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E-payment Administration and the Growth of Small and Medium Enterprises (SMEs) in Southeast Nigeria: An Evaluation of Cashless Policy

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ABSTRACT: *Nigerian payment systems are cash based although the use of electronic payment system such as online banking services, automated teller machine services and the mobile banking services started gradually in 2011 with the introduction of cashless policy, which became operational in 2023. This study examined the impact of the cashless policy of the government on the performance of small-scale enterprises in Southeast – Nigeria. It explored the availability of required e-payment facilities, the effectiveness of e-payment administration, and the impact of cashless policy on the performance of SMEs in the region. Descriptive survey design and researcher's designed questionnaire were adopted to generate data from 500 respondents that were randomly chosen from five states in southeast Nigeria, while statistics of percentages, and SPSS tools were used to analysis the data. Results of the analysis reveal inadequate supply of e-payment facilities and lack of IT skills for managing e-payment transactions among majority of the respondents. In addition, it revealed the ineffectiveness of e-payment system in the management of SMEs with significant negative impact on the performances of SMEs in southeast Nigeria. Among others, the paper recommends awareness creation and sensitization about the cashless economy, and adequate provision or the modernisation of e-payment facilities to ensure the effectiveness of the policy.*

KEYWORDS: e-payment facilities, administration, cashless policy, SMEs, performance, Southeast Nigeria

INTRODUCTION

The advent of the internet and increasing innovation in Information and Communication Technologies (ICTs) since the last quarter of the 20th century has led to the alteration and modernisation of human relations particularly in the public domain. The scenario has orchestrated different forms of systemic and administrative reforms and other innovations across various public sectors in pursuit of better production and effective services delivering. This change powered by ICTs led to the emergence of new forms of government/administration known as e-governance (Akman, et al., 2005). The United States of America and many European Union (EU) countries were at the vanguard of adopting e-governance in their public

domain (Teicher, Hughes & Dow, 2002; Saxena, 2005). By 2002, over 170 countries who are members of the United Nations adopted the e-governance project (Basu, 2004; Stoltzfus, 2004; Jaeger, 2004). Since then, virtually all sovereign countries with a good degree of internet use the system to deliver information and services to citizens and across businesses. Consequently, e-governance is defined as the act of using ICT tools and applications, the internet and mobile devices by institutions and agencies – whether public or private - to support manual governance or administration in the delivery of goods and effective services (see Fang, 2002).

It became an effective instrument for adding coherence to all public activities, widening people's access to public services, creating skills, and opening up interactive services, which advances inclusiveness and mass participation of citizens with ease (Graham & Aurigi, 1997). The e-governance project became a viable solution to the problems of poor, inefficient, and ineffective services delivery, lack of accountability and transparency, high cost of administration, wastage, corruption, and lack of commitment to service delivery across sectors (Akara & Asekome, 2018; World Bank, 2012). In the financial sector, particularly in the banking industry, it became a panacea for high risks involved in the management of physical cash in the course of business transactions (Adeyeye & Ajinaja, 2014; Omotunde, Sunday & John-Dewole, 2013). Thus, electronic devices and the internet became viable alternative and popular channel and instrument for payments instead of cash transaction (Ejiobih, Oni, et al., 2019). Scholars code-named the system cashless economy or e-payment system. Osazevbaru & Yomere (2015, p.2) simply defined it as "a mobile money payment system which allows users to make payment through GSM phones with internet facilities". Elaborating further, the authors noted, "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" (p.3).

The objectives of the payment system led the Central Bank of Nigeria under Governor Lamido Sanusi, in line with the federal government ICT and information reforms policies, to initiate a cashless policy in 2011, which took effect on 1st January 2012 to curtail the problems and challenges of Nigeria's cash-based economy. The policy specified a withdrawal limit of N5,000,000.00 for individuals and N3, 000,000.00 for corporate customers, and that any withdrawal above them attracts 3% and 5% charges respectively (CBN, 2012). Specifically, cashless economy is characterised by online credit card payment, electronic cash (e-cash), electronic cheques (e-cheque), and small or smart card-based electronic payment systems (Kim, et al., 2010; Raja, 2008). These can be classified as payment methods while the automated teller machines (ATM), automated clearing house (ACH), payment cards (debit or credit), point of sales (POS) terminals, online web portals, mobile phones, direct debit/deposit and real time gross settlement (RTGS) are channels of payments in a cashless economy (Adu, 2016; Ayo & Ukpere, 2010; CBN, 2011).

