

Perceived Effect of Nigeria's Cashless Policy on Agricultural Activities Among Rural Farmers in Ondo State, Nigeria

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Abstract: This study examined the perceived effect of Nigeria's cashless policy on agricultural activities among rural farmers in Ondo State. A multistage sampling procedure was used to select 120 respondents from five communities (Oka, Supare, Oyinmo, Ilepa and Ikun Akoko) from Akoko South West and Akoko North East Local Government Areas. Data collected were subjected to descriptive and inferential statistical analysis. Findings from the study revealed that the cashless transaction methods majorly used were credit and debit cards ($\bar{X}=2.60$), mobile apps ($\bar{X}=2.58$) and mobile money services ($\bar{X}=2.55$). Most of the respondents also agreed that increased charges for every cash withdrawal (92.5%), connectivity issues (90%), fraud (88.3%) and dependence on cash transactions and limited point of sales (86.7%) were notable challenges in the study area. Respondents also agreed that cashless policy is not convenient to carry out agricultural transactions ($\bar{X}=2.87$), that there is lack of familiarity and understanding of digital payment by the farmers ($\bar{X}=2.64$) and that there is potential delays and complications in receiving payment on agricultural sales ($\bar{X}=2.14$). However, they disagreed that there is potential disruption of traditional cash-based payment ($\bar{X}=1.35$). It was therefore recommended that banks should also make cashless transactions more user friendly for farmers considering the fact that most farmers are not well educated. Also, banks should organise awareness campaigns so as to enlighten the farmers especially elderly farmers on the benefits of cashless transactions.

Keywords: Cashless, policy, agricultural activities, farmers.

INTRODUCTION

Nigeria, as an agrarian economy has significant proportions of its farmers in the rural areas that lack adequate capital to realize their production potentials. In Nigeria, the financial system consists of a regulated formal sector which is controlled using government legislations and an un-regulated informal sector, however, due to instability in these processes, the government started to enforce policies to favor economy growth (Ukoha, Henri-Ukoha, Essien & Osuji, 2017). The role of the central bank has facilitated the emergency of active money market where treasury bills, a financial instrument used for open market operations and raising debt for government has grown in volume and values becoming prominent earning assets for investors and source of balancing liquidity in the market (Elechi and Rufus, 2016). According to Ndifon and Okpa (2016), the economy has witnessed lots of economic policy including the cashless policy rolled out by the CBN. In 2012, the Central Bank of Nigeria (CBN) embarked on the journey to operating a cashless economy. This was pilot tested in Lagos from January 1, 2012. The intent was to ascertain Nigeria readiness for a full implementation across the country and it kindled hopes that the country was willing to play in the global financial ecosystem where digitization is the unifying word (The Sun, 2023). Cashless economy is not the complete absence of cash, it is an economic setting in which goods and services

are bought and paid for through electronic media. According to Okafor (2020), cashless economy is defined as one in which there are assumed to be no transaction frictions that can be reduced through the use of money balances and that accordingly provide a reason for holding such balances even when they earn rate of income. In a cashless economy, how much cash in your wallet is practically irrelevant. It has been observed that developed countries of the world, to a large extent, are moving away from paper payment toward electronic instrument especially payment cards. Some aspects of the functioning of the cashless economy are enhanced by e-finance, e-money, e-brokering and e-exchanges. These are all transactions and payments effected in a cashless economy (Agrawal, 2017).

Chondough (2021) in a study carried out in Nigeria, observed that 68.2% of the respondents complained about long queues in the bank, 28% complained of bad attitude of teller officers (cashiers) while 2.89% complained of long distance to bank locations to their home or workplace. Likewise, in her 24th NCS conference in December 2011, CBN data shows that 51% withdrawal done in Nigeria was through automated teller machine (ATM), while 33.6% was through over the counter (OTC), cash withdrawals and cheque 13.6% payment was also done through point of sale machine (POS) which accounted for 0.5% and web 1.3%.

Central Bank of Nigeria (CBN) introduced a new policy on cash-based transactions. The new policy on cash-based transactions (withdrawals) in banks, aimed at reducing the amount of physical cash circulating in the economy, and encouraging more electronic-based transactions (Ukoha *et al.*, 2017). But the momentum was retarded due to a plethora of factors, including poor Information and Communication Technology (ICT) infrastructure, poor awareness, illiteracy and cultural barriers, addiction to cash transactions, among others (The Sun, 2023). Stakeholders in the finance bloc had to tackle the underlying challenges considerably before rekindling conversations on digital banking and cashless policy. The CBN, while driving the initiative, continued by redesigning the old naira notes (N200, N500 and N1, 000) and unveiled the new ones in December 2022. It also pegged weekly cash withdrawals by individuals and corporate bodies at N500,000 and N5 million, with effect from January 9, 2023. The new aim was to encourage the policy through internet banking, mobile banking, domestic card (AFRIGO), USSD, PSBS, POS, eNaira app and 1.4 million mobile banking agents spread across the country (The Sun, 2023).

