STRATEGIC OPTIONS FOR NIGERIA’S CASHLESS POLICY

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Abstract
In 2012, the Central Bank of Nigeria (CBN) introduced a cashless policy, on a pilot basis, in Lagos State. In July, 2013, the policy was extended to six other states. It was supposed to go nationwide on July 1, 2014, but that step has been on and off as at June, 2019. The policy was aimed at reducing cash-based transactions, encouraging economic units to rely on alternative payment channels, realizing the multiple benefits of a cashless banking and avoiding the various negative byproducts of a cash-based economy. The main strategy was publicity and sanctions for violation of cash deposit and withdrawal thresholds. An earlier study has established that while most Nigerians were in favour of the policy, they were against the high-handed sanction-based strategy, especially in a situation in which the banks and other service providers were reaping where they did not sow. Nigerians also predicted that the policy would fail. This paper uses the Sheth & Frazier model (1982), and the Christensen, Marx, & Stevenson, model (2006) to establish the most appropriate strategy options for ensuring the success of the programme. From a menu of 8 policy options offered by these two models (reinforcement, inducement, rationalization and confrontation; and culture tools, leadership tools, management tools and power tools), the study zeroes in on inducement and leadership tools as the most appropriate for the Nigerian cashless policy. It also recommends that the CBN goes more persuasive than legislative and coercive and that the banks be willing to share the gains of this policy with the customers in the form of lower charges.

Keywords: Cashless, policy, strategy, models

Introduction
On April 1, 2012, the CBN started a trial-run of the cashless policy in Lagos, the commercial and industrial capital of Nigeria. The policy was extended to 6 other ‘high-cash’ states in July 2013 and on July 1, 2014, it went nationwide. The objectives of the programme were to enhance efficiency, convenience, quality, inclusion, modernization, integration and to reduce cash related crimes (Sanusi, 2011). Many believed then that the policy would be beneficial (Muyiwa, Sunday and John-Dewole, 2014, Researchclue.com, 2015); others drew attention to the likely challenges (Ebeiyamba, 2014), while some believed that it was a good policy but that its implementation should be revisited (Sessou, 2013, Ogbonnia, 2014). Since inception, the cashless policy has improved the effectiveness of monetary policy and enhanced the numerous benefits of e-payment systems including better tax collection, financial management, financial-flow tracking, and minimal financial leakages, convenience and security for customers, easier customer acquisition and satisfaction by businesses and for the government, a reduction in the various unwholesome consequences of cash based economy like corruption, robbery, leakages and money laundering and other cash-related fraudulent activities (Acha, Kanu & Agu, 2017). It has also led to the modernization of the national payment system with its numerous advantages (Ailemen, Enebong, Osuma, Evbonmwan and Ndigwe, 2018).

Statistics from CBN indicate that there has been an increasing adoption of alternative channels of payment (CBN, 2012, 2014, 2017) though this pales into insignificance when compared with the quantum of cash in circulation in the economy, which stood at N2.2trn as at March 30, 2019 (CBN, 2019). The CBN has also tried to improve the policy by taking steps to enhance awareness, integrity (fraud control) and operational efficiency (CBN, 2012). One of the earliest empirical studies conducted a few months after the introduction of the policy established that while Nigerians were aware and well disposed towards the policy, they had serious reservations about the approach adopted by CBN and indeed, predicted that the policy would not succeed (Oghojafor, Muo & Alaleme, 2013). That study recommended further research to establish the optimal strategy for the cashless policy to ensure its success, preferably using models of social change. The recent assurance by the CBN Governor (Aliogo, 2019) that the policy would soon be rolled out nationwide makes it imperative to discuss the most optimal strategy to ensure its success.

