

# Effect of Cashless Banking on the Performance of Deposit Money Banks in Nigeria

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**Abstract:** *This study was carried out on the effect of cashless banking on the performance of deposit money banks in Nigeria between the periods of 2013-2019. The data was source from central bank of Nigeria statistical bulletin 2019. The variables were on Point of Sales (POS), Mobility of payment (MOP), and Automated Teller Machine (ATM). Ordinary least square (OLS) method of analysis was used. Augmented dickey-fuller (ADF) test result was conducted to verify the unit root of the included variables. Error Correction Mechanism was adopted to correct for short run. The study found that, Point of sales has a positive effect and is statistically significant on bank performance in Nigeria. Mobility of payment has a positive effect and is statistically significant. The researcher Advocate for more ATM facilities which should be placed at strategic location for easy access. Marketing and education of internet banking service and products should be intensified to attract more customers which enhance profitability.*

**Key words:** *Point of Sales, Mobility of payment, Automated Teller Machine, Augmented dickey-fuller, Ordinary least square*

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## 1.1 Introduction

The cashless policy is an initiative of government to minimize the quantity of physical cash in circulation by dissuading the use of cash while persuading the adoption of electronic payment system. This policy is not aimed at eliminating the use of cash in consummating transaction, rather, it is meant to reduce physical cash handling and the quantity of cash in circulation (Gbanador 2021). The cashless policy was initiated by the Central Bank of Nigeria in the year 2012. A test run of the cashless policy took off in Lagos

state on January 1, 2012. The second stage of this policy was implemented in Abia, Anambra, Kano, Ogun, Rivers state and the Federal Capital Territory on July 1, 2013 while a nationwide implementation of the policy kick started on July 31, 2014 (CBN, 2019). The cashless policy is geared toward strengthening the adoption of electronic payment channels like the automated teller machine (ATM), point of sale (POS), mobile banking, NIBSS instant payment, NIBSS electronic fund transfer, etc or alternative payment channel such as cheques.

Ajaji, (2014) is of the opinion that cashless economy depicts an environment whereby monetary transactions are consummated without movement of physical cash. However, Omotunde, Sunday & John-Dewole (2013) stipulates that cashless economy does not mean the complete eradication of cash transactions in an economy rather it is an economic situation whereby electronic channels are used to pay for transactions. It is expected that the implementation of cashless policy in Nigeria will influence economic growth in Nigeria. However, as an emerging economy the adoption of cashless policy seem to be hindered due to possibility of fraud, multiple deductions, poor power supply, high cost of internet data, illiteracy, network challenge and lack of basic technology to drive the process, etc. This is collaborated with CBN (2019) and Gbanador (2021), when they assert that the use of cash in consummating financial transaction in Nigeria is still high as a result of factors like poor network connections, high transaction cost, security and technical setbacks which constraints the adoption of cashless policy. In assessing the influence of cashless policy on the performance of the Nigerian economy, there exist divergent views regarding the direction of this influence. The adoption of the CBN cashless policy contributes positively to economic growth in Nigeria (Okafor, 2020; Ignoroje & Okoroyibo 2020). Conversely, some studies posits that the presumed contributions of cashless policy to economic growth is not enormous compared to the desired result. Thus certain actions should be taking to achieve a better result (Nwakoby, Chukwu and Oghenetega, 2020; Chukwuma, Onodugo and Eeamama, 2020). The aim of any economy policies (fiscal or monetary policy) is to improve the purchasing power of every individual and the society at large. Before the introduction of cashless policy by the Central Bank of Nigeria (CBN) in 2012, Our financial institutions has been characterized with so many issues, ranging from poor handling of physical cash, high usage of cash in doing business which affect the cost of banking operation, leakages, money laundering and other financial related offence due to high cash usage within our various economic sector (private and government). Cashless policy as a technique of economic management is to bring about sustainable economic growth and development as introduced by the Central bank of Nigeria (CBN) has not been fully operational in the country due to; i) high rate of illiteracy, ii) in-adequate sensitization/education of the benefits of the cashless policy, and iii) in-adequate infrastructure (such as the provision of internet connections in commercial areas, computers and Point on Sale (POS) machines) in some part of the country.

