



CASHLESS POLICY SOLUTION AND SERVICE SECTOR PERFORMANCE IN NIGERIA

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Abstract

This study examined cashless policy solution and service sector performance in Nigeria using quarterly time series data from 2009 to 2024 of the values of Automated Teller Machine transactions, Point-of-Sale payment, web Payments, Mobile Payment, service sector contribution to gross domestic product from the statistical bulletin of Nigeria's apex bank. The econometric technique of Error Correction Mechanism was used as the main analytical technique. Regarding the influence of cashless policy on service sector performance in model one; the results revealed that, the performances of the cashless policy instruments - values of automated teller machine transactions, point of sales and web payments showed sign of performance potential of increasing service sector performance. However, mobile payment has a detrimental influence on service sector performance in Nigeria. The study concluded that, the relationship between channels of cashless policy and service sector performance in Nigeria differs; it can be advantageous or disadvantageous. Therefore, the study recommended that, the Nigeria's apex bank should try and encourage deposit money banks to deliver excellence e-payment channel services to those banking with them. Also, CBN should enlighten the populace more on the essentials of the cashless system so that, the benefits of the policy which include the enhancement of banks' revenue and achievement of adequate service sector performance in Nigeria will be enjoyed by inhabitants of the country.

Keywords:

Error Correction, Mobile payment, Service sector, Transactions, Web payments.

1. INTRODUCTION

The Central Bank of Nigeria is responsible to put in place measures to control the amount, price, availability and direction of credit and money in an economy to attain sustained increase in the performance of the real sector. In Nigeria, the service sector - comprising banking, telecommunication etc plays a central role in employment generation and value creation. In order to achieve a meaningful service sector performance through efficient payment systems, the CBN introduced cashless policy in 2012. The policy aimed to increase electronic-based transactions while reducing though not fully eliminating the use of cash (CBN, 2012).

The cashless policy influences the service sector through several channels. It enhances financial inclusion by encouraging farmers, as well as, micro, small, and medium-scale enterprises (MSMEs) to adopt digital banking platforms such as mobile money, POS terminals, and agent

banking. In rural areas, these services enable previously unbanked farmers and MSMEs to open accounts, save, and engage in formal financial activities (CBN, 2024).

Although, the adoption of electronic payment systems has increased over the years with significant growth in fintech innovations studies suggest that, challenges such as poor digital infrastructure, inconsistent implementation, and network failures still hinder progress (Chiemeké et al., 2019). The service sector, depends heavily on efficient payment systems, stable technology, and accessible financial services. Without these, the benefits of a cashless policy may not translate into improved productivity (Nwankwo & Eze, 2013).

For more than a decade of implementation of cashless policy, the effectiveness of Nigeria's cashless policy in enhancing service sector performance remains uncertain. The service sector of the Nigerian economy has not documented an ample output growth. For instance, an analysis of the sectoral contributions to GDP showed that, between 2009 and 2023, the share of service sector in GDP is below 45 percent, agriculture in GDP fell from 40.2 per cent in the 2011 to as low as 25.9 percent in 2019. The share of industry in total GDP stood at 20.6 per cent in 2012 and 2021. In terms of output, the service sector has performed below potential given the fact that Nigeria is endowed with enormous potential for growth and development with her vast oil and gas resources, abundant human resources and solid minerals.

Additionally, empirical investigation regarding the influence of cashless policy on the growth of output has made available results that are conflicting. While the study of Ali-Momoh (2023) revealed that cashless policy has significant effect on the service sector output in Nigeria; Nwobu and Chukwu (2025) discovered that the benefits of cashless policy remain unevenly distributed. However, the studies of Salako, Bakare, Sogbesan and Bakare (2024) revealed that the cashless policy has created difficulty for people and resulted in lower living standards. Given the report of loss of jobs and growing poverty, the nation faces an increased danger of crime. This is the reason for an essential question: what is the association between channels of cashless policy and service sector performance in Nigeria. An attempt to provide answers to the above question is the reason for this research.

2. LITERATURE REVIEW

2.1 The Theory of the Monetary Stages of Development

This theory was proposed by the economist Milton Friedman. It suggests that, there are distinct stages of development through which a country's monetary system passes. According to the theory, these stages include commodity money, metallic money, paper money, and electronic money. Commodity money refers to the use of physical objects with inherent value, such as gold or silver, as a medium of exchange. Metallic money involves the use of coins made from precious metals as a medium of exchange. Paper money refers to the use of banknotes as a medium of exchange, and electronic money involves the use of electronic payment systems for transactions.

