RETAILERS' CULTURE AND ATTITUDINAL DISPOSITION OF GRASSROOT TRADERS TOWARDS ADOPTION OF E-NAIRA IN MUSHIN MUNICIPAL, LAGOS STATE

By

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Abstract
The adoption of digital financial technologies across the world has changed the narrative with respect to how business transactions are made. This made the Central Bank of Nigeria to initiate e-Naira and this represents a landmark step toward financial inclusion and digital payment adoption in Nigeria. This study therefore examined retailers' culture and attitudinal barriers towards the use of e-Naira among selected retailers in Mushin Municipal, Lagos. The study adopted a cross sectional survey research design. Data was collected through a structured questionnaire administered to 77 retailers drawn from selected small and medium enterprises in the Mushin area of Lagos State. Hypotheses were tested using regression analysis via the Statistical Package for the Social Sciences (SPSS). The findings revealed that the e-Naira platform has a significant effect on the day-to-day business operations of retailers. The study further asserted that that retailers remain strongly accustomed to the use of physical cash in conducting business transactions, and that the literacy level of retailers significantly influences their use of eNaira in carrying out business transactions. The study concluded that cultural attachment to cash and low digital literacy constituted the most critical barriers to e-Naira adoption among informal-sector retailers. It thus recommended that the Central Bank of Nigeria and relevant stakeholders develop targeted financial literacy programmes and simplified digital onboarding mechanisms to facilitate broader e-Naira adoption among this demographic.
Keywords:, Attitudinal barriers, digital currency e-Naira, financial inclusion.retailers culture, literacy

1. Introduction

The adoption of digital financial technologies has become a more urgent topic in the modern economic discussion, especially as governments and central banks worldwide are trying to modernize payment systems and expand financial inclusion (Onyeaghala& Anele, 2017). The shift to digital currency is a major opportunity and a major challenge in developing economies where a large portion of the population is still unbanked and relies on cash. One of the most prominent of these transitions is the introduction of the eNaira, the first Central Bank Digital Currency (CBDC) in Africa, by the Central Bank of Nigeria (CBN) on October 25, 2021, as a digital version of the physical Naira that is intended to support peer-to-peer transactions, improve financial inclusion, and lower the cost of managing currency (Abiodun, 2021).
Although the eNaira has a policy ambition, its usage among the economic actors at the grassroots level, especially retail traders, has not been widespread. The retailers working in informal markets, roadside stores, kiosks, and open-air spaces represent a crucial part of the Nigerian commercial ecosystem, but this segment is over represented by low literacy rates, lack of digital exposure, and a high cultural orientation towards physical cash transactions (Ayomide, 2021). These features pose attitudinal and cultural obstacles that can hinder the adoption of digital currency platforms, despite the presence of infrastructure.
Technology has brought about a lot of changes in the payment systems around the world, which have greatly affected retail enterprises (Sorescu, 2011). But in Nigeria, and especially in urban-informal areas with high population density like Mushin in Lagos, there are concerns regarding the reception, access, and use of eNaira by traders with low technological literacy or confidence in digital financial systems (Nwoke, 2021). The skepticism that surrounds internet-related transactions, coupled with the lack of awareness

about the purpose and benefits of eNaira, is likely to derail the CBN goals of growing the digital economy and a cashless society (Dankwambo, 2009).

Although previous studies have investigated the wider use of digital currencies and e-payment systems in Nigeria (Ekong and Ekong, 2022; Obiora et al., 2022), much of this literature has been on macroeconomic performance or urban, formally educated groups. There has been little focus on the particular cultural and attitudinal influences that influence acceptance among small and informal retail traders. Moreover, the literature has not adequately covered the moderating role of literacy levels in the relationship between retailer attitudes and adoption of digital currency, especially in the eNaira setting.

This paper thus aims to analyze the attitudinal and cultural obstacles that retail traders in Mushin, Lagos encounter when using the eNaira platform. In particular, it explores how the eNaira will impact the daily business activities of retailers, how much retailers are still loyal to physical cash payments, and the impact of literacy levels on the desire to use digital currency. In this way, the study will add to the body of knowledge on technology acceptance in informal retail economies and offer practical implications to the CBN and policymakers who want to speed up the adoption of the eNaira by the grassroots.

