Cashless Economic Policy and Sustainable Development in Nigeria Economy: The Missing Links

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Abstract
This paper focused on the cashless economic policy and sustainable development in Nigeria economy as well as the missing links. Cashless Economy was seen as an economic setting in which goods and services are bought and paid for through electronic media. Sustainable development is the organizing principle for sustaining resources necessary to provide for the needs of future generations of life on the planet. The Study showed that Cashless economic policy reduces the movement of cash through the usage of ATM, helps customers to carry out a number of financial transactions without delay, produces speedy and accurate financial report in efficient manner, creates more employment opportunities in industrial/banking sector, reduces in money laundering, check corruption and improved the effectiveness of monetary policy in managing inflation and driving economic growth thereby contributes significantly to sustainable economy development. Lack of Customer’s Sensitization, poor internet services among others were observed as the missing links militating against the success of cashless economic policy Nigeria. It was recommended among others that, Information and Communication Technology (ICT) should be given much attention in order to have good networking system since the implementation of cashless economic policy depends on internet service. Secondly, Monitoring of fraudsters should be done by financial institutions and Central Bank of Nigeria should embark on intensive awareness campaign to educate Nigerians about this policy.

Keywords: Cashless Economy, Sustainable Development, Internet and Missing Link.

Introduction
The world today is moving away from paper payment to electronic means, especially payment cards. In a bit to ensure and foster sustainable development of the state economy, the Central Bank of Nigeria (CBN 2011) introduces the cashless economy policy with the objective of promoting the use of electronic payment. A Cashless Economy is an economy where transactions can be done without carry physical cash as means of exchange for transactions but rather with the use of credit and debit card payment for goods and services. Abiodun and Chima (2012), sees cashless economy as one where purchases are paid for by electronic means and not by cash. The most outstanding cashless banking channels over the world, according to Okey (2012), are mobile banking, internet banking, electronic card implants, Point of Sale (POS) terminals, telephone banking and Automated teller machine (ATM).
The Central Bank of Nigeria (CBN) stated that the introduction of cashless economic policy in Nigeria would moderate the cost of cash management, encourage the use of electronic payment channels and reduce lending rates to further make credit accessible to big and small businesses. Central Bank of Nigeria (2012) maintained that the cashless Economic development and modernization of the Nigeria in payment system in line with vision 2020, reduces the amount of physical cash circulation in the Nigeria economic and thereby encouraging movement of electronic-base transactions, reduce cost incurred in maintaining cash base economy by 90% when fully implemented in Nigeria.

Akpan (2009) observed that the introduction of cashless economic policy in Nigeria aims at reducing the cost of banking services and drive financial institutions by providing more efficient transaction options and greater reach to customers, improve the effectiveness of monetary policy in managing inflation as well as curbing negative consequences associated with the high usage of physical cash in the economy such as risk of cash related crimes, revenue leakage arising from too much of cash handling, inefficient treasury management due to nature of cash processing and high inflation of the economy.

Despite the benefits posited by cashless economic policy and its importance in sustainable and developing the economy of Nigeria, it has brought confusion among the masses as many misconceived the term to be an economy there will be no more cash in the circulation but card and other instruments. Many still believed that, the cash limit set by Central Bank of Nigeria (CBN) in respect to cashless economic policy is too low and query how the Central Bank of Nigeria arrived at the bench-mark. Notwithstanding the fact that the cashless policy come with enormous benefits; there are also some missing links that confronted the policy such as financial constraints, infrastructure, deficit, literally levels, fraudulent activities and poor power supply in Nigeria. Consequently, the policy failed to achieve its objectives. Apart from the physical challenges, economic data and indicators are not fully available and reliable. There is a great challenge in attempting to analyze the true impact of the cashless policy on the economy of Nigeria as only few monetary and macroeconomic indicators can be traced with subject matter.

