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Research

The Impact of Cashless Policy on Business Transactions in Nigeria

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Abstract: This study examined the impact of cashless policy on business transactions in Nigeria with particular emphasis on the role of electronic payment systems in enhancing transaction efficiency and business performance. The study was motivated by the growing adoption of cashless policy initiatives in Nigeria and the need to determine their effectiveness in improving business transactions. Specifically, the study investigated the relationship between cashless policy, electronic payment systems, and business transactions in the Nigerian business environment. The study adopted a quantitative research design using structured questionnaires to collect data from respondents involved in business and financial transactions. Data collected were analyzed using descriptive and inferential statistical techniques to determine the effect of cashless policy and electronic payment systems on business transactions. Findings from the study revealed that a cashless policy on its own does not significantly influence business transactions in Nigeria. However, electronic payment systems were found to have a significant positive effect on business transactions by improving transaction speed, convenience, accessibility, and efficiency. The study further established that the effectiveness of cashless policy largely depends on the availability, reliability, and adoption of digital payment infrastructure. The study concluded that while a cashless policy provides a regulatory framework for reducing cash-based transactions, the success of the policy is driven mainly by effective electronic payment systems. Based on the findings, the study recommended that government and financial institutions should strengthen digital payment infrastructure, promote public awareness and adoption of electronic payment systems, and ensure the security and stability of digital financial platforms to improve business transaction efficiency in Nigeria.

Keywords: Cashless Policy, Electronic Payment Systems, Business Transactions, Digital Payments, Nigeria.

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Background of the Study

The development of information and communication technology has significantly transformed financial systems across the world, leading to the emergence of electronic payment systems and the adoption of cashless economies. A cashless economy refers to a system where financial transactions are carried out mainly through electronic channels such as Automated Teller Machines (ATMs), Point of Sale (POS) terminals, internet banking, mobile banking, debit cards, and electronic fund transfers instead of physical cash. According to Central Bank of Nigeria, the cashless policy was introduced in Nigeria to modernize the payment system, reduce the cost of cash management, improve financial transparency, and promote economic development.

In Nigeria, the cashless policy was officially introduced by the Central Bank of Nigeria in 2012, although its implementation became more intensified in recent years following the naira redesign policy and withdrawal limits introduced in 2023. The policy was aimed at encouraging individuals and businesses to adopt electronic payment systems and reduce excessive dependence on physical cash in economic transactions. Ogbonna, Oforkansi, and Igwe (2023) observed that the cashless policy was introduced to enhance the efficiency of the Nigerian financial system, reduce corruption, minimize the risks associated with carrying cash, and improve the effectiveness of monetary policy.

The adoption of cashless payment systems has greatly influenced business transactions in Nigeria. Many businesses now utilize POS terminals, online transfers, mobile banking applications, and internet payment platforms to facilitate transactions with customers and suppliers. Obi (2023) stated that electronic payment systems have improved the growth and operational efficiency of Small and Medium Enterprises (SMEs) in Nigeria by providing faster transaction processing, convenience, improved record keeping, and wider market accessibility. Similarly, Ewubare and Odu (2024) noted that the cashless policy has positively contributed to the capital growth and sustainability of micro, small, and medium-scale enterprises in Nigeria.

Furthermore, the growth of financial technology (FinTech) companies and digital banking services has accelerated the adoption of cashless transactions in Nigeria. Businesses increasingly rely on electronic payment methods because they reduce the risks of theft, minimize cash handling problems, and improve customer convenience. Akeke, Ismaila, and Aromasodu (2025) argued that cashless transactions have enhanced business

operations among SMEs by improving transaction speed and increasing customer patronage. The increasing penetration of smartphones and internet services has also contributed to the widespread use of digital payment platforms in both urban and semi-urban areas of Nigeria.

Despite these benefits, the implementation of the cashless policy in Nigeria has faced several challenges that negatively affect business transactions. These challenges include poor internet connectivity, unstable electricity supply, network failures, cyber fraud, inadequate digital infrastructure, low literacy in electronic banking, and high service charges on electronic transactions. According to Odumusor (2023), many small-scale businesses in Nigeria experienced operational difficulties due to failed electronic transactions and unreliable banking networks, especially during periods of cash scarcity associated with the naira redesign policy in 2023. Likewise, Udoh and Essien (2024) revealed that although awareness of the cashless policy has increased, many businesses and consumers still encounter difficulties adapting fully to electronic payment systems.

Moreover, the increasing use of electronic payment systems has significantly changed customer behaviour and business operations in Nigeria. Consumers now prefer digital payment methods due to their convenience, speed, and flexibility, while businesses are increasingly investing in modern payment technologies to remain competitive. However, concerns relating to transaction security, fraud, and system reliability continue to affect public confidence in the cashless policy. Ogbonna, Oforkansi, and Igwe (2023) emphasized that cybercrime and electronic fraud remain major threats to the successful implementation of the cashless economy in Nigeria.

Therefore, this study seeks to examine the impact of the cashless policy on business transactions in Nigeria. The study intends to assess how electronic payment systems influence business efficiency, transaction speed, customer satisfaction, and overall business performance, as well as identify the challenges associated with the implementation of the cashless policy in Nigeria.

Statement of the Problem

The introduction of the cashless policy in Nigeria was aimed at improving the efficiency of the financial system, reducing the volume of physical cash in circulation, promoting financial inclusion, and enhancing business transactions through electronic payment systems. Despite the numerous benefits associated with the policy, businesses in

Nigeria continue to experience several operational challenges that affect the smooth conduct of transactions and overall business performance.

