



## Naira redesign and societal degradation: A case study of Katsina state

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### Abstract

Societal degradation became worsen as a result of naira redesign policy in Nigeria. The naira redesign policy of the Central Bank of Nigeria (CBN) which was intended to reduce the high expenditure on cash management, reduce cash flow and to strengthen Nigeria's economy. Despite the laudable intention of the policy, it appears that the policy has failed to achieve its objectives. This study utilized mixed methods research design consisting of survey as quantitative method and interview as a qualitative method to assess the Naira redesign and societal degradation. Purposive and stratified sampling techniques were used in selecting small and medium scale enterprises (SMEs) across the 34 local governments in Katsina State. Data collected was analyzed using simple descriptive statistics and chi-square test. Evidence from the results indicated a significant association between Naira redesign and societal degradation. Citizen's educational levels on online banking services were relatively high. Some of the causes of implementing Naira redesign include; aimed to reduce terrorism financing and kidnapping ransom payments, promoting digital payments and reduce cash dependency, and curbing vote buying in elections. Effects of Naira redesign on societal degradation include; increasing income inequality, price fluctuation which made sales low, worsening the poverty levels, job losses, and disruption of business operations. The study, therefore, recommend increasing financial inclusion through digital payments, stabilizing the Naira's value against the US dollar, financial assistance from the Government to the affected SMEs, provision of adequate cash and ensure its accessibility, and public awareness campaigns on Naira redesign benefits.

**Keywords:** Naira redesign policy, societal degradation, small and medium enterprises (SMEs), financial inclusion, economic impact

### Introduction

Although from monetary policy perspective, global best practice demands that countries restructure their currencies every five to eight years (Central Bank of Nigeria, 2022) [1]. On October 26<sup>th</sup> 2022 [1], the Central Bank of Nigeria introduced the Naira Redesign Program in order to change some denominations of the Naira notes for some reasons which include hoarding of banknotes by the public, guard against currency counterfeiting, alignment with global best price, curb insecurity and promote price stability, financial inclusion, cashless economy. This denomination includes N200, N500, and N1000. The program came with a tight deadline, knowingly by the apex bank that cash is still central to economic activity in Nigeria, where about 90 percent of transactions occur using banknotes and also when common Nigerians and businesses were strategizing to mitigate the effects of fuel scarcity and inflation (CBN, 2022).

The reasons for the redesign of the Naira was important, but the timing for the implementation was devastating as it inflicted unwelcome agony, distress, sufferings and in some instances psychological imbalance on some Nigerians. The main issue is not with the redesign program itself, but rather the deliberate attempt by CBN to mop up cash in the economy. According to analysis, the CBN has mopped about N2 trillion cash from the economy thereby crippling the economy which has to do with the trading and marketing system (CBN, 2022). The policy has attracted a serious debate amongst economist, lawyers and other policy experts. Many of them are of the view that because the policy was swiftly implemented, therefore it has no significant economic and social benefits to the people. The

minister of finance, appearing before the legislature, disclaimed the policy and rendered it valueless in fiscal and monetary terms. While a number of politicians lamented that the program was used by the federal government in order to render political aspirants bankrupt ahead of 2023 general election (Hassan *et al.*, 2024) [9].

The CBN Governor listed some reasons for the naira redesign, the worsening shortage of clean and fit banknotes, the increasing ease and risk of counterfeiting evidenced by several security reports and recent developments in photographic technology and advancements in printing devices have made counterfeiting relatively easier, as part of the reasons for the move. According to him "Evidently, currency in circulation has more than doubled since 2015, rising from N1.46 trillion in December 2015 to N3.23 trillion in September 2022. This is a worrisome trend that cannot be allowed to continue. In recent years, the CBN has recorded significantly higher rates of counterfeiting especially at the higher denominations of N500 and N1000 banknotes. Although global best practice is for central banks to redesign, produce and circulate new local legal tender every five to eight years, the naira has not been redesigned in the last 20 years. On the basis of these trends, problems, and facts, and in line with provisions of sections 2 (b), section 18 (a), and sections 19, subsections (a) and (b) of the CBN Act 2007, the management of the CBN sought and obtained the approval of President Muhammad Buhari to redesign, produce, and circulate new series of banknotes at N200, N500, and N1000 levels. In line with this approval, we have finalized arrangements for the new currency to begin circulation from December 15, 2022 [5]. The new and

existing currencies shall remain legal tender and circulate together (CBN, 2022).

Naira is a means of transaction between the buyers and sellers. Over the years, the CBN has been ensuring sustenance of their statutory role of regulating cash flow of naira. However, as a result of naira redesign policy, the use of naira as a means of smooth transaction becomes an obstacle. Other researchers have examined citizens' public opinion on influence of naira redesign on socioeconomic activities and living standard in Nigeria but it appears none has investigated naira redesign and societal degradation in Katsina State. Therefore, the impact of this degradation on Nigerian citizens as a result of the naira redesign program was investigated. The specific objectives of the study were to:

1. Examine the perception of the citizens on Naira redesign,
2. Determine the level of citizens education on online banking,
3. Investigate the causes of Naira redesign,
4. Determine the effects of naira redesign on societal degradation,
5. Proffer solutions to the challenges brought by Naira redesign.

