THE USV ANNALS OF ECONOMICS AND PUBLIC ADMINISTRATION | VOLUME 25, ISSUE 2(42), 2025

https://doi.org/10.4316/aepa.2025.25.2(42).59-71

CONSUMER PREFERENCES FOR FINANCIAL SERVICE CHANNELS IN AN EMERGING ECONOMY: A STUDY OF ABEOKUTA METROPOLIS

Muideen Adejare ISIAKA
Crescent University, Abeokuta, Nigeria
dr.isiaka@gmail.com

Alexandru Mircea NEDELEA
"Ștefan cel Mare" University of Suceava, Romania
alexandru.nedelea@usm.ro

Ayotunde Sheriff EKUN
Central Bank of Nigeria, Nigeria
ekunayotunde@yahoo.com

Rukayat Kikelomo ISIAKA
Lagos State University, Lagos Nigeria
rkisiaka@gmail.com

Received 24 September 2025; Accepted 12 December 2025

Abstract:
The purpose of this study is to analyse the preference of customers for cash-based services of banking transactions in Abeokuta Metropolis. The population of the study involves 271,341 adults in the metropolis that have access to financial services. Primary source of data was adopted using questionnaires. The study drew a sample size of 400 adults using simple random sampling technique. Descriptive survey research design was used to carry out this work and descriptive analysis was used to analyse the data. Different factors, conditions and characteristics have some form of impacts on the preferences of consumers. This study focuses especially on age, income, occupation and level of education as significant factors influencing consumer preference for cash-based services with the agents of mobile money operators or commercial banks. The results show that with an R Square value of 0.6655, 66.55% of the total variation in Cash Preference is explained by Income, Age, Occupation and Level of Education. It was therefore concluded that customers' preference for the cash of MMOs or Commercial banks is influenced by these demographics, as well as the volumes of the transactions. Regulatory authorities must put the activities of MMOs into consideration when taking monetary policy decisions.

Key words: Financial transactions, Deposit Money Banks, Channel Preference, Mobile Money Operators

JEL classification: G40, M39

1. INTRODUCTION

According to the World Bank, the regions with the largest share of unbanked populations are in Sub-Saharan Africa, where only 12 percent are banked, and South Asia, where 24 percent are banked. Central banks and various stakeholders are sourcing for avenues to create access to financial products for their citizens and the activities of Mobile Money Operators (MMO) may be one of those ways. MMOs only need minimal Know Your Customer ("KYC") requirements. All they require is internet connectivity, a Smart phone, and a digital wallet. These are small requirements considering the rise in internet penetration, and the adoption of cheap smartphones that have the processing power to handle digital wallets.

In 2012, the Central Bank of Nigeria adopted the National Financial Inclusion Strategy (NFIS) which identified the gaps in financial inclusion in Nigeria as well as focus areas. This was later revised in 2018 and the product targets are; payments, savings, credit, insurance and pensions. The targets for channels include: Deposit Money Bank (DMBs) branches, Microfinance Bank (MFBs) branches, ATMs, POS and Agents of MMOs. Financial services are being extended by bringing micro financial

services to locations where brick and mortar financial institutions cannot be found. The mobile money operators therefore provide some banking services to members of the public through their agents using POS terminals, especially the payment of cash.

Mobile money technology allows people to receive, store and spend money through the use of a mobile phone. In some parts of the world it is referred to as a 'mobile wallet' or by the name of a specific service such as mPesa in Kenya, EcoCash in Zimbabwe, GCash in the Phillipines, Tigo Pesa in Tanzania and many more. According to Andersson-Manjang and Naghavi (2021), there are 310 different mobile money services around the world, although they are most popular in sub-Saharan Africa, Asia and Latin America. Mobile money is a popular alternative to both cash and banks because it's easy to use, secure and can used anywhere there is a mobile phone signal.

The CBN while recognizing the importance of Mobile Network Operators (MNOs) in the operations of mobile money services, and appreciates the criticality of the infrastructure they provide, has not enabled the telco-led model (where the lead initiator is an MNO) in Nigeria. Its exclusion is to enable the CBN have full control of monetary policy operations, minimise risks and ensure that the offerings of financial services are driven by organizations that have been licensed by the CBN to do so (MNOs are licensed by the NCC).

With the giant strides made with mobile money, Pickens (2009) on the contrary believes that the operations of mobile money in some countries is of some disadvantage to commercial banks in that their liquidity has been indirectly stolen. This is because some potential and existing bank customers are finding it cheaper and convenient to use mobile money services than going to the banks for their transactions. This is thus depriving commercial banks of cash that would otherwise have been received and used in financial intermediation. The same applies to departmental stores, filling stations and other businesses which ordinarily would have utilized Cash-In-Transit (CIT) companies to convey their cash to Deposit Money banks. This cash is however being mopped up by the agents of mobile money operators who use the cash for their activities. This may have led to a cash crunch in most branches of Deposit Money banks as they do not have enough cash to pay their customers or load in their ATMs in recent times.

