THE IMPACT OF CASHLESS POLICY ON THE DEVELOPMENT OF NIGERIAN ECONOMY: ISSUES AND CHALLENGES

Dr. Ejike Sylvester I. (MBA. MSc. Ph.D. CNA. MIPMA)
Lecturer, Department of Accountancy, Enugu State University of Technology (ESUT) Enugu, Nigeria.

Abstract: The study examines the impact of cashless policy on the development of Nigerian economy. The study traced the history of money and economic transactions from medieval period to modern days. Money is an effective means of economic transactions. The paper discussed that cashless economy system does not imply an outright absence of cash transactions but reduces the amount of cash-based transactions to the bearest minimum. The paper further discussed the efforts of the CBN in the introduction and enforcement of the policy. Why the cashless policy was introduced; the essentials of cashless policy; the workability; its benefits; its costs to the society; and its importance to the Nigerian society. The paper ended the discussion by recommending that the CBN should intensify its campaign strategies to encourage rather than discourage Nigerians from embracing the cashless policy and also avoid programmes that will discourage Nigerians from side-tracking the policy.

Key words: Money, Cashless Economy, Central Bank of Nigeria.

1. Introduction
The introduction of electronic banking, online transactions and mobile banking in Nigeria has paved way for a new era of development where the use and demand for physical cash is gradually declining. These recent evolution of technology in the Nigerian financial institutions possess interesting questions for economist, financial institutions, business analyst and the government regarding the current economic status, logistics, and availability of instruments to guarantee economic growth and stability, efficiency and effectiveness of the cashless policy.

Inevitably, money evolved into notes and coins and the exchange process became less costly and more flexible, allowing people to specialize in production based on their strengths, (Baddeley, 2004). The advent of internet and e-commerce indicated another need for evolution of money and this is met by the use of electronic money. The Bank for International Settlement (1996), the Basel Committee (1998), and the European Central Bank (1998) assert that electronic money blends technological and economic characteristics which today perform the functions of the tangible money in the virtual world. The electronic money is an electronic store of monetary value on a technical device that may be widely used for making payments to undertakings other than the issuer, without necessarily involving bank accounts in the transactions, but acting as a prepaid bearer instrument on his own part.

Since the inception of humanity, various payment methods have been used to purchase goods and services starting with the trade by barter. The trade by barter method of transaction has been the foundation for the introduction of money and coins to solve the problem of double coincidence of wants and divisibility faced by trade by barter. The use of money/coins was introduced after the use of trade by barter method, and it has solved various challenges associated with trade by barter, but the use of money as an exchange medium has its own challenges and dis-advantages and can still be replaced with a better payment system the cashless policy/banking.

Various advantages enjoyed by more developed nations such as the US has prompted the Central Bank of Nigeria (CBN) to adopt the cashless policy. At the end of the 1980s the use of cash for
purchasing consumption goods in the US has constantly dropped with inflation (Humphrey, 2004). Nigeria aim to be among the biggest economy by 2020 has driven her to gradually move from a pure cash economy to a cashless policy. Since Nigeria gained her independence in 1960, there have been different constitutional reforms, change in economic and banking policies mainly aimed at stabilizing the economy, enhancing social welfare and enhancing economic growth and development. In view of being one of the best and biggest economies in 2020, the CBN has started implementing the cashless policy/banking in Nigeria. The CBN and Pro cashless policy activists have asserted reduction in crime rates, minimized risk associated with carrying huge sums of money, reduction in political corruption, reduction in banking cost, improvement on monetary policy in management of inflation and the overall growth and development of the economy of Nigeria as advantages associated with the implementation of the cashless policy. This study therefore assesses the effect of cashless policy on economic development of Nigeria.