## Literature Review

### Currency Redesign

Although redesigning is a straightforward concept, it is frequently misunderstood. It concerns two entities, whether individuals or organizations, exchanging assets or cash flows. A formal agreement between two parties to exchange cash flows related to variables such as interest rates, commodities, currencies, or stocks over a specified period of time is known as a swap (Okwurume, 2019) <sup>[16]</sup>. Redesigning a country's currency includes changing its coins' overall design, security features, and appearance (Eke *et al.*, 2023) <sup>[6]</sup>. Redesigns of this kind are necessary to prevent counterfeiting, reflect changes in the country's cultural or historical background, or improve the currency's durability and usefulness. The central bank, government, and security and design specialists typically work together during this revitalization process (Abdulazeez & Magaji, 2023) <sup>[3]</sup>.

### Small and Medium Scale Enterprises (SMEs)

Small and medium-sized enterprises (SMEs) are businesses with limited employees and annual revenues, operating on a smaller scale than large corporations. They contribute significantly to job creation, innovation, and economic growth. SMEs encompass a diverse range of enterprises found in both urban and rural areas, categorized into general business, manufacturing, and agriculture. They're vital for financial inclusion and economic growth (Musa, Magaji & Salisu, 2023) <sup>[13]</sup>. The definition of SMEs varies, with developed nations having different standards than developing countries (Magaji, Muhammed & Abubakar, 2015) <sup>[11]</sup>. Classifications include micro, small, and medium-sized firms, defined by specific metrics (European Commission, 2005) <sup>[8]</sup>. In Nigeria, SMEs are defined by asset value (Central Bank of Nigeria, 2005), while the World Bank considers employee count and asset value (World Bank, 2013) <sup>[20]</sup>. Essentially, SMEs are characterized by limited employees and modest revenues compared to larger corporations.

## 1. Theoretical Framework

The Monetary Strain theory, introduced by Robert Merton in 1938 <sup>[12]</sup>, suggests that individuals who are unable to achieve financial goals through legitimate means may resort to illegal activities. When people are blocked from achieving their financial goals, they may feel frustrated, dissatisfied, and angry, leading them to seek illicit means to attain their goals. In the context of Nigeria's Naira redesign policy, this theory can be applied to understand why some citizens may engage in undesirable behaviors, such as hoarding new Naira notes, selling them on the black market, or violating rules, as a response to the economic disruption caused by the policy.

## 2. Empirical Review

The existing empirical studies on the effects of the Naira redesign monetary policy in Nigeria have produced diverse findings. Abdullahi and Ahmed (2022) <sup>[1]</sup> examined the impact of the Naira redesign policy on Nigeria's economy using annual time series data from 1970 to 2021. The findings revealed a significant positive correlation between the policy and GDP, with exchange rates and interest rates also positively impacting the economy. Iwedi *et al.* (2023) <sup>[10]</sup> highlighted the policy's objectives, including reducing cash hoarding among the wealthy, preventing counterfeiting, and controlling inflation by regulating the money supply. The study demonstrate the policy's wide-ranging effects on Nigeria's economy, emphasizing the need for thorough understanding of its implementation for sustainable economic growth.

Olujobi (2022) <sup>[17]</sup> explored the economic implications and rationale behind Nigeria's currency redesign policy. Using a descriptive-analytical approach, the study found that the policy led to increased inflation and excessive money supply. However, it also suggested that the policy could help reduce excess money in circulation, improve monetary policy effectiveness, and enhance exchange rate policy. Additionally, the study examined the policy's impact on SMEs and its potential to promote wealth creation and capital accumulation in Nigeria. The findings imply that currency redesign can be a useful tool for managing inflation and improving economic stability.

Obalum and Onuoha (2019) <sup>[14]</sup> studied the implications of the Chinese-Nigerian Currency Swap Deal for Nigeria's Small and Medium Enterprises (SMEs). The deal enables banks in both countries to provide liquidity in their respective currencies, facilitating trade and investment. The authors expect the \$2.5 billion currency swap to positively impact SMEs and local manufacturers, potentially strengthening the Naira in the short term by shifting foreign exchange demand away from the parallel market. This development could enhance economic stability and support business growth in Nigeria.

Ebire and Onmonya (2018) <sup>[7]</sup> examined the impact of monetary policy on SME financing in Nigeria from 1992 to 2016. Using cointegration and Error Correction Model (ECM) techniques, they found that interest rates positively and significantly affected SME financing, while inflation rates had a negative and significant impact. However, money supply and exchange rates did not significantly influence SME financing in Nigeria. These findings provide insights into the complex relationships between monetary policy variables and SME financing, highlighting areas for potential policy improvement.

Recent studies by Akinleye (2023) and Pillah (2023) [2, 19] highlighted the potential implications of Nigeria's currency redesign policy. Akinleye noted that the redesign could impact inflation, exchange rates, and monetary policy, while Pillah suggested that the policy aims to address economic issues like inflation, counterfeiting, financial insecurity, and excess money circulation. Together, these studies emphasize the policy's diverse objectives and potential effects, underscoring the need for a thorough assessment of its implementation and impact on Nigeria's economic development.