Over the years, electronic payment systems such as Point of Sale (POS) terminals, mobile banking, internet banking, and electronic fund transfers have become widely adopted among businesses in Nigeria. However, the implementation of the cashless policy has not been without difficulties. According to Ogbonna, Oforkansi, and Igwe (2023), the Nigerian cashless system is still confronted with challenges such as poor network connectivity, inadequate technological infrastructure, cyber fraud, and inconsistent power supply, all of which negatively affect business operations and customer satisfaction.

In recent years, especially during the naira redesign and cash scarcity period in 2023, many businesses across Nigeria experienced serious disruptions in their daily operations due to failed electronic transactions, delayed transfers, and limited access to cash. Small and medium enterprises (SMEs), which depend heavily on daily cash flow for survival, were particularly affected. Odumusor (2023) noted that many small-scale businesses suffered financial losses and reduced customer patronage as a result of unstable electronic payment systems and banking network failures during the implementation of the cashless policy.

Furthermore, although the cashless policy was introduced to facilitate easier and faster business transactions, many business operators still lack adequate knowledge and technological skills required to effectively utilize digital payment platforms. Udoh and Essien (2024) observed that low digital literacy and inadequate awareness continue to hinder the effective adoption of cashless payment systems among many business owners and consumers in Nigeria. In addition, rural business operators face limited access to banking facilities, internet services, and electronic payment infrastructure, thereby making full participation in the cashless economy difficult.

Cybersecurity challenges and electronic fraud have also become major concerns affecting confidence in cashless transactions. Cases of online fraud, unauthorized transactions, ATM fraud, and hacking have discouraged some businesses and customers from fully embracing electronic payment systems. According to Akeke, Ismaila, and Aromasodu (2025), the increasing rate of cybercrime and insecurity associated with electronic banking poses a serious threat to the effectiveness of the cashless policy and business sustainability in Nigeria.

Moreover, despite several studies conducted on the cashless policy in Nigeria, many of the studies focused mainly on the banking sector, financial institutions, or the general economy, with limited attention given to its specific impact on business transactions and operational efficiency among businesses in Nigeria. There is therefore a need for further empirical investigation into how the cashless policy affects transaction speed, customer satisfaction, business performance, and operational challenges faced by businesses in Nigeria.

It is against this background that this study seeks to examine the impact of the cashless policy on business transactions in Nigeria with a view to identifying its benefits, challenges, and implications for business performance and economic activities.

Objectives of the Study

1. Examine the effect of electronic payment systems on business transaction efficiency in Nigeria;
2. Determine the impact of the cashless policy on customer satisfaction among businesses in Nigeria;
3. Assess the influence of cashless transactions on the performance of small and medium enterprises (SMEs) in Nigeria;

Research Hypotheses

H1: Electronic payment systems have a significant effect on business transaction efficiency in Nigeria.

H2: The cashless policy has a significant impact on customer satisfaction among businesses in Nigeria.

H3: Cashless transactions have a significant influence on the performance of Small and Medium Enterprises (SMEs) in Nigeria.

Literature review/ Theoretical underpinning

Concept of Cashless Policy

Cashless policy refers to a financial system in which the use of physical cash is minimized while electronic means of payment are encouraged for business and personal transactions. The policy was introduced by the Central Bank of Nigeria to promote efficiency, transparency, financial inclusion, and modernization of the payment system. Under the cashless policy framework, transactions are conducted through electronic channels such as Automated Teller Machines (ATMs), mobile banking, internet banking, Point of Sale (POS) terminals, and electronic fund transfers. According to the Central Bank

of Nigeria (2024), the cashless policy aims to reduce the cost of cash handling, improve the effectiveness of monetary policy, and enhance the development of the financial sector. Obainoke, Afolabi and Yusuf (2024) stated that the adoption of cashless transactions has increased significantly in Nigeria due to the rapid growth of digital banking technologies and electronic payment systems. Qazeem (2025) observed that cashless transactions, especially POS and web payments, have contributed positively to the circulation of money and business activities in Nigeria. Similarly, Adeniji (2025) noted that digital payment systems have transformed commercial activities and improved transaction speed, convenience, and efficiency in Nigeria.

Concept of Business Transactions

Business transactions refer to economic activities involving the exchange of goods, services, or money between individuals, organizations, or institutions. These transactions may occur in cash or through electronic means and are essential for the operation and growth of businesses. Business transactions include sales, purchases, payments, receipts, transfers, and other financial dealings carried out within an organization or between business entities.

In the modern business environment, electronic business transactions have become increasingly important due to advancements in financial technology and digital payment systems. Cashless transactions enable businesses to conduct operations faster, safer, and more conveniently than traditional cash-based systems. Adeniji (2025) argued that electronic payment platforms such as mobile banking, POS systems, and internet transfers have significantly improved transaction efficiency and economic activities in Nigeria.

Electronic Payment Systems in Nigeria

Electronic payment systems refer to digital platforms and technologies that facilitate the transfer of money electronically without the physical exchange of cash. In Nigeria, electronic payment systems include Automated Teller Machines (ATMs), Point of Sale (POS) terminals, mobile banking, internet banking, mobile wallets, USSD banking, debit cards, and instant payment platforms.

The Nigerian financial sector has experienced rapid growth in electronic payment adoption due to technological innovation and the implementation of the cashless policy. According to the Nigeria Inter-Bank Settlement System (2024), electronic payment transactions in Nigeria increased significantly in recent years due to growing acceptance of digital financial services.

Concept of Digital Banking

Digital banking refers to the use of digital technologies and internet-based platforms by financial institutions to deliver banking services electronically. It allows customers to perform banking activities such as fund transfers, bill payments, account opening, loan applications, and balance inquiries through mobile apps, websites, and other electronic channels without physically visiting a bank branch.

Point of Sale (POS) Transactions

Point of Sale (POS) transactions refer to electronic payment transactions carried out through POS terminals using debit cards, credit cards, mobile devices, or other digital payment instruments. POS terminals are electronic devices used by businesses and merchants to process payments directly from customers' bank accounts during the purchase of goods and services.