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 macro-economic 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 the 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 macro-economic indicators. Although, this study focuses on Nigeria Financial institutions, 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)

### **1.2 Objectives of the Study**

The broad objective of the study is assessment of effect of cashless banking on the performance of deposit money banks in Nigeria. The following are the specific objectives:

1. To investigate the effect of point of sale (POS) on performance of commercial banks in Nigeria.
2. To examine the effect of automated teller machine (ATM) on the performance of commercial bank in Nigeria
3. To evaluate the effect of mobile banking on the performance of commercial bank in Nigeria

### **1.3 Research hypotheses**

The following hypotheses were formulated to guide the study:

H0<sub>1</sub>: Point of sale has no significant effect on the performance of commercial bank in Nigeria.

H0<sub>2</sub>: Automated teller machine has no significant effect on the performance of commercial bank in Nigeria.

H0<sub>3</sub>: Mobile banking has no significant effect on the performance of commercial bank in Nigeria.

## **REVIEW OF RELATED LITERATURE**

### **2.1 Theoretical Framework**

#### **The Transaction Cost Approach Theory**

The transaction cost innovation theory's main pioneers are Hicks & Niehans (1983). They thought that the dominant factor of financial innovation is the reduction of transaction cost, and in fact, financial innovation is the response of the advance in technology which caused the transaction cost to reduce. The reduction of transaction cost can stimulate financial innovation and improvement in financial services. This theory studied the financial innovation from the perspective of microscopic economic structure change. It thought that the motive of financial innovation is to reduce the transaction cost. And the theory explained from another perspective that the radical motive of financial innovation is the financial institutes' purpose of earning benefits. This theory discussed the motive and the process of financial innovation from different sides. Hence this theory will be used to establish the financial innovation and economic performance from the transaction point

of view to see whether its transaction cost derived from financial innovation that drive economic activity linking to economic performance.

## **2.2 Empirical Review**

Gbadamosi, (2021) examined the impact made by the cashless policy on the financial liberalization of Nigerian economy. It was observed that from available information, the policy of cashless transaction has greatly impacted on the financial liberalization of the Nigerian economy. The writer aligned with the view of Mckinnon-Shaw 1973 in this explorative review and concluded that the components policies necessary for the effective application of cashless transaction society is yet to be fully implemented. The government needs to follow strictly the initiative and reduce regulatory restriction in the operation of a cashless society to attract private operator in order to have free market interaction necessary for adequate financial liberation and economic growth.

Odor and Fadiya. (2020) examined the implications of cashless banking, with a view to exposing the possible challenges and prospects it poses to the Nigerian economy whilst employing aggregated approach. Analytically, this study employs descriptive statistical to highlights/overview the effectiveness of the cash-less policy of the CBN in Nigeria. This study was informed by the rising doubts as regards the effectiveness of various economic policies in achieving developmental goals of Nigeria. Moreover, the recent evolution of electronic money poses interesting questions of policy makers all over the world. This study also seeks to evaluate policies of the Central Bank of Nigeria as well as proffer valuable recommendations on the execution of cashless banking in Nigeria. The study presented significant recommendations: availability of sufficient and well-functioning infrastructural facilities (notably electricity), harmonization of fiscal and monetary policy, regular assessment of the performance of cashless banking channels (individually and collectively), consideration of the present state and structure of the economy, redesign of monetary policy framework and greater efforts towards economic growth whilst managing inflation. In inclusion, the shift towards a cashless Nigeria seems to be beneficial though it comes with high level of concerns over security and management of cost savings resulting from its implementation.