Ogbonne (2023) [15] found that Nigeria's currency redesign policy, including cash withdrawal limits, significantly affected the operations of Point of Sale (POS) merchants in Enugu State. Earlier research by Onyeiwu (2012) [18] showed that monetary policy had a positive impact on GDP growth and balance of payments, but a negative effect on inflation rates. These studies highlight the varying effects of monetary policies, including currency redesign, on different aspects of Nigeria's economy.

Hassan *et al.* (2024) [9] studied the impact of Nigeria's currency redesign and cashless policy on household living standards in Sokoto Metropolis. Using Ordinary Least Squares regression, they found that the currency redesign negatively affected household living standards, while the cashless policy had a positive and significant impact. The researchers recommend that policymakers mitigate the negative effects of currency redesign and address macroeconomic risks through coordinated policy interventions. This could involve improving the implementation of the cashless policy, enhancing financial infrastructure, and ensuring inclusivity to maximize benefits for households. By doing so, Nigeria can leverage the cashless economy to drive sustainable economic development and improve living standards.

Ahmad *et al.* (2024) [4] examined the impact of Nigeria's Naira redesign policy on small and medium-scale enterprises (SMEs) in Gwagwalada, Abuja. Using regression analysis, the results revealed the policy negatively affected SME sales and performance. The study recommends that the government establish a robust implementation framework to address potential electronic fraud risks and protect economic activities. This could help mitigate the adverse effects of the policy on SMEs and ensure a smoother transition to the new currency system.

From the empirical review, it appears that no little attention have been paid in exploring the connection between currency redesign and societal degradation. Multiple variables including citizen's educational levels on online banking, causes of Naira redesign, its effects on societal degradation and possible solutions to the challenges due to Naira redesign were incorporated. Consequently, this research holds significance as it seeks to bridge this evident knowledge gap and add to the current body of literature on the subject.

## Methodology

### 1. Research Design

This study mixed methods research design consisting of survey as quantitative method and interview as a qualitative method to elicit information from selected small business enterprise (SMEs) on Naira redesign and societal degradation. The decision to use this particular research design stems from its ability to facilitate data collection at a

singular point in time and provide an accurate depiction of the phenomena.

### 2. Population of the Study

The population of the study covers the entire Small and Medium Scale Enterprises (SMEs) in Katsina State. The selected small businesses are those into various manufacturing, processing and trading of diverse products.

### 3. Sample Size and Sampling Technique

A sample of 150 size of SMEs was selected using purposive and stratified sampling techniques. A purposive sampling technique was used to select the targeted SMEs operating in Katsina State. A stratified sampling technique was used to group the SMEs into three (3), and simple random sample was employed to select fifty (50) SMEs from each zone. A total of one hundred and fifty (150) questionnaires were administered to the selected SMEs.

### 4. Instrument for Data Collection

The respondents were assessed using an interviewer-administered questionnaire. The research questions and the study's goals were guide in the development of the questionnaire. The interviewer-administered questionnaire consisted of multi-choice close-ended questions prepared in line with the posited research questions. For construct validity, the questionnaire was divided into five sections such that each of the section assessed information for a specific objective.

### 5. Method of Data Collection

A visit was be made by the team of researchers to the selected SMEs. An interviewer-administered questionnaire were administered to the target samples. Information on background of the SMEs, perceptions on Naira redesign, citizen's education levels on online banking, causes of Naira redesign, effects of Naira redesign on societal degradation and possible solutions to the challenges brought by Naira redesign were collected.

### 6. Method of Data Analysis

A descriptive statistics such as frequency, percentage and mean were employed to analyze the data collected. Inferential analysis using chi-square was employed to test the formulated hypotheses of the study using Statistical Package for Social Sciences (SPSS). Responses were analyzed by indicating in percentage or weighted mean (WM) score obtained from the total weight (TW). The decision mean based on the five (5) Likert scale options is obtained as sum of the numbers divided by five which gives  $(5+4+3+2+1)/5 = 3.0000$ . The decision mean based on the three (3) open-ended scale options is obtained as sum of the numbers divided by three which gives  $(3+2+1)/3 = 2.0000$ . If the weighted mean is higher than the decision mean, then it is concluded that the respondents are in agreement with the objective, but if otherwise, then they are in disagreement.

## Results and Discussion

This section presents and analyzes the data gathered using questionnaire which were guided by the research questions. A total of 150 questionnaires were administered to the selected SMEs in the 34 local councils of Katsina State. 127 questionnaires were retrieved from the respondents

representing 84.7%, 17 questionnaires were not returned by the respondents representing 11.3%. Among the 127 returned questionnaires, 121 were used for final analysis representing 80.7% of the total 150 administered. The descriptive statistics such as frequency, percentage and mean of the SMEs responses were examined and chi-square

test was used to examine the association between Naira redesign and societal degradation. The analysis were carried out using Statistical Package for Social Sciences (SPSS).