The objectives of this paper are to examine developments in the cashless programme since inception, and based on the attitude-behavior, consistency-discrepancy model as well as the agreement matrix, design a more effective strategy for the cashless policy.
Literature review
When the CBN introduced the cashless policy on a pilot basis in 2012, there was a preponderance of opinions as to its desirability. There was also a preponderance of opinions as to the severity of the challenges it would face which were mostly operational, infrastructural and socio-cultural (Oghojafor, Muo & Alane, 2013). Seven years down the line, it is still believed to be a desirable policy that is beset with a lot of challenges. The positive aspects of the policy include reduction in crimes and risks related to cash transactions, political corruption, banking costs, improvement of monetary and macro economic policies (Researchclue.com, 2015; Acha, Kanu & Agu, 2017). There are also several advantages, especially flexibility and convenience, arising from the use of ATM, which is the most popular ‘face’ of cashless policy. On the other hand, there are challenges arising from mass illiteracy, financial exclusion, long-standing cash-based habit, electricity and network deficiencies, multiple charges, problems with the Point of Sale (POS) machines and Automatic Teller Machines (ATMs), limited knowledge of computer and internet usage (Sessou, 2013; Moses, 2015; ThisDay, 2019).

There have been several developments in the cashless policy since its introduction in 2012. These relate to the various thresholds, improving the payment system, hastening cheque clearing and public awareness and other ancillary steps in support of cashless policy. These developments include the introduction of Nigerian Uniform Bank Account Numbering (NUBAN) and the Bank Verification Number. As at June 2017 the BVN scheme has recorded 40.6m accounts linked to BVN out of 62.6m active bank customers, a compliance level of 67% (CBN, 2017c). framework for mobile payment systems, cheque truncation, guidelines on POS and ATM operations, interoperability and interconnectivity circular; new cashless-compliant products by Nigerian Interbank Settlement System (NIBSS) like NIBSS Instant Payment (NIP), Automated Direct Debit (ADD), electronic bills payment (e-BillsPay), sensitization and awareness programmes, collaboration with relevant stakeholders to improve the payment system, development of several fraud-prevention strategies and other efforts to reduce cash transactions which stood at 87.7%, further activation of deployed POS which stood at 14% as at December 2012, and thwarted the plan of going national in 2013 (Muo, 2013; Sanusi, 2012, CBN, 2012). The CBN also took steps to reduce the incidence of dud (bounced) cheques which were 167507 in volume and N166bn in value as 2012. This trend adversely affected the cashless policy by reducing public confidence on cheques and related instruments. Under this policy, customers are now to pledge not to issue cheques against unfunded accounts; banks to issue monthly returns on people who issue dud cheques up to three times and such cases to be sent to EFCC (CBN, 2013).

Another set of changes occurred with the change of guards at CBN and that was just before the nationwide implementation of the policy. The strategic direction of the new CBN governor led to certain changes in the operations of the cashless policy (Emefiele, 2014):

i) Removal of all charges on deposits (in response to customer complaints and to ensure that goals of the policy are not undermined by the disingenuous methods adopted by customers to evade charges)

ii) Maintaining of the charges on withdrawal (individuals: 3% for withdrawals above N500000; Corporates: 5% above 3m)

iii) Charges to be shared between banks and CBN as against the situation in which the banks kept everything

iv) The CBN also subsequently granted a 1 year moratorium on charges for individuals and corporations in the 30 states which were to go cashless with effect from 1/7/14. In effect, the penalties for excess withdrawals would become effective on 1/7/15. The CBN allowed this period of grace to enable it and other stakeholders deploy adequate infrastructure for effective cashless operations.

