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Behavioral intention to adopt cashless policy among SMES in Kano, Nigeria

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Abstract
This study investigates the determinants of cashless policy adoption among Small and Medium Enterprises (SMEs) in Nigeria, focusing on the influence of social influence, facilitating conditions, trust, and digital literacy. Grounded in an extended Unified Theory of Acceptance and Use of Technology (UTAUT) framework, the study adopted a quantitative approach using a structured questionnaire. A total of 216 SME respondents were selected through a purposive sampling technique, ensuring that participants had relevant experience with digital payment systems. The research instrument underwent expert review and pilot testing to ensure content validity and clarity. Data were analyzed using SPSS for descriptive statistics and reliability assessment, while Partial Least Squares Structural Equation Modeling (PLS-SEM) was employed to test the structural model. The findings revealed that social influence, facilitating conditions, trust, and digital literacy significantly impact the behavioral intention to adopt the cashless policy. These results underscore the combined role of social, infrastructural, and individual factors in shaping adoption decisions among SMEs. The study contributes to theoretical advancements by extending the UTAUT model and offers practical insights for policymakers and financial service providers seeking to improve digital financial inclusion. Limitations include the cross-sectional design and non-random sampling. Future research should consider longitudinal approaches and broader sampling to enhance generalizability.

Keywords: Behavioral sciences, cashless policy, SMEs, UTAUT, Kano, Nigeria

1. Introduction

Nigeria's journey toward a cashless economy began as a strategic financial reform by the Central Bank of Nigeria (CBN) aimed at modernizing the payment system, increasing financial inclusion, reducing the cost of cash management, and curbing illicit financial flows (Obiora, 2023). The cashless policy was formally introduced in 2012, with Lagos State serving as the pilot region before its expansion to other states, including Kano, in subsequent years. The core objective of the policy is to reduce reliance on physical cash and encourage electronic transactions through channels such as Point-of-Sale (PoS) terminals, mobile banking, internet banking, and electronic fund transfers. Several CBN directives have since supported the policy's evolution (Marzuk, 2024). These include limits on daily cash withdrawals and deposits, promotion of alternative channels, and incentives for digital banking adoption.

In 2023, the CBN introduced a revised cash withdrawal limit policy to restrict over-the-counter cash transactions to ₦500,000 weekly for individuals and ₦5,000,000 for corporate entities, reinforcing its commitment to a fully digitized financial system. At the heart of

Nigeria's economy are Small and Medium-sized Enterprises (SMEs), which represent about 96% of all businesses and contribute approximately 48% to the national GDP, according to the SMEDAN/NBS 2021 report (Georgieva, 2023). SMEs are critical for employment generation, poverty alleviation, and innovation diffusion. However, they remain largely informal, with many still reliant on cash-based operations. Despite their economic significance, a substantial percentage of SMEs operate outside the formal financial ecosystem, often due to distrust in digital platforms, poor infrastructure, and lack of awareness of the benefits of digital transactions.

Existing research on cashless policy implementation in Nigeria has largely focused on urban commercial banks, consumers, or large-scale enterprises, with limited empirical attention given to SMEs particularly those in culturally and economically diverse regions like Kano (Omodero, 2021; Omokungbe et al., 2022; Ozili, 2023). The behavioral intention of SME operators toward adopting cashless platforms is yet to be fully understood, especially when contextualized within relevant models. Therefore, this study seeks to investigate the key behavioral determinants influencing the intention to adopt cashless policy among SMEs in Kano, providing evidence-based insights for policymakers, financial institutions, and technology providers.

Beyond this geographic gap, however, a more fundamental gap motivates this study: behavioral intention, rather than observed usage statistics alone, is the theoretically appropriate variable for understanding cashless policy adoption, because intention is consistently established in technology acceptance research as the strongest proximal predictor of subsequent actual use (Bayaga, 2024). Studying usage rates after the fact only describes what has already happened and offers policymakers little room to intervene; studying the antecedents of intention, by contrast, allows interventions to be designed before adoption decisions are made. Yet no identified study has combined social (social influence), infrastructural (facilitating conditions), relational (trust), and individual-competency (digital literacy) dimensions within a single integrated behavioral model specific to SME operators in Kano. Without addressing these behavioral antecedents in an integrated way and not merely documenting where cashless uptake is currently low, the goal of an inclusive and sustainable cashless economy may remain unattainable. This study therefore investigates the key behavioral determinants influencing SME operators' intention to adopt the cashless policy in Kano, interpreted through an extended technology-acceptance lens elaborated in Section 2, to provide evidence-based insights for policymakers, financial institutions, and technology providers.

Guided by the four constructs examined in this study, the research addresses the following questions: RQ1: How does social influence affect SME operators' behavioral intention to adopt the cashless policy in Kano? RQ2: How does facilitating conditions influence SME operators' behavioral intention to adopt the cashless policy in Kano? RQ3: What is the effect of trust on SME operators' behavioral intention to adopt the cashless policy in Kano? And RQ4: How does digital literacy influence SME operators' behavioral intention to adopt the cashless policy in Kano?

