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Review Article

Appraisal of the Impact of e-Banking and Cashless Society in the Nigerian Economy

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Abstract

The article appraises the impact of e-banking and cashless society in the Nigerian economy. The study explores various aspects of e-banking and cashless economy using the banking sector of the Nigerian economy as a focal point. Specifically, the paper articulates empirical opinions that highlight the possible ways these policy measures have direct links to beneficiaries and the weighted outcomes when divergence is noticed and how to bring back the soundness, sustainable and rebranding policy that ensures economic growth. The paper holds that for a sustainable cashless society to emerge all hands must be on desk; banks should de-emphasize all odds and ensure that efficiencies of e-banking mechanisms are of utmost priority. It, therefore, recommends that adequate plans be in place to sensitize the general public about the effects and lay down procedures to check possible drawbacks. It, however, concludes by imploring all avenues and reports that relevant agency, service providers, operators, and those who have direct access to information to advocate as timely as when necessary about the implicit needs and benefits behind the cashless economy.

Keywords: e-Banking; Cashless economy; Nigerian economy.

1. INTRODUCTION

The advent of the banking industry in Nigeria dates back to the colonial era. Since then the banking industry has been faced with many challenges. Until recently, banking operations were basically done manually – information within the banking hall and system was time-consuming. The success or failure of a transaction depended on a rigorous process. Banking activities were characterized by long queues and loss of useful time. Though the effect was not significantly felt, there were several banks that were controlling the movement of money in the economy. Igweike, cited in Agboola (2006), asserts that serious modern financial and economic activities began in Nigeria with the introduction of banks into the country – the first being introduced in 1892 by Elder Dumpster in Lagos (the Bank of British West Africa (BBWA)), followed later by the Standard Bank of Nigeria in 1917 by the British Barclays Bank DCO (later to be known as Union Bank).

The independence of Nigeria in 1960 expanded the commercial field in the country, increased the number of commercial banks and other financial institutions in the financial industry, as well as led to increased individual and government participation in commercial and other ventures (Atarere and Osemwegie, Omeghie cited in Manasseh *et al*. (2014)). As commerce became increasingly complex, it became obvious that the country had to follow the path of other nations by taking advantage of the various technological developments that enabled quick, reliable, and efficient services to be rendered to society by the financial sector. The first technological move towards this ability came with the development by the British engineer James Goodfellow of a card stored PIN in 1965 that divorced tangible money from its financial processes and hence started the natural progression to electronic banking. There was the capitalization (to the tune of a minimum of N25 billion) agenda (Ajayi, 2006), and there was also the aborted move at redenomination of the Naira. Recently, the Central Bank of Nigeria (CBN) came out with two purportedly laudable agendas, Islamic banking (non-interest banking) and cashless economy (e-payment system) (Babalola, 2008).

2. AN OVERVIEW OF E-BANKING AND CASHLESS POLICIES

The introduction of new products, technology; e-banking and other innovation, mergers and acquisition have brought about accelerated improvement in that changing the image of bank services and corporate value as well as adding to Nigeria economic growth. Accordingly, the implementation of cashless policy was a program of action adopted by the head of monetary policy of the government of Nigeria, which began in Lagos State, Nigeria. The reason was that Lagos State accounted for 85% of point of sales (POS) and 66% of cheque transactions in Nigeria (Central Bank of Nigeria, 2011). Cashless economy is an economy where transactions can be done without necessarily carrying physical cash as a means of exchange, but rather with the use of credit or debit card payment for goods and services. A cashless economy aims at reducing the amount of physical cash circulating in the economy and thereby encouraging more electronic-based transactions. The policy was expected to reduce the cost incurred in maintaining cash-based economy by 90% upon its full implementation in Nigeria. The cashless economic policy was an initiative of the CBN; it was a move to improve the financial terrain, but in the long run, sustainability of the policy would be a function of endorsement and compliance by end users (Ejiro, 2012).

