



## **The Impact of Cashless Economy on Small Business operators in Borno State, Nigeria**

By

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### ***Abstract***

The introduction of the cashless policy in Nigeria in 2012 aimed at promoting electronic payment system and reduce the volume of cash transactions has significantly affected small business operations in Borno state, Nigeria in January 2023 when it was fully implemented with pegging of the cash transaction to N20, 000 withdrawal limit per day and currency redesign aimed at mopping large sums of cash back out of the economy. The study examines the impact of the cashless economy on small business operators in Borno state Nigeria. In order to gather information from across Borno state in Nigeria, the researcher uses mixed method approach that includes; surveys, interviews, observations, and focus group discussions. Research questions were designed to evaluate the perceived impact of the transition to a cashless economy on the performance of small business operators, the major challenges faced by small business operators in adapting to the cashless economy, the extent to which government policies and initiatives have supported the growth of small business operators, and the opportunities of the cashless economy for small business operators. Data was collected through a survey questionnaires distributed to a sample of small business operators across Borno state, and analyzed using descriptive statistics and hypotheses testing. The results show that the transition to cashless economy has a perceived impact on the performance of small business operators. However, Significant challenges were identified which include; high transaction costs, restricted access to digital infrastructure, network outages, lack of client bank accounts, and low customer awareness, Low levels of financial education and support for the acquisition and maintenance of electronic payment devices . In order to usher in fully, the cashless policy, it is recommended that government should strategize and intensify efforts to address the challenges faced by small business operators in adapting to a cashless economy.

**Key words: Impact, Cashless, Economy, Small Business Operators.**

### ***Introduction***

Cashless policy is a trending financial slogan globally. The world is going cashless and of course Nigeria is not an exception with the CBN introduction of cashless policy in 2012. The policy has been implemented in all the states of the country Nigeria, including Borno State. The policy however, had significant effect on small business traders. This paper aimed at examining the impact of cashless policy on small business traders in Borno state, Nigeria. Research has proved that the implementation of cashless policy in Nigeria has led to the increase in the use of electronic payments methods, like mobile banking, POS operations, and online banking. (Olayinka & Adesina, 2015; Adedoyin, Akintoye & Adesina, 2017). The impact of this cashless policy on small business operators in Borno state has not been extensively studied, however, Aremu & Adeyemi, (2011) states that, Small business traders are an important segment of the Nigerian Economy, contributing significantly to employment and income generation.

The Cashless policy has brought several challenges for small business operators in Borno state, Nigeria. Among which include; cost of acquiring and maintaining electronic payment devices, Lack of adequate infrastructure to support the electronic payment systems, and low levels of financial literacy among traders (Adullahi, 2019, Adesina, Oyebisi, & Akindele, 2019). Other challenges include the literacy level of the business owners on how to operate the devices and bank account to enable electronic payment system. The challenges have recently halt business operations of many of these small business operators while a lot of these businesses slow down their growth and sustainability in the state.

It is on this background that this paper seeks to research the impact of cashless policy on small business operators in Borno state, Nigeria. The study will examine the challenges small business operators faced in adopting the electronic payment system and the benefits and opportunities the policy can offer to their businesses and strategies that can be employed to enhance the effectiveness of the policy in the state and Nigeria in general.

The research will be achieved by establishing the objectives, drawing the problem statement, formulating the research question, data collection, analysis, presentation, interpretation, conclusion and making of appropriate recommendations that will help small business operators in Nigeria and of course the world over, to grow and meet the expected desired results with the cashless policy

### ***Statement of the Problem***

The effects of the cashless economy on small business merchants in Borno state, Nigeria, are the issues this study attempts to solve. The use of cashless payment systems has increased recently all around the world in an effort to increase financial inclusion, minimize corruption, and improve the effectiveness of financial transactions. Unfortunately, there is a paucity of knowledge regarding how Borno state's small business traders are being impacted by the move toward a cashless economy. There are various aspects to the issue.

It's unclear whether the smaller traders are benefiting from the implementation of the cashless policy, although the general perception from the public indicates that, there are many challenges being experienced in adopting the cashless policy thereby affecting their daily purchases in the market place when dealing with these set of traders. Some of the problems being experienced based on interviews conducted are; lack of access to technology, the cost of adoption affect their

profit margin, and the level of education of the business owners could play a major hindrance to adoption. Most traders also do not have bank account to support online transactions.