Adeleye (2022) examines the Impact of Cashless Policy on the Performance of Deposit Money Banks (DMBs) in Nigeria for the period 2011-2020. The study uses Automated Teller Machine (ATM), Point of Sale (POS) Internet Banking Transactions and Nigeria Electronic Fund Transfer (NEFT) as independent variables to measure the cashless policy while Return on Assets (ROA) was employed as proxy for performance of the DMBs and used as the dependent variable. Hypotheses were formulated and tested using Simple Linear Regression analysis (SLR). There is a significant effect of Automated teller machine transactions on return on assets of deposit money banks in Nigeria. Point of Sale terminal transactions does not have a significant effect on return on assets of deposit money banks in Nigeria. Internet Banking transactions has a significant effect on return on assets of deposit money banks in Nigeria. Nigeria Electronic Fund Transfer (NEFT) does not have a significant effect on return on Asset of deposit money banks in Nigeria. The study concludes that cashless policy has a significant effect on the performance of deposit money banks in Nigeria. The study recommends that

management should pay more attention on the activities that will improve the POS and NEFT services of their banks if they wish to increase the ROA and enlighten customers on the convenience and importance of adopting mobile banking channels in completing their transactions and also provide them with adequate information on how to prevent fraudsters from gaining access to their accounts. Government and regulatory authorities should be able to provide security both physically and electronically to prevent the occurrence of hacking by frauds.

Gbanador, (2023) investigated the effect of cashless policy on economic growth in Nigeria using quarterly time series data spanning through the period of 2012 to 2021 while the research design adopted for the study was the ex-post facto research design. Diagnostic test such as serial correlation, heteroskedasticity and Cusum test were conducted. Phillip-Peron and Kwiatkowski-Phillips- Schmidt-Shin (KPSS) were used to carry out unit root test on the variables while the Auto- Regressive Distributed Lag (ARDL) was used for the data analysis. The findings revealed a significant relationship between Cheque (CQ) and Internet banking (IB) with the Gross Domestic Product while the relationship between the Automated Teller Machine and the Gross Domestic Product is negatively insignificant. The study concludes that cashless policy influences economic growth in Nigeria and therefore suggests that the Central Bank of Nigeria should encourage Banks to offer quality ATM services to their customers. This is expected to boost the adoption of alternative payment system which is amongst the rationale for introducing the cashless policy.

Nwani, Nwaimo, Kanu, Eke (2020) evaluated the impact of cashless policy on the Nigerian payment system. The operations of a cashless economy were assessed based on the use of Cheques, funds transfer channels and Automated Teller Machines (ATMs). Analysis of data showed that the volume and usage of cheques as a means of financial settlement has failed and was partially replaced by electronic payment systems. Banks are getting more involved in the use of interbank fund transfers rather than a cash settlement. It was also ascertained that the use of ATM's as a means of financial intermediation is increasing. It is anticipated that the use of ATMs will become even more popular in Nigeria in the near future. To some extent, the outcome of the study has justified the implementation of the cashless policy initiative in Nigeria. However, the innovation and operations of the policy are not without its related limitations. There are various challenges associated with its practice, ranging from poor infrastructural facilities and difficulty in imbibing the e-payment culture due to illiteracy. Other socio-cultural factors that constitute an impediment include celebrations like weddings, birthdays and festivals. On such occasions, Nigerians prefer to "display or spray raw cash" rather than issuing cheques. Thus, more effort needs to be put in place by the regulatory authority to re-orientate the masses and to encourage the use of E-payments channels, cheques, funds transfer options and, owning/ operating of bank accounts. This will give a further boost to the development of the Nigerian payment system.

## METHODOLOGY

### 3.1 Research design

This study adopted ex-post facto research design and adopts a secondary approach in gathering data. This is because, we have no control over certain variables and cannot manipulate them because they already exist; rather search backwards through data for possible causal variables.