**1. Descriptive Statistics of the Respondents Background Information**

**Table 1:** Background information of the respondents

Variable	Frequency	Percentage (%)
Gender		
Male	84	69.4
Female	37	30.6
Age of Respondents		
Under 20 years	9	7.4
21-30 years	18	14.9
31-40 years	60	49.6
41 years and above	34	28.1
Educational Status		
Non-formal education	32	26.4
Formal education	89	73.6
Years in Operation		
1 – 5 years	19	15.7
6 – 10 years	30	24.8
11 – 15 years	56	46.3
More than 15 years	16	13.2

Table 1 presented the summary statistics of the respondents' background information. Among the 121 respondents, 84(69.4%) were male while 37(30.6%) were female. For the age variable, among the 121 respondents, 9(7.4) were under 20 years, 18(14.9) aged between 21 to 30 years, 60(49.6%) aged between 31 to 40 years and 34(28.1%) aged 41 and above years. Based on the respondents educational status, among the 121 respondents, 32(26.4%) attended non-formal

education and 89(73.6%) attended formal education. Based on the years of business operation, among the 121 respondents, 19(15.7%) operated between 1 to 5 years, 30(24.8%) operated between 6 to 10 years, 56(46.3%) operated between 11 to 15 years, and 16(13.2%) operated for more than 15 years.

**2. Descriptive Statistics of the Research Objectives**

**Table 2:** Objective 1: To assess the perception of the citizens on Naira redesign

Variables: Total 6	Responses Categories					
	Yes	Partially	No	TW	WM	%
Awareness of the Naira redesign policy	80(66.1)	22(18.2)	19(15.7)	303	2.5041	83.5
Understand the objectives of the Naira redesign	51(42.1)	31(25.7)	39(32.2)	254	2.0992	69.9
Economic hardship due to the Naira redesign	86(71.1)	25(20.7)	10(8.2)	318	2.6281	87.6
Naira redesign has promoted financial inclusion and digital payments	93(76.9)	24(19.8)	4(3.3)	331	2.7355	91.2
Government did enough to sensitize citizens about the Naira redesign	32(26.4)	27(22.3)	62(51.2)	212	1.7521	58.4
Naira redesign will have a positive impact on the Nigerian economy in the long run	72(59.5)	25(20.5)	24(19.8)	290	2.3967	79.9
Cumulative Mean	2.3526					

Decision Mean = 2.0000

Table 2 presented the perception of the respondents on Naira redesign policy. Among the 121 respondents, 80(66.1%) were aware of the Naira redesign policy, 22(18.2%) were partially aware of the Naira redesign policy, and 19(15.7%) were not aware of the Naira redesign policy. With a weighted mean response score of 2.5041 and overall percentage of 83.5%, the majority of the respondents were aware of the Naira redesign policy. In the case of Naira redesign objectives, 51(42.1%) respondents understood the objectives of the Naira redesign, 31(25.7%) partially understood the objectives of the Naira redesign, and 39(32.2%) have not understand the objectives of the Naira redesign. With a weighted mean response score of 2.0992 and overall percentage of 69.9%, the majority of the respondents understood the objectives of the Naira redesign.

In the case economic hardship due to Naira redesign, 86(71.1%) respondents encountered economic hardship due to Naira redesign, 25(20.7%) partially encountered economic hardship, and 10(8.2%) have not encountered any economic hardship. With a weighted mean response score of 2.6281 and overall percentage of 87.6%, the majority of the respondents encountered economic hardship due to Naira redesign. In the case of financial inclusion and digital payments, 93(76.9%) respondents opined that Naira redesign has promoted financial inclusion and digital payments, 24(19.8%) partially believed, and 4(3.3%) opined that Naira redesign has not promoted financial inclusion and digital payments. With a weighted mean response score of 2.7355 and overall percentage of 91.2%, the majority of the respondents believed that Naira redesign has promoted

financial inclusion and digital payments. In the case of sensitization by the Government, 32(26.4%) respondents opined that Government did enough on sensitizing citizens about the Naira redesign, 24(19.8%) partially believed, and 4(3.3%) opined that there was no enough sensitization by the Government on Naira redesign. With a weighted mean response score of 1.7521 and overall percentage of 58.4%, the majority of the respondents believed that there was no enough sensitization by the Government on Naira redesign.

The findings further revealed that, 72(59.5%) respondents believed that Naira redesign will have a positive impact on the Nigerian economy in the long run, 25(20.5%) partially believed, and 24(19.8%) believed that Naira redesign will not have any positive impact on the Nigerian economy. With a weighted mean response score of 2.3967 and overall percentage of 79.9%, the majority of the respondents believed that Naira redesign will have positive impact on the Nigerian economy in the long run.