2 Literature Review

2.1 Studies on Cashless Policy Adoption in Nigeria

Several empirical studies have explored the adoption of cashless policy in Nigeria, with a focus on its drivers, challenges, and impact. According to Alomari et. al.,

(2023), the effectiveness of the Central Bank of Nigeria's cashless initiative is largely influenced by the perceived benefits, awareness level, and trust in the system. Their survey revealed that while urban consumers and businesses in Lagos showed a higher adoption rate, resistance remained in less developed areas due to infrastructural and attitudinal barriers. Ter Ji-Xi et al., (2021) found that the perceived ease of use and perceived usefulness key constructs from the Technology Acceptance Model (TAM) significantly affect individuals' intention to adopt electronic payment systems. Their study emphasized that security concerns and transaction failures discourage users, especially small business operators, from fully embracing cashless platforms. In another study, Hayat et al., (2022) examined SMEs in southeastern Nigeria and found that although awareness of the cashless policy was high, adoption was hindered by unreliable power supply, poor internet connectivity, and high transaction charges. They recommended that government and financial institutions should subsidize digital infrastructure and provide targeted education to increase adoption among small businesses. While these studies have provided valuable insights, they are largely centered on southern regions and urban centers, creating a geographic and contextual gap in understanding how the cashless policy is perceived and adopted in northern Nigeria, particularly among SMEs.

2.2 SMEs Technology Adoption Behavior in Sub-Saharan Africa

The adoption of technology by SMEs in Sub-Saharan Africa has been the focus of multiple empirical investigations, many of which emphasize the socio-cultural and infrastructural factors that shape digital transformation. Yakubu et al., (2024), in a study across Ghana and Nigeria, found that SMEs often adopt technology out of necessity rather than strategy, especially during crises such as COVID-19. Their findings highlighted that trust in service providers, peer influence, and perceived value were stronger motivators than technical efficiency. A study by Hu, (2024) in Thailand noted that resource constraints, limited digital literacy, and regulatory uncertainties significantly slow down ICT adoption among SMEs. Similarly, in Kenya, Wanyoike et al. (2019) discovered that SMEs were more likely to use mobile money platforms for business transactions when they perceived clear advantages in speed, reliability, and cost-saving. These studies align with the Unified Theory of Acceptance and Use of Technology (UTAUT), which recognizes performance expectancy, effort expectancy, social influence, and facilitating conditions as major determinants of technology adoption. However, many of these studies also reveal that adoption behaviors are highly context-specific and influenced by regional infrastructure, cultural norms, and the degree of government support.

There is limited but growing empirical research on financial inclusion and digital payment adoption in Kano State. Onah et al., (2020) conducted a study on mobile banking usage among traders in Sabon Gari market, Kano, and found that although awareness was relatively high, actual usage was low due to mistrust in banking systems, fear of fraud, and language barriers. Respondents also cited unstable network connectivity and erratic electricity supply as barriers. Husin et al., (2021) studied the penetration of PoS machines among SMEs in Kano metropolis and observed that most operators used cashless tools mainly for customer convenience rather than as a full replacement for cash. The study further highlighted that education level and prior exposure to digital tools positively influenced adoption. A more recent study by Bello et al. (2023) on financial technology (fintech) awareness among youth and small traders in Kano showed

that informal training, peer influence, and access to smartphones were significant predictors of adoption. However, systemic issues such as weak cybersecurity policies and inconsistent regulatory frameworks were cited as major limitations. These studies confirm that while the potential for cashless policy adoption exists in Kano, behavioral intention is shaped by a mix of trust, perceived value, and external support systems. Importantly, the studies also underscore the need for region-specific research that captures the lived experiences and unique challenges facing SMEs in Northern Nigeria.

2.3 Conceptual Framework

This study is anchored on the Unified Theory of Acceptance and Use of Technology (UTAUT), a widely recognized model that explains user intentions and subsequent usage behavior in the adoption of technology. The UTAUT model, developed by (Venkatesh et al., 2016) identifies four core constructs that influence Behavioral Intention (BI) and Usage Behavior (UB):

1. Performance Expectancy (PE): The degree to which an SME operator believes that using cashless systems will improve business performance (e.g., faster transactions, better record-keeping, improved customer service).
2. Effort Expectancy (EE): The perceived ease of using cashless payment technologies. SMEs are more likely to adopt if they consider the tools user-friendly and not overly technical.
3. Social Influence (SI): The extent to which individuals perceive those important others (e.g., customers, suppliers, peers) believe they should use cashless payment systems.

Cashless policy adoption has been the subject of extensive research, with numerous studies examining determinants such as facilitating conditions, effort expectancy, performance expectancy, and social influence. However, findings often diverge, particularly when examined across varying demographic contexts (Aravindan et al., 2022; He & Fund, 2024; Momani, 2020). This review aims to critically assess these conflicting perspectives, providing a foundation for understanding their relevance in the context of cashless policy in Nigeria.