1.1 Background of the Study
Electronic Banking was introduced by the Central Bank of Nigeria to reduce the volume of cash in circulation and reduce the cost of cash production and transportation by encouraging the use of electronic payment systems. This policy was introduced by then governor of CBN, Alhaji, Sanusi Lamido sanusi in the year 2009. The policy was designed within 2010 and 2011 for the whole states in the country by Central Bank of Nigeria. The implementation stage started with the pilot phase in Lagos on January 1, 2012. First Bank of Nigeria plc. were used in Lagos to test-run the workability of the policy from 2012 till middle of 2013, before the project kicked off in other states in the country namely Abia, Anambra, Kano, Lagos and Abuja the (FCT). In the year 2014, the policy was launched in all the states in the country. Sanusi Lamido Sanusi adopted the policy to accelerate the use of electronic channels and reduced the use of cash. Cashless society means a society in which purchases of goods or services are made by credit cards or electronic funds transfer rather than cash based transaction. The whole idea of the new policy is to limit the volume of cash and to encourage other banking services to check fraud and inflation in the system. CBN has introduced the policy on cash-based transactions which stipulates a cash handling charges on daily cash withdrawals or cash deposits that exceed N500,000 for individuals and N3,000,000 for corporate bodies. The new policy on cash-based transactions (withdrawals and deposits) in banks, aims at reducing the amount of physical cash (coins and notes) circulating in the economy and encouraging more electronic-based transactions. Cashless initiatives in Nigeria economy has impacted both positively.

1.2 Statement Of The Problem
Monetary policy as a technique of economic management is to bring about sustainable economic growth and development through cashless policy and banking, introduced by the Central bank of Nigeria (CBN) is not fully operational due to high rate of illiteracy, in-adequate sensitization/education of the benefits of the cashless policy, and in-adequate logistics (such as the provision of internet connections in commercial areas, computers and Point on Sale (POS) machines). Apart from the physical challenges, economic data and indicators are not fully available and reliable. There is a great challenge in attempting to analyze the true impact of the cashless policy on the economy of Nigeria as only few monetary and macroeconomic indicators can be traced with relation to the subject matter. Several scholars have attempted to analyze the cashless system or e-banking. However, it becomes clear that few studies present a comprehensive evaluation of cash-less banking implications in developing countries. Most ignore its economic benefits of the equation while some do incomplete examination of its negative implications. This is often due to unreliable panel data for monetary and macroeconomic indicators. Although, this study focuses on Nigeria, it is difficult to translate cashless studies from one country to another. Even payments instruments that look similar across countries on the surface may be different due to historical and legal variations (Daniel et al, 2004).

1.3 Objectives Of The Study
The main objective of the study is to examine the impact of the cashless policy on the economy of Nigeria and how it affects economic growth. Specific objectives of the study is to examine the impact of the cashless policy on economic growth of Nigeria.

2. Literature Review
The Concept of Cash-less Policy in Nigeria.
In recent years, Nigeria has been experiencing a growth turnaround and conditions seem right for launching onto a path of sustained and rapid growth, justifying its ranking amongst the 11 countries as identified by Goldman Sachs to have the potential for attaining global competitiveness based on their economic and demographic settings and the foundation for reform’s already laid. Constraints to the achievement of Nigeria’s ambition to be amongst the top 20 economies of the world by year 2020 is the fact that the Nigerian economy is too heavily cash oriented in transactions of goods and services which is not in line with global trends. In its efforts to rescue the Nigerian economy from the brink of total collapse, the CBN in collaboration with the Bankers Committee, the cashless economy policy is designed to provide...
mobile payment services, breakdown the traditional barriers hindering the financial inclusion of millions of Nigerians and bring low-cost, secure and convenient financial services to urban, semi-urban and rural areas across the country. The cashless economy policy initiated by the CBN led by its Governor; Sanusi, Lamido Sanusi was introduced first in Lagos State, the country’s economic hub with the aim of achieving an environment where a higher and increasing proportion of transactions are carried out through cheques and electronic payments in line with the global trend (Obodo, 2013). Igweike (2004) assert that serious modern financial and economic activities began in Nigeria with the introduction of banks into the country, the first been that introduced in 1892 by Elder Dumpsterin Lagos (The Bank of British West Africa (BBWA), followed later by the Standard Bank of Nigeria in 1917 by the British Barclays Bank D.C.O. (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 increased individual and government participation in commercial and other ventures. As commerce became more and more complex, it became obvious that the country must follow the path of other nations by taking advantage of the various technological developments that enable quick, reliable and efficient services to be rendered to the people by the financial sector. The first technological move towards this ability came with the development by the British engineer James Good fellow of a card-stored PIN in 1965 (Chiemeke et al, 2005), divorcing tangible money from its financial processes and hence started the natural progression to electronic banking. Zairi (2003) explained 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), 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) and Chiemeke (2005) affirm that introduction of e-finance has changed the system of commerce globally. It is on this system of electronic finance that the idea of cashless banking is based.