The primary goals of the cashless policy include drastically reducing the amount of physical cash circulating in the economy and establish or increase the general use of electronic–based transaction for all forms of payments. It will also reduce the high cost of maintaining cash-based economy by over 90% (CBN, 2011; Omotunde, Sunday & John-Dewole, 2013). Consequently, the policy ushered in a fiscal management regime where an increasing

proportion of payment transactions take place through electronic platforms. The regime provides mobile payments services, facilitates financial inclusiveness, fosters low cost management of transactions; provides transparent, secure, affordable, and effective payment delivery irrespective of location and time (see Taiwo, Ayo, Afieroho & Agwu, 2016). It advanced the use of information technology facilitates to transfer fund in pursuit of full blown cashless regime using Automated Teller Machine (ATM), Point of Sale (PoS), mobile and web/internet transfers Apps, interbank payments/interbank settlement scheme, electronic funds transfer, m-mobile, e-bills pay, remittances and central pay system (Adu, 2016; Akara & Asekome, 2018).

The literature is perverse with the advantages of cashless economy. According to Sumanjeet (2009), it leads to economic growth, it is convenient, secure, can be conducted from any location, and saves time (see Harris, Guru, & Avvari, 2011; Igudia, 2016). Similarly, Acha, Kanu & Agu (2017), Yaqub, Bello, Adenuga & Ogundeji (2013) and Cobb (2005) noted that the cashless economic system increases convenience, create more service options, is more efficient and safe, reduces risk of cash-related crimes, and provide cheaper access to banking services and access to credit. Other benefits include reducing the cost of production, processing, and distribution of cash; reducing fraudulent activities such as money laundering, robbery activities, and physical loss/destruction by fire outbreaks (Okey, 2012; Akhalumeh & Ohiokha, 2012; Laoye, 2011). Further, it facilitates increased tax collection, reduced revenue leakages, and broad economic development.

Mieseigha & Ogbodo (2013) observed a significant positive relationship between cashless payment system and Nigeria's economic development on one hand, and between the system and enhancement of transparency, accountability, and reduction of cash-related fraud on the other hand. On his part, Olorunsegun (2010) observed that an effective electronic banking system improves customers' relationship and satisfaction. The study by Omotunde, Sunday & John-Dewole (2013) reveals that cashless policy increases employment; reduces cash-related corruption and robbery, and the risk of carrying cash, and attract more foreign investors to the country. However, some scholars such as Elechi & Rufus (2016), Lemo (2012), Nweze (2015), and Abioye (2015) reported contradictory findings. The study by Nweze (2015) reveals that the cashless policy recorded little success and has exacerbated e-payment fraud to the effect that N20 billion was lost to fraudsters in six months. Lemo (2012) observed that hackers are fixing tools on ATMs that harvest customers' passwords each time they transact business using the machines. Abioye (2015) observed that N40 billion was lost to electronic frauds in 2013 alone.

The literature reveals that virtually all the studies conducted so far on the implementation of cashless policy such as Ighoroje & Okoroyibo (2020), Ashike (2017), Akara and Asekome (2018) focused on the impact of cashless policy on commercial bank performances and national economic growth. Except Onyekwelu & Nnabugwu (2020) who observed that internet/online banking services, automated teller machine services and mobile banking services have positive and significant effect on the performance of MSMEs in Anambra State, this paper could not find any other on SMEs. Olajide (2012), Ajayi (2014), Morufu & Taibat (2012), Odior &

Banuso (2013), Adewoye (2013), Ajayi (2014), and Osazevbaru & Yomere (2015) studies focused on the adoption of the cashless system, challenges and impact on the banking sector in Nigeria but failed to examine its impact on SMEs, which are very essential component of the Nigerian economy, trade, and consumption. However, in spite of the observed advantages of the cashless payment system, its adoption has been very slow (see CBN, 2012; Ifinedo, 2011; Ayo, Adewole & Oni, 2010). Many scholars associated this scenario to perceived security challenges that are manifesting in the e-payment systems (Lin & Nguyen, 2011), high cost and the lack of adequate power supply (Yaqub et al., 2013), and lack of adequate IT knowledge and skills (Ifinedo, 2011). The studies by James (2012, 2013) revealed that people's adoption of cashless system of payment is significantly influenced by their age, educational background, income, perceived benefits, perceived ease of use, perceived risk and perceived enjoyment. The studies further revealed that relative advantage, complexity, compatibility, etc. are important determinants of people's decision to adopt the system.

