Empirical Study of the Challenges of Cashless Banking System in Nigeria with respect to Availability and Reliability of Cashless Banking Channels

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Abstract: The move to use electronic cash, commonly dubbed “cashless” however, has its own challenges, which in Nigeria, appear to be accentuated by the perennial problem of inadequate physical and social infrastructure. The introduction of the policy in Nigeria therefore brings up issues that touch on security, privacy, crime and computerization. Societal acceptance of the policy is therefore critical to its sustenance or the tendency to rebel against it by the common man on the street becomes imminent. However, as the financial institutions have implemented such things as debit cards, credit cards, internet banking, etc, it has slowly brought society into the acceptance zone whereby another step could be taken. This study adopted exploratory research design as was concerned with specific predictions (expected outcome). The population of this study comprised of the management staff and customers of 4 selected commercial banks in Nigeria. The sample size of this study is six hundred and forty eight (648) respondents drawn from 4 clusters, where each bank represented one cluster and one hundred and sixty-two (162) respondents were selected randomly from each cluster. Multi-stage cluster sampling technique was used. This study used primary data collected through Questionnaire. The instrument combined nominal, ordinal and five - Likert point scales. Data collected were analysed using both descriptive frequency analysis and inferential statistics in form of charts, graphs and figures through the use of the Statistical Package for Social Sciences (SPSS). The study found out that those factors affecting the prospects of Cashless Banking System in Nigeria include machine malfunctions / Technical issues, lack of investment in infrastructural development, Infrastructural deficit and Religious beliefs. It was recommended that Banks should give more priority to ATM based products since most customers use this channel more than the other channels in the cashless banking system. Though the use of telephone/mobile banking, E - Banking and internet banking channels for financial transactions in Nigeria is on the average scale, more should be done to increase its patronage, and that since the problems of Cashless Banking with regard to the availability and reliability of cashless banking channels significantly mar the prospects and implementation of Cashless Banking by banks in Nigeria. Therefore, banks should make available these channels to avoid this problem.

Keywords: Cashless policy, Cashless Banking, Prospects, Implementation, E-Banking

I. INTRODUCTION

The introduction of paper money has led to lots of efforts done to minimize the cost of producing such monies and maximize their economic potentials. This led to the amendments in both the sizes and quality of the physical money. (Kida & Alooma, 2014). The early 2010 Nigerian financial sector was characterized with the growing clamour for a shift from cash-based economy to cash-less economy where physical cash play a smaller role. This became a top priority for government (Femi, 2012). A significant number of people at that time, do not have access to quite a number of formal financial services, as such money is often kept in cash under the mattress or moved around from one person to another, thereby increasing the risk of theft or loss. In fact, even the task as simple as paying bills can be unsafe, costly and time-consuming (Obi, 2016).

Prior to the advent of this electronic devices in the delivery of banking services in Nigeria, banking operations were marred with ineptitude, time consuming bureaucratic, bottleneck, long queues, crowd and such like complaints from the public. As a result of all these, the psychology or mental picture of the average individual towards banking services has been negatively affected. Some individual seems to prefer to keep their money to themselves or put it in to use anywhere else but not the bank. They prefer to do so as they always encounter one problem or the other whenever they go to withdraw money at the bank. Moreover, banks generally develop large amount of data in the course of their operations. The collection, storage and
management of these data are no doubt a very daunting task. The manual approach of these bank services and management was characterized by long queues, tally numbering, stress, loss of valuable works hour, and so on.

Cashless Banking aims at curbing some of the negative consequences associated with the high usage of physical cash in the economy, and its prospects, to a larger extent, depends on the availability and reliability of cashless channels. Cashless Banking Channels Some outstanding cashless banking channels known all over the world are mobile banking, internet banking, and telephone banking (Akhalemeh, Ohiokha, 2011) The proliferation of electronic banking globally can be attributed to its cost saving potentials and speed of information transmission on the part of banks and convenience on the part of customers (Floh, & Treiblmaier, 2006) in Odumeru, 2012). According to the study of Adesina, & Ayo, (2010), during a survey involving 2,200 bank customers, it was discovered that Electronic Payments accounted for N360 Billion (US$340 Million) worth of transactions in 2008. The foregoing has made it imperative to study the underlying factors affecting the prospects and implementation of cashless banking in order to identify and deal with factors inhibiting its usage. This will enable relevant stakeholders (banks, regulatory agencies, digital switch operators, etc.) formulate or modify existing policies that will further increase the popularity of cashless banking services.