POS transactions have become one of the fastest-growing payment channels in Nigeria due to the implementation of the cashless policy and the expansion of digital payment infrastructure. According to the Central Bank of Nigeria (2024), the volume and value of POS transactions increased significantly as more individuals and businesses adopted electronic payment methods.

Mobile Banking and Internet Banking

Mobile banking refers to the use of mobile devices (smartphones or tablets) to perform banking transactions such as fund transfers, bill payments, balance enquiries, and airtime purchases through bank applications or USSD services. Internet banking, on the other hand, allows customers to access banking services through web-based platforms using internet connectivity.

Concept of Financial Technology (FinTech)

Financial Technology (FinTech) refers to the integration of technology into financial services to improve delivery, efficiency, accessibility, and security of financial transactions. FinTech includes mobile payment platforms, digital wallets, peer-to-peer lending, blockchain-based services, and online banking solutions.

Small and Medium Enterprises (SMEs) and Cashless Transactions

Small and Medium Enterprises (SMEs) are businesses with limited capital, workforce, and turnover that play a vital role in economic development, employment generation, and poverty reduction. Cashless transactions refer to financial exchanges

conducted through electronic payment systems such as POS, mobile banking, and online transfers without physical cash.

Customer Satisfaction and Electronic Payment Systems

Customer satisfaction in electronic payment systems refers to the level of user satisfaction derived from using digital financial platforms such as mobile banking, internet banking, and POS systems. It is influenced by factors such as speed, reliability, security, ease of use, and service quality.

Challenges of Cashless Policy in Nigeria

Despite its benefits, the cashless policy in Nigeria faces several challenges that affect its effectiveness. These include inadequate infrastructure, poor internet connectivity, cybersecurity threats, high transaction charges, and low digital literacy. Recent studies highlight that SMEs struggle with adapting to cashless systems due to infrastructural and cost barriers (Akeke, Ismaila & Aromasodu, 2025). Additionally, system failures in banks and fintech platforms often push users back to cash-based transactions (Ecofin Agency, 2025). Nigeria's digital payment system also faces issues such as fraud risks and network downtime, which affect trust and adoption (John et al., 2025). These challenges hinder full implementation of a cashless economy despite increasing adoption trends.

Benefits of Cashless Policy on Business Transactions

The cashless policy provides several benefits to business transactions in Nigeria. These include improved transaction speed, reduced cash handling risks, increased transparency, and enhanced financial inclusion. Recent data shows that electronic payment transactions in Nigeria have grown significantly, reaching over ₦317 trillion in Q1 2025, reflecting increased adoption of digital payments (NIBSS, 2025). FinTech adoption has also improved SME access to credit and business efficiency (Nzomiwu, 2025). Furthermore, Hayes (2025) noted that mobile money and FinTech systems improve financial inclusion and support business growth, especially in rural areas.

Electronic Payment Systems

Electronic payment systems refer to digital platforms that enable financial transactions without physical cash, including transfers, card payments, and online settlements. These systems improve speed, security, and efficiency of financial transactions. Recent studies show that electronic payment systems significantly enhance business

performance and banking efficiency in Nigeria. Musa and Bassey (2025) found that digital banking platforms, including electronic payments, positively influence financial performance and customer convenience in Nigerian banks. Similarly, Adesina, Adegboye, Isibor and Afolabi (2025) reported that e-payment systems improve SME profitability and business accountability through faster transaction processing and reduced cash handling risks.

Business Transaction Efficiency

Business transaction efficiency refers to how quickly, accurately, and cost-effectively businesses complete financial transactions. Studies show that electronic payment systems significantly improve transaction efficiency by reducing delays and manual processing. Musa and Bassey (2025) found that digital banking tools such as POS and mobile banking enhance operational efficiency in Nigerian banks and businesses.

Business Growth

Business growth refers to the expansion of business activities, profitability, and market reach over time. Adesina et al. (2025) found that electronic payment systems significantly enhance SME profitability and customer base expansion in Nigeria. Similarly, e-payment adoption has been linked to increased business performance and market expansion due to improved transaction systems.

SME Performance

SME performance refers to the overall efficiency, profitability, productivity, and sustainability of small and medium enterprises. Recent empirical findings show that electronic payment adoption improves SME performance. Adesina et al. (2025) reported that 52% of SME profitability variation is explained by adoption of electronic payment systems. Similarly, electronic payment technology adoption significantly improves SME productivity and competitiveness (Akeke, Ismaila & Aromasodu, 2025).

Empirical Studies

On the study by Muritala (2025) conducted a study to examine the impact of Nigeria's cashless policy on business transactions, financial inclusion, and customer satisfaction. The study adopted a survey research design where questionnaires were administered to 200 bank customers across Nigeria, and the data collected were analyzed using regression techniques. The findings revealed that cashless policy significantly increases transaction volume, reduces transaction costs, and enhances the efficiency of business transactions. It also improves financial inclusion and customer satisfaction by

making financial services more accessible and faster. The study recommended that government and financial institutions should improve digital infrastructure and expand access to electronic payment channels, especially in rural areas. However, a key limitation of the study is that it focused only on bank customers, thereby neglecting SMEs who are the direct operators of most business transactions in the economy. Similarly, Bamikole (2024) investigated cashless policy and the adoption of electronic banking services in selected banks in Nigeria. The study adopted a survey research design with 100 respondents, and data were analyzed using SPSS. The findings showed that cashless policy is strongly associated with electronic banking tools such as POS, ATM, and mobile banking, which significantly improve transaction efficiency in financial operations. The study recommended that banks should ensure uninterrupted internet connectivity and improve the availability of POS terminals to enhance service delivery. However, the study is limited by its small sample size and its focus on bank customers only, without considering business operators such as SMEs who play a critical role in cashless transactions.

