

THE EFFECT OF CASHLESS ECONOMY ON THE PERFORMANCE OF SMALLSCALE ENTERPRISES IN ANAMBRA STATE

DR. EZEANOLUE, EKWUTOSI THERESA

Lecturer Department of Business Administration, Faculty of Management Sciences,
Chukwuemeka Odumegwu Ojukwu University, Igbariam Campus

ABSTRACT

This study examined how small-scale businesses in Anambra State fared operationally in a cashless economy. Based on the Diffusion of Innovation Theory (DIT), there was an extensive evaluation of relevant conceptual, theoretical and empirical literature. The study's dependent variable was manufacturing firms' performance whereas the independent factors included internet banking, automated teller machines, mobile banking and point of sale services. The study population consisted of 2093 persons who worked for industrial firms in the South-East area of Nigeria. The research design used in the study was a descriptive survey. 404 respondents made up the sample size, which was calculated using the formula by Borg and Gall (1973). The performance of small businesses in Anambra State was shown to have significantly improved due to the presence of automated teller machines, point of sale systems and online banking. The study found that the performance of manufacturing firms significantly improved by a cashless economy. Therefore, it was suggested that policymakers and the central bank evaluate policies on a regular basis to straighten out any undefined positions. Banks must to launch a comprehensive awareness campaign and educate the public about the advantages of a cashless policy for efficient business operations, particularly for industrial companies. Banks should invest in ATMs that are user-friendly, dependable, quick, provide confidentiality, have reasonable fees and let users make deposits in addition to putting sufficient security measures in place to stop fraudulent transactions.

KEYWORDS: Internet Banking, Automated Teller Machine and Point of Sale

Background to the Study

The rate of rapid development at global level has been so dynamic that it touches all aspects of human venture. Policymakers and development practitioners acknowledge the leading role of information and communication technologies (ICTs) for development (Dutta and Mia, 2009). Considering the expansion of company groupings, the increasing complexity of corporate portfolios and the rise in decentralisation in reaction to these developments, the world is increasingly becoming an interconnected community (Tasmin. Abubakar & Jose, 2012). As a result, cashless economy services are becoming more and more popular worldwide. In the international banking market, this presents the banking industry with new potential and difficulties. Therefore, the rate at which small and medium-sized businesses embrace new technology will determine the efficacy of

cashless economy services. Thus, bankers and policy makers should undoubtedly be concerned about the variables affecting small and medium-sized businesses (Shaukat & Zafarullah, 2010). The rapid changes in business operations in contemporary times in the form of technological improvement require banks in Nigeria to serve the small and medium scale enterprises. Products from the cashless economy are becoming more popular since many small and medium-sized businesses see them as the solution to the poor quality services that have long plagued many banks (Dogarawa, 2005). Unfortunately, critics assert that Nigerians are accepting the products at a significantly lower rate than anticipated. Certain research findings indicate that low technology, an insufficient legal structure and the absence of consumer awareness are to blame. Thus, the purpose of this study was to assess how the cashless economy in Anambra State of Nigeria affected the performance of small and medium-sized businesses.

Statement of the Problem

Every bank is in competition with one another to draw clients in various ways by offering services and/or goods that are reasonable, easily accessible, and timely for their clients. One of the most important of these services is cashless economy (electronic services) that have contributed significantly to increase the distance between costumers and the bank and small and medium scale enterprises (Kannabira& Narayan, 2005). Current banking conditions necessitate ongoing innovation to satisfy the desires and expectations of ever increasingly discerning customers. As a result, banks must use the newest, most advanced technology to launch new goods and services efficiently and promptly (Augusto, 2012). Cashless economy enable bank to improve their service delivery, decongest queues in the banking hall, enable customers withdraw cash 24/7, send and receive money internationally, monitor transactions in an individual's bank account, get an online statement or even transfer money to an account belonging to a third party.

Those services will undoubtedly impact significantly on the overall performance of small and medium scale enterprises. The small and medium scale enterprises on the other hand, stand to enjoy the benefit of quick service delivery, reduced frequency of going to banks physically and reduced cash handling, which will give rise to higher volume of turnover (Fagbuyi, 2013). Nevertheless, it appears that the goals of these changes in the Nigerian banking sector were not met. Despite the effort of banks to ensure that customers reap the benefits of e-banking, the bank is met with complaints from customers such as online theft and fraud, non-availability of financial services, payment of additional fees associated with electronic banking such as those for sending alerts through short message services (SMS), challenges in obtaining ATM cards required and the inability of Nigerian credit cards to accepted for use abroad, malfunctioning Automated Teller Machines (ATMs) and network downtime. Additional issues related to Nigeria's cash-based economy that have been noted include financial transaction bottlenecks that may result

from long lines at ATMs or banks, poor network coverage that affects mobile banking and web, banking Spread of bacteria through handling physical cash, High rate of crime, illegal drug trade, terrorism, illegal immigration, human trafficking, corruption, due to its cash-based economy. Criminal acts that involve violence and insecurity such as bank and ATM robberies have remained a constant problem for citizens (Okafor, 2012). Based on the foregoing, the study examined the effect of cashless economy on the performance of small and medium scale enterprises in Anambra State Nigeria.