**Table 3:** Objective 2: To examine the citizen’s education levels on online banking

Variables: Total 7	Responses Categories			TW	WM	%
	Yes	Partially	No			
Awareness of the online banking services offered by bank	102(84.3)	16(13.2)	3(2.5)	341	2.8182	93.9
Fully understand online banking terminology (e.g., PIN, OTP, UPI)	60(49.6)	44(36.4)	17(14.0)	285	2.3554	78.5
Do you currently use online banking services	103(85.1)	3(2.5)	15(12.4)	330	2.7273	90.9
Do you often use the online banking	77(63.6)	23(19.0)	21(17.4)	298	2.4628	82.1
Familiarization with security practices for online banking (e.g., strong passwords, two-factor authentication)	48(39.7)	7(5.8)	66(54.5)	224	1.8512	61.7
Ability to identify phish attempts or fraudulent emails related to online banking	72(59.5)	10(8.3)	39(32.2)	275	2.2727	75.8
Awareness of customer support channels (e.g., helplines, chat support) for online banking	82(67.8)	21(17.4)	18(14.8)	306	2.5289	84.3
Cumulative Mean 2.4310						
Decision Mean = 2.0000						

Table 4 presented the perception of the respondents on Naira redesign policy. Among the 121 respondents, 102(84.3%) were aware of the online banking services, 16(13.2%) were partially aware, and 3(2.5%) were not aware. With a weighted mean response score of 2.8182 and overall percentage of 93.9%, the majority of the respondents were aware of the online banking services. In the case of online banking terminologies, 60(49.6%) respondents fully understood the online banking terminologies, 44(36.4%) partially understood, and 17(14.0%) have no knowledge of the online banking terminologies. With a weighted mean response score of 2.3554 and overall percentage of 78.5%, the majority of the respondents understood the online banking terminologies. In the case of online banking usage, 103(85.1%) respondents use online banking services, 3(2.5%) partially use online banking services, and 15(12.4%) are not using online banking services. With a weighted mean response score of 2.7273 and overall percentage of 90.9%, the majority of the respondents were using online banking services. In the case of frequent usage of online banking services, 77(63.6%) respondents were frequently using online banking, 23(19.0%) were sometimes using online banking, and 21(17.4%) never used online

banking. With a weighted mean response score of 2.4628 and overall percentage of 82.1%, the majority of the respondents often used online banking services. In the case of security practices, 48(39.7%) respondents were familiar with security practices for online banking, 7(5.8%) were partially familiar, and 66(54.5%) were not familiar with security practices. With a weighted mean response score of 1.8512 and overall percentage of 61.7%, the majority of the respondents were not familiar with security practices for online banking. In the case of fraudulent attempts, 72(59.5%) respondents can identify fraudulent attempts related to online banking, 10(8.3%) can partially identify fraudulent attempts, and 39(32.2%) cannot identify fraudulent attempts. With a weighted mean response score of 2.2727 and overall percentage of 75.8%, the majority of the respondents can identify fraudulent attempts related to online banking. In the case of customer support channels, 82(67.8%) respondents were aware of customer online support channels, 21(17.4%) were partially aware, and 18(14.8%) were not aware. With a weighted mean response score of 2.5289 and overall percentage of 84.3%, the majority of the respondents were aware of customer online support channels.

**Table 4:** Objective 3: To determine the causes of Naira redesign

Variables: Total 8	Responses Categories					TW	WM	%
	SA	A	U	D	SD			
Naira redesign was aimed at reducing terrorism financing and kidnapping ransom payments	25(20.7)	58(47.9)	12(9.9)	22(18.2)	4(3.3)	441	3.6446	72.9
Naira redesign was implemented to promote digital payments and reduce cash dependency	54(44.6)	28(23.1)	11(9.1)	20(16.5)	8(6.6)	463	3.8264	76.5
Naira redesign was intended to increase banking penetration and financial inclusion	3(2.5)	55(45.5)	7(3.2)	28(23.1)	28(23.1)	340	2.8099	56.2
Naira redesign was intended to reduce hoarding	15(12.4)	53(43.8)	13(10.7)	25(20.7)	15(12.4)	391	3.2314	64.6
Naira redesign was initiated to regulate the money supply and combat inflation	5(4.1)	16(13.2)	23(19.0)	39(32.2)	38(31.4)	274	2.2645	45.3
Naira redesign was intended to curb vote buying in elections	59(48.8)	46(38.0)	8(6.6)	5(4.1)	3(2.5)	516	4.2645	85.3
Reduction of corruption and embezzlement of funds	21(17.4)	61(50.4)	12(9.9)	23(19.0)	4(3.3)	435	3.5950	71.9
The redesigning of naira is long overdue	6(5.0)	12(9.9)	25(20.7)	53(43.8)	25(20.7)	284	2.3471	46.9
Cumulative Mean 3.2479								
Decision Mean = 3.0000								