The cashless banking method introduced into the economic world is entirely dependent on computer and the internet. Today, it is common knowledge that cybercrime is a very integral part of our economic life and ownership of internet facilities automatically involves constant search for the latest and best security platform to protect information and transactions done on the internet. It is therefore imperative that all sectors of the economy gets fully involved in cashless transactions. Cashless economy does not refer to an outright absence of cash transactions in the economic setting; it means a noticeable reduction of the amount of cash-based transactions. (Akhalumeh and Ohiokha, 2002). The goal is to reduce cash transactions to small routine in everyday activities. The new cashless policy was introduced according to the CBN for a number of key reasons, including:

* To drive development and modernization of our payment system in line with Nigeria’s vision 2020 goal of being amongst the top 20 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.
* To reduce the cost of banking services (including cost of credit) and drive financial inclusion by providing more efficient transaction options and greater reach.
* 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:

- **High Cost Of Cash:** There is a high cost of cash along the value chain from the CBN and the banks, to corporations and traders; everyone bears the high costs associated with volume cash handling.
- **High Risk of Using Cash:** Cash encourages robbery and other cash related crimes. It can also lead to financial loss in the case of fire and flooding incidents.
- **High Subsidy:** CBN analysis showed that only 10 percent of daily banking transactions are above 150k, but the 1 percent account for majority of the high value transactions. This suggests that the entire banking population subsidizes the costs that the tiny minority 10 percent incurs in terms of high cash usage.
- **Informal Economy:** High cash usage results in a lot of money outside the formal economy, thus limiting the effectiveness of monetary policy in managing inflation and encouraging economic growth.
- **Inefficiency and Corruption:** High cash usage enables corruption, leakages and money laundering, amongst other cash-related fraudulent activities. Added to this is the perceived impact on the Naira. The system will reduce the pressure on the Naira. This can only happen if there is effective and standard cross-border electronic transmittal’s reporting system (Ezumba, 2011). Following from the above therefore, it is anticipated that the cashless system will bring with it transparency in business transactions (Jaiyeola, 2011).
3. Why Cashless Policy?
The cashless policy in Nigeria was initiated for the following reasons among others:-

• To drive the development of the financial system and the economy as a whole.
• To initiate and commence a radical modernization of our payment system in line with international best practices worldwide and to facilitate the realization of the dreams of vision 2020.
• To develop a robust and an efficient modern payment system positively correlated with economic development and a key requirement for economic growth.
• To reduce the barest minimum the cost of banking services, particularly as it relates to cash management and delivery between the CBN and the banking community.
• To facilitate and drive financial inclusions by providing more efficient transaction options, greater and wider banking services, to reach the Nigeria society.
• To enhance the effectiveness of monetary policy in the effective management of macroeconomic indicators particularly inflation, cost of lending while driving economic growth simultaneously (Alawiye, 2013).

4. Essentials of a Cashless Economy.
It is necessary and very important for a cashless economy to work. For it to work effectively and efficiently a number of factors must be present and this was why there was great skepticism about Nigeria’s preparedness for cashless banking as it amounts to run before crawling in Nigeria for the take-off of a cashless economy? What is the level of literacy and acquaintance with Information Communication Technology (ICT) among Nigerians? How many Nigerians can use electronic banking services? What infrastructures are there to support electronic banking, assuming most Nigerians are educated and ICT – compliant is it enough to flood the nooks and crannies with ATMs, with theft vulnerability to fraud unresolved? (Ogu, 2011). For the cashless economy to work certain factors must be present in the right quantity and quality; chief amongst them being the followings:

* Literacy, especially computer literacy. There must be avenue to train and retrain the populace, especially operators of SMEs on the use of ICT and internet for all kinds of transactions at no cost to them and at convenient venues they can reach.
* CBN and other regulatory agencies in the financial sector have to ensure that service providers adhere to minimum security standards on their web-based platform. The recent spate of cyber attacks worldwide must be taken into consideration in making security plans.
* The need for sufficient and adequate internet tools for the transactions is another major issue.

