JOURNAL OF POLITICAL DISCOURSE
ISSN Print: 2992-2763 – ISSN Online: 2992-4618 | Vol. 2, Issue 4, No. 1 / December 2024
https://www.jopd.com.ng

ASSESSING THE EFFECTIVENESS OF THE 2023 NAIRA REDESIGN AND CASHLESS POLICY IN COMBATING KIDNAPPING IN NIGERIA

[1]Suleiman Muhammad, [2]Yahaya Muhammad Ibrahim, [3]Aminu Musa & [4]Hayatuddeen Ahmad Bawa

[1&3]Department of Political Science, Federal University Birnin Kebbi, Kebbi State-Nigeria,
sulenairazkk@gmail.com & a.musa@fubk.edu.ng

[2]Department of Sociology, Federal University Birnin Kebbi, Kebbi State-Nigeria
m.yahaya@fubk.edu.ng
[4]Ministry of Physical Planning and Urban Development, Kebbi State, Nigeria.
hytbawa@gmail.com

Abstract

Kidnapping is a severe security issue in Nigeria, affecting its economy and social stability. In response, Nigeria has adopted non-kinetic approaches, such as the Naira redesign and cashless policy, implemented by the Central Bank of Nigeria (CBN), to reduce kidnapping and related financial crimes. This study explores the effectiveness of these policies in curbing ransom-driven kidnappings by limiting cash circulation and disrupting criminal cash flows. The Naira redesign targets counterfeiting and hoarding, while the cashless policy promotes digital transactions to improve financial traceability, helping track ransom payments. Despite their potential, challenges such as slow adoption of digital banking, limited financial inclusion in rural areas, and vulnerabilities to cybercrime hinder their success. Furthermore, issues like corruption and inconsistent enforcement of policies impede their effectiveness. Using qualitative content analysis of secondary data from peer-reviewed journals, books, and credible online sources, this study evaluates the impact of these policies on kidnapping trends. The findings show that while these strategies have potential, they require stronger enforcement, improved digital infrastructure, and greater public awareness to be more effective. The study recommends enhancing digital literacy, tackling corruption, and investing in financial technology to strengthen these non-kinetic strategies in the fight against kidnapping in Nigeria.

Key words: Naira Redesign, Cashless Policy, Kidnapping,

Introduction:

Countries in the world create physical currencies in order to provide a standardized medium of exchange, simplifying trade by eliminating the inefficiencies of barter systems. Physical currency establishes a stable framework for economic activities, monetary policy, and wealth storage. In the contemporary time, some countries (most especially the advanced ones) have partially or completely transitioned toward cashless systems due to evolving economic, technological, and security needs. Currency reform is a pivotal tool for strengthening macroeconomic frameworks, directly impacting a nation's monetary policy control, inflation rates, and financial security. In Nigeria, the Central Bank of Nigeria (CBN) has played a key role in currency management and safeguarding the stability of the Naira. Over time, the Nigerian currency has undergone multiple redesigns, each initiative aimed at improving the economy's functionality and tackling rising security challenges, including financial crimes and inflation (Naseem, 2012). In recent years, the CBN has focused on the significant volume of currency circulating outside the formal banking system. According to the CBN, approximately 85% of Nigeria's total currency, valued at N2.73 trillion out of N3.23 trillion, was outside bank vaults as of 2022, raising concerns over inflation, currency hoarding, and

crime facilitation (CBN, 2022; Yinnusa, 2022). This situation illustrates Nigeria's continued struggle with illicit financial practices, which undermine both economic stability and security.

In response to these challenges, the CBN introduced a currency redesign initiative in 2022, accompanied by a stringent cashless policy to limit high-cash transactions. The Naira redesign focused on high-denomination notes like the N500 and N1000, making counterfeiting more difficult while encouraging a shift toward digital transactions. The cashless policy, on the other hand, seeks to limit the accessibility of large cash sums, placing restrictions on over-the-counter cash withdrawals to curb potential misuse of currency in illicit activities, including kidnapping (Emefiele, 2023). These policies are part of Nigeria's broader strategy to reduce its reliance on physical cash, which has been criticized for aiding criminal enterprises by leaving untraceable cash flows in circulation (Victor, 2022).

