

Determinants of Choice Payment Systems in Local Markets, Abeokuta South Local Government Area, Ogun State Nigeria

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Abstract

For cashless economy to be achieved in Nigeria, it must also be successful at the grass root. The local market is one of the basic places where buying and selling takes place and is used by all manners of people in the society. However, this part of the society seems to be slow in adopting electronic payment methods. The researcher employed a structured questionnaire constructed by specialists to study the behaviour of traders (buyers and sellers) in local markets. Data was obtained on the payment behaviour, from traders (buyers and sellers) in the local markets in Abeokuta South local government area of Ogun state (Nigeria) and analysed using descriptive statistics. The result showed that people have high tendency to make payments in cash because their perception favoured cash payments. There was relative ease of usage of cash and ready availability as compared to other payment methods. It was therefore recommended that other payment platforms be made simple enough, for people to naturally prefer them over cash payments.

Keywords: *Cash Payment, Electronic Banking, Local Markets, Traders.*

Introduction

Traditionally, items/transactions are paid for mostly by cash, in local markets that are located in Abeokuta South Local government area of Ogun state Nigeria. This situation is also commonly found in any other local commodity market in Nigeria notwithstanding the digital revolution that is taking place in Nigeria and globally. Cash payment still dominates transaction payments in such markets and even where payments for transactions are done via electronic means or any other alternative means, the use of electronic payment methods often only supports cash payments. The dominance of cash payments in transactions seems to follow the fact that the average trader seems to regard other payment alternatives, as mere sources of cash to be used in paying for transactions rather than as stand-alone alternative payment methods. The dominance of cash-payments in local markets is driven by a biased perception

held by traders that fails to see anything other than cash, as money. "Perception is the process by which individuals register and evaluate information detected from the internal or external environment, consciously or unconsciously" [3], Other contributory factors to the preference for cash based payments over alternative payment method is the low level of availability of technological infrastructure to carry out alternative payment and lack of policy that is needful for the traders to engage in electronic payments. Infrastructure in this contest, refers to such electronic services and devices relevant devices to actuate electronic transactions and the possession of the know-how to use such devices. Electronic transactions in the area of study where there is any, is not hitch-free. Rather, it is often limited by system glitches and failed transactions and lack of know-how on the part of the users. Payments in cash is fraught with limitation: both sellers and buyers are constrained by

costs of carrying cash and the drive by the government to encourage a non-cash based economy is hampered. Besides these costs associated with cash dominance, the world is a global village where cash is becoming a thing of the past and therefore, a system where cash is the dominant mode of payment is archaic.

Relevance of this Research

Similar studies have not previously been done in this locality so, it is expected that this research would provide academic information on an area that is unknown. As regard the economy, the information provided by this study will be useful in providing academic guidance to authorities, in the move toward a cashless system. This study is also important because local market is a basic part of the society where most basic buying and selling occurs. A further need for this study lies in fact that a successful implementation of the digital economy in local markets would deepen trade. The local market is as microcosm of the markets in the wider economy and events in the local market have ripple effect on the bigger economy and reflects the ongoing in the macroeconomic sectors. The local market has impact on the lives of most people in the area of study. Food items and most other items needful to sustain livelihood come from the local market, in the area of study. Due to this importance of local markets, it is needful to impact the activities that occur there so as to have multiplier effect on the economy.

Modus Operandi of Cashless Policy in Nigeria

Events in the area of study derive from ongoing in Nigeria. There is no economy all over the world that is absolutely cashless and the Nigerian situation of Cashless Policy or cashless economy is not expected to be a complete absence of cash but, a dominance of alternative method of payment over cash. In a cashless economy, it expected that payments would be made vide cheque, Cards and

electronic means. The financial have positioned themselves to render services that benefit the needs of the local businesses and individuals, in the locality. In the drive to achieve cashless economy, Nigerian Banks have rolled out various electronic means of payments. The digital revolution has made available android phones, ATMs, POS machines, digital payment platforms. Customers can now do most transactions that were initially only possible inside banking halls. Transfers can be made from telephones from anywhere there is internet/network. Mass payments can now be made using NEFT, RTGS and various other platforms. Automation of banking services has transformed businesses in Globally. Banks have transformed their banking operations and have also transformed customers experience by means of access to self-service through access to electronic banking. Electronic banking can be described as using the internet as a delivery mode for the provision of services like inquiry, opening a deposit account, electronic bill payment, online transfers, online withdrawals, and in fact, any other online banking transaction. Electronic banking has also been defined as the medium of using electronic devices, like wireless connections, internet, point of sale (POS), networks, automated teller machines (ATM), phones, and cell phones in banking services. This has increased the speed and volume of banking transactions and eased business for entrepreneurs.