To ensure full adoption and implementation of the cashless policy, the Central Bank of Nigeria introduced new naira notes to change the existing high denominations of the currency, and fixed January 31, 2023 as the last date for such being a legal tender. In addition, it reduced the withdrawal limit of N500,000.00 for individuals and N3, 000,000.00 for corporate customers to N20,000.00 and N100,000.00 respectively. This enabled people to deposit the entire cash at their disposal in bank and begin to access them electronically strictly guarded this set limit. Consequently, this paper investigates the availability of cashless system/e-payment facilities, their effectiveness, and impact on the performance of SMEs particularly using Southeast Nigeria as focus. The paper seeks answers to the following questions:

1. Does SMEs in Southeast Nigeria possess the requisite facilities and skill for cashless economic transactions?
2. Is cashless policy an effective system of payment for SMEs' activities in Southeast Nigeria?
3. Has the adoption of cashless policy any significant positive impact on the performance of SMEs in Southeast Nigeria?

MATERIALS AND METHODS

The study adopted a cross sectional survey across the capitals of the five states of Southeast Nigeria, that is, Awka -Anambra state, Abakiliki - Ebonyi state, Enugu - Enugu state, Owerri - Imo state, and Umuahia - Abia state. Researcher's structured questionnaire that was organized on a five likert-like options format of Strongly Agree, Agree, Undecided, Disagree and Strongly Disagree was adopted as instrument for data gathering. The scoring pattern of the instrument is as follows: Strongly Agree (5 points); Agree (4 points); Undecided (3 points); Disagree (2 points); Strongly Disagree (1 point). The primary data was complemented by data from secondary sources such as relevant and accessible textbooks, journals, conference and workshop papers, and internet materials.

A total 500 adult respondents (comprising of 280 males and 220 females) of ≥ 18 years of age were randomly selected as the study sample, and drawn from major and street markets in the various locations of the study.
Inclusion criteria:
i. Small scale entrepreneurs who were present during the fieldwork
ii. Aged ≥ 18 years
iii. Demonstrated willingness to participate in the research
Exclusion criteria:
i. Mentally incapacitated individuals with genetic disorders
ii. Small scale entrepreneurs that were during the fieldwork
iii. Deaf and dumb
iv. Those that were not willing to participate in the inquiry

Two evaluators comprising one professor of research methodology and a senior lecturer from the Department of Public Administration, Nnamdi Azikiwe University validated the instrument. Any item in the questionnaire that did not receive 80% acceptance by the evaluators was discarded. Further, the reliability of the instrument was measured using Test re-test method wherein 20 copies of the questionnaires were administered to similar respondents and setting at Onitsha - Anambra state and Nsukka - Enugu state. After an interval of two weeks, it was re-administered to the same respondents. The two set of responses obtained were correlated using the Pearson Product Moment Correlation (r) and a co-efficient of reliability of 0.86 was obtained. This shows that the instrument is reliable for data collection. Consequently, three research assistants were employed to ensure timely distribution and recollection of the questionnaire in the study areas.

The data generated from the fieldwork was analysed using tables, percentage formula, and SPSS version 20 (SPSS Inc., Chicago, IL) in pursuit of In pursuit of central tendencies, mean, and deviations. Decision were taken on the standard bases that mean difference is significant at >0.05.

Framework of Analysis
The paper adopted Technology Acceptance Model (TAM) and Diffusion of Innovation (DOI) Theories to guide its analysis and conclusion. These are information systems theories that define the pattern of people's acceptance and use a technology in their daily activities (see Ajayi, 2014). Both theories tend to explore and explain reasons for people's acceptance or rejection of any form of technology, its effectiveness, and limitations/hindrances associated with the use of technology, and the impact of the technology on growth and development. The principles of the theories enable this paper to investigate the Nigeria's experience of administering e-payment system, which is the focus of this study.

