



## Effects of Cashless Policy on Market Women in Oji River Local Government Area of Enugu State

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### ABSTRACT

*This study examines the effects of Nigeria's cashless policy on market women in four selected markets in Oji River, Enugu State. A quantitative approach was adopted, testing the hypothesis that there is no significant difference in the perception of market women across the markets regarding the cashless policy. Findings confirmed the null hypothesis, revealing uniform concerns among respondents. The policy was found to reduce physical cash handling but negatively impacted sales due to poor network failures, high transaction charges, and fraud risks. Despite these challenges, the policy's benefits such as reduced cash theft and ease of transactions were acknowledged. The study recommends improved financial infrastructure, subsidized transaction costs, and digital literacy programs to enhance adoption among market women.*

**Keywords:** Cashless policy, Ugwuoba Garki Cattle Market, Timber Market Oji river urban, women

### INTRODUCTION

Cashless is the absent or without cash, while policy is a set of rules, laws or norms generally accepted to guide the behavior, pattern or a process at a particular time. The Nigerian central bank has implemented a cashless policy, encouraging the use of non-cash payment methods for all transactions, including commercial, personal, local, and international trade. The strategy sought to reduce banking costs and enhance the effectiveness of monetary policy in regulating inflation and driving economic development. The CBN cash policy requires a daily total limit of N500, 000 and N3, 000,000 on free cash withdrawals across all accounts owned by individual and corporate customers respectively. Individuals and corporate organizations that make cash withdrawals above the limits will be charged a service fee for amounts above the cumulative limits. (CBN website, 2011).

According to Adedamola (2023), the implementation of the cashless policy is intended to modernise the banking industry, increase transparency, and boost economic efficiency. Additionally, according to James (2023), the goal of this cashless policy is to boost the volume of all accessible payment methods in the nation and encourage end-to-end electronic payments. According to ICAN (2023), the main goals of the cashless policy's implementation are to decrease the amount of actual cash in circulation and expand the availability of alternative payment methods like credit and debit cards, bank transfers, bank direct debits, automatic teller machines (ATMs), and point-of-sale (POS) machines (Omose, 2011).

Market women are a predominantly female adult who engages in an informal type of business, they also sell agricultural products and foods, particularly in the marketplace. The informal sector's attribute of ease of entry and exit has provided an employment opportunity to the growing number of people in the urban areas. According to the International Labour Organisation (ILO), the informal sector employs about 61 percent of the urban labour force in developing countries of which the majority are women (Akintoye, 2006; 2008; ILO, 2000).

However, the implementation of the cashless policy in the country presented huge obstacles, such as delays in certifying quantities of money before leaving the point of sale or purchase, non-remittance of cash, cash loss to payment channel operators and banks, and so on. Advance fraud, unfriendly customer service, and so on. Cashless policy aims to curb some of the negative consequences associated with the high usage of physical cash in the economy, including high cost of cash, high risk of using cash, high subsidy, informal economy, inefficiency and corruption (CBN,2011).

Despite the benefits associated with the policy, there have been some constraints and challenges confronting the policy, these include: the infrastructures which have not been good enough to give way to ineffectiveness. The technology access for the transaction are not effective as system failure are experienced most times at point of transactions leaving individuals with no choice than to deal with cash directly. Many are of the opinion that the cash limit set by the central bank is too low and also query how the bench mark was arrived at. (Fatogun & Ajao 2020). In as much as cashless policy is beneficial to the economy, the activities of the market women matters. It is against this that the study seeks to establish the effects of cashless policy on the market women in Oji River Local Government, Enugu State.

### **Statement of the Problem**

The problem under study has to do with an unsatisfactory condition posed by the cashless policy in Nigeria.

In a specific term,

- I). Inability to accept bank transfer
- II). Lack of bank account number
- III). Inability to use mobile Apps for transactions.

### **Objective of the Study**

The main objective of the study is to investigate The Effect of Cashless Policy on the Market Women in Oji River LGA of Enugu State, Nigeria. The specific objectives are to:

- 1. To investigate the extent, the cashless policy as regards to bank transfer affect the market women
- 2. Determine market women's use of bank account
- 3. Find out the Mobile App used the most for business.

### **Research Question**

The study is guided by the following research questions;

- 1. Do you accept transfers from the customers?
- 2. Do you own a bank account?
- 3. Which Mobile App do you use the most for business?