Table 4 presented the perception of respondents on the indicators of causes of Naira redesign. Among the 121 respondents, 25(20.7%) strongly agreed that Naira redesign was aimed at reducing terrorism financing and kidnapping ransom payments, 58(47.9%) agreed, 12(9.9%) were neutral, 22(18.2%) disagreed, and 4(3.3%) strongly disagreed. With a weighted mean response score of 3.6446 and overall percentage of 72.9%, the respondents believed that Naira redesign was aimed at reducing terrorism financing and kidnapping ransom payments. The findings revealed that among the 121 respondents, 54(44.6%) strongly agreed that Naira redesign was implemented to promote digital payments and reduce cash dependency, 28(23.1%) agreed, 11(9.1%) were neutral, 20(16.5%) disagreed, and 8(6.6%) strongly disagreed. With a weighted mean response score of 3.8264 and overall percentage of 76.5%, the respondents believed that Naira redesign was implemented to promote digital payments and reduce cash dependency. It could be observe that among the 121 respondents, 3(2.5%) strongly agreed that Naira redesign was intended to increase banking penetration and financial inclusion, 55(45.5%) agreed, 7(3.2%) were neutral, 28(23.1%) disagreed, and 28(23.1%) strongly disagreed. With a weighted mean response score of 2.8099 and overall percentage of 56.2%, the respondents believed that Naira redesign was not intended to increase banking penetration and financial inclusion. The findings further revealed that among the 121 respondents, 15(12.4%) strongly agreed that Naira redesign was intended to reduce hoarding, 53(43.8%) agreed, 13(10.7%) were neutral, 25(20.7%) disagreed, and 15(12.4%) strongly disagreed. With a weighted mean Response score of 3.2314 and overall percentage of 64.6%,

the respondents believed that Naira redesign was intended to reduce hoarding. Also, among the 121 respondents, 5(4.1%) strongly agreed that Naira redesign was initiated to regulate the money supply and combat inflation, 16(13.2%) agreed, 23(19.0%) were neutral, 39(32.2%) disagreed, and 38(31.4%) strongly disagreed. With a weighted mean response score of 2.2645 and overall percentage of 45.3%, the respondents believed that Naira redesign was not initiated to regulate the money supply and combat inflation. In the case of vote buying election, 59(48.8%) respondents strongly agreed that Naira redesign was intended to curb vote buying in elections, 46(38.0%) agreed, 8(6.6%) were neutral, 5(4.1%) disagreed, and 3(2.5%) strongly disagreed. With a weighted mean response score of 4.2645 and overall percentage of 85.3%, the respondents believed that Naira redesign was intended to curb vote buying in elections. In the case of corruption and embezzlement, 21(17.4%) respondents strongly agreed that Naira redesign was intended to reduce corruption and embezzlement of funds, 61(50.4%) agreed, 12(9.9%) were neutral, 23(19.0%) disagreed, and 4(3.3%) strongly disagreed. With a weighted mean response score of 3.5950 and overall percentage of 71.9%, the respondents believed that Naira redesign was intended to reduce corruption and embezzlement of funds. Among the 121 respondents, 6(5.0%) strongly agreed that the redesigning of naira is long overdue, 12(20.7%) agreed, 25(20.7%) were neutral, 53(20.7%) disagreed, and 25(20.7%) strongly disagreed. With a weighted mean response score of 2.3471 and overall percentage of 46.9%, the respondents does not believed the redesigning of naira is long overdue.

**Table 5:** Objective 4: To Determine the effects of Naira redesign on societal degradation

Variables: Total 6	Responses Categories						TW	WM	%
	SA	A	U	D	SD				
Naira redesign increased income inequality.	47(38.8)	23(19.0)	15(12.4)	19(15.7)	17(14.0)	427	3.5289	70.6	
The redesign of naira caused price fluctuation which made sales low.	30(24.8)	63(52.1)	12(9.9)	12(9.9)	4(3.3)	466	3.8512	77.0	
The short-term economic disruption caused by the redesign worsen the poverty levels.	68(56.2)	37(30.6)	12(9.9)	4(3.3)	0(0.0)	532	4.3967	87.9	
The Naira redesign’s lead to job losses in sectors heavily reliant on cash transactions.	79(65.3)	38(31.4)	4(3.3)	0(0.0)	0(0.0)	559	4.6198	92.4	
Cash scarcity and difficulties in accessing new notes disrupted business operations.	14(11.6)	60(49.6)	13(10.7)	29(24.0)	5(4.1)	412	3.4050	68.1	
The Naira redesign reduced trust in financial systems.	00(0.0)	19(15.7)	12(9.9)	62(51.2)	28(23.1)	264	2.1818	43.6	
Cumulative Mean 3.6639									

Decision Mean = 3.0000

Table 5 presented the perception of respondents on the effects of Naira redesign on societal degradation indicators. Among the 121 respondents, 47(38.8%) strongly agreed that Naira redesign increased income inequality, 23(19.0%) agreed, 15(12.4%) were neutral, 19(15.7%) disagreed, and 17(14.0%) strongly disagreed. With a weighted mean response score of 3.5289 and overall percentage of 70.6%, the respondents believed that Naira redesign increased income inequality. Among the 121 respondents, 30(24.8%) strongly agreed that the redesign of naira caused price fluctuation which made sales low, 63(52.1%) agreed, 12(9.9%) were neutral, 12(9.9%) disagreed, and 4(3.3%) strongly disagreed. With a weighted mean response score of 3.8512 and overall percentage of 77.0%, the respondents believed that the redesign of naira caused price fluctuation which made sales low. Among the 121 respondents,

