



Implications of Covid-19 Pandemic on Cashless Policy Implementation among Small and Medium Scale Businesses in Nigeria

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Abstract

Before the introduction of the cashless policy by the Central Bank of Nigeria in 2011, the Nigerian economy was heavily cash-oriented in its transaction of goods and services contrary to the global trends. Nigeria has continued to evolve in different realms of transactions from the commodity money (trade by barter) to the cash-less realm. The economy is being reformed, institutions are being reshaped and legislations are being re-examined so as to reposition the nation to take its rightful place in the international community. The operations of a cashless economy were assessed based on the use of Cheques, funds transfer channels and Automated Teller Machines (ATMs). This study examines the implications of COVID-19 pandemic on cashless policy implementation among small and medium scale businesses in Nigeria. Content analysis as the research methodology was adopted and carefully utilized to x-ray the importance, benefits and challenges of the policy. Built on the benefits, importance and challenges of the policy, the authors made recommendations that there should be public enlightenment on the importance and benefits of cashless policy. This is because most Nigerians are not aware of the benefits of electronic payments and are therefore slow to adopt it.

Keywords: COVID-19, Cashless Policy, Small and Medium Scale Businesses

1. Introduction

The cashless policy, if well implemented can help the Central Bank of Nigeria (CBN) achieve its objectives of expanding, deepening and modernizing the mode of payment in the country and also galvanize the CBN in ensuring that Nigeria ranks among the top 20 economies of the world in line with nation's vision 2020 aspirations. The policy tends to break the traditional barriers hindering financial inclusion for millions of Nigerians and bring low-cost, secure and convenient financial services to urban, semi-urban and rural areas across the country through the mobile payment services especially during the outbreak of coronavirus in the country.

The outbreak and effects of COVID-19 pandemic in Nigeria is no other than the same worldwide pandemic of coronavirus disease 2019 (COVID-19) that is caused by severe acute



respiratory syndrome coronavirus 2 (SARS-CoV-2). The Nigeria Center for Disease Control (NCDC) (2020) confirmed the first case in Nigeria on 27 February 2020 in Lagos and on 9 March 2020, a second case of the virus was reported in Ogun. Following the outbreak, the Federal government of Nigeria assured citizens of the country of its readiness to strengthen surveillance in order to prevent fast spread of the virus. Also, the Nigeria Center for Disease Control (NCDC) announced that they had already set up coronavirus group and was ready to activate its incident system if any case should emerge in Nigeria.

It is worthy to note that the effects of the virus was so severe and recorded rapid spread in Nigeria as well as in other countries of the world which resulted to total lockdown of Nigerian economy in order to contain the spread of the deadly virus, hence the need for citizens of the country to resort to cashless policy for their day-to-day business transactions which cannot be over-emphasized. This is because, most of the government and private institutions especially places where social distancing cannot be maintained was shut down. Places like markets, banks, and churches among others resorted to online interactions and transactions. This necessitates the need for effective implementation of cashless policy in Nigeria among the small and medium scale businesses in Nigeria for them to still be in existence and in accordance to the coronavirus preventive measures as was stipulated by the Nigeria Center for Disease Control (NCDC).

Godwin Emefiele (2015), Central Bank of Nigeria Governor opined that Cashless Nigeria is a policy established in the year 2012 by the Central Bank of Nigeria (CBN) to curb excesses in the handling of cash in the Nigerian federation. It prescribed a cash handling charges on daily withdrawal above five hundred thousand Naira (N500, 000.00) for individuals and three million Naira for corporate bodies (N3, 000,000.00). The policy was enforced not to eliminate the use of cash but to reduce the volume of cash in circulation. Bandiera (2004) argue that increased usage of cashless banking instruments strengthens monetary policy's effectiveness and that the current level of e-money usage does not pose a threat to the stability of the financial system. However, it does conclude that central banks can lose control over monetary policy if the government does not run a responsible fiscal policy. It is worthwhile to understand at this juncture that cashless economy is not the complete absence of cash, rather an economic setting in which goods and services are bought and paid for through electronic media. Woodford (2003) defined cashless economy as one in which transaction frictions are assumed to be reduced through the use of money balances and that accordingly provide a reason for holding such balances even when they earn rate of income. In a cashless economy, how much cash in your wallet is practically irrelevant. It has been observed that developed countries of the world, to a large extent, are moving away from paper payment toward electronic instrument especially payment cards. Some aspects of the functioning of the cashless economy are enhanced by e-finance, e-money, e-brokering and e-exchanges. These are all transactions and payments effected in a cashless economy. (Moses Ashike 2011). A cashless economy displays an economic situation whereby transactions are carried out without the need to move physical cash; and this is done with the use of credit card or