In Nigeria, under the cashless economy concept, the goal is to discourage cash transactions as much as possible. The CBN has set daily cumulative withdrawal and deposit limits of N150,000 for individuals and N1,000,000 for corporate entities (now reviewed to N500,000 and N3 million respectively). Penalty fees of N100 and N200 respectively (now reduced to 3% and 5% respectively) are to be charged per extra N1000 (Ezumba, 2011). It should be noted that as at now there are already some forms of cashless transactions that are taking place in Nigeria. It is noted that today there are up to seven different electronic payment channels in Nigeria: Automated Teller Machines (ATM), Point of Sales terminals, mobile voice, web, inter-bank branch and kiosks. E-payment initiatives in Nigeria have been undertaken by indigenous firms and have been stimulated by improvement in technology and infrastructure (Babalola, 2008). As noted above, the cashless economy does not imply an outright end to the circulation of cash (or money) in the economy but that of the operation of a banking system that keeps cash transactions to the barest minimum. The CBN set daily limits of cumulative withdrawals and lodgments of N150,000 for individuals and N1,000,000 for corporate customers (now N500,000 and N3 million respectively). The operation of the system does not mean the individual/corporations cannot hold cash in excess of N150,000 / N1,000,000 (now reviewed to N500,000 and N3 million respectively) respectively at any single point in time but that their cumulative cash transactions with the bank must not exceed these limits over a period of one day. The system is targeted at encouraging electronic means of making payments, and not aimed at discouraging cash holdings. This policy on limits implies that an individual can actually have N5 million (more than N150,000 now N500,00) under his pillow at home, buys goods and services with them but must not pay more than N500,000 into his bank account in one day without attracting a fine of 3% per N1000 for the excess. 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”. In this system users are issued with electronic cards which can be slotted into special electronic machines in order to effect payments. At the center of such payment system are the Point of Sales (POS) terminals (Azeez, 2011). These are to be deployed across commercial points in the country. These POS terminals thus deployed will serve like the Automatic Teller Machines (ATM).
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 into the account of the payee automatically (Olaegebe, 2011). Users are issued with a card (the electronic purse). The electronic purse is topped using revaluation terminals. There are different types of terminals: coin and note, credit card and payroll deductions terminals. The cards are simply inserted into the revaluation terminal and certain programmed instructions are followed, and money is added onto the electronic purse. This can then be used to pay for goods/services by inserting them into the POS terminal. When the card is inserted into the POS terminal, and the transaction amount entered, the reader reads the amount and is quickly deducted from the purse. While cash will still remain the preferred means of payment and exchange, other alternative modes are offered. To dissuade the reliance on cash payments, daily cash limits on deposits and withdrawals are enforced and any amount above the stipulated threshold is penalized by application of handling charges by banks.

However, the alternative means of payment include, cheques, Bank drafts and other bank instruments, Automated Teller Machine (ATM), the Nigerian Interbank Settlement Scheme (NIBSS Fund Transfers), Red Time Gross Settlement (RTGS), Mobile Money, E-transfers, Point of sale terminal (POS) Telephone banking, Internet Banking, Implants e.t.c.

6. **Benefits of Cashless Economy.**

Nigeria cannot afford to be an island on its own and so must advance technology with the world if it must interact with the world financially. According to Akhalume and Ohiakha (2012) in spite of the myriad of problems facing the cashless system, it comes with a lot of benefit for the Nigerian economy.

- **The World Bank and financial experts assert that cashless economy will enhance the quality of life of Nigerians by ensuring faster transaction time, increasing sales and making cash collections simpler.** It is also noted that it reduces transfer/processing fees, increases processing/transaction time, offers multiple payment options and gives immediate notification on all transactions on customers’ account.
- **CBN insists that economic development of the nation depends on the working of the cashless system as it would tackle corruption and money laundering.** According to Akhalume and Ohiakha (2012) the system provides the capacity to track the money trail and so catch any fraudster or cybercriminal. If this is done, the need for foreign currency would be better determined and the pressure on the naira reduced, thus allowing SMEs to be more competitive in their prices. It will inculcate the banking culture into Nigerians and reduce the high cost of cash management in the country.

Other identified reasons for the cashless economy policy are robbery, revenue leakages and inefficient treasury. The system will present some costs to the banking public, there will be some costs to be borne by government and the operators of the system (Atarere and Osemwegie – Ero 2014). A variety of benefits are expected to be derived by various stakeholders from an increased utilization of e-payment systems. This includes:

- **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.
- **For Corporations:** faster access to capital, reduced revenue leakage, and reduced cash handling costs.
- **For Government:** increased tax collections, greater financial inclusion, increased economic development.
- **For Banks:** efficiency through electronic payment processing, reduced cost of operations and increased banking penetration (Oyetade and Ofoelue, 2012).
- **Benefits to the economy:** through the system, users can also pay utility bills, school fees, hotel bookings, and house rents, among other transactions, using a mobile phone device.

