

A HISTORY OF CURRENCY REDESIGN IN NIGERIA: THE NAIRA REDESIGN POLICY OF 2022 AND LOCAL RESPONSES IN HISTORICAL PERSPECTIVE

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Abstract

This paper examines the 2022-naira currency redesign policy of the Central Bank of Nigeria (CBN) within a historical and institutional context. It interrogates the stated objectives of the redesign exercise—curbing inflation, reducing currency counterfeiting, combating illicit financial activities, and encouraging financial inclusion—while also exploring the policy’s implications for the autonomy of the CBN. Using both documentary evidence and contemporary public reactions, the study demonstrates that although currency redesign is a globally recognized monetary strategy, its success depends largely on timing, administrative capacity, and political environment. The paper argues that the 2022 policy was rolled out at a moment of heightened political sensitivity and weak financial infrastructure, which contributed to the severe liquidity shock and public hardship that followed its implementation. The episode revealed not only the institutional tensions between the CBN, the executive branch, and state governments, but also broader questions concerning public trust in monetary governance. In conclusion, while the redesign policy achieved partial success in retrieving hoarded currency and drawing informal funds into the banking system, the challenges that followed exposed structural limits to the CBN’s operational autonomy and highlighted the continuing need for comprehensive monetary and governance reforms in Nigeria.

Introduction

This paper analyses the hypothesis raised in this research in order to ascertain the reasons for the naira currency redesign policy in Nigeria as well as the policy implementation process and the challenges that followed. It further examines the big question of the CBN autonomy with regards the redesign policy. The 2007 Act of the Central Bank of Nigeria gave CBN the statutory right to introduce, coordinate and implement monetary policy issues, however it must seek the approval of the Presidency. With this position in mind, amidst the heat wave of the implementation crisis of the redesign policy in Nigeria, the CBN had its degree of autonomy from the Federal government and political elites to contend with.

Building on this contextual foundation, the paper proceeds through a series of analytically structured sections. Section one examines the historical evolution of currency redesign policies in Nigeria. Section two provides an overview of the

replacement of obsolete notes and introducing the better designs. Section three analyses the Naira Redesign Policy in relation to inflationary trends. Section four investigates the policy's role in curbing illicit financial activities, particularly its influence on combating counterfeiting, money laundering, kidnapping and the funding of terrorism. Section five turns attention to the policy's impact on kidnapping and ransom economies, interrogating its effectiveness in constraining the flow of untraceable cash used in criminal networks. Section five explores the issue of excessive cash holdings, evaluating how the policy has encouraged a transition towards digital and cashless financial systems. Subsequently, section six critically assesses the question of Central Bank autonomy, reflecting on the interplay between technocratic independence and executive authority under the 2007 CBN Act. Section seven then situates the Naira Redesign Policy, Impacts, and Local Responses in Nigeria. Finally, the concluding section eight synthesizes the findings, drawing together the central arguments to offer policy recommendations for strengthening Nigeria's monetary governance and ensuring a more resilient, transparent, and autonomous financial system.

Currency Redesign Policies in Nigeria: A Historical Overview

Currency redesign in Nigeria has historically been tied to broader political transitions, economic reforms, and state-building efforts. Following independence, the Nigerian government replaced the West African Currency Board notes in 1965 as part of the effort to assert national sovereignty. This was followed in 1973 by the introduction of the Naira and Kobo, which marked Nigeria's switch to a decimal monetary system and was intended to consolidate national identity and modernize economic exchange. Further currency adjustments occurred in 1984 under the military administration of General Muhammadu Buhari, when the colours of major denominations were changed in response to widespread currency trafficking, inflationary pressures, and illicit capital flight.

Between the late 1990s and 2000s, redesign efforts were linked to modernization and anti-counterfeiting measures, including the 2007 introduction of polymer notes, which aimed to reduce currency deterioration and improve durability. However, these measures were inconsistently applied and sometimes reversed due to cost and security concerns.