debit card payments (Taiwo et al, 2016). It is an economic system where transactions are not predominantly characterized as an exchange for actual cash (Elechi, 2016). The Central Bank of Nigeria (CBN) maintained that cashless policy was initiated to achieve amongst other things the following: development and modernization of the payment system in line with Nigeria's vision 2020 goal of being amongst the top 20 economies by the year 2020; to reduce the cost of banking services (including cost of credit) and drive financial inclusion by providing more efficient transaction options and greater reach; to improve the effectiveness of monetary policy in managing inflation and driving economic growth and development; to curb the negative consequences associated with high cash usage, which has resulted to a number of challenges across the system which includes; the costs of cash volume handling; robbery and other cash-related crimes; and loss of physical cash during fire and flooding incidents.

In Nigeria, the financial system consists of the formal and informal sectors. While the formal sector is regulated and controlled using legislations and other instruments of governments, the informal sector remained largely unregulated. The nature and operation of the informal financial sector makes it difficult to be regulated and/or control. However, the use of cash, according to Nwaolisa and Kasie (2014), in carrying out transactions has remained relatively high in Nigeria. This is due to the poor network connections in the use of Point-Of-Sale and bank transfers which often results in debiting customers' accounts more than once, high transaction charges by banks, as well as security and technical setbacks. These are some of the factors still posing challenges in crossing into a cashless society. The consequences of resorting to the informal financial sector are robbery and other cash-related crimes, loss of physical cash during fire and flooding incidents, rise of money outside the formal economy, which can lead to demand pull inflation, thereby making it difficult to effectively implement monetary policy thus significantly affecting economic growth. Other consequences among others include, money laundering, corruption, increase in financial leakages making it difficult to access funds for investment purposes. Consequently, these losses and economic leakages vis-à-vis other drawbacks of the cash based economy triggered – off agitation for change among the stakeholders in the financial sector. The transition to a cashless economy raises a lot of concerns as it seems there is yet to be a substantial evidence to justify its implementation in Nigeria. The study seeks to investigate the implications of COVID-19 pandemic on cashless policy implementation among small and medium scale businesses in Nigeria. Specifically; this study seeks to ascertain the usage and impact of cheques, interbank fund transfers and ATM's on the Nigerian payment system, to identify the prospects for cashless economy in Nigeria, and to make objective recommendation for the adoption of a cashless policy in Nigeria.

2. Literature Review

Theoretical Framework on Payment System

The Theory of Consumption Value (TCV): The Theory of Consumption Value explains consumer's behavior as regards to making choices between various products/services (Sheth