Additionally, small Business operators in Borno state are already facing significant challenges due to the security situation in the region. The insecurity could affect the adoption of the cashless payment, as well as their businesses more broadly. There is possibility that if attack came on them, they may run to small settlement where there is no network to transact business online except with cash. This could discourage them from keying into the idea of cashless policy.

The main problem of this research is to find out the level of impact the use of cashless transaction has on small business operators in Borno state, Nigeria. With the rapid global switch of transaction from cash based to cashless transaction today, cashless economy has the opportunity of making small businesses grow fast as it create an advantage of transacting business to clients even abroad and order for goods online or sale online. The study therefore investigates the relationship between the benefit of cashless economy and the challenges on small business operators in Borno state, Nigeria

The findings of the study will contribute to the understanding of the impact of cashless economy on small business operators in Nigeria, as well as providing insights into strategies for overcoming the barriers to adoptions. Ultimately, the research aimed at providing recommendations to small business operators and Policy makers to help them leverage the potential of cashless economy on small businesses and the Nigerian economy at large to drive business growth and provide economic development.

***Research questions:***

In an attempt to understand the impact of cashless economy on small business operators in Borno state, Nigeria, the following questions were posed:

What are the Impacts of the transition to cashless economy on the financial performance of small business operators in Borno State?

What are the major challenges faced by small business operators, in adapting to a cashless economy in Borno state?

To what extent has the government's policies and initiatives aimed at promoting a cashless economy supported the growth of small business operators?

What are the potential opportunities of cashless economy for small business operators in Borno State, Nigeria?

### ***Literature Review***

#### ***Over View of the Cashless Economy in Nigeria:***

In Nigeria, like in many other countries of the world, there has been a transition from cash based economy to cashless economy in recent years. The Central bank of Nigeria (CBN) has been responsible for the policy implementation which was launched in the year 2012. The usage of cashless payment systems has increased as a result of government initiatives to encourage electronic payments in order to minimize cash transactions and advance financial inclusion. Based on the report of Nigerian Inter – Bank Settlement System (NIBSS), electronic payment transactions in Nigeria witnessed an increase from 127.1 million in 2012 to 1.4 billion in 2018, representing a growth of over 1,000%. Although, the shift to a cashless economy has been praised for its potential advantage as per above record, there is rising worry about how it will affect small business owners, especially in areas with little infrastructure and limited resources.

The cashless economy in Nigeria is driven by so many electronic payment systems among which are; debit and credit cards, mobile money, online banking, point of sale (POS) devices, and internet banking.

The debit and credit cards offered by banks in Nigeria are very common for banked population in Nigeria. The cards can be used by bank customers for online transactions and in stores or supermarkets transactions. A report by the CBN has a record of the number of active debit cards in Nigeria increased from 2.2 million in 2012 to 106 million in 2020.

Similarly, the Mobile banking services allow holders to transfer money using their mobile phones which has made transactions easy in Nigeria without someone visiting the bank personally. The available Telecoms and financial institutions offer mobile money services, with over 2.1 million mobile money agents operating in Nigeria as at 2020.

The online banking platforms through the banking Apps can be downloaded by users on their phones and is used to transact business and generate receipts just like in the banking hall. The available records of active internet banking subscribers in Nigeria increased from 1.2 million in 2012 to 43 million in 2020 according to CBN reports.

The Point of sale (POS) devices allows customers to use their debit cards or bank account numbers to create transactions. And as at April 2022 there were over 1.1 million active POS devices in Nigeria compare to 155,000 in 2012, according to NIBSS.

Furthermore, internet banking allows the customers to make payments over the internet, such as transfer of funds, payment of bills, and checking account balances. As at 2020, based on CBN reports, there were 43 million active internet banking subscribers in Nigeria.

By the above records, we could conclude that, the move to cashless economy in Nigeria has recorded a significant growth since its launch in 2012 and it has created an ease of transaction to Nigerians.

