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RESEARCH ARTICLE

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IMPACT OF CASHLESS ECONOMY ON THE DEVELOPMENT OF SMALL AND MEDIUM SCALES BUSINESSES IN JIGAWA STATE, NIGERIA

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ABSTRACT

Cashless economy does not mean a total elimination of cash; it is a financial environment that minimizes the use of physical cash by providing alternative channel for making payment. The objectives of this study include; to identify the challenges those have hindered the adoption of cashless policy by small and medium scale businesses, to investigate if cashless in any way enhanced a growth on small and medium scale business enterprises and finally to identify the challenges those that have hindered the adoption of cashless policy on small and medium scale businesses all in Jigawa State. The survey was carried out through the administration of questionnaire on owners and operators of small and medium scale businesses in the study area. Due to the introduction of e-payment by Jigawa State government, small and medium scale businesses have started utilizing electronic based payment in their day to-day payments and business activities through Point of Sale Terminals (POS), GSM, Mobile Banking, and Automated Teller Machine (ATM). This signifies that an efficient and modern payment system positively correlated with economic development and it is a key enable of the economic growth.

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INTRODUCTION

It is believed that small and medium scale businesses are the basis for any country's economy in terms of given more jobs to its larger population through increase in money flow to the economy. Based on this, it is of paramount important to come up with policies and ensure their full implementation in order to boost the performance and growth of these SME's. Recently, Nigeria through central bank (CBN) introduced the cashless. This is evident in SME's operations, performance and growth especially in rural and urban areas of Jigawa State. Government accepts that creation and development of SME's as the engine of growth. It is therefore the primary responsibility of the government to provide an enabling environment for these businesses to operate in order to achieve the desired objectives. Following the end of military dictatorship, Nigerian government introduced some packages and incentives designed to promote investment in both small and medium scale businesses. The introduction of cashless was aimed at modernization and development of payment system in line with Nigerian vision 2020 goal of being among the top 20 economies in the world. Based on this, there is need for the government in Nigeria to improve on needed social and physical infrastructure to have a cashless economy.

Problem Statement/Justification: The purpose of this study is to examine all possible ways and the extent of cashless economy in promoting the financial sector of the country and Jigawa state in

particular and its impact on the socio-economic development of businesses by identifying specific problems or challenges facing these businesses in adopting mobile banking and the use of Automated Teller Machine (ATM) for their purchase and sales in the state.

Objective(s) of this Study includes

- i. To examine impact of cashless economy on the performance of small and medium businesses in Jigawa State.
- ii. To identify the challenges that have hindered the adoption of cashless economy by small and medium scale businesses in Jigawa State.
- iii. To investigate if cashless economy in any way enhanced the growth (a way forward) on small and medium scale businesses in Jigawa State.

Research Questions

- i. Do the cashless has any impact on the performance of small and medium scale business enterprises in Jigawa State?
- ii. What are those challenges that have hindered the adoption of a cashless in Jigawa State?

- iii. To what extent does cashless economy enhance the growth of small and medium scale businesses in Jigawa State?

REVIEW OF LITERATURES

In a developing country like Nigeria, financial sector development need to be accompanied by structural and institutional change. Financial sector generally has long been recognized to play a crucial role in its economic development. Cashless is an economic setting in which goods and services are bought and paid for through electronic media. Kosoko (2012), believed that information technology plays an essential role in bringing an economy to a cashless. Two factors make the shift to a cashless economy; first is the availability of proven technology, telecommunication networks, which are crucial for authorizing the cashless, clearing and settlement is becoming much more effective. The second factor is that customers need to be provided with better services at an affordable rate. Small and medium scale enterprises were considered an all-time necessity at the beginning, which has gained prominence today and is expected to increase its importance in the future (Basil, 2005). Jamodu (2000) defined small and medium scale businesses on the basis of employment, micro/cottage industries (1-10 workers), small scale enterprise (11- 100 workers), medium scale enterprises (101-300 workers) and large scale enterprises with (301 and above). Ezeoha (2006) examines regulating internet banking in Nigeria, problems and challenges and found out that customers are slowly embracing internet banking in Nigeria. James (2003) used a statistical package for social sciences (SPSS) to investigate the acceptance of e-banking in Nigeria, which has been influenced significantly by age, educational background, income perceived, benefit perceive, ease of use perceived, risk and the perceived enjoyment. Joshua (1998) opined that while a cashless policy is deaf for the well-organized countries where government encourage citizens in all spheres, it would be a disaster to Nigerians where the power supply is not constant. However, lack of basic infrastructure is also limiting its success, especially in the majority of Jigawa State's local government areas.

