



Improving Socioeconomic Outcome in Nigeria: Influence of Naira Redesign in Ogun State

By

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Abstract

Currency redesign is a critical economic and monetary policy instrument used by central banks to tackle issues ranging from inflation control, currency counterfeiting, to mopping up excess liquidity and improving monetary policy effectiveness. Thus, the study examined the impact of currency redesign on socio-economic outcomes in Ogun State, Nigeria. The specific objectives of the study were to examine the impact of currency redesign on the cost of living and inflation rate; currency redesign on the economic activities of micro and small-scale businesses and assess the socio-economic effects of currency redesign on vulnerable populations (low-income households, traders, artisans) in Ogun State, Nigeria. This study adopted the descriptive survey research design. In this particular study, the population consists of all the stakeholders in Nigeria using selected residents in Ogun State as a case study. A sample of 100 residents were drawn for the study. The cluster random sampling method was adopted for this study. The questionnaire (NARISQ) was structured into close ended questions, having two major parts: A and B. Data collected were analysed with frequency count, and percentages (%) and charts while the hypotheses were tested with Chi-square (X^2) statistical technique. The result showed that there is a significant effect of currency redesign on cost of living and inflation rate, micro and small businesses; and socio-economic outcomes of the vulnerable population (low-income households, traders, artisans) in Ogun State, Nigeria. It was therefore recommended that going forward, there is urgent need to extend the validity period, sustain the existing old notes a legal tender and gradually remove the old notes through the banking system to avoid the economic hardship that is associated with inability to purchase goods and services by the non-banked population in the informal sector.

Keywords: Naira redesign; socioeconomic outcome; inflation; conflict; SMEs



Introduction

Currency design and redesign are fundamental components of a nation's monetary system, embodying both symbolic and functional roles within the economy. In recent times, the Central Bank of Nigeria (CBN) announced a bold move to redesign the higher denominations of the Naira—₦200, ₦500, and ₦1000 notes—with the official rollout commencing in December 2022. This policy, according to the apex bank, was aimed at addressing several macroeconomic and structural challenges, including inflation control, the growing incidence of currency counterfeiting, promotion of a cashless economy, and reduction in currency outside the banking system (CBN, 2022). While the intentions appear laudable, the socioeconomic outcomes of such a policy intervention merit rigorous analysis. This paper seeks to explore the multidimensional impacts of the Naira redesign on Nigeria's socioeconomic structure, drawing from empirical evidence, monetary theory, and stakeholder responses.

Currency redesign is not a novel concept globally. Central banks occasionally modify the appearance, material composition, or denominations of national currencies to address concerns of economic efficiency, national security, or sociopolitical alignment (Drehmann, Goodhart & Kruger, 2002; Rogoff, 2016). In Nigeria's case, the CBN emphasized that the redesign was necessitated by the urgent need to combat hoarding of banknotes, which reportedly reached ₦2.72 trillion outside the formal banking sector by mid-2022—over 85% of total currency in circulation (CBN, 2022). Such hoarding limits the CBN's control over monetary aggregates and impairs its ability to implement effective monetary policy. Furthermore, the policy was designed to tackle Nigeria's ballooning inflation, which averaged 20.77% in 2022 and continued on an upward trajectory into 2023 (NBS, 2023). In theory, currency redesign could induce a temporary deflationary shock, as old notes are withdrawn and consumers face liquidity constraints (Friedman, 1969). The CBN's attempt to leverage this mechanism was premised on the view that reducing cash in circulation would curtail speculative demand, reduce corruption-related cash hoards, and foster greater transparency in financial transactions. However, the socioeconomic reality of the policy has been far more complex. The immediate aftermath of the currency redesign policy triggered significant disruptions in the economy, especially in the informal sector which constitutes more than 60% of Nigeria's GDP and 80% of employment (ILO, 2020; NBS, 2021). With stringent withdrawal limits and delays in the distribution of new notes, many businesses faced acute liquidity shortages. In rural and peri-urban areas, where financial inclusion remains low, the policy created a temporary monetary vacuum, limiting people's access to cash for daily subsistence and transactional purposes (Ogunleye & Adeyemi, 2023). These frictions translated into short-term contractions in household welfare, reduced access to goods and services, and a surge in public dissatisfaction, culminating in social unrest in some regions.

The broader socioeconomic implications extend beyond immediate cash shortages. The policy's impact on consumption patterns, income generation, poverty levels, and the digital financial ecosystem must be evaluated in both short and long-term contexts. On one hand, it has been argued



that the redesign policy catalyzed the uptake of digital payment systems, increasing financial technology adoption among previously unbanked populations (Ekezie, 2023). On the other hand, structural deficiencies in digital infrastructure, particularly in underserved regions, limited the potential benefits of this shift. Intermittent power supply, poor internet connectivity, and limited mobile banking literacy undermined the efficacy of cashless alternatives, reinforcing existing inequalities in access to financial services (Adewuyi & Okonkwo, 2023).

Despite these ostensibly noble objectives, the implementation of the naira redesign policy was plagued by critical flaws. The announcement that the redesigned notes would become the only legal tender from January 31, 2023, gave the populace little time to return old notes, thereby causing confusion, panic, and significant disruptions in socioeconomic activities. The new notes were in acute short supply, leading to long queues at banking halls, ATM terminals, and Point-of-Sale (POS) outlets. This scarcity triggered hoarding, black market operations, and extortionate charges by financial agents. Notably, in major urban centers such as Lagos, Abuja, Onitsha, and Port Harcourt, POS operators charged exorbitant transaction fees—sometimes as much as 50% of the amount withdrawn (Eromosele, 2023). Adeleke (2023) publicly condemned these practices and called for immediate regulatory intervention.

Social discontent escalated into violent protests in several parts of the country, including Oyo, Ogun, and Akwa Ibom States. These were attributed to growing public frustration, the collapse of daily cash-based transactions, and a perceived indifference by the federal government to the mounting crisis (Adebayo, 2023). The media, civil society, and several state governments criticized the CBN for what was perceived as a rushed, poorly thought-out, and politically motivated policy. The Sun Newspaper (2023) editorial noted that “with two weeks to the January 31 deadline, there was intense pressure on the Central Bank to review the implementation of the naira redesign policy.” Unfortunately, the CBN remained rigid for an extended period, even as widespread economic and social dislocations persisted.

