

## CASHLESS POLICY AND THE PERFORMANCE OF SMALL AND MEDIUM SCALE ENTERPRISES IN KOGI STATE

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### ABSTRACT

*The study investigated cashless policy and the performance of Small and Medium Scale Enterprises in Kogi State. The main objectives were to; examine the connection between Online banking via the internet and the effectiveness of SMEs in Kogi State, investigate the relationship between Mobile Banking and the performance of SMEs in Kogi State. The study's population comprises 938,740 Small and Medium-Sized Enterprises located in Kogi State. 400 people make up the sample size. Primary data were used in the investigation. Information from the respondents was gathered using a questionnaire, which served as the main data source. The study employed descriptive and multiple regression analysis to test the hypotheses. The finding from the study revealed that, showed that the performance of small and medium-sized enterprises is influenced by the use of mobile and online banking. The study concluded that, the efficiency, productivity, and competitiveness of SMEs have increased dramatically as a result of the integration of these technologies, allowing them to expand and succeed in the current digital economy by streamlining their operations, managing their finances, and becoming more successful. The study recommended that, to enable cashless transactions, SMEs should use digital payment solutions like mobile wallets, internet banking, ATMs, and point-of-sale (POS) systems. They will be able to accommodate clients that favor cashless payment methods as a result.*

**Keywords:** Cashless Policy, Online Internet Banking, Mobile Banking, Performance, Small and Medium Scale Enterprises.

## INTRODUCTION

The evolution of financial transactions has seen a substantial change in the last few years, with an increasing emphasis on cashless transactions across various sectors worldwide. This transition has been particularly notable in the realm of small and medium-scale enterprises (SMEs), where traditional cash-based operations are gradually being replaced by digital payment systems. Cashless policy is the concerted effort by governments, financial institutions and businesses to promote electronic payment methods while reducing reliance on physical currency, this initiative encompasses a wide range of digital payment solutions, including credit/debit cards, mobile wallets, online banking and electronic fund transfers; by encouraging the use of these alternative payment channels, policymakers aim to enhance financial inclusion, improve transparency, combat corruption and stimulate economic growth (Anthony & Chizoba, 2016) .

Within the context of SMEs, the implications of the cashless policy are multifaceted and warrant thorough investigation. SMEs are very important in driving economic development, contributing significantly to the creation of jobs, creativity and general productivity (Omokugbo & Festus, 2020). Therefore, policymakers who want to create a climate that is favorable to business and encourage inclusive growth must have a thorough understanding of the effects that the adoption of cashless payment systems has on the operations, competitiveness, and sustainability of SMEs.

Small and Medium-Sized Enterprises (SMEs), often referred to as small and medium-sized businesses (SMBs). These enterprises are characterized by their size, which falls between that of micro-enterprises and large corporations. While specific definitions of SMEs can vary by country and industry. They are relatively smaller in terms of the number of employees, assets, and revenue compared to large corporations. The exact thresholds defining a SMES may differ by country, but they typically have fewer than 500 employees. Small and medium scale enterprises are often independently owned and operated by entrepreneurs, families, or small groups of individuals (Asikhia & Olugbenga, 2021). They may not be publicly traded on stock exchanges; they operate primarily at a local, regional, or national level, although some can also have international aspirations and reach. They can be found in a wide range of industries, including manufacturing, retail, services, technology, agriculture, and more (Bagudu et al., 2017).

The adoption of cashless policy initiatives has been increasingly promoted by governments in order to improve the financial inclusion, reduce the informal economy, and improve overall economic efficiency; the challenges were occasioned by the fact that the financial infrastructure base does not have the absorptive capacity to accommodate the transactions required. In addition, there was no adequate sensitization to ensure the buy in of the people, most especially the people of the informal sector, given the infrastructure deficit that pervades the entire economy, the channels that are available for the implementation of the policy are not adequate to cope with the demands of the cashless policy, this suffices that for the policy to be adequately implemented; there is need for adequate investment by both the operators and the regulators (Omokugbo & Festus, 2020). In addition, the policy being information technology driven is highly vulnerable to fraudulent practices, as any security lapses can be exploited by the highly mobile fraudsters to perpetrate hacking. Another major challenge is lack of adequate electricity

in both urban and rural areas of the economy (Taiwo et al., 2016). The e-payment system requires adequate and steady power supply for efficient delivery. The policy is also bedevilled by high a charge which is capable of engendering resistance from the banking public (John et al., 2020).