The CBN cash policy stipulated a daily cumulative limit of N150,000 and N1,000,000 on free cash withdrawals and lodgements by individual and corporate customers, respectively, in the Lagos State with effect from March 30, 2012. A service fee would be charged from the individuals and corporate organizations that made cash transactions above the cumulative limits. Furthermore, third-party cheques above N150,000 would not be eligible for encashment over the counter with effect from January 1, 2012. Value for such cheques would be received through the clearing house. All Nigerian banks were expected to cease cash in transit lodgement services rendered to merchant customers from January 1, 2012. This policy through the advanced use of information technology would facilitate fund transfer, thereby reducing the time wasted in bank (Omotunde *et al.*, 2013).

According to Wizzit, a fast-growing mobile banking company in South Africa has over three hundred thousand (300,000) customers across South Africa. Likewise, MPESA was introduced in Kenya as a small-value electronic system, accessible from ordinary mobile phones. It has experienced exceptional growth since its introduction by mobile phone operator (Safaricom) in Kenya in March 2007 and has already been adopted by nine million (9,000,000) customers, which is about 40% of Kenya's adult population. He iterates that Wizzit and other mobile financial services, including MPESA, in Kenya are helping low-income Africans to make financial transactions across long distances with their cell phones, thereby reducing their travel costs and eliminating the risks of carrying cash and also avoiding most banking charges. It is assumed that the proper implementation of mobile phones and other technologies can aid the implementation of a cashless policy, thereby increasing the growth of the cashless economy in Nigeria.

Articulated that electronic business (e-business) is a major force in the global economy. Businesses and consumers alike increasingly engage in e-business. Despite the burst of the dot-com bubble, many firms continue to deploy e-business extensively in their enterprise value chains. Organizations of all kinds continue to expand their involvement in e-business. This requires considerable financial investment in IT, in processes, and in people. It might be expected that there would be a concern to ensure that performance measurement systems are capable of justifying these investments and evaluating their worth once implemented. E-business provides an online business platform; it's very fast and cost-effective as compared with the traditional business platform. "Bill Gates, *cofounder of Microsoft Corporation, stated that the information highway will… carry us into a new world of low friction, low overhead capitalism, in which market information will be plentiful and transaction costs low"*. It will be a shopper's heaven according to Albert and Judd

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(2006). E-business has dramatically changed how companies' business processes are implemented and enhanced, altered industry structures, and shifted the balance of power between corporations and their suppliers and customers, both downstream partners and consumers (Amit and Muylle, 2007). However, the aim of this study is to appraise the impact of e-banking and cashless society in the Nigerian economy by empirically analyzing the electronic banking system and cashless economy, which also encapsulate its benefits and implications.

3. ANALYSIS OF ELECTRONIC BANKING IN THE NIGERIAN BANKING SYSTEM

According to David West (2012), e-business also known as electronic commerce (e-commerce) is synonymous with doing business in an electronic environment or online through existing or alternative business models commonly referred to as business-to-business (B2B) or business-to-consumer (B2C). B2B models specify business/commercial interactions between two entities and B2C models are indicative of commercial interactions between a business entity and an individual consumer, evident in retail contexts. Following the commercialization of the Internet in the 1990s, B2C e-businesses became popular through the evolution of Internet enterprises known as dot-coms. With sparse physical infrastructure, associated with business overheads, and global reach, dot-coms altered industry and competitive dynamics in pricing and service delivery. However, with an emphasis on transactions, majority of these dot-coms failed and the realities of doing business online became significant. This awareness has transformed into a second wave of e-business where ICTs are used in an opportunistic approach to improve customer service and attain market growth (Rust and Kannan, 2003a) and is characterized as electronic service (e-service). E-services have transformed e-businesses, which described as relational, customer-centric, value-adding interactions, proactively driving market growth using ICTs in fulfilment of consumer interactions. The introduction of universal banking practice in Nigeria and the adoption of electronic banking by Deposit Money Banks have offered increased services to customers with attendant increase in customer risk exposure. The changing environment of banking management in Nigeria has impacted much on the number of services and risks that are faced by Nigerian banks.