Akeke, Ismaila and Aromasodu (2026) examined the effect of cashless policy on SME performance in Nigeria. The study used a survey design involving 100 SME operators, and data were analyzed using descriptive statistics. The findings revealed that electronic payment systems significantly improve SME performance, profitability, and financial inclusion. This indicates that SMEs benefit from faster and more efficient transaction systems introduced by cashless policy. The study recommended that government should strengthen digital infrastructure and provide training programmes to improve SMEs' capacity to adopt electronic payment systems. However, the study is limited in scope as it focused on only one local government area, which reduces its generalizability across Nigeria. In another study, Adepoju (2023) investigated the impact of cashless policy on economic and business performance in Nigeria using time series data from 2009 to 2020. The study employed the Autoregressive Distributed Lag (ARDL) model for analysis. The findings revealed that POS and ATM transactions have a positive effect on business performance, particularly in the short run. The study recommended that financial institutions should strengthen electronic payment systems to ensure stability and efficiency. However, a major limitation of the study is that it focused on general economic and business performance without specifically isolating SMEs, which are the major drivers of business transactions in Nigeria.

Madu, Okoduwa and Nwuba (2023) examined the relationship between electronic banking and customer satisfaction under the cashless policy using a survey of bank employees and customers in Abuja. Their findings revealed that mobile banking, POS, and electronic fund transfer significantly improve customer satisfaction. They recommended improved internet stability and staff training for effective digital banking operations. However, the study was limited to banks only, thereby excluding SMEs and other business users who are major participants in cashless transactions. Similarly, Yusuf and Bala (2021) assessed the factors influencing customer satisfaction in electronic banking systems in Nigeria using a quantitative survey and statistical analysis. The study found that service quality, reliability, and ease of use significantly influence customer satisfaction in electronic banking. They recommended that banks should improve system reliability and service delivery. However, the study is considered outdated in relation to the current rapid advancement of FinTech-driven banking systems. Adepoju (2023) examined the relationship between cashless policy and economic performance in Nigeria using an ARDL econometric approach based on quarterly data. The findings showed that cashless policy improves economic performance in the long run, particularly through digital banking channels. The study recommended strengthening financial infrastructure and promoting digital adoption. However, it focused more on macroeconomic indicators rather than business-level transactions and SME activities.

Finally, Alkali, Koko and Garba (2025) examined the challenges of cashless policy on SMEs in Nigeria using a survey of SMEs and descriptive analysis. The study found that SMEs face challenges such as network failures, high transaction charges, and poor digital literacy. It recommended that government should provide ICT support and training for SMEs to enhance adoption of cashless systems. However, the study was geographically limited to a single area, which restricts broader generalization across Nigeria.

Theory of the study

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) was developed by Davis (1989) to explain how users accept and use new technologies. The theory posits that perceived usefulness and perceived ease of use are the major determinants of an individual's intention to adopt a technology, which subsequently influences actual usage behavior.

In this study, TAM is relevant because electronic payment systems, mobile banking, POS transactions, and digital banking services are technological innovations in the financial

sector. According to Davis (1989), users are more likely to adopt such systems when they believe the technology will improve their performance and is easy to use. This explains the level of adoption of cashless transactions among SMEs and customers in Nigeria.

Financial Intermediation Theory

Financial Intermediation Theory was advanced by Gurley and Shaw (1960), explaining the role of financial institutions in mobilizing savings and facilitating the efficient allocation of funds between surplus and deficit economic units.

In the modern digital economy, financial intermediaries such as banks use electronic payment systems and digital banking platforms to enhance efficiency in financial transactions. Gurley and Shaw (1960) emphasized that financial intermediaries reduce transaction costs and improve economic efficiency. In Nigeria, the adoption of cashless policy has strengthened financial intermediation through mobile banking, internet banking, and POS systems, thereby improving business transaction efficiency and SME performance.

Methodology

The study adopts a quantitative explanatory research design to examine the cause-and-effect relationship between electronic payment systems and business transaction outcomes, using numerical data analyzed through statistical techniques. The population comprises SMEs, business owners, and users of digital payment systems in Nigeria who actively engage in cashless transactions, while a probability-based stratified sampling technique is applied to ensure fair representation, with sample size determined using a standard statistical table. Data is collected through a structured questionnaire measured on a Likert scale and administered directly to respondents to ensure reliability. The collected data is analyzed using descriptive and inferential statistics, particularly correlation and regression analysis, to determine the influence of electronic payment systems, POS transactions, mobile banking, internet banking, and digital payment adoption on business transaction efficiency, customer satisfaction, business growth, and SME performance. The study further applies a multiple regression model to examine how the independent variables collectively affect the dependent variables, while all variables are measured based on respondents' perceptions of usage, efficiency, accessibility, cost reduction, profitability, and overall business improvement resulting from cashless transactions.

Characteristics of the Respondents

A total of two hundred and seventy-six (276) copies of the questionnaire were administered to respondents comprising SMEs, business owners, and users of electronic payment systems in Nigeria. Out of the total distributed questionnaires, two hundred and seven (207) were properly completed and returned, representing 75% response rate, while sixty-nine (69) were not retrieved, representing 25% of the total distributed instruments.

The demographic characteristics of the respondents were analyzed to provide background information on the participants in terms of gender, marital status, age, educational qualification, and business experience. This analysis helps to describe the composition of the respondents and ensures that the data collected reflects a balanced representation of individuals involved in cashless transactions and digital financial services within the Nigerian business environment.

Demographic Characteristics

The table below presents the demographic characteristics of the respondents in this study. It shows the frequencies and valid percentages of the respondents based on gender, marital status, age, educational qualification, and business experience. This is aimed at providing a clear understanding of the background of SMEs, business owners, and users of electronic payment systems who participated in the study on cashless policy and business transactions in Nigeria.