Statement of the Problem

It is a statement of fact that Nigerian farmers are poor because of the stunted growth of the country's economy. According to Statistica (2023) nearly 12% of the World population in extreme poverty lives in Nigeria. This has also been directly linked to the high rate of corruption, money trafficking, financial embezzlements and cybercrimes (Statistica, 2023). However, cash as a legal tender can be used by everyone; this is not the case for alternative forms of money which is often linked to bank account, the low-income consumers such as small-scale farmers may not have such account. Furthermore, most rural farmers are illiterates. The problem with this situation of illiteracy is that majority of the small-scale farmers belong to this group and they will have to depend on the literate few among the populace (Dahunsi and Akinyede, 2017). They may also not be literate enough to master the technology. The high level of illiteracy in the country, low level of banking population and porous banking system have also been identified (Argawal, 2017). Security of funds is another challenging aspect of farmer's preference for cashless transactions. A situation where there is a

communication breach during a transaction and the rural farmer does not receive an alert to confirm payment of goods; the buyer may be compelled to make multiple payments for the same transaction (Ukoha *et al.*, 2017). Several jobs are being lost as farmers lament losses and cut down on production. Trust is lacking in Nigerian agribusiness environment, agribusinesses are carried out on cash basis as cheques are not reliable, hence farmers place less trust on the use of cheques but prefer cash instead (Aduba, 2021). High level of fraudulent activities through e-banking is a challenge, A good percentage of small-scale farmers are unbanked. Debo (2023) in the BusinessdayNG reported that, farmers are incurring post-harvest losses at a geometric rate due to prevailing cash shortage in the country. This has reduced the demand for goods and services as cost-conscious consumers are finding it difficult to meet their daily cash needs for transactions, forcing many to cut down on purchases as most of the businesses, especially in the food sector, are informal and heavily cash-reliant. Debo (2023) also stated that "the persistent naira scarcity is killing lots of farming businesses. The introduction of the cashless policy may further exacerbate the poverty condition of rural farmers. Hence, this study considers the effect of cashless policy on agricultural activities among rural farmers in Akoko South West and Akoko North East Local Government Area, Ondo State.

OBJECTIVES OF THE STUDY

The general objective of this study is to access the perceived effect of Nigeria's cashless policy on agricultural activities among rural farmers in Akoko South West Local Government area, Ondo State. The specific objectives are to:

- ascertain the socio-economic characteristics of the rural farmers in the study area;
- identify types of cashless transaction methods used by farmers in the study area;
- indicate the challenges rural farmers face due to cashless policy in the study area; and
- determine the effects of cashless policy on agricultural activities in the study area.

Hypothesis

H₀1: There is no significant relationship between the cashless policy and agricultural activities in the study area.

LITERATURE REVIEW

Cashless Economy

Cashless economy is not the complete absence of cash, it is an economic setting in which goods and services are bought and paid for through electronic media. According to Okafor (2020), cashless economy is defined as one in which there are assumed to be no transaction frictions that can be reduced through the use of money balances and that accordingly provide a reason for holding such balances even when they earn rate of income. In a cashless economy, how much cash in your wallet is practically irrelevant (Aduba, 2021). It has been observed that developed countries of the world, to a large extent, are moving away from paper payment toward electronic instrument especially payment cards. Some aspects of the functioning of the cashless economy are enhanced by e-finance, e-money, e-brokering and e-exchanges. These are all transactions and payments effected in a cashless economy (Agrawal, 2017). The cashless economy policy of the CBN is designed to provide mobile payment services, breakdown the traditional barriers hindering financial inclusion of millions of Nigerians and bring low cost, secure and convenient financial services to urban, semi – urban and rural areas across the country. In a cashless society the unit of account; Naira, Dollar, Euro and the others remains a national affair and is provided by the state. The followings among others enhance the functioning of cashless economy; the use of non-cash payment methods such as cards (credit and debit) dominates the use of cash in payments (Agrawal, 2017). The card-based payment system has several players. On the one hand, are the providers of the card-based payment system- first of which is the card companies like MasterCard and Visa who provide their payment network for the system to function. The second set of providers are the banks that act as acquires for merchants and issuers for cardholders and reach the card payments services to the ultimate users. For the two parties, the card payment system is an income generating initiative and they are motivated to run the system as they are able to generate adequate profits out of their operations. The benefits these two players derive from the system are manifold- the convenience of electronic transaction, the ease of credit availability, increased sales, increased purchasing power, to list a few. Since they are the end users of the convenience the card payment system