Nigeria is largely a cash-based economy with large percentage of funds residing outside the banking sector as against the developed world where the money in circulation is for example 4 percent in US and 9 percent in U.K. Whereas the cash-based economy is characterized by the psychology to physically hold and touch cash a culture informed by ignorance, illiteracy, and lack of security consciousness and appreciation of the merit of digital payment (Oladjeo, M. & Akanbi, T., Bankers Perceptions of Electronic banking in Nigeria: A Review of Post Consolidation Experience, Research Journal of Finance and Accounting, Vol 3, No 2, 2012, pp 1 - 11). Loss of inter personal contact between bankers and customers is one of the features of electronic banking which has its effect on banking services.

II. EMPIRICAL REVIEW

In recent years, many authors have in one way or the other investigated the introduction of various aspects of cashless banking its prospects, implementation and implications on the economy in both developed and developing countries.

Olatokun, and Ighindion, (2009) The Adoption of Automatic Teller Machines in Nigeria: An Application of the Theory of Diffusion, Issues in Informing Science and Information Technology of Innovation, Volume 6, used diffusion of innovation (DOI) theory to investigate the adoption of Automatic Teller Machines in Nigeria. They found out that the constraints Relative Advantage, Complexity, Observeability, Compatibility, and Trialability were positively related to attitude to the use of ATM cards in Nigeria. Otorunsegun (2010) used cluster sampling technique to study the impact of electronic banking in Nigerian banking system. He found out that a bank has an effective electronic banking system which has improved its customer’s relationship and satisfaction.

James (2012) used Statistical Package for Social Sciences (SPSS) to investigate the acceptance of E-banking in Nigeria. The result shows that acceptance of e-banking in Nigeria is significantly influenced by Age, Educational Background, Income, Perceived Benefits, Perceived Ease of Use, Perceived Risk and Perceived Enjoyment. Morufu, & Taibat, (2012), The results suggest that bankers in Nigeria perceive electronic banking as a tool for minimizing inconvenience, reducing transaction costs, altering customers queuing pattern and saving customers banking time.

Olajide (2012) used theories to investigate cashless banking in Nigeria and its implications on the economy. He found out that cashless banking will boost the economy on the long run. Zeithaml and Gilly (1987) used technology acceptance theory to determine the Characteristics affecting the acceptance of retailing technologies: a comparison of elderly and non-elderly consumers in developed country. He opined that there is existence of a positive relationship between education, income, and exposure to mass communication and the adoption of Electronic Funds Transfer (EFT) and the relationship was greater for younger than for older consumers. Karjaluoto, Mattila, & Pento, (2002) used consumer acceptance theory to determine online banking acceptance. They found out that attitude towards online banking and its usage is significantly affected by Prior Computer Experience, Prior Technological Experience, Personal Banking Experience and Reference Group Influence.

John, & Rotimi, (2014) found out that Internet banking in Nigeria is slowly been embraced by customers because Internet practice in Nigeria has been abused by cyber fraudsters who use real and deceptive banking websites to fool users’ and set their sensitive information and funds. Pikkarainen, Pikkarainen, Karjaluoto, and Palmila, (2004) found out that perceived usefulness and perceived ease of use of online banking among other factors significantly affects the use of e-banking; other factors according to them are Perceived Enjoyment, Information on Online Banking, Security and Privacy, Quality of Internet Connection.

One of the prerequisite for the development of national economy according to Ajayi, and Ojo, (2006), is to encourage a payment system that is secure, convenient, and affordable. In this regard, developed countries
of the world, to a large extent, are moving away from paper payment instruments toward electronic ones, especially payment cards. In Nigeria, as it is in many developing countries, cash is the main mode of payment and a large percentage of the public populations are unbanked (Ajayi and Ojo (2006). This makes the country to be heavily cash-based economy.