METHODOLOGY

A vast number of our business entrepreneurs in the study area were backward in terms of formal education. Therefore, based on this the intended beneficiaries may produce counter benefit rather than how good is the cashless, but the good is not the limit.

Population and Sampling: The population is the total number of persons, objects or items from which the researcher could draw sample to obtain his relevant data. It is the universe to be sampled. The target population for this study were both owners and operators of small and medium scale businesses in Jigawa State. Sampling is a procedure that includes the identification, definition and description of the population as well as sampling of the study.

Sampling Design: In a survey study, the basic medium of inference that is usually applied is the sample. A sample is defined as the subject of measurement selected from the population. It is also defined as a method of selecting some part of a group to represent the total (Babbied, 1992). Therefore, choosing the population sample (sites, individuals, groups, institution or indicators) and the method of sampling this population are considered essential. The sampling design that has been used for this study is multi-stage cluster sampling.

Sample Size Determination: Sample and sampling procedure is another element in methodology (Wilkinson, 1991). A multi-stage cluster sampling was used to select both the research area and the sample of the study. According to Gay, Mills & Airasian (2009), cluster sampling is a sampling procedure in which group, not individuals, are selected; they can be communities, states, schools, districts, and so on. According to Krejcie and Morgan (1970), a population of 1,000,000 or thereabout requires a sample size of at least 384 respondents. Because of this, the study's sample size was 384, which were drawn from the three (3) sampled local governments in the state. At first stage, three (3) local governments out of the twenty-seven (27) were selected through the hat and draw procedure. At the second stage, one (1) urban area and a rural area from the selected local governments (total 3 X 2=6) communities) were also selected through the hat and draw procedure, while at the third stage, the sampled subjects were selected using a table or random numbers procedure.

Sampling Process

Local Govt/Senatorial Districts	Urban and Rural Areas	Number of Respondents
Hadejia (North-East)	Hadejia (Urban)	64
	Gatafa (Rural)	64
Kazaure (North-West)	Kazaure (Urban)	64
	Bosuwa (Rural)	64
Dutse (North-Central)	Dutse (Urban)	64
	Limawa (Rural)	64
Total 3 LGA/Sen. District	6 Communities	384

Table 4.1. Responses to research question one

S/N	ITEM	SA	A	SD	D	A%	D%
1.	There are conveniences in electronic transactions such as ATM, mobile banking, etc.	123	144	82	35	69.53	31.47
2.	It is easy and available to obtain credit from your business side	25	47	205	107	18.75	81.25
3.	Electronic transaction increased the purchasing power of people	38	54	178	114	23.96	76.04
4.	As a result of automated electronic payments bank deposits has been increased, thereby increasing money available for your business loans	111	198	49	26	58.33	41.67
5.	It is safer and convenient to use electronic payments since it has a number of macro-economic benefits	78	123	22	161	52.34	47.66
6.	There is long procedure in cheque liquidation	18	25	56	285	11.20	88.80
	TOTAL	393	591	592	728		

Overall percentage;

Agree = $984/2304 \times 100 = 42.71\%$

Disagree = $1320/2304 \times 100 = 57.28\%$

For this study, survey design has been adopted to meet its purposes. It is considered appropriate because it has the advantage of effectiveness in getting information about personal perceptions, feelings, anticipation, future plans, and past behaviour. Survey was carried out by administering a questionnaire on both owners and operators of small and medium scale businesses in the study area. An essential task in survey research is for the investigator to define the population from which the sample is to be chosen. The data generated from this study were subjected to analysis using a Four (4) Likert scale type and simple percentage.

Data Analysis

Impacts of Cashless Policy: Research question one asks "Do the cashless having any impact on performance of small and medium scale businesses in Jigawa state?"

To answer the above research question, questionnaire item 1-6 include the information gathered from the respondents is summarized in Table 4.1 Below.

Data in Table 4.2 above shows some the impacts of cashless on the performance of small and medium scale businesses in Jigawa State, Nigeria. Overall percentage of the respondents who agreed that there are impacts of cashless on small and medium scale businesses representing 42.71%. Those respondents who disagreed that there were no impacts of cashless on small and medium scale businesses representing 57.28%. The analysis above indicate the following as some of the impacts of cashless on small and medium scale businesses: There were conveniences in the electronic transactions such as ATM, mobile banking, POS etc., Automated electronic payments help in increasing bank deposits, thereby increasing money available for business loans, It is safer and convenient to use electronic payments since it has a number of macro-economic benefits. Similarly, Table 4.2 above reveals that Cashless economy ease credit availability from business sides, Electronic transaction increased the purchasing power of people. There are protocols in cheque liquidation that were not considered to impact SMEs' performance in Jigawa state.