2. Literature review

eNaira Adoption and Retailer Business Operations

The use of digital currencies has been broadly acknowledged as a decisive factor of financial inclusion, especially in developing economies where significant portions of the population are unbanked and cash-based (Onyeaghala& Anele, 2017). The eNaira, the first Central Bank Digital Currency (CBDC) in Africa, was meant to be a medium of exchange and store of value, which would provide faster, cheaper, and more secure retail transactions than physical cash (Abiodun, 2021). In the informal retail setting, where business activities are still predominantly cash-based, the launch of the eNaira is both a chance to modernise the operations and a threat to the current business practices (Nwoke, 2021).

Theoretically, the Unified Theory of Acceptance and Use of Technology (UTAUT) states that performance expectancy, which is the extent to which a technology is believed to enhance job performance, is a major cause of adoption intention (Venkatesh et al., 2003). Retailers will be more inclined to adopt the eNaira when they believe that it can enhance their daily business activities. In the same vein, the Technology Acceptance Theory suggests that attitude towards a technology is directly influenced by perceived usefulness, which means that retailers who perceive a real operational advantage in the eNaira will form more positive adoption behaviour (Davis, 1989).

Empirical studies support the relationship between digital currency adoption and business operations. Ekong and Ekong (2022) found that digital currency adoption has enhanced financial inclusion in Nigeria, with measurable benefits for business efficiency. Obiora et al. (2022) further demonstrated that the eNaira has a positive and significant relationship with financial performance in Nigeria, suggesting its potential to improve retailer operations when effectively adopted. Chukwuere (2021) also found that the eNaira presents concrete opportunities for business re-engineering, though attitudinal and structural challenges must first be addressed.

However, in informal retail environments characterised by limited digital exposure and low awareness of the e-Naira's capabilities, many traders have yet to experience its operational benefits (Ayomide, 2021). This limited awareness, compounded by skepticism toward internet-based transactions, continues to constrain the platform's impact on grassroots business operations (Dankwambo, 2009). The impact of the eNaira on the daily business activities of the retail traders in the Nigerian context, especially in the informal commercial environment of Mushin, Lagos, has not been adequately studied. Since the informal retail activity in this setting is large, it is anticipated that the adoption of the eNaira platform will have a profound impact on the operations of retailers.

It is therefore hypothesized that:

H1: The eNaira platform will have a significant effect on the day-to-day business operations of retailers.

Cash Dependency Among Retail Traders

Cash dependency is the degree to which retailers use physical money as the main medium of exchange in carrying out business transactions (Dankwambo, 2009). Cash-based trade is so ingrained in the culture

and everyday life of the informal retail sector in developing economies and especially in Nigeria. The fact that small traders continue to use physical cash is not only a sign of habitual behaviour but also a sign of distrust in digital financial infrastructure and lack of access to formal banking services (Taddesse &Kidan, 2005). The UTAUT model identifies social influence and facilitating conditions as key moderators of technology adoption (Venkatesh et al., 2003). Where the prevailing commercial environment normalises cash transactions and peer networks reinforce cash-based practices, individual retailers are unlikely to transition to digital alternatives. The Technology Acceptance Theory further suggests that subjective norms and perceived ease of use shape behavioural intention, implying that retailers deeply accustomed to cash will resist platforms they perceive as unfamiliar or overly complex (Adegbite, Bojuwon& Adegbite, 2019).

Empirical evidence consistently demonstrates the significant entrenchment of cash dependency among informal sector participants. Ogedebe and Babatunde (2012) found that resistance to technological change among grassroots populations is strongly linked to familiarity with existing cash-based payment structures. Taddesse and Kidan (2005) reported that high levels of cash circulation impose significant costs on local economies and impede the transition to electronic payment systems. Dankwambo (2009) further observed that Nigeria lags considerably behind much of the world in reducing the role of physical cash in daily transactions, largely due to deeply ingrained cash dependency in informal commercial settings. Among retail traders in Nigeria, cash dependency is particularly pronounced due to their historical exclusion from formal banking systems and their cultural preference for immediate, tangible forms of exchange (Ayomide, 2021). Many traders perceive electronic payment platforms as unreliable and susceptible to fraud, reinforcing their attachment to physical currency as a safer and more familiar alternative (Nwoke, 2021). The extent to which retailers are still tied to physical cash transactions is likely to be high in the Nigerian context, especially in densely populated urban-informal areas like Mushin, Lagos, which is a major structural obstacle to the adoption of eNaira.