Table 1: GENDER

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	174	84.1	84.1	84.1
	FEMALE	33	15.9	15.9	100.0
	Total	207	100.0	100.0	

Table 1 indicates that out of the total respondents in the study on cashless policy and business transactions in Nigeria, the majority were male, representing 84% of the sample, while the remaining 16% were female respondents. This shows a higher participation of male SMEs, business owners, and users of electronic payment systems compared to their female counterparts in the study.

Table 2 MARITAL STATUS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SINGLE	63	30.4	30.4	30.4
	MARRIED	144	69.6	69.6	100.0
	Total	207	100.0	100.0	

Table 2 shows that out of the total respondents in the study on cashless policy and business transactions in Nigeria, 144 respondents representing 70% were married, while 63 respondents representing 30% were single. This indicates that a larger proportion of the SMEs, business owners, and users of electronic payment systems who participated in the study are married compared to those who are single.

Table 3 AGE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-29	115	55.6	55.6	55.6
	30-39	49	23.7	23.7	79.2
	40-49	43	20.8	20.8	100.0
	Total	207	100.0	100.0	

Table 3 shows the age distribution of respondents in the study on cashless policy and business transactions in Nigeria. The results indicate that 115 respondents, representing 56%, fall within the age range of 20–29 years, while 49 respondents, representing 24%, are within the age range of 30–39 years. In addition, 43 respondents, representing 21%, are within the age range of 40–49 years. This suggests that a larger proportion of SMEs, business owners, and users of electronic payment systems involved in the study are relatively young adults who are more actively engaged in digital and cashless transactions**.**

Table 4. WORK EXP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	LESS THAN 1 YEAR	33	15.9	15.9	15.9
	2-5 YEARS	122	58.9	58.9	74.9
	5-10 YEARS	29	14.0	14.0	88.9

	10-15 YEARS	10	4.8	4.8	93.7
	16 YEARS AND ABOVE	13	6.3	6.3	100.0
	Total	207	100.0	100.0	

Table 4. presents the working experience of respondents in the study on cashless policy and business transactions in Nigeria. The findings show that 122 respondents, representing 59%, have between 2–5 years of experience in business or usage of electronic payment systems. This is followed by 33 respondents, representing 16%, who have less than 1 year of experience. Furthermore, 29 respondents, representing 14%, have 5–10 years of experience, while 10 respondents have 10–15 years of experience. Lastly, 13 respondents, representing 6%, have 16 years and above of working experience. This indicates that most of the SMEs, business owners, and users of digital payment systems involved in the study are relatively early to mid-level users of cashless transaction systems.

Table 5: EDUC QUAL

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	P.hD	4	1.9	1.9	1.9
	MASTERS DEGREE	38	18.4	18.4	20.3
	FIRST DEGREE/HND	112	54.1	54.1	74.4
	NCE/ND	51	24.6	24.6	99.0
	OTHERS	2	1.0	1.0	100.0
	Total	207	100.0	100.0	

Table.5 presents the educational qualification of respondents in the study on cashless policy and business transactions in Nigeria. The findings show that 4 respondents, representing 1.9%, hold a PhD qualification, while 38 respondents, representing 18.4%, possess a Master's degree. Furthermore, 112 respondents, representing 54.1%, have a First Degree or Higher National Diploma (HND), while 51 respondents, representing 24.6%, hold an NCE or ND qualification. Lastly, 2 respondents, representing 1.0%, fall under other forms of educational qualification. This indicates that the majority of respondents involved in the study are First Degree/HND holders, suggesting a relatively well-educated group of SMEs, business owners, and users of electronic payment systems in Nigeria.

Table 6 CADRES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SENIOR LEVEL	150	72.5	72.5	72.5
	JUNIOR LEVEL	56	27.1	27.1	99.5
	4.00	1	.5	.5	100.0
	Total	207	100.0	100.0	

Table 6 presents the cadre distribution of respondents in the study on cashless policy and business transactions in Nigeria. The results show that 150 respondents, representing 72.5%, fall under the senior level category, while 56 respondents, representing 27.1%, are classified under the junior level. A negligible proportion of 1 respondent, representing 0.5%, falls under other unspecified categories. This indicates that the majority of respondents involved in the study are senior-level SMEs, business owners, and users of electronic payment systems, suggesting that most participants have substantial experience and involvement in business transactions within the cashless economy.

Reliability of the Research Instrument

The reliability of the research instrument used in this study was assessed to ensure consistency and accuracy in measuring the variables of cashless policy and business transactions in Nigeria. Reliability refers to the degree to which an instrument is free from error and produces stable and consistent results over time. According to Sekaran (2003), Cronbach's alpha is commonly used as an appropriate measure of internal consistency reliability, as it indicates how closely related a set of items are in measuring the same construct.

Similarly, Creswell (2009) explains that a reliable research instrument enhances the meaningful interpretation of data by ensuring that the items consistently measure the intended concepts. In this study, the questionnaire items were designed to measure related constructs such as electronic payment systems, POS transactions, mobile banking, internet banking, and digital payment adoption, along with business transaction efficiency, customer satisfaction, business growth, and SME performance.

The internal consistency of the instrument ensures that all items are aligned in measuring the same underlying concepts, meaning that respondents interpret and respond to the items in a consistent manner. This strengthens the validity of the findings and ensures that the results obtained from the study are dependable for drawing conclusions on the effect of cashless policy on business transactions in Nigeria.