The historical pattern shows that currency redesigns in Nigeria have typically emerged during periods of economic stress, fiscal imbalance, or governance challenges. The 2022 redesign policy therefore fits into a long-standing tradition in which monetary authorities seek to restore confidence in the currency, assert regulatory authority, and manage inflationary and security pressures in the national economy.

The Replacement of Obsolete Notes: Introducing better Designs

The Central Bank of Nigeria (CBN) had announced its naira currency redesign policy on October 26, 2022, mainly to redesign higher denominations of the naira note

namely: ₦200-, ₦500- and ₦1000-naira notes. Obsolete old naira notes of these bigger denominations were meant to be completely retrieved from the system and immediately replaced by the newly designed naira notes slated for circulation from December 15, 2022, with clearly distinct colours and security features.¹ The Apex bank further urged Deposit Money Banks (DMB) to keep their currency processing centers open from Monday to Saturday so they could accommodate all cash that will be returned by their customers. Bank charges for cash deposits were also suspended and DMBs were instructed to ensure that no bank customer bore any charges for cash returned or paid into their accounts.²

In implementing the currency redesign policy, CBN introduced ₦400 million of the new designed notes to replace the over ₦1.9 trillion of the old notes it had retrieved from the system, The Apex Bank's decision to demonetize the old naira notes by February 10, 2023, and circulate limited amount of the new notes resulted in an unprecedented cash crunch. The CBN then set a minimum cash withdrawal limit through the Automated Teller Machine (ATM) and point of Sale, i.e., Point of Sale (PoS) agents at 20,000 per day, so, individuals were subjected to withdraw 100,000 naira per week.³ The new notes were to be issued through the ATMs and the DMBs were instructed to ensure that the distribution was fair, transparent, and evenly spread across the country.⁴ The CBN developed a currency swap initiative in collaboration with super agents and DMBs in order to increase the avenues via which unreachable, underserved, and rural people may exchange their naira. The goal of the cash swap program was to make it possible for people who live in remote regions or have limited access to formal financial services to trade in their old Naira notes for newly designed ones.⁵ The cash swap programme was to enable citizens in rural areas or those with limited access to formal financial services to exchange old Naira notes for redesigned new notes.⁶

The CBN also launched securitization campaign in markets across Nigeria to educate citizens on the new notes. Agents were mandated to exchange a minimum of ₦10,000 per person. Amounts which were above 10,000 were to be treated as cash in deposits into wallets or bank accounts in line with the cashless policy. To promote financial inclusion, this service was extended to people without bank accounts. Agents were mandated to open request instantly, open a wallet or bank account. This was to ensure that these categories of people (the unbanked) were able to exchange or deposit their cash seamlessly without taking unnecessary risk or incurring undue cost.

In order to ensure that the cash swap programme was successful, CBN had to employ about 30,000 super agents to the hither lands, rural areas and region that were underserved by banks in Nigeria. The deployment of the super agents was also to ensure that the weak and vulnerable population can take their monies to the bank before the expiration of the deadline.⁷

The Naira Redesign Policy in Checkmating Inflation

According to currency report, Nigeria's inflation rate for 2022 was at 18.85%, a 1.89% increase from 2021. In 2021 inflation rate had also increased by 16.95%, a 3.71% increase from 2020 which was 13.25%.⁸ Similarly, Nigeria's National Bureau of Statistics (NBS) published the Consumer Price Index (CPI) report for May on June 15, 2022, revealing that the nation's inflation rate had risen to 17.71%, an 11-month high, from 16.82% in April. The research, which Business Insider Africa states the ongoing conflict in Ukraine was mostly to blame for the spike in food and fuel prices. The World Bank warned on June 14 that Nigeria's high inflation issue might potentially push millions of Nigerians into abject poverty in a report released before the CPI report.