2.4 Theoretical Justification for Extending UTAUT with Trust and Digital Literacy

Cashless policy adoption has been the subject of extensive research, with numerous studies examining determinants such as facilitating conditions, effort expectancy, performance expectancy, and social influence (Alomari, 2023; Hasu et al., 2023; Marzuk, 2024; Ter Ji-Xi et al., 2021). However, findings often diverge, particularly when examined across varying demographic contexts. Beyond citing precedent in the existing literature, this study grounds each extension in a distinct theoretical rationale, as follows.

Trust is incorporated because the original UTAUT was not designed to capture risk perception, and financial technology adoption is inherently a risk-laden decision in a way that general workplace-technology adoption is not: money, once transferred electronically, cannot be as easily recovered as an error in a word-processing task. Alomari (2024) integrative model of organizational trust conceptualizes trust as a willingness to be vulnerable to another party based on expectations of that party's ability, benevolence, and integrity, framing that maps directly onto an SME operator's decision to expose their transaction funds to a digital payment provider or platform they cannot fully verify. Trust is theoretically necessary, not merely empirically convenient, as an extension in technology adoption contexts.

Digital Literacy is incorporated because UTAUT's Effort Expectancy construct presumes a baseline level of general technological familiarity that cannot be

assumed among informal-sector SME operators in a developing-economy context with uneven ICT exposure. Digital Literacy is theoretically grounded in Bandura's self-efficacy theory, which holds that an individual's belief in their own capability to execute a behavior is a central determinant of whether they will attempt that behavior at all, independent of how easy the behavior is in objective terms (Chigbundu, 2023). An SME operator may recognize that a cashless payment app is objectively simple to use (low effort in an abstract sense) yet still refrain from adopting it because they lack confidence in their own ability to operate a smartphone application, read on-screen prompts, or troubleshoot a failed transaction. Digital Literacy therefore captures a self-efficacy-based antecedent of intention that is conceptually prior to, and distinct from, effort expectancy as originally specified.

Facilitating Conditions (FC)

Facilitating conditions, such as access to necessary infrastructure and technical support, are frequently cited as critical enablers of digital currency adoption. Studies like Venkatesh et al. (2022) and Dwivedi et al. (2020) argue that the availability of reliable internet access, compatible devices, and financial literacy significantly enhance adoption rates. However, contrasting findings suggest that in highly urbanized areas, where users are already technologically adept, the impact of facilitating conditions diminishes (Almajali et al., 2022). These studies highlight that users' intrinsic motivation or familiarity with similar technologies may override the need for external support, leading to minimal dependence on such conditions when considering intention to adopt a technology. In another research from a different demography and context, it is found that geographic regions with less advancement on information technology infrastructures tends to have less intention to adopt or use a technology (Albaqami, 2024). These conflicting gaps has necessitated the quest for testing this variable in the Nigerian context.

Social Influence (SI)

The role of social influence, encompassing peer pressure, societal trends, and cultural norms, varies widely across contexts (Abdullahi et al., 2024; Andembubtob et al., 2023; Majeed & Taha, 2023). Research indicates that younger demographics, especially in tech-driven environments, are highly influenced by their peers and social networks in adopting new technologies (Jena, 2023; Shehu Yakubu et al., 2023). However, in regions with limited awareness or understanding of digital currencies, social influence appears to have a diminished impact (Fran, 2024; Ozili 2024). This divergence underscores the need to consider the broader social and cultural milieu when assessing the role of peer dynamics in technology adoption. These conflicting findings have created a need to investigate these variables within the Nigerian context.