Experts in economics and security have noted that while the currency redesign is relatively unusual, it reflects a critical need to align with global standards and manage cash flow effectively (Akin, 2023). While the policy of currency redesign and cashless policy were not directly meant to address kidnapping in Nigeria, available data indicated that kidnapping was reduced during the time of the policy implementation. According to a report by the Nigerian Police Force, there was a noticeable reduction in kidnapping activities in states like Lagos and Ogun between 2022 and 2023, coinciding with the implementation of the cashless policy. In Lagos alone, kidnapping cases dropped by 15% within the first six months of the policy's full implementation. Similarly, Ogun State saw a 12% decrease in kidnapping-related incidents during the same period (Nigeria Police Report, 2023). These statistics demonstrate that while the policy is not a complete solution, it has had a tangible impact on reducing kidnapping, especially when combined with other security measures.

Kidnapping, an increasingly prevalent crime in Nigeria, has placed a significant burden on the country's security and economic sectors. Banditry, rural attacks, and highway abductions for ransom have continued unabated, exploiting the ready availability of cash. This cash availability enables the financing of ransom payments without trace, fostering an environment where criminals can operate with relative impunity (Victor, 2022). By imposing limits on cash transactions, the cashless policy seeks to curb these illicit activities by reducing kidnappers' access to liquid funds and encouraging financial traceability. Currency reform advocates argue that such monetary policies are critical for Nigeria's national security, as they force criminal networks to rely on traceable digital funds, thus limiting their operational anonymity (Shelleng, 2023; Ekechukwu, 2023). SMB Intelligence's 2024 report reveals critical insights into the kidnapping crisis in Nigeria. Between July 2023 and June 2024, over 7,568 individuals were abducted in 1,130 incidents nationwide, with ransom demands amounting to N11 billion. However, only about N1.048 billion was paid. Zamfara, Kaduna, and Katsina states were the most affected, with Zamfara leading in both incidents and victims.

However, the implementation of the currency redesign and cashless policies has sparked intense debate. Critics argue that these reforms could have a limited impact on security if Nigeria's digital infrastructure cannot accommodate the population's transition to cashless transactions (Fasau, 2024). Furthermore, cyber-security vulnerabilities, such as networks, or software that attackers can exploit to gain unauthorized access, disrupt services, or steal sensitive information, pose a potential risk to the effectiveness of the policy, as digital transactions become more common. While the cashless policy may reduce crime through better financial tracking, skeptics highlight challenges related to Nigeria's relatively low rate of financial inclusion and the slow adoption of digital banking, especially in rural areas where kidnapping is rampant (Fasua, 2024; International Monetary Fund, 2022). In contrast, supporters emphasize that these non-kinetic approaches have significant long-term benefits. By reducing cash in circulation, these policies potentially limit the financial resources

accessible to criminal groups, fostering a safer economic environment conducive to investment and growth (Magaji et al., 2024).

Beyond the immediate security benefits, these policies aim to improve Nigeria's macroeconomic stability. The shift from a heavily cash-reliant economy to a more digitally integrated financial system enables better monitoring of currency flows, reduces opportunities for corruption, and aligns with global economic standards (CBN, 2022). This change is critical given the increasing trend toward dollarization in many emerging economies. Countries that depend heavily on foreign currencies, like the U.S. dollar, often sacrifice some level of economic independence and stability, simply because the Dollar will be the one to dominance over their national currency. By enforcing currency reforms that strengthen the Naira, Nigeria can avoid some of the stability costs associated with dollarization, allowing it to better control inflation, monetary policy, and economic growth (Okolie, 2021).

Despite these ambitions, challenges remain. The impact of currency redesign on crime reduction, particularly kidnapping, requires a strong foundation of digital infrastructure, financial literacy, and regulatory oversight. The Nigerian government must also address issues of public trust and encourage financial inclusion across diverse economic strata. Thus, while the CBN's initiatives mark a promising shift toward a more secure and resilient financial system, their success hinges on the effective implementation and widespread acceptance of digital transactions. By examining these facets, this study explores the potential of non-kinetic approaches, specifically currency reforms, in curbing kidnapping and fostering economic resilience in Nigeria. The paper examines the Naira redesign and cashless policy as non-kinetic approaches to addressing the pervasive issue of kidnapping. By analyzing the economic and security implications of these reforms, this study evaluates the policies' effectiveness in curbing crime while promoting financial stability.