The international lender also reveals that although Nigeria's inflation issue predates the Ukrainian war, it has been worse since the war, and might get worse further. As a result, millions more Nigerians may experience extreme poverty by the end of 2022. Bearing in mind Nigeria have one of the highest rates of inflation in both Africa and the entire world. With the spike in global gasoline and food costs brought on by the conflict in Ukraine, Nigeria's already among the highest-inflation countries and are likely to see inflation rates rise even more. The World Bank predicts that this will force an additional one. Unfortunately, additional macroeconomic difficulties, such as fiscal pressures brought on by rising fuel subsidy costs, could exacerbate Nigeria's high inflation, especially given the country's sharp decrease in oil production. The World Bank therefore urged the Nigerian government to think about implementing substantial and comprehensive changes as soon as feasible to avoid these issues. The recommended changes include Lowering inflation through implementing a series of carefully timed and coordinated trade, monetary, and fiscal measures, such as the use of a single, market-responsive exchange rate.

In response to the above, the CBN felt the need to tackle the rising rate of inflation through proper currency management. Central Banks have the responsibility of regulating the activities of financial institution, as well as develop and implement policies that will enhance economic growth. One of the ways the Central Bank achieves this is through the regulation of Currency in Circulation (CIC). Too much money in circulation could lead to inflation. "Inflation is detrimental to the economy and causes a depreciation in exchange rate, a fall in the value of savings, and in extreme cases, can render a currency useless."⁹ The CBN have two major current commitments apart from its other functions, the reduction of money in circulation which puts the CBN on its statutory role to both manage currency and the economy in Nigeria. Currency redesign is usually a process undertaken by Central Banks or Apex Banks to reduce currency in circulation, thereby controlling inflation.¹⁰ One puzzle the CBN sought to unravel through the implementation of its redesign policy was to show how the control and management of CIC can reduce or completely eradicate the intended consequences of inflation ravaging the Nigerian economy at the time. Once there is reduction of money in circulation, there will be increasing demand for the naira. The increasing demand for the naira will unvaryingly lead to

the reduction in the prices of goods and services and latently inflation. The decline in money supply within the economic ecosystem which is the direct impact of the redesign policy meant to lower inflation invariably.

The Naira Redesign Policy in Curbing Illicit Activities in Nigeria: Currency Counterfeiting, Kidnapping and the Funding of Terrorism

Although global best practice is for Central Banks to redesign, produce and circulate new local legal tender every 5–8 years, the Naira has not been redesigned in the last 20 years. When the program began in October 2022, Naira counterfeiting was on the rise. "Recent advances in photographic technology and advancement in printing devices have made counterfeiting relatively easier," said CBN Governor Godwin Emefiele. Particularly at the higher values of 500 and 1000, the CBN has observed a markedly increasing rate of counterfeiting in recent years.¹¹ This claim by the CBN Governor was confirmed by the level at which currency counterfeiting was being practiced in Nigeria. The CBN Governor, Godwin Emefiele while addressing the press on the reasons for the redesign policy noted that there were security reports to show that there was increasing ease and risk of counterfeiting the naira notes.¹² Counterfeiting of currency notes have grave security implications and can impact the economy of the country negatively. The CBN invariably embarked on the currency redesign to reduce the risk of counterfeiting.

According to media reports, for instance, about ₦64.7 million of counterfeit currency was confiscated by the CBN in 2019 alone. This was followed in 2020 by the CBN's confiscation of a total of 67,265 pieces of counterfeit banknotes with a nominal value of ₦56.8 million. In the 2020 annual report of the apex bank, ₦1000 and ₦500 formed the better part of the confiscated counterfeit currency of the year 2020, accounting for 69.06 per cent and 30.79 per cent respectively.¹³ This shows that the rate of counterfeit notes in circulation was high and there was a need to strengthen the security measures on the naira to reduce counterfeiting.

The Naira redesign policy was also meant to vehemently support the fight against kidnapping and terrorism in Nigeria. To achieve this, there was the need to reduce cash circulation in order to curtail the prevalent payment of ransom usually in cash being demanded by terrorists from their victims.¹⁴ The current insecurity in Nigeria have given rise to several terrorists' groups who kidnap victims in exchange for huge cash payment to sponsor their activities against the Nigerian-State. By retrieving and reducing the use of cash to online banking transactions, the CBN hoped that payment of large sums of naira in demand by terrorists would be easy to trace and curb. Although, this aim of the policy did not yield the needed result as terrorists began to demand for ransom in foreign currency.