### ***The Benefits and Challenges of Cashless Transactions for small Businesses***

#### ***Benefits of Cashless Transactions:***

The benefits of cashless transactions to small businesses include;

1. Convenience: Cashless transactions offer a very high level of convenience to both small businesses and their customers. It's an easy way of advancing payments without going to banks or stress of counting cash. It also gives the opportunity to generate receipt for recorded purposes. Transactions can be carried out without the customer and business owner seeing each other and can be conformed instantly.
2. Increased security: Cashless transaction is considered to be more secure than cash payments. The payment its free from cash lost and armed robbery or theft. Beside, digital transactions are always encrypted, and transactions can be tracked which makes it fraud free.
3. Reduced Cost: In cashless payments reduces transaction cost like transport to bank, and cost of employing a cashier to handle cash issues or checks, it eliminates the cost of equipment likes safes, armored cars, and security systems.
4. Financial Inclusion: Cashless transaction is an eye opener to those who don't have access to traditional banking system to participate in the economy especially those areas that have no access to banking services. Most of the rural areas in Nigeria have no access to services, but with cashless transactions like mobile banking, and POS devices, they can easily participates in the economy without travelling to towns and cities for transaction purposes.

5. Record keeping: Cashless transaction makes record keeping very easy. Each transaction can be receipted and the receipts either get printed or store online and retrieved when needed. It makes record keeping easy.

6. Improved Customer experience: Cashless transaction is quicker and easier than cash, as there is no spent time of counting cash for confirmation between business owner and customer. It also eliminate carrying of cash by customer/

7. Environmental benefits: Cashless transaction is environment friendly, its easy to carry out transaction, without hiding or filing of papers, printing and transport cost. It helps reduce the carbon emissions and conserve resources.

### ***Challenges of Cashless Transaction:***

While cashless transaction has become popular the world over, small businesses faces a lot of challenges in adopting it. Among the challenges faced in Nigeria include:

1. Lack of Infrastructure: Lack of infrastructure is one of the major challenges facing small business operators in adopting the cashless transactions. In Nigeria, most of the rural communities have no access to infrastructure which include; internet connectivity, POS, machines, and other hardware required (smart phones) for digital transactions. Lack of this infrastructure makes it difficult for small businesses to participate in cashless transactions and limit their ability to attract customers who want to make transaction cashless.

2. High level of transaction fees: Most of the cashless payment systems in Nigeria charges high fees for transactions. This makes it unattractive for small businesses that have low transactions; it may affect their profit margins.

3. Low level of financial literacy: Most of the small business operators in Nigeria are illiterates and has little or no knowledge of cashless transactions. It is therefore difficult for them to key into the idea of cashless transaction because they don't have the knowledge of the various payment options available to them. This can lead to mistrust and hesitation towards adopting cashless transactions, which can further prevent their business growth.

4. Poor security: Cashless transaction in Nigeria has a challenge of fraudulent activities and hacking of payments platforms which negatively affect small businesses that are not equipped to handle such situations.

5. Cash dependence: Many Nigerians are traditionally cash addicted when it comes to transactions; they still prefer to carry cash despite the many options of cashless payment. This makes it difficult for small businesses to adopt cashless transactions since they may have to deal with customers who are not willing to transact cashless.

***The impact of cashless economy on small business operators in some selected parts of Nigeria and the world.***

Several research studies have been conducted on the impact of cashless payments on small business operators in Nigeria. A study by Adedeji and Oluyemi (2021) examined the impact of cashless policy on small businesses in selected states in Nigeria. The study found that the cashless policy has led to an increase in the use of electronic payment channels, but small businesses face challenges such as high transaction fees and limited access to financial services, making it difficult for them to key into the policy as desired.

Similarly, Ogbeide and Atanbori (2019), Adegbaaju and Oladeji (2020) conducted a study on the perceived benefits and challenges of the cashless economy for small and medium enterprises in Nigeria. The study found that small businesses perceive the cashless economy as a means to reduce the risks of handling cash, but they face challenges such as the high cost of acquiring and maintaining electronic payment systems, Limited access to financial services and low level of financial literacy

Ezeoha and Akamobi (2020) reviewed the impact of cashless payments on small and medium enterprises in Nigeria. The study found that while the adoption of cashless payments has increased, small businesses face challenges such as limited access to financial services, low levels of financial literacy, and the high cost of electronic payment systems.

