

Currency Change On the Eve of 2023 Election in Nigeria: Financial Inclusion or Exclusion?

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Abstract:

Nigeria as a developing country, already bugged down by post-colonial intricacies of underdevelopment is recently faced with another socio-economic impasse amidst political complexities. The same month in which general election was conducted is deemed fit for the expiration of some currencies, the exercise erroneously referred to as currency swap. Based on strategic reasons according to the Central Bank of Nigeria's release, the concept of cashless policy was presented with underlying principles of financial inclusion, control of corruption, reduction in the activities of the kidnappers and de-emphasizing monetization of election procedure. This paper is however out to contest the issue of financial inclusion, as an imported economic concept as usual, its bye-product of cashless policy and effect on political event in Nigeria. The focus of the paper is 2023 election. Hence, the investigation was carried out after the election period. The bi-polarity of the focus on the paper shows 1. The economic policies and social economic activities of the society and 2. Effects of the policy on political events. The two foci will be examined on the theories of financial inclusion, financial exclusion and social economic welfare. The researcher made use of oral interviews, questionnaires and a range of secondary sources. The paper also have gone down the memory lane of the last currency change on may 26th, 1984 during the Buhari-Idiagbon military administration, on a comparative term. Suggestions were made towards improvement of policy strategies in order to maintain peace, progress, social convenience and sustainability of the few development indicators realized in Nigeria.

1. Introduction

Nigeria as a country has the same status with her fellow modern African states that passed through colonialism, decolonization, and finally, democratization; the process which had been bedeviled by a number of hiccups ranging from bad governance, incessant military administration, tribalism, unbalanced socio-political structure and the problems of constitutionalism. Having sailed through the first, second, and the third republics imbroglios, Nigeria in the 21st century was able to sustain its democracy. The 2023 general election is the focus of this paper, considering economic policies that were pronounced by the government

and its agents before the election date. Of significance is the currency change. Currency change has been a phenomena that is always greeted with a lot of controversies but obviously the one experienced before 2023 general election was the most controversial ever in the annals of Nigerian political economic history.

The Central Bank of Nigeria (CBN) under the Governorship of Mr. Godwin Emefiele, rolled out the need for currency change with the intention of financial inclusion reducing corruption and for transparency and accountability. The experience of currency change so far was not too palatable. This apparently caught the attention of the researcher to investigate into the economic policy of financial inclusion, theories, concepts, underlying principles of financial inclusion and the effects of this policy on social and political events in Nigeria. Other precedents and antecedents of the 2023 general election, are significantly examined.

The research work is empirical and the use of both structured and unstructured questionnaires were adopted. However, some secondary sources were also consulted for theoretical appraisals. The crux of the paper is to draw a conclusion on either financial inclusion or exclusion was actually achieved by the currency change.

Methodology – Research design

The research work is a survey, designed to investigate the effect of economic policy on major political event of 2023 general election in Oyo state, Nigeria.

Population – Oyo State

A sample of 250 copies of questionnaire was distributed to different categories of people in the state; the aged, the middle-aged and the young ones comprising of students, working class, the illiterates and the educated people of Oyo State, who were actually involved in the conduct of the election.

Research Instruments

Oral Interviews

Questionnaire (Structured and non-structured)

Method of Analysis

The data collected through oral interview were subjected to qualitative analysis while the information collected through the questionnaire were analyzed using mean rating and percentages.

Statement of problem

The social and economic trauma Nigerian populace were exposed to during the period of change of currency agitated the mind of many researchers. As a social and at the same time economic phenomenon, it had a lots of implication for the 2023 general election which was the target of the government that introduced the policy. The researcher is agitated by the antecedents of change of currency and its timing.