The study of Yaqub et al (2013) argued that Electronic Payments have a significant number of economic benefits apart from their convenience and safety. These benefits when maximized can go a long way in contributing immensely to economic development of a nation. Automated electronic payments help deepen bank deposits thereby increasing funds available for commercial loans - a driver of all of overall economic activity.

The study by Ajayi & Ojo (2006), shows that changes will definitely continue to occur in response to social and technological advancements. This has led to a shift from the old cash handling system to cashless society, which is in vogue worldwide. To this end, the world has witnessed an upsurge of electronic payment instruments meant to facilitate trade and simplify payments and that the value of electronic payment goes way beyond the immediate convenience and safety of cards to a greater sphere of contributing to overall economic development, as discovered by Odior and Banuso, (2012).

Akhalumeh and Ohiohka (2011) identified that the payment system plays a very crucial role in any economy since the banking system is the channel through which financial resources flow from one segment of the economy to another. It therefore represents the major foundation of the modern market economy. In today’s world, many people across the globe make payments electronically rather than in person or cash. It can then be said that the recent financial system is the product of centuries of innovation. This financial system started as a barter economy and has moved through various incarnations in response to limitations inherent in the evolving systems.

Adeyemo (2012), in a research observed that 68.2% of the respondent complained about long queues in the bank, 28.9% complained of bad attitude of teller officers (cashiers) while 2.89% complained of long distance of bank locations to their home or work places. Likewise, in her 24th NCS national conference in December 2011, CBN data shows that 51% of withdrawal done in Nigeria was through automated teller machine (ATM), while 33.6% was through over the counter (OTC) cash withdrawals and 13.6% through Cheques. Payment was also done through point of sales machine (POS) which accounted for 0.5% and web 1.3%. Therefore, if the introduction of ATM in Nigeria cash withdrawals system reduced OTC withdrawal; then it will imply that introduction of Cashless Banking supported by application of information technology can achieve more to reduce over dependent on cash payment in Nigeria economy system.

**Cashless Banking Channels in Nigeria**

The study of Olusola et al (2013) describing contemporary works on payments traced the introduction of Cashless Banking Channels.

i) **Mobile Banking:** This simple means the use of mobile phone for settlement of financial transactions. This is more or less fund transfer process between customers with immediate availability of funds for the beneficiary. Services covered by this product include account enquiry; funds transfer; recharge phones; changing password and bill payments

ii) **Internet Banking:** This involves conducting banking transactions on the worldwide web, using electronic tools such as the computer without visiting the banking hall. E-commerce is greatly facilitated by internet banking and is mostly used to effect payment. Internet banking, like mobile banking, also uses the electronic card infrastructure for executing payment instructions and final settlement of goods and services over the internet between the merchants and the customers.

iii) **Electronic Card:** This is a physical plastic card that uniquely identifies the holder used in transacting business on the internet, automated teller machine (ATM) and Point of Sales (POS) terminals. This includes debit and credit cards, debit cards are linked to local bank accounts and offer immediate confirmation of payment while credit card can be used for assessing local and international networks

iv) **Point of Sale (POS)/Point of Purchas (POP) terminals:** POS or POP is the location where a transaction occurs. A terminal or POS or POP is generally referred to the hardware and software used for check out, the equivalent of an electronic cash register. A POS manages the selling process by a salesperson accessible interface. The system allows the creation and printing of receipts (Daniel, Swartz and Fermar (2004). This is an important infrastructure for an effective e-payment system and will enhance efficient Cashless Banking. Electronic Cards. According to Adu, (2016), Point of Sale terminals are deployed to merchant locations where users slot their electronic cards through POS in order to make payments for purchases or services instead of using raw cash. However, most of these e-payment channels require you to have an ATM/ Debit card (Oyetade and Ofolue, 2013).

v) **Automated Teller Machines:** Worldwide, the use of paper cash still remains the most widely used and acceptable means of settling financial transactions and obligations. However, the proportion of cash transactions is increasingly on the decline, especially in advanced economics (Amedu, 2005). It is
commonest form of electronic banking which has gain popularity among the people including unlettered customers (Odior, and Banuso, 2012).