The policy’s impact was especially pronounced on the informal sector, which constitutes over 60% of Nigeria’s economy and is largely cash-based. Small and medium-sized enterprises (SMEs), market traders, artisans, and rural dwellers bore the brunt of the naira scarcity. Many were unable to buy or sell goods, pay workers, or access credit. This led to significant losses, insolvencies, and rising unemployment. Akinlo and Odusola (2003; 2023) emphasized that real sector activities were seriously impaired, with inflation surging due to distorted supply chains and the opportunistic behavior of market actors. During this period, prices of essential commodities skyrocketed, and many Nigerians were compelled to spend long hours queuing at banks or traveling long distances in search of cash, all to no avail.

Furthermore, the monetary contraction caused by the withdrawal of over N2 trillion from circulation without a commensurate injection of new notes—estimated at only N300 billion—resulted in a liquidity crunch (Olokor, 2023). This imbalance severely restricted aggregate demand, curtailed productive activity, and exacerbated poverty levels. The World Bank (2023) projected that this artificial cash crunch could push millions of Nigerians into extreme poverty, particularly those in the



informal sector who rely on daily transactions for survival. The resultant economic pain also extended to the political sphere. Political parties preparing for the 2023 general elections faced severe liquidity constraints, which some observers interpreted as a deliberate strategy to frustrate vote-buying or even disrupt the elections altogether (Isenyo, 2023; Baiyewu, 2023).

This paper therefore aims to critically examine the **socioeconomic outcomes** of the 2022–2023 Naira redesign policy in Nigeria, specifically Ogun state. It explores public awareness of the policy and its implementation; assesses the role of financial institutions and the ethical issues surrounding currency distribution; analyzes the impact on prices of goods and services; and evaluates the implications for economic productivity and living standards. The study draws on existing literature, media reports, public opinion surveys, and economic data to provide a holistic understanding of how the policy affected different strata of Nigerian society. The ultimate objective is to inform future monetary policy decisions and recommend strategies for inclusive, evidence-based currency reforms in developing economies.

This study contributes to the growing discourse on the effectiveness and social acceptability of monetary policy innovations in emerging markets. It also offers practical insights into how central banks can balance macroeconomic objectives with public welfare, especially in countries with large informal economies and limited financial infrastructure.

Literature Review

Theoretical Framework

Currency redesign or demonetization has long been a policy instrument employed by central banks to achieve a variety of economic objectives ranging from macroeconomic stabilization to the control of illicit financial flows. The theoretical foundation of currency redesign lies in monetarist and Keynesian frameworks, where changes in the money supply can influence aggregate demand, price stability, and inflation (Friedman, 1969; Mishkin, 2004). In the monetarist view, reducing high-powered money or cash in circulation (especially if hoarded or outside the formal banking system) can constrain inflationary pressure, provided velocity is stable. However, Keynesian models caution that abrupt liquidity contraction can suppress demand, investment, and output—particularly in economies with high informal sector dependency (Keynes, 1936).

In developing economies, the seigniorage model (Rogoff, 2016) is also relevant, suggesting that currency redesign may be used to reassert state control over monetary sovereignty and reduce the informal circulation of counterfeit or undeclared money. The information asymmetry theory in financial markets further emphasizes the value of increased traceability and transparency, which currency redesign and digitization can foster (Stiglitz, 2002). Additionally, institutional economics highlights the role of trust, regulatory efficiency, and state legitimacy in determining the success of such reforms (North, 1990).

Global Perspectives on Currency Redesign and Demonetization

Several countries have implemented currency redesign or demonetization strategies in response to varying economic challenges. The most cited case is India's demonetization in 2016, where the



government withdrew 500 and 1000 rupee notes to combat corruption, counterfeit currency, and black money (RBI, 2017). Scholars such as Chodorow-Reich et al. (2018) found that while digital transactions surged temporarily, the policy had negative short-term effects on consumption and employment, especially among informal workers and small businesses. Similarly, Banerjee and Suri (2019) emphasized that without sufficient digital and financial infrastructure, such policies disproportionately hurt marginalized populations.

Another example is Zimbabwe, which in the early 2000s faced hyperinflation and removed its currency denominations multiple times. While the redesign efforts aimed at stabilizing inflation and rebuilding confidence, poor macroeconomic fundamentals and lack of political trust undermined outcomes (Hanke & Kwok, 2009). These global experiences demonstrate that while currency reforms can be useful tools, their effectiveness is highly contingent upon institutional capacity, public communication, and supporting infrastructure.

Currency Redesign in Nigeria: Historical and Policy Context

Currency redesign is not unprecedented in Nigeria. The country previously restructured its currency in 1984 under the military regime, leading to a withdrawal of old notes and introduction of new designs. Historical reviews (Uche, 2000) suggest that the 1984 exercise was largely motivated by political aims and resulted in widespread economic dislocation, including hoarding, inflationary spikes, and loss of public trust.

The 2022/2023-naira redesign by the Central Bank of Nigeria (CBN) involved replacing ₦200, ₦500, and ₦1000 denominations. The CBN claimed that the redesign was essential to combat inflation, reduce counterfeiting, deepen cashless transactions, and retrieve idle cash hoarded outside the banking system (CBN, 2022). The decision coincided with an election year, leading to speculation about political motives (Olawale, 2023). The currency redesign was also aligned with the CBN's broader *cashless policy* introduced in 2012, aimed at reducing the dominance of cash transactions in the economy.

Empirical Studies on Naira Redesign and Its Effects

A growing body of empirical work has begun to analyze the short-term and medium-term effects of the naira redesign on Nigeria's economy. For example, Ogunleye and Adeyemi (2023), using survey data from five states in Nigeria, found that over 65% of respondents experienced income losses due to cash scarcity, with significant effects on daily business operations. The study also showed that rural traders and women in informal employment were disproportionately affected, as they lacked access to digital payment infrastructure.

