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REVIEW OF LITERATURE

NEED/IMPORTANCE OF THE STUDY

STATEMENT OF THE PROBLEM

OBJECTIVES

HYPOTHESES

RESEARCH METHODOLOGY

RESULTS & DISCUSSION

FINDINGS

RECOMMENDATIONS/SUGGESTIONS

CONCLUSIONS

SCOPE FOR FURTHER RESEARCH

ACKNOWLEDGMENTS

REFERENCES

APPENDIX/ANNEXURE

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BOOKS

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

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WEBSITES

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

IMPACT OF CASHLITE POLICY ON ECONOMIC ACTIVITIES IN NIGERIAN ECONOMY: AN EMPIRICAL ANALYSIS

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ABSTRACT

This paper examines the impact of cashlite policy (cashless economy) on economic activities in Nigerian economy. The study thus attempts an empirical analysis of the implications of the adoption of cashlite policy in the economy. To achieve the study objective four impact constructs of cashlite policy were adopted. These were financial inclusion, cash management, e-payment and cashlite schemes. To this end, primary data were collected through structured questionnaire administered on 1000 respondents covering Bankers, Investors, the banking public, financial analysts and economists. The data collected were qualitative responses measured on a 5-point likert scale, ranging from strongly disagreed (1) to strongly agreed (5). The data through the use of E-views statistical software were subjected to ordinary least square regression analysis, normality test and correlation analysis. Findings indicate that the latent variables of financial inclusion were positively related to cashlite policy development but were not statistically significant. This implies a porous link. Findings also revealed, that the indicators for cash management and E-payment are appropriate indicators of variation in economic activities given the introduction of cashlite policy. Consequently, it was recommended, that in order to achieve financial inclusion in the country, Micro Finance Banks (MFB) and rural banking operations should be enhanced so as to reach the unbanked. Equally, to fully realize the impact of cashlite policy in enhancing economic activities there should be effective E-payment system supported by adequate and diverse electronic channels. Lastly, there should be government designed enlightenment programmes to educate a larger segment of Nigerian population on how to operate a cashless system. Full understanding will encourage people into the banking space thus leading to sound and healthy management of cash.

KEYWORDS
Cashless policy, financial inclusion, Cash management, E-Payment, Cashlite Schemes.

1.0 INTRODUCTION

The world is evolving everyday as the global financial systems become more connected, most economies around the world have shifted to use of electronic system of payments to quicken the delivery pace of financial services. The trend of e-payment system or cashless economy that began in the United States of America over some decades ago has become the next big thing for developing countries such as Nigeria.

In its effort to reposition the nation's economy and make it relevant to the new global financial environment, the central bank of Nigeria (CBN) has continued to reform the financial sector aimed at encouraging e-payment and e-commerce. In order to achieve this goal, the apex bank introduced a programme called cashless policy; designed to reduce the use of cash in financial (business) transaction in Nigeria. The policy was designed to provide mobile payment services, breakdown the traditional barrier hindering finance or cost of credit, delivering financial services, improving the effectiveness of monetary policy, managing inflation and encourage economic growth.

The introduction of the policy is aimed at developing financial inclusion strategy which is focused on reducing the percentage of those excluded from the financial services. According to the apex bank the development of financial inclusion strategy may be a means to enable stakeholders have access to financial service, engage in economic activities and contribute to the development of Nigeria. The policy seem as an avenue to develop the economy. "Cashless economy will not only help Nigeria's economy but will ease all issues in the industry" (Dayo, 2012). This means that those who do not know anything about banking may be brought into the banking space. The policy may enhance the integration of our economy as roughly 65 percent of adult male, 77 percent of adult female and 80 percent of Nigeria's rural population are largely unbanked. Over three quarter of the population are yet to cultivate banking habit, it will help the monetary authorities including the central bank of Nigeria to control the economy effectively.

In enhancing the economic activities of stakeholders in the country, it is believed money laundering and other forms of financial crises in the country,   will be frustrated with the introduction of the cashlite policy by the central bank. "The policy will go a long way in checkmating money laundering, financial crimes and all other forms of corruption (Edem 2012). Abdullahi (2012) is of the opinion that "the cashlite policy will engender financial inclusion, improve life span of bank notes and the velocity of money will reduce thus reducing the cost of cash management and inculcate good banking habits in the citizens, thereby mainstreaming Nigeria into the global financial architecture".