The following questions were raised to address below objectives:

- i. Online banking does not have impact on the performance of SMEs in Kogi State?
- ii. Mobile Banking does not have impact on the performance of SMEs in Kogi State?

The specific objective of the study is cashless policy and the performance of Small and Medium Scale Enterprises in Kogi State; the specific objectives were to:

- i. Examine the impact of online banking on the performance of SMEs in Kogi State.
- ii. Examine the impact of mobile banking on the performance of SMEs in Kogi State.

The research tested the following hypotheses:

**Ho<sub>1</sub>:** There is no significant relationship between Online banking and the performance of SMEs in Kogi State.

**Ho<sub>3</sub>:** There is no significant relationship between Mobile Banking and the performance of SMEs in Kogi State.

## REVIEW OF RELATED LITERATURE

### The Concept of Cashless Policy

A cashless policy is one that makes it easier to conduct financial transactions without using cash. An economy in which paying for products and services can be done electronically using credit, debit, or other electronic media rather than with physical currency (Elechi & Anthony, 2016). The implementation of a cashless policy does not mean that cash would completely disappear from Nigeria's financial system because currency will still be needed to complete transactions for goods and services. However, by offering a substitute payment method, the cashless policy fosters a financial climate that reduces the usage of actual currency. It offers an economic scenario where cash-based transactions are minimized, as opposed to being interpreted as a total lack of currency in the economy.

The Cashless Policy aims to keep currency in the economy in some form since it is still used as a means of exchanging goods and services. (Kitamura, 2022). In this sense, a cashless economy refers to an environment in which the quantity of cash-based transactions is kept to a minimum rather than an absolute minimum; transactions in such an economy typically don't take place in exchange for real money. The goal is to reduce the amount of physical cash used as much as possible while also offering substitute payment methods. (Omokugbo & Festus, 2020). Exchanges of products and services for other commodities and services do not occur under the barter system. From this angle, Lawal et al. (2022) defined a cashless economy as one in which the majority of transactions and payments are made through electronic media for products and services. It has been often stated that a cashless economy is one in

which electronic media serves as the main method of payment and acquisition of goods and services rather than one in which cash is totally eliminated from the market.

To reduce the amount of physical currency used in an economy, a cashless policy is a set of guidelines and efforts that promote the use of electronic payment methods such as cards, mobile payments, and online purchases. From a governmental viewpoint, a cashless policy is an intentional effort to update a country's payment system in order to promote efficiency and transparency in financial transactions, reduce the informal sector, and increase financial inclusion (Mouna & Jarboui, 2021).

### **Online Banking and the Performance of SMEs in Kogi State**

SMEs can easily access financial services like credit lines, loans, and payment processing through online banking. SMEs that have access to financing may be able to grow their businesses and invest in growth possibilities, purchase inventory, or cover day-to-day expenses. Improved access to finance through online banking can positively influence the financial performance of SMEs by providing them with the necessary capital to thrive. Online banking often offers lower transaction costs compared to traditional banking methods. SMEs can benefit from reduced fees associated with transactions; lower overhead costs related to physical bank branches, and streamlined processes for managing finances. These cost savings can contribute to improved profitability and overall financial performance for SMEs (Ghose & Maji, 2022).

