

## **THE 2022 NAIRA REDESIGN POLICY: AN EVALUATION**

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### **Abstract**

*Many Nigerians felt that Mr. Godwin Emefiele's 2022 currency redesign program was disruptive and unnecessary because it sought to convert the country to a cashless economy, which would have caused an artificial shortage of currency and unimaginable suffering. The purpose of this article is to examine the 2022 currency redesign program and its characteristics. This piece of paper shows how the Nigerian currency has evolved since the country gained its freedom. Redesigning the 2022 naira was unnecessary, it says, because the general elections of 2023 were only around the corner, the census of 2023 was being planned, and most crucially, the Buhari administration was coming to an end at that time. Nonetheless, there are a number of economic considerations for the redesigned naira, including but not limited to lowering inflation, fighting counterfeiting, preventing financial instability, and decreasing the amount of money in circulation. According to some sources, the policy's stated goal was to halt the tide of "black money" from the economy, which would strengthen the monetary system and make it easier for authorities to track the country's money coming in and going out. Research has also shown that reworking a country's currency can reduce the impact of money on elections by making it harder to buy votes and influencing election officials. The data used in this paper came from secondary sources. One of the main points brought up in this paper is the idea that the CBN should take charge and make sure that the Naira isn't being used for election expenses and other personal matters. This would be a good move for the CBN at any time, but particularly in the beginning of a new administration, as opposed to the last one, which was made when the Buhari administration was winding down. This advice stems from the belief held by several Nigerians that it served as a means for the departing dictatorship to pilfer funds.*

**Keywords:** Currency Redesign, Naira, Central Bank, Evaluation, Financial History

### **Introduction**

A sovereign nation's decision to redesign its currency signifies alterations to the existing currency in circulation inside the nation. Doing so might improve the new currency's security features, reduce inflation and the money supply, investigate illegal revenue, and a host of other economic factors that affect a country's financial situation (Ndukw, 2023). The announcement states that the Central Bank of Nigeria (CBN) will

produce new naira notes on December 15, 2022, and demonetize the old ones on January 31, 2023. This strategy aims to curb inflation and the money supply, as well as put an end to counterfeit money, according to the central bank. According to the available data, the central bank also took note of the fact that 2.73 trillion of the ₦3.23 trillion in circulation were not owned by banks but by ordinary persons. Histories show that the re-design of the Naira started in the last 30 years. By 1973, when the naira was denominated in decimal form, the pounds had been converted to naira and kobo. The largest denomination of currency in circulation in 1977 was the twenty-naira note.

In 1979, the government officially produced coins with denominations of ₦1, ₦5, and ₦10.. The Central Bank of Nigeria (CBN) announced a plan to issue new banknotes in 1984 with the goal of reducing the rate of trafficking and counterfeiting, and all banknote colours were modified to match this policy. The ₦100, ₦200, ₦500, and ₦1000 were all introduced to the economy during Olusegun Obasanjo's presidency: 1999, 2000, 2001, and 2005, respectively. The Central Bank of Nigeria (CBN) redesigned and converted the ₦50, ₦10, and ₦5 banknotes to use a polymer substrate on 30th September 2009 after the ₦20 (polymer) currency proved to be an effective money supply and performer. Regardless of the monetary policy measures and intentions behind it, the re-design of the naira by the CBN has both positive and negative impacts. The overhaul would improve the central bank's control over the money supply, which would reduce the issue of inflation. This is good news. It is possible that the country's security situation will improve as a result of the program's efforts to stop ransom payments. I do not think the central bank's projected benefits are enough to warrant the exorbitant expense of reworking the Naira. Presently, Nigeria is confronted with a multitude of obstacles, such as a diminishing GDP, elevated inflation, elevated unemployment, elevated underemployment, and a hefty youth unemployment rate.

From a monetary policy perspective, it is universally accepted as best practise to restructure currencies every five to eight years. Therefore, the Naira's redesign by the central bank is commendable; it will help bring the enormous sums of money out of circulation. The problem, however, is multi-faceted and includes not only the redesign but also the low level of trust that Nigerians have in the Naira. President Muhammadu Buhari also introduced the revised ₦200, ₦500, and ₦1000 notes on November 23, 2022. People aren't thrilled about the redesign because, as revealed upon unveiling, the new currency looks identical to the old one—the only difference being the colour scheme. These resemblances in colour could cause a financial transaction to go wrong in areas with inconsistent energy. Also, the new naira is easy to colour copy, so counterfeits are hard to spot. To combat this, the Central Bank of Nigeria (CBN) can add more security features to the currency, making it even harder to circulate fakes.