Ekezie (2023) examined the impact of the policy on digital financial adoption, concluding that there was a significant, though temporary, increase in mobile money and POS transactions between December 2022 and March 2023. However, he noted that high transaction failures due to weak telecom and power infrastructure limited sustained growth in digital finance. Yusuf and Adeniran (2023) analyzed agricultural market disruptions during the currency shortage. They found that farmgate prices fell as farmers struggled to transport or store perishable produce due to reduced market access and transport delays. This led to food price instability and deepened rural poverty.



Similarly, Adetunji et al. (2023) noted a spike in informal credit due to liquidity constraints, with borrowers facing higher interest rates and reduced loan availability.

In contrast, Adewuyi and Okonkwo (2023) argued that the policy, despite its challenges, had the potential to improve long-term monetary policy effectiveness by reducing currency hoarding and increasing the money multiplier through the formal banking system. They cited increased bank deposits and Know Your Customer (KYC) registrations as indicators of increased financial visibility. Nonetheless, public perception remained largely negative. The World Bank (2023) noted in its Nigeria Development Update that over 80% of small businesses reported adverse effects on revenue and customer patronage during the early months of the redesign. IMF (2023) emphasized that policy sequencing and communication were weak, leading to implementation failures that eroded trust in the central bank.

The informal sector accounts for over 60% of Nigeria's economic activity and over 80% of employment (ILO, 2020; NBS, 2021). Currency redesign strategies that reduce cash availability without adequate digital or banking alternatives risk exacerbating social exclusion. Ocheni and Nwankwo (2022) observed that many market women, artisans, and rural laborers lacked access to bank accounts or digital wallets, resulting in economic paralysis during the peak of the redesign enforcement. The World Bank (2022) also observed that financial inclusion is deeply unequal in Nigeria, with urban populations and men more likely to own and use formal financial services. Hence, any policy aiming to induce behavioral shifts toward digital finance must consider the structural constraints faced by underserved groups. While fintech platforms such as OPay, Paga, and PalmPay saw increased registration during the naira shortage, continued reliance on these platforms requires improvements in mobile network coverage, electricity supply, and cybersecurity (CBN, 2023).

One of the CBN's goals in redesigning the naira was to curb inflation by controlling money supply growth. However, recent empirical data challenges the efficacy of this approach. Inflation continued to rise during and after the policy rollout, with the National Bureau of Statistics reporting year-on-year headline inflation of 22.79% in June 2023 (NBS, 2023). This trend suggests that the inflationary environment was driven more by supply-side constraints, imported inflation due to exchange rate depreciation, and structural inefficiencies than by currency volume alone (Obadeyi & Falade, 2023). Moreover, Friedman's (1969) quantity theory of money posits a stable relationship between money supply and price level only if velocity is constant. In Nigeria, however, velocity has declined due to mistrust in the banking system and the growing informal sector. Thus, reducing money in circulation may not yield proportionate deflationary results.

CBN statistics show that currency outside banks dropped from ₦2.72 trillion in September 2022 to about ₦1.38 trillion in February 2023, but this was accompanied by a decline in commercial activity and GDP growth (CBN, 2023). Therefore, scholars argue that the trade-off between monetary control and economic disruption needs careful calibration (Mordi, 2023).

Institutional trust plays a pivotal role in the success of monetary reforms. Adeosun and Ezeani (2023) emphasized that effective public communication, stakeholder engagement, and phased implementation are crucial for avoiding resistance and misinformation. In Nigeria's case, the sudden



enforcement of deadlines, limited availability of new notes, and conflicting messages between the CBN and federal government led to confusion and public anger. Olawale (2023) critiques the political economy of the policy, noting that the redesign, though economically justified, was perceived as a tool of electoral control. The failure to insulate economic policymaking from political considerations undermined public confidence and diluted policy credibility.

Gender-based disparities were evident during the naira redesign policy. Okeke and Ibrahim (2023) report that women, who dominate petty trading, market retail, and informal service delivery, faced steeper challenges due to limited access to mobile devices, digital literacy, and formal financial instruments. The shortage of cash disrupted savings groups, rotational credit societies, and women-led cooperatives, amplifying household vulnerability and food insecurity.

Furthermore, social safety nets and cash transfer programs were also affected. Beneficiaries of government schemes such as *TraderMoni* and *Conditional Cash Transfers* encountered disbursement delays due to bank network outages and inability to access ATMs or POS terminals. These shocks underscore the need for gender-responsive financial policy frameworks.

Despite the short-term hardships, several scholars identify long-term opportunities embedded in the naira redesign. These include: Enhanced traceability of funds, potentially reducing terrorism financing and corruption (Akinleye & Salawu, 2023). Improved revenue mobilization through wider tax net inclusion, as informal players enter the formal financial system (OECD, 2023). Strengthened central bank oversight of liquidity and better data for monetary policy formulation.

However, these potential benefits can only be realized with sustained reform of the payment infrastructure, public education, regulatory transparency, and political will. Policy timing, inter-agency coordination, and emergency responsiveness remain critical for future iterations of monetary innovation. The literature on naira redesign and its socioeconomic outcomes in Nigeria reflects a complex interplay between monetary goals, social realities, and institutional capacity. While currency redesign has proven effective in other settings under specific conditions, Nigeria's experience reveals the multifaceted challenges of executing such reforms in a developing economy with high informality, infrastructural deficits, and political volatility. The theoretical promise of monetary contraction and financial inclusion was undermined by weak implementation, inadequate communication, and social inequities.

Future research and policy action must focus on integrating economic reform with inclusive digital transformation, ensuring that monetary innovation is not just efficient, but equitable. As more empirical data becomes available, continuous academic inquiry is vital for understanding both the intended and unintended consequences of the naira redesign policy.