Objectives

The research work is out to

- i. Investigate the policy of currency exchange and its rationale
- ii. Examine the social, political, psychological and health related effects on Nigerians
- iii. To determine the effect on the conduct of 2023 general election
- iv. To significantly discuss the systemic issues concerning the modality for the change of currency
- v. To investigate the general effect such policy have on Nigerian economy after the conduct of the general election
- vi. To compare the experience of currency change in 2023 with that of 1984 considering the coincidence of President Buhari Military and Civilian Regimes

2. Literature Review

History of Nigerian Currency

According to www.cbn.gov.ng the history of Nigerian currency was traced to the pre-colonial era, with the use of – manilas, beads, cowries' shells, irons bars and salt. The first currency was introduced after the colonial ordinance of 1880 which introduced shillings and pence as legal tender in British W/A - such were distributed by private bank. The Bank of British W/A until 1912

Between 1912 and 1959, there was the operation of West African Continental Bank (WACB) and the highest denomination was 1 pound. On the 1st of July 1959, the Central Bank of Nigeria (CBN) issued Nigerian currency notes with Federal Republic of Nigeria inscription. On January 1973, the name of the currency was changed to Naira and Kobo. In 1977, 20 Naira was introduced, 1979 1, 5, and 10 Naira were introduced. In April 1984, the colours of the banknotes were changed to facilitate identification and in 1991, 50k and ₦1 were coined. In December 1999, November 2000, August 2001 and October 2005 respectively, 100, 200, 500, and 1000 notes were introduced. February 2007 witnessed the introduction of ₦20 polymer. In 2009, ₦50, 10, and ₦5 polymer were introduced based on the performance of ₦20 notes earlier introduced.

Financial Inclusion/Global Financial Inclusion Agenda: financial inclusion/exclusion are response to numerous factors like absence of financial literacy and awareness, unfavourable demographic and geographical conditions, self-exclusion, income per capita, internet access, inflation and bank concentration in the urban centres. These views are presented in the opinion of (Thath sarani et. al 2023). While discussing the *Financial Inclusion and its impact on economic growth: empirical evidence from sub-Saharan Africa*, Chuka Ifediora, Kenekukwu Onochie Ofor, Eze Festus Eze, Samuel Manyo Tekoin, Anthony Ebosehume Ageme Godwin, Imo Ibe (2023), made use of generalised method of moment using the composite of financial inclusion as well as individual inclusion indicators through bank branches and ATM transactions, deposit accounts and loan transactions. The study concludes that 65% of adults in the poor countries of developing nations still lacks access to bank

account transactions. This was based on previous conclusion from previous studies that observed inclusion as facilitating positive wealth creation and sustainable economic growth. In the Sustainable Development Goals, financial inclusion is a prompt objective. The sources of inclusion are identified as digital financial services, low cost, contact-less financial instrument across ecosystem, increased business opportunity, expanded investment and contributions to economic growth. (Lee Yung Tay, Hen-Toong Tai & Gek-slang Tan, 2022) Covid 19 revolutionarised digital financial service but created challenges for some countries of the world especially the countries that exhibited wide gap between, gender, the wealthy and the poor. Recommendations on improved digital infrastructures, financial education to enable global financial inclusion in order to make meaningful progress by 2030. According to SDGs, based on Research in International Business and Finance in *Digital Financial Inclusion, Visualizing the Academic Literature*. Maria- Jesus Gallego-Losada Antonio Montero-Navairo Elisa Garcia Abajo & Rocio Gallego Losada, (2023), reflected on major impact of digital finance on development and social equality were also revealed. Looking at financial inclusion as a critical demand of the current society, it requires granting an affordable, adequate and wide spread access to a sufficient range of financial products and services. It is a cornerstone of social development due to the fact that it can reduce poverty, narrow income gap, enhance wiser spending/financial decision and enlarge savings. <https://gsconlinepress.com/journal/gscarr June 2021 presents> financial inclusion as a factor that amounts to social inclusion, financial development focusing on majority of people having access to financial services, provides savings, credit, payment, and risk management solutions. To increase loan formation/capital formation statistics on account ownership in Nigeria between 2011 and 2017, Account ownership by gender in Nigeria and formal and informal savings in Nigeria with reference to poverty rate. The study concludes that financial inclusion encourages self-employment which reduces poverty.

World Bank www.worldbank.org – identified financial inclusion as the enabler of 7 out of 17 sustainable goals. This is the focus of the World Bank Groups Universal Financial Access 2020 initiatives.