There were several online videos where terrorists were seen flaunting the newly designed notes in January 2023. The partial success of the policy in checkmating terrorism and kidnapping in Nigeria is been widely reported through viral videos of the notorious Islamic State of West Africa Province (ISWAP) blocking a Borno State highway and distributing the sum of ₦100,000 (One hundred thousand naira) of the

old notes to passengers, for the fear that the old naira notes would cease to be legal tender and so did not want it to expire in their own custody.¹⁵

The Naira Redesign Policy in Dealing with Excessive Cash Holding

Currency redesign policies aimed at reducing illicit money holdings, are often targeted. In the Nigerian case of 2022, it was to reduce the hoarding of high denomination naira notes, as most people hoarding the naira felt the need to protect their ill-gotten wealth from the banking system thereby evading justice. According to Ojo,¹⁶ the money outside the vaults of Deposit Money Banks as of September 2022 amounted to 2.73 trillion out of 3.23 trillion in circulation. He refers to currency in circulation as that currency in the vaults of commercial banks across the country which is accounted for economic purposes aside the cash outside the banking system. On the other hand, money stock outside the bank's vault which is allegedly held by the public and unaccounted for, explains the need for the redesign policy in order to curb hoarding of the naira. According to the CBN, there is:

With statistics suggesting that more than 80% of the currency in circulation is outside of commercial banks' vaults, there is significant hoarding of bank-notes by the general population...The CBN is being viewed negatively and the risk to financial stability is growing as a result of the worsening lack of clean and functional bank notes...Multiple secondary reports show that counterfeiting is becoming easier and riskier.¹⁷

The quote above show that CBN was faced with genuine challenges that called for the redesign of the Naira. According to the CBN, 80% of the currency in circulation was outside the confines of the banks and most of these monies were either used for illicit activities or kept underground. Scholars such as Amadi and Opatola¹⁸ allege that such moneys are held by political office holders as peasants or the poor in the society do not have the capacity to access and even hoard such money except when they function as couriers for the bourgeoisie. Related to this is the need to effectively manage the money in circulation. The redesign policy was expected to increase the control of CBN and DMBs in the economy. With the redesign, there will be more money in the bank vaults under the control of the bank. According to CBN¹⁹ the currency redesign will enable better monetary policy formulation and effectiveness as the mop up of currency outside the banking system will ensue more reliable data on money supply.

It is important to note that currency management is a statutory function of the Central Bank. Although, the CBN redesign policy may not have recorded complete success, it however from inception in October 2022 to 29th January 2023 (eleven days to the February 10th deadline, set for the demonetization of the old notes) recollected 75 percent (₦1.9 trillion) of the ₦2.73 trillion of the old notes that were hoarded outside the banking system when the policy was launched.²⁰ According to

CBN,²¹ currency management is a key function of the bank as enshrined in the CBN ACT (2007):

(2) The Bank must be a corporation with perpetual succession, a common seal, and the right to bring and defend legal actions in its own name. (3) The Bank shall be an autonomous body in the fulfillment of its activities in order to assist the accomplishment of its mission under this Act and the Banks and Other Financial Institutions Act and in keeping with the goal of maintaining stability and continuity in economic management. (4) The Bank may purchase, hold, and sell both movable and immovable property for the purposes of performing its duties, subject to the restrictions in this Act. The Principal objects of the Bank shall be to- (a) ensure monetary and price stability; (b) issue legal tender currency in Nigeria; (c) maintain external reserves to safeguard the international value of the legal tender currency; (d) promote a sound financial system in Nigeria; and (e) act as banker and provide economic and financial advice to the Federal Government.²²

The efficiency of Naira supply, and efficacy in the conduct of the monetary policies where some of the hallmarks of a strong Central Bank.²³ Further explanation given by the CBN Governor was that the global best practice is for CBN to redesign, produce and circulate new local legal tender every 5–8 years and the Naira had not been redesigned in the last 20 years.²⁴ The CBN was facing challenges that had grown in scale and sophistication with attendant and unintended consequences for the integrity of both the integrity of CBN and the country.