<sup>1</sup>The new naira notes look identical to the redesigned ₦20, ₦50, and ₦10 notes in terms of colour. Since the new design brings about macroeconomic uncertainty, many are dissatisfied with it and have voiced their opposition. Contrarily, the CBN's Banking Supervision Department made the following announcements on December 6, 2022, in

lead-up to the January 9, 2023, implementation of the new naira redesign and cashless policy:

- i. Maximum cash withdrawal by individuals and organisations shall be between.
- ii. Customers are limited to a daily withdrawal limit of N20,000 and a weekly limit of N100,000.
- iii. The daily limit for cash withdrawals via the point-of-sale system is N20,000.

Three vital things to note from this CBN policies are:

- i. Redesigning currency would remove all unused funds from circulation.
- ii. The establishment of limits and fees for cash withdrawals can help promote cashlessness, accountability, and traceability. The goal is to minimise the amount of money that leaves the financial system.
- iii. Minimize ongoing printing costs for the naira. The Central Bank of Nigeria (CBN) spent almost N58 billion to print about N2.5 billion worth of banknotes.

Whether positive or negative, this approach would have an impact on the Nigerian economy. Inflation, cashless policies, electronic payment use, and vote buying in the 2023 election are all areas that this strategy aims to improve. One negative aspect is that it would make people save more money at home, which would hurt businesses and industries in Nigeria and perhaps cause FDI to leave the nation. A number of macroeconomic factors remain unclear, one of which being the likelihood of weak growth across many industries and companies, which would have the effect of lowering Nigeria's real GDP.

### **Brief History of Global Currency**

Changes to the international monetary system have resulted in new reserve currencies. Historical examples of international money include the Greek drocfima coin of the 5th century BC (apart from the ones mentioned below). Byzantine solidus, Roman denarii, Arab dinar, and French franc are all examples of historical monetary systems (Pillah, 2023). Currency based on gold, such as the Florin of Florence and the ducat of Vientiane, supplanted silver in trade between the European and Arab worlds from the fourteenth to the sixteenth century. This was because, unlike silver, gold could be more easily transported over long distances and coined in consistent amounts. Gary (1996) states that from the 16th to the 19th century, the Spanish silver dollar was recognised as the first global reserve currency in Europe, Asia, and the Americas. Spanish America's abundant silver supply made this possible. The Dutch guilder was a medium of commerce between European colonies and the Dutch Empire in the 17th and 18th centuries. The production of Spanish American currencies that made their way via the Spanish Netherlands also supported this silver standard currency.

The Dutch founded the Amsterdam Wissel bank, sometimes called the Bank of Amsterdam, which was one of the forerunners of modern monetary policy. According to Coyle, Kim, and O'Brien (2021), this reserve currency was the first of its kind to have its

monetary unit stabilised by the use of both American money production and Spanish fiat. French and English central banks took cues from the Dutch system of bank money and reserve currencies stabilisation when they established their respective banks in the nineteenth and sixteenth centuries, respectively. During the last quarter of the nineteenth century, when most global economies started using gold as their primary currency, the British Pound had a decent shot at unseating the Spanish dollar. The United Kingdom was the leading exporter of manufactured goods and services during that time, and the Pound Sterling was the currency used to settle about 60% of all international trade. The insurance and commodities markets were centred in London, British banks were expanding internationally, and foreign investments were made using British currency (Gary, 1996). The pound swiftly replaced other currencies as the official medium of exchange for global trade. During the time between the wars, some tried to reinstate the gold standard. After the British government revived the gold bullion standard in 1925 (10) with the Gold Standard Act, several countries began using it again.