generates, they are the ones who bear the cost of the system (Akhalmeh and Ohiokha, 2011). Developing countries are just improving their payments infrastructures, enabling wider adoption and greater usage of non – cash means and channels. They also tend to open to innovations that can broaden their still-nascent base of users. However, the global use of cash payment is still endemic, especially for low-value transactions. But while cash may be convenient, it makes taxation less transparent, and it is costly to distribute, manage, handle and process. As a result, many governments are seeking to reduce these costs and encourage the use of non – cash payment means (Chondough, 2021).

The cashless policy began in Lagos from January 2012, while the policy took effect in Rivers, Anambra, Abia, Kano, Ogun and the Federal Capital on the 1st of July 2013. The policy was implemented nationwide in July 2014. The service charge to effect from March 2012, this gave people time to migrate to electronic channels and experience the infrastructure that has been put in place. Banks were to use this period as grace to encourage their customers to migrate to available electronic channels and where possible, demonstrate the cost that will accrue to those that continue to transact high volumes of cash from March 2012 in Lagos (Okafor, 2020). As noted above, the cashless economy does not imply an outright end to the circulation of cash (or money) in the economy but that of the operation of a banking system that keeps cash transactions to the barest minimum. The CBN had set daily limits of cumulative withdraws and lodgments of N150, 000 for individuals and N1, 000, 000 for corporate customers (now N150, 000 and N3million respectively) (Okafor, 2020). The operation of the system does not mean the individual /corporations cannot hold cash in excess of N150, 000/N1million (now N500, 000 and N3million, respectively) respectively at any single point in time but that their cumulative cash transactions with the bank must not exceed these limits over a period of one day. The system is targeted at encouraging electronic means of making payment, and not aimed at discouraging cash holdings (Aduba, 2021). What is anticipated by the policy is that instead of making large withdrawals to effect payment for goods and services, such monies will be kept in the banking system so that payments are made through “credit card-like means”. In this

system users are issued with electronic cards which can be slotted into special electronic machines in order to effect payments. At the center of such payment system are the Point of Sales (POS) terminals (Agrawal, 2017). For centuries, cash has served the primary role in day-to-day commerce, helping ordinary people trade their labor and products for the goods and services they need without cumbersome negotiations over bartering or exchanges. Yet slowly but surely, alternatives to cash have taken root and grown (Elechi and Rufus, 2016).

Although, the momentum was retarded due to a plethora of factors, including poor Information and Communication Technology (ICT) infrastructure, poor awareness, illiteracy and cultural barriers, addiction to cash transactions, among others (The Sun, 2023). Stakeholders in the finance bloc had to tackle the underlying challenges considerably before rekindling conversations on digital banking and cashless policy.

The CBN, while driving the initiative, continued by redesigning the old naira notes (N200, N500 and N1,000) and unveiled the new ones in December 2022. It also pegged weekly cash withdrawals by individuals and corporate bodies at N500,000 and N5 million, with effect from January 9, 2023. The new aim was to encourage the policy through internet banking, mobile banking, domestic card (AFRIGO), USSD, PSBS, POS, eNaira App and 1.4 million mobile banking agents spread across the country (The Sun, 2023). Benefits of cashless policy According to Aduba (2021), they include:

- increased convenience; more service options; reduced risk of cash related crimes; cheaper access to (out-of-branch) banking services and access to credit.
- faster access to capital; reduced revenue leakage; and reduced cash handling costs.
- increased tax collections; greater financial inclusion; increased economic development.
- secured cashless system can guarantee anonymity of legitimate users but also provides traceability about illegally issued cash or laundered money
- Cashless policy can help deepen bank deposits thereby increasing funds available for commercial
- The policy can also help trace double spending protects content by exposing the double spender's identity, digital cash is a fool proof way of guarding against illegal redistribution of intellectual property and materials
- Cashless policy can help displace shadow economies, bring hidden transactions into the banking system and increase transparency, confidence and participation in the financial system.
- Automated electronic payments, which is an integral part of cashless policy, acts as a gateway into the banking sector and as a powerful engine for growth. Such payments draw cash out of circulation and into the bank accounts, providing low cost funds that can be used to support bank lending for investment – a driver of overall economic activity. The process creates greater transparency and accountability, leading to greater efficiency and better economic performance.
- Promote Financial Inclusion by making it easier and more affordable for the unbaked and under banked to access financial services
- Reduce the over reliance on cash for transactions
- Encourage Financial Deepening and promote savings
- Reduce risks in Payments and Settlements.
- Reduction in money laundering
- Check on terrorist financing
- Effectiveness of the monetary policy
- Creation of more employment opportunities in the financial sector
- Provision of evidence against bribe givers and takers especially the civil servants and politicians
- Growth of the real sector of the economy because credit will be available for investor.
- However, Cashless policy, despite its numerous benefits come with its own challenges even in the developed world. This section looks at some of these challenges with specific focus on Nigeria (Elechi and Rufus, 2016);
- Behavioral Constraints: The fact that Nigeria is cash – based, people are accustomed to using cashing for most of their transactions
- Banks Attitudes: Some banks in Nigeria are very conservative; they use very few innovative products and marketing techniques
- Lack of Confidence: The security issue is one of the major challenges in the development of cashless policy in Nigeria

- Low Level of Internet penetration and poorly developed telecommunication impede smooth development and improvement of e-payments and e-commerce
- Lack of suitable legal and regulatory framework for e-payment: Nigeria current laws do not accommodate electronic contracts and signatures
- Inadequate banking system
- Political and economic instabilities in neighboring countries: Political instabilities inevitably disturb smooth operations of business and free flow of goods and services.
- Power: The state of power in Nigeria today cannot accommodate smooth operations of financial activities. There is need to develop a reliable and sustainable power supply.
- Infrastructure: The financial infrastructure in Nigeria is not adequate to carry the load of a cashless society. ATM's Point of Sales system, mobile banking and other mediums have to dramatically expand to touch at least 40% of the whole economy before any meaningful effect can be achieved.
- Availability of real data: Proper and accurate identification of account holders must be maintained and shared, when necessary, by all financial institution; also, CBN must collaborate with all other government and private agency responsible for collection of identification of individuals in Nigeria for reconciliation of any identification.
- Investments: CBN must be ready to invest heavily to make these transitions possible; Technology is not cheap and ever changing at a very fast pace. Investments in billions of dollars made in infrastructure, training, marketing, security, maintaining IT networks and so on will be on a yearly basis for the years to come.
- Security: As it relates to laws that are need to enforce new methods of transactions and a changing culture, the CBN must partner and work with the National Assembly to ensure proper legislation is being formulated. Enforcements of new legislation would be carried by the CBN and all other executive arms that are empowered such as the EFCC.
- Risk: Another major concern would be the risk involved, because if the process is rushed and the economy losses confidence in the system

due to high level of fraudulent activities, it will be devastating to the Nigeria economy.

Effect of Cashless Policy on Agricultural Activities among Rural Farmers

Cash as a legal tender can be used by everyone; this is not the case for electronic money. The electronic money scheme is often linked to bank accounts and low income consumers such as small scale business owners may not have such account. A good percentage of this group of people is unbaked. They may also not be literate enough to master the technology. It becomes important to know how payment for transactions with these people can be made. Ndifon and Inah (2016) pointed out that the high level of illiteracy among Nigerians makes the use of cheques and electronic payments unsuitable in some cases. The problem with this situation of illiteracy is that majority of the rural farmers belong to this group and they will have to depend on the literate few among the populace. They will have to pay the price for their inadequacy and this will make them vulnerable (Nwankwo *et al.*, 2022).

Another major challenge of the cashless policy to is the charge attached to the cashless system. These charges do not go with cash transactions. A price tag 1.25% of the cost of every transaction done through the point of sale terminal will be charged by the operators of the terminals (Omoise, 2011). For instance, a rural farmer who makes a million naira daily on sales will have to remit 1.25% of the amount, which is N12, 500, if point of sale (POS) is used for all the transactions. This is in addition to the bank's charge for commission on turnover (COT) of 0.5%, which is N5000. These charges lead to an increase in the overhead cost of running the business. Irrespective of the risk and losses encountered by the business, the charges must be paid. This can lead to the failure of the business if care is not taken (Nwankwo *et al.*, 2022).