It is therefore hypothesized that:

H2: The extent to which retailers are accustomed to the use of physical cash in running business transactions is high.

Literacy Levels and e-Naira Usage

Literacy, in the context of this study, refers to the educational level of retailers and their capacity to engage with digital platforms, interpret instructional content, and navigate technology-driven payment systems (Ayomide, 2021). Low literacy levels have been widely identified as a critical impediment to the adoption of electronic payment systems, as they restrict individuals' ability to access, understand, and utilise digital financial services (Ogedebe& Babatunde, 2012). In informal retail environments where educational attainment is often limited, literacy constitutes a foundational barrier to digital currency adoption. From a theoretical standpoint, the UTAUT model identifies effort expectancy the perceived ease with which a technology can be used as a significant predictor of adoption intention (Venkatesh et al., 2003). For retailers with low literacy levels, the effort required to operate the eNaira platform is likely perceived as prohibitively high, thereby reducing adoption intention. The Technology Acceptance Theory further posits that perceived ease of use directly influences attitude toward a technology, suggesting that literacy-constrained retailers will develop unfavourable attitudes toward the eNaira due to its perceived complexity (Davis, 1989).

Empirical studies support the significant influence of literacy on digital payment adoption. Ogedebe and Babatunde (2012) established that low literacy rates constitute a serious impediment to e-payment adoption, hindering accessibility to banking services and limiting individuals' capacity to benefit from digital financial systems. Taddesse and Kidan (2005) similarly reported that basic ICT literacy is a prerequisite for citizens to fully benefit from electronic payment systems, alongside conventional reading and writing ability. The CBN has further acknowledged that financial illiteracy may confine eNaira adoption to the educated elite, leaving millions of low-literacy Nigerians unable to effectively engage with the platform (CBN, 2021). Among informal retail traders, literacy levels are particularly variable, with many operators identified as school dropouts or individuals with only basic formal education (Ayomide, 2021). These characteristics directly constrain engagement with digital platforms and reinforce

reliance on traditional cash-based practices. Retailers with higher educational attainment, by contrast, are better positioned to understand the eNaira's functionality and are more likely to adopt the platform willingly. The moderating effect of literacy on the use of eNaira in the Nigerian context and in particular in informal commercial centres like Mushin, Lagos has not been well explored. Since the educational backgrounds of retail traders in this environment are diverse, the level of literacy is likely to have a strong impact on the willingness and capability to make transactions with the eNaira.
It is therefore hypothesized that:
H3: The literacy level of retailers will significantly influence the use of eNaira in carrying out business transactions.

3. Methodology

Research Design

This study adopted a survey research design to examine the attitudinal and cultural barriers of retailers toward the use of the eNaira among selected SMEs in Mushin, Lagos. The design was considered appropriate due to its effectiveness in collecting data reflecting the opinions and views of a defined population, and for testing hypothesised relationships using descriptive and inferential statistical techniques (Singleton & Straits, 2009).

Participants and Procedure for Data Collection

The target population for this study comprised selected retail traders operating within Mushin, Lagos. A convenience sampling technique was employed due to accessibility and time constraints, with 80 questionnaires administered to respondents drawn from selected SMEs in the study area. Out of the 80 questionnaires distributed, 77 were returned and validated, representing a 96.25% response rate, which is considered excellent for analysis and reporting (Singh & Masuku, 2014). Data were collected through a structured questionnaire personally administered by the researcher. The instrument was divided into two sections: the first captured respondents' demographic information, while the second contained items aligned with the study's three objectives. Participation was voluntary, and respondents were assured of confidentiality prior to enrolment. Data collection was conducted during the 2023 academic research period following approval by the Department's Project Committee.