This led to a time of relative calm before deflation hit. But global trade crashed and the gold standard fell because of the Great Depression and other factors. The speculative assaults on the pound in 1931 completely dethroned Britain. Following WWII, the US government ensured that other central banks could swap their dollar holdings for gold at a predetermined rate. The Bretton Woods system was an agreement that governed the global monetary system. An anchor was purposefully placed under this system—the US dollar. In the late 1960s and early 1970s, the system collapsed, purportedly due to problems brought to light by the Triffin dilemma. This economic conundrum arises when a country's currency serves as both a global reserve and a weapon for immediate internal agendas. In addition, Nixon ended the US dollar's convertibility to gold in 1971, creating the system of fiat global reserve currencies. Despite the decline of the conventional gold standard, gold continues to be a significant reserve asset (14). After 2020's economic slump, the IMF voiced its concern over the prospect of "a new Bretton woods moment," which might call for the creation of a one-of-a-kind system of reserve currencies around the world. John Maynard Keynes proposed the bancor, a super national currency to be used as a unit of account in international trade, as a reserve currency under the 1945 Bretton Woods accord. The bancor was rejected in favour of the US dollar. In 2010, a report was released by the United Nations Conference on Trade and Development that suggested demonetization of the US dollar. The study proposes opening up international liquidity as a way to create a more safe global financial system, rather than basing the new reserve system on one or more currencies. Experts in economics, the central banks of Russia and China, and groups like the Gulf Cooperation Council have all called for a new, sovereign currency to supersede the dollar.

### **History of Nigerian Currency**

The pre-colonial era saw the use of a wide variety of objects as money. Beads, salts, bottles, cowries, and manillas were among them. In 1880, after the Shillings and

Pence were declared legal money in British West Africa by colonial order, Nigeria issued its first substantial currency. There were three different denominations of coinage circulated by the Bank of British West Africa before 1912: one shilling for every penny, half a penny, and one tenth of a penny. The Bank of England had responsibility over these coins. The West African Currency Board (WACB) released the first sets of currency for four West African countries—Ghana, Sierra-Leon, The Gambia, and Nigeria—between 1912 and 1959. Even when the WACB was printing the highest value banknotes, people were stealing coins. Prior to July 1, 1962, the currency failed to represent the republican nature of the nation. A new design reading "Federal Republic of Nigeria" was printed on top of the old "Federation of Nigeria" on the banknotes. A second set of note alterations was sparked by the circular's misuse of cash bills. As a consequence of the FG's decision to transition from metric to decimal, the name of the Nigerian money was changed in January 1973.

The naira, which was pegged to 10 Shillings, superseded the pound as the principal unit of currency after its demonetization. To create one naira, the smaller unit known as the kobo was multiplied by hundreds. On February 11, 1977, twenty naira notes (N20) were put into circulation. Its adoption as the largest denomination available at the time was influenced by the growing economy, the extensive usage of cash, and the need for convenience. The first noteworthy Nigerian to have his portrait put on a banknote was the late Head of State, General Ramat Murtala Mohamed (1938-1976), who bore the banner of Nigeria's revolution in July 1975. An honorary note was released in his honour one year following his assassination, in recognition of a notable son from Nigeria. He was declared a national hero on October 1, 1978. Chief Obafemi Awolowo, the first premier of Western Nigeria and later the federal commissioner of finance, was the one who first introduced the name "naira" to describe the currency of Nigeria. The British pound was the de jure currency of Nigeria from its colonial administration's usage of it until December 1972. Nevertheless, the initial naira was pegged at 2 naira to 1 pound. As a result, Nigeria became the last former colony to formally adopt the decimal system of currency. The world's most powerful bank in Nigeria has called Abuja, the capital of Nigeria, its home since its establishment in 1958. The Central Bank of Nigeria (CBN) does more than just print money; it also protects the value of the naira by maintaining external reserves and providing economic and financial advice to the Federal Government of Nigeria (FGN).

### **Changes in Nigeria's Currency Since 1960: An Evaluation**

Abubakar and Yandaki (2023) state that ever since Nigeria's independence, the country's central bank has redesigned bank denominations as a method of currency management. The Naira redesign proposal for 2022 included this method. A turning point in the country's history came in 1960, when it gained independence from Britain. The country had been created in 1914 as a British colony when the Southern and Northern Protectorates merged. The leaders of the Nigerian nationalist movement fought a fierce

war, which was one of many factors that contributed to the country's eventual independence (see Crowder, 1978). The struggle resulted in the establishment of several institutions as a means of preparing for independence. One of these organisations was the CBN, which was established in 1959. (Abubakar & Wuam, 2021). Most of the printing of the nation's money was done by the central bank. It was the responsibility of the Central Bank of Nigeria, among other things, to safeguard the country's foreign exchange reserves, promote monetary stability, and ensure a sound financial system (CBN). The ever-changing nature of the Nigerian Central Bank, which issues and controls the currency, may account, in part, for its volatility. There were a number of amendments to the CBN Establishment Ordinance/Act between 1962 and 2007, as well as revisions in 1969, 1991, and 2008.