Online banking platforms offer SMEs convenient tools for managing their finances, such as real-time account information, automated transactions, and electronic invoicing. Online banking platforms often come with built-in security features and fraud detection mechanisms to protect against cyber threats. By using secure online banking services, SMEs can mitigate the risk of fraud and unauthorized transactions, safeguarding their financial assets and reputation. Effective risk management contributes to the overall stability and resilience of SMEs, positively impacting their performance (Rabiu et al., 2019).

### **Mobile Banking and the Performance of SMEs in Kogi State**

Mobile banking provides SMEs with convenient utilize banking services from any location at any time. SME owners may do a number of tasks with mobile banking apps, including paying bills, moving money, monitoring account balances, and even asking for loans, this convenience saves time and allows SME owners to focus more on their core business activities, thereby enhancing their overall performance. Mobile banking helps SMEs reduce operational costs associated with traditional banking methods. By conducting transactions through mobile banking apps, SMEs can avoid the costs related to visiting physical bank branches, such as transportation expenses and the need to hire additional staff for banking-related tasks. The cost savings achieved through SMEs' financial performance is improved via mobile banking (Siddiqui et al., 2019).

Mobile banking allows SME owners to monitor their cash flow in real-time. Mobile banking makes it easier for SMEs to access credit and financing. Many mobile banking apps offer features such as loan applications and credit facilities tailored specifically to SMEs, by providing quick and convenient access to credit, mobile banking helps effective cash flow management, growth opportunity investment, and operations funding help SMEs function better (Orji et al., 2018).

### **Adoption of Cashless Policy and its Contribution to SMEs performance in Kogi State**

Digital payments streamline transactions, reducing the time and effort required for manual cash handling. By using digital payment methods, SMEs may utilize digital payment methods that leave a clear digital trail, enabling them to maintain precise and transparent financial records. This enhances tracking of cash flows, expenses, and revenues and facilitates informed decision-making and financial management, a greater array of financial services, including credit facilities, insurance policies, and loans, are available to SMEs. Financial institutions may evaluate SMEs' creditworthiness by using digital transaction data, which makes it simpler for them to get money for investment and business expansion (Joel et al., 2016).

Offering digital payment options enhances the customer experience, as it provides convenience and flexibility to consumers, SMEs that accept digital payments are likely to attract more customers and encourage repeat business, driving revenue and fostering customer loyalty. By promoting digital transactions, cashless policies contribute to the formalization of the economy, as more transactions are recorded and taxed (Garg & Panchal, 2017). By encouraging fair competition and clearing the playing field for SMEs, adopting cashless technology also forces small and medium-sized firms (SMEs) to innovate and adapt to changing market trends and customer preferences. This helps combat tax evasion and informal economic activity. This may lead to the development of fresh products and services as well as innovative business strategies that adapt to the shifting needs of customers in the age of technology (Anthony et al., 2016).

### **The Prospects of Cashless Policy in Kogi State**

The prospects of cashless policy implementation are promising, especially for Small and Medium Enterprises (SMEs), as it brings numerous potential benefits (Ibukun & Cynthia, 2020).

**Efficiency and Cost Savings:** Cashless transactions streamline payment processes, reducing the time and effort required for manual cash handling. This efficiency leads to cost savings for SMEs by lowering cash handling expenses, such as cash counting, storage, and transportation costs.

**Access to Financial Services:** Using cashless payment methods can improve SMEs' access to financial services, including bank accounts, credit facilities, and insurance products. Financial institutions can evaluate SMEs' creditworthiness by using digital transaction data, making it easier for them to access funding for business expansion and investment.

**Market Expansion:** Cashless payment systems enable SMEs to accept payments from customers beyond their immediate geographical location. This expanded market reach allows SMEs to cater to a broader customer base, including online and international customers, leading to increased sales opportunities and revenue growth.

**Customer Convenience:** Offering cashless payment options enhances the customer experience by providing convenience and flexibility to consumers. SMEs that accept digital payments are likely to attract more customers and encourage repeat business, driving revenue and fostering customer loyalty.