Another important issue that affects rural farmers is security of funds. A situation where there is a communication breach a transaction and the business owner does not receive an alert to confirm payment of goods; the buyer may be compelled to make multiple payments for the same transaction. More so, due to the high rate of cybercrime in the society business owners are at risk of being defrauded (Nwankwo *et al.*, 2022).

When government officials and proponents talk of the gains of a cashless economy, they do so as if it is a heaven-packaged programme, tailor-made to solve the many problems of Nigeria, with no adverse consequences. Good as it may be made to look; the system will come at some costs. As noted above, the use of POS terminals in the cashless system will attract special charges that do not go with cash transaction. This may be considered over – burdensome on the banking public given that this will not obviate nor lessen the normal commission on turnover charged by banks on withdrawals (Elechi and Rufus, 2016). Beautiful as the policy has been made to sound, the challenges are many; the insufficiency of the POS machines; non-functioning internet connectivity; problem of power and the possibility of cloning and hacking into the system by fraudulent persons. There equally is the possibility of some individuals and corporate entities, in an effort to escape the punitive charges, to take some steps in order to circumvent or weaken the effect of the policy on their operations (Aduba, 2021).

METHODOLOGY

The study was conducted in Akoko South West and Akoko North East Local Government areas of Ondo state.

Akoko South West is a Local Government Area in Ondo state, Nigeria. It is located on Latitude 7.45439 and Longitude 5.80164 7° 27' 16" North, 5° 48' 6" East with its head quarter at Oke Oka .It has an area of 226km² and a

population of 239, 486 (NPC, 2006). Farming is the major occupation of the people in this area. the Akoko North-East local government area has its headquarters in the town of Ikare. Akoko North-East is also a Local Government Area in Ondo State, Nigeria. Akoko North-East LGA covers a total area of 372 km square and has a humidity of 60 percent with average temperature estimated at 28 degrees centigrade. Its headquarters is in the town of Ikare. Ikare consist of 15 towns, namely: Okela, Okorun, Eshe, Odo, Ilepa, Okoja, Iku, Odeyare, Odoruwa, Okeruwa, Iyame, Igbede, Oyinmo, Ishakunmi, and Ekan. Akoko North East is populated by about 203, 085 inhabitants with a vast majority being members of the Yoruba ethnic group. Christianity and Islam are the popular religious affiliations in Akoko northeast while Yoruba is the commonly spoken languages. Popular festivals celebrated in Akoko Northeast include the New yam, the Aringiya and the Agbogbo festivals. Landmarks in Akoko northeast include Federal Technical College Ikare and the Ondo state specialist hospital.

Economy of Akoko North East Agriculture is the major economic engagement of the dwellers of Akoko North East with crops such as cocoa and yam grown in appreciable quantities. Other major economic activities in the area are pottery and trade with markets such as the Oja Oba, the Okore, and the Osele markets offering shoppers an endless list of commodities.



Study population

The population of the study comprised of all the farmers in Akoko South West Local Government Area.

Sample procedure and sampling size

A multistage sampling procedure was used for this study. Firstly, Akoko South West and Akoko North East LGAs were purposively selected out of

the eighteen LGAs that constitute Ondo State based on the dominance of rural farmers in the area. The second stage involved a random selection of five communities (Oka, Supare, Ilepa, Oyinmo and Iku-Akoko) from the local government areas. In the third stage, there was a systemic selection of 24 respondents. Therefore, a total of one hundred and twenty (120) rural farmers were selected for the study.

Method of data collection

Quantitative data was obtained through primary data collection using structured questionnaire.

Sources of data collection

Data were obtained from primary source. Primary data was collected through the well-structured validated questionnaire to capture the objectives of the study from the respondents. The secondary data were collected through review of related literature such as text books, Journals, Bulletins, Seminar and Conference papers among others.

MEASUREMENT OF VARIABLES

Independent variables

Socio economic characteristics

Age: (a) 21-30 [] (b) 31-40 [] (c) 41-50 [] (d) 51-60 [] (e) >60 []

Sex: (a) Male [] (b) Female []

Marital status (a) Single [] (b) Married [] (c)

Widow/Widower [] (d) Separated []

Religion: (a) Christianity [] (b) Islamic []

Traditional [] Others (Specify).....