**Constraints of Cashless Banking in Nigeria**

The financial sector, which is the central nervous system of any economy, is important for the development of any nation. Globally, the relationship between the financial system and development remains very critical for any economy to realize its potentials. Though the banking system functions more efficiently and effectively when there is a robust and efficient payments systems infrastructure.

According to the study of Akhalumeh, and Ohiokha, (2011), 34.0% of the respondents cited problem of internet fraud, 15.5% cited problem of limited POS/ATM, 19.6% cited problem of illiteracy and 30.9% stayed neutral - the respondent not been sure of problem been expected or experienced. While in some quarters there was fear of unemployment, some believe it will create more jobs especially when companies manufacturing POS machine are cited in Nigeria.

According to the study by Siyanbola, (2013), the followings are the constraints that affect effectiveness of Cashless Banking in Nigeria at the moment:

1. Erratic power supplies and communication link:
2. Non-existence of computer back-up:
3. Inadequacy of fund to invest in information technology:
4. High bank charges for the use of e-banking machines:
5. Low public acceptance.

Regardless of the adopted system, the problems militating against the system according to Sumanjeet, (2009), generally revolve around:

1. Integrity: to ascertain that transmitted financial information is unchanged in transit.
2. Non-repudiation: to ascertain that all parties have non-deniable proof of receipt.
3. Confidentiality: to ascertain that transactions are protected from possible eavesdroppers.
4. Reliability: to ascertain that there is reduced possibility of failure.
5. Authentication: to ascertain that there are reliable proofs of identities of all parties involved.
6. Authorization: to ascertain that individuals are recognized and granted the desired rights and privileges.

According to Yaqub, Bello, Adenuga & Ogundeji (2013), Cashless Banking, despite its numerous benefits comes with its own challenges even in the developed world. Some of which are:

1. Behavioural constraints: The fact that Nigeria is cash-based, people are accustomed to using cash for most of their transactions.
2. Banks attitudes: Some banks in Nigeria are very conservative; they use very few innovative products and marketing techniques.
3. Lack of confidence: the security issue is one of the major challenges in the development of Cashless Banking in Nigeria.
4. Low level of internet penetration and poorly developed telecommunication impede smooth development and improvement in e-payments and e-commerce.
6. High cost of Internet: The cost of Internet access relative to per capita income is a critical factor. Compared to developed countries, there are higher costs of entry into the e-payments and e-commerce market. These include high start-up investments costs, high costs of computers and telecommunication and licensing requirements.

The study of Adu, (2016), identified the following constraints of cashless banking in Nigeria:

1. Non-existence of computer back-up: There is bound to be total loss of data on customers’ accounts if there is no back up and the entire file is damaged. This may lead to misappropriation of customers’ accounts; hence bank should maintain back up of all its information outside the bank’s premises.
2. Inadequacy of fund to invest in information technology: Most banks find it difficult to fund procurement of modern equipment needed for e-banking. Nevertheless, there has been tremendous improvement in automation of bank operation in the country in the last 5 years but there are still rooms for further expansion so as to catch up with hi-tech, which is in vogue in developed countries;
3. Replacement of workforce by machine: Electronic banking has now somehow reduced the number of employees needed to handle most transactions in the bank as most work done by workers are now being handled by machines thereby translating to increase in the rate of unemployment in the country;
4. Low acceptance by the public: Many people have burnt their fingers as a result of fraudulent withdrawals from their accounts through the use of ATM by unscrupulous individuals who believe in using master cards to withdraw money from unsuspecting individuals. Not to mention situations whereby customers are debited by the ATM with withdrawals not supported by cash that fail to drop down from the machine as expected.
III. THEORETICAL FRAMEWORK

Consumer Acceptance Theory (CAT)
Shastri, (2015), in his study on “Recent Trends in Banking Industry: IT Emergence”. Analyst, (March), pp. 45 – 46, used consumer acceptance theory in his study to determine online banking acceptance. He found out that attitude towards online banking and its usage is significantly affected by Prior Computer Experience, Prior Technological Experience. This was also adopted by Ajagbe, & Ariyo, in 2015.