### 3.3 Area of Study

In conducting this research the area of study focuses on selected quoted banks in Nigeria from which the data required were derived.

### 3.3 Population of the Study

The population of the study is made of all quoted banks in Nigeria Stock Exchange as at 31<sup>st</sup> dec 2019 which is twenty-four in number.

### 3.4 Source of Data

This study made use of secondary data. The data were sourced from publications of the Nigerian Stock Exchange (NSE), the annual report and accounts of the listed banks from 2013-2019. Both the dependent and independent variables were computed from the data extracted from publications of the Nigerian Stock Exchange (NSE), the annual report and accounts of the listed banks and ratios were computed from the figures as reported in the annual reports.

### 3.5 Sample Size and Sampling Method

The five (5) listed banks represent the sample size for this study. Data were gathered from the published financial statements of the five (5) listed banks for a seven (7) year period spanning from 2013-2019, using purposive sampling method (that is selected firms that filed their annual financial statements with NSE from 2013-2019 without missing any year was selected for this study). The total number of quoted banks in Nigeria Stock Exchange were twenty-four (24), the researcher choose five banks from them, Access bank, Zenith bank, UBA, First Bank, and Union because of proximity.

### 3.6 Model Specification

The model to be regress in this study is presented in a functional form as follows

Performance of Bank (ROA)

ROA = F (POS, ATM, MB)

ROA =  $\beta_0 + \beta_1 \text{POS} + \beta_2 \text{ATM} + \beta_3 \text{MB}$

Where

ROA = Return on equity (proxy of performance of bank)

POS= Point of sale

ATM= Automated teller Machine

MB= Mobile banking

Bo= constant

$\beta_1$ - $\beta_3$  is parameters to be estimated

### 3.7 Variables and Measurement

| Variable   | measurement  |
|--|--|
| <p><b>Dependent Variable</b></p> <p>Return on Assets</p> | <p>This is measured as net profit after tax divided by total assets in this study</p>                            |
| <p><b>Independent Variable</b></p> <p>Point of sale</p>  | <p>Measured by the total amount of transactions done through POS on an annual basis</p>                          |
| <p>Automate teller machine</p>                           | <p>This is measured by the annual turnover on the total number of transactions carried out via ATM channels.</p> |
| <p>Mobile banking</p>                                    | <p>Measured by the total number of banking transaction done through phone on an annual basis.</p>                |

### 3.8 Method of Analysis

The regression method of data analysis was adopted in this study to be specific, the ordinary least square regression techniques was adopted to analysis the relationship (association) between the dependent variable (performance of bank) and independent variable (cashless banking) in the model. Correlation method is appropriate therefore; descriptive statistics correlation analysis and multiple regression analysis were the major statistical tool used in analyzing the data.

The Ordinary Least Squares Theorem, is supported by Koutsoyiannis (1985) and Nyong (1993) cited in Okeke (2016) as the Best Linear Unbiased Estimator (BLUE), thus this study adopted it. Tests done using OLS includes  $r^2$ , t-test, F-test and auto-correlation analysis. The Statistical Package E-view version 8.0 for windows is the computer software used for the analysis of our model above.

The explanation to the test statistics are:

- i. Coefficient of Determination ( $R^2$ ) Test = measures the explanatory power of the independent variables on the dependent variable. The coefficient of determination

- varies between 0.0 and 1.0. A coefficient of determination, say 0.25 means that 25% of changes in the dependent variable is explained by the independent variable(s).
- ii. F-Test = measures the overall significance. The extent to which the statistic of the coefficient of determination is statistically significant is measured by the F-test. At 5% level of significance, we reject null hypotheses for tests with probability estimates lower than 5% (0.05) and conclude that they are statistically significant. Otherwise, we accept (when probability estimates are above 0.05) and conclude that there is no overall statistical significance.
  - iii. Student T-Test = measures the individual statistical significance of the estimated independent variables. At 5% level of significance, reject null hypotheses for tests with probability estimates lower than 5% (0.05) and conclude that they are statistically significant. Otherwise, we accept (when probability estimates are above 0.05) and conclude that there is no overall statistical significance.
  - iv. Durbin-Watson (DW) test = test for autocorrelation. This is used to check for the appropriateness of the models for analysis. Any equation with Durbin-Watson less than or greater than values not approximately 2, is not acceptable. Unacceptable Durbin-Watson suggests that the analysis cannot be relied on.
- v. **Decision rule:** we will accept  $H_0$ , if p-value is greater than 5% level of significance, otherwise we will reject  $H_0$ , to accept  $H_1$