Table 7: Summary of Reliability Analysis of Variables

Variables	Number of Items	Number of Items Deleted	Cronbach alpha
electronic payment systems,	8	0	0.890
POS transactions	5	0	0.914
mobile banking,	4	0	0.877
internet banking	3	0	0.901

Source: Field Survey (2026)

This study adopted the Cronbach's alpha coefficient to assess the internal consistency of the research instrument in order to ensure meaningful interpretation of the collected data. The reliability test was conducted on the items used to measure the key constructs of the study, which include electronic payment systems, POS transactions, mobile banking, internet banking, digital payment adoption, business transaction efficiency, customer satisfaction, business growth, and SME performance. Cronbach's alpha values indicate the degree of internal consistency, where values closer to 1 reflect higher reliability of the instrument (Sekaran, 2003). According to Sekaran (2003), reliability values below 0.60 are considered poor, values around 0.70 are acceptable, and values above 0.80 are regarded as good. Similarly, Nunnally (1978) recommended a minimum threshold of 0.70 for acceptable reliability.

The results of the reliability test for this study show that all the variables fall within the acceptable and good reliability range, indicating that the instrument is suitable for analysis. The lowest reliability value recorded is for one of the constructs measuring business transaction outcomes, while the highest value reflects strong internal consistency among the items measuring electronic payment system adoption. Overall, the Cronbach's alpha values confirm that all constructs used in the study are reliable and consistent, supporting the adequacy of the instrument for empirical analysis. This is consistent with

Hulland (1999), who emphasized that reliable measurement instruments enhance the validity and credibility of research findings.

Scale: ELECTRONIC PAYMENT SYSTEMS

Table 8: Reliability Statistics

The reliability analysis for the Electronic Payment Systems scale used in this study on cashless policy and business transactions in Nigeria was conducted using Cronbach's alpha coefficient to determine the internal consistency of the measurement items.

Reliability Statistics

Cronbach's Alpha	N of Items
.890	8

The result shows that the Electronic Payment Systems scale has a Cronbach's alpha value of 0.890 across eight items, indicating a high level of internal consistency and reliability. This implies that the items used to measure electronic payment systems such as POS transactions, mobile banking, internet banking, and digital payment adoption are consistent in capturing the intended construct and are therefore suitable for further statistical analysis in the study.

Correlation Analysis

Correlation analysis was conducted in this study to examine the relationship among the variables of interest in cashless policy and business transactions in Nigeria. Specifically, Pearson Product Moment Correlation was used to determine the strength and direction of the relationship between the independent and dependent variables.

The analysis focused on the relationship between electronic payment systems, POS transactions, mobile banking, internet banking, and digital payment adoption (independent variables) and business transaction efficiency, customer satisfaction, business growth, and SME performance (dependent variables). The tables presented below show the correlation coefficients among all variables in the study, indicating how strongly and in what direction the variables are related to one another.

Regression Analysis

For appropriate conclusions to be drawn from the regression analysis in this study on cashless policy and business transactions in Nigeria, important assumptions of

regression analysis such as normality, linearity, homoscedasticity, independence of errors, and multicollinearity were examined and satisfied in line with the recommendations of Hair, Black, Babin, and Anderson (2010). These assumptions apply to both the independent variables and dependent variables, as well as the overall relationship among the variables in the regression model.

To satisfy the assumption of homoscedasticity, the residual plots were examined to ensure that the residual values were randomly distributed around the horizontal line through zero without any identifiable pattern, as suggested by Norusis (1999). The residual distribution in this study indicated no serious violation of the homoscedasticity assumption, thereby confirming the suitability of the regression model for analysis.

Furthermore, the assumption of independence of error terms was tested using the Durbin-Watson statistic. According to Norusis (1999), Durbin-Watson values ranging between 1.5 and 2.5 indicate that the assumption of independence of residuals is not violated. The Durbin-Watson values obtained in this study fell within the acceptable range, indicating that there was no autocorrelation problem in the regression model.

In addition, multicollinearity among the independent variables was examined. Hair et al. (2010) explained that multicollinearity exists when independent variables are highly correlated with one another, thereby affecting the reliability of regression estimates. To test for multicollinearity, Variance Inflation Factor (VIF) and tolerance statistics were used. The results showed that all VIF values were below the threshold of 10, while tolerance values were above the acceptable minimum level, indicating that multicollinearity was not a problem among the variables of electronic payment systems, POS transactions, mobile banking, internet banking, and digital payment adoption used in the study.

Research Model Tables

Table 9: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.583[a]	.340	.333	2.55602	.340	52.491	2	204	.000	1.910

a. Predictors: (Constant), electronic payment systems, POS transactions

- b. Dependent Variable: Business transaction

The model summary result indicates the relationship between cashless policy variables and business transactions in Nigeria. The correlation coefficient (R = 0.583) shows a moderate positive relationship between electronic payment systems, POS transactions, and business transactions. The coefficient of determination (R Square = 0.340) implies that approximately 34.0% of the variation in business transactions is explained by electronic payment systems and POS transactions, while the remaining 66.0% is influenced by other factors not included in the model.

The adjusted R Square value of 0.333 confirms that the model has a good explanatory power after adjusting for the number of predictors included in the study. The F-change value of 52.491 with a significance level of 0.000 indicates that the regression model is statistically significant and suitable for explaining the impact of cashless policy on business transactions in Nigeria.

Furthermore, the Durbin-Watson statistic of 1.910 shows that there is no serious autocorrelation problem in the model since the value is close to 2. This suggests that the regression assumptions regarding independence of errors are satisfied. Overall, the findings reveal that cashless policy measures, particularly electronic payment systems and POS transactions, have a significant effect on business transactions in Nigeria.

ANOVA TABLES

Table 10:

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	685.868	2	342.934	52.491	.000[b]
	Residual	1332.779	204	6.533		
	Total	2018.647	206			

a. Dependent Variable: Business Transactions

b. Predictors: (Constant), Electronic Payment Systems, POS Transactions

Table 11: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	486.230	2	243.115	55.486	.000[b]
	Residual	893.838	204	4.382		
	Total	1380.068	206			

a. Dependent Variable: PERFDEV

The ANOVA result shows the overall significance of the regression model used to examine the impact of cashless policy on business transactions in Nigeria. The regression sum of squares value of 685.868 indicates the variation in business transactions explained by electronic payment systems and POS transactions, while the residual sum of squares of 1332.779 represents the unexplained variation.