Digital Financial Inclusion is the deployment of the cost-savings digital means to reach currently financially excluded and under-served population with a range of formal financial services. 1.7 billion People were still un-banked since 2010, 55 countries made commitments and more than 60 countries developed a national strategy towards achieving this. The strategy recommended by the world bank includes:

- (i) Universal digital I.D for residents
- (ii) Government payment for 35% of adults un-banked adults to open their first account
- (iii) Allow mobile phone payment services
- (iv) Welcoming e-commerce services
- (v) Creating synergy with other stakeholders like telecommunications, competitive financial regulations and education ministries
- (vi) Giving attention to consumer protection

Financial Exclusion

Financial exclusion refers to individuals and population without access to common financial service, which include savings, loans, cashless transactions, credit and other traditional banking services. People are excluded because of their social and economic status and the fact that they cannot meet the requirement of a formal banking institution, which was a huge challenge for population in the informal sector. Exclusion prevents their access to financial resources, hence they need to expand business, pay for higher education, pay for health services and achieve quality of life. (FINCA August 5, 2020). In (Shannon Mc Crocklin,– Nov. 25, 2019) *Financial Exclusion vs. Financial Inclusion in sub-Saharan Africa* opined that Nigeria's struggle with financial inclusion, rates of financial exclusion have remained unchanged because Nigerians are unable to join the formal financial sector for a variety of reasons e.g. lack of funds, lack of required documentation for bank ownership, inadequate financial literacy, lack of proximity to the bank, high service charges etc. The risk of money being stolen.

Currency Change/Currency Swap

Nigeria push for new currency notes created crisis due to her observance of responsible and sustainable international development in 2023. The CBN redesigned currency notes and new limits were set on large cash withdrawals to help recover about 85% of the total currency in circulation outside the banking system. (africanews.com, 2023) Reasons: CBN Governor Godwin Emefiele said out of 3.23 trillion Nigerian Naira (\$6.9 billion) in circulation as at October, 2022, only 500 billion was within the banking industry and about \$2.7 trillion was held in people's home. (Gmpcm.com accessed 3.00pm 09/04/2023) other reasons were to curb money laundering and drive financial inclusion. The effects of currency change caused frustration, anger and increased level of poverty. Sam Chichoka- claim that the process is had negative impact. In an article written on *Nigeria's currency redesign 2023: A case study approach* by Tope Fasua (Premium times Feb. 6, 2023).The effect was aptly captured according to CBN Act 2007,

the Governor and its management sought for approval over the design of 500, 200 and 1000 notes to begin circulation Dec. 15, 2022.Reasons were to reduce inflation, reduce speculation against naira as the initial deadline loomed, there was crisis, huge premium of exchange, slow rate of production of the new notes. A day before the initial deadline, additional ten days were given but not enough to alleviate the problems of scarcity of currency.

February 2, 2023, the All Peoples Congress (APC) the party that won the presidential election Governors met the President and after the election, the Government permitted the continuous spending of the old currency and the bulk of the old notes were taken back to circulation. The strategic feature of this policy is the fact that the policy was targeted at the presidential election of February 25, 2023. Chaotic scenes at ATM point was the order of the day until the Supreme Court suspended the deadline. Cashless policy remained unpopular

and the effort of the previous administration was rendered meaningless because the informal economy depends on cash, hence CBN encouraged people to use e-banking. Bank properties were vandalized, out of anger and it had a lot of implications for politics, specifically to prevent vote buying/strategies.

3. Results and Findings

Table1.1: Frequency distribution of respondents by gender

Gender	Frequency	Percentage
Male	60	24.0
Female	190	76.0
Total	250	100.0

Table 1.2...: Frequency distribution of respondents by occupation

Occupation	Frequency	Percentage
Bankers	15	6.0
Health workers	20	8.0
Civil servants	50	20.0
Private workers	32	12.8
Students	50	20.0
CEO	10	4.0
POS ventures enterprises	30	12.8
Aged	10	4.0
Unemployed	11	4.4
Political Stalwarts	22	8.8
Total	250	100.0

