CASHLESS POLICY IMPLEMENTATION AMONG NIGERIAN BANKS AND ITS IMPLICATIONS FOR ENGINEERING FIRMS: A QUALITATIVE RESEARCH

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ABSTRACT

The research reports the perception about cashless policy among employees of selected engineering firms in Abeokuta metropolis in Ogun State. Ogun State was among the six states where the policy was originally tested. Results show that the policy actually facilitates easy transactions among engineering firms perceived by the respondents. The study also reveals that some of the respondents extolled the policy, while others expressed their reservations. The attitude of engineering firms towards this policy can play a significant role in influencing the banking activities and emerging banking policies. Proactive policies would encourage customers to be active in their dealings and as such be able to attain satisfaction by means of their efforts.

KEYWORDS: Bank customers, Cashless policy, engineering firms

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INTRODUCTION

Cashless policy initiative which was first pilot tested in Lagos State, Nigeria in 2012 by the Central Bank of Nigeria facilitates financial transactions without the use of banknotes. One of the preconditions for the development of national economy according to Ajayi and Ojo(2006) is to support a payment system that is affordable, convenient, and secure. In this regard, developed nations of the world, to a great extent, are deviating away from paper payment instruments toward electronic ones, particularly payment cards (Humphrey, 2004). In many developing countries, cash is the main form of payment while having a good percentage of the populations unbanked (Ajayi and Ojo, 2006). Nigeria's economy is cash-based. But consistent with the mandates of the Central Bank of Nigeria, the apex bank's mission statement is "to be proactive in providing a stable framework for economic development through the effective, efficient and transparent implementation of monetary and exchange rate policy and management of the financial system" (Central Bank of Nigeria, 2011). To this end, the CBN has recently launched a new policy known as "cashless policy" which was announced in September 2019 by means of a circular that was issued by the apex bank. The cashless policy generated extensive criticisms from Nigerians, many of whom did not even understand what exactly the cashless policy really involves. So long as these people are concerned, any extra fee for withdrawing or depositing money must not be welcomed.

Some experts also constructively criticized the policy, while noting that more notice should have been given

ahead of time to allow companies and individuals to gradually align with the system. Unfortunately, implementation of this policy in Nigeria has hitherto remained no stranger to challenges which has left its realization looking like an illusion to be pursued but never attained. While Mols et al., (1999) revealed that the implementation and diffusion of electronic transactions is more decided by customer's acceptance than by the seller's offerings, O'Connell and Tremethick(1996) insisted that factors such as high rate of illiteracy, epileptic public power supply, lack of knowledge about availability of such a service, lack of access to computers or the internet, gross inefficiencies, electronic banking sites being not user friendly, random deductions from accounts, and fraud generally has made the implementation of such policy by banks difficult but not impossible.

Although the banking industry especially commercial banks undoubtedly have a lot to gain in a cashless society (Awara and Anyadighibe, 2014) likewise other industries, a proper understanding of how the implementation of such policy will affect the engineering industry is still vague. In this regard, the current study seeks to investigate cashless policy implementation among Nigerian banks and its implications for engineering firms.

METHODS

A focus group discussion methodology (Nyumba, Wilson, Derrick, & Mukherjee, 2018) was employed in conducting this qualitative study in Ibadan Metropolis, Ogun State, Nigeria in accordance with the researchers' institutional and other relevant research ethics. A purposive sample of 10 participants (single focus group) from the accounting section of 5 randomly selected engineering firms took part in this study. These participants completed informed consent form prior to participating in this study. The research data was obtained from a 45-minute Focus Group Discussion using a discussion guide developed and used by the researchers. The researchers moderated the discussion. Before the discussion began, a short form was used to collect participants' demographic data which included age and gender. One basic question which guided the discussion was: as an employee in the engineering sector, how do you perceive cashless policy implementation among Nigerian banks? Audio recorder was used to keep track of the discussion and reflective notes were also taken. To aid content analysis, the data was transcribed by the researchers.

RESULTS

The results were presented based on the following themes which were deduced from the focus group discussion:

Theme 1: Cashless policy facilitates easy transaction among engineering firms

This theme emerged at the course of the focus group discussion with the participants. The researchers through focus group discussions found that the participants believed that cashless policy facilitates transactions. The extracts from the FGDs are presented below.

" Cashless banking has positive effect on national development. Cashless policy promotes economic growth and enables banks with more liquidity for lending to the sectors that need them. Cashless policy helps to eliminate corruption through the use of right infrastructure and trust. The policy facilitates the reduction of robbery incidences and as well leads to the attraction of more foreign directs investment as well as creation of employment. E-payment systems which are aspects of cashless policy impacted positively on economic growth. The use of Automated Teller Machines (ATMs) in doing financial transaction has positive impacts on the economic growth".