**Promotion of Formal Economy:** Cashless transactions promote the formalization of the economy by reducing informal economic activities and tax evasion. This creates a more level playing field for SMEs and promotes fair competition, contributing to economic growth and development.

### **Challenges of SMEs in Adopting the Cashless Policy in Kogi State**

While the cashless policy offers numerous benefits to Small and Medium Enterprises (SMEs), its adoption is not without challenges (Garg & Panchal, 2017). Here are some of the key obstacles SMEs may encounter when transitioning to cashless transactions:

**Cost of Technology Adoption:** Implementing cashless payment systems often requires significant upfront investment in technology infrastructure, such as point-of-sale (POS) systems, card readers, mobile payment terminals, and online payment gateways. Many SMEs may find it challenging to afford these initial setup costs.

**Absence of Electronic Framework:** There may not be a sufficient supply of electricity or dependable digital infrastructure in many places, particularly in rural or undeveloped areas. It could be difficult for SMEs to adopt and maintain cashless payment systems without sufficient infrastructure.

**Limited Access to Financial Services:** Some SMEs, particularly micro-enterprises and businesses operating in informal sectors, may face barriers in accessing financial services, including bank accounts, credit facilities, and digital payment solutions. This limits their ability to adopt cashless transactions.

**Security Concerns:** SMEs may be concerned about the security risks associated with cashless transactions, including data breaches, hacking, and fraudulent activities. Without robust security measures in place, SMEs may hesitate to adopt digital payment solutions, fearing financial losses and reputational damage.

### **Small and Medium Scale Enterprises**

Businesses that fit into a specific size range—often indicated by the number of workers, annual revenue, or total assets—are referred to as small and medium-sized enterprises (SMEs). While the standards for classifying SMEs can differ from nation to nation, they often have some traits in common. SMEs contribute significantly to global economic development and are an essential component of the business ecosystem. The European Union, for instance, classifies micro-enterprises (0-9 employees), small businesses (10-49 employees), and medium-sized businesses (50-249 people) as SMEs based on staff count and yearly turnover. SMEs are often founded and managed by entrepreneurs with innovative ideas and a drive to succeed.

They have the flexibility to adapt quickly to market changes and experiment with new business models and technologies (Alayli, 2023). This ability to innovate and take risks fosters competitiveness and helps drive economic growth. In many regions, SMEs are essential for local and rural development. They create employment opportunities in areas where large corporations may not have a presence. Additionally, SMEs contribute to poverty reduction and economic empowerment by involving a broader segment of the population in economic activities; despite their importance, SMEs confront a variety of obstacles that could prevent them from growing and remaining sustainable.

### **Measurement of the Performance of Small and Medium Scale Enterprises**

The growth of Small and Medium-Sized Enterprises (SMEs) can be measured using various indicators and metrics. Here are several common ways to measure the growth of SMEs:

**Revenue Growth:** One of the most straightforward measures of SME growth is the increase in revenue or sales over a specific period. Comparing the revenue from one year to the next can indicate whether the business is expanding.

**Profit Margin Improvement:** While revenue growth is essential, improving profit margins can be a sign of healthy growth. SMEs should aim for sustainable profitability by optimizing costs and increasing operational efficiency.

**Employment Growth:** The number of employees hired by the SME can be an indicator of business expansion. Hiring more employees suggests increased production capacity and a larger customer base.

**Market Expansion:** SMEs entering new markets, either geographically or by diversifying their product or service offerings, demonstrate growth. Expansion into new regions or demographic segments can signify business development.

**Customer Base Growth:** An expanding customer base, both in terms of the number of customers and customer retention rates, is a positive indicator. It shows that the business is meeting customer needs and attracting new clients.

## Theoretical Framework

### Technology Acceptance Model (TAM)

Fred Davis (1989) technology acceptance model (TAM) aids in improving knowledge of how technology is implemented and utilized to support economic progress. At this stage, information systems make considerable use of this well-known hypothesis. It promotes consumers to adjust and use technology in ways that advance economic growth. The concept states that a range of factors influence people's decisions about whether and how to use new technology when they are introduced to it. Amongst the components is perceived utility. TAM states that behavioral intentions, attitude, perception of the system's utility, and perception of its simplicity all have a role in determining a user's actual usage of a technological system, either directly or indirectly.