The administration of e-payment system concerns the application of information technology for managing payment activities and bank transactions such as customers' accounts information storage and retrieval; deposit, money transfer, and withdrawal using ATMs, POS, mobile phone, Credit and ATM cards, etc. (Ogbuji, Onuoha & Izogo, 2012; Acha, Kanu &

Agu, 2017). This system, which is known as cashless economy or system of payment enables one to buy or pay for any transaction, and transfer fund with limited use of cash - where necessary (Moses-Ashike, 2011). Consequently, the theories are appropriate guide in our efforts to determine availability and adoption cashless system facilities for SMEs' activities in the Southeast Nigeria, the effectiveness of the facilities, and their impact on the performance of SMEs. The Central Bank of Nigeria introduced the policy in 2011, although it started in 2012, but the rate of its adoption by the public was very slow. This prompted the Apex Bank to redesign the highest denominations of the naira, and fixed January 31, 2023 as the last date for the use of the old denominations, and therefrom enforced the use e-payment system that people failed to accept.

DATA ANALYSIS AND FINDINGS

Socio-Demographic Information

Table 1: Demographic Data of Respondents

S/n	Capital	Population	Marital status		Sex		Age				Educational level		
			M	S	Mal	fem	18-27	28-37	38-47	48 & above	FSLC	O/L	HLC
1	Abakiliki	100	66	34	52	48	28	34	24	14	24	40	36
2	Awka	100	68	32	56	44	41	30	18	11	38	46	16
3	Enugu	100	62	38	49	51	26	42	26	6	34	40	26
4	Owerri	100	70	30	45	55	24	36	32	8	18	60	22
5	Umuahia	100	61	39	58	42	25	40	28	7	20	55	25
Total		**500**	**327**	**173**	**260**	**240**	**144**	**182**	**128**	**46**	**134**	**241**	**125**

Source: Field Work, 2022

Notes: sn = Serial No; m = Married; s = Single; mal = Male; fem = Female; FSLC = First School Leaving Certificate; O/L= Ordinary Level; HLC = Higher Level Certificates

Table 1 above reveals that 327 respondents i.e. 65.4% are married, 173 i.e. 34.6% are single; while 260 respondents (52.0%) are males, and 240 respondents (48.0%) are females. The age bracket of 18-27 consists 28.8%, 28-37(36.4%), 38-47(25.6%), and 48 & above consists 9.2%% of the respondents. On the other hand, 134 respondents i.e. 26.8% do not possess any certificate or are holders of First School Leaving Certificate; 241 i.e. 48.2% have obtained O/L certificate while 125 respondents representing 25.0% possess Higher level certificates. These statistics exposes the possible hindrances that may be associated with the adoption of e-payment or cashless regime in southeast Nigeria. The statistics reveals that 75.0% of the respondents acquired basic or no formal education and therefore may lack the requisite skills to operate the cashless payment system.

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Research Question 1: Does SMEs in Southeast Nigeria possess the requisite facilities and skill for cashless economic transactions?

Table ii: Results of SPSS Analyses of responses to question 1

Sn	Sub-Research Qquestions	Grand Mean	Standard Deviation	Standard Error	Tests of Between-Subjects Effects	Sig. Diff.	Pairwise Comparisons
1	You have acquired e-payment facilities like bank account, mobile phone device with bank app, and the required skill/knowledge to make payments, withdrawals and transfers	2.10	.412	.145	52.213	.001	@ 95% confidence Interval, no adjustments
2	You possess smart (debit and credit) cards, ATM card, and there are ATM terminals, and Point-of-Sale (POS) terminals in your area	2.21	1.121	.106	122.443	.000	@ 95% confidence Interval, no adjustments
3	You installed software such as firewalls, anti-spyware, antivirus, and anti-phishing software to detect, prevent, and remove suspected attackers from having access to banking information	1.18	.239	.871	403.776	.000 & .002	@ 95% confidence Interval, no adjustments
4	Your area enjoys effective network and internet services; and high speed/broadband internet technologies that makes transactions easy	1.24	.918	.016	126.152	.000	@ 95% confidence Interval, no adjustments