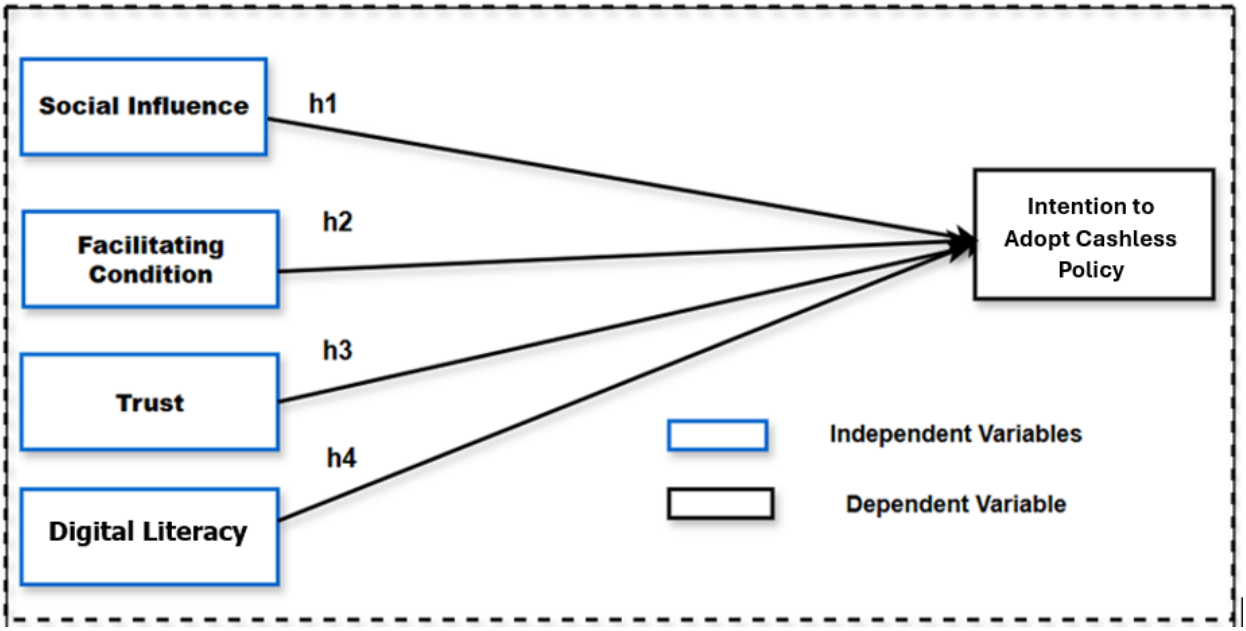
Trust (TR)

The variable of trust has been extensively examined across various contexts and theories, consistently demonstrating a positive impact on the behavioral intention to use or adopt technology (Al-Fahim et al., 2021; Chen et al., 2021; Kumar Jena, 2022). Trust plays a pivotal role in influencing behaviors such as decision-making and action-taking, particularly in contexts like financial transactions or online interactions. It is a fundamental factor in determining whether individuals will engage with a particular technology or service (Chao, 2019). Trust is intricately linked to risk assessment; individuals are more inclined to trust an entity or technology if they perceive the associated risks as minimal. Incorporating trust as an extended variable in a model enhances the understanding of how individuals evaluate risk and make decisions based on their trust in a particular entity or technology (Li et al.,

2023). Zhang, (2023) highlights in their study the critical role of trust in influencing individuals' acceptance of cryptocurrency. Their research reveals that trust moderates the effect of facilitating conditions on usage behavior. Specifically, users who have greater trust in their digital wallet have fewer perceived barriers to using the technology. The study emphasizes the importance of establishing trust through ensuring data privacy, service reliability, and effective communication among individuals.

Digital Literacy

Technophobia, as described by Brosnan (1998), involves fear or reluctance to engage with digital tools due to perceived complexity, lack of confidence, or previous negative experiences. In the context of digital currency, individuals who exhibit technophobic tendencies may find the eNaira platform intimidating, worry about making mistakes during transactions, or feel uncertain about the security and functionality of the technology. This anxiety can lead to resistance in using the eNaira, despite its potential benefits such as financial inclusion and ease of transactions. Supporting evidence from studies like McDonough (2014) and Celik and Yesilyurt (2013) highlight how technophobia correlates with reduced engagement with digital services and lower self-efficacy in using technology. In Nigeria, where digital literacy levels vary widely and many citizens—particularly in rural or underserved areas—have limited exposure to advanced technologies, technophobia may be a significant barrier to eNaira adoption. Therefore, addressing these psychological and educational barriers is crucial to ensuring the widespread and effective use of Nigeria's central bank digital currency.



Conceptual Framework of Research

2.6 Hypotheses Development

H1: Social influence has a positive influence on behavioral intention to adopt cashless policy.

SME operators in Kano function within tightly knit trading communities where customers, suppliers, and fellow traders routinely observe and comment on one another's business practices. When influential regular customers, business associates, or family members endorse or themselves use cashless payment channels, SME operators are theorized to update their own beliefs about the appropriateness and

value of adopting these tools, consistent with social influence's established role in the technology-acceptance literature. Accordingly, it is hypothesized that higher perceived social influence will be positively associated with behavioral intention to adopt the cashless policy. This is consistent with existing hypotheses such as (Rahman & Rahman, 2023; Yakubu et al., 2024).

H2: Facilitating conditions positively influence behavioral intention.

Facilitating conditions capture the extent to which an SME operator believes that the infrastructure and support needed to use cashless payment tools such as reliable electricity, network connectivity, access to compatible devices, and technical assistance which is actually available to them. Where such conditions are perceived as adequate, the practical cost and uncertainty of adopting cashless payments falls, making adoption a more attractive choice. It is therefore hypothesized that facilitating conditions will positively influence behavioral intention to adopt the cashless policy. As assumed in the existing literature (Alomari & Abdullah, 2023b; Hu, 2024).

H3: Trust positively affects behavioral intention.