However, there have been several amoebic developments in the nationwide operation of the cashless policy. In February 2017, the CBN reviewed the cashless policy, revised its charges upwards and directed that these should become operative from 1/4/17 in the then existing 6 cashless states of Lagos, Ogun, Kano, Abia, Anambra, Rivers & FCT and effective in other states from May 12017 to October1 2017 and mandated banks embark on aggressive enlightenment, stakeholder engagement and staff training (CBN, 2017a). Surprisingly, on 20/4/17, the CBN totally reversed itself on the nationwide rollout and new charges and in effect, limited the cashless policy to the 6 original states (CBN, 2017b). In March, 2019, the CBN Governor declared that the CBN was ready to embark on a national rollout because the conditions have become more favourable including improved structures and level of financial inclusiveness (Aliogo, 2019).
Meanwhile, there are indicators that the policy is having some meaningful impacts as indicated by the increasing adoption of alternative channels and the reduction in value of cheques cleared. (see table 1 & figure 1). For instance, the volume of ATM transactions rose by 25% from 375513124, to 470894452 between 2012 and 2016 as the value increased by almost 100% from N1,984,990,636,830 to N3,921,035,087,368. On the NIP platform, the volume increased by 2367% from 4,449,654 to 111,151,384 while the value increased by 2570% from N3,890,260,230,695 to N29, 613,944,668, 131. However, the volume of cheques cleared dropped from 12,161,694 in 2012 to 9, 764,546 in 2016 while the value fell fromN7, 487,411,604,335 toN 4, 767,269976809. In the second half of 2016 alone, volume of E transactions increased from 406, 648, 226 to 538,080841( CBN, 2016) while in the first half of 2017, a total of 631.7bn e-transactions, valued at N42tn were recorded, which included N3trn ATM withdrawals(National Bureau of Statistics, 2017)

Table 1: Volume of cheque and e-payment transactions, 2012-2016

<table>
<thead>
<tr>
<th></th>
<th>Cheques</th>
<th>NEFT</th>
<th>ATM</th>
<th>POS</th>
<th>WEB</th>
<th>MMO</th>
<th>NIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>12,161,694</td>
<td>28,941,559</td>
<td>375,513,154</td>
<td>2,587,595</td>
<td>2,276,464</td>
<td>2,297,688</td>
<td>4,449,654</td>
</tr>
<tr>
<td>2013</td>
<td>14,211,078</td>
<td>29,834,317</td>
<td>295,416,724</td>
<td>9,418,427</td>
<td>2,900,473</td>
<td>15,930,181</td>
<td>17,112,158</td>
</tr>
<tr>
<td>2014</td>
<td>15,283,933</td>
<td>29,690,765</td>
<td>400,269,140</td>
<td>20,817,423</td>
<td>5,567,436</td>
<td>27,744,797</td>
<td>40,829,854</td>
</tr>
<tr>
<td>2015</td>
<td>13,466,461</td>
<td>28,935,605</td>
<td>433,695,748</td>
<td>33,720,933</td>
<td>7,981,361</td>
<td>43,933,362</td>
<td>71,223,545</td>
</tr>
<tr>
<td>2016</td>
<td>9,764,546</td>
<td>24,498,267</td>
<td>470,894,452</td>
<td>47,743,919</td>
<td>10,499,911</td>
<td>37,339,510</td>
<td>111,151,384</td>
</tr>
</tbody>
</table>


Figure 1: Value of e-payment and cheque transactions, 2012-2016

* Source: CBN(2017c) Whitepaper on e-payment statistics

The same trend is also reflected in the value and volume of e-transactions and cheque payments between 2016 and 2017 as shown in table 2. There were substantial increments in the value and volume of instant payments, point of sales transactions and mobile payments and a 78% decline in value of cheques cleared, all indications of improved preferences for e-payment channels(CBN, 2017c). The cash in circulation as a percentage of GDP has also declined from 2.2% in 2013 to1.9% in 2017(CBN 2017,e).
Table 2: E-Payments and Cheque clearing statistics, 2016-2017

<table>
<thead>
<tr>
<th>Payment mode</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instant Payment Volume</td>
<td>97,298,109</td>
<td>150,480,692</td>
</tr>
<tr>
<td>Instant Payment Value</td>
<td>N217,43,800bn</td>
<td>N24,491,19bn</td>
</tr>
<tr>
<td>Point of Sale Transactions volume</td>
<td>38,377,598</td>
<td>59,421,710</td>
</tr>
<tr>
<td>Point of Sale Transactions value</td>
<td>N450.5bn</td>
<td>N610.11bn</td>
</tr>
<tr>
<td>Mobile Payment volume</td>
<td>2431,7729</td>
<td>2416,8814</td>
</tr>
<tr>
<td>Mobile Payment value</td>
<td>N453.37bn</td>
<td>N555.83bn</td>
</tr>
<tr>
<td>Cheque clearing volume</td>
<td>24,168,814</td>
<td>5,298,031</td>
</tr>
<tr>
<td>Cheque clearing value</td>
<td>2,934.76bn</td>
<td>2,781.48bn</td>
</tr>
</tbody>
</table>