Objectives of the Study

The main objective of the study is to examine the effect of cashless economy on the performance of small and medium scale enterprises in Anambra State, Nigeria. The specific objectives includes to:

1. Examine the influence of internet banking on the performance of small and medium scale enterprises in Anambra State
2. Determine the effect of automated teller machines on the performance of small and medium scale enterprises in Anambra State.
3. Determine the effect of point of sale service on the performance of small and medium scale enterprises in Anambra State.

Research Questions

The following research questions guided this study.

1. How does internet banking influence of the performance of small and medium scale enterprises in Anambra State?
2. To what extent do automated teller machine services affect the performance of small and medium scale enterprises in Anambra State?
3. To what extent does point of sale services affect the performance of small and medium scale enterprises in Anambra State?

Hypotheses

The following hypotheses stated in null form guided this study.

- Ho₁: Internet banking services have no significant effect the performance of small and medium scale enterprises in Anambra State?
- Ho₂: Automated teller machine services have no significant influence on the performance of small and medium scale enterprises in Anambra State?
- Ho₃: Point of sale services have no significant effect on the performance of small and medium scale enterprises in Anambra State?

REVIEW OF RELATED LITERATURE

Conceptual Framework

Cashless Economy

The idea behind a cashless economy is to drastically reduce the amount of currency that is handled during transactions, although it depends mostly on the sending of an electronic signal to banks for the payment and receipt of money on one's behalf in the process of exchange" (Yusuf, Adedina & Egbekule 2015). It is not to say that the use of cash will be eradicated, but will be limited to the barest minimum for carrying out financial transactions. "The cashless economy concept aims at reducing (not eliminating) the amount of physical cash circulating in the economy, and encouraging more electronic based transactions (payment of goods, services, transfers. Cashless economy equally aims at preventing Bank run" (Sloman 2006). The concept of being cashless makes it harder to maintain one's buying power in paper money. "Cashless economy 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 and inefficiency and corruption" (CBN, Website, 2011). According to March (2013), a cashless economy is one in which money is spent without physically moving it between individuals. Olu (2011) notes that "cashless society is one in which physical cash as a transaction medium is reduced to the barest minimum. Substituted in the place of cash would be an electronic payment system in one form or another".

According to Nweke (2012), the shift to a cashless economy basically entails emerging nations, in particular, moving from a cash-based to a cashless financial system. Conversely, an economy that is cashless uses less actual currency in circulation and instead makes use of other payment methods, particularly those that are electronic in nature. In other words cash-less economy is a combination of the cash-based payment system and electronic payment systems with the latter exceeding the former in terms of utilization". "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" (Ajayi 2014). "Contrary to what is suggestive of the term, cashless economy does not refer to an outright absence of cash transactions in the economic setting but one which the amount of cash-based transactions are kept to the barest minimum (Ajayi 2014). It is an economic system in which transactions are not done predominantly in exchange for actual cash. A cashless economy does not mean that fiat money will never exist. For a while to come, people will still use money to exchange products and services. By offering substitute payment methods, this economic context reduces the need for actual cash (Ajayi 2014). Despite what the phrase suggests, a cashless economy is one in which the number of cash-based transactions is kept to a minimum rather than one in which there are no cash transactions at all (Ajayi, 2014). It is an economy where exchanges other than actual cash are not the norm for transactions.

Additionally, it is not a barter system in which products and services are traded for one another (Ajayi, 2014). It is an economic setting in which goods and services are bought and paid for through electronic media. Ajayi (2014) expressed the difficulty in rightly defining the electronic money, but agrees that “it blends technological and economic characteristics”. European Central Bank (1998) defined electronic money as “an electronic store of money value on a technical device that maybe widely used for making payments to undertakings other than the issuer without necessarily involving bank accounts in the transactions, but acting as a prepaid bearer instrument”.

Small Scale Enterprises

There is no “universal definition of small scale enterprises as the changes in price level and advancement in technology affects its actual definition. The functional and easy to measure factors that can be used as definition criteria for small scale enterprises are turnover, gross output, and employment” (Safiriyu and Njogo, 2012). Carpenter (2003) “identified other criteria such as financial strength, relative size, sales value, initial capital outlay, and types of industry”. Hence, small scale enterprises can assume a lot of meanings in different countries and at different times. 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 “(Osotimehin, 2012). The National Council on Industry (1991) 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). National Council on Industry (1996) “after a review defined micro enterprises as an industry with a labour size of no more than one million naira (N1,000,000) and a total cost that includes working capital but excludes the cost of land than ten workers, while small scale enterprise is an industry whose total cost, including working capital but excluding cost of land is over one million naira (N1,000,000) but not more than forty million naira with a labor size of between eleven and thirty-five workers”. “As at 2001, this value was reviewed to one million five hundred thousand naira (N1,500,000) with a labor size of ten workers for micro enterprises and between one million five hundred thousand naira (N1,500,000) and fifty million naira (N50,000,000) with a workforce of eleven to hundred workers for small scale enterprises” (Udechukwu, 2003). Nigerian definition is “based on capital, there is need to review it periodically as a result of persistent depreciation of the national currency and high inflation rate in the economy”.