Table1.3...: Frequency distribution of respondents by age

Age range	Frequency	Percentage
No response	38	15.2
18-25 years	53	21.2
26-35 years	64	25.6
36-45 years	45	18.0
46-59 years	30	12.0
60 years and above	20	8.0
Total	250	100.0

Table2.1...: Economic effects

s/n	Economic effects	Disagree	Undecided	Agree
1	Businesses thrived in Nigeria in the period before election	190 76.0%	15 6.0%	45 18.0%
2	Financial inclusion was the intention of international capitalists with the aim of carrying everybody along in the financial system	63 25.2%	107 42.8%	80 32.0%
3	Scarcity of currency led to financial exclusion	47 18.8%	20 8.0%	183 73.0%
4	The change led to decrease in the number of un-banked people	77 30.8%	20 8.0%	153 61.2%
5	The change aggravated scarcity of currency	27 10.8%	20 8.0%	203 81.2%
6	Big time businesses benefited from the currency change	168 67.2%	10 4.0%	72 28.8%
7	Small scale businesses were negatively affected by the change	43 17.2%	5 2.0%	202 80.8%
8	Currency change is synonymous to currency swap	100 40.0%	100 40.0%	50 20.0%
9	The masses economic condition was seriously negatively affected by the change	28 11.2%	2 0.8%	220 88.0%
10	Generally, saving was encouraged by the scarcity of currency	50 20.0%	-	200 80.0%
11	The change induced financial discipline and encouraged transparency and accountability	40 16.0%	20 8.0%	190 76.0%
12	Nigeria still has some percentage of un-banked people	64 25.6%	10 4.0%	176 70.4%
13	Business transaction was more favourably after the election	80 32.0%	20 8.0%	150 60.0%
14	The government actually took a good decision by introducing currency change on the eve of election	218 87.2%	12 4.8%	20 8.0%
15	There were lots of inconsistencies in the pronouncement of the policy	20 8.0%	-	230 92.0%
16	The change of currency did not affect the use of money to canvass for election	90 36.0%	20 8.0%	140 56.0%
17	Monetization of election cannot be prevented in Nigeria, the same experience with 1984 currency change	70 22.0%	-	180 72.0%

18	People slept in the bank for days before they could get currency	10 4.0%	-	240 96.0%
19	People with health challenges died as a result of currency change	50 20.0%	-	200 80.0%
20	No cash affected the mental health of many people	70 22.0%	-	180 72.0%
21	There were few cases of kidnapping during the period of currency change	20 8.0%	-	230 92.0%
22	Social injustice was encouraged as many Nigerians made ungodly businesses with currency change	-	10 4.0%	240 94.0%
23	It was easy to transact online in the period of lack of currency	120 48.0%	-	130 52.0%
24	There were cases of loss of funds and depletion of stock as a result of epileptic internet services	50 20.0%	-	200 80.0%
25	People were forced to buy currency in order to purchase small and medium scale goods	10 4.0%	-	240 96.0%
26	The server used in the banks were not upgraded before the pronouncement of the policy	20 8.0%	-	230 92.0%

4. Discussion of Results

Items one to fifteen were out to measure the economic implications of the change of currency on the economic activities of the Nigerian populace. The response was positively skewed, which shows that the policy had a lot of negative effects on the economy except for the item 2 that has to do with the concept of financial inclusion, where we have a large number of 'undecided', it means that majority of the Nigerians could not conceptualize the underlying principles behind financial inclusion of the international capitalists.

The same notion was expressed under item 8, where people remained largely undecided about the similarity between currency swap and currency change. This reflected that a good number of people are yet to comprehend some economic concepts despite the fact that they are educated.

- Generally, Businesses were not thriving because of the policy on currency change before the conduct of general election 2023 in Nigeria
- The gradual penetration of the financial inclusion had been a global agenda before the general election in Nigeria
- Rather than achieving the aim of financial inclusion, majority of the Nigerians were excluded from the financial world, thereby causing hardship on the populace
- Some un-banked Nigerians quickly rushed to open bank accounts and the patronage for online banking increased

- Money deposited in various banks could not be accessed and big-time business owners encouraged purchase of both needed and insignificant items to get rid of the old currencies
- People eventually developed a better saving culture because of the minimal access to currency people purchased only what they needed, hence, the policy induced financial prudence
- Due to the percentage of illiterate, rural dwellers and the people with economic policy apathy, Nigeria still has a sizable number of the un-banked population
- The decision on currency change came at an inappropriate time and even after the conduct of the election, businesses were not really picking up.