Moving unto studies on consumer preference, the aim is to find out why someone may buy one product over another or what influences them to make certain consumption choices. These studies also research on consumer loyalty to some brands or the process consumers go through to make consumption choices (Duncombe & Boateng, 2009). Consumer Behaviour is therefore a vitally important area in business development and success because it enables an insight into the psyche of consumers, the variety of factors that influence decision-making, the processes of decision-making, and reactions or responses to market offerings or messages (Farquhar & Robson, 2016). Consequently, this study examines the channel preference of consumers for deposits and withdrawals in Abeokuta metropolis. The research is guided by three research questions as follows: What share of customers' financial transactions is cash-based in Abeokuta metropolis? What is the extent of customers' cash-based financial transactions at branches of Deposit Money banks and with agents of Mobile Money operators in Abeokuta metropolis? What are the factors affecting customers' preferences for cash-based transactions in Abeokuta metropolis?

2. LITERATURE REVIEW

Mobile money operates by storing funds in secure electronic accounts which are linked to mobile phone numbers (Kamukama and Tumwine, 2012). In some cases, the mobile money account number is the same as the phone number. Mobile money is often provided by the same companies that run the country's mobile phone services and is available to both pre-pay and contract customers. It may however also be provided by Deposit Money banks and other financial institutions. Mobile money allows users to securely store, send, and receive money through their mobile phones (Orekoya, S. 2017). They can make physically make purchases, shop online, pay bills, school fees, and top up mobile airtime. They can also deposit or withdraw cash at authorised agents. Consequently, Mobile money wallets have emerged as a cheap and fast alternative to traditional bank accounts.

The World Bank (2020) reported that Nigeria has only 4.5 commercial bank branches per 100,000 adults and 16.15 ATMs per 100,000 adults, excluding a large rural population from formal financial services and the benefits of cross-border e-commerce. This statistic is being improved with the availability of cheap mobile devices and a high mobile-phone penetration rate which is utilized by mobile money platforms such as M-Pesa from Kenya and Paga from Nigeria to provide financial services to the unbanked. In 2019, 50 million sub-Saharan Africans created a mobile-money account via a mobile phone, representing a 12% increase compared to 2018 and bringing the total number of users up to 469 million across the region (The Africa Report, 2020).

Increasingly, there is a great excitement about mobile money because people perceive it as the only hope that could help them to ease their financial troubles. Hughes & Lonie (2007) believe first of all that the financial needs of the poor can be met through mobile money with an increasingly large mobile phone use base. This could positively make impact in the developing world, where banking infrastructure is severely limited. It is therefore important that such timely services are extended to groups of people in a cost-effective manner. Secondly, Herzberg (2003) stated that successful mobile money has the ability to enable and catalyze the development of mobile commerce particularly in the developing world. Mobile money services reduce the need to make long trips to banking halls to effect any payment. Thus, mobile money networks have a potential to deliver the required level of proximity at low transaction costs. However, Maurer (2008) notes that mobile money networks are not equipped to offer the broad range of financial services people want and need such as pension and insurance which require some form of assessment. Notwithstanding the above limitation, the growth in mobile telecommunication service is expanding the reach of financial services across the wireless networks in less developed countries.

In 2011, twenty one (21) mobile money operators (MMOs) were granted operating licences by the Central Bank of Nigeria (CBN) to provide mobile money services in Nigeria (Orekoya, 2017). Six (6) of these were bank-led and included: Guaranty Trust Bank, Stanbic IBTC, Ecobank, Fortis MFB, Zenith Bank (eazymoney) and Firstmonie while fifteen (15) were non-bank led and included: Pagatech, Paycom, eTranzact, Afripay, FETS (Funds and Electronic Transfer Solutions), Eartholeum, M-Kudi, Virtual Terminal Network (VTN), Parkway Projects, Teasymobile, Interswitch, Monitize, Pay with capture, Zoto app and CeLLulant. They all generally perform the same functions but differ in modes of operations they provide. Their services generally include: receipt and transfer of money, cash deposits and withdrawals, balance enquiries, purchase of airtimes and payment of bills among others. The CBN issued the guidelines for Mobile Money Services in Nigeria in April 2015 (CBN, 2016) and continues to provide addendums as the need arises. Guidelines generally cover the models of operations, agency networks, business rules, roles and responsibilities of participants, nominee/settlement accounts, transaction security standards, infrastructure, risk management, technologies to be adopted, know your customer and customer due diligence requirements, certainty of mobile transaction, consumer protection measures, cessation of mobile payments service, statutory returns, remedial measures and sanctions.

Furthermore, the NDIC provides a guarantee to subscribers' for funds deposited with mobile money operators up to the maximum coverage level of N500,000. This is being done to bolster the confidence reposed in mobile payment system by the customers and ensure continuity. The NDIC through its issued guidelines defines this pass-through deposit insurance scheme as the protection provided by the NDIC to mobile money subscribers, where the corporation insures funds that are deposited by a mobile money operator in the deposit money banks (NDIC, 2016). This is because mobile money operators are inadvertently acting as custodian of funds on behalf of their subscribers who are the actual owners of funds deposited in their accounts with deposit money banks. Thus insurance of subscribers' funds with mobile money operators in Nigeria will engender financial system's stability, bolster consumer confidence but ultimately promote financial inclusion.