Methodology

The samples in this research were selected from the study's target population. Given the extensive geographical distribution of Ogun State, this study is limited to the residents of the Central, Northern, and Southern Senatorial districts of Ogun State. The selection of Ogun State is attributed to its status as a significant hub for economic activities in Nigeria. Furthermore, Ogun State emerged as the focal



point of social challenges in the aftermath of the currency redesign policy. A sample of 100 residents was drawn for the study. The cluster random sampling method was adopted for this study.

For the collection of primary data, the research instrument used for the investigation is a questionnaire titled: Naira Redesign Impact Survey Questionnaire – NARISQ. The questionnaire (NARISQ) was structured into close ended questions, having two major parts: A and B. Part A deals with personal profile of the respondents which contained data such as age, sex, educational qualification, years of residence and occupation of the respondents. The part B of the questionnaire contained 10 –item questions regarding the core research problem which the study provided data for, in testing the formulated hypotheses. Items 3, 6 and 9 are the direct target items for testing hypotheses 1, 2 and 3 respectively. The items were all rated on a five-point Likert scale. Strongly Agreed (SA) Agreed (A), Neutral (N), Disagreed (D) and Strongly Disagreed (SD). This was used because it enabled easy response rating of data from a primary source.

Data collected were analyzed with frequency count and percentages (%) and charts while the hypotheses were tested with Chi-square (X^2) statistical technique. The simple percentage (%) was used in analysis of the social characteristics of the respondents and the questions on the questionnaire. The choice of the percentage (%) was informed by the fact that it is simple and appropriate in describing data collected from field surveys. On the other hand, the Chi-square (X^2) non-parametric statistical technique and contingency tables were used to test the hypotheses. The test reports the probability relationship observed in a stratified sample are representative of those which would have been observed if the entire population had been studied. The Statistical Package for Social Sciences (IBM SPSS® version 23) was used to test the hypotheses.

Data Presentation, Analysis and Interpretation of Result

This section deals with the presentation of data used for the analysis, the result of the analysis and interpretation of result. The data are presented in Table 1 named “Demographic Data of respondents”.


Table 1: Demographic Data of respondents are presented

Variables	Attributes	Frequency	Percentage (%)
Gender	Male	58	58.0
	Female	42	42.0
	Total	100	100.0
Age	18-30years	16	16.0
	31-40years	65	65.0
	41years & above	19	19.0
	Total	100	100.0
Business category	POS operator	33	33.0
	Boutique	14	14.0
	Fast food owner	5	5.0
	Hotel service operator	7	7.0
	Club, bar & Lounge	15	15.0
	Saloon & allied service operator	9	9.0
	Mini/supermarket	1	1.0
	Pharmacy/drug store	4	4.0
	Others	12	12.0
	Total	100	100.0
Years of residency	Less 2years	5	5.0
	2-5years	41	41.0
	6years & above	54	54.0
	Total	100	100.0
Educational qualification	Primary	4	4.0
	Secondary	12	12.0
	Diploma	16	16.0
	Bachelor degree	44	44.0
	Postgraduate degree	23	23.0
	No formal education	1	1.0
	Total	100	100.0

Result from table 1 above, shows the percentage and distribution of respondent's demographic characteristics. In the table above, 58(58.0%) of the respondent were male while 42 (42.0%) were females. This shows that majority of the respondents were males. This information is clearly presented in figure 1.

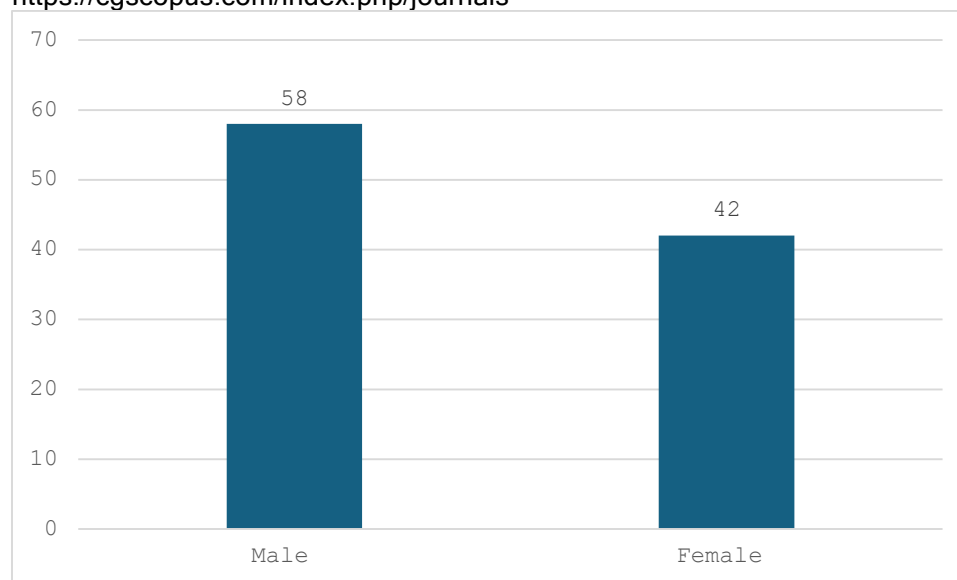


Figure 1: Distribution of Respondents by Gender

With regards to respondents age. The result also showed that 16(16.0%) of the respondents were within age of 18-30years, 65(65.0%) were within age of 31-40years while 19(19.0%) were 41years and above. This shows that majority of the respondents were within age of 31-40years. This information is clearly presented in figure 2