Source: Financial Stability Report, June, 2017

Empirical review

One of the earliest studies on cashless policy was undertaken by Ogojafor, Muo and Alaneme (2013) a few months after the pilot phase took off in Lagos. The objective of this study was to review the new cashless policy and in particular, assess peoples’ behaviours and attitudes towards the policy in Lagos where it is operational. The study found that while 92% of the sample is aware of the cashless policy, only 58% actually understands it; that most of the respondents use ATMs and that they do so because of convenience and safety while those who avoid the cashless channels are due to fraud and operational lapses. As an interim verdict, 72% of the respondents believe that the cashless policy is necessary; only 40% believe that the CBN approach to its implementation is the best but only 36% believe that the policy will succeed. The 64% who believe that the policy would fail justify their predictions on the power supply situation, poor implementation and non-availability of cashless channels in the rural areas. It also established that while people have positive attitude towards the policy, they are reluctant or not very eager to embrace it due to various negatives associated with its operations.

Muyiwa, Tunmibi and John-Dewole (2013) study the impact of the cashless policy on the Nigerian economy. The study is positive about the policy and expects that it will facilitate the modernization of Nigeria payment system, reduction in the cost of banking services, reduction in high security and safety risks, curbing banking related corruptions and fostering transparency and reduction of the cash in circulation and therefore, reduce cash handling costs and cash related crimes. It should also help to provide easy access to banking services for Nigerians. Ebeyamba (2014) on the other hand examines the policy from the prism of its effects on Micro and Small Scale Businesses. The study highlights the challenges of the policy to include power, infrastructure, availability of real data, willingness and ability to make required investments, security and risk. The SMEs are particularly vulnerable to the downsides of the policy due to the illiteracy, poor banking culture and knowledge of technology and the risk of loss of the scarce funds. It then suggests that for SMEs, adequate attention should be paid to public education and awareness, provision of the necessary infrastructure and steps to ensure the safety and security of the funds. The study harps on the need to carry stakeholders along especially on how the policy affects them.

Ogbonnia (2014) examines the policy from the angle of POS deployment and the operations of merchants. He itemizes the benefits of the policy for merchants to include safety, reduced fraud, reduced commitment of resources and efforts on cash management, speedy transactions, customer convenience and satisfaction. The study found that while 95% of the sample was aware of the benefits of the POS machines only 25% are current users and this is due to poor confidence in the system, delay in crediting the accounts, charges and customer reluctance and operational challenges. It suggests more involvement by banks, persuasion as against coercive policies, communicating the benefits, not the sanctions, improved cheque and that banks should be willing to share the benefits of the policy with their customers.

Nwani (2014) undertakes an extensive examination of public experiences and perception of the cashless policy at its pilot phase in Lagos. The study establishes a high level awareness of 80%, usage of cashless facilities of 76%( as much as 90% for organisations), ATM as the most popular cashless channel(23%), next to cash,convenience of cashless transactions(88%), and reasons for not using( security, charges, operational challenges(74%)) 81% of the sample applaud the cashless policy: 59% rue the unreliability of POS machines while 60% of corporate sample consider the charges high (55% for others).
Acha, Kanu, & Agu’s empirical study, (2017) with a sample of 170 drawn from Imo and Akwa-Ibom states, reveal an increasing adoption of the cashless policy and identify its various challenges, especially deficient power infrastructure. Ailemen, Enebong, Osuna, Evbonmwan and Ndigwe, (2018) examine the nexus between electronic banking and cashless policy, using secondary data from the Central bank of Nigeria and the Nigerian Inter-bank Settlement System. Their major finding is that there is no significant relationship between electronic banking and currency in circulation.