Recognized participants in the Mobile Money System include: Regulators, Mobile Money Operators, Infrastructure providers (Payment Terminal Service Providers), Other Service Providers, Consumers, Mobile Money Agents. There are three categories of Mobile Money agents namely: Super-Agent, Sole Agent and Sub Agent. The Super-Agent is an agent who has the authority to recruit

other agents (Sub-Agents) and manage them in a network. The Super-Agent is independently licensed by the CBN and must be a company incorporated in Nigeria. The Super-Agent provides the Sub-Agents with POS terminals and other relevant equipment and supervises their activities. The Super-Agent ensures that Sub-Agents carry out agent banking functions in line with prevailing regulatory guidelines. This service is usually referred to as agent network management. Popular Super-Agents include: OPay, PayCenter, Interswitch and, MoMo. Airtel also got a CBN license to offer Super-Agent services in April 2022 (Nwachukwu 2022; CBN, 2025; Atanda and Eze, 2025).

A Sole Agent is one who has a direct agency relationship with a chosen Deposit Money bank or other financial institutions and cannot recruit Sub-Agents as it does not possess the power to do so. In discharging their responsibilities, the agent bank must adhere to important banking guidelines such as anti-money laundering laws and KYC rules. Each bank will usually prescribe the amount of money the Sole Agent will need to commence the relationship. Some of the businesses that are easily suited for this include: super markets, gas/petrol filling stations, business and communication centers, corner shops, boutiques as well as distributors of Fast Moving Consumer Goods (FMCGs). Non-Governmental Organisations (NGOs), religious bodies and such other similar organizations are not allowed to offer agency banking services (CBN, 2018).

Sub-Agents work under a Super-Agent in an agency network. They are everywhere in their kiosks or under umbrellas on the roadsides with their POS terminals. They are the people popularly called POS operators or POS business owners. Sub-agents are agents that are recruited and managed by the Super-Agent under an agent network management arrangement. Requirements include initial investment, a POS terminal and a mobile phone. The business can be done from the corner of a house, a rented shop, kiosk or any empty space where an umbrella can be mounted to provide shade from the sun and rain. Agents make income in the form of commissions and charges. Transactions are usually settled on a daily basis and while commissions are credited to agents' account after due deduction of charges which is shared between stakeholders (Osazevbaru and Yomere 2015). A recent study shows that an agent who drives volumes can earn as high as N200,000 every month (if costs are well-managed) on commissions net of charges (Buchi, 2020). Some agents have however complained that their bank principal slam them with so much charges that their commissions are eroded.

Smart agents who utilize effective sound cash management strategies will benefit of their primary business. For instance, supermarket operators can apply excess cash to replenish stocks, thus turning their outputs into inputs and also reducing their cost of operations.

Stockouts occur when there is not enough cash or float to complete a transaction (Acimovic, Parker, Drake, & Balasubramanian, 2019). When an agent experiences a stockout, she can recover in one of two ways. First, the agent can recover passively by waiting for a Cash-In transaction (CI transaction) if she had experienced a float (cash) stockout. By doing so, the agent receives from the customer the form of currency that had been stocked out. Alternatively, agents can proactively "rebalance" their inventory by switching the allocation of cash and float (Reynolds, 2018). In countries like Tanzania, many mobile money operators pay "float runners" to help agents rebalance. A float runner's job is to travel to the agents regularly, typically in the early part of the day and rebalance with the agents on the spot at their kiosk. A rebalance involves the float runner converting an agent's cash to float or vice versa. When a float runner stops by an agent, the agent decides whether to rebalance or not, and if so, how to also allocate cash and float. In Nigeria however, for security reasons and for the sake of quality, banks remain the most common and preferred source of rebalancing. Surveys reveal that 7 out of 10 agents prefer to rebalance their float from banks which involves extra costs as 4 out of 5 agents report that they incur costs associated with traveling to the banks (EFInA, 2020).

Mamwa, (2014) examined the attitude of consumers towards agency banking by customers of commercial banks that offer agency banking in Kenya. The attitude of consumers towards the use of agency banking in Kenya was assessed by five measures namely: their views on agency banking usefulness, agency banking services, agency banking preference: hall banking and mobile banking preference. The extent of consumers' attitude towards the use of agency banking in Kenya varied

from one bank to another. The study results showed that on overall significance, there was a statistically significant positive relationship between attitude of 32 consumers and agency banking of commercial bank customers because the p-value of all the measures were less than the set value of 0.05 (p – value = 0.000).

Convenience of financial services and products to low income consumers is a measure of how easily consumers have access to financial services and products. Convenience refers to simplicity and speed of access to financial services and products. Batra and Sumanjeet, (2011) observed that bank services are perceived by the rural poor as being inconvenient (with respect to accessibility) and inflexible. Banking services are perceived as being expensive, cumbersome and time consuming. The Alliance for Financial Inclusion (AFI) defines access as being able to use the services and products of formal financial institutions. Other hindrances to accessibility of financial services and products by consumers are the problem of financial capability (defined as people's skills, knowledge and confidence on financial matters) and psychological barriers (such as mainstream products being perceived by poorer consumers as not being for them) (Blake and de Jong, 2008).