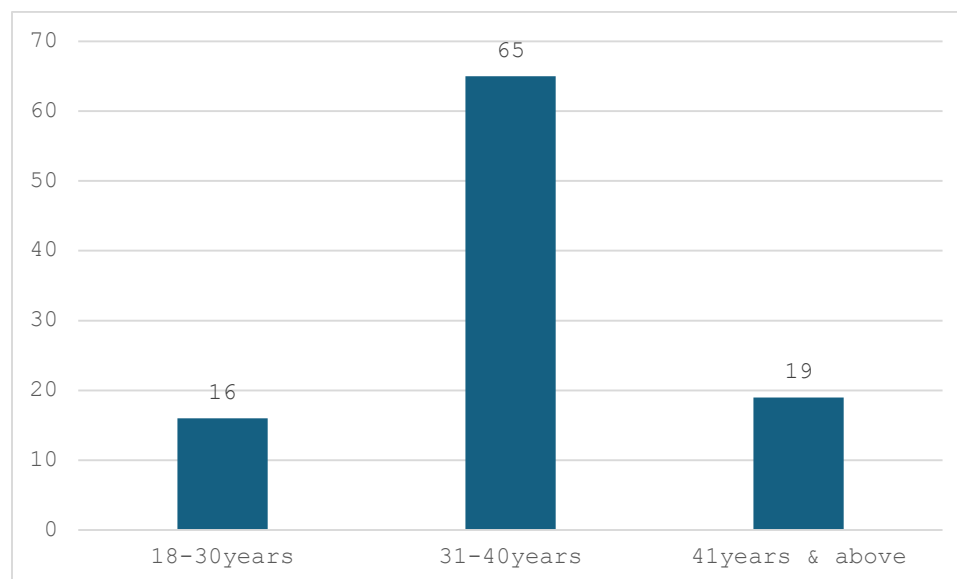


Figure 2: Distribution of Respondents by Age

Regards to occupation category of the respondents, 33 of the respondents representing 33.0% were POS operators, 14(14.0%) were owns boutique, 5(5.0%) were fastfood owners, 7(7.0%) were hotel



service operator, 15(15.0%) were club, bar and lounge owners, 9 (9.0%) were saloon and allied services operators, 1 (1.0%) were mini/supermarket owner, 4(4.0%) were pharmacy/drug store owners while 12(12.0%) were others. This shows that majority of the respondents were POS operators. This information is clearly presented in figure 3

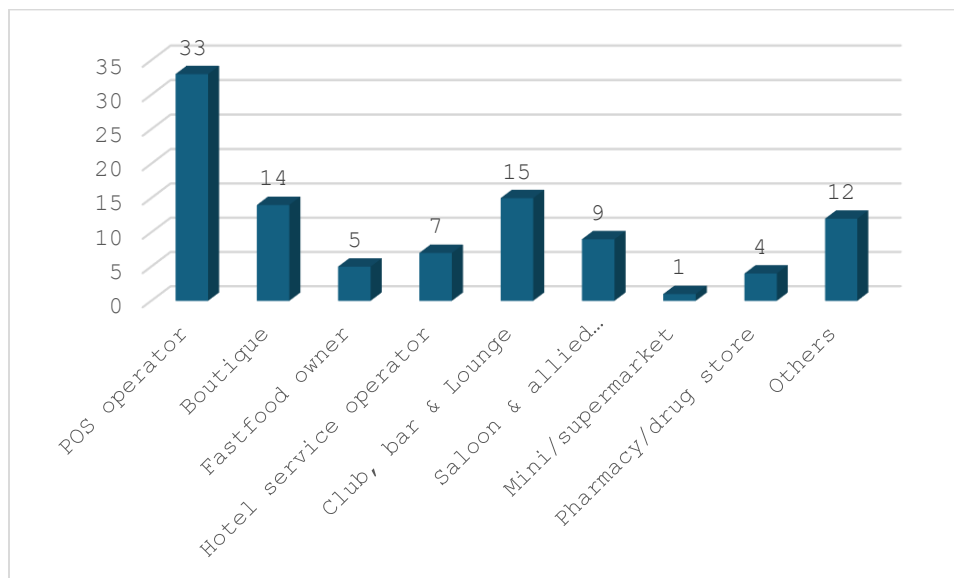


Figure 3: Occupation Categories of Respondents

Concerning respondents years of experience, 5 of the respondents representing 5.0% had less than 2years experience, 41(41.0%) had 2-5years experience while 54(54.0%) had 6years and above experience. This shows that majority of the respondents have 6years and above experience. This information is clearly presented in figure 4

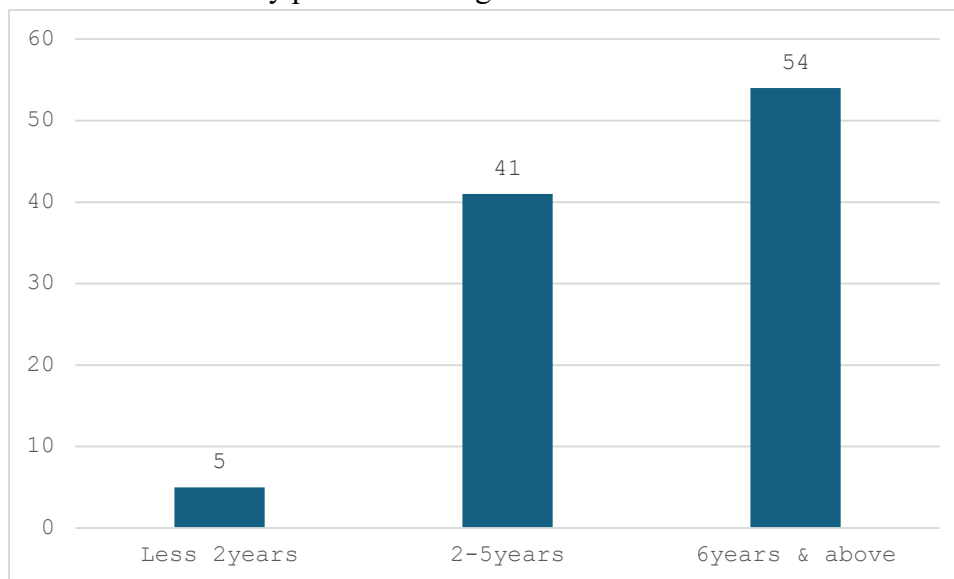


Figure 4: Years of Experience of Respondents



Educational qualification of respondents, 4 of the respondents representing 4.0% have primary level of education, 12(12.0%) have secondary level of education, 16(16.0%) have diploma level of education, 44(44.0%) have Bachelor Degree level of education, 23(23.0%) have post-graduate degree, while 1(1.0%) have no formal education. This shows that majority of the respondents have Bachelor Degree of education. This information is clearly presented in figure 5