et al., 1991). It provides a theoretical foundation for payment technology use. Payments are no longer about transacting with cash but also about the consumer's behavior towards payment choices and their perceptions of the various technologies. We will discuss 4 consumption values in the context of payment technology use. *Functional value*: This is based on economic utility theory; it assumes the economic rationality of the consumer and relates the attributes of a product or service such as performance, price, quality, and reliability that would influence this rationality. (Humphrey, 2010). *Social value*: This involves highly visible products, services and/or objects and how they are perceived by consumers. Under this, a product or service is chosen more for the perceived social image or symbolic importance it is assumed to convey than for functional performance. For example, ATM cards payments or a stack of banknotes. *Emotional value*: In this situation, the consumers' decisions are influenced by the product's potential to arouse emotions (positive or negative) with its use. An example of this is the emotional value attached to beauty and artistry products like manicure, pedicure, massages, painting etc.; their values are usually tied to how the customer felt. In the context of payment, the emotion that can be aroused is the so-called 'pain-of-paying' which is associated with the transparency of the paying process (Soman, 2001). *Conditional value*: This applies to products or services, whose value is dependent on a specific context like location or time. This means that the choice to pay in a certain way can be influenced by the location (on the street, in-store or online) or the time (at the end of the month when salaries are paid or mid-month).

Empirical Review

Review of extant studies is taken strictly from the Nigerian perspective. Ezeamama et.al (2014) studied the impact of cashless policy in Nigeria's Economy using survey research. The data were collected using questionnaires. The study found that cashless policy will help curb corruption and cash-related robberies, increase the standard of living of Nigerians, reduce the operating cost of banks, attract international investors etc. thereby improving the economy. Taiwo et al (2016) did an appraisal of Cashless Policy on the Nigerian Financial System. The study argued that there is no significant evidence to justify the implementation of the cashless economy and that the current transition raises a lot of concerns. Elechi and Rufus (2016) examined cashless policy in Nigeria and its socio-economic impact on small scale businesses in Nigeria. They opined that if all the necessary measures are not put in place and the stakeholders carried along, the cashless policy will negatively affect small-scale business and may lead to its failure.

Operational Implementation of Cashless Policy in Nigeria

On the operation of the policy, a pilot run of the policy started on 1 January 2012 in Lagos State. The service charges were withheld until 30 March of the same year to allow for seamless migration from manual to electronic devices. The second stage of the pilot run started in Rivers, Anambra, Abia, Kano State, Ogun and the Federal Capital Territory on 1 July 2013, while the program nationwide started a year later on 31 July 2014 (CBN, 2015). The policy mandated that individuals and corporate organizations that made cash



withdrawals above the limits would be charged a service fee for amounts above the specified cumulative limits. Furthermore, 3rd party cheques above N150, 000 were stated as not be eligible for payment over the counter with effect from March 30, 2012. As such, values for such cheques were only to be received through the clearing house. In addition, banks were to discontinue cash in transit deposit services rendered to merchant-customers with effect from January 1, 2012.

Most recently however, the CBN issued a circular dated September 17, 2019 “Re Implementation of the Cashless Policy” (the “Circular”) to Deposit Money Banks which stated that charges would be applied on deposits made in Lagos, Ogun, Kano, Abia, Anambra, Rivers states and the FCT effective from September 18, 2019. It is important to note that the CBN policy was in effect on withdrawals made by individuals and corporates within certain states in Nigeria. However, once the CBN announced the extension of the cashless policy to deposits, there was and has been uproar from members of the public at large so much that the CBN has taken to social media platforms to provide breakdowns of the practicalities in the implementation of the policy (Demilade, 2019). Whichever side one finds themselves in, the key principles behind the development of the policy have been to drive development and modernization of our payment system in line with international best practice; reduce the cost of banking services (including cost of credit) and drive financial inclusion by providing more efficient transaction options and greater reach; and to improve the effectiveness of monetary policy in managing inflation and driving economic growth. Much more than a means of accruing revenue to the Federal Government, the development of the policy is necessitated by the need for a de-emphasize on physical cash in day-to-day transactions across key commercial states, and eventually nationwide. It is important to state that the increased security risks presented in physical possession of cash is overt; and just perhaps, the policy may be a step in the right direction in curbing the menace of armed robbery and the like Demilade (2019) maintained.