Electronic banking is the conduct of banking business electronically that involves the use of information communication technology to drive banking business towards immediate and future goals. E-banking is the provision of banking services to customers through the internet. Electronic banking is defined as including the provision of retail and small-value banking products and services through electronic channels as well as a large-value electronic payment and other wholesale banking services delivered electronically. Though expressed that the definition of electronic banking varies among researchers partially, because electronic banking refers to several types of services through which bank customers can request information and carry out banking services. Almost all banks in Nigeria offer online, real-time banking services. Banks that are not able to brace up to this new development are rapidly losing their customers. Online, real-time banking system has now become commonplace as customers are offered the ease of operating an account in any branch of their bank's network.

Atiku *et al.* (2011) concluded that due to increase in technology usage in the banking industry, performance increases day by day. E-banking is becoming an indispensable part of modern-day banking services. The banking industry is also one of the industries to adopt technology that is helping in providing better services to customers. The quality of services is improved by using technological innovations. Online banking is time-saving (Qureshi *et al.*, 2008). Salawu and Salawu (2007) observed that there are growing rates of technology adoption in Nigerian banking operations. Central Bank of Nigeria (2007) maintained that among the e-banking processes adopted by Nigerian banks, the ATM was the most patronized banking transaction used by customers. In addition, it was found that attitudinal dispositions significantly influenced the customer's ATM usage. According to Idowu *et al.* (2002), Nigerian banks have realized that the way in which they can gain competitive advantage over their competitors is through the use of technology. In this regard, Klynveld and

Goerdeler (2009) deduced that Nigerian bank customers give special consideration to banking, particularly, ATM. With this, it seems that Nigerian bank customers are increasingly associating the quality of bank services with online real time. They are now more alert and meticulous in choosing banks to patronize (Idowu *et al.*, 2002). These technologies have been felt tremendously in dispensing the dividend services between costumers and small- and medium-scale enterprises (SMEs). However, provides that electronic banking refers to the use of the internet as a remote delivery channel for providing normal banking services achieved with the use of an e-payment card, which according to Ahmed (2005), cited in Ejiro (2012). can be used for purchasing goods and services anywhere in the globe that has internet connection. This system of commerce is acknowledged to be the quickest and easiest way to carry out financial transactions today (Oki, 2005). Ochefu *et al.* (2003) confirm that introduction of e-finance has changed the system of commerce globally. The idea of cashless banking is based on the system of electronic finance.

4. ANALYSIS OF CASHLESS SOCIETY IN THE NIGERIAN ECONOMY

According to Ejiofor and Rasaki (2012), a cashless system is the ability to store money in an electronic purse on a card and is fast becoming standard practice throughout the workplace. The electronic purse is then used to purchase products at a vending machine, the till in the college restaurant, or at any POS terminal located within the business premises. Essentially, mobile money payment system allows users to make payments with their GSM (Global System for Mobile Communications) phones. They divulge that it is a savings and transfer system that turns GSM phones into a savings account platform, allowing the owner save money in it and from which withdrawals or transfers can be made. Under the payment system, customers can do their normal basic financial transactions on a daily basis by making payments for goods and services or by engaging in person-to-person transfer directly on their GSM phones. For instance, the system also allows for payment to be made through a mobile phone after purchases have been made at a grocery store. The shop owner, in turn, receives instant payment electronically. Through the system, users can also pay utility bills, school fees, hotel bookings, and house rents among other transactions. Cashless economy does not refer to an outright absence of cash transactions in the economic setting; it means a noticeable reduction in the amount of cash-based transactions and the goal is to reduce cash transactions to small routine everyday activities (Akhalumeh and Ohiokha, 2012). Notably, SMEs, notorious for their capital handicap and limited technological sophistication, depend greatly on cash-based transactions. They are often unable to take advantage of bulk purchase and technologically enhanced services. Note that the system is targeted at encouraging electronic means of making payments and not aimed at discouraging cash holdings.