Source: SPSS Analysis Report

In table 'ii' SPSS analysis of participants' responses to question 1 reveals that majority of the respondents, disagreed that they have acquired e-payment facilities like bank account, mobile phone device with bank app, and the required skill/knowledge to make payments, withdrawals and transfers. The result shows a grand mean of 2.10, standard deviation of .412, and a non-significant difference of .001 with a Pairwise Comparison result, which holds that no adjustment is required. Similarly, analysis of responses to question 2 reveals that majority of the respondents disagreed that they possess smart (debit and credit) cards, ATM card, and that there are ATM terminals, and Point-of-Sale (POS) terminals in their area. The result shows a

grand mean of 2.21, standard deviation of 1.121 and a non-significant difference of .000 with a Pairwise Comparison result, which holds that no adjustment is required.

Table 'ii' equally reveals that result of analysis of responses to question 3 shows a grand mean of 1.18 with a non-significant difference of .000 & .002 whereas the difference is significant @ .05. Pairwise Comparison analysis of the differences reveals no adjustment to the mean. Thus, majority strongly disagree that they installed software such as firewalls, anti-spyware, antivirus, and anti-phishing software to detect, prevent, and remove suspected attackers from having access to banking information in their phones. Similarly, analysis result of responses to question 4 reveals a grand mean of 1.24 with a standard deviation of .918 and non-significant difference of .000 whereas the difference is significant @ .05. Pairwise Comparison analysis of the differences reveals no adjustment to the mean. Thus, majority of the respondents strongly disagree that their area of activities enjoys effective network and internet services; and high speed/broadband internet technologies that makes transactions easy.

A reflection on the results of analysis of responses to questions 1 – 4 in table 'ii', which sought to find out if the requisite or relevant facilities and skills required for effective cashless or e-payment activities have been provided in the southeast – Nigeria shows a synonymous majority response of disagree. There is lack of adequate e-payment facilities and skills, appropriate network terminals, appropriate software to detect and prevent fraud, and effective network/internet services with high speed/broadband internet technologies. The implication of this is that adequate and requisite facilities and skill required for cashless economic transactions are lacking in the region that would have facilitated SMEs adoption and implementation of cashless payment system.

Research Question 2: Is cashless policy an effective system of payment for SMEs' activities in Southeast Nigeria?

Table iii: Results of SPSS Analyses of responses to question 2

Sn	Research questions	Grand Mean	Standard Deviation	Standard Error	Tests of Between-Subjects Effects	Sig. Diff.	Pairwise Comparisons
5	Your online payment and transfer transactions are always successful without hanging and/or reversal	2.30	.332	.026	267.117	.000 & .002	@ 95% confidence Interval, no adjustments
6	Some of your transactions that hanged often require that you visit the banking hall before they are cleared or resolved	4.11	.116	.261	232.413	.000	@ 95% confidence Interval, no adjustments
7	You enjoy prompt transaction notification through SMS (short message service) or alert for	1.21	.239	.201	330.326	.001	@ 95% confidence Interval, no adjustments

	all debits and credits in your account						
8	You are experiencing high rate of unquestionable bank deductions from your account due to cashless payment system	4.23	.016	.446	116.102	.000	@ 95% confidence Interval, no adjustments

Source: SPSS Analysis Report

In table 'iii' result of SPSS analysis of responses to question 5 reveals a grand mean of 2.30, standard deviation of .332, and a non-significant difference of .000 & .002 with a Pairwise Comparison result that reveals no adjustment to the mean. Thus, majority of the respondents disagreed that their online payment and transfer transactions are always successful without hanging and/or reversal. Further analysis of responses to question 6 reveals a grand mean of 4.11, standard deviation of .116 and a non-significant difference of .000 with a Pairwise Comparison result, which holds that no adjustment is required. Thus, majority of the respondents agreed that some of their transactions that hanged often require that they visit the banking hall before they are cleared or resolved.