Telephone services is the backbone of electronic banking in Abeokuta. "The proliferation of smartphones has led to the rise of mobile banking applications. These applications in mobile phones allow customers to perform various banking transactions from checking balances to transferring funds, at their convenience" [13]. The advent of portable mobile telephones in Nigeria has contributed immensely to the development of her banking system. The progress in electronic

banking system in Abeokuta and in Nigeria in general has been possible by increasing access of people to mobile telephones. With the rise in internet technology, bank customers can now do online, most of the same services that they could only do in the banking halls, before 2002. as cited in [13] suggests that the digital transformation is due to the adaptiveness of the youth and general population in adoption of electronic devices. The telecommunication companies in Nigeria are “MTN Nigeria Communications PLC, Airtel Networks Limited (Airtel Africa PLC), Globacom Limited, BroadBased Communications Limited, 9Mobile (Emerging Markets Telecommunication Services Ltd), Main One Service Company Limited, Fiberone Broadband Limited, Backbone Connectivity Network (Nigeria) Limited, Viasat Inc., SpaceX LLC, ipNX Nigeria Limited, Tizeti Network Limited and Ngcom Networks Solutions” [21].

The benefits of electronic banking in Abeokuta are multidimensional. The continuous automation and innovations in deposit money banks in the area of study has enabled them to play in the global banking industry and has opened greater possibilities to erstwhile brick and mortar banking institutions. Businesses can now be done internationally. Furthermore, automation in DMBs resulted in the influx of financial technology (Fintech). “Fintech is a portmanteau of the words “financial” and “technology”. It refers to any app, software, or technology that allows people or businesses to digitally access, manage, or gain insights into their finances or make financial transactions.” [22]. The financial system also benefited by the fact that complex banking activities are now done by customers from the comfort of their homes and offices by using digital apps. Staff salaries can now be paid to staff by entrepreneurs, Transfers form accounts of businesses can be done electronically, to customers and others, without going to the

bank. The customers’ independence has also increased with the usage of automated banking products.

Automation in banks has made it possible for customers to access to Automated Teller Machine (ATM) has made it possible to have access to cash round-the clock, without interface with bank staff. “The application of information and communication technology concepts, techniques, policies, and implementation strategies to banking services has become a subject of fundamental importance and concern to all banks and indeed a prerequisite for local and global competitiveness banking” [16]. “Nigerian banks today are seriously into new electronic delivery channels for banking products and services with a view to delivering better services and satisfying customers the more. Banks that cannot offer these services are increasingly losing their customers” [16].

The Nigerian Cashless Policy was first implemented in Lagos in 2012. It came into limelight in Nigeria when the CBN governor “Mr. Sanusi Lamido Sanusi initiated a form of payment system that limits individual and corporate daily cash transactions in the banking system. Precisely, the CBN cash limit policy requires that, all cash withdrawals and deposits be set at a daily limit of a maximum of N500,000 while pegging that of corporate entities at N3,000,000, with penalty fees of 10%per extra above N500,000 for individual and N3,000,000 for corporate defaulters respectively.” [9]. To this end, various means of payments were made available by banks to serve as alternative to cash-based payments. Banks have made various electronic platforms available to enable transfer payments. This includes payments through mobile devices by means of applications, USSD, payments by transfers through ATM, payments by use of POS machines, payments by bank transfers in several forms that exclude cash. “Cashless economy does not mean an outright elimination of cash transactions in the

economic setting but one in which the amount of cash-based transactions are kept to the barest minimum” [1]. “The following among others enhance the functioning of cashless economy; e-finance, e-banking, e-money, e-brokering, e-exchanges etc. [1].

In assessing the success of the cashless Policy, “the progress made in implementation cannot be ignored or overemphasized as there have been a substantial progress in the banking sector due to the ease and convenience the policy has brought in Nigeria”. However, the process of the implementation of Cashless Policy in Nigeria has also been criticised by various schools of thought. In the view of [17] the implementation of the cashless policy in Nigeria is not properly done. Literature reports growing complaints from users of the services to banks and government agencies on frauds, unsuccessful transactions, bad charges and other service failures.

Research Problem

Local markets in Abeokuta South Local government area are influenced by events in Nigeria where the authorities have made moves to shift the nation’s economy from cash-based payments to use alternative payment methods. However, it is observed that payments local markets which are key parts of trade in the economy, are still hugely cash-based. It seems that people in the area of study have favourable bias towards usage of cash in making payments, as against using electronic payment methods payment methods. This situation provides the need to unravel the factors that shape perception on the choice of payment method to adopt. Unravelling this gap will enable an academic solution to be proffered to the slow movement from traditional cash-based transactions to electronic payment method.