Table 4.2. Responses to research question two

S/N	ITEM	SA	A	SD	D	A%	D%
1.	You are already having awareness and knowledge about the adoption of cashless	20	11	291	62	8.07	91.93
2.	You already have access to information communication technology	08	19	92	265	7.03	92.97
3.	The majority of the sole proprietorship (small scale businesses) in Jigawa state having a very poor banking habit	187	109	17	71	77.08	22.92
4.	Your transactions are mainly carried on a cash and carry basis	123	148	76	37	70.57	29.43
5.	There is no fear of online fraud and unreliable networks	32	12	58	282	11.46	88.54
6.	There is an improvement of power supply for smooth operations of financial activities	11	08	129	236	4.95	95.05
S/N	ITEM	SA	A	SD	D	A%	D%
7.	The literacy rate is very low, especially in Jigawa state	28	36	28	292	16.67	83.33
8.	There were protocols in cheque liquidation and fear of stale cheques	98	209	21	56	79.95	20.05
TOTAL		507	552	712	1301		

Overall percentage;

Agree = $1059/3072 \times 100 = 34.47\%$

Disagree = $2013/3072 \times 100 = 65.53\%$

Table 4.3. Responses to the research question three

S/N	ITEM	SA	A	SD	D	A%	D%
1.	Government empowerment of small and medium scale businesses financially will make them vibrant and productive	253	131	-	-	100%	0%
2.	Educating and mass ICT training will encourage owners and operators of SME.s to accept cashless	134	248	-	02	99.5%	0.5%
3.	Creating awareness about banking services and its benefit will help in boosting rural small scale businesses capital-based etc.	111	257	04	12	95.83%	4.17%
TOTAL		498	636	04	14		

Overall percentage;

Agree = $1134/1152 \times 100 = 98.44\%$

Disagree = $18/1152 \times 100 = 1.56\%$

Data in table 4.2 above shows some of SMEs' challenges in adopting a cashless in Jigawa state, Nigeria. The respondents who agreed that there are challenges in adopting a cashless representing 34.47%. In contrast, respondents who disagreed that there were no challenges in adopting cashless representing 65.53%. The results from SMEs' challenges in adopting cashless indicates; Lack of ICT awareness, fear of online fraud, unreliable network, non-availability of power supply, and low literacy rate. Similarly, table 4.2 above revealed that poor banking habit, ATMs usage and online banking, long procedure in cheque liquidation and fear of stale cheque were considered a challenge in adopting cashless by SMEs in the state because the majority of the SMEs in the rural areas support the Adashe system (informal financial institution) operating outside the scope of banking laws and regulations

Growth of Sme's (A Way Forward): Research question three asks, "To what extent does the cashless enhanced the growth of small and medium scale businesses in Jigawa State?"

To answer the above research question, questionnaire item 1-3 include the information gathered from the respondents is below. Data in Table 4.3 above shows a way forward by SMEs in adopting a cashless policy in Jigawa state, Nigeria. The overall percentage of the respondents who agreed that there are away forward of cashless

policy represents 98.44%. The results indicate the following as a way forward: Government empowerment of small and medium scale businesses financially will make them vibrant and productive, Educating and mass ICT training will encourage owners and operators of SME's to accept cashless, Creating awareness about banking services and its benefit will help in boosting rural small scale businesses capital-based etc.

DISCUSSION OF FINDINGS

The results indicate that SMEs in Jigawa state are largely owned by sole proprietorship with little income, poor banking habit since most of them provision of services is their main business activity which makes bank transaction of less or no important since their transaction is mainly on "cash and carry basis". SMEs also have zero tolerance to ICT usage in all their business activities, this constitutes a major challenge to the full acceptance of cashless in the study area.

CONCLUSION

Due to the introduction of e-payment by the Jigawa State government, a very small number of small and medium scale businesses have started utilizing electronic-based payment in their day-to-day payments and business activities through Point-of-Sale (POS), Mobile Banking, and Automated Teller Machine (ATM). Therefore, introduction of cashless hindered SME's operations, growth, and development in the state.

Recommendations

- Since these small-scale businesses are characterized by a small amount of capital which hindered their ability to adapt cashless, it is therefore recommended for the government to embark on viable financial programmes and policies that will make them productive.
- Government should embark on educating and ICT training programmes in both urban and rural areas so that small-scale business owners could have the basic knowledge that would enable them to carry their business activities electronically as required by the policy.

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