Analysis of responses to question 7 in table 'ii' equally reveals a grand mean of 1.21 with a non-significant difference of .001 whereas the difference is significant @ .05. Pairwise Comparison analysis of the differences shows no adjustment to the mean. Thus, majority strongly disagree that they enjoy prompt transaction notification through SMS (short message service) or alert for all debits and credits in their account. Similarly, analysis result of responses to question 4 reveals a grand mean of 1.24 with a standard deviation of .918 and non-significant difference of .000 whereas the difference is significant @ .05. Pairwise Comparison analysis of the differences reveals no adjustment to the mean. Thus, majority of the respondents strongly disagree that their area of activities enjoys effective network and internet services; and high speed/broadband internet technologies that makes transactions easy.

A reflection on the results of analysis of responses to questions 5 - 8 in table 'iii', which sought to find out if cashless policy has been an effective system of payment for SMEs' activities in Southeast – Nigeria shows a synonymous majority response of disagree. Online payment and transfer transactions are not successful as they are always hanging and/or seek reversal, there is no automatic reversal of hanging, or failed transactions as customers are required to visit the banking hall before they are resolved. Further, there are no prompt transaction notifications through SMS or alert for all debits and credits, while the region lacks effective network/internet services and high speed/broadband internet technologies for appropriate transactions. Consequently, one can infer that cashless regime is not an effective system of payment for SMEs' activities in Southeast Nigeria due to the prevailing factors of limitations.

Research Question 3: Has the adoption of cashless policy any significant positive impact on the performance of SMEs in Southeast Nigeria?

Table iv: Results of SPSS Analyses of responses to question 3

Sn	Research questions	Grand Mean	Standard Deviation	Standard Error	Tests of Between-Subjects Effects	Sig. Diff.	Pairwise Comparisons
9	The introduction of cashless payment system has led to significant increases in the distribution and sales of your products or commodities	2.10	.412	.145	52.213	.001	@ 95% confidence Interval, no adjustments
10	The introduction of cashless economy has led to high level increase in debts and low rate of customers' patronage	4.31	.134	.106	132.343	.003	@ 95% confidence Interval, no adjustments
11	The cashless system of payment has led to increases in the rate of un-purchased commodities and number of expired goods in your business	4.14	.314	.025	116. 342	.000	@ 95% confidence Interval, no adjustments
12	Business transactions have been very slow with high level of deficit due to the cashless economy	4.20	.018	1.156	346.112	.004	@ 95% confidence Interval, no adjustments

Source: SPSS Analysis Report

In table 'iv' SPSS analysis of participants' responses to question 9 reveals that majority of the respondents, disagreed the introduction of cashless payment system has led to significant increases in the distribution and sales of your products or commodities. The result shows a grand mean of 2.10, standard deviation of .412, and a non-significant difference of .001 with a Pairwise Comparison result, which holds that no adjustment is required. Further analysis of responses to question 10 reveals that majority of the respondents agreed that the introduction of cashless economy has led to high-level increase in debts and low rate of customers' patronage. The result shows a grand mean of 4.31, standard deviation of.134 and a non-significant difference of .003 with a Pairwise Comparison result that reveals no adjustment the grand mean.

Table 'iv' equally reveals that result of analysis of responses to question 11 reveals a grand mean of 4.14 and a standard deviation of .314 with a non-significant difference of .000 whereas the difference is significant @ .05. Pairwise Comparison analysis of the differences reveals no adjustment to the mean. Thus, majority strongly agree that the cashless system of payment has led to increases in the rate of un-purchased commodities and number of expired goods in their businesses. Similarly, analysis result of responses to question 12 reveals a grand mean of 4.20 with a standard deviation of .018 and non-significant difference of .004 whereas the difference is significant @ .05. Pairwise Comparison analysis of the differences reveals no adjustment to the mean. Thus, the cashless system of payment led to very slow rate of business transactions with high-level deficit.

