

# An Empathy Study of the Attitude and Perception of Customers toward the Prospect and Implementation of Cashless Banking System in Nigeria

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## ABSTRACT

*The implementation of Cashless Banking in Nigeria was aimed at reducing the amount of physical cash circulating in the Nigeria economy and thereby encouraging more electronic-based transaction. However, no matter how beneficial policy is, there is always a factor that may likely affect either implementation or prospect. This study assessed the effect of customers' attitude/perception on the prospects/implementation of Cashless Banking in Nigeria. The research work was based on survey method where primary data were used. Questionnaire and interviews were the instruments used in generating primary data. The study's population comprised the entire management staff and customers of the bank under study. Stratified Sampling Technique was used as the technique for sample selection where a total of 160 respondents were selected. Descriptive Statistics and Regression were used in the analysis. The results of the study revealed that there is a significant relationship between the customers' perception of and attitude toward implementation/prospect of Cashless Banking in Nigeria, and recommended that although there more Nigerians who accept and use Electronic-Banking, PoS, Mobile-Banking and the use of Debit/Credit Cards in financial transactions, commercial banks should be conducting a periodical survey to find out areas that need improvement and work on.*

**Keywords:** *attitude, prospect, perception, Cashless Banking, Electronic-Banking*

## INTRODUCTION

The need to make transactions easier can be traced back to the days of trade by barter, where goods were exchange for goods. Because of the tedious nature of the trade by barter system, various forms of the means of

exchange were sought for. These, later became money, and they made economic transactions less problematic and faster. Since then, various forms of money were introduced as means for exchange. These ranged from cowries to pennies (coins) and then paper money (Femi, 2012). One cannot deny the fact that even a task as simple as paying bills can be unsafe, costly and time-consuming (Obi 2012).

Prior to the advent of this electronic devices in the delivery of banking services in Nigeria, banking operations were marred with ineptitude, time consuming bureaucratic, bottleneck, long queues, crowd and such like complaints from the public. As a result of all these, the psychology or mental picture of the average individual towards banking services has been negatively affected. Some individual seems to prefer to keep their money to themselves or put it in to use anywhere else but not the bank. They prefer to do so as they always encounter one problem or the other whenever they go to withdraw money at the bank. Moreover banks generally develop large amount of data in the course of their operations. The collection, storage and management of these data are no doubt a very daunting task. The manual approach of these bank services and management was characterized by long queues, tally numbering, stress, loss of valuable works hour, and so on (Akhalumeh PB and Ohiokha F. 2011).

### 1.1 Objectives of the Study

An empathy study of the attitude and perception of customers toward the prospect and implementation of Cashless Banking System with special reference to selected banks in Nigeria is the main focus of this study.

### 1.2 Research Hypothesis

Ho: There is no significant relationship between the attitude and perception of customers toward Cashless Banking in Nigeria and its implementation/prospect.

## II.LITERATURE REVIEW AND THEORETICAL FRAMEWORK

### 2.1 Empirical Studies on Cashless Banking

According Ajayi (2014), cashless system of payments and instruments are significant contributors to the broader effectiveness and stability of the financial system. Innovations in technology and business models have implications for the efficiency and safety of cashless system of payments. The study of Adeyemo A., (2012), stated that study conducted in UK in march 2010 (the future of cash in UK) argued that cash differs from other payment instruments in the following regards; it circulates, it is always valuable, it provides full and final settlement of a transaction, it allows for anonymity, once issued, the circulation of cash is uncontrolled, it is regarded as public good by its users. However, the cost of cash to Nigeria financial system is high and increasing; the cost was very close to fifty billion naira in 2008. The result of the study by Nwanze G., (2016), shows that as full implementation of penalty charges on deposit and withdrawal limits takes off, the various e-channels and applications like Automated Teller Machines (ATM), Point-of-Sale (PoS) terminals and mobile banking platforms that are supposed to facilitate electronic transactions have remained largely deficient. According to Alao, AA & Sorinola, OO, (2015), one of the cardinal objectives of the Cashless Banking is to actualize the Nigeria's Vision 20:2020. Yaqub JO, *et al* (2013) argued that Electronic Payments have a significant number of economic benefits apart from their convenience and safety. These benefits when

maximized can go a long way in contributing immensely to economic development of a nation Automated electronic payments help deepen bank deposits thereby increasing funds available for commercial loans – a driver of all of overall economic activity.