Objectives of the Study

The specific objectives of this study are as follows:

1. To analyse the factors that impact the perception market people in deciding on the adoption of electronic payment methods in the local markets in Abeokuta South Local government area of Ogun State, Nigeria.
2. To determine to reduce the prevalence of cash payment in transactions carried out, in local markets in Abeokuta South Local government area of Ogun State, Nigeria.
3. To encourage the adoption of electronic payment system local markets in local markets in Ogun State, Nigeria.
4. To form a general opinion of similar situations

This study relies on both primary and secondary sources of data. The primary source of data is the responses to questions from sample taken while the secondary sources of data refer to the existing information in form of literature by other scholars on previously done similar existing studies.

Literature Review

Conceptual Issues

Perception

“Perception is a personal manifestation of how one views the world which is coloured by many sociocultural elements” [14]. “Perception is a uniquely individualized experience. One can only draw from what is known to oneself” MacDonald, 2011. “The wide variety of subjective instruments to measure perceptions has resulted in a lack of global consensus on any singular best practice. Instruments are usually situation-specific or population-directed which makes finding a general measure of perception challenging” [14]. Perception is studied major in the field of psychology. It is the window through which we see things in life. “Perception refers to interpretation of what we take in through our senses. The way we perceive our environment is what makes us different from other animals and different from each other. Perception

depends on complex functions of the nervous system, but subjectively seems mostly effortless because this processing happens outside conscious awareness” [2]. Perception is influenced the senses of smell, touch, sight and sound.

Ref. [8] broadly divides theories of perception, into two: These are, bottom up and top-bottom theories. “The first is a group of theories which suppose using only bottom-up processes when acquiring and processing sensory data. By bottom-up processes, we mean processes that start at the lowest sensory levels — that means (from the cortex’s point of view) at the most distant levels of cognitive apparatus — and then they gradually lead to more complicated and complex processes which take place in higher (cortical) structures which are responsible for more global and abstract ways of thinking. On the contrary, the top-down theories suppose that in the process of discrimination, but mainly when processing sensory stimulus, we start by [8].

The effect of perception is a creation of bias in minds of people such that, they make up their mind, form conclusion before inquiry. “Human judgment and decision making is distorted by an array of cognitive, perceptual and motivational biases” [20]. When people don’t have open mind and make their judgment ab initio, it results in wrong perception and “People’s perceptions can be biased by their beliefs, expectations and context, as well as by their needs, motives and desires” [14]. Such biases have important consequences. They can compromise the quality of human judgment and decision making, and they can cause misunderstanding and conflict [20].

Advantage of Cashless Policy in Local Markets in Nigeria

The Cashless policy in Nigeria was meant to give the authorities control to manage monetary policy. It has made it possible to track transactions, their origins and

destinations. The Policy has made transactions faster and cheaper for people. It has also provided employment to various people who carry out services using these means. It has also increased income being earned by banks.

Challenges of Electronic Payments

The introduction of electronic payment has also created so many avenues for fraudsters. Arguably, the biggest challenge facing electronic transactions is the possibility of fraud as fraudsters can attack people from anywhere in the world with being seen. One of the weaknesses of the implementation of cashless Policy is the fact that there is high level of illiteracy on how to manage the risks involved. It was later resumed but that act baked the question if Nigeria was prepared in the first place to commence implementation of the cashless policy. Many Nigerians still believe there is more to be done to gain their confidence or trust in these so-called alternative channels supplied by banks to aid banking transactions, as there seem to be challenges with the system.

Ref. [18] reported that “an investigator with the Economic and Financial Crimes Commission (EFCC) told a Lagos court how four bank officials cloned ATM cards and linked some accounts to them to steal N874 million belonging to Fidelity Bank and its customers in 2019 [18]. That was the equivalent of USD1,950,892.86 at the then exchange rate of N448 to one USD.

Demand for Money

“Demand for money is an important macroeconomic component, as it is indispensable for monetary policy analysis [12]” people’s “The demand for money is the total amount of money that the population of an economy wants to hold” [6] demand for money is influenced by transitionary motive, precautionary motive and speculative motive.

Empirical Review

Ref. [1] studied the mechanics, benefits and problems cashless policy in Nigeria. Using a sample of 170 customers of commercial banks and secondary data from Central bank of Nigeria, the research revealed that cash-based transactions is endemic in Nigeria. The study also that cash and coins is a major part of the transactions in Nigeria and it benefits the parties in the transaction at a huge cost to greater Nigerian economy. Ref. [1] also stated that “the Nigerian financial system has always had a huge informal sector resulting in financial dualism with its attendant consequences including prevalence of cash transactions”. the study further revealed that the primary challenge militating against the implementation of the cashless policy was lack of enabling environment which manifests in infrastructural deficiency. The said researcher therefore recommended stabilization of power supply in Nigeria as a solution.