IV. METHODOLOGY

This study adopted exploratory research design as was concerned with specific predictions (expected outcome), with narration of facts and characteristics concerning individual, group or situation hence the adopted of exploratory research design followed by descriptive research methods. The population of this study comprised of the management staff and customers of 4 selected commercial banks in Nigeria. The selection of the banks was purposive and it constitutes approximately 25% of total number of banks in Nigeria. The sample size of this study is six hundred and forty eight (648) respondents drawn from 4 clusters, where each bank represented one cluster and one hundred and sixty-two (162) respondents were selected randomly from each cluster. The selection comprised of twelve (12) bank staff and one hundred (150) customers which allows for a fair representation because each member of the population is given equal chance of being selected as an element of the sample. Multi-stage cluster sampling technique was used.

This study used mainly primary data collected by the use of Questionnaire. The instrument combined Nominal, ordinal and five - Likert point scales. Respondents indicated their level of agreement with a given statement by the way of scale ranging from “strongly agree” to “strongly disagree”. Interview method was employed to gather data on characteristic behaviours of the population while the questionnaire was to obtain a recorded response of the respondents. Data collected through questionnaires were analysed using both descriptive frequency analysis and inferential statistics in form of charts, graphs and figures through the use of the Statistical Package for Social Sciences (SPSS).

V. RESEARCH ANALYSIS AND INTERPRETATION OF DATA

These analyses and tests of hypotheses assisted the researcher in achieving the stated objectives of the research study. Because of the volume and complexity of the data used in this research, the researcher utilized the Statistical Package for the Social Sciences (SPSS) Version 16.0 to carry out the data analyses and tests of hypotheses. A total of 648 questionnaires were distributed out of which 588 completely and correctly filled ones were retrieved. This means that the researcher and other stakeholders can rely strongly on the findings and conclusions of the research study. The level of significance (alpha) used for analyses and tests in this research study is 0.05 (5%).

Table 1: Channel Services used by respondents

<table>
<thead>
<tr>
<th>Services</th>
<th>Yes Frequency</th>
<th>Percentage</th>
<th>No Frequency</th>
<th>Percentage</th>
<th>Total Freq</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATM</td>
<td>506</td>
<td>85’99</td>
<td>82</td>
<td>14’01</td>
<td>588</td>
<td>100’00</td>
</tr>
<tr>
<td>E-Banking</td>
<td>353</td>
<td>60’00</td>
<td>235</td>
<td>40’00</td>
<td>588</td>
<td>100’00</td>
</tr>
<tr>
<td>M-Banking</td>
<td>406</td>
<td>68’98</td>
<td>182</td>
<td>31’02</td>
<td>588</td>
<td>100’00</td>
</tr>
<tr>
<td>Internet Banking</td>
<td>434</td>
<td>73’74</td>
<td>154</td>
<td>26’26</td>
<td>588</td>
<td>100’00</td>
</tr>
<tr>
<td>Debit/Credit Card</td>
<td>307</td>
<td>52’24</td>
<td>281</td>
<td>47’76</td>
<td>588</td>
<td>100’00</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2017

The result in Table 1 shows the distribution of responses on whether respondents utilize ATM. The table shows that 506 (85’99%) of the respondents responded “yes”, they utilize ATM, while 14’01% responded “no”, they don’t use ATM. This implies that all the respondents in this research study utilize ATM for financial transactions. This table also shows the distribution of responses on the usage of E-Banking by respondents. It was gathered that 353(60’00%) of the respondents responded that they use E-Banking to carry out banking transactions while 235 respondents represented by 40’00% do not use E-Banking banking transactions.

