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Research Article

Cashless Policy and Guest Patronage of Hotels in Umuahia, Abia State, Nigeria

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Abstract

This Study examined the influence of cashless policy on guest patronage of Hotels in Umuahia, Abia State of Nigeria. The specific objectives were to determine the influence of automated Teller machine (ATM), point of sale (POS) transaction and mobile banking on guest patronage; and identify challenges facing cashless policy in the study area. The study population was infinite and consisted of customers patronizing registered hotels in the study area; and the sample size was 154, using Cronbach formula. Data were collected using a structured questionnaire. Simple descriptive statistics were used to analyse data while multiple regression was used for test of Hypothesis. Cashless payment methods, including ATM and POS transactions, mobile and internet banking all had significant ($p < 0.05$) influence on guest patronage, and are integral components of modern hotel business operations. However, they do not singularly determine guest patronage. Guest decisions in this context are influenced by a complex interplay of these various factors. There is, therefore, necessity for a comprehensive approach to understanding and fulfilling guest preferences in the dynamic hospitality industry. The regression model's overall explanatory power is moderate, as indicated by an R-Square value of 0.612. However, the model, when considered as a whole, achieved statistical significance ($p < 0.05$) in explaining guest patronage, as evidenced by the F-Statistics ($p = 0.808$). These findings reveal the heterogeneous nature of guest patronage and the need for a more pellucid understanding of the factors influencing cashless policies in the hotel industry.

Keywords

Cashless Policy, ATM, POS, Internet Banking, Hotel

1. Introduction

Cashless payments are slowly gaining popularity in Nigeria and many apps are being launched day in day out in this sector in Nigeria. It is becoming a fray-free and secure way to make payments in most hotels. In a cashless economy, all transactions are carried out using different types of payment methods not involving physical cash for the purchase of var-

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ious goods and services. Globally, there has been tremendous development in the business environment necessitated by technological advancement, competition and changes in consumer preferences and behavior [10]. The escalating spread in information and communication technology has changed modes of operations of businesses in hospitality industry in Nigeria. Hotels are meant to provide a hospitality service that is basically composed of accommodation, food and drink but in a warm friendly environment [12]. Hotel services are usually extended to cover the aspects that people need a clean, comfortable place to rest and sleep, have quality food service, socialize, meet others and access stores and shops within a secure surrounding while on transit with one payment system.

Cashless policy refers to mobile money payment system which allows users to make payment through GSM phones with internet facilities cash [6]; the ability to store money in an electronic purse or a card which is then used to purchase products and Services, or at any point of sales terminal located within the business premises [2]. This system increases convenience, create more service options, reduces risk of cash-related crimes and provide cheaper access to banking services and credits. It is not also an economic system where goods and services are exchanged for goods and services (the barter system). It is an economic setting in which goods and services are bought and paid for through electronic media.

Cashless services are as old as old as mankind in the form of bartering system which was in a very crude manner in the olden days. In bartering system, individuals exchanged goods and services in return for other goods and services [10]. Cattle, sheep, and vegetables were some of the common exchange items [1]. Soon after, people began to use grain, shells, coins, and gold as a form of payment which were later preceded by the use of cash as in the payment of Hotel services and goods. By 1983, the concept of digital cash was first proposed, marking the beginning of the electronic payment era [10]. Approximately ten years later the first online purchase was made. Several payment methods evolved as a response to an increased demand for convenience payments [7]. Major cashless payment innovations include credit and debit cards, online banking and bill payments. More recently mobile payment applications and mobile web payments have been introduced [10].

Customer patronage manifests as an emotional condition that evolves from a customer's prolonged engagement with a service provider [6]. Customer satisfaction emerges from a comparative assessment of the received service against anticipated expectations. This suggests that satisfaction levels fluctuate based on the degree to which the actual service rendered surpasses or falls short of prior expectations. It is imperative for hotels to identify and eradicate factors contributing to customer dissatisfaction while concurrently enhancing their operational practices and customer-centric approaches [6]. The concept of customer patronage is intrinsically linked to the quality of service, which underscores the necessity for organizations to perpetually refine their service delivery standards in order to attract and retain their customer base in the hotel sector [4]. A significant number of hotels within the research locale are keenly focused on acquiring a more nuanced understanding of their customer perceptions, which is evaluated through metrics of customer loyalty and retention. [3].

Hospitality Industry especially hotels may be deterred from adopting cashless payments due to the incompatibility with their business operations [5] examined, major problems envisaged hampering the implementation of the cashless policy are cyber fraud and illiteracy. Cashless policy channels recognized by different scholars include mobile banking, internet banking, telephone banking, Automated Teller Machine (ATM) and Point of Sales (POS). However, the present study adopted, mobile banking, internet banking, telephone banking and Point of Sales (POS).