The naira policy redesign was basically an extension of the cashless policy which was instituted by the CBN previously and failed. It can be regarded as an extension of the cashless policy because, it places limits on withdrawals but accepts unlimited deposits. The policy charges extra on transactions beyond the withdrawal limit. The idea is to encourage cashless transactions and discourage transactions carried out using physical cash. To achieve this a withdrawal limit clause was also included to ensure that most transactions are carried out using internet or online channels. Beyond this, the CBN expected that it would make it easy for transactions to be tracked and the money as well as the economy will be efficiently managed.

This was aimed at restricting the amount of money made available for individuals to spend and thereby promoting the cashless policy of the CBN. According to the CBN, the cash withdrawal limit policy was beneficial as it would “reduce the cost of cash management i.e. the processing, movement and security of old notes, eliminate the physical risk of cash such as robbery, kidnapping, reduction in incidences of crime, terrorism financing, advance fee fraud, graft, ransom payment and extortion, blockage of leakages through tax evasion, cash pilfering and theft and deepening the Nigerian payment system through more innovation and cheaper costs.”²⁵

The Naira Redesign Policy and the Question of CBN Autonomy

In a move aimed at restoring the control of the Central Bank of Nigeria (CBN) over currency management within the country, the CBN Governor, Mr. Godwin Emefiele,

has announced that “the Bank's Management has sought and obtained presidential approval to redesign, produce and circulate the N200, N500 and N1000 naira notes. Speaking at a special press briefing held at the Bank's Head Office in Abuja-Nigeria, Emefiele announced that the newly redesigned currency notes will be released to the public on December 15, 2022, after an official launch by President Muhammadu Buhari. The Governor further stated that the current and the modern designs will be legal tender until 31 January 2023 after which, only the modern designs will be recognized even as he reminded that currency management is a key function of the Central Bank of Nigeria.”²⁶

Based on the Governor's press briefing, several interpretations were raised on social platforms and the media which tend to question the CBN's autonomy and the involvement of the Federal Government from the conception, declaration, and implementation of the naira redesign policy of 2022 in Nigeria. Although, the redesign policy by the CBN appear germane, explanations were not given for the specific notes to be redesigned as well as the short duration of time given to swap from old notes to new notes. The reasons given by the CBN also did not portray any political influence for the currency design. Responses however from government officials appear divided; while some portray this as a government mandated policy, others felt otherwise. For instance, the erstwhile Minister of Finance Zainab Ahmed was quoted to have said the finance ministry was not consulted over the monetary policy and further expressed reservations about the policy and its consequences on the Nigerian economy.²⁷

Few days to the supposed deadline for implementation of the currency redesign policy, three State Governments, that of Kaduna, Kogi and Zamfara State had sued the Federal Government at the Supreme Court for a reversal of the policy cutting the hardships and the continued scarcity of the new naira notes. The Governors felt the CBN was not completely independent of the Federal Government on the rash redesign policy decisions made (considering the CBN Governor was an appointee of the Federal Government). More importantly, was the political undertone the governors had in protecting the interest of their political party during the election. This made them see the currency redesign policy as a plot by the government using the CBN to frustrate their political ambition.

Five days later, the court issued an interim order suspending the implementation of the deadline set by the CBN and directed that the old and new notes should continue to remain legal tender and circulate pending the resolution of the case.²⁸ The CBN stock to its guns despite the court order and insisted that the old notes had stopped being legal tender after the February deadline while the scarcity of the new notes persisted. On the 16th of February in defiance to the Supreme Court's order, the President of Nigeria Muhammadu Buhari had to intervene and restored the validity of the old N200 notes but insisted that the 500 and 1,000 notes had ceased to be legal tender.²⁹

Currency management as one of the key functions of the CBN and the principal aim of the redesign was to make monetary policy decision more efficacious, increase

financial inclusion, reducing the unbanked population and support the efforts of the security agencies in combating banditry and ransom taking.³⁰ It is in line with this that the CBN embarked on the currency redesign. This decision has generated arguments with regards the autonomy of CBN viewing the Apex bank as a loyalist of the Federal government.