### **Research Hypothesis**

Ho: There is no significant difference in the perceptions of market women across the four selected markets regarding the cashless policy.

## **LITERATURE REVIEW**

The cashless policy was first introduced in January 2012 by the Nigerian government and the Central Bank of Nigeria (CBN). However, on December 6, 2022, the CBN and FG announced amendments to the policy titled "Naira Redesign Policy – Revised Cash Withdrawal Limits." This amendment took effect on January 9, 2023, across all the states and federal capital territory of Nigeria. The policy was aimed at reducing the amount of physical cash circulating in the economy and encouraging more electronic-based transactions in the payment for goods and services, in order to scale up financial inclusion and reduce the occurrence of armed robbery, terrorism financing,

kidnapping, ransom payment, and extortion among others. Rather than experiencing tremendous economic growth has outlined by the federal government and CBN, terrible sufferings and economic losses originating from the improper implementation of the revised cash withdrawal policy have made many people believe the decision to embark on the revised policy was politicized to influence election outcome. The agony of scarcity of naira was on the lips of many Nigerians, including corporations, small-scale businesses, petty traders, transporters and the high and low in the Nigerian economy. (CBN Website 2022).

Cashless refers to a financial system or mode of transaction where physical money such as coins or banknotes but instead the exchange of information is through transactions (Ragaventhara, 2016). The ease of conducting financial transactions is probably the biggest motivator to go digital. Cashless policy is a secured and convenient way of opening for technological advancement in the field of world economy. A cashless payment system entails more behavioral changes in people where the use of money as a medium of exchange for goods and services is eliminated and replaced by electronic transfer payments or non-electronic payment via cheques (Tee and Ong 2016). Cashless policy is a derivative of cashless policy. Or a plan of action adopted by an individual or social group. Cashless policy is a plan that guides transactions using electronic platforms instead of physical or raw cash as a medium of transactions in order to reduce and control the volume of money outside the banking system. According to James (2013), cashless policy is an economic system in which transactions are not done predominantly in exchange for actual cash. It is an economic setting in which goods and services are bought and paid for through electronic media. Alilonu, (2012) posited that the cashless economy does not mean a total elimination of cash as money will continue to be a means of exchange for goods and services in the foreseeable future. It is a financial environment that minimizes the use of physical cash by providing alternative channels for making payments. Gbaram and Dumani (2020) contributed that the cashless policy introduced by the CBN in 2012 is to digitalize payment channels and instruments, reduce cost of bank financial services to drive inclusive finance and to enhance monetary policy effectiveness and stimulate economic growth. It is a useful tool in the reduction of cost of providing banking service, encouraging affordability and penetration (Ajayi, 2014). Keck, (2012) in agreement with the imposition of the electronic platform in conducting financial services, contributed that the cashless policy will enhance privacy of transactions, convenience, compatibility, transaction efficiency, mobility and low financial risk.

A cashless transaction refers to an economic setting whereby goods and services are transacted without cash (Paul and Friday 2012), either through electronic transfer or cheque payment. Unlike traditional cash transaction, cashless payments discourage robbery and other cash related crimes (Armey et al. 2014). When people opt for other alternative modes of payment, they tend to hold less physical cash when they shop. Thus, it eliminates the incentive for robbers to commit cash related crimes. As for vendors, the ease of transaction through various payment modes will increase their revenue, improve operational efficiency and lower operating cost (Alliance 2003). Cashless economy refers to the physical stream of national exchange being replaced with digital platforms such as online transactions, the introduction of plastic cards, Internet banking, etc. (Praseetha et al., 2019). With this change, the currency is not restricted from use, whether it means slowing down the usage of cash currency by utilizing the appropriate procedure. The role of digital transactions becomes more prominent; hence it provides an alternative solution to the population from different perspectives (Alibekova et al., 2020).