Theoretical review

Attitude behaviour consistency discrepancy model

This model proposes the appropriate strategies for managing social change based on the relationship between people’s attitudes and behaviours. Chin & Benne (1969) posit that planned social change resolves around strategic planning and decision making about which combination of strategies should be applied to which group to achieve specific policy objectives relative to magnitude and direction of change. Characteristics of such planned social change include proper identification and definition of the social behaviour to be changed, presence of a policy objective with respect to the magnitude and direction of the change, proper identification and equipment of change agents, and the adoption of one or more change strategies should be used (Shet & Frazier, 1982).

Within the realms of organizations, it is obvious that every change involves people-as individuals and groups- and the interactions among and between them. This is because organizations function through human beings who need to change certain aspects of their joint and several behaviours for organisations to make progress (Robins, 2003). Change management is therefore behavioural and social. Seth and Frazier (1982) conceptualise that there are four major approaches to planned social change which are appropriate to four possible attitude-behaviour consistency/discrepancy scenarios.

Reinforcement: This is appropriate when attitude and behaviour are consistent and positive towards the desired behavior (Cell1). This involves rewarding people for behaviour they already enjoy and which the change agent wants them to continue. The objective is to keep them in the engaged behaviour cell by reinforcing behavior (economic rewards), attitude (intrinsic rewards& logic) or both. The carrot rather than stick is preferable since people are already on the right track. Reinforcement is about behavioural and psychological change.

Inducement: This is appropriate when people possess positive attitude towards the desirable behaviour but do not or cannot engage in that behaviour (Cell 4). Inducement involves minimizing or eliminating the socioeconomic, time, place and organizational constraints that intervene between the attitude and behaviour. The objective is behaviour change (since the attitude is already positive) so as to convert them to Cell4 people. Inducement is about behavioural change.

Rationalisation: This approach is the ultimate when people engage in appropriate behaviour but they have negative attitude (Cell 2). Such people may have been forced by circumstances and are thus not likely to modify their behaviour accordingly. The agenda here is to generate a positive attitude that is in consonance with behaviour and which would be difficult to change when the circumstances no longer hold. Rationalisation is about psychological change.

Confrontation: This is appropriate when behaviour and attitude are consistent but in opposite direction from the desired behavior (Cell3). This is the most difficult and painful situation and the change agent has to be sure that it is worth the while to engage in this rigorous and unpopular process. Confrontation involves using power base to block the existing undesirable behaviour and alter motivation towards desirable direction. It involves direct attack and the stick may come in handy. Direct movement to Cell1 may also be a Herculean task and it may be advisable to move these people first to Cell 2 or 4 before going to Cell 1. Confrontation is about behavioural and psychological change.
Figure 1: A Typology of Strategy Mix for Planned Social Change

<table>
<thead>
<tr>
<th>Positive</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cell 1</td>
<td>Cell 2</td>
</tr>
<tr>
<td>Reinforcement process</td>
<td>Rationalization Process</td>
</tr>
<tr>
<td>1. Behavioral Reinforcement</td>
<td>Attitude Change</td>
</tr>
<tr>
<td>2. Psychological Reinforcement</td>
<td></td>
</tr>
<tr>
<td>Cell 3</td>
<td>Cell 4</td>
</tr>
<tr>
<td>Confrontation Process</td>
<td>Inducement Process</td>
</tr>
<tr>
<td>1. Behavioral Confrontation</td>
<td>Behavioural Change</td>
</tr>
<tr>
<td>2. Psychological Confrontation</td>
<td></td>
</tr>
</tbody>
</table>

Engaged

Relevant

Behaviour


Sheth & Frazier further summarize the works of various authors including Zaltman, Kotler and Kaufman(1972), Boyk (1973) Lee(1975), Rogers (1972) Pohiman,(1971), Hornstein et al(1971) and Jones, (1969), and identified the following strategies as necessary in facilitating the various approaches discussed earlier: Information and education, persuasion and propaganda, social controls (group/peer pressure), economic incentives and disincentives, clinical counseling and behaviour modification, and mandatory rules and regulations.