Ojo, (2004) contends that the definition of small scale enterprises varies according to context, author and countries. Small scale enterprises are certainly not transnational companies, multinational corporations, publicly owned enterprises or large facilities of any kind. The definition put forth by the Enterprise Promotion Decree of 1989, as revised

in 1994, is a more traditional one. Small businesses are those that are founded with the intention of enabling their owners to be self-employed and self-sufficient (Osotimehin, 2012). These include food vendors, low scale farmers, fishermen, organized mechanics, supermarkets, allied artisans”. In this definition, “emphasis is not laid on the amount of capital or number of employees but on creating employment for the owner. “Small scale businesses are generally referred to as the engine of growth in many economies and a major factor in promoting private sector development. In addition to making a major contribution to the improvement of living standards, micro and small businesses also generate a substantial amount of local capital accumulation and reach exceptional levels of productivity and competence (Adebiyi 2013).

Theoretical Framework

The study is based on Diffusion of Innovation Theory (IDT). For over three decades, scholars have explored the adoption of new ideas, with Rogers (2003) presenting one of the most widely accepted models in his publication, Diffusion of Innovation. According to Roger (2003), an innovation is any concept, procedure or undertaking that a person or other adaptation unit views as novel. Even though something has been around for a while, it could still be considered innovative to certain people. The newness characteristics of an adoption are more related to the three steps (knowledge, persuasion and decision) of the innovation-decision process. In addition, roger claimed there is a lack of diffusion research on technological clusters. For Roger (2003), “a technology cluster consists of one or more distinguishable elements of technology that are perceived as being closely interrelated. IDT, in general, explains why people are drawn to using technology to carry out traditional tasks in a new way.

The critical factors that determine the adoption of an innovation at the general level are the following: relative advantage, compatibility, complexity, trialability and observability (Moga, 2010). Many banks have found it advantageous to adopt ICT in their operation in order to improve their efficiency. This is achieved through development of websites and mobile applications that suit the customer needs. Customers are therefore able to access their accounts anywhere as long as they are connected to the internet. The way that a new technical concept, artefact, approach, or a fresh application of an existing one moves from conception to application is the focus of this theory. IDT states that throughout time, participants of social structures transmit innovations in technology through specific means.

A breakthrough in technology goes through several stages, including understanding, convincing others, execution, and validation (Arnaboldi & Claeys, 2008). In a similar vein, fraud and cyberthreats have improved online banking. Early adopters typically have greater levels of education, an enhanced social position, are more receptive to social and mass media communication, and interact with change agents more frequently. While

interpersonal relationships are more significant during the persuasion stage, mass media channels are more significant during the knowledge stage (Arnaboldi & Claeys, 2008).

Innovative thinking can be collaborative (unanimous agreement among members), voluntary (given to the individual or organisation a genuine chance to decide whether to endorse the idea), or authority-based (imposed by another individual or organisation with the necessary authority or technical know-how). Barnes and Corbitt (2013) advice that managers need to understand the capabilities of any particular technology and the benefits that ensue from its use in considering what technology to use with their operations, as well as understand associated costs and limitations of operating that technology. He advises the general issues to consider as the volume and variety of output that the technology can achieve, the fit with existing technology used with the organization and the level of maturity of the technology. The IDT theory explains the necessity of adopting technology in an organization to replace the traditional system of management and administration as well as model of service provision if it is service orientated. A theory is normative in nature as it aims to establish structures. Electronic banking heavily relies on the ICT since it is carried out on the internet. Customers are able to access their accounts remotely without having to physically visit the bank.

Internet Banking and the Performance of SMES

Internet banking or internet banking can be defined as an internet portal, through which customers can use different kinds of banking services ranging from bill payment to making investments. Online banking allows small and medium-sized businesses to conduct nearly any kind of banking transaction with only a few mouse clicks, with the exception of cash withdrawals. With the introduction of deregulations, globalisation, technology, and competition, using the internet as an alternative medium for the delivery of banking services has evolved from being a means of gaining an edge over others to a need in the marketplace (Abubakar & Tasmin, 2012). Internet banking refers to systems that enable small and medium scale enterprises to get access to their accounts and general information on bank products and services through the use of a bank's website, without the intervention or inconvenience of sending letters, faxes, original signatures and telephone confirmations (Simon & Thomas, 2016). Siyanbola (2013) puts it that online banking involves conducting banking transactions on the internet (www) using electronic tools such as the computer without visiting the banking hall.

Internet banking is defined by Palmta (2004) as an internet portal through which consumers, small and medium scale enterprises, and other business ventures can use different kinds of banking services ranging from bill payments to making investment. With the exception of cash withdrawals, internet banking gives small and medium scale enterprises, and other business ventures access to almost any type of banking transactions at the click of a mouse (Young 2001). In deed the use of the internet as a new alternative

channel for the distribution of financial services has become a competitive necessity instead of just a way to achieve competitive advantage with the advent of globalization and fiber car competition (Gan, Clenes, Limsombunchi & Weng, 2006).

Automated Teller Machines (ATM) and Performance of SMES

Globalisation and internationalisation have become crucial in the modern business environment. For this reason, Ayo, Adewoye, and Oni (2011) proposed that the banking industry must strategically coordinate its operations instead of continuing to operate disconnected groups of businesses that are dispersed throughout the globe. According to Ramas (2008), the only organisations that will prosper are banks, companies, industries, and any other sector of the community that is aware of the new regulations governing conducting business in the global marketplace. As a result of this, leaders and managers in the banking industry are under pressure to acknowledge that their perspectives on banking and operational management need to change in response to the intense worldwide competition. Studies have shown that universal banking operation required that the only avenue to prosper is to develop an effective global bank management mechanism with staffs who are competent to structure multinational business techniques through the adoption of modern technology such as automated teller machines (Mahmood et al., 2014).