**Sustainable Development**

This is a road map; of action plan for achieving sustainability in any activity that uses resources and where immediate and intergenerational replication is demanded. Sustainable development is the organizing principle for sustaining fruit resources necessary to provide for the needs of future generations of life on the planet (Odior and Banuso 2012).

Sustainable development is development that meets the needs of the present without compromising the ability of the future generations to meet their own needs. Limitations imposed by advanced technology vices within the environment and the ability to meet the present and future needs of customers. Babalola (2008) opined that sustainable development is a roadmap and action plan for achieving sustainability in any activity that uses resources and where immediate and intergenerational replication is demanded. As such, sustainable development is the resource necessary to provide for the needs of future generations. Okey (2012) said that sustainability is a function of social, economic, technological and ecological terms. Sustainable development meets the needs of the present and future generation to meet their needs. Sustainable development is an approach to growth and to manage natural product and social welfare of their generation.
The financial sector, which is the central nervous system of any economy, is important for the development of any nation. Globally, the relationship between the financial system and development remains very critical for any economy to realize its potentials. Though the banking system functions more efficiently and effectively when there is a robust and efficient payments systems infrastructure.

**Internet Banking**: This involves conducting banking transactions on the internet (www) using electronic tools such as computer without the customer having to visit the bank. It is a product that enables the Bank leverage on the internet.

**Cashless Economic Policy**
This is an economic setting in which goods and services are bought and paid for through electronic media. Cashless Economy is not the complete absence of cash, it is an economic setting in which goods and services are bought and paid for through electronic media. According to Nweke (2012), cashless Economy is defined as one in which there are assumed to be no transaction frictions that can be reduced through the use of money balances, and that accordingly provide reasons for holding such balances even when they earn rate of return. In a cashless economy, how much cash is in your wallet is practically irrelevant. Payment could be made for purchases by anyone of a plethora credit cards or bank transfer (Laoye, 2011).

Woodford (2003) noted that contrary to what is suggestive of the term, cashless Economic does not refer to an outright absence of cash transactions in the economic setting but one which the amount of cash-based transaction are kept to the barest minimum. Cashless economic system does not mean a total elimination of cash; money will continue to be a means of exchange for goods and services in the use of physical cash by providing alternative channels for making payment. Eromosele and Obina (2012) opined that the cashless economic policy of the Central Bank of Nigeria (CBN) is designed to provide machine payment services, breakdown the traditional barriers hindering financial inclusion of millions of Nigeria at low cost, secured and convenient financial services to urban, semi-urban and rural areas across the country. According to Nweke (2012), in the western world today, almost 97% of transactions are done without physical cash and this has greatly reduced cost, corruption and money laundering. In Nigeria today, it is the opposite because under the cashless Economy concept, the goal is to discourage cash transactions as much as possible. Laoye (2011) added that the system is target at encouraging electronic means of making payment and not aimed at discouraging cash holdings, also Azeez (2011) acknowledged that what is anticipated by this policy is that instead of making large withdrawals to effect payment for goods and services, cash is kept in the bank so that payment are made through credit card. In this system, users are issued with electronic cards which can be slotted into special electronic machines in order to effect payments. At the centre of such payment system are the point sale (pos) terminals.

**Impact of Cashless Economic Policy and Sustainable Development**
Experts have pointed out specific areas which the cashless economy will enhance the quality of life. They include:

**Faster Transaction**: Reducing queues at the point of sales.

**Improving Hygiene on Site**: Eliminating the bacterial spread through handling notes and coins, increased sales, cash collection made simple because time spent in collection, counting and sorting cash is eliminated.
It is also noted that the policy reduces time of transferring cash, processing tax, increases processing/transaction time, offers multiple payment options and give immediate notification on all transactions on customers account. It is also beneficial to the Bank with customer’s relationship, international products and services, promotion and branding, increase in customer satisfaction and easier documentation and transaction tracking (Ajaya and Oyo, 2011). Amaka (2012), observed that the cashless economy, when fully implemented, has many benefits. Some of these benefits include:

- Reduction in money laundering
- Check on terrorist financing
- Effectiveness of the monetary policy
- Creation of more employment opportunities in industrial/banking sector.
- Provision of evidence against corrupt official.