Measures

eNaira and Business Operations: The effect of the eNaira on retailers' day-to-day business operations was measured using items that assessed respondents' perceptions of how the digital currency platform influences transactional efficiency, operational convenience, and business performance.
Cash Dependency: The extent of retailers' accustomedness to physical cash was measured using items that captured habitual cash usage, preference for physical currency over digital alternatives, and resistance to transitioning to electronic payment systems.
Literacy Level: Retailer literacy was assessed through items examining respondents' educational background and its influence on their awareness, comprehension, and willingness to use the e-Naira platform for business transactions.
The research instrument demonstrated acceptable reliability, with a coefficient value of 0.68, falling within the reasonable reliability range of 0.67 to 0.87 as recommended by Taber (2017). Validity of the instrument was established through review by the project supervisor, who examined the relevance and logical coherence of the questionnaire items in relation to the study objectives.

Scale Measurement

All variables were measured using a 5-point Likert scale ranging from strongly disagree (1) to strongly agree (5). Data generated from the questionnaire were processed using SPSS Version 23, with univariate analysis employing frequency counts and percentages for descriptive statistics, and simple linear regression adopted for hypothesis testing.

4. Results

Demographic Profile of Respondents

Of the 80 questionnaires distributed, 77 were successfully completed and returned, yielding a response rate of 96.25%. The sample comprised 36 males (46.8%) and 41 females (53.2%), indicating a slight female majority. In terms of age, the largest group of respondents fell within the 20–25 years bracket (26.0%), followed by those aged 25–30 years (24.7%), while respondents aged 35 years and above accounted for 23.4%, and those between 30–35 years represented 22.1%. Respondents aged 20 years and below constituted the smallest group (3.9%). Regarding marital status, the majority of respondents were single (53.2%), followed by married respondents (32.5%), with widows/widowers (10.4%) and divorced respondents (3.9%) accounting for the remainder. With respect to educational qualification, the largest proportion held a B.Sc/B.Ed/HND certificate (42.9%), followed by SSCE/WAEC/NECO (29.9%), ND/A-Level (20.8%), and M.Sc/MBA/Ph.D (6.5%).

Descriptive Statistics

Respondents reported varied perceptions across the three thematic areas of the study. Items relating to the effect of eNaira on business operations, retailers' attachment to physical cash, and the influence of literacy on eNaira usage were each assessed using a 5-point Likert scale. Responses across the constructs reflected a mix of agreement and uncertainty among respondents, consistent with the study's expectation that attitudinal and cultural barriers would produce diverse response patterns among informal retail traders with varying levels of digital exposure and educational attainment.

Hypotheses Testing

Simple linear regression analysis was employed to test the three hypotheses, with results presented in Table 1 below.

Table 1: Summary of Regression Results for Hypotheses Testing

Hypothesis	Predictor	R	R^2	F	p-value	Decision
H1	Adoption of eNaira	0.659	0.434	57.516	0.000**	H_0 Rejected
H2	Importance of Physical Cash	0.500	0.250	24.950	0.000**	H_0 Rejected
H3	Literacy Level of Retailers	0.746	0.557	94.400	0.000**	H_0 Rejected

**$p < 0.05$, N = 77

Hypothesis 1 examined whether the eNaira platform would have a significant effect on the day-to-day business operations of retailers. A simple regression analysis revealed a statistically significant positive relationship ($R^2 = 0.434$, $F = 57.516$, $p < 0.001$), indicating that adoption of eNaira accounts for 43.4% of the variance in daily business transactions. The null hypothesis was accordingly rejected.

Hypothesis 2 assessed the extent to which retailers are accustomed to the use of physical cash in running business transactions. Results showed that the importance of physical cash is a significant positive predictor of daily business operations ($R^2 = 0.250$, $F = 24.950$, $p < 0.001$), explaining 25.0% of its variance. The null hypothesis was rejected, confirming that retailers' attachment to physical cash transactions is high.

Hypothesis 3 tested whether the literacy level of retailers significantly influences their use of the eNaira in carrying out business transactions. The regression model was statistically significant ($R^2 = 0.557$, $F = 94.400$, $p < 0.001$), with literacy level returning a significant positive coefficient ($B = 0.746$, $p = 0.000$). Literacy level accounts for 55.7% of the variance in eNaira usage, representing the strongest predictor among the three hypotheses tested. The null hypothesis was rejected.