Automated Teller Machine (ATM) is a machine where cash withdrawal can be made over the machine without going in to the banking hall. It also sells recharge cards and transfers funds; it can be accessed 24 hours/7 days with account balance enquiry (Fenuga, 2010). According to Abubakar and Tasmin (2012), an automated teller machine (ATM) is a computerised telecommunications equipment that enables financial institution clients to conduct monetary transactions in a public area without the assistance of an actual human or bank teller. Ali and Emenike (2016) perceive Automated Teller Machine (ATM) as a computerized telecommunications device that provides the clients of a financial institution with access to financial transactions in a public space without the need for a cashier, human clerk or bank teller. These days, ATMs may be found not just within or next to banks, but also at places like supermarkets, airports, retail centres, gas stations, and dining establishments, cinemas, club, hotels, churches, mosques, bus stations, train stations or any place large numbers of people may gather (Hazlina *et al*, 2011; Abdullah & Tasmin, 2011). Small and medium-sized businesses can electronically access their accounts, withdraw money, make payments and check balances by using an ATM card (credit or debit card). Simple transactions no longer need going into a bank and this as a result of ATMs, which provide customers with access to accounts at machines across Nigeria and the rest of the world. In the mid-1990s, financial institutions began charging for the use of their ATMs, which greatly increased the host banks' profits from the transactions. ATMs can be found in customer and bank convenience areas.

Customers may now finish financial transactions without ever having to leave the security of their possessions (Ali & Emenike, 2016).

Point-of-sales (POS) and the Performance of SMES

Point-of-sales (POS) is the location where a transaction occurs. A terminal POS or POP is generally referred to the hardware and software used for check out, the equivalent of an electronic cash register. Point of sale system typically includes a cash register (which in recent times comprises a computer, monitor, cash drawer, receipt printer, customer, small and medium scale enterprises, and other business venture display and a barcode scanner) and the majority of retail POS systems also include a debit/credit card reader. POS is one of the e-payment systems introduced in Nigeria to further the course of cashless policy. POS is an electronic payment device which enables individuals to make purchases with electronic cards. POS accepts ATM cards for payment of goods and services. This card stores account information on microchips. A wallet with electronic money storage is part of the microchip. The card can be used to make purchase of goods and services online, in supermarkets, shopping malls, and other market places. POS allows cardholders to have a real time online access to funds and information in their bank account through debit or cash cards. POS deployment is projected to hit 350,000 in 2014 from 120,191 in 2013, reflecting growing acceptance of POS and electronic card payments. This is because between 2012 and 2014, it was found that the volume of transactions conducted via POS increased by 183% compound annual growth rate (CAGR) suggesting significant adoption and usage of POS (NIBSS, 2015).

The POS unit handles the sales to the consumer, small and medium scale enterprises, and other business ventures but it is only one part of the entire POS system used in a small scale business. Other common features of POS include reporting, cost/ and profit analysis, sales trends and store sales data for returning clients. For the management of receivables, marketing, and targeted purchasing analysis, customer information may be retained. The operational efficiency of small businesses is improved by the accounting interface included in many point-of-sale (POS) systems, which "feeds" data on sales and cost of items to standalone accounting programmes. Mobile phones and tablets may now be used to execute POS transactions since the recent introduction of new applications (POS Terminals Market Analysis 2014). According to a recent study, mobile point-of-sale (POS) terminals are predicted to supplant modern payment methods due to their mobility, initial cheap cost of ownership, and improved user experience. Mobile POS terminals are expected to replace the contemporary payment techniques because of various features including mobility, upfront low cost investment and better user experience in other to improve the performance small and medium scale enterprises, and other business venture. Convenience of conducting remote financial transactions is expected to augment the demand from small and medium businesses for m-POS (POS Terminals Market Analysis 2014)

Empirical Review

Faniran and Odumeru (2015) investigated the determinants of mobile banking adoption in Nigeria using a modified version of Technology Acceptance Model (TAM). This incorporates Perceived Risk, Facilitating Conditions and Demographic Characteristics (Age, Gender, Educational Qualification and Income) to Perceived Usefulness and Perceived Ease-of-Use as determinants of Mobile Banking Adoption. It is further suggested that attitudes regarding the adoption of mobile banking act as a mediating factor in this association. 250 bank clients' from the Lagos region were chosen in total, and copies of an organised questionnaire were created and sent to them. Data was analysed using multiple regression and computed using SPSS 20.0 computer application. The findings indicate that the factors that substantially influence the adoption of mobile banking include perceived value, perceived ease of use, perceived risk, enabling circumstances, age, educational background and income. However, there is no significant correlation between gender and mobile banking adoption is not significant. The outcome of this study has some implications to m-banking policy formulation and implementation. It also throws more light into what should be done to improve m-banking adoption rate in Nigeria.