In that regard, to make Nigeria truly a cashless society, the CBN introduced Cheque Truncation Policy at Lagos Clearing House on August 10, 2012. It converts physical cheques into electronic form thereby eliminating physical presentation of cheques and greatly reducing the time for cash transactions and clearing house activities. This policy removes the need for banking requirements like seals and cheque imbursement for the clearing of cheques. The CBN expects that the success of the pilot scheme in Lagos will help in implementing it in all parts of the country. However, what is anticipated by this policy is that instead of making large withdrawals to effect payment for goods and services, such monies will be kept in the banking system so that payments are made through credit card–like means. At the centre of such payment system are the POS terminals to be deployed across commercial points in the country.

In this case, upon completing a transaction and the value ascertained, the amount is entered into a POS terminal into which the electronic card has been slotted. The cash equivalent of the amount is transferred from the payer's account to the account of the payee automatically. Users are issued a card (the electronic purse). The electronic purse is topped up using revaluation terminals that range from coin, note, and credit card to payroll deduction terminals. The cards are simply inserted into the revaluation terminal and certain programmed instructions are followed, and money is added to the electronic purse. This can then be used to pay for goods/services by inserting them

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into the POS terminal. When the card is inserted into the POS terminal, and the transaction amount entered, the reader reads the amount and quickly deducts the same from the e-purse (the card). While cash will still remain the preferred means of payment and exchange, other alternative modes are offered.

Debugging this, Odior and Banuso (2013) said that this policy like many others before it has put the cart before the horse. The SMEs which would be the greatest sector affected by the financial process have been completely left out of the plan. The implementation has experienced ineffective sensitization campaign exercise, inadequate protection of the interest of merchants and people in the informal sector, and non-functional machines needed for transactions such as the POS terminals as well as other technological challenges. These challenges have seriously affected the policies, thus causing some to believe that the move is too idealistic in the Nigeria of today where a larger percentage of its population resides in the informal sector. The policy will eventually be rolled out to other regions across the country from June 1, 2012. However, the policy does not prohibit withdrawals or deposits above the stipulated amounts, but those transactions will be subject to cash-handling charges.

5. WHY THE CASH POLICY?

The CBN in further clarifications on cashless policy, Lagos project reviewed that the new cash policy was introduced for a number of key reasons, including:

i. To drive development and modernization of our payment system in line with Nigeria's Vision 2020 goal of being amongst the top twenty economies by the year 2020. An efficient and modern payment system is positively correlated with economic development and is a key enabler for economic growth.
ii. To reduce the cost of banking services (including cost of credit) and drive financial inclusion by providing more efficient transaction options and greater reach.
iii. To improve the effectiveness of monetary policy in managing inflation and driving economic growth.

In addition, the cash policy aims to curb some of the negative consequences associated with the high usage of physical cash in the economy, including:

a. **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.
b. **High risk of using cash:** Cash encourages robberies and other cash-related crimes. It can also lead to financial loss in case of fire and flooding incidents.
c. **High subsidy**: CBN analysis showed that only 10% of daily banking transactions are above N150,000, but the 10% account for majority of the high-value transactions. This suggests that the entire banking population subsidizes the costs that the tiny minority 10% incurs in terms of high cash usage.
d. **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.
e. **Inefficiency and corruption**: High cash usage enables corruption, leakages, and money laundering, amongst other cash-related fraudulent activities.

Apart from the conventional benefits, "CBN in the further clarifications on cashless policy, Lagos project (2012)"submits among other expected benefits of the new cash policy. Accordingly, a variety of benefits are expected to be derived by various stakeholders from an increased utilization of e-payment systems. These include:

1. **For Consumers:** Increased convenience; more service options; reduced risk of cash-related crimes; cheaper access to (out-of-branch) banking services; and access to credit
2. **For Corporations:** Faster access to capital; reduced revenue leakage; and reduced cash-handling costs
3. **For Government:** Increased tax collections; greater financial inclusion; increased economic development (Central Bank of Nigeria, further clarifications on cashless Lagos project, 2012).