The financial services industry sells service and therefore must meet the needs of customers in order to achieve success. Customer preferences explain the rationale behind the choice for certain products and services. Studies on the factors that determine customer preferences help businesses create tailor-made services towards specific customer groups and to develop new service products. They also use these studies to identify why some services succeed more than others. Customer preferences for a service are crucial to the survival of an organization. If consumers generally like a service, it can stay around for years and earn billions. However, if customers do not like the service, it could disappear very quickly if the organization cannot figure out how to solve the problem.

Customer service is a collection of all those things done to improve a customer's experience while customer satisfaction is the overall fulfilment experienced by a customer after service delivery (Harris, 2007). Therefore, it is important to know how customers perceive the products and services offered to them by MMOs or DMBs and the level of satisfaction customers experience. If customers generally like a service of an organization, it can stay around for years and earn billions.

Price refers to the monetary compensation for financial services rendered. This includes both the interests charged on credit, SMS charges, processing fees and other transaction charges. Other costs will be considered under the flexibility and convenience aspects. Blake & de Jong, (2008) noted that expensive financial services hurt individuals, disrupt families and burden society. According to Gonzalez-Vega (1998) the cost of accessing financial services indicates how expensive these products are for the clients, once both interest rates and transaction costs are considered. To a customer, affordability is determined by credit interest rates as well as other financial service transaction charges.

Commercial banks typically have rigid hours of operations and services within the banking halls and other transactions outside of those hours are done using the alternative channels (ATMs, Internet banking, mobile applications). This is at contrast to the services of agents of Mobile Money Operators who are available at most hours of the day including weekends, which makes their services quite flexible and convenient to consumers.

Culture- is the collection of social beliefs, customs, shared norms and values of a group of people, community or a society. Culture is the fundamental reason for a person's desires and behaviour. Human behaviour is mostly learned and every society has a culture which influences customers' preferences for certain financial services Durmaz (2011).

Financial literacy- in most cases low income people do not have full information and knowledge about the financial services offered by MMOs. This can be overcome through different awareness programs including advertisements and campaigns on the financial services of MMOs. Financial services help customers make informed decisions. According to Schaffer & Mohs (2016), financial education is the process through which financial consumers/investors develop their understanding of financial products as well as concepts, and develop skills and knowledge which increase awareness of financial risks and opportunities, to make informed choices, to know redress mechanisms and to take other effective actions to improve their financial well-being and protection.

Financial inclusion is a policy objective of the government deriving from the global financial inclusion drive being driven by the AFI. Through the activities of the AFI, governments' policy makers advance financial inclusion through policies, regulations, enabling environments, and by encouraging/supporting innovative business models. A key ingredient in advancing financial inclusion is Public-private partnerships. Behoves to say, the government is saddled with the leading role of ensuring that appropriate consumer protection regulations are designed to stimulate financial access and the development of the financial sector of a country. Consumer protection regulations are closely related to prudential regulations thus making it imperative that policy objectives on these two fronts be aligned. Consumer protection implies that consumers should be provided with transparency (disclosure of full, simple, and comparable information), alternatives (fair, noncoercive, fair collections, reasonable marketing and selling practices), redress mechanisms (inexpensive and speedy mechanisms to address complaints and resolve disputes), and confidentiality (control over collection of and access to personal information) (AFI, 2010; Rutledge, 2010; World Bank, 2009).

3. METHODOLOGY

This study adopt a descriptive research design that involves administration of questionnaires among adult residents of Abeokuta metropolis with at least one bank account. Information collected include Age of the respondents in ranges (18-25, 26-33, 34-45); education level in ranges (Pry, Junior, Secondary, OND/NCE, BSC/HND, Postgraduate); income level in ranges (≤ N30,000 , N31,000-N50,000, N51,000- N100,000, More than N100,000); and occupation in closed option (salaried, self-employed, retired, other); value of financial transaction in ranges (≤ N5,000.00, ≤ N10,000.00, ≤ N20,000.00, ≤ N50,000.00, ≤ N100,000.00, > N100,000.00); type of operation (deposit, withdrawal) and the preferred mode of executing the transaction (Bank branch, POS, ATM). The data are analysed using frequency counts and percentages. In addition to the descriptive statistics, regression analysis was also conducted in order to answer the third research question. The formulated regression model is as follows:

$$CP_i = \beta_0 + \beta_1 AG_i + \beta_2 IN_i + \beta_3 ED_i + \beta_4 OC_i + \varepsilon_i$$

Where, CPi= Customer preference, (dependent variable) ; β_0= Constant term; βi= Coefficient of the independent variables; AGi= Age; INi= Income; EDi= Education; OCi= Occupation; εi= Error factor; i= 1-386 (number of respondents),

4. RESULTS

4.1 DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

Table 1 provides an overview of the respondents' demographic information. Concerning the gender the data reveals that 55.5 percent of the respondents are male while the remaining are female out of the 387 valid responses within this category. Similarly, the data revealed that out of all the 386 valid responses 12 percent of the respondents' ages is between 18 – 25 years, 30.3 percent of the respondents' ages is between 26 to 33 years, 27.5 percent of the respondents' ages is between 34 – 41 years of age, 19 percent of the respondents are of ages between 42 – 49 years of age and lastly, only 7.8 percent of the respondents are aged above 50 years. This depicts that most of the respondents are young people and should be conversant with the services of agents of mobile money operators.