Conceptual Clarifications

For better appreciation of the issues raised in this paper, it is imperative that the following concepts are initially clarified:

The Concept of Naira Redesign

The Naira note according to Osadebe (2022) was redesigned to address the issue of individuals who have made currency fraud their main source of income, hidden money they have stolen, for instance, would either find a way to change it by taking the money out or would not need it given the change in the value of the Naira. In Nigeria, there has been an increase in economic hardship for greater percentage of the Nigerian citizens.

The National Bureau of Statistics (NBS) on the 17th of November 2022 said that 133 million (63%) Nigerians are suffering from high level of poverty, with children constituting more than half of poor people in the country (Komolafe et al., 2022). They argued that two (2) out of every three (3) Nigerians are very poor and experiences just over one-quarter of all possible deprivations in terms of education, health, living standards, work and shocks (Komolafe et al., 2022). This poverty level is heightened by politicians and other government officials hording the Naira notes, storing them away in GP tanks, ware houses, buried in hidden bunkers and etcetera so that the stacked away cash cannot be traced to their account for money laundry and other criminal charges since it is not in a bank account that can be traced. At November 4th 2022, Sahara Reporters reported that the operatives of the Economic and Financial Crimes Commission (EFCC) have uncovered billions of Naira in cash stashed in various houses of some serving governors in Port Harcourt, Abuja and Kano (Sahara Reporters, 2022).

These tides of looting and stashing away money if not stemmed will sink Nigeria the more down the drain. Nigeria has been listed as the world poverty capital according to World

Bank data (Alikor, 2022). And the greedy government officials are still struggling to impoverish the states the more. To stop the hording of Naira notes, the CBN governor in collaboration with the federal government has planned to redesign the Naira currency notes in circulation in order to encourage the injection of fund back into the banking system. President Buhari on Wednesday evening in London, UK, after having a meeting with King Charles III at Buckingham palace, said that the commencement of the Naira redesign will surely go on and will take care of the hoarding of banknotes by members of the public with over 80% of currency in circulation outside the vaults of commercial banks (Busari, 2022).

The Central Bank governor Godwin Emefiele in Abuja told journalist that the Naira redesign was informed by mostly concern over the significant hording of bank notes by some members of the public, and statistics has shown that over 80% of the currency in circulation were outside the commercial bank vaults, which has fueled illicit financial flow within the economy (Edeh, 2022). Itsibor (2022) argued that this monetary policy of redesigning the Naira note is also aimed at encouraging INEC in monitoring the funding of campaigns and restricting the incidence of vote buying which has become a menace to Nigeria's electoral system. But most financial analysts see the redesign as a distraction and a move that will plunge Nigeria even into more challenges. The two main aim of the naira redesign was to curb counterfeiting and hording of the Naira notes, and these will be explained below.

The Concept of Cashless Policy

Cashless policy is a macroeconomic policy targeted at reducing the total amount of physical currency in an economy thereby creating room for electronic-based payments (Ejiobih et al., 2019). It is a strategy that is usually deployed by the Apex Banks of many nations to reduce the use of currency for carrying out transactions. To Meseigha and Ogbodo, (2013), it is a system that makes payment for goods and services possible and offered through the Internet or any type of electronic fund transfer system. These opinions stress the fact that a cashless economy/policy is intended to ease transaction processes without the hassle of getting to hold money physically. However, this does not necessarily mean that physical cash would completely be out of reach.

In this vein, Akhalume and Ohiokha, (2012) are of the view that contrary to what is suggestive of the term, the cashless economy does not refer to an outright absence of cash transactions in the economy in question, but when the amount of cash-related transactions are reduced to a very large extent as possible. In such economies, transactions of any nature are predominantly carried out through electronic means: Automated Teller Machines (ATM) transfers, online banking and mobile applications, and other means like the use of cheques, direct bank transfers, mobile money transfer operations etc.

In more advanced nations, the practice of cashless system is not new. The policy has been in existence for more than two (2) decades and it's still gaining attention in both less developed and in emerging economies where there is strong advocacy for reduction in the use of cash in carrying out transactions. This is considered very imperative giving the implication of cost of printing notes on one hand, and on the other, the risks of various kinds and associated corruption. In countries where cashless policies are in place, the key drivers who serve as the regulators and implementers of the policy are usually the Central Banks, Deposit Money Banks (DMBs), Micro Finance Banks (MFBs) etc. These are establishments that are charged with the responsibilities of carrying out regulatory activities including monitoring and evaluation of the policy on behalf of the government.