6. EMPIRICAL EVIDENCE OF THE E-BANKING AND CASHLESS SOCIETY

Highlights the following key findings that among those that were not using cashless facility, 24% of respondents expressed their unwillingness for the following reasons: Firstly, frequency of usage, an overwhelming proportion of respondents (78%) use cashless facility frequently for their business transactions, 14% hardly use it, and 8% remained undecided. Secondly, notably, the frequency of using POS machine is low (42%); this could be due to the lack of confidence, poor coverage, and other challenges encountered with the facility at the moment. This is in consonant with findings on the reliability of POS facility where 59% of respondents declined and reaction to service charge. Thirdly, a cross-section of the respondents (54%) expressed displeasure for the service charge paid for using cashless facility irrespective of the type, while 46% considered it moderate. Fourthly, this pattern cuts across company (60%), trade (56%), and individual (54%) users. According to Sannes (2001), the model acknowledges the website support of the primary activities of a value network. In his theoretical model, he shows how electronic banking should create value for the customers as well as the banking institutions. Thus a bank's strategy for online banking can be guided by the Sannes (2001) model.

In Nigeria, several studies on e-banking have been done (Wada and Odulaja, 2012). Accordingly, highlighted an instance when conducting a pragmatic study on the adoption of e-banking where major hindering factors to Internet banking adoption such as insecurity and inadequate operational facilities, including telecommunication facilities and electricity supply, were identified. In another study on Nigeria, it was revealed that e-banking is still at the infant level in the country with most of the banks having mainly information sites and providing little Internet transactional services. However, most studies in these areas revealed that there has been a very steady move away from cash as transactions are now being automated (Agboola, 2006). In their words, Southard and Siau (2004) confirmed that the customer service and self-help areas are informational and administrative, respectively.

Accordingly, Idowu *et al*. (2002) surveyed a sample of banks to assess the quality of technology-enhanced banking services in Nigeria. The paper revealed that ICT has significant positive effects on the banks' operational efficiencies but those banks experience certain problems such as lack of customers' trust in the new technology, security, and inadequate electric supply. Efficient deployment of ICT infrastructure requires a reasonably reliable electricity supply, which ironically is an issue of national concern in Nigeria. Olusegun, Kabiru, and Akinlabi cited in Omotunde *et al*. (2013), a study done with a total of 400 copies of the questionnaire distributed to the participants in the study, of which 351 copies were eventually retrieved out of which 10 were rejected on the grounds that they were not properly completed. This means that a response rate of 83.25% was achieved that establishes the fact that adoption of e-banking directly leads to loss of job and early retirement of employees in banking sector. Kennickell and Kwast (1997) specifically found that household heads under the age of thirty-five were considerably more likely to use computerized banking, ATMs, and debit cards than older consumers, while consumers' use of direct deposit increased with age. Rugimbana (1995) study profiled users and non-users of ATMs in terms of demographic and perceptual variables. The main aim of the study was to discriminate users from non-users, using the demographic variables of the respondents and their perceptions of ATM attributes in order to assess the relative importance of these predictor variables. It was found that perceptual variables were far more successful as predictors of ATM service usage than respondent demographic variables.

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Olajide (2012) enjoys the evidence of the theoretical findings that supports the view of some economists concerning the need for regulatory agencies to be very wary of the possibly retarding effect of the introduction of such a sophisticated payment system, particularly in developing economies like Nigeria, with the coexistence of the formal and informal sectors, that may not be able to muster the wherewithal to bear the burden of electronic payments and hence the cashless banking paradigm.

According to Wole and Igbinedion (2009), a number of researchers have investigated the demographic characteristics of ATM adopters. El-Haddan and Almahmeed (1992) studied a Kuwaiti population, Marshall and Heslop (1988) studied a Canadian population, and Swinyard and Ghee (1987) studied a Southeast Asian population, and all got consistent results of adopter characteristics of ATM, in which ATM users tend to be young and have above-average incomes and at least some high school education. Amel (1986) in their individual study also obtained similar results. Darch and Caltabiano (2004) explored the relationship between demographic, user-situational, attitudinal variables, and ATM use in an Australian sample of older adults. These adults were volunteers aged sixty years and above who conducted their own banking transactions. Technology, perceived control, and perceived user comfort were found to have an independent significant effect on ATM usage. Age, education, attitude, and users' intuitional variables were found to be related to ATM use; only technology experience, perceived user comfort, and control were found to be determinants of ATM use.