Estimated annual income (N) from agricultural activities: (a) 51,000-300,000 [] (b) 301,000-550,000 [] (c) 551,000-800,000 [] (d) 801,000-1,050,000 [] (e) 1051,000-1,300,000 []

Household size: (a) 1-3 [] (b) 4-6 [] (c) 7-9 [] (d) ≥ 10 []

Level of Education: (a) No formal education [] (b) Primary education [] (c) Secondary education [] (d) Tertiary education []

Farming experience: (a) 1-6years [] (b) 7-12years [] (c) 13-18years [] (d) ≥ 19 []

Farm size: (a) < 3 Acres [] (b) 3-5 Acres [] (c) 6-8 Acres [] (d) ≥ 9 Acres []

Indicate agricultural produce:

Cashless transaction methods used by farmers in the area

A 3-point likert scale was used and score of 3 was attached to Always, 2 to occasionally while 1 was attached to never. There were 10 elements. Credit & debit cards, cheques, National Electronic Fund

Transfer (NEFT), Real Time Gross Settlement (RTGS), Mobil money services, Paga, Paystack, Mobile apps, Unstructured Supplementary Service Data (USSD) codes and Digital wallets.

Challenges faced by rural farmers due to cashless policy in the study area

A 5-point likert scale was used and score of 5 was attached to strongly agree, 4 to agree, 3 to undecided, 2 to disagree while 1 was attached to strongly disagree. There were 8 elements. They included: Illiteracy among the farmers, lack of access to banking services, limited knowledge of digital payment systems, dependence on cash transactions, connectivity issues, infrastructure challenges, fraud, indiscriminate deductions from account.

Dependent variable

Agricultural Activities among Rural Farmers in the study area

A 5-point likert scale of Strongly Agree (5), Agree (4), Undecided (3), Disagree (2) and Strongly Disagree (1) was used for the positive statements and reversed for negative ones

Data analysis

The data were subjected to descriptive statistics such as frequency counts, percentages and means while Pearson Product Moment Correlation (PPMC) was used to test the hypothesis.

SOCIO-ECONOMIC CHARACTERISTICS OF THE RESPONDENTS

Age

From the result in Table 1 majority (80.8%) of the respondents were within the age bracket of 51 years and above with a mean age of 41. Therefore, the respondents could be categorized as adults and it implies that most of the sampled farmers were still active.

Sex

From the result, many (66.7%) of the respondents were male, while only 33.3% were female. This agrees with the findings of Nwibo *et al.* (2022) who reported that farming especially in sub-Saharan Africa is turning out to be male activity.

Marital status

From the result, many (65.8%) of the respondents were married and have a family, 18.3% were widows while only 15.8% were divorced. This means that agriculture is a family business.

Religion

From the result, many (55%) of the respondents are Christians while only 45% were Muslims. These may show that, there is no religious bias to cashless policy in the study areas.

Average monthly income

The respondents' average monthly income reveals that about 75.8% of the respondents had a monthly income above #101,000 while about 12.5% earned between #71,000- #100, 000. Only 11.7% earned between #51, 000 – 70, 000. Their mean annual farm income was N5, 500 which was above the N30,000 national minimum wage per month in spite of families which they support.

Household size

Majority (80%) of the respondents had household size of 4-6 persons and a mean household size of 5 persons. This implies that farmers in the study area have an average household size which may make complementing labour supply possible. This finding agrees with the result of Antwi-Agyei & Stringer (2021) also reported an average household size for Oyo crop farmers in his study.

Level Of Education Attainment

Table 1 also shows that most of the respondents had formal education. although majority (43.3%)

had primary education, 20.8% had secondary education while 25% had tertiary education. Antwi-Agyei & Stringer (2021) also reported in their study that that most of the respondents had formal education. This indicates that the higher the educational qualification of the farmers, the higher their preference for cashless transaction

Farming experience (years)

From the result, 33.3% of the respondents had 19 and above years' experience in farming. 12% had above between 13-18 years' experience. This corroborates the report of Antwi-Agyei & Stringer (2021) who also reported the same or close figures.

Farm Size

From the result, 33.3% cultivated between 6 and 8 acres, 29.2 had between 3 and 5 acres, 27.5% of the respondents had less than 3 acres of land. This implies that most of the farmers in the study area had large lands and take farming as their major occupation.

Indicated Agricultural Produce

The most harvested produce in the area is yam (30%), followed by cassava (21.7%). Plantain was also produced by 12.5% of the respondents.