The table shows that 406 respondents represented by 68’98% use telephone/mobile banking to carry out financial transactions. However, 182 respondents represented by 31’02% do not use telephone/mobile banking in carrying out financial transactions. The implication here is that most of the respondents used telephone/mobile banking channels for financial transactions in Nigeria is on the average scale. The table also shows the distribution of responses on the use of internet banking by respondents. The table shows that 434(73’74%) of the respondents use internet banking for transaction while 154 (26’26%) use internet banking for financial transactions. This implies that majority of the respondents use internet banking to carry out financial transactions.
Last to be presented on the table was the responses on the use of Debit/Credit cards by respondents in carrying out financial transactions. The table shows that majority of the respondents (52.24%) use Debit/Credit cards by respondents in carrying out financial transactions. Those respondents that seldom use Debit/Credit cards in carrying out financial transactions are represented by 47.76% of the total responses. This implies that majority of the respondents in this research study use smart cards for financial transactions moderately.

**Challenges of Cashless Banking**

**Table 2: Poor Network connectivity / Communication links**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency/Percentage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
<td>Agree</td>
</tr>
<tr>
<td>135</td>
<td>182</td>
<td>47</td>
</tr>
<tr>
<td>22.99%</td>
<td>31.02%</td>
<td>8.03%</td>
</tr>
</tbody>
</table>

Source; Field Survey, 2017

The presented in Table 2 shows that 22.99% of the responded totally agreed that poor Network connectivity and Communication links pose negative effect on the Implementation of cashless banking system in Nigeria. Among the respondents, 31.02% indicated an opposite response. To them, even though Poor Network connectivity/Communication links affect the Implementation of cashless banking system in Nigeria, its effect is very low. However, only 8.03% of the responses show a moderate effect. This shows that poor network connectivity and communication links pose high negative effect on the implementation of cashless banking system in Nigeria.

**Table 3: The level of literacy required to operate**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency/Percentage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
<td>Agree</td>
</tr>
<tr>
<td>153</td>
<td>194</td>
<td>106</td>
</tr>
<tr>
<td>25.99%</td>
<td>33.06%</td>
<td>17.96%</td>
</tr>
</tbody>
</table>

Source; Field Survey, 2017

The result in this table also indicates that the level of education required to operate this system is also one of the perceived challenges of cashless banking in Nigeria and this has high negative effect on the implementation of system in Nigeria. This response was represented by 25.99% Strongly Agree, 33.06% Agree, 17.96% Neutral, 11.02% Disagree and 11.97% of the respondents Strongly Disagree.

**Table 4: Lack of trust and fear of Internet fraud**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency/Percentage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
<td>Agree</td>
</tr>
<tr>
<td>182</td>
<td>212</td>
<td>70</td>
</tr>
<tr>
<td>31.02%</td>
<td>36.05%</td>
<td>11.97%</td>
</tr>
</tbody>
</table>

Source; Field Survey, 2017

Table shows that 31.02% of the respondents strongly agreed that Lack of trust and fear of Internet fraud pose a great challenge to the implementation of system in Nigeria followed by 36.05% who agreed to this statement, 11.97% remained Neutral, while a combination of 8.03% and 12.93% of the respondent thought Lack of trust and fear of Internet fraud do not posed challenge to the implementation of the system in Nigeria.

**Table 5: Erratic power supplies**

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency/Percentage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
<td>Agree</td>
</tr>
<tr>
<td>88</td>
<td>182</td>
<td>141</td>
</tr>
<tr>
<td>14.97%</td>
<td>31.02%</td>
<td>23.95%</td>
</tr>
</tbody>
</table>

Source; Field Survey, 2017

Erratic power supply is one the problems affecting activities in Nigeria. Table 5 shows that this however does not have strong effect on the effect on the implementation of cashless banking system in Nigeria. This response was given by 14.97% (Strongly Agree) and 31.02% (Agree) of the total respondents. In the same vein, 14.01% (Disagree) 16.05% (Strongly Disagree) respondents indicated that the negative effect posed by erratic power supply to the implementation of cashless banking system in Nigeria is very low as most providers of these services have alternate power generation, 23.95% of the respondents however remain neutral.
The responses (71'03%) in Table 6 indicated that Low public acceptance for fear of Physical and Cyber Security associated with cashless banking system is posing a greater challenge to its implementation. 11% of the respondents were neutral, 8% of the responses showed a disagreement with this statement and only 89% strongly disagreed with the statement. The results in Table 7 showed that most of the respondents (64'90%) either agreed or strongly disagreed that the cashless banking system encourages of excessive withdrawals as users have access to their accounts at any point in time. While 1605% of the respondents remained neutral, 1905% of the responses indicated disagreement with this statement. Table 8 indicated that 1401% respondents strongly agreed that Machine malfunctions as well as Technical issues affect the prospects of Cashless Banking system in Nigeria. It can therefore be concluded that though the system may face machine malfunctioning and technical hitches, this however does not impair on the prospects of Cashless Banking system in Nigeria.