Because it emphasizes the crucial role of user acceptance of technology—which is essential for the success of cashless policies and the adoption of digital payment systems by SMEs—the Technology Acceptance Model (TAM) is seen as a theoretical framework for researching the adoption and acceptance of cashless policies and the performance of Small and Medium Enterprises (SMEs). It implies that if people believe a new technology is helpful, they are likely to embrace and use it. Adoption of digital payment systems in the context of cashless policies and SMEs depends on how valuable they are seen to be.

### Empirical Review

Williams (2023) examined the link between cashless policies and customer satisfaction: a study of Ogun State, Nigerian commercial organizations. All parties involved in the Nigerian banking industry have opposing feelings over the implementation of the cashless policy. While the other section, which is made up of customers, has opposed the trials related to the policy's operation, the development has delighted the operators (bankers) in that segment. Therefore, using a survey of bank customers in Abeokuta, this study aims to ascertain how satisfied customers are with the recently implemented cashless policy in Ogun State, Nigeria. A well-designed questionnaire was used to collect the data, and descriptive statistics

were used to evaluate it. The study's hypotheses were then tested using the correlation coefficient. The findings of the study reveal that Ogun State's cashless tackle improved consumer satisfaction. The survey also showed that the cashless policy increased consumer satisfaction through electronic channels by a significant amount. The study concluded that the cashless policy is progressive and friendly to customers. Thus, among other things, it was suggested that infrastructures be changed to guarantee that the policy operated smoothly throughout Ogun State.

Ali-Momoh (2023) carried out a study on how the Ekiti State small- and medium-sized businesses' performance was impacted by the cashless policy. The study especially investigated how the performance of small and medium-sized businesses in the state of Ekiti was affected by automated teller machines, point of sale systems, and mobile banking. The study employed regression analysis and correlation and used a questionnaire to collect primary data for the investigation. The study's conclusions revealed that point of sale positively and significantly affected the performance of SMEs in Ekiti State. The study also demonstrated that the performance of SMEs in Ekiti State was helped by the introduction of mobile banking and automated teller machines. Based on these results, the study came to the conclusion that the cashless policy channels—such as point of sale, mobile banking, and automated teller machines—had a positive effect on the performance of SMEs in the state of Ekiti. As a result, the study suggested that in order to encourage successful business in the State, SMEs should make use of mobile banking, automated teller machines, and point of sale systems.

Ezenolue (2022) carried out a study on the effect of Anambra State's cashless economy on the daily activities of small businesses. The study focused on the diffusion of innovation theory and investigated pertinent conceptual, theoretical, and empirical literature. The manufacturing firm's performance served as the dependent variable, and the explanatory factors were online, automated teller machines, point of sale, and mobile banking services. The primary tool for gathering data was the questionnaire. The acquired data was analyzed using multiple regression analysis. It was discovered that automated teller machines, point of sale systems, and online banking all significantly improved the operation of small businesses in Anambra State. Therefore, it was suggested that in order to clear up any ambiguities, the Nigerian Central Bank and the decision-makers examine policies on a regular basis. Banks should make sure they run a thorough public awareness campaign to make sure the public is fully aware of the advantages of the cashless policy for small businesses, particularly manufacturing ones.

Sani (2021) conducted research in Jigawa State on the effect of the cashless economy on the growth of small and medium-sized businesses. The owners of small and medium-sized businesses in the study region were given questionnaires to complete as part of the study. Four types of Likert scales were used to analyze the generated data, along with simple percentages. According to the findings, the majority of SMEs in Jigawa State are sole proprietorships with low incomes and bad banking habits. SMEs also have zero tolerance for the use of ICT in any aspect of their business operations. This was a significant obstacle to the study area's complete adoption of the cashless policy. According to the report, the government should implement workable financial programs and policies that will boost the productivity of small enterprises, as their limited capital makes it difficult for them to adjust to the cashless policy. Additionally,

it's critical that the government start providing small business owners in urban and rural areas with basic ICT training so they may conduct their operations electronically in compliance with policy.