The rise of Online Banking has further propelled the shift toward cashless transactions. Internet banking platforms empower users to manage their Finances, Transfer Funds, Pay Bills, and make Purchases, all from their computers or mobile devices. The convenience of these digital interfaces has contributed to the reduced dependency on physical cash for everyday financial activities (Tee and Ong, 2016). The ATM according to Davies, Moutinho and Curry, (2009) is made up of the Central Processing Unit (CPU) for controlling the UI and exchange gadgets, chip or magnetic

reader to perceive the client. Essentially, touch screen is utilized to choose the different part of exchange and record printer which gives the client an exchange. Most ATMs are connected to interbank systems, making workable for individuals to make withdrawal and deposit cash from machine not having a place with the bank they have account or the nation where their record are held in this manner, empowering money withdrawal in neighborhood cash (Moutinho, 2009). ATMs are regularly recognized by signs above them demonstrating the name of the bank which owns them.

Omotayo (2015) described the purpose of POS as an electronic installment gadget which empowers a person to make purchases with electronic cards. Moreover, the POS acknowledge Debit/Credit card for installment of merchandise. The POS has a card that stores data on microchips. Internet banking refers to the use of internet facilities or electronic devices to effect payment without necessarily having to travel from one location to the other to use the facilities of a bank. According to scholars such as Kumari and Khanna (2017) this kind of transaction can be done through the internet on PCs, laptop and other devices. Siyanbola (2013) also postulated that bank customers who have subscribed to internet banking can do the basic banking transaction at their convenience through the web: internet banking such as mobile banking uses the electronic card infrastructure for carrying out payment instructions and final settlement of goods and services over the internet between merchants and customers.

### **Market Women**

Market women are primarily adult females engaged in informal commerce, specialising in the sale of agricultural products and food items, notably within marketplaces. The market woman is that woman, irrespective of age, marital status, religion, and tribe, whose business is buying and selling foodstuffs, agricultural products, textiles, clothes (new or second hand), household goods, cooking utensils, food ingredients, fish (fresh, iced, fried or dried), and meat in a designated marketplace. (Adeola and Etiebet (2019) defined market women as predominantly traders who sell agricultural products and food. This highlights their significant role in the Nigerian economy, particularly in the informal sector.

### **Impact of Cashless Policy and Economic Development**

These are areas which the cashless economy will enhance the quality of life, they are:

1. **Faster Transaction:** This is the reduction on queue at point of sale or point of payment.
2. **Increased Sale/ Cash Collection:** The policy enhanced increased sales as well as cash collection because the time spent in collecting, counting and sorting of cash collected is eliminated.
3. **Customer Satisfaction:** it increases customers satisfaction, easier documentation and transaction tracking hence increase banks customer relationship. The cashless policy was introduced to drive development and modernization of Nigerian's payment system. It drives financial inclusion by providing more efficient transaction options.
4. It improves the effectiveness of monetary policy in managing inflation (CBN website 2011).

### **Benefits of the Cashless Policy in Nigeria**

Some of the benefits of the policy are highlighted below:

1. **Comfortability /convenience:** With cashless policy there will be increased convenience and cheaper access to banking services as most people would have their transaction done through the usage of the cell phone readily available in their wallets.

2. Increased personal security: Imagine carrying no cash in your pocket, no more pick pocketing, the risk associated with physical cash is eliminated. Thefts and risk associated with use of physical cash which arises from burglaries and financial losses and fire outbreaks are eliminated.
3. Reduction in handling and transportation cost: If all monetary transactions were done electronically, there would be no need to move around large sum in expensive high-level security vehicles, high operational cost will be eliminated drastically hence resulting in savings for both public and private entities.
4. Boost to GDP: Individuals will be able to control reckless spending and people will be forced to convert their savings into consumption or investment. This will boost the GDP, it will also help to facilitate effectiveness of monetary policy and check inflation hence it creates more employment in the financial sector. Cobb (2015) pointed out that “electronic payments can thus lower transaction costs stimulate higher consumption and GDP, increase government efficiency, boost financial intermediation and improve financial transparency”. She further added that “Governments play a critically important role in creating an environment in which these benefits can be achieved in a way that is consistent with their own economic development plans”.
5. Enhance the tax base: As all transactions in the economy could now be traced by the government, there is increased tax collection and reduction in revenue leakage.
6. Utility Bill: Through the system, users can also pay utility bills, School Fees, Hotel bookings, house rent by using a mobile phone device
7. Reduction in corruption: It helps to reduce illicit activities, corruption and sharp practices, reduction in money laundering and also help to checkmate terrorist financing thereby leading to economic growth.
8. Electric payment: Electronics will help business owners to grow their customer base and resource pools far beyond limitations of their immediate geographical area. It is cost effective when compared to paper-based payment systems.
9. Cashless policy is also beneficial to government as it aids monetary authorities in monetary policy management by reducing stock of money outside the banking system. The consequential effect of this is that it improves monetary policy efficiency, helps control inflation and hence stabilizes the economy (Acha et al., 2016).