The respondents' marital status is as presented in Table 1. From the result as presented in the table, one can see that 57 percent of the respondents which is the highest are married, 37.3 percent of the respondents are single while 13 percent of the respondents are divorced. The extent of the impact of marital status on choice of cash based transactions in commercial banks is not documented in literature. The study will later validate when checking for factors influencing household choice of transaction medium.

Table 1. Demographic information

		Frequency	Percent	Valid Percent
Gender	Male	222	55.5	57.4
	Female	164	41.0	42.4
	Total	387	96.8	100.0
Age	18 -25 years	48	12.0	12.4
	26 -33 years	121	30.3	31.3
	34 -41 years	110	27.5	28.5
	42 - 49 years	76	19.0	19.7
	Above 50 years	31	7.8	8.0
	Total	386	96.5	100.0
Marital Status	Married	228	57.0	58.5
	Single	149	37.3	38.2
	Divorced	13	13.3	13.3
	Total	390	97.5	100.0
Level of Education	None	2	.5	.5
	Primary	3	.8	.8
	Junior	1	.3	.3
	Secondary	59	14.8	15.1
	OND/NCE	94	23.5	24.1
	NHD/BSC	185	46.3	47.4
	Postgraduate	46	11.5	11.8
	Total	390	97.5	100.0
Occupation	Salaried	283	50.8	73.1
	Self Employed	91	42.8	23.5
	Retired	4	1.0	1.0
	Other	8	2.0	2.1
	Total	387	96.8	100.0
Income	less than 30,000	67	16.8	17.4
	N31000 -N50000	94	23.5	24.4
	N51000-N100000	127	31.8	32.9
	More than N100000	97	24.3	25.1
	Total	386	96.5	100.0

Source: Authors' Computation

Furthermore, the data as presented in Table 1 reveals the respondents' level of education. The data revealed that less than 1 percent have no formal education, 0.8 percent of the respondents have only primary education, 0.3 percent of the respondents have Junior secondary school as the highest level of education, 14.8 percent have secondary education (SSCE) as the highest level of education. 23.5 percent have OND/NCE as the highest level of education, 46.3 percent which is the highest are respondents with either HND or BSc as their highest level of education. Lastly, of all the respondents, 11.5 percent have postgraduate education which means that more than 50 percent of the respondents have at least BSc/HND education, which signifies that the audience are educated and should be able to understand the questionnaire.

The data as presented in Table 1 also presents the respondents' occupation. Of all the respondents sampled, 50.8 percent of the respondents are salary earners, which is the highest of all

the different categories. 42.8 percent of the respondents are people who are self-employed and lastly, about 1 percent of the respondents are retired. In addition, the data presented in Table 4.1 revealed that only 16.8 percent of the respondents earn a monthly income of less than ₦30,000, about 23.5 percent earn incomes which fall between ₦31,000 and ₦50,000, 31.8 percent which is the highest number of respondents have incomes between ₦51,000 and ₦100,000 while only 24.3 percent earn a monthly incomes of more than ₦100,000 naira monthly. The findings revealed that more than 50 percent of the respondents earns above ₦50,000 monthly which is considered ideal for the analysis.

4.2 CASH AND NON-CASH FINANCIAL TRANSACTIONS

On the share of customers' financial transactions which are cash-based, number of times the respondents used cash and non-cash the various channels for their transactions as well as the resulting share are summarized in Table 2; it was revealed that on average, respondents use cash for the payment of bills like IBEDC, DSTV subscription, among others, more than seven times (7.63) monthly and used non-cash methods more than eleven times (11.69) monthly.

Table 2. Share of Cash-Based in Customers Transactions Frequencies

	Financial Transactions	Cash Based	Non-Cash Based	Share of Cash-Based (%)	Significant difference P-value
1	Payment of bills (IBEDC, DSTV subscription, …)	7.634	11.694	39.497	(0.00002)
2	Purchase of airtime/data	25.531	32.407	44.066	(0.00000)
3	Online shopping	11.53	14.976	43.500	(0.00000)
4	Supermarket/ grocery	19.811	12.87	60.619	(0.00024)
5	Payment for services (hairdo, repairs, …)	22.392	13.087	63.113	0.46591
6	Payments to friends and families (debt, gift, donation, tithe, etc)	15.68	19.419	44.674	(0.00000)
7	Receipts of salary/receipts from customers/clients	11.226	13.014	46.312	(0.00112)
8	Investment income	10.443	13.379	43.838	(0.49983)
9	Fast food/ restaurants	12.408	17.975	40.839	(0.00000)
10	Petrol Station	14.78	17.332	46.027	(0.00000)
	Total	151.435	166.153	47.683S	(0.03530)

Source: Authors' Computation

They used cash for airtime purchase more than twenty five times (25.53), online shopping shopping more than eleven times (11.53), supermarket/grocery more than nineteen times (19.81), services more than twenty two times (22.39) and payments to friends and families more than fifteen times (15.68). Furthermore, respondents used cash to receive payments more than eleven times (11.23), investment income more than eleven times (11.23), pay at restaurants more than twelve times (12.41) and pay at petrol stations more than fourteen times (14.78).