The policy on currency change displayed policy summersault and great inconsistency that had been the bane of Nigerian policy development. The implementation procedure was faulty and bedeviled with corruption that made the masses to be at the receiving end.

Item sixteen and seventeen were out to measure the effect of the policy on the focus of political activity 2023 general election. The change did not really affect the use of money to canvas for election, according to the oral discussion, people claimed that it was even better and easier to connect people through their account numbers in the process of electioneering. More so, the politicians had access to the new currency, this also indicated the response to item eighteen that monetization of votes cannot be divorced from the process of election in Nigeria unless electronic monitoring and e-voting are effected.

Item eighteen made a recourse to 1984 change of currency and people's experience, whereby customers slept in the bank for days before they could have access to currency. There was a repeat of the same experience which eventually affected Nigerians' psych-social wellbeing.

Items 19 and 20 reflected the negative effect of such on people's mental health. One of the basic fact is that Nigerians have been used to seeing and spending money, hence, it involved serious adjustment to stay without money and also the fact that they do not have access to money for their needs, some people had to mentally adjust to the new situation.

Item 21 reflected on the security and the teething problem of kidnapping for ransom. There were few cases of such and immediately after the renouncement of the policy some cases were reported again.

The implementation of the policy encouraged social injustice and people made ungodly business of extortion based on indiscriminate commission charged for transfer, withdrawal and other transactions. Many people recorded loss of fund and depletion of savings in a bid to get the money changed.

Item 23 dealt with the systemic problem of fluctuation of the internet services that deprived many of their money. Such were neither to the depositors account not to the beneficiary accounts. Such cases occurred in large number and it aggravated the crowd that visited various banks. There were no prompt resolution, some banks gave as many as 10 days to get a transaction error resolved. The fact remains that the servers were not upgraded before the policy was made.

5. Conclusion

Based on the available statistics of online transaction recorded before and after election, the policy had increased the number of banked population which is a way of commencing financial inclusion but the grievous effects of epileptic internet services and other social and psychological issues attached to it has proven that Nigerian policy makers have not sharpened their policy skills to grow beyond their status, thinking and exposition from the last experience of currency change in 1984.

Coincidentally, the massive currency change that could be likened to the recent, occurred in 1984 during the Military administration of General Muhammadu Buhari. As at 1984, Nigerian population was 81.34 million and in 2023, the speculated population is 223,804,632 by mid-year.

More so, the United Nations prescription for financial inclusion is the payment of social security allowance through the opening of bank account and reaching the populace on monthly schedule. If this prerequisite had been met by the Nigerian government, the issue of un-banked population would have been minimized or totally resolved.

Nigerian system encouraged the dragging of its populace to obey rules and regulation without creating desired enabling environment. Majority of the policies were also introduced without sincerity of purpose and for reasons other than progress, development and sustainability of the country.

6. Recommendations

- Enabling atmosphere must be created before policies are made else such policies would be reverted due to lack of workability
- The requirements of a policy must be met for success and transparency, particularly the payment of social security allowance can be adopted in order to get every citizen banked in Nigeria
- Technological upgrade is essential to online transaction and transaction problems must be solved without delay
- Economic issues in Nigeria must be handled with care because of the unprecedented psych-social effect it could have on the populace
- Political activities must adopt electronic voting and de-emphasize the use of money in order to achieve sustainable development. Effective database will go a long way to solve election problems.
- The legal and moral justification of policies must be tested before exposing people to them.
- Nigerian government needs to be more sensitive and responsive to the needs of the common man in the society in the process of formulation of policies
- Nigerian policies should give protection to consumers in order not to put them at the receiving end

- More so, it is the responsibility of the government to open an account with 35% of the required deposit for all adults. Such recommendation of the World Bank must be considered by Nigerian leaders.

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