Ref. [15] studied the effects, challenges and prospect of cashless economy policy in Nigeria using a sample of 1000 respondents consisting of bankers and banking customers in Benin City. The study identified challenges that followed the adoption of cashless policy in Nigeria as economic loses due to cyberattacks, and frauds. The study also revealed however, that there are gains such as less quees in banks, easier transaction process, increased earning and a recommended that the government strengthen electronic banking with adequate policies. The study further revealed the importance and need for people to have positive perception about electronic payments, in order for it to succeed. The said researcher stated specifically that “above all, Nigerians have a greater role in accepting the cashless banking payment system, making use of it with the belief that it would improve their financial and economic life and boost the image of the country leading to booming economy.

Ref. [4] carried out a cross-sectional research on the challenges facing the Cashless Policy Implementation in Nigeria using Unified Theory of Acceptance and Usage of Technology. The study revealed that “facilitating conditions has no direct effect on actual system use and trust has no positive effect on behavioural intention to adopt the system”. The study also noted several advantages arising from cashless Policy such as the provision of mobile money, reduction in visit to banks. The study noted that the policy had several advantages but noted the existence of challenges such as lack of security, illiteracy, financial illiteracy and lack of infrastructure. According to the [4], the set out goals (of the Cashless Policy) were not achieved, due to the attendant challenges.

Theoretical Framework

The Technology Acceptance model is adopted for this research, in view of its relevance and general acceptability in explaining the actions and events carried out by actors in the introduction of technology and technological changes. The technological acceptance model propounded by [2] explains how individuals accept new technology. Basically, the theory shows how a user of a proposed technology welcomes and adapts to a new technology. The theory is based on the assumption that the acceptance of the technology is determined by two beliefs which are, perceived usefulness of the technology and perceived ease of use. The theory teaches that behavioural intention stimulates the usage while behavioural intention itself is stimulated by attitude and attitude is the impression about the technology. The theory upholds certain suppositions such as perceived usefulness. This is the degree to which the user would perceive the technology would enhance his job. Perceived ease of usefulness is another paradigm in the model. This shows the degree that the user expects the technology to be easy to use. The theory also holds that external

variables and gender would affect the behaviour of people.

“The technology acceptance model (TAM) explains the acceptance of information systems by individuals. TAM postulates that the acceptance of technology is predicted by the users’ behavioural intention, which is, in turn, determined by the perception of technology usefulness in performing the task and perceived ease of its use” [6].

Materials and Methods

Population, Sample Size and Sampling Procedure of the Study

The population of the study consists of all the local markets in Abeokuta South Local government area in Ogun state of Nigeria. Four markets were selected out of the 8

recognizable markets in the area which includes the large gathering of closely associated shops and stores. A sample of 200 persons from market was targeted randomly, and issued structured questionnaire that was constructed by professional, for this research. The questionnaires were distributed and retrieved by the aids of the researcher and analysed using simple percentages.

Research Methods

The design adopted in this study is descriptive survey design. It obtains information by means of questionnaire from the respondents

Results

Demographic Information

Table 1. Gender Distribution

Gender	Percentage
Male	51.20%
Female	48.80%

The gender distribution of the sample is almost balanced, with a slight male majority in table 1. Males make up 51.20% of the group, while females represent 48.80%. The nearly equal distribution of males and females

suggests a balanced representation of gender within the sample. This balance may indicate a more equitable environment or field, where both genders have significant representation.

Table 2. Age Distribution

Age	Percentage
Under 20 Years	12.00%
21 -30 Years	14.40%
31 – 40 Years	43.20%
41 – 50 Years	20.80%
51 and above	8.00%

The age distribution in table 2 reveals a predominantly middle-aged population. Individuals aged 31 to 40 years are the largest group, constituting 43.20% of the sample. Those aged 41 to 50 years follow, comprising 20.80%. The 21 to 30 years age bracket accounts for 14.40%, while individuals under 20 years represent 12.00%. The smallest group is those aged 51 and above, at 8.00%. The

predominant age group of 31 to 40 years highlights a mature and potentially experienced population. This could imply that the majority of participants are in their prime working years, likely possessing substantial industry knowledge and experience. The relatively small proportion of younger and older individuals might indicate a dynamic,

evolving field that is less represented by those at the extreme ends of the age spectrum.

Table 3. Education Level Distribution

Education Level	Percentage
No Formal Education	28.80%
Primary Education	20.00%
Secondary Education	28.80%
Tertiary Education	20.80%
Postgraduate Education	13.60%

In terms of educational attainment, table 3 shows that 28.80% of participants have no formal education, and an equal 28.80% have completed secondary education. Primary education is held by 20.00% of the group, while 20.80% have pursued tertiary education. Postgraduate education is the least common, with 13.60% of participants achieving this level. The high percentage of participants without formal education and those with only

primary or secondary education suggests that the field may be accessible to individuals with varying educational backgrounds. However, the presence of tertiary and postgraduate education among a portion of the sample indicates that higher education also plays a role, potentially reflecting the complexity or specialized nature of certain roles within the field.