## 2.2 Cashless Banking Channels in Nigeria

The study by Ajayi SI & Ojo OO., (2006), shows that changes will definitely continue to occur in response to social and technological advancements. This has led to a shift from the old cash handling system to cashless society, which is in vogue worldwide, as discovered by Odior ES and Banuso, FB. (2012). But according to Lawal A. (2012), people are not convinced that the agenda for the new payment policy is good for Nigerian at all. This is as the result of culture of doubt which pervading the minds of the people.

The study of Olusola M, *et al* (2013) describing contemporary works on payments traced the introduction of Cashless Banking Channels. Besides PayPal, the octopus card and Oyster cards which have been successful for several years also Visa PayWave and MasterCard Paypass were also introduced in 2003 and 2007 respectively. The above were primarily introduced as smart card technology, but have since been extended to include key fobs and Near Field Communication (NFC) enabled mobile phones. Both PayPass and PayWave are relatively young technologies and not very much like PayPal, Oyster or Octopus Card. However, Ochei, VO., (2013), Adewuyi, I. D., (2011), Daniel DG, Swartz RW and Fermar AL, (2004), Amedu, U. M. (2005) and Odior, E.S., and Banuso, F.B., (2012) included the following as components of cashless banking:

- i. Mobile Banking
- ii. Internet Banking
- iii. Electronic Card
- iv. Point of Sale (POS)/Point of Purchase (POP) terminals
- v. Automated Teller Machines

## 2.3 Customer attitude and Perception toward E-Banking in Cashless Banking

Perception and awareness have been explained in three dimensions with respect to the conviction behind the concept and the usage. These are; Perceived usefulness, Perceived ease of use, and Perceived reliability.

1. Perceived Usefulness: Davis (1989) asserts that the decision to use new technology is determined by the extent to which a person believes that it is cost effective in providing goods or services compared to the current method. Perceived usefulness is defined as the degree to which a person believes that using a particular e-banking technology will enhance their performance.
2. Perceived Ease of Use: Perceived ease of use refers to the degree to which a person believes that using a particular system would be free of effort. Information technologies that are easy to use will be less threatening to the individual (Moon and Kim, 2001). This implies that perceived ease of use is expected to have a positive influence on users in their interaction with E-banking systems.
3. Perceived Reliability: Customers frequently do not trust internet technology for two specific reasons: Security of the system and worries about the reliability of internet services (Lee and Turban, 2001). Strong

concern about security is one common factor related to unwillingness to use internet channels for commerce (Black et al., 2002). Most customers are not satisfied with the infrastructure of web security systems (Black et al., 2002). In internet banking, security is one of the most important future challenges, because customers fear higher risk in using the web for financial transactions.

In another study, Ezeoha, AE (2006), discovered that Internet banking is slowly been embraced by customers because Internet practice in Nigeria has been abused by cyber attackers who use real and deceptive banking websites to spoof users' sensitive information and funds thus adding voice to security concerns as a major factor inhibiting the use of e-banking. A similar study conducted in Benin, Nigeria, Egwali, AO, (2009), concluded that Security Indicators (SI) are not very effective at alerting and shielding users from revealing sensitive information to spoofed e-banking sites.

The findings of the study by James AO (2012), showed evidence that the more the perceived benefits of e-banking, the higher the rate of its acceptance. People will be more willing to use it if it is believed to be beneficial to them. This implies that relevant stakeholders such as banks, e-banking software and hardware designers and producers must work continuously to improve the user friendliness of e-banking product to ensure sustained increase in its acceptance (Morufu O & Taibat A 2015).

### III.METHODOLOGY

The study was conducted in Nigeria with Borno State as the area where primary data were obtained. The state is home to people who work in various state owned and federal institutions. This makes it a melting pot of ethnic composition due to the influx of different people with different cultures and ethnic backgrounds. Because the Borno State borders with four countries (Benin Republic, Republic of Chan, Niger Republic and Republic of Cameroon), it became a centre where international businesses are organised, and this factor made these cities an opportunity for banks to harness, thereby justifying the location of many banks in this study area. This study adopted exploratory research design followed by descriptive method. This is recommended by Kothari CR & Garg G, (2014), because the study concerns relationship and effect of variables. This study was also concerned with specific predictions (expected outcome), with narration of facts and characteristics concerning individual, group or situation hence the adopted of exploratory research design followed by descriptive research methods. The population of this study comprised of the management staff and customers of the commercial bank in the scope. This bank was purposive selected, with a sample size of one hundred and sixty two (162) randomly selected respondents.