Following Mayer, Davis, and Schoorman's (2021) conceptualization of trust as willingness to accept vulnerability based on positive expectations of another party, SME operators who believe that digital payment platforms and financial institutions will reliably safeguard their funds, process transactions accurately, and protect their data are expected to perceive less risk in adopting cashless tools. It is therefore hypothesized that trust will positively affect behavioral intention to adopt the cashless policy. This is in tendon with existing literature such as (Alsmadi et al., 2022; Khan et al., 2023).

H4: Digital literacy positively influences behavioral intention to adopt cashless policy.

Existing studies assumed that individuals who believe they possess the skills and confidence needed to operate digital payment tools are more likely to form an intention to use them, independent of how objectively easy those tools are. SME operators with stronger digital literacy may have a greater comfort navigating smartphone applications, interpreting on-screen instructions, and resolving minor technical issues which are theorized to perceive fewer personal barriers to cashless adoption. It is therefore hypothesized that digital literacy will positively influence behavioral intention to adopt the cashless policy (Kajol, 2022).

3. Methodology

3.1 Research Design

This study adopts a quantitative research design aimed at examining the behavioral intention of SME operators in Kano, Nigeria, to adopt the Central Bank of Nigeria's cashless policy. Quantitative methods allow for statistical analysis and generalization of findings based on measurable data. This approach is appropriate for identifying relationships among variables such as perceived usefulness, ease of use, social influence, digital literacy, and behavioral intention.

3.2 Study Population and Sample

The target population comprises individuals operating Small and Medium-sized Enterprises (SMEs) within the Bayero University Kano (BUK) campus commercial ecosystem, including traders, vendors, and service providers involved in retail, food/café, and cosmetics businesses. This population was deliberately selected, rather than a broader Kano-state or national SME frame, for three reasons: (i) accessibility, which enabled a controlled and complete enumeration of a bounded commercial community within the survey

period; (ii) the presence of a diverse mix of SME operations (retail, food service, personal care) operating under conditions, informal record-keeping, cash-dominant transactions, uneven digital exposure that are broadly representative of informal SME clusters found across urban Kano; and (iii) the campus environment's above-average exposure to digital payment infrastructure and younger, relatively more tech-engaged customers, which arguably represents a best-case adoption environment, making it a useful bounded context in which to first isolate the behavioral determinants of intention before extending the model to less digitally exposed SME populations.

However, this is a bounded case-context population and not a representative sample of SMEs across Kano State or Nigeria; the implications of this scope restriction for generalizability are discussed explicitly in the Limitations section.

Based on the university's registered SME/vendor association records, the estimated population of active SME operators within the BUK campus commercial area at the time of the study was approximately 260. Applying Krejcie and Morgan's (1970) table for determining sample size from a known population, a population of this size requires a minimum sample of approximately 155 respondents to achieve statistical reliability at the standard confidence level. A non-probability purposive sampling technique was employed to select respondents who actively operate a business and engage in financial transactions. The study obtained 216 valid responses, exceeding the Krejcie and Morgan (1970) minimum by a comfortable margin and providing an adequate basis for Partial Least Squares Structural Equation Modeling (PLS-SEM), which is well suited to small-to-medium sample sizes.

3.3 Data Collection Instrument

Data was collected using a structured online questionnaire developed in Google Forms. The questionnaire will be divided into sections measuring: Demographic information (age, gender, type of business, education level), Constructs from the UTAUT model (Social Influence, Facilitating Conditions), Digital Literacy levels, Trust, Behavioral Intention to adopt the cashless policy.

Each item will be rated using a 5-point Likert scale ranging from “Strongly Disagree” (1) to “Strongly Agree” (5). Prior to full deployment, a pilot study involving 15 SME operators will be conducted to test the clarity and reliability of the instrument.

3.4 Data Collection Procedure

The online questionnaire link were distributed to SME operators through WhatsApp groups, email, and direct messaging. In-person sensitization and brief training sessions may also be organized to assist those with low digital literacy in completing the form.

3.4 Data Analysis

Data collected will be analyzed using two tools: Statistical Package for the Social Sciences (SPSS) will be used for descriptive statistics (frequency, mean, standard deviation) and reliability testing (Cronbach’s Alpha)**.** Partial Least Squares Structural Equation Modeling (PLS-SEM) using software such as SmartPLS will be employed to test the hypothesized relationships among variables. This technique is suitable for small-to-medium sample sizes and exploratory research with latent constructs.