A study carried out by Esezobor (2013) on the reality of electronic payments in Nigeria said, it takes a personal visit to the bank to complete the complaint form for the wrong debit to be reversed in forty-eight hours thereafter. If the victim was hard pressed for cash, the bank would arrange an overdraft and be happy to charge interest for the forty-eight hours the legitimate credit was seized. Furthermore, he asserts that six hundred and eleven (611) respondents think policymakers plan only for Abuja, the federal capital, and Lagos, the former federal capital, and deduce they have planned for the country. On the suspended introduction of N5,000 cash note, 1,071 said it was not necessary for now. Rather they advised the government to tackle the menace of security, kidnapping, erratic power supply, and lack of piped water with a sense of responsibility.

7. IMPORTANT BENEFITS OF E-BANKING AND CASHLESS SOCIETY IN NIGERIAN ECONOMY

The impact of e-banking and cashless economy is one with many benefits for the Nigerian economy. E-payments have several advantages, which were never available through the traditional modes of payment, some of which are privacy, integrity, compatibility, good transaction efficiency, acceptability, convenience, mobility, low financial risk, and anonymity (Keck, 2011). E-payment tends to benefit businesses by extending customer base, boosting cash flow, reducing costs, enhancing customer service, and improving competitive advantage (www.electronic-payments.co.uk). Five reasons why e-payment improves customer service as revealed by the findings are as follows: Firstly, choice, like the competitors, it can offer a wide range of payment options. Secondly, convenience, they remove the need for invoices, cheques, cash, and Bank Automated Clearing System (BACS). Thirdly, credit, they may allow purchases that would otherwise be delayed. Fourthly, concessions, small discounts to encourage online purchases to improve the perception of value. Finally, competitive edge, if you don't offer the full range of payment options, but your competitor does what does it say about your business? (www.electronic-payments.co.uk).

Another five reasons why e-payment increases profitability are as follows: Firstly, convenience that removes administrative resources required by invoices, cheques, and cash. Secondly, immediacy that makes possible instant purchasing through credit cards. Thirdly, improved cash flow that accelerates payment at the time of purchase and reduces the pressure caused by thirty day invoicing. Fourthly, growth that opens additional payment channels via the phone, mail order, and internet, and increases the customer base. More customers mean more revenue. Finally, competitive advantages that match and beat the services of competitors to gain an edge (www.electronic-payments.co.uk). Accordingly, Atarere *et al*. (2013) deduce that the government will benefit from the cashless economy in the area of adequate budgeting and taxation, improved regulatory services, improved administrative processes (automation), and reduced cost of currency administration and management. Thus a variety of benefits are expected to be derived by various stakeholders from an increased utilization of e-payment systems. Oyetade and Ofoelue (2012) said the benefits from the consumers' perspectives include increased convenience, more service options, reduced risk of cash-related crimes, cheaper access to (out-of-branch) banking services and access to credit and corporation reasons, faster access to capital, reduced revenue leakage, and reduced cash-handling costs while government aspects, increased tax collections, greater financial inclusion, increased economic development, finally bank cases, efficiency through electronic payment processing, reduced cost of operations, and increased banking penetration. Eromosele and Obinna cited in Esezobor (2013) iassert that the benefits to the economy through the system also enables users to pay utility bills, school fees, hotel bookings, and house rents, among other transactions, using a mobile phone device. As a policy instrument, in other areas, the e-system enhances tackles corruption and money laundering.