## DATA ANALYSIS AND RESULTS PRESENTATION

### 4.0 Introduction

This chapter presents the empirical results and discussion of findings. Panel Least Square (OLS) was used as statistical tools for the analysis. The result was subjected to different statistical and descriptive tests.

### 4.1 Descriptive Statistics

Here, the individual characteristics of the variables used in this study were presented. The aim of descriptive statistics is to examine the performance of the variables within the review period. The descriptive statistics is presented in table 4.1 below.

**Table 4.1 Descriptive Statistics**

|              | ROA      | POS       | MOP       | ATM      |
|--------------|----------|-----------|-----------|----------|
| Mean         | 16.31544 | 6.914620  | 17.63386  | 5.954700 |
| Median       | 16.41571 | 7.153896  | 17.91208  | 6.002899 |
| Maximum      | 19.50550 | 10.28997  | 20.59033  | 8.776490 |
| Minimum      | 13.73023 | 2.400619  | 14.28619  | 3.220874 |
| Std. Dev.    | 1.496468 | 1.933643  | 2.028058  | 1.855737 |
| Skewness     | 0.036441 | -0.496451 | -0.179059 | 0.006634 |
| Kurtosis     | 2.033288 | 3.067970  | 1.524361  | 1.407504 |
| Jarque-Bera  | 1.370606 | 1.444440  | 3.362565  | 3.698653 |
| Probability  | 0.503937 | 0.485673  | 0.186135  | 0.157343 |
| Sum          | 571.0405 | 242.0117  | 617.1849  | 208.4145 |
| Sum Sq. Dev. | 76.14014 | 127.1251  | 139.8427  | 117.0879 |
| Observations | 35       | 35        | 35        | 35       |



Table 4.1 shows the descriptive statistics of the variables for the study. It presents the standard deviation, mean maximum and minimum values of the data set obtained from the annual reports. Return on equity, which showed a maximum value of 19.5% and a minimum value of 13.7% with a mean value of 16.3% and standard deviation of 1.4%. The Point of sales maximum value of ratio is 10.28% while the minimum value is 2.4%. The mean obtained from the computation gave 6.9% with a standard deviation of 1.9%. The mobility of payment showed a maximum value of 20% and a minimum value of 14.2% with a mean value of 17.6% and standard deviation of 2.0%. Automated teller machine has a maximum value of 8.7% and a minimum value of 3.2%. The mean value obtained was 5.9% with a standard deviation of 1.8%.

#### 4.2 Tests For Multicollinearity

The term multicollinearity is due to Ragnar Frisch. Originally, it meant the existence of a „perfect“ or exact, linear relationship among some or all explanatory variables of a regression model. The tests were carried out using correlation matrix. According to Barry and Feldman (1985) criteria; „Multicollinearity is not a problem if not correlation exceeds 0.80“

**Table 4.2 Result of Multicollinearity Text**

|      |           |          |           |           |
|------|-----------|----------|-----------|-----------|
|      | ROA       | POS      | MOP       | ATM       |
| LFP  | 1.000000  | 0.348408 | -0.104480 | -0.240269 |
| LPOS | 0.348408  | 1.000000 | 0.832452  | 0.743984  |
| LMOP | -0.104480 | 0.832452 | 1.000000  | 0.977133  |
| LATM | -0.240269 | 0.743984 | 0.977133  | 1.000000  |