4. Results and Discussion

Table 1 Demographic of the Respondents (n=216)

Demographic Variable	Category	Frequency	Percentage
Nationality	Nigerian	216	100%
Vendor Status	Yes (active vendor)	216	100%
Business Type	Café/food services	126	58.3%
Business Type	Cosmetics	90	41.7%
Business Location	BUK campus	216	100%
Currently Using an eWallet / Cashless Channel	No	216	100%

Table 1 presents the demographic distribution of respondents by nationality, vendor status, business type, business location, and prior eWallet usage. All 216 respondents are Nigerian, are confirmed active vendors, and operate their businesses within the BUK campus commercial area. By business type, 58.3% (n = 126) are café/food service operators and 41.7% (n = 90) are cosmetics vendors. Notably, 216 respondents reported that they were not currently using an eWallet or comparable cashless payment channel at the time of the survey. This is not a data-collection anomaly: because the objective of this study is to measure behavioral intention to adopt cashless payment tools rather than to describe the behavior of existing users, a sample composed entirely of current non-adopters is precisely the theoretically appropriate population for this analysis. Respondents who had already adopted eWallet usage would be reporting on continuance behavior rather than adoption intention, which is a conceptually distinct outcome outside the scope of this study.

Table 2 Assessment of Measurement Model

Construct	Items	Loadings	AVE	CR
Social Influence (SI)	SI1	0.785	0.508	0.884
	SI2	0.824		
	SI3	0.763		
	SI4	0.892		
	SI5	0.721		
Facilitating Condition (FC)	FC1	0.762	0.654	0.850
	FC2	0.869		
	FC3	0.791		
	FC5	0.821		
Trust (TR)	TR1	0.649	0.583	0.873
	TR2	0.762		
	TR3	0.868		
	TR4	0.886		
	TR5	0.614		
Digital Literacy	DL1	0.792	0.620	0.891
	DL2	0.819		
	DL3	0.811		
	DL4	0.779		
	DL5	0.734		
Behavioral Intention	BI1	0.814	0.512	0.838
	BI2	0.761		
	BI3	0.743		

BI4	0.621
BI5	0.619

Note: FC_4, have been deleted because loadings is <0.5

Table 2 presents the summary of the measurement model. Valid loadings are considered acceptable when they are above a certain threshold of 0.5 and AVE values equal to or above 0.5 are generally considered good (Hair et al., 2011; Memon et al., 2019), indicating that a significant proportion of the variance in the construct is explained by its indicators. Lower AVE values may suggest that the construct is not well-defined by its indicators and may lack convergent validity (Memon et al., 2019), while CR values above 0.7 or 0.8 are considered acceptable, indicating good internal consistency. Higher CR values suggest that the latent construct is reliably measured by its indicators. Lower CR values may imply that the indicators do not consistently measure the construct, indicating potential issues with reliability (Ramaya, 2018). The result shows that the variables are reliable and valid because all the loadings and AVEs are above the recommended threshold of 0.5, and composite reliability are all above 0.8. Table 5.3 presents the discriminant validity - HTMT Criterio.

	BI	**SI**	**FC**	**TR**	**DL**
BI	**0.716**				
SI	0.209	**0.786**			
FC	0.424	0.115	**0.809**		
TR	0.484	0.451	0.544	**0.711**	
DL	0.251	0.599	0.176	0.410	**0.789**

Discriminant validity assesses the extent to which items effectively differentiate between distinct constructs or concepts. This is done by examining the correlations between measures that might overlap (Ramayah et al., 2018). In this research, the HTMT criterion has been employed to evaluate discriminant validity using PLS-SEM. According to Cepeda Carrión et al. (2016), Hair et al. (2019), and Memon et al. (2020), discriminant validity is established if the square root of the average variance extracted (AVE) for each construct exceeds its correlation with other constructs. This indicates that the constructs are being measured distinctly. Table 5.8 demonstrates positive results, suggesting that the measurement instruments are robust. Overall, this section has provided an assessment of the measurement items. According to Hair et al. (2014), the AVEs, Composite Reliability (CR), and discriminant validity have met the required thresholds, affirming the model's validity and reliability. The next section will present the assessment of the structural model.

Table **Error! No text of specified style in document.**.4 Summary of Assessment of Structural Model

Hypothesis	**Relationship**	**Standard Beta**	**Standard Error**	**T-Value**	**P-Value**	**Effect Size F2**	**Supported**	**R^2**	**Q^2**
H1	SI -> BI	0.268	0.131	2.045	0.045	0.26	**YES**	0.295	0.476
H2	FC -> BI	0.141	0.066	2.136	0.033	0.04	**YES**		
H3	TR -> BI	0.229	0.075	3.053	0.003	0.31	**YES**		
H4	DL -> BI	0.153	0.015	2.041	0.014	0.28	**YES**		

P<*0.05

According to Cohen (1989), R^2 values of 0.02, 0.13, and 0.26 represent weak, moderate, and substantial effects, respectively. In this research, an R^2 value of 0.295 is reported, indicating a substantial effect. The hypothesized relationships are directional, and the significance of the path coefficients is determined through bootstrapping, using a one-tailed t-test with 10,000 resamples, as recommended by Henseler et al. (2016). The threshold for an acceptable p-value in hypothesis testing is set at <0.05.