Table 6: Low public acceptance for fear of Physical and Cyber Security

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency/Percentage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Neutral</td>
</tr>
<tr>
<td>112</td>
<td>306</td>
<td>70</td>
</tr>
<tr>
<td>19'05%</td>
<td>51'97%</td>
<td>11'97%</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2017

Table 7: Encourages of Excessive Withdrawals

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency/Percentage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Neutral</td>
</tr>
<tr>
<td>223</td>
<td>158</td>
<td>94</td>
</tr>
<tr>
<td>37'94%</td>
<td>26'94%</td>
<td>16'05%</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2017

Table 8: Machine malfunctions as well as Technical issues

<table>
<thead>
<tr>
<th>Responses</th>
<th>Frequency/Percentage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Neutral</td>
</tr>
<tr>
<td>82</td>
<td>194</td>
<td>100</td>
</tr>
<tr>
<td>14'01%</td>
<td>32'93%</td>
<td>17'01%</td>
</tr>
</tbody>
</table>

Source: Field Survey, 2017

Table 9: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R2</th>
<th>Std. Error</th>
<th>Change Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>R2 Change</td>
</tr>
<tr>
<td>1</td>
<td>267a</td>
<td>0'72</td>
<td>0'64</td>
<td>1'65</td>
<td>0'72</td>
</tr>
</tbody>
</table>

Table 9 describes the problems of Cashless Banking with regard to the availability and reliability of cashless banking channels significantly mar the prospects and implementation of Cashless Banking by banks in Nigeria as earlier observed. The variables were subjected to regression model from the result of the regression, the summary model showed that r = 0'267, which implies that the variables within the factors by rule, belong together at Adjusted R2 = 0'6440 = 64'40% which indicated that the combination of all the independent variables in the models explained up to 64'40% of the factors. The p – value p<0'000 p<0'05 shows The problems of Cashless Banking with regard to the availability and reliability of cashless banking channels significantly mar the prospects and implementation of Cashless Banking by banks in Nigeria. Therefore, the study rejected the Ho and accepted Hi.
VI. DISCUSSION OF RESULTS

Most Nigerians believed that improving Network connectivity and Communications and provision of adequate banks and internet services in the rural areas if Cashless Policy is to be prosperous in Nigeria, as they are not too free with the banks’ security system as agreed with the study of Lee, and Turban, (2001), which may affect the future of Cashless Banking in Nigeria would be prosperous and would go a long way in serving as a Mechanisms to support Cashless Banking System in Nigeria, therefore regular awareness and sensitization is needed in order to gain public acceptance which serves as a mechanism in the implementation of the system.

The study also discovered that poor network connectivity and communication links pose high negative effect on the implementation of cashless banking system in Nigeria, level of education required to operate this system is high and poses challenges to cashless banking in Nigeria, so also lack of trust and fear of Internet fraud (see the study of Sathye, 2001). Another challenge of the system is that it system encourages of excessive withdrawals as users have access to their accounts at any point in time and that there is poor awareness and sensitization especially in the rural areas as a result of shortage in banks and internet services.