However, Ehekoba and Ezu (2012) in a research carried out in Nigeria, observed that 68.2% of the respondent complained about long queues in the bank, 28% complained of bad attitude of teller officers (cashiers) while 2.89% complained of long distance to bank locations from their home or workplace. Likewise, in her 24 NCS conference in December 2011, CBN data shows that 51% withdrawal done in Nigeria was through automated teller machine (ATM), while 33.6% was through over the counter (OTC), cash withdrawals and cheque 13.6%. Payment was also done through point of sale machine (POS) which accounted for 0.5% and web 1.3%. For effective implementation of the cashless policy in Nigeria among the small and medium business owners, it is expedient to acknowledge the role of information technology in quest to carry out the said policy. This is because; Information Technology plays an important role in bringing about sustainable development in every nation. Without an optimal use of Information Technology, no country can attain a speedy socio-economic growth and development. In the words of Kosoko, ‘the future of all business, particularly those in the service industry lies in information technology’. According to Sanusi (1993) the



extension of European trading enterprises into West Africa encouraged the use of currency which facilitated exchange and diminished the use of barter. This situation exerted concerted pressure to establish banking business in West Africa. Thus, in 1892, commercial banking began in Nigeria when African Banking Corporation opened shop in Lagos. It was replaced by the Bank for British West Africa (BBWA) in 1894, which monopolized the banking scene until the Barclay Bank opened a branch in 1917. Earlier, Bank of Nigeria, formerly Anglo-Africa Bank opened in 1905 had sold out to BBWA, while the British and French Bank (now United Bank for Africa - UBA) became the 3 expatriate bank to start banking business in Nigeria in 1948. These banks (Barclays and UBA) on joining BBWA in the Nigerian banking scene principally concentrated its attention on services to facilitate foreign trade and cater for relations with the colonial government with little or no attention to indigenous businesses.

Banks are companies engaged in banking business. Their future is, therefore, linked to the pervasive influence of information technology. Information technology is more than just computers. It encompasses the data that a business creates and uses as well as a wide spectrum of increasing convergent and linked technologies that process such data. It thus relates to the application of technical processes in the communication of data. Therefore, there is no doubt that it can help reduce transaction costs for banks, which will translate to lower prices for services to customers. Information technology for banks takes different forms. The forms include: computerization of customers' accounts and account information storage and retrieval; deposit and withdrawal through Automated Teller Machines (ATMs); and networking to facilitate access to accounts from any branch of the bank.

Overview of Small and Medium Scale Businesses in Nigeria

There is no universal definition of small scale businesses as the changes in price level and advancement in technology affects its actual definition. In Nigeria, the definition of small scale enterprises has been based on different criteria such as investment in machinery and equipment, working capital, capital cost, turnover, and values of installed fixed cost (Ndifon and Inah, 2014). The National Bureau of Statistics (2012) defined micro enterprises as an industry whose total project cost excluding cost of land but including working capital is not more than five hundred thousand naira (N500, 000) while small scale enterprises are those industries whose total project cost excluding cost of land and including working capital does not exceed five million naira (N5, 000, 000).

In spite of its definition, micro and small scale businesses are generally referred to as the engine of growth in many economies and a major factor in promoting private sector development. Micro and small scale enterprises do not only contribute significantly to improve living standards, they also bring about substantial local capital formation and achieve high levels of productivity and capability. Often times, they are the only source of employment in poor regions and rural areas, thereby playing an important role in poverty reduction in most developing countries. Most large enterprises have their bearing in micro and small scale enterprises. Not minding the importance of micro and small scale businesses in an economy, Mishkin (2003) opined that they easily collapse. He went further



highlighting some of the problems that militate against the effective operation of the micro and small scale businesses. These factors among others include: poor policy implementation, lack of continuity, poor capital outlay, poor management expertise, inadequate information base, lack of raw materials, poor accounting system, unstable policy environment, lack of market knowledge, lack of purpose and lack of financial planning, lack of patronage for locally produced goods by those in authority. Lack of planning, inimical government rules and regulations, poor marketing strategy, lack of technical know-how, and higher interest rates are other problems associated with micro and small scale enterprises that contribute to their failure (Lamikanira, 2012).