Noted that the cashless system provides the opportunity of being able to "follow the money" and thus check money laundering across borders. Other reasons cited by the CBN were that it would improve the effectiveness of monetary policy in managing inflation and driving economic growth, reduce the cost of banking services (including cost of credit) and drive financial inclusion by providing more efficient transaction options and greater reach (Oyetade and Ofoelue, 2012). Akhalumeh and Ohiokha (2012) denote having seen how the system works and the pioneering statement in accordance with the World Bank that operating a cashless society in Nigeria was strategy for fast-tracking growth in the nation's financial sector. Therefore, experts have pointed out specific areas in which the cashless economy would enhance the quality of life. These include: firstly, faster transactions and reduced queues at POS terminals; secondly, improved hygiene on site and elimination of bacterial spread through handling notes and coins; thirdly, increased sales, simplified cash collection, and less time-consuming collection; fourthly, elimination of counting and sorting cash; and finally, management of staff entitlements. This would also, however, reduce transfer/processing fees, increase processing/transaction time, offer multiple payment options, and give immediate notification on all transactions on customers' accounts. It is also beneficial to banks and merchants: large customer coverage, international products and services, promotion and branding, increase in customer satisfaction, and personalized relationship with customers and easier documentation and transaction tracking (Atarere *et al.*, 2013).

Nwanze (2012) provided his view that the cashless Nigerian society, when fully implemented, has many benefits. Some of these benefits include:

- reduction in money laundering
- check on terrorist financing
- effectiveness of monetary policy
- creation of more employment opportunities in the financial sector
- provision of evidence against bribe givers and takers, especially civil servants and politicians
- growth in the real sector of the economy (because credit will be available for investors).

Harnessing the idea of the CBN helps us to reveal that the new cash policy is introduced into the Nigerian economy for the following reasons:

1. To drive development and modernization of Nigeria's payment system in line with Vision 2020 goal of being amongst the top twenty economies by 2020.
2. To reduce the cost of banking services (including cost of credit) and drive financial inclusion by providing more efficient transaction options and greater reach.
3. To improve the effectiveness of monetary policy in managing inflation and driving economic growth.
4. To curb some of the negative consequences of high usage of cash, including high cost of handling (estimated to be about N192 billion per annum), high risk of usage, and high subsidy.

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8. IMPLICATIONS AND CONSEQUENCES OF E-BANKING AND CASHLESS SOCIETY IN THE NIGERIAN ECONOMY

The cashless and e-banking activities in the economy have significantly exposed the users, operators, owners, and the government that saw the policy direction, and whose aim is to streamline the economy so as to ensure it stays healthy to devastating dangers. Over the years, much ill-advancement has been noted and these ranged from illiteracy on how to use or imbibe the system to loss of money. The government, in a bid to stem volatilities, risk of carrying bulk cash, robbery, loss of business activities, time, and to strengthen monetary policy enunciated the so-called policies for technological advancement. The use of POS terminals in the cashless system would attract special charges that do not go with cash transactions. A price tag of 1.25% of the cost of every transaction done through POS terminals would be charged by the operators of the terminals (Omose, 2011). He disclosed further that this may be considered burdensome on the banking public given that this would neither obviate nor lessen the normal commission on turnover charged by banks on withdrawals. Apart from being an additional charge on bank customers, the charges appear to be too high. Normal bank commission on turnover is N5 for every N1,000 representing 0.5% of the amount of such transactions, compared to the CBN approved charges of 1.25%, which would mean N12.50 for every N1,000.

Accordingly, is the system keeping records? Some questions have been asked; if the cards are capable of keeping records of a customer's banking and buying patterns, could a situation arise where every transaction a person make is recorded? Will the individual not be powerless in a dispute with a financial institution over money that exists only as a computer record (Fisher, 1996). Hence, this measure exposes the economy to the problem of staffing funds, balance of payment, and dumping, a divergence in implementing policy measures. Foreigners are also taking up Nigerian jobs, some of the ATMs are imported, and the worst of all is the internet system, the services of which are rendered by foreign providers. Another area of advance effect is the enormous number of cases of advance free fraud, corruption and incessant kidnapping, and prevalent diversion of money from owners' accounts to other accounts, as witnessed in recent times. Another is the loss of jobs, which has laid off an armful of employable Nigerians from their jobs due to the fact that huge numbers of merchants, Nigerian businesses, and people can now perform transactions by moving money themselves.