As a policy instrument, CBN has heaped a lot of praises on the cashless system; it sees it as a tool for tackling corruption and money laundering. It has been pointed out that: “Among the reasons glibly advanced by the CBN for this policy include reducing the cost of cash management, making the Nigerian economy cashless, checking money laundering and the insecurity of cash in transit (CIC)” (Ogu, 2011). Statistics show that cash management in 2009 cost N114.5billion and this is projected to stand at N200 billion in 2020 (Ezumba, 2011). In the same vein, the cashless system provides the opportunity of being able to “follow the money” and thus check money laundering across boarders. Other reasons cited by the Apex bank is; to improve the effectiveness of monetary policy in managing inflation and driving economic growth, to reduce the cost of banking services (including cost of credit) and driving financial inclusion by providing more efficient transaction options and greater reach (Oyetade and Ofoelue, 2012).

In pursuance of the objective of the study; attention shall be focused on electronic banking among other electronic commerce implementation. In order to conduct an empirical investigation into the adoption of Electronic banking in Nigeria and will also examine the nature of electronic banking operations from the CBN bulletin from2010-2012.
7. The Challenges of Cashless economy.
At the national level, the Nigerian government and the relevant regulatory agencies have strive to match the rapidly changing electronic banking environment with necessary regulations and institutional frameworks. Earlier efforts made to this effect included the enactment of the Failed Banks (Recovery of Debts) and Malpractices in Banks Decree No.18 of 1994, and the Money Laundering Decree of 1995. However, as noted above, poor enforcement procedure rendered these instruments very inactive in checking the menace of financial crimes. By the late 1990s, following record growth in Internet and computer usage in the country, almost all the regulations guiding the banking industry, including the Banks and Other Institutions Act of 1991, were lacking adequate provisions to accommodate the emerging trend. Not even a mention of electronic banking or any manner of its application was mentioned in any of those prevailing regulatory documents. The situation created a lot of gaps between the levels of CBN regulatory tools and the advances in information technology. This at the same time made the banks vulnerable to all kinds of risks, including transaction, strategic, reputation and foreign exchange risks. This deficiency notwithstanding, it was not until 2003 when the maiden guidelines on electronic banking came into force. The electronic banking guidelines emerged from the findings of a Technical Committee on Electronic Banking set up by the Central Bank of Nigeria in 2003 to find appropriate modalities for the operation of electronic banking in the country. It was indeed the findings and recommendations of the committee that led to the adoption of a set of guidelines on Electronic Banking in August 2003. Of the key provisions of the Guidelines, only a section deals with issues relating to Internet Banking. Section 1.3 paragraphs 4 of the guidelines, exceptionally stress that banks should put in place procedures for maintaining the bank's Web site, including the various security features needed for Internet banking services. Despite its numerous technical specifications, the Guidelines have been widely criticized as not being enough to check the growing popularity of Internet banking against the backdrop of growing sophistication in technology related crimes and frauds. Closer examination of the contents of the Guidelines equally shows that the document fails to meet up with the four key areas where Internet banking may have regulatory impact – changing the traditional lines upon which existing regulatory structures are laid; handling concerns about existing public policy issues; changing the nature and scope of existing risks; and rebalancing regulatory rules and industry discretion. Again, some important recommendations of the Technical Committee that gave rise to the adoption of the guidelines were completely omitted. This is especially so with paragraph 6.1 of the Committee's report, which among others recommended that all banks intending to offer transactional services on the Internet/other e-banking products should obtain an approval-in-principle from CBN prior to commencing these services.
Part of the criticisms is that the recent guidelines that are capable of constraining the practice and development of Internet banking in Nigeria. One of such areas, for instance, is the requirement on electronic banking product development. While acknowledging that the existing regulations would apply wholly on electronic banking, section 4.2 of the Guidelines emphasizes that only banks, which are licensed, supervised and with physical presence in Nigeria, are permitted to offer electronic banking services in Nigeria, and that virtual banks are not to be allowed. The Guidelines also gives indications that the products/services can only be offered to residents of Nigeria with a verifiable address within the geographic boundary of Nigeria; any person residing physically in Nigeria as a citizen, under a resident permit or other legal residency designation under the Nigerian Immigration Act; any person known herein as a “classified person” who neither is temporarily in Nigeria. The Guidelines go further to indicate that the e-banking should be offered in Naira only; and that where such a service is to be provided in foreign currency, it should be to only the holders of ordinary domiciliary accounts, and conform with all other foreign exchange regulations.
On some other aspects, the Guidelines have also been criticized for not addressing adequately the critical issues concerning Internet security. It failed to explicitly recommend a standard that allows banks to examine potential threats that may already be in existence in each individual financial institution's current network. In addition to this array of criticisms, the workability of proper Internet framework is also queried amidst the poor state of basic information technological infrastructure in the country. This is essentially necessary since e-banking generally relies on the existence of adequate operational infrastructure like telecommunications and power to function effective. Though little success has been recorded, the supply of these requisite facilities is very erratic in the Nigerian case. Where they exist, high cost of acquisition and maintenance tend to deny a greater percentage of the population access to them. The case of Internet access is a glaring one – where majority of the citizens rely solely on the services of commercial cyber cafés to meet their Internet needs. It is expected of the E-Banking Guidelines to provide procedures not only for banks' investment in Internet facilities, but also in promoting customers' access to such. Unfortunately, none of such is contained in the document.
8. Costs of the Cashless Economy.