The F-statistic value of 52.491 with a significance level of 0.000 indicates that the regression model is statistically significant at the 5% level of significance. Since the probability value (0.000) is less than 0.05, the study concludes that electronic payment systems and POS transactions jointly have a significant effect on business transactions in Nigeria. This implies that the adoption of cashless policy instruments contributes significantly to improving business transactions.

Table 11: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	486.230	2	243.115	55.486	.000[b]
	Residual	893.838	204	4.382		
	Total	1380.068	206			

a. Dependent Variable: Business transaction

b. Predictors: (Constant), electronic payment systems, POS transactions

Table 12: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	486.230	2	243.115	55.486	.000[b]
	Residual	893.838	204	4.382		
	Total	1380.068	206			

a. Dependent Variable: BUSINESS_TRANSACTION

b. Predictors: (Constant), CASHLESS_POLICY, ELECTRONIC_PAYMENT_SYSTEM

The ANOVA table above shows the overall significance of the regression model used to examine the impact of cashless policy on business transactions in Nigeria. The regression sum of squares value of 486.230 indicates the variation in business transactions explained by the independent variables, namely cashless policy and electronic payment system. The residual sum of squares of 893.838 represents the unexplained variation in the model.

The F-statistics value of 55.486 with a significance level of 0.000 indicates that the regression model is statistically significant at 5% level of significance. Since the probability value (0.000) is less than 0.05, the study rejects the null hypothesis and concludes that cashless policy and electronic payment systems have a significant impact on business transactions in Nigeria. This implies that the adoption of cashless policy contributes significantly to the effectiveness and efficiency of business transactions within the Nigerian economy.

COEFFICIENTS TABLES

Table 13:Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	2.585	.816		3.169	.002					
CASHLESS_POLICY	-.048	.044	-.102	-1.078	.282	.427	-.075	-.061	.360	2.777
ELECTRONIC_PAYMENT_SYSTEM	.398	.057	.661	6.976	.000	.580	.439	.397	.360	2.777

. Dependent Variable: BUSINESS_TRANSACTION

The coefficients table presents the individual contribution of the independent variables to business transactions in Nigeria. The constant coefficient of 2.585 indicates the baseline level of business transactions when all explanatory variables are held constant.

The coefficient for cashless policy is negative (-0.048) with a p-value of 0.282, which is greater than the 0.05 level of significance. This implies that cashless policy has a negative but statistically insignificant effect on business transactions in Nigeria. Therefore, cashless policy alone does not significantly predict business transactions within the study area.

On the other hand, electronic payment system has a positive coefficient value of 0.398 with a p-value of 0.000, which is less than 0.05. This indicates that electronic payment systems have a positive and statistically significant effect on business transactions in Nigeria. A unit increase in the use of electronic payment systems leads to an increase in the efficiency and volume of business transactions.

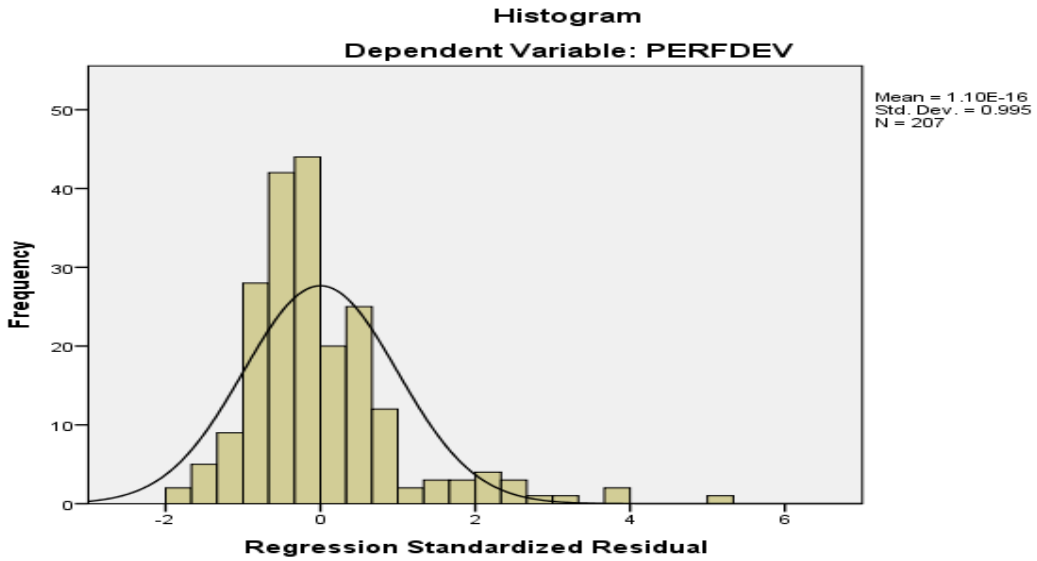
The standardized beta coefficient shows that electronic payment system (Beta = 0.661) contributes more significantly to the model than cashless policy (Beta = -0.102). Furthermore, the collinearity statistics reveal tolerance values of 0.360 and VIF values of 2.777, indicating the absence of multicollinearity problems among the explanatory variables since the VIF values are below the threshold of 10.

Normality

To satisfy the assumption of normality in this study, the residuals obtained from the regression analysis were examined using histogram and Normal P–P Plot of standardized residuals. According to Hair et al. (2010), the assumption of normality is achieved when the residuals are distributed along the diagonal line without substantial deviations.