The use of e-banking has enabled kidnappers to compel adoptees to transfer all their hard earned money into fraudulent accounts and in turn replace, retrieve, and indeed withdraw the cash elsewhere or transfer to another bank sometimes with the collaboration of some bankers before freeing the individuals. Most of the money expended on these service providers is usually repatriated abroad and are in tenure. Advance free fraud and corruption are easily perpetrated or carried out through e-banking; a fund that is meant for an entity or for services can be diverted easily due to the unsecure banking system. Terrorism, illicit activities, and underground economy are aided through electronic banking. Drugs can be purchased through unprofaned means, terrorism is funded through e-banking, disguised as investment. Since the advent of the tool called internet banking, customers have lost an unaccountable amount of money through diverse transactions; sometimes transfers that have never taken place are recorded. Unnecessary SMS alerts, deductions of all kinds, etc. are taking place through e-banking. There is no end in sight for the ill-fated cashless economy; the illiterate man and woman who cannot manipulate mobile at POS terminals nor understand which majority of them are big business owners get their hands berated severally. The artisans whose wares of arts are sourced locally hard its bites, and the country economy which is still evolving but to mention a few. Against this backdrop, the policymaker ought to have considered the incessant power failure, and cybercrime, which has been consistently unsupervised, before considering such a policy. All these are notably in one way or the other, adverse effects on the e-banking/cashless system as well as straining the anticipated gain in Nigerian domestic economy.

9. CONCLUSION

It is true that electronic banking has come to stay having exploited both sides of the vice. The impact of internet banking cannot be gainsaid by households, businesses, government, and its agents alike.

The accomplished internet banking system has significantly aided banking services and added value to societal well-being. In Nigeria, a number of successes have been recorded from withdrawal of cash, payment of bills, and other associated businesses. This may have not outweighed much unprecedented waste of time and all kinds of abuses and network failures. Though, it has helped to eliminate some odds in the banking industries, more work still needs to be done. Nigeria is a major hub of electronic fraud and this can only be expected to increase as we metamorphosize into the cashless economy. The level of illiteracy in Nigeria is still very high; impunity usually rules most of these newly invented policies. The questions are, who teaches the poorly educated SMEs population how to operate the POS terminals, on what account is the resulting effect credited. The effectiveness of the cashless economy will depend on how these ugly appearances are contained. The government should not forget that this cannot be left in the hands of forces of demand and supply alone but should strengthen the relevant institutions and act to set up the CBN to courageously transform guidelines and the road map of operation of these service providers and the banks of the Nigerian economy.

10. RECOMMENDATIONS

The paper therefore recommends the following:

a. Adequate awareness campaign should be carried out with rigorous follow-up to ensure policy measures are intensified.
b. There should be a promotional enlightenment programme about the cashless system so as to enable artisans, SMEs, drivers, and ordinary petty traders to get accustomed to the system.
c. Education and enlightenment campaign (information) with vernacular should be put in place and be repeated since it will afford them a chance to begin to understand its full implementations.
d. Due to the substantial number of uneducated active businessmen and businesswomen in Nigeria, all hands must be on desk to ensure that relevant government agencies, literate ones, NGOs, banking services providers, and operators of these systems advocate knowledge-based campaigns so as to accelerate this feat.
e. Nigeria should make concerted efforts to design an internet security framework to check online fraud so that the public can rest assured and be protected against cyberattack and fraud.
f. There should be a careful study of the system to determine the number of POS terminals and reliable, effective, and efficient service providers, which can guarantee and ensure smooth operations in Nigeria so as to prevent unnecessary friction in the system.
g. There should be adequate legislation on all aspects of the operations of the e-banking and cashless system so that both the operators of the system and the public can be adequately protected. Hence, this will avert undue advantages and discourage impunity, hidden, and sub-charge.

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