### **Problems of Cashless Policy to Market Women**

The change from cash-based economy to cashless economy moved many market women away from their comfort zone. Some of the problems posed by this cashless economy are:

1. Illiteracy: The vast majority of market women are illiterate, which makes it hard for them to utilize smartphones and take advantage of the cashless economy.
2. Due to a lack of banking culture, many market women in the nation store money in shady and unofficial ways, and some do not have access to banking services; for these individuals, online transactions are just a myth. Since many Nigerians are still lacking sufficient information technology skills and understanding, using electronic payment methods can be frightening and difficult, which could hinder the adoption of cashless policies (Acha, 2016).

3. Fraudulent practices: The policy is technology driven hence fraudsters can take advantage of any security lapses to perpetrate fraud.
4. The inadequate or absent power supply in the country significantly hinders the availability of information technology, posing a substantial barrier to a cashless economy.  
To complicate matters,  
Nigerians are accustomed to cash transactions and are finding it difficult to transition to a cashless economy.
5. System failure: This occurs most times at the ATM point when withdrawals is about to be made after inserting the card, the machine or network just went off, in the process the customer's account would have been debited. This brings serious disagreement between the market women and their customers.
6. In the case of failed transaction, market women have to leave their daily activities—business and household- to visit banking halls to complain about failed online transactions. Their daily activities are obstructed by the never-ending queues at banking halls, losing reasonable time they should spend on their businesses.
7. Accessing POS machines is extremely challenging for the majority of market women, who are tiny vendors. Some traders do not meet the conditions to be allowed to collect the terminal, or they are unable to operate. Additionally, this hinders their commercial operations because some clients only use their ATM card.
- 8.

### **METHODOLOGY**

This study examines the impact of Nigeria's cashless policy on market activities in Oji River, Enugu State, focusing on how the policy affects market women—a key demographic in informal trade. Given the policy's emphasis on digital transactions (POS, mobile banking, and ATM usage), this research seeks to determine whether there are significant differences in sales performance, transaction efficiency, and financial inclusion among market women based on their adoption levels of cashless payment methods.

#### **Target population:**

The target population includes all Market women in major Oji River markets (e.g., Oji Urban Market, Nkwo Inyi Market, Afor Market Ugwuoba, Timber Market Oji river urban, Ozudaa Market Achi, and Ugwuoba Garki Cattle Market).

#### **Sampling Technique:**

Stratified purposive sampling of three markets in Oji river Enugu, with an estimated population of 800

**TABLE 1: Selected market in Oji -River Enugu State**

S/N	Market	Population
1	Oji Urban Market	342
2	Ugwuoba Garki Cattle Market	276
3	Nkwo Inyi Market	122
4	Timber Market Oji river urban	60
	Total	800

#### **Determination of sample size**

Yaro Yamani (1964) to determine a sample size from a population,

$$n = \frac{N}{1 + (Ne^2)}$$

Where n=sample

N= population size

e= error limit (0.05)

The total population is 800

### Data Analysis Methods

Statistical Tools: IBM SPSS V.28

### Comparative Analysis:

The study employs a quantitative survey design with Analysis of Variance (ANOVA) as the primary statistical tool. ANOVA is chosen because it allows for comparison across multiple groups (e.g., high, moderate, and low adopters of cashless payments) to determine if variations in market performance are statistically significant.

## RESULTS AND DISCUSSION

**TABLE 4.1: BIODATA**

VARIABLES	FREQUENCY	PERCENTAGE
Age		
	127	
18-25 years	143	20.0
26-35 years	118	6.7
36-45 years	149	13.3
46-55 years	263	26.7
Above 55 years		33.3
Marital Status		
	368	
Single	409	33.3
Married	23	50.0
Divorced/Widowed		16.7
Educational Level		
	269	
No formal education	187	33.6
Primary education	322	23.4
Secondary education	22	40.2
Tertiary education		2.8
Type of Business		
	564	70.5
Food items	147	18.4
Clothing/Textiles	67	8.4
Electronics	22	2.8
Cosmetics		
Years of Business Experience		
	117	
Less than 1 year	144	14.6
1-5 years	387	18.0
6-10 years	152	48.4

Above 10 years	19.0
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Table 4.1: The table above examines the bio-data of the respondents, which shows that 50% of the women are married. 33.3% single and 16.7% Divorced/Widowed with the age interval of 36 to 55 years. The table also show that most of their business are Food items (70.5%) and Clothing/Textiles (18.4%), with 6 to 10 years of business experience.