Despite these seeming advantages the introduction of the cashlite policy in Nigeria have aroused lots of doubts as to the credibility of the policy and in enhancing economic activities of stakeholders in the Nigerian economy, especially in the face of gross infrastructural deficiency, epileptic power supply and poor technological base. It is therefore in the light of the above that this study seeks to explore the likelihood impact of cashless policy on economic activities in Nigerian economy.

2.1 THE CASHLITE POLICY

The Central bank of Nigeria was established on July 1st, 1959 with the general aim of regulating the banking industry. The role of bank mobilization of resources is considered important to the direction and pace of economic growth and development. "There is perhaps no other industry that is regulated as the banking industry (Asaji and Ojo, 2006).

In January 2012, the cashless policy kicked off with a pilot scheme implemented in Lagos State with the objective of reducing cash payments and encouraging electronic payments. The new policy

stipulates that going forward, there will be charges on cash withdrawals or deposits that are above N150,000 for individuals and N1million for corporate entities..

The policy which was enacted by the CBN (Central Bank of Nigeria) is as follows:

1. Commencing from June 1, 2012, a daily cumulative limit of N150,000 and N1,000,000 on free cash withdrawals and lodgements by individual and corporate customers respectively with Deposit Money Banks (DMBs) shall be imposed. To this end, individuals and corporate organizations that make cash transaction above the limits will be charged a penal fee N100/thousand and N200/thousand respectively for amounts above the cumulative limits.

2. Contravention of this policy shall attract a fine of five (5) times the amount that the bank waives as a first offender. Subsequenty, the bank shall pay ten (10) times the charges waived. Furthermore, 3rd party cheque above N150,000 shall not be eligible for encashment over the counter. Value for such cheque shall be received through the clearing house. If a bank allows 3rd party cheque encashment, it shall be liable to a sanction of 10% of the face value of the cheque or N100,000 whichever is higher.

3. Banks will cease cash in transit lodgement services rendered to merchant – customers could engage the services of the CBN licensed cash-in-transit (CIT) companies to aid cash management to and from their bank mutually agreed terms and conditions. Contravention of this policy shall attract a fine of N1million per movement.

4. This arrangement shall be in force in Lagos State, FCT, Port-Harcourt, Kano and Aba in the first instance. The arrangement shall be extended to other parts of the country at a date to be determined by the bankers committee.

5. The policy shall apply to both private and public sector transactions. All financial institutions including Deposit Money Banks, savings and loans, mortgage and microfinance banks shall comply accordingly.

6. Compliance with the policy shall be monitored by the banking supervision. Department and the other financial institutions supervision department with appropriate sanction applied to earning institutions.

Following the adoption of the cashlite policy initiative, the policy was introduced in Lagos in January 1, 2012. " This was done with the aim of driving development and modernization of the Nigeria payment systems; reducing the cost of banking service (which include the cost of credit), delivering financial services; and also improving the effectiveness of monetary policy, managing inflation and encouraging economic growth" (CBN, 2012). Due to public outcry over the previous ceiling on daily cash withdrawals and deposits, the CBN (Central Bank of Nigeria) raised the limits. The banking sector regulator had in March 2012, increased the daily cumulative cash withdrawal/deposit limit for individual accounts from the previously announced N150,000 per day to N500,000 per day. Similarly, the limit for corporate accounts was also raised to N3million per day, from the N1million earlier announced, and for penal charges for customers that wish to withdraw/deposit above the limit, three percent above the N500,000 will be charged for individuals and five percent above the N3million will be charged for corporate accounts.

In order to place the economy at a technological competitive level with other economies, The Apex bank enacted the cashlite policy scheme for several reasons.

2.2 FINANCIAL INCLUSION

Across the developed world access to financial services is largely at ones fingertips; there is an abundance of cash and credit on demand for multiple channels, any locations, and 24hours a day. But this story is very different in developing countries like Nigeria. Findings have shown that the number of households without access to financial services in Nigeria remains high., it has been identified as a plank to lift a large fraction of the unbanked population in countries across the world especially Nigeria, out of poverty and hunger and bring them into the financial system.