Table 4. Participant Engagement

Years	Percentage
Less than 1 Year	24.00%
1 – 5 Years	13.60%
6 – 10 Years	50.40%
More than 10 Years	10.40%

Regarding engagement duration, table 4 reveals that a significant proportion of 50.40% have been engaged for 6 to 10 years. Those with less than 1 year of engagement make up 24.00%. Individuals engaged for 1 to 5 years account for 13.60%, and those engaged for more than 10 years are 10.40%. The data showing that half of the participants have been

engaged for 6 to 10 years indicates a stable and experienced workforce. The significant proportion of individuals with less than 1 year of engagement might suggest a degree of turnover or recent entry into the field, which could influence the overall dynamics and institutional knowledge.

Table 5. Participant Distribution

Participant	Percentage
Trader/Owner	78.5%
Consumer	6.63%
Others	6.63%
Missing	9.5%

Table 5 reveals that majority of participants are traders or owners, comprising 78.5% of the total. Consumers and others each make up

6.63%, with 9.5% of data classified as missing. The dominance of traders or owners among the participants indicates that the

majority are directly involved in the core business activities. The smaller proportions of consumers, others, and missing data suggest

that the primary focus is on individuals who are actively engaged in the trade or business aspects, rather than peripheral or indirect roles.

Table 6. Other Part Distribution

Other Part	Percentage
Sales rep	1.5%
Learner	0.5
Trainer	0.5%
Worker	3%

Table 6 shows that among other roles, workers constitute the largest group at 3%. Sales representatives make up 1.5%, while learners and trainers each represent 0.5% of the sample. The limited representation of roles such as sales representatives, learners, trainers, and workers highlight that these positions might be less prevalent or less emphasized

within the sample. This could reflect a focus on roles that are central to the primary activities of the field, with less emphasis on support or training roles.

In sum, these suggest a field characterized by a stable, experienced core with diverse educational and engagement backgrounds.

Payment Method Usage in Transactions

Table 7. Payment Method Usage in Transactions

Payment Method	Yes (%)	No (%)	Other (%)	Total (%)
Cash	96.50%	3.00%	0.50%	100%
POS	29.10%	70.90%	-	100%
Mobile Money	77.90%	21.60%	0.50%	100%
Online Banking	57.80%	42.20%	-	100%

Table 7 reveals that most commonly used payment method by a large margin is cash, with 96.50% of transactions being carried out in this manner. This suggests that cash remains the dominant form of payment, likely due to its simplicity, widespread availability, and trust among users. Only 3.00% of respondents report not using cash, and 0.50% use other methods, confirming that alternatives to cash are minimal in day-to-day transactions. Mobile money is the second most commonly used method, with 77.90% of participants indicating usage. This signifies the growing importance of mobile money, potentially driven by its convenience and accessibility, particularly in

regions where access to formal banking services may be limited. Online banking is used by 57.80%, reflecting a strong, though not universal, adoption. The reliance on internet access and trust in digital banking security likely affects its penetration. POS (Point of Sale) systems are the least frequently used, with only 29.10% of transactions completed through them. This may indicate limited availability of POS systems or concerns about transaction fees and accessibility.

Frequency of Usage of Payment Methods

Table 8. Frequency of Usage of Payment Methods

Frequency	Cash (%)	POS (%)	Mobile Money (%)	Online Banking (%)
Daily	69.50%	5.20%	24.90%	6.70%
Weekly	23.00%	13.10%	34.90%	12.50%
Monthly	5.80%	36.20%	28.60%	29.40%
Occasionally	1.70%	45.50%	11.60%	51.40%
Never	-	-	-	-

Table 8 reveals that cash is used daily by a significant majority (69.50%), further supporting its role as the primary means of transaction. Mobile money is also used regularly, with 24.90% reporting daily usage, and an additional 34.90% using it weekly, indicating that it plays a significant role in routine financial transactions. POS systems, however, are mostly used occasionally (45.50%) or monthly (36.20%). This pattern

may indicate that POS systems are mainly reserved for specific types of purchases or larger transactions. Online banking is primarily used occasionally (51.40%) or monthly (29.40%), suggesting that it may be preferred for planned or higher-value transactions rather than day-to-day purchases.

Proportion of Total Transactions by Payment Methods

Table 9. Proportion of Total Transactions by Payment Methods

Proportion of Transactions	Cash (%)	POS (%)	Mobile Money (%)	Online Banking (%)
0% - 25%	5.70%	22.90%	7.30%	15.80%
26% - 50%	6.20%	20.00%	19.40%	19.80%
51% - 75%	26.80%	25.70%	32.70%	24.80%
76% - 100%	61.30%	31.40%	40.00%	39.60%
Total Transactions	100.00%	100.00%	100.00%	100.00%
Missing System	2.50%	64.80%	17.10%	49.20%

The distribution of transactions by payment method highlights cash's dominance shown in table 9, with 61.30% of participants conducting 76% to 100% of their transactions using cash. Mobile money follows, with 40% of users completing the majority of their transactions via this method. Online banking and POS transactions fall behind, with most

users conducting less than 50% of their transactions through these methods. This indicates that while digital payment systems are gaining ground, they still have not overtaken cash for most users. The high percentage of missing data for POS (64.80%) and online banking (49.20%) could imply limited access or adoption among certain

users, highlighting gaps in payment infrastructure.