The CBN Act of 2007, gives the CBN the right to redesign and even withdraw a currency from circulation or decide that a money can cease to be legal tender. This is located on page six (6) of the CBN Act where it is said that:

The bank can have power, if directed to do so by the President and after giving reasonable notice in that, behalf to call in any of its notes or coins on payment of the face value thereof and any note or coin with respect to which a notice has been given under this subsection, shall, on the expiration of the notice, cease to be legal tender, but subject to section 22 of this act shall be redeemed by the bank upon demand. This quote shows that the CBN, as an institution of government has the autonomy to redesign, it however, needs the permission of the President. It was in concert with this, that the CBN Governor at the unveiling of the new currency stated that the bank sought the permission of the president to embark on the redesign.³¹

The CBN Act of 2007 provides that the CBN shall be a fully autonomous body in the discharge of its functions under the act and the banks and other financial institution act with the objectives of promoting stability and continuity in economic development. In the light of the currency redesign policy, the CBN acted within the limit of its autonomy enshrined in the CBN act 2007. When the policy was announced and implemented, there was an uproar accompanied by legislative summons and court cases. Despite this, the CBN maintained that the redesign was in line with international best practices and in line with the autonomy of CBN. The CBN maintained that they did not need external approval before it implements policies.³²

The CBN also stated that it is a fully autonomous body, and its decisions and actions should not be questioned by any organ of government. Section 3 of the CBN Act guarantees the independence of the CBN as it says: "In order to facilitate the achievement of its mandate under this act and the banks and other financial institutions act and in line with the objectives of promoting stability and continuity in the economic management, the bank shall be independent body in the discharge of its functions."³³ The approval of the President shows that the CBNs autonomy still has limits. When the policy redesign was announced, the Presidency supported the design by saying that the policy was aimed at strengthening macroeconomic parameters, reduction of money supply, leading to deceleration of the velocity of money in the economy which should result in less pressures on domestic prices, lowering of inflation, collapse of illegal economic activities, availability of easy loans, greater visibility and transparency of financial action.³⁴ The President gave the CBN the authorization. it needed to implement the redesign despite the hardship the policy had caused. This is an indication that there is a great deal of influence by the President on the policy the bank brings on board.

Considering the public suspicion already raised about the policy, many felt it targeted a few political aspirants in the forthcoming Presidential election of February 15, 2023, and the Governorship/House of Assembly elections of March 18th, 2023. Vote buying was a thing in Nigerian election; hence, a general suspicion feared the government steered such candidates to lose at the polls.³⁵ This is because the new naira notes needed to lobby for votes during campaigns and pre-electioneering season are scarce, meanwhile old notes have become obsolete. Stalked-up cash of old currency notes hoarded by politicians for the purpose of vote-buying were clutched with the redesign policy.

The implementation process of the policy also made some suspicious of the Federal government's involvement in the policy as politicians were also being hunted by the Economic and Financial Crime Commission (EFCC). For this set of politicians, returning the old notes in exchange for the newly designed notes, was a risk they were not willing to take. Considering the amount of cash deposited per day at the bank by a single individual could automatically trigger the system and attract the EFCC thereby jeopardizing their political career. While some commend this move by the Federal government towards its fight against corruption ravaging the system, others had a great deal questioned the autonomy and competence of the CBN for its inability to successfully implement the policy amidst hardship it brought on the people.

As a result of the public outcry, on the 29th of January 2023 a ten-day extension of the deadline from January 31, 2023, to February 10, 2023, was granted. This was done to enable the collection of more old notes that Nigerians had rightfully been holding to increase the success of cash swaps in rural communities before all old notes outside the CBN Vault lose their legal tender status in 2023.³⁶ ATM lines still existed despite the deadline's extension, and there were interesting aspects such as people selling the newly designed notes for a fee, the emergence of intermediaries who were exchanging the notes on behalf of the CBN, and people rough handling the old notes, including stamping on them at events. The inefficient internet network issues made it difficult to manage online bank transactions. Traders could neither buy nor sell and people were unable to make financial transactions without hitches. To mitigate these challenges, the CBN Governor mandated DMBs to commence the payment of the redesigned note over the counter, subject to a maximum daily payout limit of N20, 000 (Twenty Thousand Naira). This only led to increase in long queues inside and outside banking halls.