**IV.DATA ANALYSES**

**Table 1: Educational Qualifications/Occupational Status**

Responses	Frequency	Percent
Below Undergraduate (SSC,ND, NCE, HND)	35	23.95
Undergraduate (BSc., BA, etc)	71	48.03
Postgraduate (PGD, MBA, MSc., PhD)	41	28.03
<b>Total</b>	<b>147</b>	<b>100.00</b>

Source; Field Survey, 2018

Educational Backgrounds of the respondents was presented. The researcher sought this in order to ascertain the level at which the questionnaire was digested and the contributions responses would have on the outcome of the study. Table 1 shows that 35(23.95%) respondents had either Senior Secondary School Certificates (SSSC), National Diplomas (ND), National Certificate of Education or Higher National Diploma (HND) certificates; 71 respondents represented by 48.03% Graduates while 41(28.03%) respondents had Postgraduate degrees. This implies that majority of the respondents that participated in the research survey had First Degree as their educational qualification and that most people who operate accounts with banks in Nigeria are learned people with at least First Degree, which is an indication that majority of banks customers in Nigeria are people who are educated up to the a Degree level and as such expected to know about Cashless Banking System and the way it operate.

**Table 2: Awareness and Accessibility of Cashless Banking Channels**

Awareness			Understanding		
Responses	Freq.	Percent	Responses	Freq.	Percent
Yes	97	65.99	Yes	85	57.96
No	50	34.01	No	62	42.04
Total	147	100.00	Total	147	100.00
Satisfaction			Accessibility		
Responses	Freq.	Percent	Responses	Freq.	Percent
Yes	93	62.99	Yes	98	66.94
No	54	37.01	No	49	33.06
Total	147	100.00	Total	147	100.00

Source; Field Survey, 2018

Table 2 presents responses on the awareness of and accessibility to cashless banking channels in Nigeria. The table comprised of six (6) categories of opinions on awareness, understanding, satisfaction, accessibility, services accessed and frequency of accessibility that would tell the researcher the respondents’ level of awareness of Cashless Banking system. The results indicates that 97(65.99%) respondents are awareness of the channels, 85(57.96%) actually understand the how the system works, 93(62.99%) are actually satisfied with the channels and 98(66.94%) can access these channels. Consequently, 50(34.01%), 62(42.04%), 54(37.01%) and

49(33.06%) indicated negative responses to Awareness, Understanding, Satisfaction and Accessibility respectively.

**Table 3: Level of Perception and Attitudes towards Automated Teller Machine**

Responses	Frequency	Percent
Highly Positive	34	23.02
Positive	35	23.98
Moderate	31	20.98
Negative	31	20.98
Highly Negative	16	11.04
<b>Total</b>	<b>147</b>	<b>100.00</b>

Source; Field Survey, 2018

In Table 3, it was revealed that the attitude of respondents toward Automated Teller Machine is highly positive. This could be seen by 34(23.02%) of the total responses. Although 35(23.98%) of the respondents had opinions slightly different, their responses maintained positive attitude with the usage of ATM. While 31(20.98%) and 16(11.04%) respondents had negative attitudes towards ATM, 31(20.98%) of the respondents were neutral.

**Table 4: Level of Perception and Attitudes towards Electronic Banking**

Responses	Frequency	Percent
Highly Positive	24	16.01
Positive	44	29.99
Moderate	41	27.95
Negative	19	13.03
Highly Negative	19	13.03
<b>Total</b>	<b>147</b>	<b>100.00</b>

Source; Field Survey, 2018

Results presented in Table 4 indicated that 24(16.01%) and 44(29.99%) of the respondents have high positive attitudes toward the acceptance and the use of Electronic-Banking, having a combined percentage in favour at 46%. About 26.06%, that is, 38 respondents are sceptical about using Electronic-Banking platform as there have negative attitudes toward it. However, 27.95% of the respondents' attitude towards Electronic Banking is moderate.

**Table 5: Level of Perception and Attitudes towards Redemption Centres**

Responses	Frequency	Percent
Highly Positive	29	20.00
Positive	50	34.01
Moderate	22	14.97
Negative	22	14.97
Highly Negative	24	16.05

<b>Total</b>	<b>147</b>	<b>100</b>
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Source; Field Survey, 2018

Table 5 presented the responses on perception and attitude toward redemption centres such Point of Sales. The research was concerned with finding out the attitudes of respondents toward the acceptability and usage of these centres. The result presented shows that this channel is gaining acceptance in Nigeria as indicated by 79(54.01%) respondents. Although 14.97% of the respondents' perception and attitude remains Moderate, 31.02% of the respondents have negative attitude toward this platform.