The proponents of TMSD argue that the use of electronic money represents the final stage of monetary development, as it offers a more efficient and secure means of payment. They suggest that the adoption of electronic money can lead to increased output and improved financial stability, as it reduces the need for physical currency and lowers transaction costs. The application of TMSD can be seen in the promotion of cashless policies by governments and financial institutions. These policies aim to encourage the use of electronic payment systems

such as ATM, POS, Internet Banking, and Mobile Banking. The goal is to increase financial inclusion, reduce transaction costs, and promote output growth.

Nevertheless, the adoption of this theory can lead to increased profitability of banks through cost reduction and increased revenue from service charges. It can also improve liquidity through faster and more efficient processing of transactions, as well as attract new customers and retain existing ones, thereby increasing market share. Regarding the performance of the service sector, a well-performing banking sector can contribute to increase in the performance of the service sector of the economy by providing credit to the sector, mobilizing savings, and facilitating international trade.

2.2 Cashless Policy and Service Sector Performance

Akara and Asekome (2018) examined the effects of the adoption of cashless policy on the profitability performance of commercial banks in Nigeria. By using ATM and POS as proxy for the adoption of cashless policy and ROA and ROE as proxy for profitability and using the Ordinary least Square multiple regression analysis, the study revealed a high positive correlation between the adoption of cashless policy and commercial bank profitability in Nigeria. The multiple regression analysis also revealed that the use of cashless policy instruments particularly ATMs and POS increase the ROA and ROE of the banks.

In their empirical investigation of the effects of wireless banking on service delivery in Nigerian Commercial Banks, Ayo, Adewoye and Oni (2019) used a questionnaire to get their conclusions. According to their findings, mobile banking improves banks' ability to supply services in terms of transactional suitability, time savings, timely transaction alerts, and cost savings, all of which have restored customers' affiliations and happiness.

Nwakoby, Chukwu and Oghenetega (2020) studied the effect of cashless policy on deposit money banks profitability in Nigeria from 2009 to 2019 using an ARDL Auto-regressive Distributed lag model was used as a method of data analysis. The explanatory variables are Point of Sale (POS) Terminal, Automated Teller Machine, Mobile Banking, and Web Payment while the dependent variable is Profit before Tax. The result from the research indicated that cashless policy has a negative and insignificant effect on profit before tax of deposit money banks in Nigeria within the study period.

Nwude, Igweoji and Udeh (2020) investigated the effect of e-banking on deposit money banks performance and financial inclusion in Nigeria for the period 2007-2017. The result of the regression analysis revealed that electronic banking has made positive and significant contribution in promoting cashless policy and financial inclusion in Nigeria. Also, Wanjiku (2020) covered commercial banks in Kenya and sought to link technological banking innovations and cashless policy implementation. The variables covered in this study were internet, electronic, agency and mobile banking and all were seen to influence implementation of cashless policy.

Nazaritehrani and Mashali (2020) did an analysis whose focus was on e-banking channel development and the implication on market shares of developing nations. Among the variables that were covered in this study include point of sales, mobile, internet and ATM banking and these were found to have positive influence on market share of the banks.

Osuji, Erhijakpor and Mgbeze (2022) investigated the connection between Nigerian financial inclusion and electronic banking. The study used multiple regression analysis with the E-Views 9 program, adopting correlational and ex-post facto research approaches. It was discovered that, while the volume of transactions made through point-of-sale and mobile devices is strongly correlated with financial inclusion, those made through automated teller machines and web-based channels do not affect financial inclusion.

Ejaita and Kizito (2022) researched to develop a system that will handle daily operational tickets for road transport workers to ensure proper recording and monitoring of ticket revenue. Object oriented analysis and design was used as the methodology for the work. The front end was developed using a HTML, JAVASCRIPT and CSS while the backend is PHP and Mysql for experimental purpose. Test procedures showed that the application passed all the requirements needed for the application to be published and sold in the open market. This application will improve the manual ticketing method, making it necessary to get information about ticketing at real time and eliminate the extra effort and time wastage during such transaction/ticket processing.

Kulu, Opoku, Gbolonyo and Kodwo (2022) examined the effect of mobile money transactions on banking sector performance in Ghana using monthly data for the period 2015–2020. A composite index of banking sector performance was created from three indicators namely; depth, stability and efficiency of the banking sector. Using the Autoregressive Distributed Lag (ARDL) bounds test for cointegration, the Error Correction Model (ECM) and impulse responses analysis, the findings revealed that mobile money transaction has a detrimental effect on banking sector performance. Findings from the disaggregated components indicate that mobile money transactions hurt banking sector efficiency, while its effect on banking sector depth and stability is insignificant in the long run. It is concluded that the implication varies from one indicator to another concerning the direction and magnitude of the influence.