For developing countries like Nigeria to advance economically, emphasis should be made to develop the private sector. This can be achieved by developing and supporting the micro and small scale businesses. Hence there is need to understand the implications of government policies, such as the cashless economy policy and to know how best to implement such policies to their advantage in order to ensure their survival and growth in the economy. According to Adurayemi (2016), the cashless policy of the Central Bank of Nigeria is designed to provide mobile payment services, breakdown the traditional barriers to financial inclusion of millions of Nigerians and reduce cost, and to provide convenient financial services for urban, semi-urban and rural services across the country. Presently, there are up to nine different electronic payment channels in Nigeria which include among others

Cheques: There will be an upsurge in the use of cheques. Although, the cashing of third-party cheques across bank counters is prohibited and all cheques drawn in favor of a third-party must go through CBN clearinghouse and must not exceed N10million in value. *Bank Drafts and Other Bank Instruments:* Most merchants that handle large transactions below N10million will switch to using bank drafts, this is because unlike personal cheques, bank drafts are paid across the counter but are still subject to three days clearing rule of the CBN. *Automated Teller Machines (ATM):* These are used more frequently to make a variety of online payments like utility bills, cable subscriptions, airtime, and data recharges etc. Customers are consistently advised by their banks to keep their ATM cards (Debit and Credit) safe and never to divulge their ATM card pins.. *NIBSS Fund Transfers:* The Nigerian Interbank Settlement Scheme (NIBSS) is an interbank online transfer platform where banks exchange value from one customer to another. It includes NIP (NIBSS Instant Payment) and NEFT (NIBSS Electronic Funds Transfer) and aids the transfer of funds between banks for single or multiple beneficiaries for amounts not exceeding N10million. *RTGS:* Real-Time Gross Settlements is a transfer method used by Nigerian banks to move amounts above N10million in favor of a single beneficiary.

Mobile Money: This is an application, usually installed in mobile devices, that enables users to successfully transfer funds, make or receive payments and even make bank balance inquiries via their mobile devices by sending a code or a text over their mobile network. *E-transfers:* This refers to electronic funds transfers performed usually via the internet by using Personal Computers (PCs), laptops, smartphones and other devices with internet access. To



use this service, Nigerian banks require their customers to subscribe to internet banking. *Point of Sale (POS) Terminals*: These are used by merchants in the day-to-day business. It enables customers to make payments via their ATM cards by slotting them into the POS terminal. As the POS terminals are linked to the merchant's bank account online real-time just as the customer's bank cards are; once payment is successfully made via the POS account, customer's bank account is debited immediately and that of the merchant is credited for the value of purchases made or services enjoyed. (Godoy et al, 2012). *Unstructured Supplementary Service Data (USSD)*, sometimes referred to as quick code or feature codes allows users without smartphones or users with smartphones but no internet connection /data to use mobile banking through the code provided mostly by the bank to make fund transfer, checking account balance, generate bank statement, among others.

3. Methodology

The paper utilises content analysis which is a secondary source of data collection. Content analysis is a research method for studying documents and communication artifacts which might be texts of various formats ranging from journals, literatures, books, pictures, audio or video. Social scientists use content analysis to examine patterns in communication in a replicable and systematic manner. One of the key advantages of using content analysis to analyse social phenomena is its non-invasive nature, in contrast to stimulating social experience or collecting survey answers (Wikipedia, 2021).