Alao and Sorinola (2019) studied the Nigerian Commercial Organization's usage of a questionnaire to assess the effect of mobile banking on service transfer was completed. He discovered that the breadth of e-banking services has improved banking efficiency in providing services to clients. According to his research, mobile banking has improved organizational service delivery by saving time, facilitating immediate transaction alerts, improving transactional appropriateness, and reducing service costs—all of which have restored client relationships and satisfaction. In order to prevent fraudulent individuals and hackers from accessing company data and stealing money from company accounts, he declared that organization management should raise awareness among the public about the advantages of e-banking service products, maintain flawless collaboration among organizations, and employ skilled labor and computer wizards in every organization.

### **Gap in Literature**

The intersection between cashless policies and the effectiveness of Kogi State's small and medium-sized businesses (SMEs) presents an intriguing area for research. There might be a lack of studies that specifically investigate how cashless policies implemented in Kogi State affect the operations, financial transactions, and growth trajectories of SMEs within the state. Understanding the unique socioeconomic landscape, infrastructure, and business environment of Kogi State is essential for comprehensively analyzing the implications of cashless policies on SMEs in the region.

Research could delve into identifying and assessing the key performance indicators (KPIs) relevant to SMEs in Kogi State and how these metrics are influenced by the the use of cashless transactions, which may be influenced by variables like revenue growth, financing availability, operational effectiveness, customer happiness, and competitiveness in the market. Investigating the challenges and barriers faced by SMEs in Kogi State in adopting cashless payment systems could provide valuable insights. These challenges may include technological barriers, infrastructure limitations, regulatory issues, and cultural preferences for cash transactions. There might be a lack of research exploring the policy implications of cashless initiatives on SMEs in Kogi State. Understanding how government policies, regulatory frameworks, and support mechanisms impact the ability of SMEs to transition to cashless transactions is crucial for policymakers and stakeholders.

### **METHODOLOGY**

The study used primary data and the method known as survey research design. 938,740 entrepreneurs of small and medium-sized businesses in Kogi State's manufacturing, lodging, and food wholesale and retail sectors make up the study's population. According to (SMEDAN 2022).

938,740 Small and Medium Scale Enterprise operators in Kogi State make up the study population. Random sampling, a technique that gives each subject in a population an equal chance of showing up in the selection, was used to calculate the sample size. Since the entire population would not be studied, the Taro Yamane formula from 1964 was used to statistically determine the sample size. With the use of SPSS version 23, multiple regression analysis is the primary method used to test hypotheses.

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample size  
 N = Actual population  
 e = Level of significance (0.05)  
 1 = constant

$$n = \frac{938,740}{1 + 938,740(0.0025)}$$

$$n = \frac{938,740}{1 + 2346.85}$$

$$n = \frac{938,740}{2347.85} = 400$$

Therefore, the sample size for this study is 400

Four hundred (400) is the sample size, meaning that 400 copies of the questionnaire will be sent to respondents who are Kogi State small- and medium-sized business owners. For the analysis, a significance level of p = 0.05 was used. This degree of relevance serves as the foundation for each hypothesis' rejection or acceptance. Regression analysis was used to test the hypotheses with the assistance of the statistical program for social sciences (SPSS v 20).

### DATA ANALYSIS AND DISCUSSION OF FINDINGS

Four Hundred (400) copies of questionnaires were distributed to the respondents and Three Hundred and Eighty-two (382) copies were returned which form the basis of analysis.

#### Testing of Hypotheses

In other to achieve this, the researcher used multiple regression analysis method.