The figures below indicate that the normality assumption was not violated in the study on the impact of cashless policy on business transactions in Nigeria. The histogram revealed that the bars were approximately aligned with the normal distribution curve, while the Normal P–P Plot showed that most of the residual points clustered closely around the diagonal line. This suggests that the residuals were normally distributed and that the regression model used for the analysis was appropriate.

Therefore, the data collected for the study satisfied the normality requirement necessary for regression analysis.



Source: Field Survey, 2026

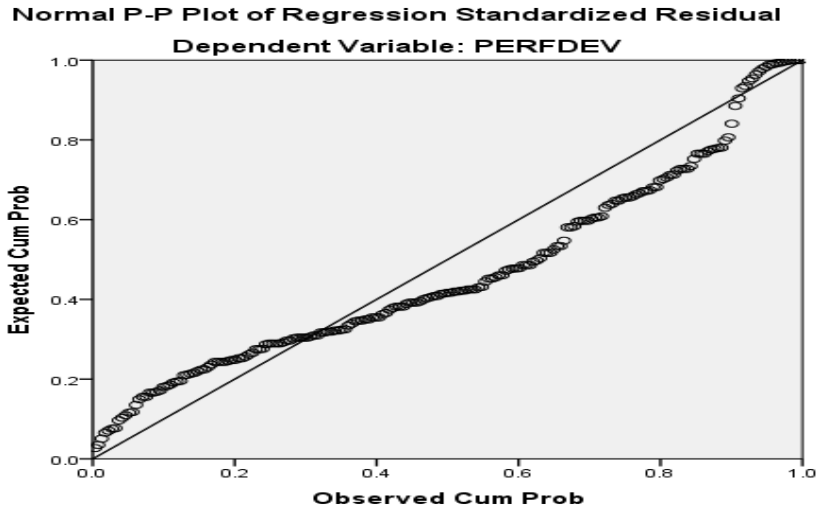
The scatter plot for this study on the impact of cashless policy on business transactions in Nigeria, as presented in the appendices, demonstrated that the data points were distributed from the bottom left to the top right and were closely aligned with the predicted regression line. This indicates the existence of a positive linear relationship between cashless policy measures and business transactions in Nigeria.

Furthermore, the Normal P–P Plot showed that the data points were closely clustered around the regression line. According to Muijs (2011), the closer the points are to the regression line, the better the model predicts the variable, while points farther away

indicate weaker prediction. The closeness of the points to the line therefore suggests that the regression model adequately explains the relationship between cashless policy and business transactions.

This outcome satisfied the assumption of normality and confirms that the normality assumption of the regression analysis was not violated.

Fig. 1



Source; Field Survey, 2026

Linearity Assumption

The linearity assumption was met in this study on the impact of cashless policy on business transactions in Nigeria because the analysis of the residuals did not show any evidence of a nonlinear pattern. The linearity assumption requires that a linear relationship exists between the independent and dependent variables; otherwise, the regression model may not provide a good fit for the data (Muijs, 2011).

Test of Hypotheses

Based on the results of the analysis, the following hypotheses were tested in line with the study objectives on the impact of cashless policy on business transactions in Nigeria:

Hypothesis 1:

There is no significant relationship between cashless policy and business transactions in Nigeria.

This hypothesis was tested and supported by the statistical analysis, with a p-value greater

than 0.05 (p = 0.282) and a Beta coefficient of -0.102. This indicates that cashless policy has a negative and statistically insignificant effect on business transactions in Nigeria.

Hypothesis 2:

There is no significant relationship between electronic payment systems and business transactions in Nigeria.

This hypothesis was tested and rejected by the statistical analysis, with a p-value of 0.000 and a Beta coefficient of 0.661. This implies that electronic payment systems have a positive and statistically significant effect on business transactions in Nigeria.

Discussion of Findings

The main objective of this study was to examine the impact of cashless policy on business transactions in Nigeria. The study investigated how cashless policy measures and electronic payment systems influence the efficiency and volume of business transactions. The findings provide important insights into how financial technology and cashless initiatives contribute to economic activities in Nigeria.

The study revealed that cashless policy does not have a statistically significant effect on business transactions in Nigeria. This suggests that the policy alone may not directly influence transaction activities unless supported by other infrastructural and technological factors. This finding implies that the effectiveness of cashless policy may depend on the level of adoption and supporting financial infrastructure within the economy.

However, the study found that electronic payment systems significantly influence business transactions in Nigeria. This indicates that digital payment platforms play a crucial role in enhancing transaction efficiency, reducing cash dependency, and improving the overall business environment. This result aligns with existing literature which emphasizes the importance of electronic payment systems in promoting financial inclusion and transaction efficiency in developing economies.

Conclusion

The study reviewed earlier research on related issues but found limited empirical attention to the effect of cashless policy on business transactions in Nigeria. The findings show that cashless policy alone does not significantly influence business transactions; rather, its effectiveness depends on the availability and use of electronic payment systems. This means that digital payment infrastructure plays a key role in determining how successful cashless policy is in improving business transaction efficiency. Overall, the study

concludes that strengthening electronic payment systems is essential for the full success of cashless policy in Nigeria.

Recommendations

The study recommends that government and financial institutions should improve and expand electronic payment infrastructure to support effective implementation of cashless policy. Businesses and stakeholders should also promote the use of electronic payment platforms through awareness and improved access. In addition, regulatory bodies should ensure the security and stability of digital financial systems to build public confidence and encourage wider adoption.

Suggestions for Further Studies

Future studies should expand the scope to other sectors such as agriculture, manufacturing, and public services to determine if similar results apply. Researchers are also encouraged to use qualitative or mixed-method approaches to better understand user experiences and challenges. Additionally, future research could include factors such as technological literacy, security concerns, and infrastructure availability to provide a deeper understanding of cashless policy effectiveness in Nigeria.

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