Table 1: Description of socio-economic characteristics

Variables	Freq	%	Mean	Std. Dev
Age				
Less than 30	24	20.0		
31-50	42	35.0	41	0.770
51 and above	54	45.0		
Sex				
Male	80	66.7		
Female	40	33.3		
Marital status				
Single	-	-		
Married	79	65.8		
Widowed	22	18.3		
Divorced	19	15.8		
Religion				
Christian	66	55.0		
Muslim	54	45.0		
Average monthly income				
Less than 50,000	-	-		
51,000-70,000	14	11.7		
71,000-100,000	15	12.5	105, 500	0.683
Above 101, 000	91	75.8		
Household size				
1-3	52	43.3		

4-6	57	47.5	5	0.642
7-9	11	9.2		
10 and above	-	-		
Level of education attainment				
No formal education	13	10.8		
Primary education	52	43.3		
Secondary education	25	20.8		
Tertiary education	30	25.0		
Farming experience (years)				
1-6	-	-		
7-12	-	-		
13-18	6	12.0		
19 and above	24	48.0		
Farm Size				
Less than 3 acres	33	27.5		
3-5 acres	35	29.2	7	0.974
6-8 acres	40	33.3		
9 and above acres	12	10.0		
Indicated agricultural produce				
Tomato	9	7.5		
Cassava	26	21.7		
Cocoa	7	5.8		
Plantain	15	12.5		
Kolanut	13	10.8		
Yam	36	30.0		
Palm oil	14	11.7		
Tomato	9	7.5		

Cashless Transaction Methods Used by Farmers

Results in Table 4.2 shows that majority of the respondents use Credit & debit cards (\bar{X} =2.60), mobile apps (\bar{X} =2.58), mobile money services (\bar{X} =2.55), USSD (\bar{X} =2.53), digital wallet (\bar{X} =2.53) and paystack (\bar{X} =2.28). According to Ukoha *et al.* (2017), through these cashless transaction

methods, farmers will benefit through increased expediency; extra service options; reduced risk of cash-related crimes; inexpensive access to banking services, access to credit and financial inclusion; the corporations’ benefit through faster access to capital; reduced revenue leakage; and reduced cash handling costs.

Table 2: Cashless transaction methods used by farmers

Variables	High		Moderate		Low		Mean	Rank
	Freq	%	Freq	%	Freq	%		
Credit & debit cards	48	40.0	43	35.8	29	24.2	2.60	1 st
Mobile apps	78	65.0	26	21.7	16	13.3	2.58	2 nd
Mobile money services	20	16.7	17	14.2	83	69.2	2.55	3 rd
Unstructured Supplementary Service Data (USSD) codes	25	20.8	36	30.0	59	49.2	2.53	4 th
Digital wallet	13	10.8	12	10.0	95	79.2	2.53	4 th
Paystack	19	15.8	19	15.8	82	68.3	2.28	5 th
Cheque	16	13.3	8	6.7	96	80.0	1.97	6 th
Real Time Gross Settlement (RTGS)	12	10.0	24	20.0	84	70.0	1.84	7 th
National Electronic Fund Transfer (NEFT)	16	13.3	22	18.3	82	68.3	1.48	8 th

Paga	11	9.2	28	23.3	81	67.5	1.27	9 th
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Challenges Faced by Rural Farmers Due to Cashless Policy

Most of the respondents fully agreed that increased charges for every cash withdrawal (92.5%) ranked first followed by connectivity issues (90%), fraud (88.3%), Dependence on cash transactions & Limited point of sales (86.7%), indiscriminate deductions from account (85.8%), limited knowledge of digital payment systems (85%), infrastructure challenges (83.3%), illiteracy among the farmers (80%) and lack of access to banking services (78.3%) were all notable challenges in the

study area. The problem with this situation of illiteracy is that majority of the small-scale farmers belong to this group and they will have to depend on the literate few among the populace (Ukoha *et al.*, 2017). These authors also stated that security of funds is another challenging aspect of farmer’s preference for cashless transactions. A situation where there is a communication breach during a transaction and the rural farmer does not receive an alert to confirm payment of goods; the buyer may be compelled to make multiple payments for the same transaction.

Table 3: Challenges faced by rural farmers due to cashless policy

Variables	A challenge		Not a challenge		Rank
	Freq	%	Freq	%	
Increased charges for every cash withdrawal	111	92.5	9	7.5	1 st
Connectivity issues	108	90.0	12	10.0	2 nd
Fraud	106	88.3	14	11.7	3 rd
Dependence on cash transactions	104	86.7	16	13.3	4 th
Limited point of sales	104	86.7	16	13.3	5 th
Indiscriminate deductions from account	103	85.8	17	14.2	6 th
Limited knowledge of digital payment systems	102	85.0	18	15.0	7 th
Infrastructure challenges	100	83.3	20	16.7	8 th
Illiteracy among the farmers	96	80.0	24	20.0	9 th
Lack of access to banking services	94	78.3	26	21.7	10 th