68(56.2%) strongly agreed that the short-term economic disruption caused by the redesign worsen the poverty levels, 37(30.6%) agreed, 12(9.9%) were neutral, and 4(3.3%) disagreed. With a weighted mean response score of 4.3967 and overall percentage of 87.9%, the respondents believed that the short-term economic disruption caused by the redesign worsen the poverty levels. Among the 121 respondents, 79(65.3%) strongly agreed that the Naira redesign’s lead to job losses in sectors heavily reliant on cash transactions, 38(31.4%) agreed, and 4(3.3%) were neutral. With a weighted mean response score of 4.6198 and overall percentage of 92.4%, the respondents believed that the Naira redesign’s lead to job losses in sectors heavily reliant on cash transactions. The analysis further revealed that among the 121 respondents, 14(11.6%) strongly agreed that cash scarcity and difficulties in accessing new notes

disrupted business operations, 60(49.6%) agreed, 13(10.7%) were neutral, 29(24.0%) disagreed, and 5(4.1%) strongly disagreed. With a weighted mean response score of 3.4050 and overall percentage of 68.1%, the respondents believed that cash scarcity and difficulties in accessing new notes disrupted business operations. Among the 121 respondents,

only 19(15.7%) agreed that the Naira redesign reduced trust in financial systems, 12(9.9%) were neutral, 62(51.2%) disagreed, and 28(23.1%) strongly disagreed. With a weighted mean response score of 2.1818 and overall percentage of 43.6%, the respondents believed that the Naira redesign will not reduce the trust in financial systems.

**Table 6:** Objective 5: To Proffer solutions to the challenges brought by Naira redesign

Variables: Total 6	Responses Categories					TW	MW	%
	SA	A	U	D	SD			
Increasing financial inclusion through digital payments can mitigate the challenges of the Naira redesign.	55(45.5)	21(17.4)	15(12.4)	3(2.5)	27(22.3)	437	3.6116	72.2
Stabilizing the Naira's value against the US dollar can help restore confidence in the currency.	77(63.6)	30(24.8)	3(2.5)	11(9.1)	0(0.0)	536	4.4298	88.6
Government financial assistance to SMEs affected by the Naira redesign.	55(45.5)	59(48.8)	5(4.1)	2(1.7)	0(0.0)	546	4.5124	90.2
Ensuring adequate cash availability and accessibility, particularly in rural areas.	22(18.2)	62(51.2)	4(3.3)	23(19.0)	10(8.3)	426	3.5207	70.4
Improving customer support and communication can help address concerns and complaints related to the Naira redesign	33(27.3)	54(44.6)	3(2.5)	27(22.3)	4(3.3)	448	3.7025	74.0
Public awareness campaigns can help educate citizens about the Naira redesign and its benefits	39(32.2)	59(48.8)	6(5.0)	13(10.7)	4(3.3)	479	3.9587	79.2
Cumulative Mean 3.9560								

Decision Mean = 3.0000

Table 6 presented the perception of respondents on the possible solutions to the challenges brought by Naira redesign. Among the 121 respondents, 55(45.5%) strongly agreed that increasing financial inclusion through digital payments can mitigate the challenges of the Naira redesign, 21(17.4%) agreed, 15(12.4%) were neutral, 3(2.5%) disagreed, and 27(22.3%) strongly disagreed. With a weighted mean response score of 3.6116 and overall percentage of 72.2%, the respondents believed that increasing financial inclusion through digital payments can mitigate the challenges of the Naira redesign. Among the 121 respondents, 77(63.6%) strongly agreed that stabilizing the Naira's value against the US dollar can help restore confidence in the currency, 30(24.8%) agreed, 3(2.5%) were neutral, and 11(9.1%) disagreed. With a weighted mean response score of 4.4298 and overall percentage of 88.6%, the respondents recommended that stabilizing the Naira's value against the US dollar can help restore confidence in the currency. Among the 121 respondents, 55(45.5%) strongly agreed that Government should provide financial assistance to SMEs affected by the Naira redesign, 59(48.8%) agreed, 5(4.1%) were neutral, and 2(1.7%) disagreed. With a weighted mean response score of 4.5124 and overall percentage of 90.2%, the respondents recommended that Government should provide financial assistance to SMEs affected by the Naira redesign. The analysis revealed that among the 121 respondents, 22(18.2%) strongly agreed that ensuring adequate cash availability and accessibility will reduced hardship encountered, 62(51.2%) agreed, 4(3.3%) were neutral, 23(19.0%) disagreed, and 10(8.3%) strongly disagreed. With a weighted mean response score of 3.5207 and overall percentage of 70.4%, the respondents recommended the provision of adequate cash and ensure its accessibility. Among the 121 respondents, 33(27.3%) strongly agreed that improving customer support and communication can help address concerns and complaints related to the Naira redesign, 54(44.6%) agreed, 3(2.5%) were neutral, 27(22.3%) disagreed, and 4(3.3%) strongly disagreed. With a weighted mean response score of 3.7025 and overall

percentage of 74.0%, the respondents believed that improving customer support and communication can help address concerns and complaints related to the Naira redesign. The analysis further revealed that among the 121 respondents, 39(32.2%) strongly agreed that public awareness campaigns can help educate citizens about the Naira redesign and its benefits, 59(48.8%) agreed, 6(5.0%) were neutral, 13(10.7%) disagreed, and 4(3.3%) strongly disagreed. With a weighted mean response score of 3.9587 and overall percentage of 79.2%, the respondents believed that public awareness campaigns can help educate citizens about the Naira redesign and its benefits.