Overall Adoption of Payment Method

Table 10. Overall Adoption of Payment Methods in the Market

Rating	Cash (%)	POS (%)	Mobile Money (%)	Online Banking (%)
Very High	66.50%	26.80%	53.00%	50.00%
High	20.10%	25.40%	29.90%	23.50%
Moderate	8.80%	31.00%	12.80%	11.80%
Low	1.50%	8.50%	0.60%	5.90%
Very Low	3.10%	8.50%	3.70%	8.80%
Total Valid	100.00%	100.00%	100.00%	100.00%
Missing	2.50%	64.30%	17.60%	48.70%

Table 10 reveals that the cash is rated "Very High" by 66.50% of respondents, confirming its deep-rooted role in the payment landscape. Mobile money (53%) and online banking (50%) also show substantial "Very High" adoption, reflecting the increasing shift towards digital payments. POS terminals, in

contrast, have lower adoption, with 26.80% rating it "Very High" and most participants indicating moderate or low use. The lower usage of POS may be linked to barriers such as infrastructure availability and cost.

Factors Influencing Cash Transactions

Table 11. Factors Influencing Cash Transactions

Factor	Very High (%)	High (%)	Moderate (%)	Low (%)	Very Low (%)	Total Valid (%)	Missing (%)
No Additional Transaction Fees	71.4	12.5	11.9	1.2	3	100	15.6
Familiarities and Ease of Use	86.6	9.1	3.7	0	0.6	100	17.6
Lack of Access to Digital Payment Systems	40.4	18.2	20.2	11.1	10.1	100	50.3
Immediate Transaction Settlement	91.5	6.1	1.8	0.6	0	100	17.1
Security Concerns with Digital Systems	20.5	22.7	6.8	27.3	22.7	100	77.9

Table 11 shows several key factors drive the continued preference for cash:

1. No Additional Transaction Fees: A significant 71.4% rate this factor as "Very High," demonstrating that the absence of fees strongly motivates users to rely on cash.

2. Familiarity and Ease of Use: This is another critical factor, with 86.6% rating it "Very High." People tend to stick with cash because they understand how to use it, and it requires no learning curve.

3. Immediate Transaction Settlement: Cash's ability to provide instant transaction

completion is important to 91.5% of respondents, making it an attractive option.

4. Lack of Access to Digital Payment Systems: About 40.4% cite this as a "Very High" reason for using cash, highlighting infrastructure gaps in digital access.

Security concerns with digital systems seem less impactful, with only 20.5% rating it as a "Very High" factor. This suggests that while digital payment security is a concern, it may not be the primary reason people choose cash.

Factors Encouraging Use of POS Terminals

Table 12. Factors Encouraging Use of POS Terminals

Factor	Very High (%)	High (%)	Moderate (%)	Low (%)	Very Low (%)	Total Valid (%)	Missing (%)
Convenience of Card Payments	64.6	10.8	16.9	1.5	6.2	100	67.3
Perceived Security	32.4	10.8	27	13.5	16.2	100	81.4
Availability of POS Terminals in the Market	59.3	24.1	14.8	0	1.9	100	72.9
Acceptance by a Majority of Traders	50.8	27.9	13.1	3.3	4.9	100	69.3
Lower Transaction Fees Compared with Digital Methods	18.9	27	21.6	16.2	16.2	100	81.4

Table 12 reveals that the top factors promoting the use of POS terminals include:

1. Convenience of Card Payments: 64.6% view this as a "Very High" advantage, emphasizing that POS systems make card-based payments straightforward and efficient.
2. Availability of POS Terminals: 59.3% rated this factor as "Very High,"

suggesting that greater availability in retail environments encourages usage.

3. Lower Transaction Fees: Fees are less of a motivator, with only 18.9% citing it as "Very High," potentially explaining POS's slower adoption.