As shown in Table 5.4 , hypotheses H1, H2, H3, are all supported, as their p-values are all below 0.05. as suggested, the hypothesis H4 suggesting a positive relationship between digital litarcy and behavioral intention to adopt is also supported, as the p-value is also within the 0.05 threshold, consistent with the guidelines provided by Hair et al. (2019) and Dijkstra & Henseler (2015), and Memon et al. (2019). The model's predictive relevance (Q^2 value) is determined using the blindfolding procedure. Effect sizes are categorized as small (≥0.02), medium (≥0.15), and large (≥0.35), as per Cohen (1988). Further discussions of the findings are elaborated below:

H1: Social Influence (SI) Positively Relates to Behavioral Intention (BI) to Adopt cashless policy

In this research, social influence is testing how individuals are influenced by their close associates like friends, relatives, teachers and family members on the intention to adopt the eNaira digital currency. The analysis reveals a positive relationship between social influence and the behavioral intention to adopt eNaira, with an effect size of 0.31. This indicates a substantial influence of social factors on the intention to adoption the eNaira digital currency. Che Nawi et al. (2024) reported a positive influence of social influence on the intention to use the eWallet. According to their findings, users are more influenced on the intention to use the eWallet when they are comfortable with the security of the eWallet as observed or reported by their relatives or close associates. Similarly, (Doan et al., 2024) reported a positive relationship of social influence and intention to adopt mobile banking among customers. These findings are in line with the context of the eNaira adoption among citizens in Nigeria. Hence, social influence is an essential factor that needs to be mitigated by policy makers in Nigeria to mitigate eNaira adoption challenges among citizens.

H2: Facilitating Condition (FC) Positively Relates to Behavioral Intention (BI) to cashless policy
Interestingly, the analysis reveals that facilitating conditions positively relate to the behavioral intention to adopt eNaira. The finding that facilitating conditions significantly influence the behavioral intention to adopt the eNaira digital currency can be understood logically when considering the fact that, the availability of ICT infractures such as the internet and supporting services could determine the intention of users towards the adoption of technology. Hence, it is most likely that respondents, particularly students in Abuja, Nigeria who are generally familiar with digital technologies, may see the availability of infrastructure or technical support as a primary factor influencing their decision to adopt the eNaira. This factor could be more important to them than other variables such as trust, effort expectancy, or social influence when deciding whether to adopt the eNaira as an option. When compared to other studies, this finding contrasts with research in other regions or demographic groups where facilitating conditions have been found to be supported to the hypothesis suggesting the positive significance of facilitating condition on the intention to adopt. For instance, Gadallah (2023), reported that facilitating conditions have a positive influence on the intention to adopt the blockchain technology, attributing this to the much priority given to technological infrastructure in the urban settings. Similarly, Kurniasari et al. (2022) found significant relationship between facilitating conditions and the intention to adopt mobile banking. Overall, facilitating condition is a key variable that could mitigate adoption challenges among eNaira citizens in Nigeria.

H3: Trust (TR) Positively Relates to Behavioral Intention (BI) to Adopt cashless policy The analysis demonstrates a positive relationship between trust and the behavioral intention to adopt eNaira, with an effect size of 0.29. This indicates that trust plays a substantial role in influencing individuals' intention to adopt the eNaira digital currency. The moderate effect size suggests that users' confidence in the security, reliability, and overall integrity of eNaira is a key factor driving adoption, reinforcing the importance of trust in promoting the adoption of technology. existing literature has reported on the positive influence of trust on the intention to adopt a technology from different context and backgrounds. For example, oloveze et al. (2024) in their research reported that trust has a positive relationship with the intention to use mobile banking. The report suggested the reasons why trust is supported might be due to positive feedback, reviews, or positive criticisms from social circles. Users may be swayed by the opinions of others, and if negative sentiment prevails, it can lead to a reduction in trust and, consequently, a diminished intention to adopt a technology. Similarly, Chao,(2019) and Yakubu et al., (2024) reported the positive relationship between trust and intention to adopt. These revelations have justified why there is a positive influence of trust on intention to adopt the eNaira in Nigeria.

H4: Digital Literacy Positively Relates to Behavioral Intention (BI) to Adopt cashless policy
In the context of eNaira in Nigeria, the analysis reveals an unsupported relationship between technophobia and the behavioral intention to adopt eNaira. The findings revealed that technophobia (TP) has a significant negative relationship with behavioral intention (BI) to adopt the eNaira digital currency among Nigerian citizens. This suggests that individuals who