**Table 6: Level of Perception and Attitudes towards Mobile Banking**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Highly Positive	25	17.01
Positive	46	31.02
Moderate	31	20.95
Negative	34	22.99
Highly Negative	12	8.03
<b>Total</b>	<b>147</b>	<b>100.00</b>

Source; Field Survey, 2018

The way respondents behave and their perception toward Mobile-Banking was presented in Table 6. It shows that 25(17.01%) respondents' perception of Mobile-Banking is highly positive, 46(31.02%) respondents' perception of Mobile-Banking is positive, 31(20.95%) respondents' perception of Mobile-Banking is moderate, 34(22.99%) and 12(8.03%) respondents are not too free using Mobile-Banking. Most of them fall within the categories of being either in disagreement of the channel or completely neutral. But one can also say that Mobile-Banking is gaining acceptance since up to 48% of the response is positive.

**Table 7: Level of Perception and Attitudes towards Debit/Credit Card**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
Highly Positive	12	8.03
Positive	12	8.03
Moderate	25	17.01
Negative	40	26.94
Highly Negative	59	40.00
<b>Total</b>	<b>147</b>	<b>100.00</b>

Source; Field Survey, 2018

The result presented in Table 7 on the attitudes of respondents toward Debit/Credit Cards shows that most Nigerians are still not too comfortable with this instrument for use in financial transactions. This was evident as responded either Negative or Highly Negative by 66.94% of the total responses totalling 99 out of 147. Though only 16.06% response have positive perception attitude, 17.01% of the respondents' perception of the use of Debit/Credit Cards was moderate as they did not indicate the liking or otherwise.

## V.HYPOTHESIS TESTING

**Ho:** There is no significant relationship between the attitude and perception of customers toward Cashless Banking in Nigeria and its implementation/prospect;

**Table 8: Model Summary**

Model	R	R Square	Adjusted R <sup>2</sup>	Std. Error	Change Statistics				
					R <sup>2</sup>	F Change	df1	df2	Sig.
1	.218 <sup>a</sup>	.047	.041	.461	.047	7.254	5	142	.000

Table 8 describes the linearity relationship between the attitude and perception of customers toward Cashless Banking in Nigeria and its implementation/prospect as earlier observed. The variables were subjected to regression model from the result of the regression, the summary model showed that  $r = 0.218$ , which implies that the variables within the factors by rule, belong together at  $R^2 = 0.461 = 46.1\%$  which indicated that the combination of all the independent variables in the models explained up to 46.1% of the attitudes. The  $p$  – value  $p < 0.000$   $p < 0.05$  shows the attitude and perception of customers toward Cashless Banking in Nigeria and its implementation/prospect. Therefore, the study rejected the Null Hypothesis and accepted the alternate.

## VI.FINDINGS AND CONCLUSIONS

It was found out that most of the respondents that participated in the research survey had First Degree as their educational qualification and that most people who operate accounts with banks in Nigeria are learned people with at least First Degree, which is an indication that majority of banks customers in Nigeria are people who are educated up to the a Degree level and as such expected to know about Cashless Banking System and the way it operate, as such, there was a high level awareness, understanding, satisfaction and accessibility. The study also found out that the attitude of respondents toward Automated Teller Machine is highly positive and that there was also high positive attitude toward the acceptance and the use of Electronic-Banking, PoS, Mobile-Banking and the use of Debit/Credit Cards in financial transactions. In conclusion, there is a significant relationship between the customers' perception of and attitude toward implementation/prospect of Cashless Banking in Nigeria.

## VII.RECOMMENDATIONS

- I. There should a form of awareness creation by the stakeholders in the banking sector of the importance and roles that women should play in the prospect of cashless banking in Nigeria.
- II. Banks should give room for external participation in product design and marketing since they have more educated Nigerians as their customers, who are learned people and know about the way Cashless Banking System operate, as such, there was a high level awareness, understanding, satisfaction and accessibility.
- III. Even though the attitude of respondents toward Automated Teller Machine is highly positive, banks should ensure that all technical hitches that may jeopardise this are dealt with professionally to avoid diminishing attitude.

- IV. Although there more Nigerians who accept and use Electronic-Banking, PoS, Mobile-Banking and the use of Debit/Credit Cards in financial transactions, commercial banks should be conducting a periodical survey to find out areas that need improvement and work on them.
- V. Customers should be encouraged and motivated to boost their perception of and attitude since these have significant effect on the implementation/prospect of Cashless Banking in Nigeria.

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