Kirigano, Muturi and Atandi (2016) analyze the effect of mobile phone transfer applications on performance trends of micro and small enterprises. The sampling frame constituted all micro and small enterprises found in the hair-dressing, carpentry and cloth making industries in Kitale town. Descriptive and statistical analysis was carried out from which the researcher was able to compute the Pearson product moment correlation (r) to establish relationship. The study revealed that there is indeed an effect of the mobile phone transfer services innovations on enterprise performance of the enterprises surveyed, did indicate that when innovations are used they help bring more customers leading to more business income, innovations save time and money and contribute to their profits and that the more they invested in them the more the profits. Based on the findings, the study recommends a tax waiver on all mobile phones and related paraphernalia to enable majority apply them even in enterprises. Entrepreneurship policies on the other hand should be well researched before implementation to guarantee sustainability.

Chuwa (2015) investigated the factors influencing the adoption of internet banking by small and medium enterprises (SMES) in Nyamagana District, Mwanza-Tanzania. Explanations of the methodology used in conducting 425 interviews to obtain primary information for this study is given. Results of the 425 interviews and the analysis of these results; with graphs and figures to determine the extent that the factors studied influenced customer adoption of internet banking, was also analyzed. Descriptive statistics methods, such as statistical tables and bar graphs, were used to assess the association between the

adoption of online banking and consumer demographics in order to test the study goals. The main conclusions showed that the usage of online banking is correlated with demographic characteristics such as age, income, occupation, and degree of education. The adoption of online banking has been found to be influenced by psychological variables such as perceived danger, perceived expense, perceived compatibility, perceived relative benefit, and perceived complexity.

Okereke (2016) examined the impact of automated teller machine (ATM) transaction value, point of sales terminal, internet banking and mobile banking transaction value on economic growth of Nigeria. The quantitative design using ordinary least- square (OLS) method of multiple regression analysis was employed. However, secondary data for this study was obtained from CBN annual report and federal office of statistics. The ordinary least square method was used to test the significance of the data. Vector Error Correction test (VERC) model was applied to test the hypotheses arising from the research objectives. Also some tests, using Augmented Dickey Fuller (ADF) unit root and Johansen's Co-integration tests, were executed to establish the validity of the model assumptions. The result of findings shows that only point of sales terminal was significant to economic growth while automated teller machine, mobile banking and internet banking were insignificant to economic growth within the period under study. Therefore, the insignificant contributions of these instruments were as a result of users' ignorance and bank's inability to distribute the product effectively in the country. Meanwhile, government and bankers should put more effort in infrastructure development and aggressive public awareness campaigns.

Njenga and Shale (2017) examined the role of electronic point of sale on supply chain performance in the retail sector in Kenya among selected supermarket chains in Nairobi County. The sample for this study was chosen using a purposive sampling approach. The link between the independent and dependent research variables that were outlined in the study's goals was investigated using Pearson's correlation coefficients. The review's findings showed that four factors—rapid scan systems, cloud-based communication technologies, mobile point of sale, and EFTPOS—can be used to explain the retail division's success in supply chain performance. It was discovered that the performance of the supply chain was positively impacted by the quick scan systems, cloud-based communication systems, mobile point of sale, and EFTPOS. These effects were statistically significant. According to the survey, supermarkets should always be looking for methods to employ EPOS to enhance the consumer experience.

Summary and Gap in Literature

The literature reviewed covered conceptual review, theoretical exposition, theoretical framework and empirical studies. The conceptual review covered the concept of cashless economy and performance of small and medium scale enterprises. The theoretical

exposition examined the relationship between Internet Banking (IB), Automated Teller Machine (ATM), Mobile Banking and Point of Sale (POS) on the performance of small and medium scale enterprises. The theoretical framework covered the theory on which this research work is anchored Diffusion of Innovation. The empirical literature revealed conflicting findings and conclusion on the effect of cashless economy and performance of small and medium scale enterprises. Despite the existence of some studies on cashless economy and performance of small and medium scale enterprises in Nigeria, there is virtually no study conducted on small and medium scale enterprises using Anambra State. These drawbacks have in some way added to the body of information lacking in the literature, which calls for a more methodical and thorough investigation of how the cashless economy affects small and medium-sized businesses' operations.

METHODOLOGY

The study adopted a descriptive survey approach. Descriptive statistics was applied because of its capability to summarize large quantities of data using understood measures in form of graphical and numerical techniques (Burns, 2000). This study is carried out in Anambra State, Nigeria. The researcher made use of primary sources of data. The population of study is made up of all the employees and the owners of the small and medium scale enterprises in Anambra State. The total population is 2093. The Sample Size consist of 404 of the target population of the small and medium scale enterprises in Anambra State. The statistical formula devised by Borg and Gall (1973) was used to determine the sample size. Content validity was employee to ascertain the validity of the questionnaire. To check reliability of the instrument, the questionnaire was pre-tested through pilot study to ascertain its effectiveness in soliciting information intended. The researcher used test-retest method in order to test reliability of the research instruments. A Pearson product moment correlation formula was administered and a correlation coefficient calculated. A score of 0.8 was obtained, an indication of high measure of reliability. Cashless economy and performance of small and medium scale enterprises was regressed against the three independent variables using the regression model. The study also employed Multiple Regression Analysis (MRA) method to evaluate the effect of cashless economy on the performance of small and medium scale enterprises.