According to the press remarks issued by the CBN Governor on October 26, 2022 which was called to brief the general public on the need for the Apex Bank to address persisting concerns it was facing as regards management of the currency in circulation, the governor underscores the currency management function of the Apex Bank as stated in Section 2 (b) of

the CBN Act, 2007. Hence, the policy is designed to achieve the following objectives amongst others:

1. To deepen the drive to entrench cashless economy as it will be complemented by increases in minting of e-Naira.
2. To address the hoarding of naira banknotes outside the banking system
3. To check counterfeiting of naira
4. To check the prevailing level of insecurity in the country particularly activities related to terrorism.
5. To check vote buying activities (CBN, 2022).

The Concept of Kidnapping

Kidnapping in Nigeria encompasses various forms, including express kidnappings, where victims are abducted for immediate ransom; political kidnappings, aimed at leveraging political power or influence; and ritualistic kidnappings, often associated with the belief in spiritual or supernatural gains (Adeleke et al., 2021; Emefiele, 2020). The motivations behind these abductions vary, but financial gain remains the primary driver.

Historically, kidnapping in Nigeria can be traced back to traditional practices, but it has significantly evolved over the years. The socio-economic turmoil, coupled with widespread poverty, unemployment, and corruption, has contributed to the rise in criminal activities, including kidnapping (Victor, 2022; Elu, 2023). The transition from localized criminal activities to organized crime has also been facilitated by the availability of firearms and weak law enforcement mechanisms.

Several socio-economic factors fuel the kidnapping crisis in Nigeria. The high levels of poverty and unemployment, particularly among the youth, create an environment conducive to crime (Ogunleye, 2023). The International Crisis Group (2022) notes that young people, often disillusioned and with limited economic prospects, are more likely to be recruited into kidnapping syndicates. Additionally, inadequate governance and corruption within law enforcement agencies hinder effective responses to kidnapping incidents, allowing the problem to flourish (Umeora et al., 2023).

The implications of kidnapping extend beyond individual victims to affect broader societal stability and economic development. Kidnapping instills fear within communities, leading to displacement, loss of livelihood, and a breakdown of social trust (Igbokwe, 2024). The increasing prevalence of kidnappings has also strained the healthcare system, as families may divert resources to pay ransoms, thereby impacting their capacity to access essential services (Adetayo et al., 2023).

Despite the government's efforts to combat kidnapping through military operations and legislation, challenges remain significant. The lack of comprehensive data on kidnapping incidents complicates effective policy formulation (Ogunleye, 2023). Moreover, the involvement of local political elites in kidnapping networks raises questions about the commitment of some state actors to address the issue (Adeleke et al., 2021). Consequently, community-based approaches, including local vigilance groups and public awareness campaigns, are being explored as viable alternatives to enhance security and deter kidnappers (Umeora et al., 2023).

Recent studies indicate that the nature of kidnapping in Nigeria is evolving, with criminals increasingly targeting schools and hospitals, further highlighting the vulnerability of educational and healthcare institutions (Victor, 2022; Elu, 2023). To effectively address this complex issue, a multifaceted approach that combines law enforcement, socio-economic development, and community engagement is necessary. Future research should focus on evaluating the efficacy of existing policies and exploring innovative strategies to mitigate the kidnapping crisis.

Methodology

This paper employs a qualitative research method, specifically content analysis, to explore the impact of Nigeria's cashless policy and naira redesign in curbing the menace of kidnapping. The study primarily relies on secondary data collected from peer-reviewed journals, edited books, and credible online resources, making it fundamentally a library-based research approach.The study adopts a traditional literature review framework, systematically collecting and synthesizing existing knowledge on the subject matter. This design facilitates an in-depth understanding of the phenomenon by analyzing existing scholarly perspectives, historical trends, and recent developments in policy implementation and its outcomes.Secondary data were obtained through a rigorous selection process to ensure credibility and relevance.The study employs content analysis, a qualitative technique for interpreting textual data. Various themes were identified and analyzed to capture the range of perspectives presented by authors. Key themes include the theoretical foundations of cashless policies, the practical challenges of implementation, and the relationship between cash availability and criminal activities like kidnapping.The research is confined to the analysis of secondary data, which might not capture real-time shifts in the impact of the cashless policy. Additionally, reliance on publicly available materials limits access to unpublished insights or government confidential reports that could enrich the study.Despite these limitations, the methodology ensures a robust, scholarly investigation, providing a comprehensive understanding of the topic while maintaining academic rigor.