**Table 4.2: Awareness and Adoption of Cashless Policy**

VARIABLES	FREQUENCY	PERCENTAGE
Are you aware of the cashless policy introduced by the Central Bank of Nigeria?		
Yes	543	
No	257	67.9
		32.1
How did you hear about the cashless policy?		
Bank	98	
Radio/TV	44	38.1
Social media	32	17.1
Friends/Family	83	12.5
		32.3
Do you use any cashless payment methods in your business?		
Yes	522	
No	278	65.2
		34.8
If Yes, which ones?		
POS (Point of Sale)	356	
Bank transfers (e.g., USSD, mobile apps)	121	44.6
Mobile money (e.g., Opay,	308	15.2
Online payment platforms	13	38.6
		1.6

Table 4.2: The table above examines the awareness and adoption of cashless policy among women in Oji River markets. The table shows that 67.9% of the respondents were aware of the cashless policy introduced by the Central Bank of Nigeria, through Bank (38.1%), Friends/Family (32.3%), Radio/TV (17.1%). The table also indicates that most (65.2%) of the respondents uses cashless payment methods in their business, such as POS (Point of Sale) (44.6%), Bank transfers (e.g., USSD, mobile apps) (15.2%) and Online payment platforms (1.6%).

**Table 4.3: Effects of Cashless Policy on Business Operations**

VARIABLES	FREQUENCY	PERCENTAGE
How has the cashless policy affected your daily sales?		
Increased sales	289	
Decreased sales	478	17.2
No effect	33	68.5
		14.2
Do customers prefer cash or cashless payments in your business?		



Cash	548	68.5
Cashless (POS/Transfer)	138	17.2
Both	114	14.2
What challenges do you face with cashless transactions?		
Network issues	437	
High transaction charges	321	54.6
Fraud/Scams	34	40.1
Lack of POS machine	6	4.2
Low customer adoption	2	0.8
		0.2
Has the cashless policy reduced your handling of physical cash?		
Yes	685	
No	115	85.6
		14.4
Do you think the cashless policy has improved your business record-keeping?		
Yes	487	
No	313	60.9
		39.1

Table 4.3: The table above examines the effects of cashless policy on business operations, which shows that cashless policy decreased sales in business due to lack of POS machine, Network issue, High transaction charges and Fraud/Scams. The table also indicates that cashless policy has reduced handling of physical cash.

### Research Hypothesis

Ho: There is no significant difference in the perceptions of market women across the four selected markets regarding the cashless policy.

H<sub>1</sub>: There is no significant difference in the perceptions of market women across the four selected markets regarding the cashless policy.

**Test statistic: ANOVA (SPSS Software version 23)**

#### ANOVA

observation

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5589.200	3	1863.067	1.625	.223
Within Groups	18346.000	16	1146.625		
Total	23935.200	19			

Using ANOVA test statistic, it shows that the p-value > 0.05. Therefore, we fail to reject the null hypothesis and conclude that there is no significant difference in the perceptions of market women across the four selected markets regarding the cashless policy.

### CONCLUSION

The cashless policy in Nigeria has brought mixed outcomes for market women in Oji River, Enugu State. While the study found no significant difference in perceptions across the four markets, respondents unanimously identified critical barriers: inadequate POS machines, unreliable networks, excessive charges, and fraud. These issues have led to declined sales and resistance to full policy

adoption. However, the policy's advantages reduced cash-related risks and streamlined transactions suggest potential long-term benefits if implementation gaps are addressed. To mitigate current challenges, the following measures are recommended:

1. Infrastructure Development: Increased deployment of POS machines and network boosters in markets.
2. Policy Adjustments: Regulation of transaction fees to alleviate financial burdens on small-scale traders.
3. Education: Training programs on digital payment safety and fraud prevention.

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