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.890 <sup>a</sup>	.793	.792	.39312

a. Predictors: (Constant), Online Internet Banking, Mobile Banking

According to the model summary shown in the above table, R square is 0.793. This suggests that the constant factors (online and mobile banking) accounted for 79.3% of the variation in the dependent variable (the performance of SMEs), with the remaining 20.7% attributed to variables not included in the model. Given that the value of R<sup>2</sup> is near to 1, this suggests that the regression (model) is useful for making predictions.

#### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	224.296	2	112.148	725.688	.000 <sup>b</sup>
	Residual	58.571	379	.155		
	Total	282.867	381			

a. Dependent Variable: SMEs performance

b. Predictors: (Constant), Online Internet Banking, Mobile Banking

The prior table's estimated F-value (725.688) with a significance value of .000 suggests the explanatory variable element may lead to changes in the dependent variable (SMEs performance), which is less than the P-value 0.05 ( $p < 0.05$ ). This test revealed that, among the various variables, specific explanatory variables had major effects on the performance of small and medium-sized enterprises.

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.247	.059		4.192	.000
1 Online Internet Banking	.495	.034	.550	14.608	.000
Mobile Banking	.360	.035	.391	10.390	.000

a. Dependent Variable: SMEs performance

The performance of SMEs is the factor that is dependent, as seen in the above table. This was utilized as a basis for assessing Kogi State's SMEs' performance and the cashless method. As seen in the table, the predictors are mobile banking and online banking. It is clear that the performance of SMEs and the independent variables are closely related. The t-test coefficients for mobile banking and online internet banking are 10.390 and 14.608, respectively, based on the results shown in the above table. Due to the fact that the P-value is 0.000, or less than 0.05 ( $P < 0.05$ ). This indicates that, at a significance level of 5%, these variables are statistically significant. Consequently, the null hypotheses are rejected.

### Discussion of Findings

The two hypotheses and necessary decisions were analyzed using multiple regression analysis. Our conclusions can be summed up as follows:

Regression analysis was used for assessing research hypothesis one, and the results proved that, at the 5% level of significance, we could reject the null hypothesis ( $H_0$ ). This led the researcher to conclude that; By enabling SMEs to conduct a variety of financial activities at any time and from any location, online banking offers them effective and convenient banking services that save time and lessen the administrative load that comes with using traditional banking methods. This result supported the theory put forth by Rabiou et al. (2019), according to which SMEs can save time and money on transportation by using online banking instead of physical bank branches. Additionally, it lowers the expenses of paperwork, printing, and shipping related to conventional banking systems.

Additionally, the researcher noted in research hypothesis two that small and medium-sized enterprises (SMEs) can use mobile devices to access their bank accounts and conduct a variety of financial activities whenever and wherever they are. This degree of accessibility reduces waiting times and boosts operational effectiveness. This data backs up the assertion made by Bagudu et al. (2017) that mobile banking gives SMEs instant access to their financial data, enabling them to check account balances, track transactions, and monitor cash flow while on the go. This improves financial decision-making and aids in the efficient management of SMEs' cash flow.

## CONCLUSION AND RECOMMENDATION

The performance of SMEs is adversely affected by the cashless policy; it has promoted transparency, efficiency and accountability in financial transactions, leading to improved record-keeping and easier access to financial services. Additionally, the policy has encouraged the formalization of SMEs, leading to increased trust from financial institutions and easier access to credit. Overall, the cashless policy has been instrumental in enhancing the growth and performance of SMEs, contributing positively to economic development.

The study recommends that;

- i. Financial institutions should organize training and educational programs to teach SME owners how to effectively use online internet banking platforms, this will help them understand the benefits and functionalities of online banking, enabling them to utilize it more effectively.
- ii. Financial institutions should launch promotional campaigns to raise awareness about the benefits of mobile banking among SMEs; this could include workshops, seminars and online tutorials to educate SME owners about the convenience and efficiency of mobile banking.

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