According to world economic Forum(Weforum) article, one of the main reasons developing countries are yet to adopt the cashless policy fully and still heavily rely on cash transactions is that , the bulk of the population especially those in the rural regions , do not have bank accounts ( unbanked population). However, the developed nations have adopted this policy because they have put in place infrastructures that supported the cashless policy, and digitized their systems and implement free incentives, which may include free transfers.

India is one of the developing countries that have fully adopted the cashless policy, Like Nigeria; India has a high population living below poverty line.60% of Indian population live below World

Bank's median poverty line of \$3.10 a day. Similar to Nigeria, India restricted the use of specific currencies and established withdrawal limits. This causes long lines on ATM locations and repeated changes in the policy. Despite the implementation of the policy, India has a record of large amount of cash in circulation. The failure of the policy in India was attributed to lack of readiness for such a drastic transformation. A large population of India still lack access to banking Services or the digital tools necessary to make electronic payments possible.

In Africa one of the countries that have implemented the cashless policy is Kenya. Kenya is regarded as the golden boy of cashless economy in Africa. Kenya is ranked Golden boy of cashless economy because of its efficient financial system, linked to the country's economic growth. Financial inclusion in Kenya rose to 83% in 2019 from 27% in 2006. 96% of Kenyan households are using MPesa (Swahili words for Mobile Money) for payments.

A 2022 published survey by Global digital payments solution provider Visa revealed that Kenyans prefer to use cashless payments to conduct business more than South Africans and Nigerians. The data record shows that 71% of Kenyans prefer cash for transactions while South Africans 91% and Nigerians 94%.

The enhancing of financial innovation and access (EFInA) in Nigeria 2020 survey showed that 51% of Nigerian adults depend on formal financial services like bank, Micro finance bank, mobile money or pension accounts, up from 49 % in 2018. By that Nigeria fall short of financial inclusion strategy targets for 2020. The country had aimed to reach 70% of Nigerians with formal financial services by 2020.

According to the study the use of cash among Kenyan businesses is reflected in the high preference for mobile wallets (56%) compare to Nigeria 14% and South Africa 7%.

Analyst agreed that with mobile money in DRC Congo, Egypt, Ghana, Kenya, Lesotho, Mozambique, and Tanzania, there is sufficient experience even in Africa for any country including Nigeria to copy or learn from and create a cashless economy. It can be done without having a crisis. Without cash, Nigerians can live and survive in business.

Outside Africa, Sweden is a prime example to learn from. Sweden cashless policy is a success story with over 83% of all transactions now made electronically. This has resulted in the creation of innovative financial solutions such as instantaneous mobile payments systems and even a national digital currency.



### ***Cashless policy and small business Operators***

The implementation of the cashless policy in Nigeria has led to an increase in the use of electronic payment methods such as mobile banking, POS terminals, and internet banking. Olayinka & Adesina (2015); Adedoyin, Akintoye, & Adesina (2017). Had Studies conducted in Nigeria which show that, the adoption of the cashless policy has had a positive impact on small businesses in Nigeria. Study by Adeyeye & Oludayo (2019) revealed that the use of electronic payment system by small businesses in Nigeria had a significant positive impact on their financial performance. The study showed that electronic payment systems helped small businesses to keep track of their financial transactions which facilitated better accounting and financial management. Another study by Kumar and Arora (2018) in India found out that the use of electronic payment systems by small businesses operators improved their efficiency and reduce their transaction costs. It also revealed that electronic payment system improved the accuracy and speed of financial transactions, which helped to increase customer satisfaction. Kusuma, Ramanathan (2019). In Indonesia, the adoption of electronic payment systems by small businesses improved their competitiveness and financial performance, the study showed that electronic payment systems helped small businesses to expand their customer base and increase their sales revenue. One of the major benefits of the cashless policy to small business operators is the reduction in the risk associated with cash transactions. The use of electronic payment systems eliminates the risk of theft and fraud associated with cash transactions. This has the potential to improve security of small business operators and their customers (Olayinka & Adesina, 2019).

The above studies suggest that the adoption of cashless transactions can have a positive impact on small business operators in developing countries. However, there are still challenges that need to be addressed such as the need for digital infrastructure and digital literacy among small business operators.