Ekpo, Okereke and Onyemere (2023) examined the effect of electronic payment systems on the performance of the Nigerian banking industry. The study used quarterly frequency data from 2010Q1 to 2019Q4 and the static and dynamic models was estimated using the autoregressive distributed lag (ARDL) method. From the bounds test, the study discovered common trend movement among the variables of interest. The long run result indicated that the usage of mobile phone technology and point-of-sale increase bank performance, but only insignificant. In addition, increased use of automated teller machine and web payment medium insignificantly cause decline in performance of banks in Nigeria. These results indicated that the performance of Nigerian banking industry is unaffected by the use of electronic payment systems.

Fijabi, Oladapo and Kareem (2024) examined the relationship between e-payment systems and competitive advantage in the Nigerian banking industry and how consumer satisfaction mediated the relationship. The population of the study is the listed banks in Nigeria. Five banks were selected from the 12 listed banks in Nigeria along with their customers. The study made use of the survey research design with the use of questionnaire and face to face interview. Data were analyzed using Excel and Statistical Packages for Social Sciences (SPSS). The Chi-square test was used to measure the strength of associations between variables. The findings from this study revealed that customers were satisfied with the current e-payment options offered by banks. The three hypotheses tested showed significant effect of independent variables on

dependent variables which led to the rejection of null hypotheses hence alternate hypotheses were accepted (p-value Abdullahi and Muhammad (2023) investigated the impact of cashless policy on commercial banks performance in Nigeria from 2012-2020 using Ordinary Least Squares Method. The estimation results revealed that automated teller machine (ATM) had positive and significant effect on performance of Commercial banks (CBP), point of sale (POS) had negative and insignificant effect on performance of Commercial banks (CBP), mobile banking (MB) had positive and significant effect on performance of commercial banks (CBP), Internet banking (INT) had positive and insignificant effect on performance of commercial banks (CBP). The study thus concluded that cashless policy for business purpose has positive effect on the performance of Commercial banks in Nigeria.

Mogaji and Nguyen (2024) explored the adoption of contactless digital payment technology (Cowry card) for transportation in Nigeria, a developing country with inherent challenges in digitalisation. The study adopted the Rogers innovation-decision model as a theoretical framework and employed a multi-staged qualitative methodology, including interviews, ethnographic fieldwork, and netnography. The challenges consumers face in adopting this innovative technology were examined, along with the adaptation of stakeholders and the social function of money in a cashless payment system. The research contributed to understanding contactless digital technologies, technology adoption, and digital transformation. It highlighted the need for customised approaches to technology adoption, considering each country's unique infrastructural and economic challenges.

Salako, Bakare, Sogbesan and Bakare (2024) assessed the perception of the cashless policy and its perceived impact on livelihood and health-care access in Nigeria using descriptive statistics and a cross-sectional study among residents across three states (Oyo, Lagos, and Jigawa) in Nigeria. Researchers assessed respondents' opinions about the cashless policy, perceived impact of the cashless policy on livelihood and health care, and respondents' coping methods to the cashless policy. The results revealed that, most respondents believe that the cashless policy was bad. Some respondents lost their jobs and experienced reduced income while many also reported that the policy has made life generally difficult for them. Most respondents skipped meals as a way of coping with the effect of the cashless policy, while many others have had to adopt the use of smartphones and POS machines as a substitute for cash transactions.

Nwobu and Chukwu (2025) examined the effect of Nigerian's cashless policy on various sectors of the economy, with emphasis on the banking, industrial, service, and agricultural sectors. The objectives are to assess how mobile banking, internet banking, and POS transactions influence sectoral performance under the cashless policy framework. Secondary data were sourced from the Central Bank of Nigeria (CBN) Statistical Bulletin and the Nigeria Deposit Insurance Corporation (NDIC) for relevant periods. The results show that mobile banking has a positive but insignificant effect on the banking sector's performance (ROA). In the industrial sector, internet banking exhibits no significant effect on output. For the service sector, POS transactions have a positive but insignificant effect. Conversely, in the agricultural sector, mobile banking demonstrated a negative and statistically significant effect. The study concluded that while the cashless policy has contributed positively in some sectors, its benefits remain unevenly distributed.