In accordance with Sections 18 and 19 of the CBN Act, the CBN is vested with the power to create new currency, reprint old currency, swap existing cash for new currency, withdraw currency from circulation, and ensure its safekeeping and destruction. With the President's OK and the CBN Board's suggestion, it can also decide on the designs and shapes of banknotes (CBN, 2007). The CBN has, at various times and for various reasons throughout Nigeria's history, redesigned, created, and reprinted the country's currency in compliance with these standards. British colonial currencies, the Pounds and Shillings issued by the West African Currency Board (WACB), were in circulation when the Central Bank of Nigeria (CBN) was initially established in 1959. When the Central Bank of Nigeria (CBN) began operations, it replaced the old colonial money with newly designed notes, which were formerly known as the Pounds and Shillings. However, there was little difference between the old colonial currency and the new currency. When Nigeria changed its currency in July 1962 to reflect the idea of monetary sovereignty, it was the first time the money made a public statement about its independence and nationality (Nduwugwe, 2007). Amidst the mayhem of the Nigerian Civil War, which erupted six years later, the then-Federal Military Government (FMG) headed by Lieutenant Colonel Yakubu Gowon altered the country's currency.

Civil War soldiers from both Nigeria and the former Eastern Region of Nigeria, which Lieutenant Colonel Chukwumeka Odumegwu Ojukwu had declared the Republic of Biafra unilaterally, brutally clashed with Nigerian soldiers. From 1967 to 1970, a 30-month conflict raged, resulting in terrible deaths and extensive property destruction (Adejo, 2008). In January 1968, the FMG announced a currency redesign as a war strategy and crisis management mechanism, with the goal of destabilising the economy of the newly-proclaimed Biafran state. At the time, the revised currency's main objective was to render worthless all of the banknotes that the Biafrans had accumulated to fund the war and operate their government. Just changing the colours of current denominations was all the CBN did. The ten shillings came in a dark blue shade, the five shillings a green, the five pounds a mid-brown, and the one pound a rich red shade (Nduwugwe, 2007). As mentioned before, Nigeria's path towards monetary sovereignty began in 1962. That year saw the formation of the Decimal Currency Committee, which would later

present its report in 1964. Decimalization, renaming, and redesign of the Nigerian currency were among the Committee's suggestions. This was not put into effect until 1973, a full nine years later. Nigerians were prepared for the introduction of decimal currency when Major General Yakubu Gowon, who was president at the time, made the announcement in 1973.

After obtaining independence, Nigeria has arguably used the Naira and the Kobo, two currencies launched by the FMG in 1973, as its national currencies. Named after the country itself, this was the first Nigerian money ever created. Oh, and it was money in decimal form. The decimalization of money denominations enabled the move from conventional currency denominations to a "decimal" system, which is defined by the utilisation of two units differing by a factor of 100. (Nwaoba, 2010). Formerly valued at ten shillings, the naira (₦) served as the primary medium of exchange. There were 100 kobo to one naira, the smallest unit of currency. "Kobo" is the popular Nigerian name for the British "one penny" coin, and the word "Naira" is derived from the Nigerian word meaning "country" (Fayemiwo, 1991). Following the 1973 introduction of the Naira and Kobo, the Central Bank of Nigeria (CBN) created four distinct denominations of banknotes. Five, ten, one, and fifty thousand Nigerian naira were the monetary sums. The CBN also introduced twenty-five thousand, one thousand, ten thousand, and fifty thousand peso coins (Chukwu, 2010).

The infamous canjin Buhari, the second change to the Nigerian currency, was perpetrated in 1984 by the military dictatorship of General Muhammadu Buhari. The regime's quick currency reform effort in the 1970s and 1980s, during an oil glut and prosperity, led to inflation, the budget deficit, and corruption. Within two weeks, all banknotes were withdrawn from circulation except for fifty thousand, and new ones with various colours were put in. The following changes occurred: a red note turned yellow, a green note turned deep pink, a pink note turned crimson, and a green note turned yellow. The policy's success in reducing inflation and corrupt practises was evident when many corrupt officials and money launderers were unable to convert the vast amounts of old notes they had amassed before the deadline. Northerners, whose wealth was less concentrated in banks, were hit particularly hard by the 1984 currency reform, which caused many business owners to go bankrupt (Abubakar, 2016). In 1989, while many Nigerians were still suffering from the aftermath of the 1984 currency reform, the Central Bank of Nigeria (CBN) hired Thomas De La Rue Limited to perform an extensive examination of the Nigerian currency.