The agreement matrix and tools of change

Christensen, Marx, & Stevenson,(2006) design the agreement matrix to determine the optimal approach to change depending on the extent of agreement as to end and means. The first step in any change initiative is to assess the level of agreement in the organization in two dimensions: the extent to which people agree on what they want and the extent to which they agree on cause and effect; the actions that lead to the desired outcomes. Leaders who want to move their organization into a new direction must first of all understand the degree of this relationship and this is showcased in Figure 2. The vertical axis shows an agreement by members on what they want while the horizontal axis shows their agreement on cause and effect. Employees in organizations in the upper-left quadrant share views on what they will gain by being members of the organization though they might have different views on how to achieve those outcomes. In the upper right are organizations whose employees agree on what they want and how to get it. High agreement on both dimensions make organizations resistance to change as people are happy with what they get and how to go about it. In the lower right are employees who have little passion for the goals of the company but are willing to follow the proscribed procedures once they are convinced it will produce needed results. On the lower left are those who neither agree on what they want nor on how to go about whatever it is.

A high level agreement on both dimensions requires a completely different set of change tools than those in low agreement environment

Based on the agreement matrix, the preferred tools of change are as follows:

i) Power Tools: When people in an organization disagree on what they want and how to achieve the desired results,[lower left quadrant],this is the preferred tool, 'indeed, the only tool that induces cooperation'; basically, coercion and fiat.

ii) Leadership Tools: When people agree on what they want but disagree on how to get it[upper left
quadrant], leadership tools becomes imperative-modeling, charisma, salesmanship.

iii) Management Tools: If people agree on the way forward but do not agree on what they want[lower right]then management tools are the sure-bankers

iv) Culture Tools: organisations in which people agree on both dimensions[upper-right quadrant] agree on the status quo and have a strong culture that is difficult to change. Culture tools are it!

**Figure 2: The Agreement Matrix**

<table>
<thead>
<tr>
<th>Quadrant</th>
<th>Leadership Tools</th>
<th>Culture Tools</th>
<th>Management Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td>No consensus</td>
<td>Charisma, Salesmanship, Role Modeling</td>
<td>Folklore, Religion</td>
<td>Fiat, Threats, Coercion</td>
</tr>
<tr>
<td>Broad consensus</td>
<td>Vision, Negotiation, Role definition</td>
<td>Rituals, Traditions, Apprenticeship</td>
<td>Financial incentives, Hiring and promotion, Control systems</td>
</tr>
</tbody>
</table>

**Methodology**

This is a policy-oriented research and the method adopted is partly empirical and theoretical. The empirical aspect draws on the earlier work by Oghojafor, Muo and Alaleme, (2013) on the basis of which the public attitude and behavior towards cashless banking is established. The theoretical aspect of the methodology involves pigeonholing the realities of the cashless policy within the context of the two models already discussed(Shet & Fraizier, 1982); and Christensen, Marx, & Stevenson,(2006) and then proposing the most appropriate set of strategic tools for the policy.

**Designing the appropriate policy**

**Attitude towards cashless policy**

One of the key findings of the earlier study which forms the foundation of this work(Oghojafor, Muo and Alaleme, 2013) is to establish the attitude of the respondents towards the cashless policy and channels. Sixty-one percent (61%) of the respondents had a highly positive attitude towards these channels; 29% was neutral while only 8.5% were negative. Most of the respondents had access to and actually do use ATMs [92%] with a regularity score of 73%. 50% of the respondents also averred that they had increased their usage of ATMs since the cashless awareness building began in January, 2011. Of course this stands
to reason, because the banks had forced their customers to use ATMs by raising the minimum amount they could pay over-the-counter (in most places, N100000) or imposing charges for direct cash withdrawals. 73% of those who patronise cashless-channels (indeed, the change champions and advocates for the policy) were attracted by convenience and security (convenient and fast transaction, 24/7 availability, and removing the burden of carrying cash, robbery and security) while 95% of those who avoid these cashlite channels do so because of fraud and operational issues (fraudulent operations, account safety, rigidity, compatibility issues, denomination of cash dispensed, low coverage and network problems). Another empirical study (Nwani, 2014) also shows that Nigerians applaud the cashless policy (81%). The popularity of the ATM as a cashlite channel was also confirmed by the CIUCI consulting in its 2013 annual banking report (CIUCI, 2014).