3. METHODOLOGY

The data for the study was collected through secondary sources particularly from CBN statistical bulletin. This study relied on both descriptive statistics and econometrics methods. The descriptive statistics employed include the mean, skewness and kurtosis. This study used both co-integration and Error Correction Mechanism (ECM) to model dynamic relationship between the dependent and independent variables.

Model Specification

Theoretically, the study was anchored on the theory of the monetary stages of development which suggest that the adoption of electronic money can lead to increase in the output of goods and services, as it reduces the need for physical currency and lowers transaction costs. Empirically, this study will adapt the model of Nwobu and Chukwu (2025) who investigated the effects of cashless policy on the performance of selected sectors in Nigeria. Hence, based on these theoretical and analytical frameworks, the study specified a model incorporating value - worth of transactions made through Automated Teller Machines, Point of sale operations, online web payments, and mobile payments, service sector (proxy by service sectors' contribution to GDP) in Nigeria. Thus,

$$SS = F(\text{ATMVA}, \text{POVA}, \text{WPVA}, \text{MPVA})$$

From the above functional model or association between the dependent and explanatory variables, the econometric form of the model was specified as follows:

$$SS_t = a_0 + a_1\text{ATMVA}_t + a_2\text{POVA}_t + a_3\text{WPVA}_t + a_4\text{MPVA}_t + u_t \quad (2)$$

The study also tries the log-linear form

$$\text{Ln}SS_t = a_0 + a_1\text{LnATMVA}_t + a_2\text{LnPOVA}_t + a_3\text{LnWPVA}_t + a_4\text{LnMPVA}_t + u_t \quad (3)$$

Where; SS = Service Sector Contribution to Gross Domestic Product at 2010 Constant Basic Prices, ATMVA = Value (worth) of transactions made on Automated Teller Machines, POSVA = Value of transactions on made Point of sale operations, WPVA = Value of transactions on Online web payments, MPVA = value of mobile payments, u = Error Term

a_0 = The constant parameter, $a_1 - a_4$ are the slope parameters (coefficients) of the explanatory variables.

Apriori expectation: On the apriori, $a_1 - a_4 > 0$

4. RESULTS AND DISCUSSION

Table 1: Descriptive Statistics Result

	SS	ATMVA	POVA	WPVA	MPVA
Mean	35529.08	9646.352	15936.98	157327.8	34440.61
Median	36405.75	5712.860	1084.405	158.4800	929.4500
Maximum	45105.41	32648.02	110347.1	1097133.	219800.1
Minimum	24554.71	399.7100	11.03000	25.05000	1.270000
Std. Dev.	4991.423	9748.335	30866.72	340935.6	62838.56
Skewness	-0.261683	1.080881	1.997893	1.835085	1.782735
Kurtosis	2.559825	2.767614	5.556763	4.594078	4.756117
Jarque-Bera	1.188650	12.01501	57.19599	40.69522	40.14948
Probability	0.551935	0.002460	0.000000	0.000000	0.000000

Sum	2167274.	588427.5	972156.0	9596998.	2100877.
Sum Sq. Dev.	1.49E+09	5.70E+09	5.72E+10	6.97E+12	2.37E+11
Observations	61	61	61	61	61

Source: Computed by the researcher using E-Views 10 (2026).

The descriptive statistics reported in Table 1 indicates that Service Sector contribution to gross domestic product (SS), Values of Automated teller machine transactions (ATMVA), Point of Sales (POVA), web payments (WPVA), Mobile Payments (MPVA) averaged 35529.08, 9646.352, 15936.98, 157327.8 and 34440.61 respectively. The standard deviation showed that Service Sector contribution to gross domestic product converged around its mean. While Values of Automated teller machine transactions (ATMVA), Point of Sales (POVA), web payments (WPVA), Mobile Payments (MPVA) did not converge around their respective mean. The Skewness test result showed negative value for service sector contribution to gross domestic product, indicating that the variable does not have a high tail. However, the Skewness test result showed positive values for values of Automated teller machine transactions (ATMVA), Point of Sales (POVA), web payments (WPVA), Mobile Payments (MPVA), meaning that they have high tails.