According to Central Bank of Nigeria (2011), the new cashless policy is introduced into the Nigeria Economy for the following reason:

- To drive development and modernization of Nigeria’s payment system in line with vision 2020 goal.
- To reduce the cost of banking services (including cost of credit) and drive financial inclusion by providing more efficient transaction options.
- To improve the effectiveness of monetary policy in managing inflation and driving economic growth.

Eromosele and Obina (2012) believes that if the reported two-third of the total cash in the economy which are outside the banking system is brought in (as it will be in cashless economy), the bank will have enough resource to do their business. Osazevbaru, Sakpaide, and Ibubune (2014) said that if the cashless policy is successfully implemented, the following benefit will be attained.

- A shift towards cashless policy will reduce the high operational costs incurred in a cash based economy. Such costs emanate from cash management and movement, currency sorting and printing.
- Cashless policy will help minimize the risks associated with the use of physical cash that do arise from burglaries and thieves as well do financial losses in fire outbreaks.
- Cashless economy will make every segment of the banking population to pay for its usage of cash. The situation in the cash based system where the majority small cash users pay for the minority high cash users will stop.
- Corporate organizations will benefit by way of faster access to capital, reduce revenue leakages and reduce cash handling cost.
- On the part of the government, it will bring about increased tax collection, greater financial inclusion, reduced revenue leakages and increase economic development.

The Missing Link on Cashless Economic Policy in Nigeria Economy

Notwithstanding the fact the cashless policy comes with enormous benefits, there are also some envisaged challenges that confronted the policy. These challenges include

1. **The policy is challenge by infrastructure deficit:** The financial infrastructure in Nigeria is not adequate to carry the load of a cashless society; ATM’s, Point of Sales system, mobile banking and other mediums have to dramatically expand to touch at least 40% of the whole economy before any meaningful effect can be achieved. The cashless payment channels that are currently available are not adequate to cope with
the demand of the policy if it is to be implemented religiously. This means that the policy will require further investment of funds by operators and regulators. Inadequate infrastructure which ranges from network failure, inadequate ATM and POS machines and epileptic power supply which is critical to efficient electronic payment system will undoubtedly militate against the success of cashless policy. For example, some ATM and POS machines do not work when the consumers need them because it is out of service or unable to dispense cash.

2. **Interrupted Power Supply:** Electricity is a critical infrastructure for air efficient e-payment system. Sadly, Nigeria cannot boast of steady power supply across its urban and rural areas. This without doubt affects the success of cashless policy. Power must be improved dramatically to accommodate for smooth operations of financial activities.

3. **High Rate of Illiteracy:** As noted in any developing country, the literacy rate in Nigeria is still very low especially in the Northern part of the country. Hence, the business men here prefer to keep their money in their own vault while there are banks scattered all over the country. To operate successfully in cashless economy, some level of literacy is required in view of the technology involved. Therefore, Nigeria with high rate of illiteracy certainly has some challenges.

4. **Prevalence of e-fraud/Consumer Protection:** Another major concern is the risk involved, because the process is rush and the customers’ losses confidence in the system due to high level of fraudulent activities, it devastating the economy of Nigeria.

5. **Religious Beliefs:** Recently there has been psychological war in the country over the proposed Islamic bank by the CBN. The Muslims believe that the conventional banks are guilty of sinning against God by their interest charges. This has been one of the reasons why the achievement of the cashless Nigerian society is doubted.

6. **Availability of Real Data:** Proper and accurate identification of account holders must be maintain and shared when necessary by all financial institutions; also CBN must collaborate with all other government and private agency responsible for collection of Identification of individuals in Nigeria for reconciliation of any identification.

7. **Investments:** Central Bank of Nigeria must be ready to invest heavily to make these transitions possible; Technology is not cheap and ever changing at a very fast pace.