Financial inclusion is the delivery of financial service at affordable costs to the sections disadvantaged and low income earners. NDIC (2012) views financial inclusion as "the state of financial system where every member of the society has access to appropriate financial products and services for effective and efficient management of their resources, get needed resources to finance their business and financial leverage to take up opportunities that will lead to increase in their income". By financial inclusion may occasion all the benefits of mobile money (Abalue, 2012)

2.3 CASH MANAGEMENT

In Nigeria, amidst many developing countries, most people rely on cash to make payments and, to a lesser extent, as a store of value. Nigeria is a cash-intensive economy. Heavy use of cash has consequences for merchants, commercial banks, government, cash in transit (CIT) operators and the Central Bank. Cash handling is costly for all of the actors in the circulation chain. All things being equal, it may cost a merchant more to take cash than to take a debit or credit card. Cash is a valuable commodity that needs to be securely shipped from merchant to bank and to the central bank, all at additional cost. Cash deposits are verified manually or with counting machines at commercial banks before merchants accounts can be credited. In addition there is the manufacturing cost of banks notes and coins. It is an attempt to reduce these challenges that the CBN (Central Bank of Nigeria) in collaboration with the bankers committee, initiated the cashlite policy scheme with the aim of encouraging Nigerian to adopt e-payment. Sanusi (2012) asserts that "the cashless policy will enhance national payment systems and address currency management hitches in the country". It could avert the consequence of cash robbery (Elegbe, 2012). It could also ensure available pool of fund for onward lending" (Nwodo, 2012).

2.4 E-PAYMENT

Electronic payment is a relatively new phenomenon in Nigeria. Most transaction in the country are done with cash. This is because cash remains the preferred medium for payment in the country. Poor awareness of e-payment solution, ignorance, poor banking culture, lack of trust, illiteracy and the love for the status quo have been figured as responsible for the high volume of cash transaction in Nigeria. Electronic payment is a term used for any kind of payment processed without using cash or paper cheque. E-payment can be described as the method of affecting payments from one end to another end through the medium of the computer without manual intervention beyond inputting the payment data. "Electronic payment system has been described as problematic and constrained with device challenges in developing countries such as Nigeria which has peculiar socio economic environments.

3. METHODOLOGY

3.1 RESEARCH DESIGN

Survey research design was utilized for this work; it involves generating information from a subset or fraction of the population of interest through a direct contact with the sample elements and yet detached enough to suggest objectivity and credibility in research process (Easterby-Smith et al, 2002). Thus, survey within the confines of this study will help generate information on the core implications of the adoption of cashlite policy on economic activities.

3.2 METHODS OF DATA COLLECTION

Primary data constituted the main source of information for this work. Primary data was collected through structured questionnaires administered to the specified sample that are stakeholders in Nigerian financial sector. Qualitative response information were generated as data from survey. These responses were structured and measured on a five points likert scale, from strongly disagreed (1 point) to strongly agreed (5 points)

3.3 POPULATION AND SAMPLE SIZE

it is pertinent to mention that the population of this study is strictly restricted to stakeholders and players in the financial sector of Nigerian economy. From this, desired sample was made. This consists of 1,000 persons covering Bankers, Investors, the banking public, financial analysts and economists.

3.4 TECHNIQUE OF DATA ANALYSIS

The relevant data collected which were measured on 5 points likert scale were analyzed using the Least square regression analysis and correlation analysis through E-view 3.1 statistical software.

3.5 THE MODEL

Cashlite policy implies a sense of cash management within the domestic economy. As it has been noted, "In view of increasing dominance of cash management to the banking industry, security, money laundering. etc., the central bank of Nigeria in collaboration with the Bankers committee, is adopting policies to reduce the high usage of cash, moderate the cost of cash management and encourage the use of electronic payment channels" (CBN 2012)

Thus, cashlite policy is a fuction of cash management, and it may also be assumed to imply a variety of factors. Empirical studies employed an endless list of variables including economic, political, geographical and other variables. However within the context of our study, four functional variables reflective of the implications of the adoption of caslite policy in the economy are used in the model. These variables, in addition to Cash Management, are Financial Inclusion, E-Paymant and Cashlite Schemes.