The implementation of the cashless policy in Borno state has brought several challenges for small business operators, including the cost of acquiring and maintaining electronic payments devices, lack of infrastructure to support electronic payment systems and low level of financial literacy among the small business operators. Adullahi (2019), Adesina, Oyebisi, & Akindele (2019). The challenges have the potential to hinder the growth and sustainability of small businesses in the state for a long period of time. According to Agwu & Ezeani (2021). The adoption of the cashless policy has been slow among small business operators in developing

countries, particularly Nigeria. In Nigeria, the CBN has made frantic effort to promote cashless transactions but the adoption continue to remain slow among small business operators.

Borno state has experienced the negative impacts of cashless transactions on small business operators such as high transaction costs, security risks, and lack of financial inclusion (Opera& Okoli, 2019). The challenges being faced currently with the full implementation of cashless policy is what necessitate this study.

**Research Methods**

The researcher chooses mixed methods of research. The qualitative method explore the subject using existing literatures previously studied and reports from Central bank of Nigeria and Newspaper review . The quantitative research method explores the subject to further understand the problems under study. The quantitative method is conducted using survey to gather primary data from small business operators in Borno state, Nigeria which is the main method used in the research. The survey will be conducted using a structured questionnaire that will be design to collect data on the following areas; level of awareness of cashless transaction among small business operators in Borno state, the extent to which small business operators in Borno state Nigeria have adopted cashless transactions, the challenges and benefits of cashless transaction to small business operators and the impact of cashless transactions on the growth and sustainability of small businesses in Borno state Nigeria.

The survey will be conducted using stratified random sampling technique to ensure that small business operators in different sectors of the economy are represented in the sample.

The data collected will be analyzed using statistical software such as SPSS or Excel. Descriptive statistics will be used to summarize the data and inferential statistics such as correlation and regression analysis will be used to test the hypotheses.

**Research Questions**

Four research questions were raised in this study.

**Table 1: Research Q.1: What is the perceived impact of the transition to cashless economy on financial performance of Small Business operators in Borno State, Nigeria?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	18	6.0	6.0	6.0

Disagree	36	12.0	12.0	18.0
Neutral	150	50.0	50.0	68.0
Agree	72	24.0	24.0	92.0
Strongly Agree	24	8.0	8.0	100.0
Total	300	100.0	100.0	

The above frequency table 1 shows Likert scale questionnaires raised on the perceived impact of cashless economy on the financial performance of small business operators in Borno state, Nigeria. 12% Disagree and 18% Strongly Disagree of any perceived impact of cashless economy on the financial performance of small business operators in Borno state, Nigeria. However, 24% agree, 8% strongly agree, while 50% are neutral that there is a perceived impact of cashless economy on the financial performance of their businesses. It can be concluded that the perceived impact of the transition to a cashless economy on the financial performance of small business operators in Borno state is not unanimous. A significant number of respondents were divided among those who agreed, and strongly agreed and disagreed.

**Table 2 Research Q2: What are the major challenges faced by small business operators in adapting to cashless economy in Borno state, Nigeria?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	6	2.0	2.0	2.0
Neutral	48	16.0	16.0	18.0
Valid Agree	150	50.0	50.0	68.0
Strongly Agree	96	32.0	32.0	100.0
Total	300	100.0	100.0	

The above tables 2 represents responses on research question 2. 50% and 32% of the participants Agree and strongly agree that there are major challenges faced by small business operators in adapting to cashless economy transition while only 16% and 2% are neutral and Disagree as to challenges faced in adaption. The findings suggest that a significant majority of the respondents (82% = 50%+32%) believe that small business operators face challenges in adapting to the

cashless economy in Borno state Nigeria. This result is significant because it suggest that the transaction to a cashless economy is not without its challenges in the region.

**Table 3 Research Q3: To what extent has government’s policies and initiatives aimed at promoting a cashless economy supported the growth of small business operators in Borno state?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	30	10.0	10.0	10.0
Disagree	60	20.0	20.0	30.0
Neutral	174	58.0	58.0	88.0
Agree	30	10.0	10.0	98.0
Strongly Agree	6	2.0	2.0	100.0
Total	300	100.0	100.0	

The above table 3 represents frequency distribution of the research question. 58% take neutral position, 20% disagree and 10% strongly disagree with the statement that government policy and initiatives aimed at promoting cashless economy supported the growth of small business operators in Borno state. Also 10% agree and 2% strongly agree. The findings suggest that there is a general lack of confidence in the effectiveness of the government’s policies and initiatives aimed at promoting a cashless economy in supporting the growth of small businesses in Borno state, Nigeria.