DATA PRESENTATION AND ANALYSIS

In this section, the data generated from the employees of the selected small and medium scale enterprises were presented, analyzed and interpreted. A total of four hundred and four copies of the questionnaire were distributed to the respondents, out of which three hundred and eighty copies were properly filled and found relevant to the study.

Table 1 Coefficients of the Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.105	1.718		4.135	.000
1 IB	.344	.071	.272	4.848	.000
ATM	.656	.097	.006	3.089	.000
POS	.463	.076	.369	2.132	.000

a. Dependent Variable: PSMEs

Table 2 shows the coefficient of the individual variables and their probability values. Internet banking has regression coefficient of 0.344 with a probability value of 0.000. This implies that internet banking has a positive but significant effect on the performance of small and medium scale enterprises. ATM has a regression coefficient of 0.656 with a probability value of 0.000 implying that ATM has a positive and significant effect on performance of small and medium scale enterprises in Anambra State. On a similar note, POS has a coefficient value of 0.463 and a probability value of 0.000. This shows that POS has a positive and significant effect on performance of small and medium scale enterprises in the small and medium scale enterprises Anambra State.

Test of Hypotheses

Test of Hypothesis One

Ho₁: Internet banking services has no significant effect on performance of small and medium scale enterprises Anambra State.

Hi: Internet banking services has a significant effect on performance of small and medium scale enterprises Anambra State.

In testing this hypothesis, the t-statistics and probability value in table 4.7 is used. Internet banking has a t-statistics of 4.848 and a probability value of 0.000 which is statistically significant. Therefore, we reject the null hypothesis and accept the alternative hypotheses which state that internet banking services has a significant effect on performance of small and medium scale enterprises Anambra State.

Test of Hypothesis Two

Ho₂: Automated teller machine services has no significant on performance of small and medium scale enterprises Anambra State.

Hi: Automated teller machine services have a significant effect on performance of small and medium scale enterprises Anambra State.

Automated teller machine (ATM) has a t-statistics of 3.089 and a probability value of 0.000 which is statistically significant. Therefore, we reject the null hypothesis and accept the alternative hypotheses which states that automated teller machine services has a significant effect on performance of small and medium scale enterprises Anambra State.

Test of Hypothesis Three

Ho₃: Point of sale service has no significant effect on the performance of small and medium scale enterprises Anambra State.

Hi: Point of sale service has a significant effect on the performance of small and medium scale enterprises Anambra State.

Point of sales (POS) has a t-statistics of 2.132 and a probability value of 0.000 which is statistically significant. Therefore, we reject the null hypothesis and accept the alternative hypotheses and conclude that point of sale service has a significant effect on performance of small and medium scale enterprises Anambra State.

Discussion of Findings

This work evaluated the effect of cashless economy on the performance of small and medium scale enterprises Anambra State. The data generated were analyzed and the following were established. The study found that internet banking services had significant effect on performance of small and medium scale enterprises Anambra State. This is in line with the findings of Fenuga and Oladejo (2010) whose study established that there is significant relationship between the level of automation banking services and improvement in delivery of services to their numerous customers in Nigeria. This also tallies with the findings of Offei and Nuamah-Gyambrah (2016) that internet banking brings efficiency in the operations of the bank.

The study established that automated teller machine services had a significant positive effect on the performance of small and medium scale enterprises Anambra State. This is in line with the findings of Simon and Thomas (2016) that user friendly ATMs, ease of access of ATMs and privacy of ATMs affects the performance of small and medium scale enterprises to a great extent.

Finally, the study found that point of sale services has a significant positive effect on performance of small and medium scale enterprises. This collaborates with the findings of Ahmed, Yaser and Bashar (2015) that there is a significant and positive relationship between POS factors and the performance of small and medium scale enterprises. The finding also agrees with Omotayo and Dahunsi (2015) perceived that small and medium scale enterprises have significant relationship with adoption of POS.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

Summary of Findings

This work evaluated the effect of cashless economy on the performance of small and medium scale enterprises in Anambra State. The data generated were analyzed and the following were evident.

1. The study found that internet banking services have a significant effect on the performance of small and medium scale enterprises.
2. The study also discovers that automated teller machine services had a significant effect on the performance of small and medium scale enterprises.
3. Finally, the study found that point of sale services had a significant effect on the performance of small and medium scale enterprises.

Conclusion

This work evaluated the effect of cashless economy on the performance of small and medium scale enterprises in Anambra State. The cashless economy channels used in this study such as internet banking, automated teller machine, and point of sales (POS) were found to have significant effect on the performance of small and medium scale enterprises. Cashless economy has improved performance of small and medium scale enterprises than ordinary banking, enabled customers to control their account better than the ordinary banking. The study concludes that cashless economy has significant effect on performance of small and medium scale enterprises.

Recommendations

Based on the findings of this study, the study recommends that:

1. Management of banking institutions should enhance application of mobile banking to increase satisfaction of their customers and performance of small and medium scale enterprises. Mobile service providers in conjunction with banks should develop more friendly and easy to use and efficient applications for bank customers and small and medium scale enterprises.
2. Banks should invest in ATMs that are easy to use, guarantees privacy, affordable charges and once that allow customers to make deposits.
3. Banking institutions should work hand in hand with major small and medium scale enterprises outlets and other organizations that use point of sale systems so as to ensure the cards issued to customers and point of sale systems are useful, reliable and can work with speed.