According to the CBN the cashlite policy is aimed to enhance the economic activities of stakeholders, inculcate the culture of e-payment, bring about financial inclusion, management of cash and development in the financial sector. Therefore our study model is specified as:

$Dcp = f(Fin, Cmgt, Epmt \& Clsch)$ (1)

In functional form our model in equation (1) is given as

$Dcp = \beta_0 + \beta_1 Fin + \beta_2 Cmgt + \beta_3 Epmt + \beta_4 Clsch + \varepsilon$ (2)

Where:

Dcp = Cashlite policy development

Fin = Financial Inclusion

Cmgt = Cash Management

Epmt = E-payment

Clsch = Cashlite Schemes

β_i = parameters to be estimated, ε = Error term

NDIC (2012) views financial inclusion as the delivery of financial services at affordable costs to low income segments of the society. Accordingly *Fin* in our model is measured by the variables- initiative, integration and banking habit. Thus, financial inclusion is specified as:

$Fin = F(Intv, Ingtn, \& Bhab)$ (3)

Where:

Intv = Initiative, *Ingtn* = Integration,   *Bhab* = Banking Habit

Cash Management (*Cmgt*) in our model is measured by the variables- Financial Innovation, Hard Cash, Life Span and Cost. *Cmgt* is specifed as:

$Cmgt = F(Finn, Hch, Lsp \& Cst)$ (4)

Where:

Finn = Financial innovation, *Hch* = Hard Cash, *Lsp* = Life Span, *Cst* = Cost

E-payment (*Epmt*) is measured by the variables Culture- Transparency, Employment and Convenient. It thus specified as:

$Epmt = F(Cult, Tsp, Empl \& Cvnt)$ (5)

Where:

Cult = Culture, *Tsp* = Transparency, *Empl* = Employment, *Cvnt*= Convenient

Cashlite Scheme *(Clsch)* is measured by the variables- Stakeholders' Interest, Budgeting, Transactions and Relationship. Accordingly it is specified as:

$Clsch = F(Stkh, Bdgt, Tstn \& Rshp)$ (6)

Where:

Stkh = Stakeholders' interest, *Bdgt* = Budgeting, *Tstn* = Transactions, *Rshp* = Relationship

Following from above our reduced form model for cashlite policy implications in the economy will be

$Dcp = a_0 + a_1 Intv + a_2 Ingtn + a_3 Bhab + a_4 Finn + a_5 Hch + a_6 Lsp + a_7 Cst + a_8 Cult + a_9 Tsp + a_{10} Empl + a_{11} Cvnt + a_{12} Stkh + a_{13} Bdgt + a_{14} Tstn + a_{15} Rshp + u$ (7)

Where the variables are as previously defined

a_i = parameters to be estimated

u = stochastic term

4.0 DATA PRESENTATION AND ANALYSIS

4.1 PRESENTATION AND ANALYSIS OF DATA

Relevant data collected were measured on 5 points likert scale, strongly disagreed (1), disagreed (2), undecided (3), agreed (4) and strongly agreed (5). These data were analyzed using the Least square regression analysis and correlation analysis through E-view 3.1 statistical software. The estimation of our composite model equation (7) is given below

ESTIMATION EQUATION:

DCP = C(1)*INTV + C(2)*INGTN + C(3)*BHAB + C(4)*FINN + C(5)*HCH + C(6)*LSP + C(7)*CST + C(8)*CULT + C(9)*TSP + C(10)*EMPL + C(11)*CVNT + C(12)*STKH + C(13)*BDGT + C(14)*TSTN + C(15)*RSHP + C(16)

SUBSTITUTED COEFFICIENTS:

DCP = 0.4122837543*INTV + 0.1506219222*INGTN + 0.003086525124*BHAB + 0.2439988797*FINN + 0.07039598621*HCH + 0.03927082888*LSP - 0.06146340088*CST - 0.02572821115*CULT + 0.03869489168*TSP + 0.1154546995*EMPL + 0.2890282274*CVNT + 0.3205508379*STKH + 0.09052882573*BDGT + 0.002670953861*TSTN - 0.1327344194*RSHP + 0.996266423

Our estimated model as presented above bears the values of the respective parameter estimates or the coefficients of the independents variables (see appendix 1). The results revealed that all our hypothesezed variables were positively related to the dependent variables except cost, culture and relationship. This implies that the adoption of cashlite policy is likely not to create substantial effect on cost, culture and relationship banking in Nigerian economy.