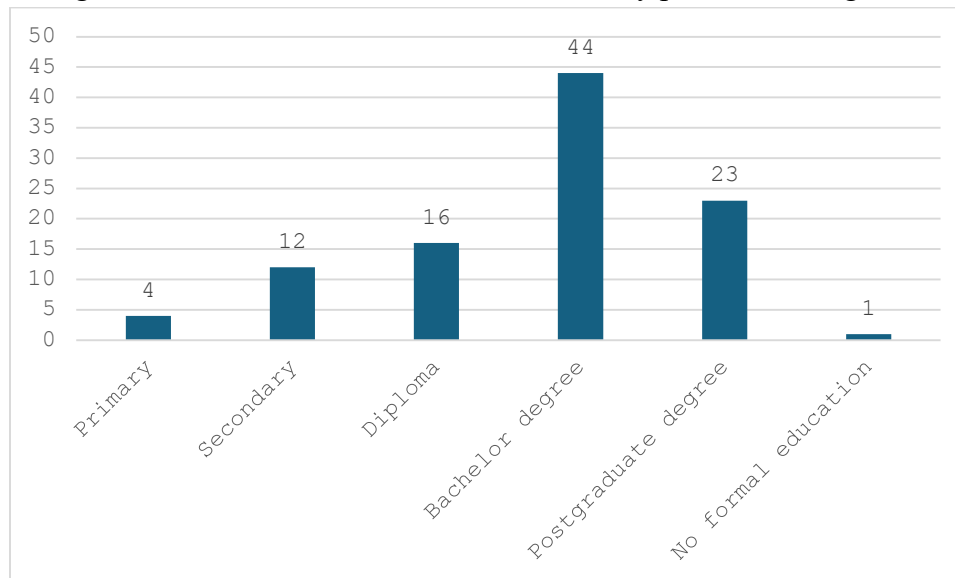


Figure 5: Educational Qualification of Respondents

Data Analysis

The analysis of the data based on responses from respondents is presented in this section. The decision rule on their responses was adjudged either agreed or disagreed at a criterion mean ($\bar{X}$) of 3.00. Since the response ratings are on a five point rating scale, the criterion mean score of 3.00 was used as the benchmark for determining agreement or disagreement with each item statement. This was obtained by adding up the five (5) Likert type scales (Strongly Agreed -5, Agreed -4, Neutral 3, Disagreed -2 and Strongly Disagreed -1) and dividing the sum of the scales (that is adding up 5, 4, 3, 2 and 1 to make 15) by the total number of response scales (5) to give a criterion mean of 3.00. Hence, a mean score of 3.00 or higher represent agreement while 2.99 and below represents disagreement. The result of data analysis is presented in the Table 2.

Table 2: Analysis of Responses on the Impact of Naira Redesign on Businesses

S/N	Items	SA (5)	A (4)	N (3)	D(2)	SD (1)	Remark
1	Currency redesign could promote national unity and foster a sense of national identity	12	5	7	13	63	Disagree
		12.0%	5.0%	7.0%	13.0%	63.0%	
2	The attendant cash crunch had adverse effects on households, informal businesses and formal businesses, particularly the Nano, Micro, Small and Medium Enterprises (NMSMEs)	34	46	5	11	4	Agree
		34.0%	46.0%	5.0%	11.0%	4.0%	



3	Economically speaking, the redesign of the naira strengthened financial institutions, lessened corruption, and improved banks' performance due to a sharp increase in the use of electronic banking channels, with more transactions taking place through bank accounts	21	59	2	15	3	Agree
		21.0%	59.0%	2.0%	15.0%	3.0%	
4	Currency redesign has affected the prices of goods and services in Nigeria	6	58	30	3	3	Agree
		6.0%	58.0%	30.0%	3.0%	3.0%	
5	Currency redesign can be expensive and time-consuming, with the costs often outweighing the benefit	26	60	5	6	3	Agree
		26.0%	60.0%	5.0%	6.0%	3.0%	
6	The naira redesign policy brought untold hardship on residents of Ogun State	21	53	5	14	7	Agree
		21.0%	53.0%	5.0%	14.0%	7.0%	
7	Long and unending queues were common at banks as people tried unsuccessfully to withdraw cash.	21	62	3	10	4	Agree
		21.0%	62.0%	3.0%	10.0%	4.0%	
8	Redesigning the naira may have lessened the inclination to buy votes	21	59	5	11	4	Agree
		21.0%	59.0%	5.0%	11.0%	4.0%	
9	Currency redesign boost the economy, lower cash management costs, advance financial inclusion, and improve the government's ability to monitor the money supply	17	5	10	64	4	Disagree
		17.0%	5.0%	10.0%	64.0%	4.0%	
10	Currency redesign is a guaranteed panacea to solving the problems of currency hoarding and counterfeiting	10	42	8	34	6	Agree
		10.0%	42.0%	8.0%	34.0%	6.0%	
11	The naira redesign is purely political and not beneficial	12	73	3	7	5	Agree
		12.0%	73.0%	3.0%	7.0%	5.0%	
12	Naira redesign policy has some policy benefits	23	61	5	4	7	Agree
		23.0%	61.0%	5.0%	4.0%	7.0%	
13	Currency redesign is useful in the containment of inflation	18	60	10	8	4	
		18.0%	60.0%	10.0%	8.0%	4.0%	
14	Currency redesign is effective in controlling money supply	16	56	14	11	8	Agree
		16.0%	56.0%	14.0%	11.0%	8.0%	
15	Currency redesign is useful in asserting the sovereignty of the government's monetary policy	21	59	2	15	3	Agree
		21.0%	59.0%	2.0%	15.0%	3.0%	
16	Currency redesign is a useful tool in curbing bribery and corruption	6	58	30	3	3	Agree
		6.0%	58.0%	30.0%	3.0%	3.0%	
17	Currency redesign is useful in controlling the activities and bandits and kidnappers given to ransom payments	26	60	5	6	3	Agree
		26.0%	60.0%	5.0%	6.0%	3.0%	
18	Currency redesign might result in large short-term costs, with impoverished and vulnerable residents likely suffering the most because they are cash constrained and heavily reliant on daily cash transactions	18	47	14	11	10	Agree
		18.0%	47.0%	14.0%	11.0%	10.0%	
19		20	54	11	8	7	Agree