4. Findings

Benefits of Cashless Policy Implementation in Nigeria

It has significantly improved the speed at which banking services are rendered. It has reduced exposure to bacteria from the handling of naira notes from one individual to another. There has been a significant increase in sales and purchases since the purchases are no longer determined by the amount of cash a customer has in their wallet but rather based on how much funds they have in their accounts at the time. The cashless system offers Nigerians a number of top-up options including use of credit and debit cards, reduction in payroll, etc. thereby reducing the use of cash and the related security risks. Managing staff entitlements is a lot easier since it can be easily programmed into the card payroll system and frequently updated to ensure that staff gets their salaries in the right amounts and in due time. The reduction of cash in circulation also reduces the risk of armed robberies and other cash-related crimes in Nigerian society as most people no longer carry physical cash with them or keep it in their homes. E-banking improves the time within which transactions are settled both locally and internationally. Customers can now transact their banking businesses at any place and at any time with the use of the various alternatives provided in the cashless society rather than going to the bank branch where their accounts are domicile. Since robbers are attracted by large volume of cash movements by banks, the use of alternative electronic payment system has reduced the need for cash movement. Payments to government agencies like custom duties are now made electronically and directly to the government account,



thereby reducing leakages and other fraudulent incidents. Lastly, with the implementation of the cashless policy, CBN has reduced costs associated with cash management.

Benefits to Stakeholders

Consumers: it provides consumers increased convenience when they are making transactions, more options to suit their individual needs, access to their bank accounts on non-working days, reduction in exposure to the risk of cash-related crimes etc. Corporations: it provides the corporation's access to funds when needed. It reduces the risk of both internal and external theft and also reduces the cost of cash handling. Banks: it drastically improves the efficiency of Nigerian banks, it reduces the number of people that come to the banking halls thereby reducing the number of staff that the bank needs and their cost of operations. It also increases banking penetration (Godoy et al, 2012). The Nigerian Economy: it provides the populace with the means to easily make their daily payments like paying utility bills, air tickets, school fees etc. thereby improving their standard of living. Government: it makes for easier tax collection, improves financial inclusion and economic development in Nigeria. The government will also benefit in the area of adequate budgeting, improved regulatory services, improved administrative processes (automation), and reduced cost of currency administration and management. (Asokan, et al, 2000).

Importance of Cashless Policy Implementation to Small and Medium Scale Businesses in Nigeria

A cashless system cultured to use e-payment increases the profitability of companies (for large, small and Medium-sized Enterprises) through the following: Convenience – payments are made from any location by using the e-payment options, without having to physically visit the bank; Immediacy –payments using e-payment options are designed to be instant; Improved cash flow –instant payment helps improve the cash flow situation of the companies and reduces the pressure from waiting for cheques to clear and 30 day invoicing; Growth– it helped to foster industry growth and inspired innovations leading to more payment channels such as phone, internet, etc, thereby increasing customer base; and Competitive advantages – it gives firms an edge over some of their competitors and improves their ability to compete favorably with bigger competitors.

Cost/Challenges of Cashless Policy Implementation on Small Scale Businesses in Nigeria

Cash as a legal tender can be used by everyone; this is not the case for electronic money. The electronic money scheme is often linked to bank accounts and low income consumers such as small scale business owners may not have such account. A good percentage of this group of people is unenlightened and unbaked. It becomes important to know how payment for transactions with these people can be made. Ajayi and Ojo (2006) pointed out that the high level of illiteracy among Nigerians makes the use of cheques and electronic payments unsuitable in some cases. The problem with this situation of illiteracy is that majority of the Micro and Small Scale business operators belong to this group and they will have to depend on the literate few among the populace. They will have to pay the price for their inadequacy and this will make them vulnerable. Unavailability of facilities like stable internet facilities



becomes one of the challenging factors for the effective use of the cashless based business transactions in the rural areas. Odior and Banuso (2012) outlined another major challenge of the cashless policy to Micro and Small Scale businesses as the charge attached to the cashless system. These charges do not go with cash transactions. A price tag of 1.25% of the cost of every transaction done through the point of sale terminal will be charged by the operators of the terminals. For instance a micro or small scale business owner who makes a million naira daily on sales will have to remit 1.25% of the amount, which is N12, 500, if point of sale (POS) is used for all the transactions. This is in addition to the bank's charge for commission on turnover (COT) of 0.5%, which is N5000. These charges lead to an increase in the overhead cost of running the business. Irrespective of the risk and losses encountered by the business, the charges must be paid. This can lead to the failure of the business if care is not taken.