Our regression results in appendix 1 also reveal that our model has predictive power of 89% as evidenced by the value of the R^2. This implies that the independent variables jointly explain about 89% variation in the dependent variable. Thus, in the context of our study it implies that the variations in cashlite policy development are reflective of effects from our hypothesized variables, at least, up to 89%. This also shows that our model is well fitted. The model good fit was confirmed by the test of normality which shows that our model has no problem of abnormality (Jarque-Bera Prob. 0.0013 < 0.01). see figure 4.1

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FIGURE 4.1: NORMALITY TEST (Jarque Bera Statistics)

Series: Residuals	
Sample 1 75	
Observations 75	
Mean	7.91E-16
Median	0.064082
Maximum	1.101766
Minimum	-1.564203
Std. Dev.	0.517421
Skewness	-0.826366
Kurtosis	4.238788
Jarque-Bera	13.33162
Probability	0.001274

Source: E-views 3.1
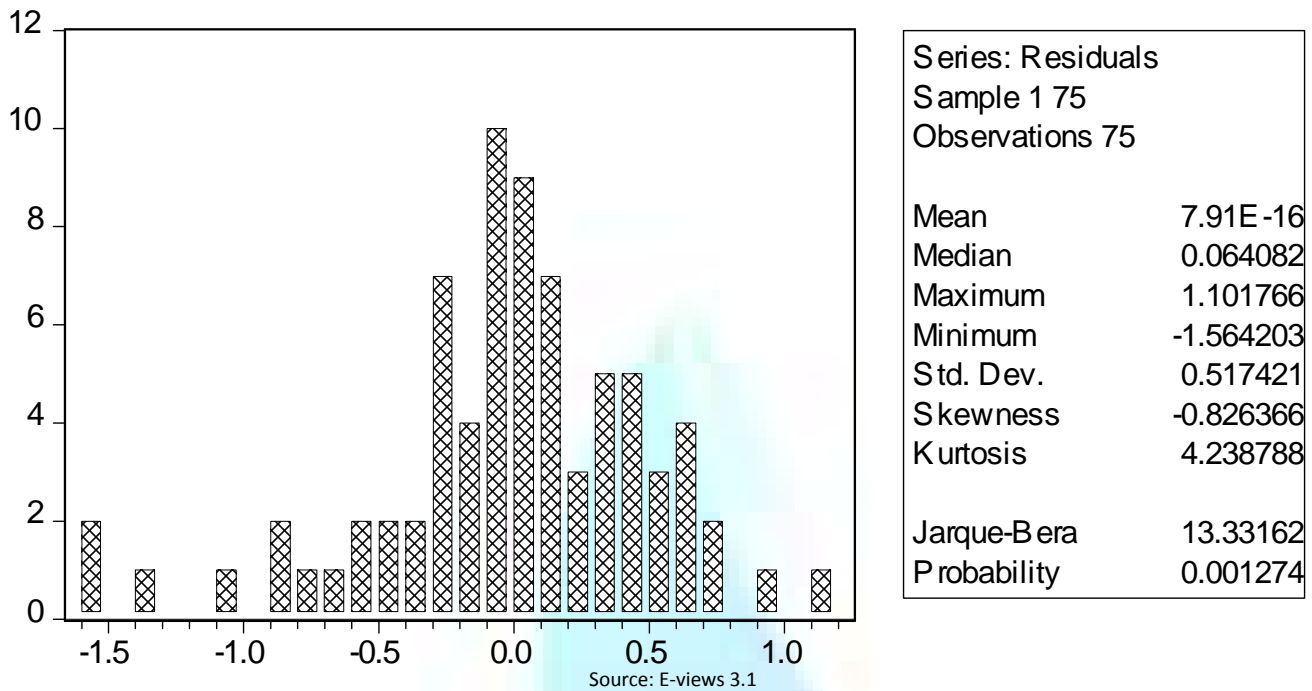
The output of the correlation analysis contained in appendix 2 shows that all the hypothesized independent variables were significant except the variables - Cost, Transaction, budgeting and Relationship - which manifested coefficient values of less than 0.10 in relation to cashlite policy development (Dcp). The variables that were significant are initiative (0.33), integration (0.11), banking habit (0.14), financial innovation (0.27), hard cash (0.14), life span (0.12), culture (0.17), transparency (0.25), Employment (0.18), convenience (0.23) and stakeholder interest (0.19).