Moreover, service sector contribution to gross domestic product and the values of Automated teller machine transactions are platykurtic relative to normal, since their values for kurtosis 2.559825 and 2.767614 are less than 3. This indicates that the variables have short and thin tails, and their central peaks are lower and broader. Fascinatingly, Point of Sales (POVA), web payments (WPVA), Mobile Payments (MPVA) have leptokurtic distributions relative to normal, since their values for kurtosis 5.556763, 4.594078 and 4.756117 respectively are more than 3. This indicates a flatter than normal distribution and the variables have large tails. That is, they have longer and fatter tails, and their central peaks higher and sharper. The probability of Jarque-Bera statistics suggests that the alternative hypothesis of normal distribution for service sector contribution to gross domestic product was accepted at 5% level while the alternative hypotheses of values of automated teller machine transactions, point of sales, web payments, and mobile payments were rejected at 5% level.

Therefore, the researcher concludes from the revealed statistical properties of the time series that all the variables are not normally distributed, which may have resulted from the problem of unit root.

Table 2: ADF Unit Root Test at Level and First Difference for the Model

Variables	ADF Test@ Level	Critical Value			ADF Test@ 1 ST Diff	Critical Value			Order of Integration
		1%	5%	10%		1%	5%	10%	
SS	-0.505305	-3.548208	-2.912631	-2.594027	-3.085272	-3.550396	-2.913549	-2.594521	1(1)
ATMVA	-2.332135	-3.546099	-2.911730	-2.593551	-3.057621	-3.546099	-2.911730	-2.593551	1(1)
POVA	-0.934240	-3.546099	-2.911730	-2.593551	-4.193338	-3.546099	-2.911730	-2.593551	1(1)
WPVA	0.286769	-3.544063	-2.910860	-2.593090	-6.719067	-3.546099	-2.911730	-2.593551	1(1)
MPVA	-1.332718	-3.546099	-2.911730	-2.593551	-4.769173	-3.546099	-2.911730	-2.593551	1(1)

Source: Computed by the researcher using E-Views 10 (2026).

The above results revealed that, none of the variables was stationary at level, considering the 1 per cent, 5 per cent critical value. Thus, the null hypothesis of the presence of unit root was

accepted. In line with Granger and Newbold (1974), the variables were differenced once. Thus, they became stationary at first difference (i.e., integrated of order one). The results of the variables being stationary at I(1)) means that, the parsimonious error correction mechanism (PECM) approach is the appropriate technique for the analysis.

Table 3: Johansen Test for Co-integration for the Model

Eigen value	Trace Statistic	5% critical value	Prob. **	Hypothesis of CE(s)
0.744167	169.1536	69.81889	0.0000	None *
0.627026	90.08623	47.85613	0.0000	At most 1 *
0.280074	32.88393	29.79707	0.0214	At most 2 *
0.182680	13.82473	15.49471	0.0879	At most 3
0.035970	2.124676	3.841466	0.1449	At most 4
Trace test indicates 3 cointegrating eqn(s) at the 0.05 level				
* denotes rejection of the hypothesis at the 0.05 level				
**MacKinnon-Haug-Michelis (1999) p-values				

Source: Computed by the researcher using E-Views 10 (2026).

From the table above it can be seen that the Trace test statistic rejected the null hypothesis that there is no cointegration but accepted the alternative hypothesis that there is at most three cointegrating equations at 5 per cent. This is because three of the Trace Statistic(s) are larger than critical value at 5%. Therefore, there is a long-run relationship among the dependent and independent variables in model one which prevent them from wandering apart without bound. Given that there are three co-integrating equations, the requirement for fitting in an Error Correction Model is satisfied.

Table 4: Parsimonious Error Correction Mechanism Result for the Model

Variable	Coefficient	t-Statistic	Probability
C	0.002175	1.619870	0.1118
DLOG(SS(-1))	0.799797	4.280818	0.0001
DLOG(SS(-2))	0.005100	0.027437	0.9782
DLOG(SS(-3))	-0.020953	-0.144879	0.8854
DLOG(ATMVA(-1))	0.004489	0.587224	0.5598
DLOG(POSVA(-1))	0.000660	0.104055	0.9176
DLOG(WPVA(-1))	6.07E-05	0.078057	0.9381
DLOG(MPVA(-1))	-0.003916	-0.804624	0.4250
ECM(-1)	-0.035047	-1.815070	0.0758
R-squared = 0.733359			
Adjusted R-squared = 0.688919			
Akaike info criterion = -7.866850			
Schwarz criterion = -7.544263			
D.W. stat. = 2.028241			
F-statistic = 16.50218			
Prob(F-statistic) = 0.000000			

Source: Computed by the researcher using E-Views 10 (2026).