To help the CBN mitigate the effects of some of these challenges, it embarked on massive awareness campaigns via market stomps, radio, television, newspapers, sponsored programmers, brochures, and flyers. Also, the CBN sent top management staff to the field to monitor the disbursement of the new notes. Furthermore, Weekend banking was introduced to fast-track the deposits of old notes at DMBs. All efforts by the CBN to ensure the success of the policy did not yield the needed result. The emergence of the newly elected President of Nigeria, Bola Ahmed Tinubu did put the currency redesign policy on hold. Although, the old and new naira notes

are currently being used interchangeably as legal currencies. The move further questions the autonomy of CBN as portrayed in the Act. The CBN is expected to act within the permission of the Presidency. Suffice it to state that the naira redesign policy had its success and failure inherent in the system.

The Naira Redesign Policy, Impacts, and Local Responses in Nigeria

The naira redesign policy had both positive and negative impact. Numerous studies have been conducted with regards to CBN's currency redesign. Ogbone conducted a study on the impact of currency redesign on the operation of Point of Sale in Enugu, while Odior and Shodeinde³⁷ focused on the potential implication of currency restructuring in Nigeria. Abubakar and Yandaki³⁸ focused on the implication of naira redesign for the economy.

The CBN was able to recover much of the money in circulation thereby reducing inflation. According to the CBN Governor, as of October 2022, currency in speculation has risen to 3.23 trillion out of which only 500billion was within the banking industry and 2.7 billion held permanently in peoples' homes.³⁹ Since the commencement of this programme, about 1.9 trillion has been retrieved by the bank leaving the bank without 9 billion (500b + 1.9 trillion).

The currency redesign also resulted in the creation of jobs for the unemployed. In order to ensure the success of the cash swap programme, the CBN had deployed 30,000 Super Agents (SA) nationwide to assist in the cash swap initiative in hinterlands, rural areas and regions underserved by banks in the country to ensure that the weak and vulnerable ones in the hinterland who are unreached by the banks can swap/exchange their old notes.⁴⁰ The recruiting of agents invariably created jobs for the unemployed.

The redesign policy also helped to convert those in rural areas to formal banking setups. The monetary redesign helped in the direction of CBN vision for a cashless society. The naira redesign policy has helped to stop the inflow of illicit money used for political purposes. It is important to note that smugglers, kidnappers, and terrorists find it difficult to operate successfully in a cashless economy. It was reported that kidnapping reduced drastically because of the currency redesign.⁴¹ Though, the currency redesign was expected to stop vote buying, some politicians exchanged their money for foreign currency instead and still used it to buy votes during the 2023 election.

There were downsides to the implementation of the naira redesign. First, it was an expensive venture for the government as the government was struggling with budget deficit. Printing of new currency was expensive and funding for this project allegedly borrowed. This policy negatively impacted the informal sector activities such as local retailing, artisans, commercial vehicle businesses, trading etc. Small-scale manufacturing businesses were also affected as transactions became difficult. As plausible as the cashless transactions seem, when the network is poor, it becomes difficult to conduct a seamless online transaction. Despite the time frame given, many

people began to reject old notes as a means of exchange for trade and insisted on new notes instead. With the scarcity of the new designed notes, several informal businesses suffered a great deal as transactions became more difficult without cash.

Conclusion Remarks

The Currency redesign policy in Nigeria was necessitated by a number of reasons ranging from the removal of obsolete notes, curbing the raging effect of inflation, checkmating illicit activities and dealing with excessive cash hoarding. While this was the plan the implementation process was questionable as there were so much tension that the public or the CBN could handle. Although, the policy had its success stories, the failure of the redesign policy in achieving its aim puts the CBN in public ridicule questioning its professionalism and autonomy.

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