Perceived Effect of Nigeria’s Cashless Policy on Agricultural Activities in the Study Area

From the results on Table 4 respondents agreed cashless policy is not convenient to carry out agricultural transactions (\bar{X} =2.87). There is also lack of familiarity and understanding of digital payment by the farmers (\bar{X} =2.64). According to Ukoha *et al.* (2017), a good percentage of small-scale farmers are unbanked. They may also not be literate enough to master the technology. According to the respondents, there is also high

cost of transaction charges due to cashless policy (\bar{X} =2.53). Although, some respondents believed that cashless policy is convenient to carry out transactions (\bar{X} =2.49). Also, those respondents believed that there is low cost of transaction charges due to cashless policy (\bar{X} =2.31). However, they also admitted that there are potential delays and complications in receiving payment on agricultural sales (\bar{X} =2.14). They also believed that there is access to technology to aid quick transaction (\bar{X} =2.13).

Table 4: Perceived effect of Nigeria’s cashless policy on agricultural activities

Variable	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree		Mean	Decision
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%		
Cashless policy is not convenient to carry out agricultural transactions	32	26.7	14	11.7	12	10.0	62	51.7	-	-	2.87	A
There is lack of familiarity and understanding of	44	36.7	12	10.0	7	5.8	57	47.5	-	-	2.64	A

digital payment system by the farmers												
Farmers experienced high production cost due to cashless transactions charges.	-	-	86	71.7	19	15.8	-	-	15	12.5	2.53	A
There are potential delays and complications in receiving payments on agricultural sales.	24	20.0	82	68.3	-	-	1	0.8	13	10.8	2.14	A
There is increase vulnerability to cyber fraud and security risk in cashless transaction.	81	67.5	14	11.7	-	-	8	6.7	17	14.2	1.88	D
There is potential disruption of traditional cash-based payment.	79	65.8	40	33.3	1	0.8	-	-	-	-	1.35	D
Cashless policy is convenient to carry out agricultural transactions	53	44.2	11	9.2	-	-	56	46.7	-	-	2.19	D
There reduced cost of production due to cashless policy	35	29.2	50	41.7	8	6.7	17	14.2	10	8.3	2.31	A
There is access to technology to aid quick transaction	60	50.0	18	15.0	9	7.5	33	27.5	-	-	2.13	A
The different cashless transaction methods are safe for transactions	81	67.5	12	10.0	-	-	12	10.0	15	12.5	1.90	D
Farmers have to queue in banks due to cashless policy	31	25.8	89	74.2	-	-	-	-	-	-	1.74	D
There is reduction of customer base due to many	80	66.7	19	15.8	5	4.2	8	6.7	8	6.7	1.71	D

different cashless transaction methods												
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HYPOTHESIS TESTING

Relationship between Cashless Policy and Agricultural Activities among the Sampled Respond

The finding in Table 5 revealed there is significant relationship between cashless policy and

agricultural activities as the variables are negatively correlated ($r = -0.728, P < 0.05$). This implies that cashless policy and agricultural activities tend to decrease together. Therefore, the null hypothesis is rejected, while the alternate hypothesis is accepted.

Table 5: PPMC result showing relationship between perception and perceived effects

Correlates	Mean	Std	r-value	p-value	Decision
Cashless policy	25.8	21.23	-0.728	0.009	Significant
Agricultural activities	87.17	23.28			

CONCLUSION

The study results show that credit cards, mobile apps and USSD were highly preferred compared to the use of cheque. The challenges faced by rural farmers due to cashless policy are illiteracy among the farmers, limited knowledge of digital payment systems and connectivity issues. Although, respondents did try to stay calm, there were still a number of worries about safety of transaction. Results also showed that cashless policy is not convenient to carry out transactions as well as a lack of familiarity and understanding of digital payment.

RECOMMENDATIONS

- Based on the findings of this study, the following recommendations were made:
- relevant stakeholders should organise awareness campaigns so as to enlighten the farmers especially elderly farmers on the benefits of cashless transactions;
- financial literacy programmes should be arranged for farmers to assure them guaranteed security in cashless transactions;
- banks should also make cashless transactions more user friendly for farmers considering the fact that most farmers are not well educated; and
- transaction charges should be moderated by the banks so as to encourage farmers' patronage on cashless transactions so as to increase customer satisfaction, and improve easy access to their accounts whenever they want.

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