exhibit higher levels of fear, anxiety, or discomfort toward using digital technology are less likely to express the intention to adopt and use the eNaira. Technophobic individuals may perceive the digital currency platform as complex, insecure, or beyond their capability, leading to resistance or avoidance behavior. The result highlights the psychological barrier that technophobia poses to digital currency adoption and underscores the need for targeted awareness campaigns, digital literacy programs, and user-friendly platform designs to reduce anxiety and build confidence among potential users. This finding matches, eisting literature such as findings conducted by Abdullahi et al. (2022) where technophobia was found to negatively influence on the determinants of Facebook adoption. Their findings further suggested that TP is a key determinant of Facebook adoption among SMEs with a medium effect size and hence; by conducting awareness programs on the use and benefits of Facebook, there could be high chances of adoption among citizens. The model will help to assess how well a technology innovates within the boundaries set by regulatory and how technophobia related issues could influence technological advancements and adoption. Also Majeed & Taha, (2023) reported a negtive relationship of technophobia on the intention to adopt cryptocurrencies in Iraq. Suggesting that, awreness issues is a key factor influencing the intention to adopt cryptocurrencies in Iraq. In the context of eNaira in Nigeria, mitigating technophobia among citizens through awreness programs will contribute to the trust and credibility of the eNaira digital currency and thereby improving adoption issues.

5. Conclusion

The findings from the study revealed that four factors; social influence, facilitating conditions, trust, and digital literacy significantly affect the intention to adopt cashless policy among SMEs. Social influence was found to play a crucial role, indicating that the opinions and behaviors of customers, peers, and other external stakeholders significantly shape the adoption decision. Facilitating conditions, such as infrastructure availability, access to technical support, and system usability, also had a positive impact, affirming that SMEs are more likely to adopt cashless systems when the necessary operational support is present. Trust emerged as another significant factor, highlighting that SMEs' confidence in the security, transparency, and reliability of digital platforms is essential for adoption. Finally, digital literacy, the ability to understand and effectively use digital technologies was a key determinant, as digitally competent SMEs were found to be more open and prepared to transition to cashless operations.

Implications of the Study

These findings have several important implications. Theoretically, the study extends the Unified Theory of Acceptance and Use of Technology (UTAUT) by integrating trust and digital literacy as additional constructs, thereby offering a more comprehensive understanding of technology adoption in developing country contexts. This model extension enhances the explanatory power of existing theories by accounting for variables that are especially relevant in environments with limited infrastructure and institutional trust. Practically, the study underscores the need for targeted interventions aimed at enhancing digital skills, building trust in financial technologies, and ensuring that SMEs are provided with the necessary infrastructure to adopt cashless systems successfully. Policymakers, particularly the Central Bank of Nigeria and SME development agencies, should prioritize investments in digital education, user-friendly platforms, and reliable support

services. Moreover, fintech companies must work to improve user experience and incorporate robust security measures to foster greater trust among users.

Limitations and Directions for Future Studies

Despite the valuable insights provided by this study, certain limitations must be acknowledged, as they affect the generalizability and scope of the findings. First, the sample size was relatively small, consisting of only 216 participants drawn from SMEs. While the statistical results were robust and internally reliable, a larger and more diverse sample would enhance the external validity of the study. SMEs vary considerably in structure, capacity, and sectoral orientation, and a broader sample covering different industries, regions, and firm sizes across Nigeria would provide a more comprehensive understanding of the determinants of cashless policy adoption.

Second, the study adopted a cross-sectional research design, which captures the perceptions and intentions of participants at a single point in time. This design limits the ability to observe changes in behavior or perceptions over time, especially as digital infrastructure evolves and policy interventions take effect. Future studies should consider longitudinal research designs to track how SMEs' attitudes and behaviors toward cashless policy adoption develop over time, particularly in response to external events such as regulatory changes, economic shocks, or technological innovations.

Third, although the study incorporated critical constructs such as trust and digital literacy, other potentially influential factors were not explored. These include financial literacy, perceived risk, organizational culture, and regulatory compliance burdens, which may also significantly shape SMEs' willingness and capacity to adopt cashless systems. Future research should aim to incorporate these additional constructs into the analytical framework to offer a more nuanced and holistic understanding of adoption behavior.

Fourth, the reliance on self-reported data introduces the possibility of social desirability bias, where respondents may provide favorable answers that do not accurately reflect their actual behaviors or experiences. This is a common limitation in survey-based research and can affect the reliability of constructs such as trust and behavioral intention. Future studies could incorporate mixed-methods approaches, including in-depth interviews, focus groups, or observational data, to validate and enrich the findings from quantitative surveys.

Lastly, while the study focused specifically on the Nigerian context, particularly SMEs operating in a developing economy, the findings may not be directly applicable to other countries or economic contexts. Variations in institutional trust, technological infrastructure, digital readiness, and regulatory frameworks mean that what holds true in Nigeria may differ elsewhere. Comparative studies involving other African countries or developing economies would offer valuable cross-cultural insights and help identify context-specific drivers and barriers to cashless policy adoption.

In summary, while this study contributes significantly to understanding the behavioral drivers of cashless policy adoption among SMEs, future research should strive to overcome its limitations through expanded sample sizes, longitudinal and mixed-method designs, inclusion of additional variables, and cross-national comparisons. These directions will deepen the empirical and theoretical foundations necessary for developing inclusive and sustainable digital financial systems in emerging economies.

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