REFERENCES

- Abubakar, A. A., & Tasmin, R. (2012). The impact of electronic banking on customer service delivery in the Malaysian banking industry: Using Sand Cone Model. *Research Journal of Science and IT Management*, 1, (11), 11 - 22.
- Adeyemi, O. A., Ola, O. S & Oyewole, F. A. (2014). Internet banking functionality in Nigeria and outcomes of customer satisfaction: An empirical investigation. *International Journal of Academic Research in Business And Science*
- Agwu M. E., Okpara, A., Ikpefan, O. A. & Aigbiremolen, M. O. (2014) Impediments to E-banking services marketing in developing economies: A case study of Nigerian banks. *European Journals of Business and Social Science*. 3, (3), 228-248.
- Ahmed M. K., & Hassan A. (2011) Electronic banking functionality and outcomes of customer satisfaction: An empirical investigation, *International Journal of Marketing Studies*. 3, (1), 49-56.
- Ahmed, A. S., Yaser, A., & Bashar, A. (2015). The effect of e-banking on customers' satisfaction in financial services: An empirical investigation on financial sector in Saudi Arabia. *International Refereed Research Journal*, (3), 41 - 51.
- Ajayi, L. B. (2014). Effect of cashless monetary policy on Nigerian banking industry: Issues, prospects and challenges. *International Journals for Business and Financial Management*. (2), 29-41
- Ali, P. I., & Emenike, K. O. (2016). Impact of automated teller machine on banking services delivery in Nigeria: A stakeholder analysis. *Cad. Ed. Tec. Soc., Inhumas*, 9, (1), 64-72.
- Andy, F. W., Len, T. W. & Paul, R. (2014). Cashless policy, users' perception and retail marketing performance. *Business and Management Review*. 1, (1), 1-14.
- Barnes, S. J., & Corbitt, B. (2013). Mobile Banking: Concept and Potential. *International Journal of Mobile Communications*, 1(3), 273-288.
- Chuwa, G. (2015) Factors influencing the adoption of internet banking by small and medium enterprises (SMES) in Nyamagana District, Mwanza-Tanzania. *European Journal of Business Management*. 7, (13) 135-161
- Eddin, A., & Al-Zubi, H. (2011). E-banking functionality and outcomes of customer satisfaction: An empirical investigation in Jordan commercial banks. *International Journal of Marketing Studies*, 3, 50-65.
- Ejoh, N. O. J., Adebisi, A. W., & Okpa, I. B. (2014). Information and communication technology: An indispensable tool for the implementation of cash-less policy in Nigeria. *International Journal of Economics, Commerce and Management*. II, (10), 1-30
- Eze, G. P. & Egoro, S. (2016) Electronic banking and profitability of commercial banks in Nigeria. *Journal for Finance And Economic Research* 3, (1)
- Faniran, A. O. & Odumeru, J. A. (2015). Acceptance of mobile banking in Nigeria: A modified TAM Approach. *International Conference on e-Business, e-Commerce, e-Management, eLearning and e-Governance*

- Fenuga, O. J., & Oladejo, R. K. (2010). The effect of electronic payment on customer service delivery in Nigerian banks. *International Journal of Economic Development Research and Investment*, 1(1), 227 - 239.
- Goudarzi, S., Ahmad, M.N., Soleymani, S. A. & Hosseini, N. M. (2013) Impact of trust on internet banking adoption. *Australian Journal of Basic and Applied Sciences*, 7(7), 334-347
- Juma, S. N. (2013). Influence of electronic banking services on customer service delivery in banking industry: A case of Bungoma County, Kenya. *Masters of Arts Thesis in Project Planning and Management of the University of Nairobi*.
- Kaynak, E., & Harcar, T. D. (2015). Consumer value creation in mobile banking Services', *International Journal of Technology Marketing*, 1(1), 62–78.
- Khoshnood, R.O. N., Zahra R. S., Atusa, T., Farshad, & Mehdi P. A. (2013). Study the performance of points of sales (POS) and its impact on customer satisfaction (Case Study: Melli Bank of Rasht City). *International Research Journal of Applied and Basic Sciences*. 4 (7), 1876-1879
- Kirigano B. M., Muturi, W. & Atandi, F. G. (2016). Effect of Mobile Phone Transfer Services on Performance of Micro and Small Enterprises: A Case of Trans-Nzoia County, Kenya. Nairobi, Kenya, School for Human Resource Development Entrepreneurship and Procurement Department.
- Kombe, S. K. & Wafula. M. K. (2015). Effects of internet banking on the financial performance of commercial banks in Kenya. *International Journal of Scientific and Research Publications*. 5, (5), 1-9
- Kones, B. (2014). Factors influencing use of mobile banking among small and medium enterprises in Nakuru central business district. A *Research Project Submitted to Business School in Partial Fulfillment of the Requirement for the Award of Masters of Business Administration Degree of Kabarak University*.
- Kwarteng, P. A. (2015). The effect of electronic banking on customer service delivery in Kumasi Metropolis. A *Thesis Submitted to the School of Business, Kwame Nkrumah University of Science and Technology*.
- Latifat, M. & Alhassan, H. (2015) The impact of cashless policy tools on money circulating outside Nigerian banks. *International Journal of Business, Economics and Law*. 8, (3), 47-53
- Mandan, M., Bahram, K., & Maasomeh, D (2013). Analysis the effects of electronic banking on customer satisfaction and loyalty (Case study: Selected Branches of Melli Bank in Tehran). *Interdisciplinary Journal of Contemporary Research in Business*, 4(12) 230 - 241.
- Martin C. E., Ndubuisi, N. J., Marire, M. I. & Mgbodile, C. C. (2014). The impact of central bank of Nigeria cashless policy in Nigeria Economy. *IOSR Journal of Business and Management*. 16,(12), 84-95
- Mpho, B. (2017). Returns of the cashless policy in Nigeria. . *International Journal for Management and applied science*. 3, (9), 10-14