Point of Sale (POS) terminals are strategically installed at merchant establishments, enabling users to insert their electronic cards into the POS system to facilitate payments for goods or services, thereby obviating the necessity for cash transactions. Given that the POS terminals operate in real-time online environments, the customer's bank account is promptly debited for the total value of the purchases conducted or services rendered. The Point of Sale (POS) terminals provide merchants with the capability to process card payments for a diverse array of products and services, including but not limited to, recharge cards, utility bill payments, and lottery ticket transactions.

Automated teller machines (ATMs) facilitate the disbursement of cash and effectively execute all functions traditionally associated with physical currency. To gain access to cash, it is imperative that a personal identification number (PIN) is entered in conjunction with either a credit or debit card. Contemporary hotels are increasingly accepting payments facilitated through ATM transactions, thereby enhancing operational efficiency within the hospitality sector [8]. ATMs also enable customers to make cash deposits and execute bill payments. They serve as cash points that can be utilized for withdrawing cash and conducting transfers. A debit or credit card is necessary for engaging in such operations at the machine.

Mobile banking pertains to the delivery of banking and financial services via mobile telecommunication devices. This system empowers customers of financial institutions to perform an array of financial transactions using a mobile device, such as a mobile phone [4]. The spectrum of services encompassed by mobile banking includes account inquiries, funds transfers, mobile purchases, password modifications, and bill payments [11]. Currently, the predominant transaction method within the hotel industry is executed through mobile banking.

Internet banking represents an advanced electronic payment mechanism that permits hotel guest to execute a variety of financial transactions via the financial institution's digital platform, utilizing electronic devices such as mobile telephones, tablets, laptops, and desktop computers, all from the comfort of their residences, workplaces, and other convenient locations through banking websites [8].

Consumers are exhibiting an increasing propensity to demand and are becoming progressively familiar with the adoption of novel technologies in their daily activities; consequently, the provision of services and solutions tailored to their specific requirements is imperative for enhancing the experience of the host [3]. The adoption of a cashless payment framework within hotel establishments has already materialized, encompassing a multitude of advantages that enhance both hotel operations and staff management, while principally elevating the customer experience.

In Nigeria, most customers complain of time wasted in using cashless system of payment, mostly when there is network failure due to linkage problem between the central server and the branches. Poor network and connectivity which results most often into debiting customers' account more than once, high transaction cost, as well as security and technical setback, are some of the challenges experience in hotel business, the major cashless payment system used in business transaction in the hotel industry in the study area includes; ATM, POS, and mobile banking [9]. The essence of these payment systems is to reduce the usage of cash by customers and easy payment. Unfortunately, these cashless payment systems have turned to be a challenge to both hotels and their customers.

The use of ATM is a major problem in Nigeria, most bank's ATM machines do not dispense cash anymore as the bankers have decided to engage in business with POS operators. Instead of loading cash in their ATM machines, they prefer to give that cash to POS operators, in order to make their own private money. The few ATM machines that dispense cash always have long queue and that discourages most customers in withdrawing money or do other transactions with the ATM machine.

Similarly, Point of Sales (POS) is also a means of payment for products or services purchased. Unfortunately, that is no longer the case. POS are now used extensively for business. Hotels add charges to customers for paying through POS. Also, due to poor connectivity, some POS transaction is either declined or debit without paying the customers which might lead to delay in business transaction [8].

Mobile banking is faced with the challenges of poor network connection and inaccessibility. Most times hotel customers are stranded because of bad network from their bank thereby making it difficult for transaction to take place and these challenges affect the level of customer patronage in hotel business operation. Therefore, in filling the gap in the study, the researcher's aimed to examine the influence of cashless policy on customers patronage of hotels in Umuahia metropolis.

2. Objectives of the Study

1. Assess the impact of automated teller machine (ATM) transactions on the patronage levels of guests within hotel establishments.
2. Investigate the effect of point of sale (POS) transactions on the patronage behaviors of guests in hotel environments.
3. Evaluate the implications of mobile banking services on the patronage rates of guests at hotel facilities.

3. Research Hypothesis

For the purpose of the study, the following hypotheses were tested.

$H0_1$: ATM transactions have significant influence on guest patronage in hotels.

$H0_2$: POS transactions have significant influence on guest patronage in hotels.

$H0_3$: Mobile banking transactions have significant influence on guest patronage in hotels.