	Existing naira notes being phased out over a short period could make things more difficult for households and businesses, who already face significant financial pressures from prolonged, high inflation, which have recently been exacerbated by external shocks on the price of food and fuel, as well as the severe flood	20.0%	54.0%	11.0%	8.0%	7.0%	
20	Currency redesign led to a significant reduction in the rate of counterfeiting, thereby enhancing the confidence of the public and financial institutions in the currency	13	11	7	63	6	Disagree
		13.0%	11.0%	7.0%	63.0%	6.0%	
21	The newly redesign banknote cause socio-economic problems for residents of Ogun State	18	55	10	11	6	Agree
		18.0%	55.0%	10.0%	11.0%	6.0%	
22	Currency redesign led to the emergence of local money-changing agents and Point-of-Sale (PoS) vendors that exploit customers	16	67	8	5	4	Agree
		16.0%	67.0%	8.0%	5.0%	4.0%	
23	Social tensions have been rising recently due to inadequate cash in circulation and the uncertainty resulting from the policy	10	82	5	3	1	Agree
		10.0%	82.0%	5.0%	3.0%	1.0%	
24	Social tensions have been rising recently due to inadequate cash in circulation and the uncertainty resulting from the policy	18	55	10	11	6	Agree
		18.0%	55.0%	10.0%	11.0%	6.0%	

* Majority agreed since mean ≥ 3.00

Criterion mean (≥ 3.00)

Result in Table 2 shows that majority of the students agreed on items 2, 3, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23 and 24 and disagreed on item 2 and 20. This shows that changing the old 200, 500 and 1000 note has made the economy stale, and currency redesign has affected access to goods and services for residents in Nigeria. Additionally, the naira redesign policy should be fully implemented, naira redesign policy brought a lot of hardship on Nigerians during the 2023 election, Currency redesign has hindered improvement of living standards of residents in the Nigerian economy, Businesses are yet to recover from the effect of naira redesign, Many residents are beginning to prefer online payment to cash payment because of naira redesign, naira redesign was purely political and not beneficial to residents and businesses in Ogun State.

Interpretation of Results from Hypothesis Testing

The result obtained from the test of hypotheses are presented and interpreted in this section

Hypothesis 1: Currency redesign does not have significant impact on the cost of living and inflation rate in Ogun State, Nigeria.



			Item3					Total
			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Business category	Others	Count	2	2	1	7	0	12
		Expected	.4	1.8	.2	7.1	2.5	12.0
	Pharmacy/drug store	Count	1	3	0	0	0	4
		Expected	.1	.6	.1	2.4	.8	4.0
	Mini/supermarket	Count	0	0	0	1	0	1
		Expected	.0	.2	.0	.6	.2	1.0
	Saloon & allied service operator	Count	0	0	0	9	0	9
		Expected	.3	1.3	.2	5.3	1.9	9.0
	Club, bar & Lounge	Count	0	1	0	14	0	15
		Expected	.4	2.3	.3	8.9	3.2	15.0
	Hotel service operator	Count	0	0	0	7	0	7
		Expected	.2	1.1	.1	4.1	1.5	7.0
	Fastfood owner	Count	0	0	0	5	0	5
		Expected	.2	.8	.1	3.0	1.1	5.0
	Boutique	Count	0	0	1	8	5	14
		Expected	.4	2.1	.3	8.3	2.9	14.0
	POS operator	Count	0	9	0	8	16	33
		Expected	1.0	5.0	.7	19.5	6.9	33.0
	Total	Count	3	15	2	59	21	100
		Expected	3.0	15.0	2.0	59.0	21.0	100.0

Chi-Square Tests



	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	84.048 ^a	32	.000
Likelihood Ratio	88.959	32	.000
Linear-by-Linear Association	11.766	1	.001
N of Valid Cases	100		

a. 39 cells (86.7%) have expected count less than 5. The minimum expected count is .02.

To test at 5% level of significance with 9 degree of freedom (d.f)

$$X^2_{\text{tab}} = 4.49$$

$X^2_{\text{cal.}}$ (84.048^a) is greater than X^2_{tab} (4.49).

Table 3 shows that the calculated chi-square coefficient ($x^2_{\text{cal.}}$) of 84.048^a is greater than the critical chi-square coefficient (x^2_{tab}) of 4.49

Decision: Since the calculated x^2_{cal} (84.048^a) is greater than the x^2 critical table value of 4.49. Therefore, the null hypothesis is rejected while the alternative is accepted. It indicated that currency redesign have significant impact on the cost of living and inflation rate in Ogun State, Nigeria

Hypothesis 2: Currency redesign does not significantly impact on micro and small-scale business in Ogun State, Nigeria

Table 4: Chi-square analysis on test of Hypothesis Two

			Item6					Total
			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Business category	Others	Count	0	2	0	10	0	12
		Expected Count	.8	1.7	.6	6.4	2.5	12.0
	Pharmacy/drug store	Count	0	0	0	4	0	4
		Expected Count	.3	.6	.2	2.1	.8	4.0
	Mini/supermarket	Count	0	0	0	1	0	1
		Expected Count	.1	.1	.1	.5	.2	1.0
	Saloon & allied service operator	Count	3	2	0	4	0	9
		Expected Count	.6	1.3	.4	4.8	1.9	9.0
	Club, bar & Lounge	Count	0	6	2	7	0	15
		Expected Count	1.1	2.1	.8	7.9	3.2	15.0
	Hotel service operator	Count	0	0	0	7	0	7
		Expected Count	.5	1.0	.4	3.7	1.5	7.0
	Fastfood owner	Count	0	0	0	5	0	5
		Expected Count	.4	.7	.3	2.7	1.1	5.0
	Boutique	Count	0	0	0	9	5	14
		Expected Count	1.0	2.0	.7	7.4	2.9	14.0
	POS operator	Count	4	4	3	6	16	33
		Expected Count	2.3	4.6	1.7	17.5	6.9	33.0
Total		Count	7	14	5	53	21	100
		Expected Count	7.0	14.0	5.0	53.0	21.0	100.0

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	73.897 ^a	32	.000
Likelihood Ratio	85.426	32	.000
Linear-by-Linear Association	2.933	1	.087
N of Valid Cases	100		

a. 40 cells (88.9%) have expected count less than 5. The minimum expected count is .05

To test at 5% level of significance with 9 degree of freedom (d.f)

$$X^2_{\text{tab}} = 4.49$$

X^2_{cal} (73.897^a) is greater than X^2_{tab} (4.49).