This was all in the master plan of the Nigerian central bank to ensure that the country's monetary system was constantly monitored. A number of changes were suggested by the firm, including new 50, 100, and 500 rupee notes, redesigns of all 5, 10, and 20 rupee banknotes, and modifications to 10k, 5k, 1, 5, and 10 rupee coins (Abubakar, 2016). However, the CBN was only able to introduce 50 ₦ in 1991, therefore these proposals weren't fully implemented. The newly introduced denomination, which replaced the previous highest value banknote, was a pale blue tint and featured portraits

of people from the Yoruba, Hausa, and Igbo ethnic groups, the three most populous in the nation. The 10k had its shape and colour changed in 1991 as part of a redesign that also made 50k and ₦1 coins. Five thousand, which was misplaced, was thrown out. Despite the government's claims that the 50 naira was introduced to improve system efficiency in response to increased public and private spending, many Nigerians were critical of the 1991 currency revisions. A lot of people thought that demonetizing lower denominations and replacing them with higher ones would help achieve the depreciation of the Nigerian currency, which was a major aim of the Structural Adjustment programme that was started in 1986 by the then-FMG under General Ibrahim Badamasi Babangida (Abubakar, 2016).

In the mid-1990s, the CBN made yet another effort toward demonetizing the naira. It was termed the millennium package and was organised against the backdrop of the country's expanding population and economy. The plan led to the introduction of new 100, 200, 500, and 1000 rupee notes in December 1999, November 2000, April 2001, and October 2005, respectively (Bello, 2007: 49). The highest denomination banknotes in circulation so far have been 200, 500, and 1000 rupees. Five, ten, twenty, and fifty were redesigned in May 2007 by the CBN. Printing and distribution of 20 rupee polymer notes began in 2007, and the process was not completed until 2009 with the equal printing of 5, 10, and 50 rupee notes in polymer. This was done in the hopes that the money would be more durable and difficult to forge. Changes to the size, colour, features, and security measures of currency were part of the 2007–2009 redesign, which also included a move from paper to polymer. Their colours remained constant, as pointed out by Nwaoba (2010). Along with the introduction of a new 2 coin, the 1 and 50k coins were revamped and reintroduced. The half-dollar and twenty-five dollar coins were also removed from circulation. In anticipation of Nigeria's 50th independence anniversary celebrations, President Goodluck Jonathan issued the ₦50 commemorative note on 29th September 2010. (CBN, 2010). To commemorate the one hundred years of Nigeria's independence from 1914 to 2014, a 100 note was struck in 2014, following a design identical to the original. The note, which was introduced on November 12 and started circulating on December 19, was designed with extra security elements to prevent counterfeiting. There was no withdrawal of the current 50 and 100 rupee notes at the time of the first distribution of these commemorative notes. Both of them were moving simultaneously (Abubakar, 2016).

### **Cashless Policy and the e-Naira**

The value of the Nigerian currency stayed the same from 2014 till the launch of the e-Naira in 2021. An alternative to the real Naira is the digital currency known as the electronic Naira, or e-Naira. Electronic nairas, like physical currency, circulate in Nigeria and are recognised as legal tender. While traditional currency can be transferred through bank accounts and e-banking systems, which are directly due to financial institutions, e-Naira transactions are carried out using e-Naira Wallets, which are directly accountable

to the Central Bank of Nigeria (CBN, 2021a). The CBN, Nigeria's central bank, created the cryptocurrency-like virtual currency for a number of reasons. Goals include improving the usability of the Nigerian currency, fortifying the payment ecosystem, expanding access to financial services, decreasing the cost of creating cash, increasing tax income, streamlining international money transfers, and easing remittances from Nigerians living abroad. The introduction of the e-Naira was a step toward Nigeria's goal of becoming a fully digital economy.