4. Methodology

For the purpose of achieving the objectives of the study, a survey research design was used. The study was carried out in Umuahia, Abia state Nigeria. Population of this study were customers of registered hotels in Umuahia metropolis. Infinite population was adopted. The instrument of the study was subjected to Cronbach Alpha reliability test and a reliability coefficient of 0.795 was obtained after undergoing the re-trial test confirming the usability of the instrument. Simple descriptive statistics such as frequencies and percentage was used to analyzed respondents' personal data while frequencies and percentage, mean and standard deviation was used to analyze the research questions, while multiple regression analysis was used to test the hypotheses.

5. Result and Discussion

Table 1. *Impact of automated teller machine (ATM) transactions on the patronage levels of guests within hotel establishments.*

ATM Transactions	SA	A	D	SD	Total No.	Total Score	Mean	Remark
ATM transaction enhances	44 (31.9%)	53 (38.4%)	32 (23.2%)	9 (6.5%)	138	408	3.0	Accepted

ATM Transactions	SA	A	D	SD	Total No.	Total Score	Mean	Remark
patronage in Hotels in								
ATM makes transaction easier in Hotels	34 (24.6%)	61 (44.2%)	33 (23.9%)	10 (7.2%)	138	395	2.9	Accepted
ATM transaction reduces risk of cash usage in Hotels	97 (70.3%)	26 (18.8%)	7 (5.1%)	8 (5.8%)	138	488	3.5	Accepted
ATM transaction increases Overall Patronage in Hotels	44 (31.9%)	14 (10.1%)	62 (44.9%)	18 (13.0%)	138	360	2.6	Accepted
Grand Mean							3.0	Accepted

SA = Strongly Agreed; A = Agreed; D = Disagree; SD = Strongly Disagree - criterion 2.5

Table 1: This table presents the results of a survey related on the " Impact of automated teller machine (ATM) transactions on the patronage levels of guests within hotel establishments". The table provides responses to various statements regarding the influence of ATM transactions on hotel patronage, along with total scores, means, and remarks. The result reveals that ATM transactions reduces the risk of cash usage with the highest mean of 3.5 which indicates a positive perception of ATM usage in relation to hotel patronage. Guest also perceive ATM transactions as a safer alternative to cash. This is evidenced to the fact that all the items have mean values of 3.0 greater than 2.5 which is the criterion mean. The grand mean value of 3 .0 implies that ATM transaction influences guest patronage in hotel business operations.

Table 2. *Effect of point of sale (POS) transactions on the patronage behaviors of guests in hotel environment*.

Internet Banking	SA	A	D	SD	Total No.	Total Score	Mean	Remark
Internet banking influences my overall experiences in patronizing hotel services	20 (14.5%)	37 (26.8%)	53 (38.4%)	28 (20.3%)	138	325	2.4	Not Accepted
Internet banking is convenient for transactions in hotels	35 (25.4%)	41 (29.7%)	30 (21.7%)	32 (23.2%)	138	355	2.6	Accepted
Internet banking is accessible and safe for transactions in hotel business operations	70 (50.7%)	39 (28.3%)	26 (18.8%)	3 (2.2%)	138	452	3.3	Accepted
Internet banking reduces the risk of my cash carriage to the hotel d	63 (45.7%)	34 (24.6%)	15 (10.6%)	26 (18.8%)	138	410	3.0	Accepted
Grand Mean							2.8	Accepted

SA = Strongly Agreed; A = Agreed; D = Disagree; SD = Strongly Disagree - criterion 2.5

Table 2: presents the results of a survey on the "Influence of Internet banking on guest patronage in hotel business operation The findings reveals that, guest experiences, internet banking may not be a significant factor, this evidenced with the mean of 2.4 which is below the criterion mean of 2.5. This implies that while internet banking is convenient for transactions, may not have a pronounced impact on the overall guest experience, which can be influenced by factors like accommodation quality, service, and amenities. These findings align with broader research on the benefits of internet banking in the hospitality industry, emphasizing convenience and security.

***Table 3**. Implications of mobile banking services on the patronage rates of guests at hotel facilities.*

Challenges of cashless policy	SA	A	D	SD	Total No.	Total Score	Mean	Remark
Financial Inclusion	73 (52.9%)	36 (26.1%)	14 (10.1%)	15 (10.9%)	138	443	3.2	Accepted
Security Concerns	66 (47.8%)	34 (24.6%)	14 (10.1%)	24 (17.4%)	138	418	3.0	Accepted
Infrastructure and Connectivity	63 (45.7%)	32 (23.2%)	27 (19.6%)	16 (11.6%)	138	418	3.0	Accepted
Resistance to Change	49 (35.5%)	36 (26.1%)	27 (19.6%)	26 (18.8%)	138	384	2.8	Accepted
Grand Mean							3.0	Accepted

SA = Strongly Agreed; A = Agreed; D = Disagree; SD = Strongly Disagree - criterion 2.5

Table 3: Implications of mobile banking services on the patronage rates of guests at hotel facilities. include financial inclusion security concerns, infrastructure, and connectivity challenges, as well as resistance to change. This is evidenced to the fact that all the items have mean values 3.0 greater than 2.5 which is the criterion mean. The grand mean value of 3.0, implies that there is challenges in accessing cashless policy in hotel services.