**Table 4 Research Q4: What are the opportunities of cashless economy to small Business operators in Borno State, Nigeria?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagree	42	14.0	14.0	14.0
Neutral	84	28.0	28.0	42.0
Agree	156	52.0	52.0	94.0

Strongly Agree	18	6.0	6.0	100.0
Total	300	100.0	100.0	

The above table 4 represents research question 4 data on the opportunities small business get on cashless economy transition. On the above table 52% agree, 18% strongly agree while 28% remain neutral and 14% disagree on the available opportunities of cashless economy to small business operators in Borno state, Nigeria. The results suggest that there is general perception among respondents that the adoption of cashless payment methods presents opportunities for small business operators in Borno state, Nigeria.

***Test of Research Hypotheses/Results and Discussion***

Four Hypotheses were raised in this research study. The findings are presented in the table below. The level of significance of 0.05 was set to either retain or reject the hypotheses raised.

***Hypothesis 1: There is no significant impact of the transition to cashless economy on the financial performance of small business operators in Borno state Nigeria***

**Table 5: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.862 <sup>a</sup>	.743	.743	.55567

a. Predictors: (Constant), VAR00002

**Table 6: ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	266.667	1	266.667	863.653	.000 <sup>b</sup>
	Residual	92.013	298	.309		
	Total	358.680	299			

a. Dependent Variable: VAR00001

b. Predictors: (Constant), VAR00002

Based on the SPSS analysis on table 5 and 6 above, R-Square \*or coefficient of determination) is .743, which indicates that approximately 74.3% of the variation in the financial performance of small business operators can be explained by the transition to a cashless economy. The P-value or significant level for the regression model is .000, which is less than the conventional alpha level of .05, indicating that the regression model is significant and the predictor variable (Transition to cashless economy) is significantly associated to with the financial performance of small business operators in Borno state. The F- value for the regression model is 863.653, which is also significant and confirms that the predictor variable is a significant contribution to the model.

Based on the explanation of the results, we can reject the null hypothesis and conclude that there is significant impact of the transition to cashless economy on the financial performance of small business operators in Borno State, Nigeria. The significant effect is seen by the high R-square value, significant p-value, and F value. Therefore, we can say that the transition to a cashless economy has a significant impact on the financial performance of small business operators in Borno state, Nigeria. The impact however may be positive or negative

***Hypothesis 2: There is no significant challenges faced by small business operators in adapting to cashless economy in Borno state Nigeria***

**Table 7:Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.183 <sup>a</sup>	.033	.030	.60004

a. Predictors: (Constant), VAR00002

**Table 8:ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.706	1	3.706	10.292	.001 <sup>b</sup>
	Residual	107.294	298	.360		
	Total	111.000	299			

a. Dependent Variable: VAR00001

b. Predictors: (Constant), VAR00002

Based on the above results on table 7 and 8 above, R-square value of the regression model is 0.033, indicating about 3.3% of the variation in the challenges faced small business operators in adapting to cashless economy in Borno state can be explain by the predictor variable. Additionally, the p-value for the regression model is .001, which is less than the conventional alpha level of .05, indicating that the regression model is statistically significant and the predictor variable (Adaptation to cashless economy) is significantly associated with the challenges faced by small business operators.

Therefore, we can reject the Null hypothesis that there are no significant challenges faced by small business operators in adapting to a cashless economy in Borno state Nigeria. The significant association between the predictor variable and the challenges being faced by small business operators indicates that there are indeed significant challenges faced by small business operators in adapting to a cashless economy in Borno state, Nigeria.

However, it should be noted that the R-square is relatively low, suggesting that other factors not included in the analysis may also play a role in the challenges faced by small business operators. Further research may be needed to identify these factors and their impact on the challenges faced by small business operators in adapting to a cashless economy in Borno state, Nigeria.