8. **Security:** As it relates to laws that are need to enforce new methods of transactions and a changing culture, the Central Bank of Nigeria must partner and work with the National Assembly to ensure proper legislation is been formulated. Enforcements of new legislation would be carried by the Central Bank of Nigeria and all other executive arms that are empowered such as the Economic and Finance Crime Commission. They must commit to training of personnel and the judiciary must be prudent and up to the task.

9. **Lack of Trust and the Bounced-Cheque Syndrome:** Trust is lacking in Nigeria’s business environment. As a result, business operatives believe in cash and carry. Bounced cheque issue is a very common thing in Nigeria. People place less trust on the use of Cheques too.

10. **Getting it Right the First Time:** Another major concern is the risk involved, because the process was rushed and the economy loses confidence in the system due to high level of fraudulent activities, it devastating the Nigeria economy.

11. **Bank Charges / High fees on some electronic channels:** The high charges and fees on some of the electronic channels are capable of generating resistance by the banking
public. For instance, the recent re-introduction of charges for ATM withdrawals did not go down well with the users.

12. Poor Internet Services: Poor internet service is one of the challenges that militate against effective implementation of cashless economic policy in Nigeria. Information and Communication Technology should be given much attention in order to have good networking system since the implementation of cashless economy depends on internet service. This will require significant improvement on the network of the various electronic banking platforms like ATMs and POSs and their availability.

13. Lack of Unique National Identity System which makes it difficult to implement the policy efficiently and effectively. The effect of this is that one can rob Peter to pay Paul. Thus, one can dupe a bank today and reappear in another area under another name.

14. Lack of Customer’s Sensitization: Stakeholder engagement/Grassroots sensitization and poor sensitization has been a major challenge in a country where literacy rate is still very low. Inadequate education coupled with poor enlightenment of bankers and customers on various aspects and issue of electronic payment transactions and cashless policy before launching the scheme has made the strategies for marketing the project fall short of expectations. They should be adequate sensitization (training and seminars) to operators.

15. Poor timing and sequencing for both the policy and penalty which is too stiff for Nigeria who have a strong habit of using cash for most of their transactions has limited the success of the policy because inherent implementation of a policy of this kind demands attitudinal change from the public which constitutes an inherently complete endeavor that involves multiple players and multiple system.


Conclusion
This paper presented the new cashless economic policy and sustainable development in Nigeria Economy, assessing the missing links. The introduction of electronic banking in Nigeria has impacted positively on the development of payment system in particular and the banking system in general. Electronic banking is the platform on which cashless policy sails. The paper observed some missing links militating against effective implementation of cashless economic policy and sustainable development in Nigeria Economy such as Religious Beliefs, high bank charges, infrastructure deficit, Interrupted Power Supply, High Rate of Illiteracy, Prevalence of e-fraud/Consumer Protection, Availability of Real Data, investment, security, Lack of Customer’s Sensitization poor internet services etc despite the numerous benefits of the policy. According to Nweke (2012), cashless economic does not refer to an outright absence of cash transactions in the economic setting, but one which the amounts of cash-based transaction are kept to the barest minimum. Cashless economic system does not mean a total elimination of cash; money will continue to be a means of exchange for goods and services in the foreseen able future. It is financial environment that minimizes the use of physical cash by providing alternative channels for making payment. However, it is imperative for government to make good networking system, uninterrupted power supply and good internet service, to make the policy achieve its goals.

Recommendations
- It is recommended that the Central Bank of Nigeria should embark on intensive awareness campaign to educate Nigerians about this policy.
The issue of electricity should be tackled by the government to facilitate the usage of electronic money.

Stakeholders as well as the law enforcement agencies should work co-operatively to give life to the cashless banking policy.

Information and Communication Technology should be given much attention in order to have good networking system since the implementation of cashless economy depends on internet service.

Financial institution should organize training and retraining of the customers through seminars and symposia to encourage effective use of the cashless economic policy.

Monitoring of fraudsters should be done by financial institutions.

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