Reasons for Using Mobile Money Services

Table 13. Reasons for Using Mobile Money Services

Reason	Very High (%)	High (%)	Moderate (%)	Low (%)	Very Low (%)	Total Valid (%)	Missing (%)
Ease of Use	85.4	9.8	4.3	0	0.6	100	17.6
Lower Transaction Costs	50	27.2	17.5	2.6	2.6	100	42.7
Availability of Mobile Money Agents	32.9	22	28	14.6	2.4	100	58.8

Ability to Perform Transactions Remotely	73.5	17	7.5	2	0	100	26.1
Financial Inclusion for Those Without Bank Accounts	16.3	27.9	23.3	20.9	11.6	100	78.4

Table 13 reveals that mobile money is popular for several reasons:

1. Ease of Use: A whopping 85.4% rated this as a "Very High" reason, showing that its user-friendly nature is a major draw.
2. Remote Transaction Capability: 73.5% appreciate the ability to perform transactions from any location, which likely fuels its widespread adoption,

particularly in areas with less banking infrastructure.

3. Lower Transaction Costs: 50% view this as a "Very High" reason, indicating that cost-efficiency is a key factor in mobile money's success.

Factors Driving the Use of Online Banking

Table 14. Factors Driving the Use of Online Banking

Factor	Very High (%)	High (%)	Moderate (%)	Low (%)	Very Low (%)	Total Valid (%)	Missing (%)
Availability from Anywhere with Internet	63.6	20.2	12.1	1	3	100	50.3
Convenience of Online Transactions	61.3	32.5	3.8	0	2.5	100	59.8
Security Features Provided by Banks	23.6	36.1	29.2	6.9	4.2	100	63.8
Integration with Other Financial Services	29.4	23.5	26.5	16.2	4.4	100	65.8
Ease of Managing Multiple Accounts	41.4	12.1	17.2	22.4	6.9	100	70.9

Table 14 shows that online banking is driven by factors such as:

1. Accessibility from Anywhere: 63.6% rate this as "Very High," reflecting the appeal of being able to bank online regardless of location.
2. Convenience: With 61.3% rating this as "Very High," convenience emerges as a critical factor for online banking adoption.

3. Security: While security features provided by banks are important, only 23.6% rate them as "Very High," indicating that trust in the safety of online banking still has room for improvement.

Influence on Choice of Payment Methods

Table 15. Influence on Choice of Payment Methods

Factor	Major (%)	Moderate (%)	Indifferent (%)	Minor (%)	None (%)	Total Valid (%)	Missing (%)
Transaction Cost	52	38.2	7.9	2	0	100	23.6
Availability of Payment Infrastructure	53	36.1	7.8	2.4	0.6	100	16.6
Financial Literacy	47.7	36.6	12.4	2.6	0.7	100	23.1
Security Concerns	33.5	46.5	16.8	1.9	1.3	100	22.1
Cultural Preference	5.3	18.4	18.4	28.9	28.9	100	80.9

Table 16 shows that several key factors shape payment method preferences:

1. Transaction Cost: 52% cite this as a "Major" factor, showing that cost is a decisive element in choosing payment methods.
2. Availability of Payment Infrastructure: The presence of necessary infrastructure is another crucial factor, with 53% viewing it as "Major."
3. Financial Literacy: Understanding how to use different payment methods is also important, with 47.7% rating it as "Major."
4. Cultural Preferences: Only 5.3% view this as a "Major" factor, indicating that cultural habits play a minor role in shaping payment preferences compared to more practical concerns like cost and infrastructure.

Discussion

Thus, Cash continues to dominate the payment landscape due to its ease of use, immediate settlement, and lack of fees. Mobile money is gaining traction, especially for remote transactions and its accessibility for individuals without bank accounts. POS and online banking, though growing, face barriers related to infrastructure, security concerns, and less frequent usage in day-to-day transactions. Adoption of digital payment systems is

encouraged by ease of use, convenience, and the availability of infrastructure, but concerns about fees and security still inhibit wider adoption. These insights suggest a gradual shift toward digital payment methods, though cash remains deeply entrenched due to its practical benefits. The expansion of digital infrastructure and addressing security concerns will be key to accelerating this transition.

The data on payment methods reveals several key implications regarding the adoption of different payment systems and the factors influencing their usage. Here’s a breakdown of the implications: With 96.5% of transactions being conducted in cash, it remains the most trusted and accessible form of payment. This dominance reflects the entrenched role of cash in daily transactions, particularly where users prefer familiarity and simplicity. The high daily usage (69.5%) of cash reinforces its place as the go-to payment method for quick, immediate transactions without additional costs. Despite cash’s dominance, digital payment systems such as mobile money and online banking are making headway. The high adoption of mobile money (77.9%) reflects its utility, especially in regions with limited access to formal banking. Online banking’s 57.8% usage shows the growing importance of secure and convenient digital platforms. This suggests a transition

towards digital payments is underway but is still far from replacing cash as the primary payment method. The widespread use of mobile money indicates that financial inclusion efforts are succeeding, but the adoption of POS systems and online banking is slower, likely due to infrastructure limitations or security concerns. With 69.5% of cash users transacting daily, this implies that for everyday, low-value transactions, cash is seen as the most practical and efficient option. The absence of transaction fees and immediate settlement are key drivers for its usage. Mobile money, online banking, and POS systems are mostly used weekly, monthly, or occasionally, suggesting that digital methods may be reserved for higher-value or less frequent transactions. For example, online banking is used by 51.4% occasionally, indicating that it's more suited to planned transactions that require larger sums or remote payments. Digital payment systems are perceived as complementary to cash, especially for larger or less frequent transactions. The reliance on cash for day-to-day spending highlights the need for digital payment solutions to be as simple and immediate as cash to achieve wider daily adoption.