5. Discussion

The finding that eNaira adoption significantly influences the day-to-day business operations of retailers ($R^2 = 0.434$, $p < 0.001$) is consistent with prior research. Ekong and Ekong (2022) similarly found that digital currency adoption has enhanced financial inclusion and business efficiency in Nigeria, while Obiora et al. (2022) established that the eNaira has a positive and significant relationship with financial performance. Chukwuere (2021) further documented that the eNaira presents concrete opportunities for business re-engineering, though attitudinal and structural challenges must first be addressed. That eNaira adoption explains 43.4% of the variance in daily business transactions reflects the considerable potential of the platform to transform retailer operations, particularly in terms of reducing transaction costs, eliminating cash handling risks, and improving payment efficiency (Abiodun, 2021).

The significant influence of physical cash dependency on daily business operations ($R^2 = 0.250$, $p < 0.001$) equally aligns with prior scholarship. Ogedebe and Babatunde (2012) found that resistance to technological change among grassroots populations is strongly linked to familiarity with existing cash-based payment structures, while Taddesse and Kidan (2005) documented that high levels of cash circulation impose significant costs on local economies and impede the transition to electronic payment systems. The robustness of this effect within the Mushin retail context is attributable to the deeply entrenched culture of physical cash exchange among informal traders, reinforced by limited access to formal banking services and persistent distrust of digital financial platforms (Nwoke, 2021; Dankwambo, 2009).

The finding that literacy level is the strongest predictor of eNaira usage ($R^2 = 0.557$, $p < 0.001$) provides empirical support for the critical role of education in digital currency adoption. The model explains 55.7% of the variance in eNaira usage, a proportion substantially higher than either of the other two predictors, confirming that literacy is the most decisive barrier to eNaira adoption among informal retail traders. This aligns with Ogedebe and Babatunde (2012) and Taddesse and Kidan (2005), who demonstrated that low literacy rates constitute a serious impediment to e-payment adoption by restricting individuals' ability to access and utilise digital financial services. In this context, limited educational attainment constrains retailers' awareness of the e-Naira's functionality and benefits, while higher literacy levels equip traders with the cognitive capacity to navigate digital platforms and embrace technology-driven payment systems (Ayomide, 2021).

These findings collectively validate the theoretical framework of the UTAUT model and Technology Acceptance Theory within Nigeria's informal retail context, affirming that e-Naira adoption, cash dependency, and literacy level are essential determinants of digital currency usage behaviour among retail traders. The CBN's objectives of expanding financial inclusion and achieving a cashless economy will therefore require targeted interventions that address both the educational and attitudinal dimensions of eNaira resistance at the grassroots level (CBN, 2021; Dankwambo, 2009).

6. Conclusion

The goal of this study was to examine the attitudinal and cultural barriers of retailers toward the use of the e-Naira among selected SMEs in Mushin, Lagos. The outcomes demonstrate that e-Naira adoption significantly influences the day-to-day business operations of retailers, that retailers' attachment to physical cash remains high, and that literacy level is the strongest determinant of e-Naira usage among informal retail traders. All three null hypotheses were rejected at a significance level of $p < 0.001$, confirming that e-Naira adoption, cash dependency, and literacy level each exert significant effects on retailer behaviour. These findings are consistent with the literature and reinforce its application within the Nigerian informal retail context.

The research is relevant to the Nigerian literature on the adoption of digital currency by expanding the relevance of the UTAUT model and Technology Acceptance Theory to non-formally educated and banked groups, and offers evidence of the applicability of these models to informal retail environments at the grassroots. The study fills a major gap in the current body of research, which has been dominated by macroeconomic performance or urban, formally educated populations instead of the attitudinal and literacy-related obstacles to small retail traders.

The research has significant practical implications to the Central Bank of Nigeria and policymakers who want to hasten the adoption of the eNaira at the grassroots. It is suggested that the CBN invests in specific publicity campaigns that convey the benefits of the e-Naira in non-technical and easy-to-understand language that can be understood by low-literacy groups. The priority should be given to financial literacy programmes that are specific to informal retail traders, as literacy level is identified to explain more than 55% of the variance in the use of eNaira and thus it is the most important leverage point to promote adoption. Also, measures to overcome the deep-rooted cash addiction, such as the incentivisation of digital payments and streamlining the process of on boarding e-Naira users, are necessary to shift informal retailers to the cashless economy that the CBN envisions.

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