- Mutinda, A. N. (2014). The effect of mobile phone based money transfers on the financial performance of small and medium enterprises in Nairobi County, Kenya. A *research project* submitted for the degree of Master of Business Administration of University of Nairobi
- Mwinga, M. (2014). The influence of electronic banking on service delivery satisfaction to customers the case of NMB Bank in Tanzania. A *Dissertation* Submitted to Department of Business Administration, Open University of Tanzania.
- Ndugbu, M. O. & Ochiabuto E. (2016). Cashless economy and the Nigerian experience. *Research Journal Financial Accounting*.6, (7), 17-32
- Ngango, M. A. (2015). Electronic banking and financial performance of commercial banks in Rwanda: A case study of bank of Kigali. A *Research Project* submitted to the Department of Business Administration in the School of Business for the award of Master Degree in Business Administration (Finance Option) of Jomo Kenyatta University of Agriculture and Technology.
- Ngungi, T. M. (2013) Effect of online banking on financial performance of commercial banks in Kenya. A Research Project Submitted To Department of Business for a Masters Degree In Finance University of Nairobi.
- Njenga, S. & Shale N. I. (2017). Role of electronic point of sale on supply chain performance in retail sector in Kenya among selected supermarket chains in Nairobi County. *European Journal of Logistics, Purchasing and Supply Chain Management*. 5, (2), 19-55
- Odušina, A. O. (2014) Automated teller machine usage and customers' satisfaction in Nigeria. *Global Journal of Management and Business Research: C Finance*. 14, (4),
- Offei, M. O., & Nuamah-Gyambrah, K. (2016). The contribution of electronic banking to customer satisfaction: A case of GCB Bank Limited –Koforidua. *International Journal of Managing Information Technology*, 8(1), 1 - 11.
- Ogunlowore, A. J., & Oladele, R. (2014). Analysis of electronic banking and customer satisfaction in Nigeria. *European Journal of Business and Social Sciences*, 3(3), 14 - 27.
- Okeke, M. N. (2017). Effect of cashless policy on development small and medium scale enterprises in Anambra State *International Journal of Social Sciences and Humanities Reviews*.7 (2),113 – 126,
- Okerek, J. U. (2016). Cashless banking transactions and economic growth of Nigeria. *Middle-East Journal of Scientific Research* 24 (11)3576-3581
- Omotayo, F. & Dahunsi, O. (2015). Factors affecting adoption of point of sale terminals by business organizations in Nigeria. *International Journal Research In Business And Social Science*. (5), (10)
- Onyeagba, J. B. C. & Ilokanulo N. S. (2015). Impact of cashless banking system of payment on entrepreneurial activities in Anambra State. *IJMPAS*1, (2)221-239

- Rangsan, N., &Titida, N. (2013). The impact of internet banking service on customer satisfaction in Thailand: A Case Study in Bangkok. *International Journal of Humanities and Management Sciences*, 1(1), 101 - 105.
- Roger, E. M. (1995). *Diffusion of Innovation* (4th ed.), New York: The Free Press.
- RufAdeniran, L. M. & Abubakar, S. J. (2016). An empirical study of automated teller machine (ATM) and user satisfaction in Nigeria: A study of united bank for Africa in Sokoto metropolis.
- Sanghita, R. & Sinha, I. (2014). Determinants of customers' acceptance of electronic payment system in Indian banking sector. *International Journal of Science &Engineering Research*. 5, (1), 177-192
- Shehu, U. H., Aliyu, M.& Musa A. F. (2013). Electronic banking products and performance of Nigerian listed deposit money banks. *AmericaJournal of Computer Technology Application*. 1, (10), 138-148
- Simon, V. T. & Thomas, A. S. R. (2016). Effect of electronic banking on customer satisfaction in selected commercial banks, Kenya. *International Academic Journal of Human Resource and Business Administration*, 2 (2), 41-63
- Taiwo, J.N., Ayo, K.O., Afieroho E. O &Agwu M. E (2016). Appraisal of cashless policy on the Nigerian financial system. *West African Journal of Industrial & Academic Research*.16, (1),
- Worku, G, Tilahun A., &Tafa, M. A. (2016). The impact of electronic banking on customers' satisfaction in Ethiopian banking industry (The Case of Customers of Dashen and Wogagen Banks in Gondar City). *Journal of Business and Financial Affairs*, 5(2), 1- 18.