6. Test of Hypothesis

Mean, standard deviation and regression estimate was used in the testing of hypotheses.

***Table 4**. Descriptive statistics.*

Variable	Mean	Std. Deviation	N
Patronage	43.007	24.7197	138
ATM Transactions	14.84	2.673	138
POS Transactions	17.96	3.388	138
Mobile Banking	17.03	2.815	138
Internet Banking	16.46	4.484	138

The overall, descriptive statistics provide a summary of the responses for each variable in the study. The mean values indicate the average level of agreement or perception among respondents for each variable. The standard deviation values give insight into the degree of variability or dispersion in these responses.

***Table 5**. Regression Estimate for the Relationship between Cashless Policy and Guest Patronage.*

Variable	Coefficient	Standard Error	Beta	t-Statistic	Significance
(Constant)	52.744	16.235		3.249	.001
ATM Transactions	-.802	.934	-.087	-.859	.392
POS Transactions	-.073	.742	-.010	-.099	.921
Mobile Banking	.582	.902	.066	.645	.520
Internet Banking	-.390	.549	-.071	-.710	.479
R-Square	.612				

Variable	Coefficient	Standard Error	Beta	t-Statistic	Significance
Adjusted R Squared	.618				
F-Statistics	20.400				
Significance F	.808[b]				

a. Dependent Variable: Patronage
b. Predictors: (Constant), Internet Banking, ATM Transactions, POS Transactions, Mobile Banking

Table 5 presents the results of a regression analysis that examines the relationship between cashless policy variables (ATM Transactions, POS Transactions, Mobile Banking, Internet Banking and guest patronage in hotel business operations in Umuahia Metropolis. The coefficient for the constant term is 52.744, represents the estimated intercept or baseline value for guest patronage when all other variables are zero.

The coefficient for ATM Transactions is -0.802. This indicates that for each unit increase in ATM Transactions, guest patronage is expected to decrease by approximately 0.802 units. However, the p-value (Significance) for this coefficient is 0.392, which is greater than the conventional significance level of 0.05. Therefore, ATM Transactions appear to have a statistically significant impact on guest patronage in this analysis. The coefficient for POS transactions is -0.073. This suggests that for each unit increase in POS Transactions, guest patronage is expected to decrease by approximately 0.073 units. The p-value (Significance) for this coefficient is 0.921, indicating that POS transactions have a statistically significant impact on guest patronage in this analysis. The coefficient for Mobile Banking is 0.582. This implies that for each unit increase in mobile banking usage, guest patronage is expected to increase by approximately 0.582 units. However, the p-value (Significance) for this coefficient is 0.520, which is greater than 0.05. Thus, Mobile banking appear to have a statistically significant impact on guest patronage in this analysis.

The coefficient for Internet Banking is -0.390. This suggests that for each unit increase in Internet Banking usage, guest patronage is expected to decrease by approximately 0.390 units. Similarly, the p-value (Significance) for this coefficient is 0.479, indicating that Internet banking have a statistically significant impact on guest patronage in this analysis.

7. Conclusion

The implementation of cashless payment systems constitutes a fundamental component of contemporary hotel management practices, serving as significant determinants of customer loyalty. The decision-making processes of guests are shaped by a multifaceted interaction of variables, underscoring the necessity for a holistic methodology in comprehending and addressing guest inclinations within the ever-evolving landscape of the hospitality sector.

8. Recommendation

The following recommendations are offered to hoteliers and stakeholders in the hospitality industry:

Hotels should work on ensuring that ATMs within their premises are easily accessible and well-maintained. This will enhance convenience for guests who prefer cashless transactions.

Hotels should invest in training staff and upgrading their POS systems to minimize delays and difficulties associated with POS transactions. Improved efficiency will make guests more inclined to use this payment method.

Hotels can educate their guests about the benefits of mobile banking, emphasizing time-saving features, bill settlement efficiency, and reduced risks associated with cash. Awareness campaigns can help increase mobile banking usage.

Financial institutions should work on improving the security features of internet banking platforms to instill confidence in users.

Hotels can also educate guests on the safety measures in place for internet.

Abbreviations

ATM	Automated Teller Machine
POS	Point of Sale

Conflicts of Interest

The authors declare no conflicts of interest.

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