**3. Hypothesis Testing**

**Table 7:** Chi-square Test

	Value	df	Asymp. Sig.
Pearson Chi-Square	16.097 <sup>a</sup>	9	0.045
Likelihood Ratio	18.376	9	0.031
No of Valid Cases	121		

Table 7 displayed the chi-square test result on the indicators of Naira redesign policy and societal degradation. The result showed that the significance value is less than 0.05 level of significance. This implies that there is significant association between Naira redesign and societal degradation across the 34 local governments of Katsina State.

**Discussion of Findings**

The study conducted a research survey on Naira redesign and societal degradation in Katsina State. Findings from the study revealed that, the respondents were in agreement with the fact of the following indicators; they were aware and understand the objectives of the Naira redesign policy, economic hardship was encountered due to Naira redesign, Naira redesign has promoted financial inclusion and digital payments, Naira redesign will not have positive impact on the Nigerian economy in the long run. This was because the weighted mean score on these variables were higher than the decision mean of 2.0. However, the respondents were not in

agreement with the fact that Government did enough in sensitizing Naira redesign implementation with weighted mean score less than the decision mean of 2.0.

In regard to citizen's educational levels on online banking, the respondents were in agreement with the fact of the following indicators; the respondents were aware of the online banking services, the respondents understood the online banking terminologies, the respondents were using online banking services, the respondents often used online banking services, the respondents can identify fraudulent attempts, the respondents were aware of customer online support channels. This was because the weighted mean score on these variables were higher than the decision mean of 2.0. However, the respondents were not in agreement with the fact Government did enough in sensitizing Naira redesign implementation. This was because the weighted mean score was lower than the decision mean of 2.0. However, the respondents were not in agreement with the fact the citizens were familiar with security practices for online banking with weighted mean score less than the decision mean of 2.0.

In regard to Naira redesign causes, the respondents were in agreement with the fact of the following indicators; Naira redesign was aimed at reducing terrorism financing and kidnapping ransom payments, Naira redesign was implemented to promote digital payments and reduce cash dependency, Naira redesign was intended to reduce hoarding, Naira redesign was intended to curb vote buying in elections, and Naira redesign was intended to reduce corruption and embezzlement of funds. This was because the weighted mean score on these variables were higher than the decision mean of 3.0. However, the respondents were not in agreement with the fact of the following; Naira redesign was intended to increase banking penetration and financial inclusion, Naira redesign was initiated to regulate the money supply and combat inflation and the redesigning of naira is long overdue with weighted mean score less than the decision mean of 3.0.

In regard to effects of Naira redesign on societal degradation, the respondents were in agreement with the fact of the following indicators; Naira redesign increased income inequality, redesign of Naira caused price fluctuation which made sales low, the short-term economic disruption caused by the redesign worsen the poverty levels, Naira redesign's lead to job losses in sectors heavily reliant on cash transactions, cash scarcity and difficulties in accessing new notes disrupted business operations. This was because the weighted mean score on these variables were higher than the decision mean of 3.0. However, the respondents were not in agreement with the fact that Naira redesign will reduce the trust in financial system with weighted mean score less than the decision mean of 3.0.

In regard to possible solutions to the challenges brought by Naira redesign, the respondents were in agreement with the fact of the following indicators; increasing financial inclusion through digital payments can mitigate the challenges of the Naira redesign, stabilizing the Naira's value against the US dollar can help restore confidence in the currency, Government should provide financial assistance to SMEs affected by the Naira redesign, provision of adequate cash and ensure its accessibility, improving customer support and communication can help address concerns and complaints related to the Naira redesign, and public awareness campaigns can help educate citizens about

the Naira redesign and its benefits with weighted mean score higher than the decision mean of 3.0. The findings further revealed a significant association between Naira redesign and societal degradation across the 34 local governments of Katsina State.

### Conclusion

The study established a significant association between Naira redesign and societal degradation. The perception of some SMEs owners on Naira redesign were assessed. It was established that the citizen's educational levels on online banking services were relatively high. Some of the causes of implementing Naira redesign include; aimed to reduce terrorism financing and kidnapping ransom payments, promoting digital payments and reduce cash dependency, and curbing vote buying in elections. Effects of Naira redesign on societal degradation include; increasing income inequality, price fluctuation which made sales low, worsening the poverty levels, job losses, and disruption of business operations. The study, therefore, recommend increasing financial inclusion through digital payments, stabilizing the Naira's value against the US dollar, financial assistance from the Government to the affected SMEs, provision of adequate cash and ensure its accessibility, and public awareness campaigns on Naira redesign benefits.

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