Table 4.4 shows that the calculated chi-square coefficient (x^2_{cal}) of 84.048^a is greater than the critical chi-square coefficient (x^2_{tab}) of 4.49

Decision: Since the calculated x^2_{cal} (73.897^a) is greater than the x^2 critical table value of 4.49. Therefore, the null hypothesis is rejected while the alternative is accepted. This showed that currency redesign has significant impact on micro and small-scale businesses in Ogun State, Nigeria.

Hypothesis 3: Currency redesign does not significantly impact the socio-economic outcomes of the vulnerable population (low-income households, traders, artisans) in Ogun State, Nigeria



			Item9					Total
			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Business_ category	Others	Count	0	12	0	0	0	12
		Expected Count	.5	7.7	1.2	.6	2.0	12.0
	Pharmacy/drug store	Count	0	4	0	0	0	4
		Expected Count	.2	2.6	.4	.2	.7	4.0
	Mini/supermarket	Count	0	1	0	0	0	1
		Expected Count	.0	.6	.1	.1	.2	1.0
	Saloon & allied service operator	Count	0	9	0	0	0	9
		Expected Count	.4	5.8	.9	.4	1.5	9.0
	Club, bar & Lounge	Count	0	9	3	3	0	15
		Expected Count	.6	9.6	1.5	.8	2.6	15.0
	Hotel service operator	Count	0	5	2	0	0	7
		Expected Count	.3	4.5	.7	.4	1.2	7.0
	Fastfood owner	Count	3	1	1	0	0	5
		Expected Count	.2	3.2	.5	.3	.9	5.0
	Boutique	Count	1	9	3	0	1	14
		Expected Count	.6	9.0	1.4	.7	2.4	14.0
	POS operator	Count	0	14	1	2	16	33
		Expected Count	1.3	21.1	3.3	1.7	5.6	33.0
	Total	Count	4	64	10	5	17	100
		Expected Count	4.0	64.0	10.0	5.0	17.0	100.0

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	100.985 ^a	32	.000
Likelihood Ratio	79.612	32	.000
Linear-by-Linear Association	18.723	1	.000
N of Valid Cases	100		

a. 39 cells (86.7%) have expected count less than 5. The minimum expected count is .04

To test at 5% level of significance with 9 degree of freedom (d.f)

$$X^2_{\text{tab}} = 4.49$$

Table 4 shows that the calculated chi-square coefficient ($x^2_{cal.}$) of 100.985^a is greater than the critical chi-square coefficient (x^2_{tab}) of 4.49

Decision: Since the calculated x^2_{cal} (100.985^a) is greater than the x^2 critical table value of 4.49. Therefore, the null hypothesis is rejected while the alternative is accepted. It indicated that currency redesign significantly impact the socio-economic outcomes of the vulnerable population (low-income households, traders, artisans) in Ogun State, Nigeria.

Conclusion and Recommendations

The 2022 – 2023 naira redesign policy remains one of the controversial policies that has been largely questioned and debated by the public and citizens in recent times. Based on findings it was concluded that there is a significant effect of currency redesign on cost of living and inflation rate, micro and small business and socio-economic outcomes of the vulnerable population (low-income households, traders, artisans) in Ogun State, Nigeria.

Consequent upon the above, the following recommendations are made on the study:

- (1) In future policy such as Naira Redesign, the CBN should consider extending the legal tender use of the old notes alongside the new notes because of the difficulties that households and companies, particularly those in the informal sector, encountered. There should be considerable validity period, sustain the existing old notes as legal tender and gradually remove the old notes through the banking system to avoid the socio-economic hardship that was associated with inability to purchase goods and services by the non-banked population in the informal sector. This is crucial to allow the CBN the time and chance to come up with efficient strategies for reaching the unbanked people and rural residents who make up a sizable section of the unorganized sector. Therefore, it is recommended that reasonable time would phase out the existing old notes.
- (2) The printing of new currency notes should be time-bound by the Central Bank of Nigeria. The central bank must also improve its distribution tactics to guarantee the effective delivery of these notes to Deposit Money banks and other financial institutions. This strategy would guarantee a sufficient supply of cash to satisfy public demand while minimizing lengthy waiting time/queues and other associated inconveniences.
- (3) Improving the digital financial system's capability is urgently needed to accommodate the broad transition to digital channels. This improvement is essential to enable a seamless shift from cash to digital alternatives. The difficulties people encountered when attempting to conduct transactions through digital channels suggest that payment systems are not yet advanced enough to hurriedly transition to a cash-less society. The government must also ensure efficiency in its regulation and supervision of all financial institutions in allowing more banks and non-bank financial institutions to broaden their access electronic payments and credit systems through access to point-of-sale services by account holders, residents and business owners.
- (4) In order to educate the public on the need for new currency notes and the reasons for currency production delays or cash shortages, the Central Bank of Nigeria (CBN) should launch an adequate public awareness campaign. A programme like this would help stop the spread of false





information and negative stories about the lack of available funds. The objectives and benefits of the currency redesign should be emphasized in the campaign. Incentives that promote the use of digital payment methods, such as reduced transaction fees associated with these digital channels, are also crucial.

- (5) The Central Bank of Nigeria should be mindful of policies, directives and regulations that could restrict credit to the private sector. This is because many, in the informal sector may need time on e-payment and e-fund transfer literacy in promoting real economic growth in Nigeria.



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