The data presented in Table 2 also shows that respondents used cash to pay bills 39.5 percent of the time, purchase airtime 44 percent of the time, pay for online shopping 43.5 percent of the time, pay at supermarkets 60.6 percent of the time, pay for services 63.1 percent of the time (which is the highest), and to pay family and friends 44.7 percent of the time. In addition, cash was used to receive salaries 46.3 percent of the time, receive investment income 43.8 percent of the time, pay at restaurants 40.8 percent of the time and pay at petrol stations 46.0 percent of the time.

Furthermore, the data presented in the last column shows T-tests significant differences between the number of times respondents used cash to carry out their transactions and the number of times they did not use cash. Table 4.3 reveals that there is statistical significance between the number of times cash was used to settle bills and when non-cash channels were used with a P-value of 0.00002. The Table also showed statistical significance between when Cash and non-cash channels

were used to purchase airtime/data, shop online and shop at Supermarkets with P-values of 0.0000, 0.0000 and 0.00024 respectively.

By contrast to the general trend, there was statistical insignificance in the number of times cash-based channels and non-cash based channels were used to pay for services like mechanical repairs and receive investment income with a P-Values of 0.46591 and 0.49983 respectively.

The general trend however continued with statistical significance in the number of times cash-based channels and non-cash based channels were used to pay family/friends and receipt of salary with P-values of 0.00000 and 0.00112 respectively. In addition, it showed statistical significance in the number of times cash-based channels and non-cash based channels were used to pay for fast food and at petrol stations with P-values of 0.00000 and 0.00000 respectively.

The data as presented in Table 3 presents the volume of cash-based and non-cash transactions respondents conducted within a month. It revealed that cash payment for bills like IBEDC, DSTV formed 48.36 percent, purchase of airtime formed 37.97 percent, online shopping formed 39.66 percent, supermarket formed 40.78 percent and payment for services formed 27.63 percent of total financial transactions. The table further showed that cash payments to family and friends formed 38.26 percent, receipt of salaries formed 74.89 percent, receipt of investment income formed 46.84 percent, receipt of investment income formed 44 percent and payments at petrol station formed 35.16 percent of total financial transactions.

Table 3. Share of Cash-Based in Customers Transactions Amount

	Financial Transactions	**Cash Based (₦)**	**Non-Cash Based (₦)**	**Share of Cash-Based (%)**	**Significant difference P-value**
1	Payment of bills (IBEDC, DSTV subscription, …)	36,762.32	39,261.72	48.36	(0.00314)
2	Purchase of airtime/data	16,871.67	27,636.71	37.97	(0.00000)
3	Online shopping	37,465.62	57,019.11	39.66	(0.00000)
4	Supermarket/ grocery	43,015.19	62,470.37	40.78	(0.00000)
5	Payment for services (hairdo, repairs, …)	20,919.08	54,789.37	27.63	(0.00011)
6	Payments to friends and families (debt, gift, donation, tithe, etc)	65,957.93	106,434.6	38.26	(0.00000)
7	Receipts of salary/receipts from customers/clients	983,547.2	329,776.4	74.89	(0.16593)
8	Investment income	167,133.8	189,711.4	46.84	(0.00410)
9	Fast food/ restaurants	38,561.96	49,081.09	44.00	(0.04094)
10	Petrol Station	28,788.56	53,094.51	35.16	(0.00010)
	Total	36,762.32	39,261.72	48.36	(0.21)

The last column of Table 3 shows the significant differences between the amounts of cash respondents used to consummate their transactions and amounts involved when they did not use cash, based on T-tests conducted. It reveals that there is statistical significance in the amounts used when cash-based channels and non-cash channels were used to settle bills with a P-value of 0.00314 in favour of non-cash channel. The same trend when purchasing airtime, shopping online and buying groceries with the same P-values of 0.00000, 0.00000 and 0.00000 respectively in favour of non-cash channels. In addition, it showed that there was statistical significance in the value of transactions when cash-based channels and non-cash channels were used to pay for services and to pay friends with P-values of 0.00011 and 0.00000 respectively in favour of non-cash channels as well.

It however revealed that there was statistical insignificance in the value of transactions consummated when using cash-based channels and non-cash based channels when receiving income with a P-value of 0.16593 in favour of cash-based channel. This was followed by statistical significance when receiving investment income, paying at restaurants and payments at Petrol stations with P-values of 0.00410, 0.04094 and 0.00010 respectively in favour of non-cash channels.

4.3 CHANNELS PREFERENCES

The data as presented in Table 4 presents and analyzes the respondents' channel preference for withdrawals of cash for financial transaction. The data revealed that 50 percent of the respondents favour the use of POS (from agents of MMOs) to withdraw cash less than ₦5,000, 39. 1 percent favour the use of ATMs for withdrawing cash less than ₦5,000 while only 8.1 percent, the least, prefer bank branches. Similarly, the data revealed that for cash less than ₦10, 000 but above ₦5,000 most people prefer ATM with 51.7 percent indicating they use ATM for such withdrawals and as small as 7.8 percent said they would go to the bank branch. Again, 61.8 percent of the respondents said they would go to the bank branch to withdraw money above N100, 000, 27 percent favours ATM while as low as 6.3 percent said they would use POS. The implication is that most people prefers using POS and ATM for withdrawing small amount and switch preference as the volume of the money increases possibly because of bank charges and security.