The coefficients are path coefficients. In a similar study using path analysis, Wiklud (1998) used a minimum correlation coefficient of 0.10 as cut off for path coefficient to determine the significant of a path. Thus, path coefficients below 0.10 were suppressed in the path models used in his study. Consequently, the relationship between cashlite policy adoption and latent variables of financial inclusion, cash management, E-payment and cashlite schemes were significant except for Cost, Transaction, budgeting and Relationship which manifested coefficient values of less than 0.10 (see appendix 2).

4.2 FINDINGS

i) Findings reveal from the regression results that all the latent variables of financial inclusion were positively related to cashlite policy development in Nigerian economy as evidenced by the values of their estimated coefficients. For initiatives (0.412), integration (0.151) and banking habit (0.003). However, only initiative was statistically significant at 99% confidence limit as revealed by the value of its t-statistic of 3.347567 (P < 0.01) [see appendix 1]. This implies a porous link between cashlite policy and financial inclusion even though they were positive related signifying that financial inclusion could create effects in economic activities but not a significant extent. This finding is at variance with the view of NDIC (2012) which states that financial inclusion through cashlite policy is a plank to lift a large fraction of the unbanked population out of poverty and bring them to the financial system.

ii) Impact analysis from the regression results reveal that the constructs of cash management were in consonant with theoretical expectations of their effect on economic activities with the adoption of cashlite policy. Financial innovation was positively related and also statistically significant (0.244; P < 0.05)[see appendix 1]. Hard cash and life span were positively related though not significant, β = 0.07 and β = 0.04 respectively. In the case of cost there was negative relationship (-0.061) which inferred that adoption of cashlite policy will occasion reduction in cost of carrying cash. This off course is in harmony with the ideals of cash management. This finding leverages the assertion of Abdullahi (2012) that cashless policy will improve the lifespan of banknotes and velocity of money will reduce, thus reducing the cost of cash management, thereby developing the financial sector.

iii) in the case of the constructs of E- payment, Findings from the regression results revealed that transparency, employment and convenience are apt to create measurable influence on economic activities with the introduction of cashless policy evidenced by positive beta (β) values of 0.039, 0.115 and 0.289 respectively, while culture has an insignificant negative beta value of β = -0.26. In addition, the variable, convenience was highly significant at 99% confidence interval (P < 0.01) [see appendix 1]. The implication, thus, is that the construct of E-payment are appropriate indicators of variation in economic activities. This finding is in consonant with the view of Edem (2012) who opined that "making payments through electronic channels brings about development, in that it will go a long way in checkmating money laundering, financial crimes and all attempts to compromise financial transparency".

iv) Finally, results reveal that stakeholder interest has positive effect on cashlite policy development and its impact is statistically significant at 95% confidence level (β =0.32, P < 0.05). This indicates that 32% of variation is brought about by the effect of stakeholders (see appendix 1). Thus stakeholder interest is a significant and appropriate indicator of economic activities in cashless economy.

5. CONCLUSION AND RECOMMENDATIONS

The study examined the likelihood Impact of Cashlite Policy in the Nigerian Economy. The following conclusions can be drawn from the study.

Financial inclusion through the cashlite policy or scheme is not a plank to lift a large fraction of the unbanked population in Nigeria out of poverty and bring them to the financial system. Though it could evolve a measurable variation in Economic activities, but could not be significant enough for general improvement over poverty and indepth development of the financial system.

Cashless initiative will address cash management hitches in the country, being that it will ensure that a larger proportion of currency in circulation is captured within the banking system, thereby reducing the volume of cash flow in the country.

Electronic payment will enhance financial transparency and accountability in the financial sector, being that it will go a long way in checkmating money laundry, financial crimes and easy tracking of money that is moving the way it ought not to.