Designing the appropriate strategy
The incontestable reality is that Nigerians are positively disposed towards the use of cashless channels (only 8.5% had negative attitude) and by extension, the cashless policy. Those who are not so disposed are discouraged by operational issues and the associated charges. On the other hand, an examination of the strategy adopted by the CBN in implementing the cashless policy within the context of the two models reveals it has been applying confrontation and reinforcement (Shet and Frazier). The CBN applied economic disincentives but conveniently forgot economic incentives; it adopted information with little or no persuasion and it also applied mandatory rules. From the Christensen, Marx, & Stevenson framework, it adopted power tools: fiat and coercion, what Herzberg (1968) terms KITA (Kick In The Ass) strategy. But these strategies are relevant when behaviours and attitudes are either positive or negative (Sheth & Frazier, 1982) or where there is no consensus as to what people want and how to go about it (Christensen, Marx, & Stevenson, 2006). In this instance however, the problem is not about the cashless policy per se; it is about how to go about it and the operational challenges. There has thus been a mismatch between the reality on the ground and the strategies adopted by the CBN. The most appropriate strategy should revolve around inducement (persuasion) because the behavior is not consistent with the attitude; (people have the right attitude but do not or cannot change) and leadership tools because there is an apparent agreement about the policy but disagreement on how to go about it. Of course, the CBN can incorporate appropriate tactics from other strategies. Thus, the appropriate strategies for the cashless policy are:

i) **Inducement**: Persuasion, economic incentives, improved delivery and operations, awareness, education and training

ii) **Leadership Tools**: Vision, salesmanship, negotiation, charisma, training and financial incentives.

**Conclusion**
The cashless policy has come to stay. The objectives of the policy are well articulated and the policy has the potential to impact positively on Nigeria and Nigerians. The awareness amongst Nigerians is high and most Nigerians are positively disposed towards the policy. Such a situation where people are positively disposed requires persuasion, incentives and negation to convert people so that they behave according to their predispositions. Unfortunately, the CBN has adopted a punitive strategy. This study has shown that the optimal strategies for the CBN are inducement (persuasion and economic incentives) and leadership tools (salesmanship, negotiation, role modeling). To these are added other supplementary tactics: awareness and education, training, improved operations. Persuasion is it, not coercion. Change that is legislated and imposed never takes roots and never lasts.

Luckily, the CBN has started having a rethink. The reversal of increased charges (CBN, 2017b) is a step in the right direction and has obviously impacted positively on the policy. Those who have been taking under-the-table steps to avoid these charges would by now have reverted to normal banking practices.

**Recommendations**
The following recommendations follow from the study

i) **Nigerians should be encouraged to embrace the cashless policy through persuasive communication and incentives.**

ii) Communication and information should focus on the benefits of going cashless, not on the punishments for contravention.

iii) The policy appears to have been designed for the formal economy and the elites and not for the uneducated villager and informal economy. Efforts should be made to improve the degree of financial inclusion. This makes the cashless policy practicable and meaningful for the uneducated and informal economy.

iv) One of the ways of achieving above is customer identification through a fingerprint or iris recognition. This is used effectively in India where a large section of the population in the
v) Banks should improve their cashless channel operations and be willing to share the gains of cashlessness with their customers.

vi) More needs to be done to educate the common man on the risks of using ATM cards. Industry standards with regard to data protection and information security need to be set for each of the players in the ATM Card industry.

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