Their above responses showed that proper implementation of cashless policy has a lot of benefits to the economic growth of Nigeria as well as easy transaction by groups and individuals.

Theme 2: Challenges to effective implementation of cashless policy

There are numerous challenges to effective implementation of cashless policy in Nigeria. Through the FGDs with the participants, the following statements were extracted from their responses.

“Some other forms of e-payment channels showed a negative impact on economic development. Banking sector cashless policy in Nigeria are poorly implemented and that makes it difficult to achieve the cashless system. The current financial infrastructure in the banking sector is not very viable to propel the cashless system initiatives. Lack of electricity power supply and poor information technology infrastructure are potential challenges to the effective implementation of cashless policy”.

The above responses of the participants revealed that at the face of the above mentioned challenges, the effective implementation of cashless policy will not be possible. Thus, efforts should be made by the appropriate authorities to ameliorate such challenges to effective implementation of cashless policy in Nigeria.

DISCUSSION

This study underscored the perception of employees in the engineering sector regarding cashless policy in Nigeria. Our finding revealed that the policy facilitates easy transactions among engineering firms as perceived by the respondents. Ajayi (2014) noted from a consumer viewpoint that mobile payments include some practical advantages such as independent, remote access to payment services, queue avoidance, time saving, availability and increased speed. Ajayi further stated that cashless society has advantages by way of savings. Cashiers and bank assistants would become surplus to requirements and only a few assistants would be needed to help out at self-service counters. In the same spirit, Ezuwore-Obodoekwe et al. (2014) noted that a multiplicity of benefits abound for various stakeholders from an increased use of e-payment systems. For consumers, there is reduced risk of cash-related crimes, cheaper access to (out of branch) banking services and access to credit, greater convenience, and more service options. For corporations such as engineering firms, there is faster access to capital, reduced cash handling costs, and reduced revenue leakage. For government, greater financial inclusion, increased tax collections, and increased economic development generally.

The study also reveals that while some of the respondents extol the policy, others expressed their reservations. So far, no policy can be said to be perfect hence devoid of criticism, the point of consideration becomes its position relative to ideality. Therefore, a proper understanding of how close a policy comes to positioning a system on the most appropriate track in pursuit of a predetermined end is indispensable in judging the appropriateness or otherwise of such policy. As was earlier stated, the cashless policy was widely criticized by Nigerians many of whom did not even understand what exactly the cashless policy really involves. However, Ezuwore-Obodoekwe et al. (2014) emphasized that cashless economy does not mean an outright absence of cash transactions in the economic setting but one in which the volume of cash-based transactions are maintained at the barest minimum. In fact, there has been concerns in the country with respect to the proposal for establishment of Islamic Bank by the CBN (Odior & Banuso, 2012). The Muslims accept as true and hold to the belief that the conventional banks are sinning against God through their interest charges. This and similar concerns have been the grounds upon which the wide criticisms are founded and consequently why the achievement of the cashless Nigerian society is doubted by some. Since our data is qualitative and we also used a single focus group, our findings cannot be generalizable

to all engineering firms in Ogun State and Nigeria.

In view of the above discourse, banks should make their e-banking platforms more simplified and users friendly. Proper training on e-transactions, use and benefits should be given to customers. This will significantly improve the customers' acceptance of online banking services. Banks should improve on service delivery to justify the benefits of electronic banking services. This will arouse interest and improve acceptance among engineering companies. Government should provide adequate regulatory framework that will ensure customer protection, and security of transaction. This will boost confidence in electronic banking within the engineering industry. E-banking issues and failures should be quickly address and resolved promptly. This will strengthen confidence and trust about a cashless society within the engineering industry. Engineering companies should be motivated to use e-banking services and facilities more. Banks should providing adequate security of transaction and back up of critical data files and alternative means of processing information. This will boost confidence and improve perception of E-banking among engineering firms. Reliability and Trust should be created in mind of engineering firms towards security of their accounts and confidentiality. Banks should organize public exhibitions and talk shows and make e-banking products/services accessible to all engineering firms.

CONCLUSIONS

The article discusses cashless policy implementation among Nigerian banks and its implications for engineering firms. The policy facilitates easy transactions among engineering firms perceived by the respondents. While some of the respondents extolled the policy, others expressed their reservations. The attitude of engineering firms towards this policy can play a significant role in influencing the banking activities and emerging banking policies. Proactive policies would encourage customers to be active in their dealings and as such be able to attain satisfaction by means of their efforts.

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