Consequently, it is thus recommended that in order to achieve financial inclusion in the country Micro Finance Banks (MFB) and rural banking operations should be enhanced so as to reach the financially excluded since the sector has been identified as a vehicle for financial inclusion.

It is also advocated that to fully realize the Impact of Cashlite Policy in enhancing economic activities there should be effective E-payment system supported by adequate and diverse electronic channels. This will ensure that there are reliable options to choose from. There should be improved security on e-payment channels, and more collaboration between banks and payment providers.

Given the high rate of illiteracy and the dire need for the generality of the people to be involved in the cashless financial system operation and also the need to capture money outside the banking sector, there is, therefore the need for the government to design special enlightenment programmes for non-literate, using

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probably, signs and symbols to educate the segment on how to operate the cashless system. Full understanding will encourage people into the banking space thus leading to sound and healthy management of cash.

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APPENDIX
APPENDIX 1

Dependent Variable: DCP			
Method: Least Squares			
Variable	Coefficient	Std. Error	t-Statistic	Prob.
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INTV	0.412284	0.123159	3.347567	0.0014
INGTN	0.150622	0.119403	1.261462	0.2121
BHAB	0.003087	0.100622	0.030674	0.9756
FINN	0.243999	0.097988	2.490079	0.0156
HCH	0.070396	0.111235	0.632857	0.5293
LSP	0.039271	0.152687	0.257198	0.7979
CST	-0.061463	0.135765	-0.452720	0.6524
CULT	-0.025728	0.120498	-0.213515	0.8317
TSP	0.038695	0.147360	0.262587	0.7938
EMPL	0.115455	0.112890	1.022716	0.3106
CVNT	0.289028	0.120134	2.405888	0.0193
STKH	0.320551	0.123961	2.585906	0.0122
BDGT	0.090529	0.124386	0.727805	0.4696
TSTN	0.002671	0.115329	0.023159	0.9816
RSHP	-0.132734	0.083588	-1.587958	0.1176
C	0.996266	1.407956	0.707597	0.4820
R-squared	0.891376	Mean dependent var	4.653333
Adjusted R-squared	0.716943	S.D. dependent var	0.667657
S.E. of regression	0.579474	Akaike info criterion	1.933324
Sum squared resid	19.81161	Schwarz criterion	2.427721
Log likelihood	-56.49964	F-statistic	2.615733
Durbin-Watson stat	2.164723	Prob(F-statistic)	0.004429

