

LITERATURE REVIEW

Cashless policy

This is a policy where resources are spent without exchange of money in an environment through money transfer, credit card and others; this ensured economic and price stabilization in Nigeria (Alawiye- Adams, 2013). Elechi and Rufus (2016) explained that cashless policy was the process where transactions were carried out without carrying physical cash in order to ensure life safety

Household Expenditure

This is total expenses incurred on daily needs of human being for a given period (Solanke, et al. 2023). This is the amount spent to meet daily consumption by various stakeholders in the country with aim of satisfying wants at a given period (Ekpeyong, 2023).

Theoretical Review

Contingency Theory

Fiedler (1964) propounded the contingency theory stated that a best opinion might not acceptable to another person which based on a decision that surfaces on a short period of time. It was finalized that more costs could be incurred for the execution of the policy.

Innovation Diffusion Theory

This was initiated by Rogers (1995), and discussed innovation, ideas, mission and dimension in an organization set up with the purpose of bringing more development to the economy. Ajayi (2014) also buttressed on innovation by diverting to technology acceptance theory with the aim of studying individual changes to a new vision of a firm in addition to human behavior and attitude critical analysis.

Empirical Review

Ademulegun et al. (2024) examined cashless policy and Nigeria financial sector growth with utilization of questionnaire for the primary data collected. The analysis was done through multiple regression and discovered insignificant relationship between variables. It was recommended that government should encourage financial sector to release more funds into economy

Ekpeyong (2023) examined analysis of cashless economy, demand for money and price determination in Nigeria with utilization of questionnaire to assess its impact on economy. It was discovered that cashless policy

insignificantly affected monetary policy in the country and recommended that proper deliberation should be made on cashless policy in the country.

Amaegberi et. al (2022) discussed cashless policy money velocity in Nigerian economy with the use of ordinary least square for the analysis conducted. The findings disclosed that there was a significant relationship between the variable and boasted investment opportunity for various investor in the country. It was recommended that more internet facility should be provided in order it relative impact on economy.

Pam (2019) carried out research on cashless policy and financial performance of selected deposit money Banks (DMBs) in Nigeria. The data were collected from secondary sources, analysed through regression, and discovered positive relationship between variables.

Elechi and Rufus (2016) examined cashless policy and socio-economic impacts in Nigeria by finding solution to the problems faced by small scale industry. It was discovered that proper arrangements were not put in place to ensure socio-economic on the firms. It was recommended that owners of small scale business should be enlightened and educated on the application of cashless policy in the country.

Adu (2016) discussed cashless policy and Nigerian economy on face to face interaction among people in Lagos state, and inconclusive effect on economy was discovered. It was recommended that proper policy should be set up to curb negative effects.

Omotunde et. al (2013) examined cashless economy in Nigeria and used primary data to collect information through questionnaire distribution. It was discovered that cashless policy ensured modernization of economy and payment system in Nigeria; this also ensured cost reduction that was prevalent in many policies.

Odumeru (2013) examined impact of cashless economy in Nigeria with use of primary data through questionnaire discovered negative relationship between variables. It was finalized that cashless policy reduces risk of carrying money in a country.

Ernest Simeon and Fadiya (2013) discussed implications of cashless banking on economic consequence in Nigeria with use of descriptive statistical approach for evaluating its significant between variables. It was discovered positive relationship existed between variables and provided a good multiplier effect to economy.

Methodology

The study employed survey research design to gather primary data by administering questionnaires to various stakeholders in Ekiti State; the population captured various households in Ekiti State from 2023 to 2024 with purpose of assessing cashless policy on household expenditure. The study used both independent and dependent variables which made of cashless policy and house expenditure respectively while descriptive and inferential statistics were used to analyse data collected. The instrument was subjected to a test-retest

method of reliability and a coefficient value of equals to or greater than 0.62 that was deemed accurate as a reliable measurement.

Data Presentation, Analysis and Discussions

Questionnaire administration and return rate

Two hundred (200) questionnaires were administered to respondents and all were returned; and discovered useful for analysis with 100% response.

Table 1:

S/N	Questionnaire administered	Response	Percentage
1	100	100	100%

Source: Authors computation 2024.

Reliability Test

The reliability was conducted by using test-re-test method and data correction were done through Cronbach test which produced a co-efficient reliability of 0.824 as indicated high and consistent result; it is displayed in the table below:

Table 2:

Statistics		
Cronbach's Alpha	Standardized Items	Number of Items
0.824	0.828	16

Source: Authors computation 2024.

Table 3: Demographic and Frequency Characteristics of Respondents

Gender	Frequency	Percentage
Male	140	70
Female	60	30
Total	200	100

Source: Authors computation 2024

In the Table 3 above, Male made up of 140 respondents with 70% while female contained 60 respondents with 30%.

Table 4: Age of the Respondents

Year	Frequency	Percentage
20-29	142	71.0
30-39	28	14.0
50-59	20	10.0
Above 60	10	5.0
Total	200	100.0

Source: Authors computation 2024

In the table 4 above, it showed that 71% of respondents representing 142 captured within 20-29 years, 14% of respondents representing 28 that fell in between 30-39 years, also, 10% of respondents representing 20 captured between 50-59 years and 5% of respondents representing 10 that consisted 60 years and above.

Table 5: Category of respondents

Duty	Frequency	Percent
Accountants	110	55.0
Auditors	16	8.0
Managers	84	42.0
Total	200	100

Source: Authors computation 2024

In the Table 5 above, It explained diagrammatic representation of respondents where 55% representing 110 as Accountants, 8% representing 16 as Auditors and 42% stood for 84 as Managers.