The study identified few factors affecting the prospects of Cashless Banking System in Nigeria such as, machine malfunctions / Technical issues, lack of investment in infrastructural development, unavailability of data on how to improve Cashless Banking, Lack of awareness of the importance of the Cashless Banking and illiteracy on its usage, Infrastructural deficit and Religious beliefs. This is in total agreement with the study of Akhalumeh, and Ohiokha, (2011). However, it can be concluded that though the system may face machine malfunctioning and technical hitches, this however does not impair on the prospects of Cashless Banking system in Nigeria, and that lack of investment in infrastructural development does not affect the prospects of Cashless Banking system in Nigeria. Although data on how to improve Cashless Banking system in Nigeria is scarce, this does not affect its prospect, and that lack of awareness of the importance of the Cashless Banking and level of literacy required to use the system may affect the prospect of the system in Nigeria. This disagreed with the findings of Siyanbola, in 2013.

This study also discovered that if banks really the guarantee the future prospect of cashless banking system in Nigeria, they should be organizing seminars, workshops, symposium, etc., on the use and benefits of the system, reduce service charges with inter banks provide effective and efficient transfers and payments system, adherence to CBN’s policy on Cashless banking system and its sustainability in the country, and introduction of new compatible products would enhance the system in Nigeria.

The p – value p<0.000 p<0.05 shows that the problems of Cashless Banking with regard to the availability and reliability of cashless banking channels significantly mar the prospects and implementation of Cashless Banking by banks in Nigeria. So also stated the findings of See Ochei, (2013).

VII. CONCLUSIONS

Having successfully conducted the study with specific reference to selected commercial banks in Nigeria, it is concluded that Poor network connectivity and communication links, lack of trust and fear of Internet fraud and poor awareness and sensitization especially in the rural areas as a result of shortage in banks and internet services pose high negative effect on the implementation of cashless banking system in Nigeria.

While those factors affecting the prospects of Cashless Banking System in Nigeria include machine malfunctions / Technical issues, lack of investment in infrastructural development, unavailability of data on how to improve Cashless Banking, Lack of awareness of the importance of the Cashless Banking and illiteracy on its usage, Infrastructural deficit and Religious beliefs. However, concluded that though the system may face machine malfunctioning and technical hitches, this however does not impair on the prospects of Cashless Banking system in Nigeria.

Suggestions and Recommendations

1. Banks should give more priority to ATM based products since most customers use this channel more than the other channels in the cashless banking system. Though the use of telephone/mobile banking, E - Banking and internet banking channels for financial transactions in Nigeria is on the average scale, more should be done to increase its patronage.

2. Majority of the respondents use Debit/Credit cards by respondents in carrying out financial transactions. This could be as the result of the acceptance of ATM by Nigerians. Therefore, banks should make it easier to acquire Debit/Credit cards so as to maximise the usage.

3. Poor Network connectivity and Communication links pose negative effect on the Implementation of cashless banking system in Nigeria though the effect on the Implementation of cashless banking system in Nigeria is not much, banks should always work on improving their communication links to avoid customer dissatisfaction of the system.

4. Trust is a big issue in the banking industry. Customers entrust banks with their money and valuables. As such, banks should work toward maintaining the trust and confidence bestowed on them by
customers through provision of cyber anti-theft and effective malware packages to minimise the fear of Internet fraud pose which pose a great challenge to the implementation of system in Nigeria.

5. Provision of alternative power generation should be a priority to commercial banks as Erratic power supply is one the problems affecting activities in Nigeria, even though it does not have strong effect on the implementation of cashless banking system in Nigeria.

6. Banks and the concerned authorities should work hand in hand to make sure that awareness on the benefits and usage of cashless banking is created in order to gain public acceptance for fear of Physical and Cyber Security associated with cashless banking system is posing a greater challenge to its implementation.

7. The notion that cashless banking system encourages excessive withdrawals as users have access to their accounts at any point in time should be addressed by commercial banks through resting the number of logging in and the amount to be withdrawn by customers daily.

8. Banks and other financial authorities should imbibe maintenance culture since machine malfunctions and technical issues affect the prospects of the system as discovered by the study

9. The p – value p<0.000 p<0.05 shows The problems of Cashless Banking with regard to the availability and reliability of cashless banking channels significantly mar the prospects and implementation of Cashless Banking by banks in Nigeria. Therefore, banks should make available these channels to avoid this problem.

VIII. REFERENCES