***Hypothesis 3: There is no significant relationship between government policies and initiatives aimed at promoting cashless economy and the growth of small business operators in Borno state Nigeria***

**Table 9:Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.341 <sup>a</sup>	.117	.114	1.05286

a. Predictors: (Constant), VAR00002

**Table 10:ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.582	1	43.582	39.316	.000 <sup>b</sup>
	Residual	330.338	298	1.109		

Total	373.920	299			
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a. Dependent Variable: VAR00001

The results on table 9 and 10 above show that R-square is 0.117, meaning that 11.7% of the variation in the growth of small business operators can be explaining by the predictor variable. Additionally, the p value for the regression model is .000 which is less than the significant level of 0.05, indicating that the regression model is statistically significant and the predictor variable is significantly associated with the growth of small business operators. Therefore, we can reject the null hypothesis that there is no significant relationship between government policies and initiatives aimed at promoting cashless economy and the growth of small business operators in Borno state, Nigeria.

It is however important to note that R-square is very low, indicating that other factors may also be contributory to the growth of small business operators not necessarily government initiatives , further research may be needed to identify these factors and their impact on the growth of small business operators in Borno state, Nigeria.

***Hypothesis 4: There is no significant difference in the opportunities available to small business operators in Borno state, Nigeria as a result of adapting to cashless economy***

**Table 11:Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.398 <sup>a</sup>	.158	.155	.51552

a. Predictors: (Constant), VAR00002

**Table12:ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.882	1	14.882	55.996	.000 <sup>b</sup>
	Residual	79.198	298	.266		
	Total	94.080	299			

a. Dependent Variable: VAR00001

b. Predictors: (Constant), VAR00002



The null hypothesis states that, there is no significant difference in the opportunities available to small business operators in Borno state, Nigeria. The result of the hypothesis is presented in the regression analysis table and ANOVA table. The regression table shows that the correlation coefficient ( $r$ ) is 0.398, indicating a moderate positive relationship between the independent and dependent variables. The coefficient of determination ( $r$  square) is 0.158, meaning that 15.8% of the variance in the dependent variable can be explained by the independent variable. The adjusted R square is 0.155, which takes into account the number of variables in the model; standard error of the estimate is 0.51552, which indicates the average distance between the predicted and actual values of the dependent variable.

The ANOVA table shows that the regression sum of square shows that the regression is 14.88, with one degree of freedom, and a mean square of 14.882. The F-value is 55.996, which is significant at the 0.05 level, indicating that the regression model is a good fit for the data. The residual sum of squares is 79.198, with 298 degree of freedom, and a mean square of 0.266. The  $p$  – Value for the residual sum of squares is 0.000, which is less than 0.05, indicating that the model is statistically significant.

In summary, the results suggested that adapting to a cashless economy has a positive effect on small businesses in Borno state, Nigeria, as it improves record keeping, increases the number of transactions and reduces the cost of financial transactions. We can therefore reject the null hypothesis and accept the alternative hypothesis that there is significant difference in the opportunities available to small business operators in Borno state, Nigeria.

### ***Recommendations***

Based on the research results, it is recommended that government and financial institutions should intensify efforts to address the challenges faced by small business operators in adapting to a cashless economy. This could be done through the provision of affordable and accessible electronic payment infrastructure and the implementation of policies and initiatives that encourage the use of electronic payment systems especially in the rural communities.

Additionally, government should make extra effort in promoting awareness and education on the benefits of cashless transactions for small businesses.

Furthermore, government should collaborate with stakeholders to create an enabling environment that will support the growth of small businesses in the communities. These could

involve; the provision of grants, loans, and other forms of financial support, as well as the implementation of policies and regulations that promote a level playing field for all businesses regardless of their size.

Finally, it is important to continue to monitor and evaluate the impact of the transition to cashless economy on small business operators in order to enable policy makers to identify areas where further interventions may be necessary and to make adjustments to existing policies and initiatives where necessary, by that, the state can harness the potential benefits of the cashless economy for small business operators, while mitigating the associated risks and challenges.

### ***Conclusion***

In conclusion, this study examines the impact of cashless economy on small business operators in Borno state, Nigeria. The findings of the research revealed that transition to a cashless economy has a perceived impact on the performance of small business operators. However, significant challenges were identified, including the lack of access to electronic payment infrastructure and low levels of awareness and education on the benefits of cashless transactions. Furthermore, government policies and initiatives aimed at promoting a cashless economy have not been fully effective in supporting the growth of small business operators in Borno state to benefit from the transition to cashless economy, including increased efficiency, cost savings and access to new markets.

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