A reflection on the results of analysis of responses to questions 9 - 12 in table 'iv', which sought to find out the impact of cashless payment system on the performance of SMEs in Southeast – Nigeria indicates significant negativity relationship between the two variables. First, there is no increase in the distribution and sales activities of SMEs. Second, SMEs began to experience high-level increase in debts and customers' low rate of patronage. Third, SMEs began to experience increases in the rate of un-purchased commodities and number of expired goods in their stock. Finally, SMEs began to experience very slow rate of business transactions with high-level deficit. Thus, the adoption of cashless policy does not exerts significant positive impact on the performance of SMEs in Southeast Nigeria

DISCUSSION OF FINDINGS

One of the major findings of this paper holds that majority of the entrepreneurs of SMEs possess only basic education. This finding has implication for the adoption of e-payment or cashless system of payment. The system requires operators to possess a good knowledge and specific skills of ICTs and the internet, which majority of these entrepreneurs are lacking. It may have contributed to the slow pace of cashless policy adoption as observed previously by CBN (2012) and Ayo, Adewole & Oni (2010). The finding is collaborated by earlier observation made by James (2013) and Ifinedo (2011) to the effect that IT skills and education are some of the key determinants of people's adoption of cashless policy. This explains why some of the SMEs do not have bank accounts or mobile phones with requisite apps for payment and transfer transactions. They preferred cash to electronic transactions.

The second fundamental finding is that there is a shortfall or adequate supply of facilities for cashless system in the Southeast Nigeria. Such facilities like ATM terminals and Point-of-Sale (POS) terminals are not located in any community, places of mass gathering and even in any of the streets or estates across Southeast. Good internet/network connection and high speed/broadband internet technologies are alien to the region. Banks have equally failed to install relevant software that detect, prevent, and remove suspected attackers from having access to banking information thereby exposing their customers to high-level security risk. Earlier finding by Yaqub et al. (2013) to the effect that Southeast experiencing poor network and internet services, and lack of adequate power supply required for effective implementation of cashless policy, collaborated this findings. However, the study failed to observe inadequate supply of ATM terminals and Point-of-Sale (POS) terminals, relevant anti-fraud software, and lack of high speed/broadband internet technologies as limitations to the policy implementation. This finding, therefore, is the contribution of this paper to the academic and research in the field of e-payment administration in a cashless economy.

Finally, the third major finding of this paper is that the implementation of cashless economy has negative impact on the performance of SMEs. This finding contradicts earlier finding made by Onyekwelu & Nnabugwu (2020) to the effect that electronic banking services have positive and significant effect on the performance of MSMEs in Anambra State. Nevertheless, electronic banking services without cash regulations differ from cashless system that pursues limited cash circulation through e-payment practices. Secondly, MSMEs have higher capital base and engage in bulk sales and distribution of commodities more than SMEs. The implication of this finding is that distribution and consumption of retail commodities will collapse if CBN fails to increase the amount of cash in the hands of SMEs, and the economy will experience negative growth in spite of profits banks generate through charges.

CONCLUSION AND RECOMMENDATIONS

Central Bank of Nigeria introduced cashless policy in 2011; however, it became effective in 2012 with very low rate of adoption until January 31, 2023 when it became mandatory to swap some old naira denominations with new designs. The e-payment system was managed through internet/online banking, automated teller machine, and mobile banking with strict restriction on physical cash flow. Nevertheless, relevant and adequate ICTs facilities and skills/knowledge for administering the payment system are substantially lacking or not adequately provided particularly in the southeast – Nigeria. This led to the ineffectiveness of the various e-payment channels, methods, and activities. Although corporate institutions like the banking sector may claim increases in revenue and growth, the policy exacerbated hardship and suffering among the citizenry; undermines, and drastically reduced the performance of SMEs in southeast – Nigeria.

Consequently, this study makes the following recommendations:

1. The CBN through its agencies, banks, and consultancy firms should embark on skills acquisition programme, awareness creation and sensitization of small business owners and the

public on the dynamics and usefulness of cashless economy with a view to increase the rate of its adoption and effectiveness.

2. The CBN should increase the limits of daily cash withdrawals by individuals and corporate bodies to ease the prevailing hardship the policy generated.

3. The banking industry should provide adequate and accessible e-payment facilities such as ATM and POS terminals across the region particularly in places of mass residence and gathering.

4. The National Communication Commission (NCC) should liaise with network providers to ensure the provision of adequate and fast network connection even in rural communities, which will facilitate cashless operations and terminate the prevailing frustrations caused by no or poor network syndrome.

5. The problem of epileptic power supply must be resolved to enable e-payment facilities receive operational energy.

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