However, rosy and laudable a programme may be, it will have its own disadvantages in terms of cost. For instance,

- A cost of 1.25% is charged by the operators of the terminals for every transactions done through POS terminals. This is an additional charge since the normal charges by the bank will not be overlooked.
- The normal bank commission on turnover is N 5 on every N 1000 which is 9.5% of the amount such transactions as compared to the CBN approved charges of 1.25%.
- Few staff will be needed, by the bank’s since transfer is now expected to be done electronically. This will therefore lead to laying off of staff.
- Other costly challenges include insufficient POS. None functioning internet connectivity, problem of power and the possibility of cloning and hacking into the system through fraudulent practices.

- The unacceptable idea of the limit for individual and corporate cash lodging and or withdraws is N 150,000 and N 1,000,000 respectively.

- Bank customers are forced to open more than one bank account in different banks since the cash limit they can lodge or withdraw is limited to N 150,000 later increased to N 500,000 for individual accounts and N 1000,000 for cooperate account and later N 3000,000 for cooperate account.

- The fear of people keeping money at home or join the informal sector of the economy due to bank charges is highly risky.

- The fear of fraud stars who may withdraw money electronically from other peoples account unnoticed is an important reason which keep people away from the banks.

- The Nigeria cyber space is highly insecure and vulnerable to attack.

- The internet scam is equally capable.

Importance

- Cashless economy policy is expected to enhance the growth of financial stability in Nigeria.
- The benefits of cashless policy outweigh its advantages in Nigerian Society since is totally against money laundering.
- It makes transactions easier since people will no longer need to move large sums of money around.

9. Conclusion

Cashless economy policy does not refer to an outright absence of cash transactions in the economic settings but reduces the amount of cash-based transactions to the bearest minimum. In Nigeria, the cashless economy concept tries to discourage the idea of cash transactions. Although the policy put up some unfavorable instruments to discourage a cash-based economic system the society tries as much as possible to side-track the policy. The Central Bank of Nigeria (CBN) tries as much as possible to sensitive the society before the introduction and presently the cashless economy is struggling to take shape in Nigeria. It has however, been discovered that the cashless economic policy in Nigeria has a lot of benefits and costs to the society but the benefits outweighs the costs in many ways.

10. Recommendations

Based on the discussion above, the study recommends as follows:

- In spite of the fact that the public enlightenment programme of the cashless policy. People still side-track the policy. More enlightenment programme is necessary to discourage people from this act.
- The Nigerian society should be encouraged to totally embrace cashless society through repeated assurances that their cash is save from all difficult terrain.
- Efforts should be made to design an internet security system to check cyber fraud.
- Bank staff caught on fraud terrain should be made to face stiffer punishment.
- The internet rate should be reduced to the bearest minimum.

References


Al S. (1994). Identification, Privacy, Freedom and Guaranteed by the use by personal PCs for e-banking transactions’ fortune magazine, June 27.


Cashless.

Central Bank of Nigeria (    ) New Proposal to issue New N5,000.00 Currency Notes in the Midst of a failing cashless policy.


Paul, R. On Massive Invasion of the Privacy of the public through cashless society operations.