Only 29.1% of participants use POS systems, with most users utilizing it occasionally (45.5%) or monthly (36.2%). This indicates that POS systems may not be readily available or widely accepted by merchants, or that users find transaction fees prohibitive. Lower transaction fees compared to digital methods (18.9%) are not seen as a compelling advantage for POS use. This, coupled with low perceived convenience (5.2% daily usage), implies that consumers and businesses alike still face barriers to full adoption. To boost POS usage, there must be a focus on improving availability, reducing transaction fees, and enhancing consumer confidence in the system's ease of use. Without addressing these factors, POS adoption is likely to remain limited. The fact that mobile

money services are frequently used (34.9% weekly, 24.9% daily) and valued for financial inclusion for those without bank accounts (16.3% rating it "Very High") highlights its role in reaching unbanked populations. Mobile money's ability to facilitate remote transactions is a major advantage, with 73.5% rating this feature as "Very High." This suggests that mobile money offers users a vital means of conducting transactions in areas with limited banking infrastructure. Mobile money is an effective tool for driving financial inclusion and reaching underserved communities. However, to further enhance its role, mobile money services need to ensure that fees remain low and that the network of agents continues to expand.

Although online banking is gaining traction, only 23.6% of users rate security features as "Very High." Concerns over digital security remain a barrier to its full adoption, despite the convenience of online transactions (61.3% rating convenience "Very High"). Integration with other financial services is moderately important, with only 29.4% seeing it as a "Very High" benefit. Users may be less motivated to engage in online banking unless it clearly integrates with other services they use. Security concerns need to be addressed more robustly to drive greater adoption of online banking. Banks should prioritize enhancing security features and educating users on safe digital practices. Additionally, banks can better promote integration with financial services to encourage more widespread use of online banking for a variety of needs.

Transaction costs are a major factor for 52% of users when selecting a payment method, and infrastructure availability is crucial for 53%. This underscores that both cost and convenience are critical to driving the adoption of non-cash payment methods. Financial literacy is also a major driver, with 47.7% rating it as "Major." This indicates that users need better understanding and education to

adopt digital methods confidently. Security concerns remain significant, with 33.5% viewing it as a major influence, suggesting that any perception of vulnerability could prevent adoption. Reducing transaction fees and improving infrastructure for digital payments will likely encourage greater adoption. Financial literacy programs that demystify digital payments could also help alleviate concerns, while promoting trust in digital payment security will be crucial for sustained growth.

Only 5.3% see cultural preference as a "Major" factor in payment choice, suggesting that tradition or habit is not a significant barrier to adopting new payment methods. Practical factors like cost, convenience, and security are far more influential. Efforts to promote digital payment adoption should focus on addressing practical barriers rather than cultural resistance. Since users are willing to adopt new systems if they meet their needs, ensuring ease of use and trust in the systems will have a more meaningful impact than cultural factors.

The data highlights a payment landscape where cash still dominates, particularly for small, frequent transactions. However, mobile money and online banking are making inroads, largely due to their convenience and accessibility. POS systems lag behind due to infrastructure gaps and cost concerns. To foster broader digital payment adoption, efforts must focus on reducing fees, expanding infrastructure, and enhancing user education and trust in digital security. This transition holds particular promise for financial inclusion, with mobile money playing a vital role in reaching unbanked populations.

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Conclusion and Recommendations

The findings of the study strongly indicate that the strongest driving force behind the choice of the traders and market people is the ease with which channel could be used to settle payments. Cash payment was noted to be dominant due to no additional transaction fees, familiarity, ease of use, immediate transaction settlement and lack of access to digital payment systems. Therefore, if the alternative payment channels are to be adopted, these features have become part of them too. The drive to cashless economy has to be made simple to the literate and illiterate, the rich and the poor. People will likely adopt easy methods .

The availability of network also was observed to be likely determinant of the perception of the of the local traders. Hence, it is recommended that tools that would make the use of payment platforms be made readily available to the local markets.

The results indicate that the perception of the people which favours cash payment is built on ease of payment and availability of cash. This result shows that if these variables (ease of payment and availability) is well manipulated for the alternative payment methods, the same success can be achieved in getting market people to make use of them. This should encourage the authorities to make electronic banking platforms as easy and available to the market people to encourage a change of preferred payment option.

Conflict of Interest

There is no conflict of interest.

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