From the table above it was observed that there is no problem of Multicollinearity on the variables because no variables exceeds 80% as Feldman 1985 noted

#### 4.3 Regression Result

| Variable | Coefficient | Std. Error | t-Statistic | Prob.  |
|----------|-------------|------------|-------------|--------|
| C        | 24.17950    | 3.804105   | 6.356161    | 0.0000 |
| POS      | 0.853013    | 0.154773   | 5.511394    | 0.0000 |
| MOP      | 1.041298    | 0.367814   | 2.831044    | 0.0087 |
| ATM      | 0.772462    | 0.352180   | 2.193372    | 0.0371 |

  

| Effects Specification                 |  | S.D.     | Rho    |
|---------------------------------------|--|----------|--------|
| Cross-section fixed (dummy variables) |  |          |        |
| Period random                         |  | 0.000000 | 0.0000 |
| Idiosyncratic random                  |  | 0.462722 | 1.0000 |

  

| Weighted Statistics |          |                    |          |
|---------------------|----------|--------------------|----------|
| R-squared           | 0.897933 | Mean dependent var | 16.31544 |
| Adjusted R-squared  | 0.871471 | S.D. dependent var | 1.496468 |
| S.E. of regression  | 0.536498 | Sum squared resid  | 7.771405 |
| F-statistic         | 33.93312 | Durbin-Watson stat | 1.904259 |

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|                   |          |  |  |
|-------------------|----------|--|--|
| Prob(F-statistic) | 0.000000 |  |  |
|-------------------|----------|--|--|

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|                       |  |  |  |
|-----------------------|--|--|--|
| Unweighted Statistics |  |  |  |
|-----------------------|--|--|--|

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|                   |          |                    |          |
|-------------------|----------|--------------------|----------|
| R-squared         | 0.897933 | Mean dependent var | 16.31544 |
| Sum squared resid | 7.771405 | Durbin-Watson stat | 0.904259 |

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### Interpretation of the Result

The  $R^2$  which is the coefficient of determination or the measure of goodness of fit shows the degree of variation in the dependent variables, as explained by the independent variables all taken together. The closer our  $R^2$  is to 1, the better the goodness of fit of the model. From the result in table 4.3 above, we found out that our  $R^2= 0.897933$ . This is closer to 1 and thus indicates that our model displayed a good fit. The adjusted  $R^2 = 0.83$  this implies that despite the adjustment in the degree of freedom our variables can still explain about 87% of the changes or variation in the model. Thus, it is in line with the result of the goodness of fit of the model.

The f-statistics is used to test the overall statistical significance of our parameter in the model. If the probability of f in the computed model is greater than the desired level of significance (0.5) we accept the null hypothesis and reject the alternative. From the result in table 4.3 above the computed value of f is 33.93312 while its probability is 0.00000. Since its probability is less than 0.05 we accept alternative hypothesis which states that the independent variables are jointly statistically significant in explaining the dependent variable.

The Durbin Watson statistic is used to test for the presence or otherwise of autocorrelation in our regression model. When the value of our d-w statistics is 2, it means the absence of autocorrelation among the explanatory variables in the model.

The a priori expectation is determined by the existing economic theory and it indicates the signs of the economic relationship under consideration. From the result of our estimated model it was discovered that point of Sale has a positive sign given its value as 0.853013. This implies that increase point of sale in increase the performance of the selected banks bank by 8%.

Automated teller machine has positive sign given its value as 0.772462, this means that increase in automated teller machine increase the performance of the selected banks bank by 0.7%, and this conforms to our a priori expectation. Mobility of payment has a positive sign given its value as 1.041298. This suggests increase in bank performance by 1 This conforms to our theoretical expectation.