Source: E-view 3.1

APPENDIX 2

TABLE OF CORRELATION MATRIX

	DCP	INTV	INGTN	BHAB	FINN	HCH	LSP	CST	CULT	TSP	EMPL	CVNT	STKH	BDGT	TSTN	RSHP
DCP	1.000000	0.333033	0.105095	0.140570	0.272752	0.137785	0.120006	0.049757	0.166803	0.247769	0.182546	0.229451	0.194194	0.042698	0.013442	-0.016849
INTV	0.333033	1.000000	0.270785	-0.121144	-0.083173	-0.091034	-0.103593	0.118314	0.153261	-0.082397	-0.209514	-0.145693	-0.031590	0.046887	0.048309	0.274914
INGTN	0.105095	0.270785	1.000000	0.053550	-0.267576	0.088187	-0.092633	0.028653	-0.056442	0.049120	-0.196962	-0.025298	-0.111074	0.014343	0.076355	0.091155
BHAB	0.140570	-0.121144	0.053550	1.000000	0.094481	-0.145641	0.116649	0.059646	-0.029515	0.035977	0.039775	-0.027511	0.126181	0.051974	-0.031902	-0.052088
FINN	0.272752	-0.083173	-0.267576	0.094481	1.000000	0.137147	0.170424	-0.104145	0.150640	0.358723	0.354513	0.101808	0.031431	0.029928	0.055704	0.090950
HCH	0.137785	-0.091034	0.088187	-0.145641	0.137147	1.000000	0.259415	0.114739	0.193067	0.264189	0.300507	-0.004600	0.013527	0.029281	0.030169	0.038733
LSP	0.120006	-0.103593	-0.092633	0.116649	0.170424	0.259415	1.000000	0.359211	0.046147	0.064145	0.075204	-0.105716	0.139721	-0.127368	0.023158	0.044814
CST	0.049757	0.118314	0.028653	0.059646	-0.104145	0.114739	0.359211	1.000000	0.057096	-0.107143	-0.052340	-0.023234	0.191187	-0.076477	-0.078797	0.020793
CULT	0.166803	0.153261	-0.056442	-0.029515	0.150640	0.193067	0.046147	0.057096	1.000000	0.281403	0.100610	0.068982	0.377169	0.183396	0.004908	0.208352
TSP	0.247769	-0.082397	0.049120	0.035977	0.358723	0.264189	0.064145	-0.107143	0.281403	1.000000	0.583214	0.048681	0.139388	-0.131104	-0.042980	0.124757
EMPL	0.182546	-0.209514	0.196962	0.039775	0.354513	0.300507	0.075204	-0.052340	0.100610	0.583214	1.000000	0.015133	0.011962	-0.021348	-0.046991	0.009432
CVNT	0.229451	-0.145693	-0.025298	-0.027511	0.101808	-0.004600	-0.105716	-0.023234	0.068982	0.048681	0.015133	1.000000	0.256517	0.040061	-0.058585	0.097587
STKH	0.194194	-0.031590	-0.111074	0.126181	0.031431	0.013527	0.139721	0.191187	0.377169	0.139388	0.011962	0.256517	1.000000	0.387218	0.087273	0.116792
BDGT	0.042698	0.046887	0.014343	0.051974	0.029928	0.029281	-0.127368	-0.076477	0.183396	-0.131104	-0.021348	0.040061	0.387218	1.000000	0.343044	0.045103
TSTN	0.013442	0.048309	0.076355	-0.031902	0.055704	0.030169	0.023158	-0.078797	0.004908	-0.042980	-0.046991	-0.058585	0.087273	0.343044	1.000000	0.269890
RSHP	-0.016849	0.274914	0.091155	-0.052088	0.090950	0.038733	0.044814	0.020793	0.208352	0.124757	0.009432	0.097587	0.116792	0.045103	0.269890	1.000000

	CST	CULT	TSP	EMPL	CVNT	STKH	BDGT	TSTN	RSHP
DCP	0.049757	0.166803	0.247769	0.182546	0.229451	0.194194	0.042698	0.013442	-0.016849
INTV	0.118314	0.153261	-0.082397	-0.209514	-0.145693	-0.031590	0.046887	0.048309	0.274914
INGTN	0.028653	-0.056442	0.049120	-0.196962	-0.025298	-0.111074	0.014343	0.076355	0.091155
BHAB	0.059646	-0.029515	0.035977	0.039775	-0.027511	0.126181	0.051974	-0.031902	-0.052088
FINN	-0.104145	0.150640	0.358723	0.354513	0.101808	0.031431	0.029928	0.055704	0.090950
HCH	0.114739	0.193067	0.264189	0.300507	-0.004600	0.013527	0.029281	0.030169	0.038733
LSP	0.359211	0.046147	0.064145	0.075204	-0.105716	0.139721	-0.127368	0.023158	0.044814
CST	1.000000	0.057096	-0.107143	-0.052340	-0.023234	0.191187	-0.076477	-0.078797	0.020793
CULT	0.057096	1.000000	0.281403	0.100610	0.068982	0.377169	0.183396	0.004908	0.208352
TSP	-0.107143	0.281403	1.000000	0.583214	0.048681	0.139388	-0.131104	-0.042980	0.124757
EMPL	-0.052340	0.100610	0.583214	1.000000	0.015133	0.011962	-0.021348	-0.046991	0.009432
CVNT	-0.023234	0.068982	0.048681	0.015133	1.000000	0.256517	0.040061	-0.058585	0.097587
STKH	0.191187	0.377169	0.139388	0.011962	0.256517	1.000000	0.387218	0.087273	0.116792
BDGT	-0.076477	0.183396	-0.131104	-0.021348	0.040061	0.387218	1.000000	0.343044	0.045103
TSTN	-0.078797	0.004908	-0.042980	-0.046991	-0.058585	0.087273	0.343044	1.000000	0.269890
RSHP	0.020793	0.208352	0.124757	0.009432	0.097587	0.116792	0.045103	0.269890	1.000000

Source: E-view 3.1

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