The parsimonious ECM result as shown on the table above suggested evidence of error correction. The coefficient of the ECM has the hypothesized negative sign (-0.035047) though not statistically significant at conventional level (i.e., 5 %). This implies that long run service sector contribution to gross domestic product equilibrium can almost immediately be restored should there be short run distortion in the service sector (service sector contribution to gross domestic product). It therefore, follows that the ECM could rightly correct any deviations from short run to long-run equilibrium relationship between SS and the explanatory variables (values of automated teller machine transactions, point of sales, web payments, and mobile payments).

In addition, the explanatory power of the variables - R^2 is approximately 0.733 per cent, which means that the model is a good fit. This indicates that about 73 per cent of variation in service sector contribution to gross domestic product (SS) is explained by systematic changes in the independent variables (values of automated teller machine transactions, point of sales, web payments, and mobile payments) while the remaining 27 percent is explained by factors exogenous to the model but captured as other variables not included in the model.

Furthermore, the f-statistic value of 16.50218 with probability value of 0.000000 which is less than 0.05 critical values showed that all the explanatory variables (values of automated teller machine transactions, point of sales, web payments, and mobile payments) are significant in explaining increase in the level of service sector contribution to gross domestic product (SS) in Nigeria during the period of study. At the same time, the Durbin Watson statistic value of 2.028241 suggests that the model has no autocorrelation problem. Hence, the explanatory variables in the model are not serially correlated.

Meanwhile, the Parsimonious Error Correction Mechanism result reveals that, the coefficients of the values of automated teller machine transactions, point of sales, and web payments are positively signed. These conform to the apriori expectations. That is, the results are consistent with theoretical expectations in economics. Thus, a percentage increases in values of automated teller machine transactions, point of sales, and web payments will increase service sector contribution to gross domestic product (service sector performance) in Nigeria by 0.004489, 0.000660 and 6.07E-05 (0.0000607) per cent respectively.

The finding is consistent with the work of Akara and Asekome (2018), which examined the effects of the adoption of cashless policy on the profitability performance of commercial banks in Nigeria and reported that cashless policy instruments – the values of automated teller machine transaction, point of sale and web payments increases the profitability performance of banks.

The implication of this result is that, the cashless policy - automated teller machine transactions, point of sales, and web payments improves the efficiency and speed of transactions in service sector during the period of study. Because of faster and easier transactions, service-sector businesses such as hotels, transport companies, hospitals, schools, restaurants, banks, and retail outlets served more customers in less time. This increased efficiency reduces waiting time, enhances customer satisfaction, and leads to higher patronage. In addition, the result also reveals that the coefficient of the value of mobile payments is negatively signed. This does not conform to the apriori expectation. That is, the result is not consistent with theoretical expectation in economics. Thus, a percentage increases in the values of mobile payments will decrease service sector contribution to gross domestic product (service sector performance) in Nigeria by 0.003916 per cent.

This finding is in line with Ekpo, Okereke and Onyemere (2023) who in his study on the effect of electronic payment systems on the performance of the Nigerian banking industry affirm that increased use of mobile payment method insignificantly caused decline in performance of banks in Nigeria. Moreover, the absolute values of the t-statistic for the slope coefficients are not significant at conventional level (i.e., 5%). Thus, the study accepts the null hypothesis which states that the value (worth) of transactions made through Automated Teller Machines,

Point of sale operations, online web payments and mobile payment has no significant relationship with service sector performance in Nigeria.

5. CONCLUSION AND RECOMMENDATIONS

The study examined the effect of cashless policy on service sector performance in Nigeria from 2009-2024 and showed that; the performances of the cashless policy instruments (values of automated teller machine transactions and point of sales) of the CBN significantly increased service sector performance during the period covered in this study. At the same time, mobile payment positively increased agricultural sector performance. However, mobile payment has negative influence on service sector performance in Nigeria during the period of this study. This means that the relationship between channels of cashless policy and service sector performance in Nigeria differs; it can be advantageous or disadvantageous. Accordingly, the study came to the conclusion that Nigeria's cashless policies, particularly with regards to Automated Teller Machine (ATM) transactions, point of sales transactions and mobile payment patterns have been a correct instrument in affecting the country's service sector progress.

Based on the findings, the following policy recommendations are suggested: The monetary authorities should try and encourage deposit money banks to deliver excellence e-payment channel services to those banking with them in order to boost service sector performance in Nigeria. Also, the monetary authorities should enlighten the populace more on the essentials of the cashless system. In like manner, deposit money banks should increase their credit to private sector and government should focus on creating an enabling environment which will stimulate private sector investments. To achieve this, government should provide conducive infrastructure, security, build human capital (education, health care and technological know-how).

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