The t-statistics, this helps in detecting the individual statistical significance of parameter from the model. It was discovered that both automated teller machine and point of sale are positive and statistically significant, which implies that they contributed to bank performance. However, Mobility of payment (MOP) is positive and statistically significant at 5% level.

#### **4.4 Hypothesis Testing**

The need to examine the relationship between the collected data and the stated hypothesis has called for this section. This result will be compared with the statistical criteria to see if the preconceived notion in this research work holds or not.

**Ho<sub>1</sub>:** Point of sale has no significant effect on the performance of commercial bank in Nigeria.

From the result of our test in table 4.3 above, we found out that the value of our t–test for Point of sale is 5.511394 with a probability of 0.000; this probability value is greater than the desired level of significance (0.05). We reject the null hypothesis and accept the alternative hypothesis, which says that Point of sale has significant effect on the performance of commercial bank in Nigeria.

#### **Hypothesis Two**

**Ho<sub>2</sub>:** Automated teller machine has no significant effect on the performance of commercial bank in Nigeria.

From the result of our test in the table 4.3 above, we found out the value of our T–test for ATM is 2.193372 with a probability of 0.0087, this probability value is greater than the desired level of significance (0.05). We reject the null and accept the alternative hypothesis, which says that Automated teller machine has significant effect on the performance of commercial bank in Nigeria.

#### **Hypothesis Three**

**Ho<sub>3</sub>:** Mobile banking has no significant effect on the performance of commercial bank in Nigeria.

T–test for Mobile banking is 2.831044 with a probability of 0.0087, this probability value is greater than the desired level of significance (0.05). We reject the null hypothesis and accept the alternative hypothesis, which says that Mobile banking has significant effect on the performance of commercial bank in Nigeria.

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION**

#### **5.1 Summary of Findings**

This study examines the effect of cashless banking on the performance of selected banks in Nigeria from the periods of 2013-2019. To accomplish the objectives of this study, econometric methodology was adopted as a tool for testing the stated hypotheses; the Panel Least Square (OLS) was chosen as the estimated tool because of the advantage it has over other estimation techniques considering the topic under study. In carrying out this study necessary data were collected from Annual report of the selected banks. After reviewing the necessary literature with regards to electronic banking it was found that it is one of the drivers of performance of deposit money bank in Nigeria. The variables were point of sales, automated teller machine, and mobility of payment,

Based on the objectives of the study and the analysis done on the work, the empirical result was found that the level of electronic banking in Nigeria has significant positive effect on small and medium scale enterprises in Nigeria. The following findings were made.

1. Point of sales has a positive effect and is statistically significant on bank performance in Nigeria
2. Mobility of payment has a positive effect and is statistically significant
3. Automated teller machine has positive significant effect on the on bank performance in Nigeria

## **5.2 Conclusion**

The importance of the adoption of cashless banking to performance of deposit money bank is high. Importance of adequacy in infrastructure which was identified to be required for adoption of POS in rural areas, there are other known variables that contributed positively to the adoption of POS in rural areas these includes POS security, customer trust, customer education, and customer motivation. It has-been identified that the adoption of cashless in an organisation was prompted by the quest for the use of an alternative mode of payments to the use of cash, as it is the main medium of exchange for goods and services in rural areas. The choice of cashless which is a device for electronic payments systems was also to reduce the risk involved in carrying cash and the attendant consequence having known that this device is used basically for processing payments. The adoption of cashless in Nigeria reduces the volume of cash to be printed by the agency responsible for the printing. The reduction of the amount of money spent in cash management can be channeled to other uses. In conclusion cashless has a significant positive effect on the performance of deposit money bank in Nigeria.

## **5.3 Recommendations**

Based on the following findings of this study, the following policy recommendations are suggested:

1. The researcher Advocate for more ATM facilities which should be placed at strategic location for easy access.
2. Marketing and education of internet banking service and products should be intensified to attract more customers which enhance profitability.
3. The bank should conduct more research to find new internet banking product to attract and to retain her potential customers.

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