This initiative, which aims to promote more digital and electronic-based transactions and decrease the quantity of physical currency in circulation, was set in motion with the formal announcement of the CBN's cashless policy on April 1, 2012. The major objectives of this plan were to reduce the cost of financial services, eradicate rampant corruption, and make better use of monetary policy to rein in inflation and stimulate economic growth. During its debut, the policy was chosen to be tested in Lagos. But first, the strategy was broadened to include five states—Kano, Rivers, Abia, Ogun, and Anambra—and the Federal Capital Territory (FCT) Abuja (Ovat, 2012). Over the years, the policy has evolved and modified in response to the widespread adoption of online payment methods and efforts to reduce the use of cash. Some examples of these measures include the following: the use of alert systems, the introduction of mobile money payment systems, the use of automated teller machines, the change to 10-digit account numbers, and the prohibition of third-party checks with amounts more than ₦150,000 from being cashed (Ovat, 2012).

These rules and initiatives-imposed limits on the deposit and withdrawal amounts that commercial bank customers might make. Customers can still pay a fee to transact over the stated restrictions, but it will be more expensive. A long-standing dependence on cash was to be replaced by digital and cashless transactions as the central focus of the country's economic change (Ovat, 2012). At the height of this drive, in 2021, the e-Naira was introduced. This strategy, among other factors, helped launch the Naira redesign attempt in 2022.

### **The 2022 Naira Redesign Programme and the 2023 General Elections**

Neither the president nor the CBN's upper management were involved in the ideation or implementation of the 2022 Naira makeover. On the contrary, the Supreme Bank's understanding of both domestic and international best practises necessitated monetary reform. The five main goals of the Naira redesign programme were to improve currency management, speed up the shift to a digital and cashless economy, reduce terrorist attacks and abductions, keep up with international standards for currency redesign every five to eight years, and subtly get ready for the 2023 general elections. Prompt Naira counterfeiting and the issue of excessive currency hoarding are the main reasons for the initiative, according to the Central Bank of Nigeria (CBN). The question now is, did the programme achieve its goals during the three months it was scheduled to operate (October 26, 2022 - February 10, 2023)? Particularly in October 2022, when the

scheme was begun, the nation's leading corps were at the height of their cash hoarding. Data released by the Central Bank of Nigeria (CBN) shows that over 85% of the money in circulation was not held by commercial banks but by the people when the project was initiated. "According to the data that is available at the CBN, as of the end of September 2022, approximately 2.73 trillion naira out of the total 3.23 trillion naira in circulation was not kept in any commercial bank vault across the country," the CBN Governors announced (CBN, 2022: 2-3). ... Just ₦500 billion was in the banking system. The central bank's management was compelled to redesign the currency in September 2022 because to the increasing amount of currency in circulation, which grew from 1.46 trillion in December 2015 to 3.23 trillion as of that same month. This was done to tackle the problem and stay up with the growth. Before the programme began in October 2022, there were 2.73 trillion rupees in old notes that were not in circulation. The Central Bank of Nigeria (CBN) collected 1.9 trillion rupees, or 75 percent of that amount, until January 29, 2023, which was just eleven days before the old notes were supposed to be demonetized (CBN, 2023). In line with the cashless policy, the Apex Bank exchanged the 1.9 trillion old notes it had collected for just 400 million new ones. Additionally, it limited the amount of fresh notes that individuals and companies may withdraw each week, according to CBN (2022). The Central Bank of Nigeria (CBN) initially imposed a limit of 100,000 naira for individuals and 500,000 naira for companies when it came to cash withdrawals made over the counter. The National Assembly did, however, mandate a rise to ₦5 million for groups and ₦500,000 for people (Adegboyega, 2022). In an effort to speed up the country's shift to a cashless economy, the Central Bank of Nigeria (CBN) slashed currency printing rates, which exposed problems with Nigeria's electronic banking infrastructure. Consequently, commercial banks were overwhelmed with ATM withdrawal requests, and mobile banking apps had technical difficulties due to the high volume of electronic transactions. An essay by an unknown author titled "Nigeria's Season of Currency Scarcity" depicts the catastrophic situation that arose in February and March of 2023 due to a severe shortage of cash. He wrote that businesses are having a hard time making sales because more and more consumers are having trouble paying for goods and services online because bank-processed digital payments are unreliable. This situation has led to the emergence of a black market for the new banknotes. The cash supply crisis has impacted several industries, leading to the closure of numerous businesses. These two important economic segments have suffered greatly because most transactions in agriculture and trade and commerce are done in cash, especially in rural areas. Murphy (2023) says that this strategy has essentially rendered rural areas economically inactive.