Table 6: Education

Qualification	Frequency	Percentage
HND/Bachelor's Degree	146	73.0
Master's Degree	40	20.0
Ph.D	14	7.0
Total	200	100.0

Source: Authors computation 2024

The Table 6 above showed that 73% representing 146 respondents that possessed HND/Bachelor's Degree holder, 20% stood for 40 respondents holding Master's Degree while 7% displayed 14 respondents were Ph.D holders.

Other Demographic and Frequency Characteristics

Respondents' opinions on cashless policy and Household expenditure in Nigeria

Table 7: Cashless payment is much more convenient

Value	Frequency	Percentage %
Strongly Disagree	24	12
Agree	24	12
Undecided	24	12
Agree	40	20
Strongly Agree	88	44
Total	200	100

Source: Authors computation 2024

A major percentage of respondents representing 44% of strongly agreed as Cashless payment is much more convenient.

Table 8: There is always a record available anytime when payment made online

Value	Frequency	Percentage %
Strongly Disagree	8	4
Agree	0	0
Undecided	4	2
Agree	92	46
Strongly Agree	96	48
Total	200	100

Source: Authors computation 2024

The opinion of 96 respondents that constituted 48% stated that there is always a record or history of transaction available anytime payment made online

Table 9: Online payment is preferable to physical payment

Value	Frequency	Percentage %
Strongly Disagree	16	8
Agree	24	12
Undecided	48	24
Agree	64	32
Strongly Agree	48	24
Total	200	100

Source: Authors computation 2024

Larger percentage of respondents representing 32% unanimously agreed that paying online is safer than traditional method of payment

Table 10: Promo and vouchers were common with online transactions

Value	Frequency	Percentage %
Strongly Disagree	12	6
Agree	12	6
Undecided	36	18
Agree	48	24
Strongly Agree	92	46
Total	200	100

Source: Authors computation 2024

46% of respondents asserted that there were more promos and vouchers that could be used on online transactions

Table 11: Online payment saves time

Value	Frequency	Percentage %
Strongly Disagree	8	4
Agree	12	6
Undecided	16	8
Agree	64	32
Strongly Agree	100	50
Total	200	100

Source: Authors computation 2024

50% of respondents strongly agreed that paying online saved time

Table 12: Online payment offer a better choice for users

Value	Frequency	Percentage %
Strongly Disagree	0	0
Agree	0	0
Undecided	16	8
Agree	120	60
Strongly Agree	64	32
Total	200	100

Source: Authors computation 2024

60% agreed that online payment offered a better choice for users.

Table 13: Online payment costs are hidden from users

Value	Frequency	Percentage %
Strongly Disagree	20	10
Agree	32	16
Undecided	48	24
Agree	48	24
Strongly Agree	52	26
Total	200	100

Source: Authors computation 2024

There was a mixed reaction as 26% constituted majority strongly agreed that online payment costs were hidden from users

Table 14: Online payment application are not complicated and well understood

Value	Frequency	Percentage %
Strongly Disagree	0	0
Agree	8	4
Undecided	24	12
Agree	80	40
Strongly Agree	88	44
Total	200	100

Source: Authors computation 2024

44% asserted that applications for online payments were not complicated and could easily understood

Table 15: There are always confirmations and proofs of payment sent either mobile number or email

Value	Frequency	Percentage %
Strongly Disagree	0	0
Agree	8	4
Undecided	24	12
Agree	76	38
Strongly Agree	92	46
Total	200	100

Source: Authors computation 2024

46% strongly agreed that there were always confirmation and proofs of payment sent either on mobile number or email

Table 12: Often transact online has no problem if permanently added as a mode of payment

Value	Frequency	Percentage %
Strongly Disagree	0	0
Agree	12	6
Undecided	16	8
Agree	96	48
Strongly Agree	76	38
Total	200	100

Source: Authors computation 2024

48% respondents could only agree that often transact online has no problem if permanently added as a mode of payment.

Testing of Hypothesis

H₀: Cashless policy does not have effect on household expenditure in Nigeria

H₁: Cashless policy has effect on household expenditure in Nigeria

Decision criterion

Reject H₀: cashless policy does not have effect on household expenditure in Nigeria

Accept H₁: cashless policy has effect on household expenditure in Nigeria

Discussion of Findings

The study examined significant effect of cashless policy on household expenditure in Nigeria, as objective determined relationship between cashless policy and household expenditure, and findings showed that both variables were significantly related. Therefore, this study rejected hypothesis that stated cashless policy does not have effect on household expenditure in Nigeria. In summary, F-statistic analysis showed that cashless policy has a significant impact on household expenditure in Nigeria.

These findings are in line with Ekpeyong (2023), Pam (2019), Adu (2016) and Omotunde et. al (2013) studies as they discovered issues on cashless policy introduced in Nigeria. It was realized that 34.0% of respondents cited problem of internet fraud, 15.5% cited problem of limited POS/ATM, and 19.6% cited problem of illiteracy and 30.9% stayed neutral.

Conclusion

The findings displayed that cashless policy significantly affected household expenditure in Nigeria as the study failed to accept null hypothesis stating that cashless policy does not have significant effect on household expenditure.

Recommendations

The study recommended to various levels of government to properly implement cashless policy on economic and monetary policies in order to safeguard kidnapping issues, cash holdings and inflation effects in the country.

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