Table 4. Respondents Withdrawal Channels Preferences

	Size of Transactions	Bank branch	POS	ATM
1	≤ ₦5,000.00	8.1%	50.0%	39.1%
2	≤ ₦10,000.00	7.5%	38.3%	51.7%
3	≤ ₦20,000.00	10.3%	22.3%	65.0%
4	≤ ₦50,000.00	32.5%	8.0%	56.3%
5	≤ ₦100,000.00	47.8%	7.2%	40.5%
6	> ₦100,000.00	61.8%	6.3%	27.5%

Source: Authors' Computation

The result as in Table 5 revealed that most people would prefer to use POS when depositing money less than ₦5000 with 49.8 percent favouring this channel. This same is applicable for those depositing less than ₦10,000. The findings also revealed that those depositing above ₦100, 000 prefers going to the bank branch as about 74 percent of the respondents tipped it as their choice option for depositing. We can draw similar conclusion from the findings that the higher the amount the household want to deposit the more likely they will opt for bank branch and the lower the amount they want to deposit the more likely they will opt for POS.

Table 5. Respondents Deposit Channels Preferences

	Size of Transactions	Bank branch	POS	ATM
1	≤ ₦5,000.00	25.3%	49.8%	21.8%
2	≤ ₦10,000.00	27.0%	45.3%	24.0%
3	≤ ₦20,000.00	36.0%	28.3%	31.8%
4	≤ ₦50,000.00	58.0%	11.8%	26.2%
5	≤ ₦100,000.00	68.8%	8.0%	19.3%
6	> ₦100,000.00	74.0%	7.8%	14.0%

Source: Authors' Computation

4.4 FACTORS AFFECTING CUSTOMERS' PREFERENCES FOR CASH-BASED TRANSACTIONS

The study employed regression model to analyze factors influencing customers' preferences for cash based transaction in commercial bank branches. The data revealed that factors such as respondents' age, respondents' level of education, and respondents' level of income have positive significant impact on customer preference for cash based transaction in the commercial bank branches. For instance, the data in Table 6, revealed that all the variables except for occupation have positive significant impact on the cash based preference at 5 percent level of significance since their

respective p-value is less than 0.05. The R Square value of 0.6655 shows that 66.55% of the total variation in Cash preference is explained by Income, Age, Occupation and Level of Education. Unit changes in Age, Income, and level of Education will result in 0.129, 0.081 and 0.048 increase in Cash preference of consumers.

Table 6. Factors Affecting Cash-Based Transactions Frequencies

Dep Var: Cash preference	Unstandardized Coefficients	Standardized Coefficients	Std. Error	t-value	p-value
(Constant)	2.693		.248	10.857	.000
Age	.129	.015	.033	3.913	.010
Education	.048	.071	.021	2.285	.036
Occupation	.225	.065	.126	1.785	.062
Income	.081	.127	.030	2.703	.013
Sum of Squares- Regression: 2.064 (df=4) Sum of Squares- Residual: 160.296 (df=359) Sum of Squares- Total: 162.360 (df=363) Mean Square- Regression: 7.222 Mean Square- Residual: 0.447			Std. Error of the Estimate: 0.668 Adjusted R Square: 0. 64 R Square: 0.67 F-Value: 16.155 F-Sig.: 0.000		

Source: Authors' Computation

4.5 IMPLICATION OF FINDINGS

This Study confirms that most financial transactions of consumers in Abeokuta metropolis are cash-based and this influences the channel preference of customers. The extent to which customers use the cash-based services of commercial banks or agents of Mobile Money operators is influenced by the value of the transaction. Also, demographic factors such as age, income and educational level affect the preference of consumers for the cash-based services of agents of MMOs of commercial banks in the metropolis.

The implication of all these findings is that MMOs now compete with commercial banks for currency-in-circulation in Abeokuta metropolis and cash availability at branches of commercial banks may be affected by the activities of MMOs.

5. CONCLUSION AND RECOMMENDATIONS

The study concludes that customers prefer to use the cash services of MMOs for small value day-to-day economic activities in Abeokuta metropolis and the choices of channel is determined by the age, income and level of education. Based on the result that customers prefer to conduct small value transactions with POS albeit multiple times, the study concludes that MMOs would be in possession of frequent huge volumes of cash which may be eroding the cash liquidity of branches of Deposit Money banks. The study recommends that measures should be taken by Deposit Money Banks to provide flexible, convenient financial services to Customers who are in the active productive population of the nation. Also, the CBN also needs to consider the activities of MMOs while taking monetary policy decisions in tackling inflationary pressure and maintaining a sound financial system.