State governments in Kaduna, Kogi, and Zamfara went to court over the program's haphazard implementation since they witnessed the devastating effects of the cash crunch on their citizens. The anti-people agenda was put to an end after Bola Ahmed Tinubu, the APC presidential candidate, won the election, contrary to what former Kaduna State Governor Malam El-Rufai strongly stated. As of March 3, a court order

allows the old notes to be circulated anew, and they will remain valid until December 31, 2023. (Olabimtan, 2023). In a broad sense, the programme has promoted money hoarding by accident. Rural residents have lost faith in banks and are less inclined to deposit funds there due to concerns about accessibility, while the well-off have exhausted all means to obtain the new notes from commercial banks. The initiative was ineffective even in the 2023 general election in reducing instances of vote buying and bribery. Transportation of election officials and supplies to polling places was delayed by a lack of funding for the presidential and National Assembly elections on February 25th and the gubernatorial and state assembly elections on March 18th. While hard currency like the US dollar and CFA franc was scarce, politicians resorted to bribing election officials and purchasing votes with food wrappers, bank transfers, and other forms of hard currency (Ndajihe, 2023). Prior to the initiative's launch in October 2022, counterfeiting of the Naira had already started to rise. The head of Nigeria's central bank, Godwin Emefiele, has said that "recent developments in photography technology and advancement in printing technologies" have made counterfeiting easier. Counterfeiting of 500 and 1000 rupee notes has been on the rise in recent years, according to the Central Bank of Nigeria (CBN) (CBN, 2022). The assertions made by the CBN Governor are supported by the extensive practise of currency counterfeiting in Nigeria. Take 2019, for instance. According to media reports, the Central Bank of Nigeria (CBN) confiscated almost ₦64.7 million worth of counterfeit currency. With this, the Central Bank of Nigeria (CBN) confiscated 67,265 fake banknotes in 2020, with a total value of ₦56.8 million. The central bank's 2020 annual report states that ₦1000, or 69.06 percent, and ₦500, or 30.79 percent, of the counterfeit currency confiscated in that year (CBN, 2020). Consider the year 2016. "The prevalence of counterfeit notes in Nigeria from January to December 2016 was less than one per cent, precisely 0.0014 percent," said Isaac Okorafor, the Acting Director of Corporate Communications of the CBN, in a press statement (CBN, 2016). The patterns observed in 2019 and 2020 are completely at odds with this data. The pursuit of cashless transactions substantially lowers the risks of counterfeiting, even if new counterfeit notes were found circulating a few weeks after their issuance (Nweze, 2022). The eNaira's influence will grow when its widespread adoption occurs; the currency is extremely difficult to forge. Minimizing the amount of notes in circulation to reduce the chance of ransom payments and expedite the fight to eradicate kidnappings and terrorist attacks were ambitious goals of the Naira redesign plan (CBN, 2022). Naturally, this programme objective has been impeded by terrorists' use of alternate currencies, such the CFA Franc, for ransom payments. Terrorists showed off the new currencies in a January 2023 video that got popular online. It had some success in the past, such as when notorious militants of the Islamic State West Africa Province (ISWAP) blocked a highway in Borno and distributed old notes worth 100,000 naira to every traveller. Apprehension that the notes might expire while in their hands probably prompted this (Okoye, 2023).

## **CONCLUSION**

Contrary to the CBN's assertions, the 2022 Naira redesign initiative has had the exact opposite effect on many Nigerians. This is especially true for academics, small and medium-sized business owners, and those residing in rural areas, as they have been severely impacted by the severe shortage of cash and have struggled to complete transactions. A tiny group of favoured Nigerians received the new notes while others remained without, exacerbating the cash shortage caused by unethical techniques that became entangled with the program's implementation. The country's electronic banking system's flaws were on full display due to the dearth of circulation in money. Everything points to the Naira redesign program's bungled execution and the need for a new anti-corruption drive in Nigeria's banking sector.

## **RECOMMENDATIONS**

In order to prevent the Naira from being used as collateral in the deployment of the Bimodal Voter Accreditation System (BVAS) at each polling station that INEC controls, this paper recommends that the CBN lead the effort to block the flow of cash to all banks. Creating additional currency will lead to a decline in its value, so printing more of it is pointless. Many people disagree that a country's "wealth" is the only factor that determines the value of its currency. Various measures of this wealth are commonly used, such as GDP and GNP. A country's currency has buying power that is proportionate to its gross domestic product. It takes more than just printing more money to improve a country's level of life. The paper goes on to say that no leaving administration should change the currency if they want to stop the theft of public cash.

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