Another important issue that affects the Micro and Small Scale businesses is security of funds. A situation where there is a communication breach in a transaction and the business owner does not receive an alert to confirm payment of goods; the buyer may be compelled to make multiple payments for the same transaction. More so, due to the high rate of cybercrime in the society, business owners are at risk of being defrauded. Beautiful as the policy may be, the challenges are also many; the insufficiency of the POS machines; non-functioning internet connectivity; problem of power and the possibility of cloning and hacking into the system by fraudulent persons. There equally is the possibility of some individuals and corporate entities, in an effort to escape the punitive charges, to take some steps in order to circumvent or weaken the effect of the policy on their operations.

Other challenges and problems of effective cashless policy implementation among the small scale businesses in Nigeria include: Nigerians, especially the elderly and uneducated population is already accustomed to cash transactions; some of the Nigerian banks are as conservative as their customers; they are slow to embrace innovative products; The security issue is a major challenge in the development of cashless policy in Nigeria; internet network issues; this is due to the developing telecommunication infrastructure that can impede its effectiveness; Nigeria's current laws that neither recognize nor accommodate electronic contracts and signatures; there is an inadequate banking system in Nigeria. This is bound to hamper the cashless policy; political instability in Nigeria from different aggrieved groups disturbs the smooth operations of a business; the state of power generation in Nigeria cannot accommodate the smooth operations of financial activities; Nigeria does not have the adequate financial infrastructure needed to effectively run a cashless society. The cashless options like Automated Teller Machines (ATMs), Point-of-Sales (POS) terminals, mobile banking and other mediums should reach at least 40% of the Nigerian population; and the epileptic power supply in Nigeria and the developing telecommunication links significantly but negatively affect e-banking infrastructures. One other major deterrents of cashless policy are the frequent system/internet downtime in banks which make it difficult for customers to



access their account; and most Nigerian banks would rather use outdated e-banking equipment than bear the cost of procuring the more modern ones.

Negative Effects of Cashless Policy in Nigeria

It has increased unemployment by reducing the number of staff in some institutions like the banking sector. Bank charges on E-transactions are high, thereby discouraging customer from using it. Many customers, especially the less-educated, have been duped by fraudsters via their ATM cards. Customers are discouraged to use ATMs as it takes a long time to reverse a wrong debit entry into their accounts. At times, it ends up not resolved and the customer has to physically go to the banking hall. Most ATM locations in Nigeria are not secured and the cameras on the ATM machines do not work, leaving fraudsters to successfully carry out their illegal activities without any arrest. The use of ATM cards discourages thrift savings among Nigerians; customers can use their ATM cards to make withdrawals up to N150, 000 in a day, even on weekends and public holidays.

5. Conclusion and Recommendations

This paper centered on the implications of COVID-19 on cashless policy implementation among small and medium businesses in Nigeria. Despite the numerous benefits that this policy brings to the nation, banks and individuals, among others, it also has its own challenges. The challenges as discussed in this study can be categorized as follows; Security, Infrastructure, Legal & Regulatory issues as well as Socio-Cultural issues. Payment systems in Nigeria during the past few years have undergone significant progress, but some transactions are still cash-based. Nevertheless, Nigeria has the basic infrastructure to implement the policy albeit not effectively and efficiently utilized.

There is need to create more awareness to entice small and medium scale businesses because larger percentage of the Nigeria population remains unbanked and going cashless will automatically get more people into the banking system. There should be public enlightenment on the importance and benefits of cashless policy. This is because most Nigerians are not aware of the benefits of electronic payments and are therefore slow to adopt it. The banks must also be educated to promote e-payments; training programs for senior management of the banks and all other cadre. For going cashless to be effectively actualized, there will be need for availability of internet facilities, power among others. Network providers as well as the government should make sure there is uninterrupted supply of both facilities respectively. All hands should be on deck in actualizing this policy, hence there should be public awareness and encouragement to utilize any of the listed electronic channels of payment in Nigeria.

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