REFERENCES

1. Abelson, Robert, & Ariel Levi (1985). "Decision Making and Decision Theory." InG. Lindzey and E. Aronson (eds.), The Handbook of Social Psychology1:231–309. New York: Random House.
2. Ambelu, W (2019): Factors Affecting Customers Preference on Financial Services of Micro financial Institutions in Bishoftu Town

3. Andersson-Manjang Simon K. & Naghavi Nika (2021) GSM Association State of the Industry Report on Mobile Money 2021
4. Andrianaivo M., Kpodar K.(2011): ICT, Financial Inclusion, and Growth: Evidence from African Countries. International Monetary Fund, Working Paper.2011
5. Atanda, O. & Eze, F. (Nov., 2025). *The CBN agent banking guidelines 2025: Key innovations and regulatory implications*. https://tnp.com.ng/the-cbn-agent-banking-guidelines-2025-key-innovations-and-regulatory-implications/
6. Buchi (2020) Kobotalk.com: "Agent Banking in Nigeria: All You Need to Know and How to Start It" https://kobotalk.com/agent-banking-in-nigeria-all-you-need-to-know-and-how-to-start-it/
7. CBN (2025). *Guidelines for the operations of agent banking in Nigeria*. Central Bank of Nigeria. https://www.cbn.gov.ng
8. Central Bank of Nigeria (2016): Guidelines on Mobile Money Services in Nigeria.2015c; Retrieved 11 April 2022.
9. Creswell, J. W. (2009). *Research design: Qualitative, quantitative, and mixed methods approaches*. (3rd ed.). Thousand Oaks, CA: Sage Publications.
10. Czepiel, J. A., & Gilmore, K. (1987). Exploring the Concept of Loyalty in Services. Chicago: American Marketing Association.
11. Duncombe, R. & Boateng, R. (2009): Mobile Phones and Financial Services in Developing Countries: A Review of Concepts, Methods, Issues, Evidence and Future Research Directions, Third World Quarterly, 30 (7): 1237-1258.
12. Durmaz, Yakup & Mücahit, Dr & Reyhan, Oruc. (2011). The Impact of Cultural Factors on the Consumer Buying Behaviors Examined through An Impirical Study. International Journal of Business and Social Science. 2.
13. Hawkins, D.I., & Mothersbaugh, D.L. (2010): *Consumer behaviour: Building marketing strategy*. Boston: McGraw-Hill Irwin.
14. Lake, A.J (2013), Risk management in Mobile Money: Observed Risks and Proposed Mitigants for Mobile Money Operators
15. Lal R., Roth S., & Sachdev I., (2015): Mobile Money Services: Design and development for Financial inclusion, Harvard Business School Working Paper 15-083
16. Kamukama N., Tumwine S. (2012): Mobile Money Services: A Liquidity Threat To Uganda's Commercial Banks. African Journal of Accounting, Economics, Finance and Banking Research Vol. 8.No. 8, 2012.
17. Kumar, R. (2014). Impact of Demographic Factors on Consumer Behaviour - A Consumer Behaviour Survey in Himachal Pradesh. *Global Journal of Enterprise Information System, 6*, 35-47.
18. Lichtenstein, Sarah & Slovic, Paul (eds.) (2006). *The Construction of Preference*. Cambridge University Press.
19. McKay C., Pickens M.: Branchless Banking (2010): Who's Served? At What Price? What's Next? Washington, D.C.: CGAP.2010.
20. Nassaji, H. (2015). Qualitative and descriptive research: Data type versus data analysis. *Language Teaching Research*, *19*(2), 129–132. https://doi.org/10.1177/1362168815572747
21. Nigerian Deposit Insurance Corporation (2016) NDIC guidelines on mobile payment system http://ndic.gov.ng/ndic-releases-deposit-insurance-guidelineson-mobile-payments- system.
22. Nwachukwu, I. (2022, April 26) Airtel confirms super-agent full licence approval by CBN Rarest tiger skin a rugged survivor. Businessday. Retrieved from https://businessday.ng/
23. Orekoya, S. (2017). Mobile money and monetary policy in Nigeria. *NIDC Quarterly*, 32(34), 20–34. http://demo.ndic.gov.ng/wp-content/uploads/2020/08/NDIC-

Quarterly-Vol.-32-Nos- 34-2017-Article-Mobile-Money-and-Monetary-Policy-in-Nigeria

24. Osazevbaru, H. O and Yomere, G. O (2015) Benefits and Challenges of Nigeria's Cash-Less Policy Kuwait Chapter of Arabian Journal of Business and Management Review Vol. 4, No.9; May. 2015
25. Reynolds, T. (2018) Mobile money and branchless banking regulations affecting cash-in, cash- out networks in low- and middle-income countries. Innovations: Technology, Governance, Globalization. 6(4):117–123.
26. Rutledge, Susan. (2010). Consumer Protection and Financial Literacy: Lessons from Nine Country Studies. The World Bank, Policy Research Working Paper Series.
27. Sureshchandar, G., Rajendran, C. & Anantharaman, R. (2002a). Determinants of customer- perceived service quality: a confirmatory factor analysis approach, Journal of Services Marketing, 16 (1), pp. 9-34
28. The Africa Report 2020, "Africa: over 500 million mobile-money users expected in 2020", para. 3 https://www.theafricareport.com/25846/africa-over-500-million-mobile-money-users- expected-in-2020/
29. World Bank Group 2020. Data on Automated teller machines (ATMs) (per 100,000 adults) - Nigeria