Theoretical Framework

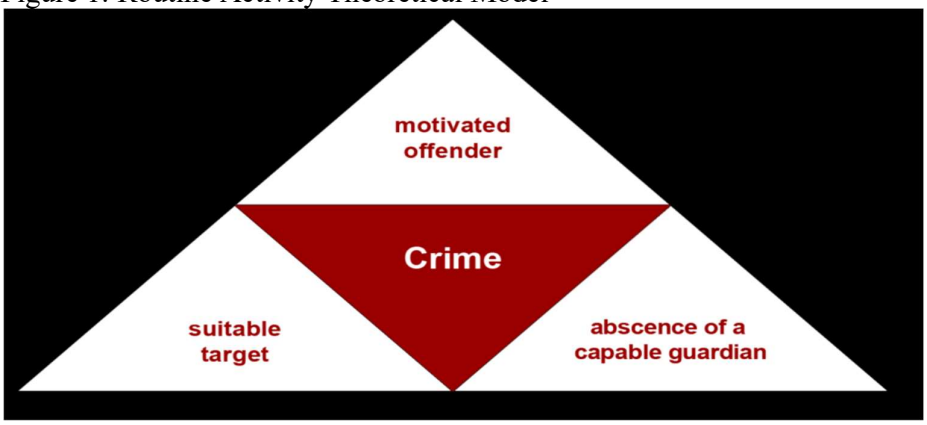
In every social phenomenon, theories play great roles in explaining events, situation of the phenomenon and thereby shed logical meaning to a research work in a sequential order. Thus, two theories were adopted namely: Routine Activity Theory (RAT), Social Control Theory and Situational Crime Prevention Theory. RAT stands as a crime-causation theory that explains the factors that give rise of kidnapping in Nigeria. While Social Control Theory portrays control (cashless policy) mechanisms to curb the menace of insecurity in the country.

Routine Activity Theory (RAT), developed by Lawrence Cohen and Marcus Felson in 1979, provides a useful framework for understanding how the Naira redesign and cashless policy in Nigeria can impact the occurrence of kidnapping. This theory posits that crime occurs when three (3) elements converge: a motivated offender, a suitable target, and the absence of capable guardianship. Thus:

1. Motivated Offender: The Naira redesign and cashless policy aim to limit the financial incentives for kidnapping. By reducing the amount of cash in circulation, these policies may deter potential offenders who are motivated by the prospect of ransom payments. If kidnappers perceive that financial gain is less achievable due to increased restrictions and monitoring, the motivation to engage in such criminal activities may diminish (El-Yaqub et al., 2024; Magaji et al., 2024).
2. Suitable Target: The implementation of cashless transactions makes potential targets less suitable for kidnappers. In environments where cash transactions are prevalent, targets may carry large sums of money, making them attractive for criminal activities. With a shift toward digital payments, potential victims may no longer be as easily identifiable as lucrative targets, thereby reducing their risk of abduction (Shelleng, 2023; Ekechukwu, 2023).
3. Absence of Capable Guardianship: RAT also emphasizes the importance of capable guardianship in preventing crime. The Naira redesign and cashless policy promote a more vigilant society, as financial transactions become traceable and monitored. This increased oversight acts as a deterrent to kidnappers, who may fear detection and arrest when attempting to carry out their plans. Moreover, the combination of

enhanced security measures and community engagement can create a more robust guardianship environment, further reducing opportunities for kidnapping (Fasua, 2024).

Figure 1: Routine Activity Theoretical Model



Source: Cohen & Felson (1976)

Figure 1 depicts the three variables which are dependent of time and place. These determinants are the motivated offenders, suitable targets and lack of capable security structures. As per as kidnapping, the Naira redesign and cashless policy can effectively disrupt the conditions conducive to kidnapping by addressing the motivations of offenders, reducing the suitability of targets, and enhancing guardianship. Non-kinetic approaches like the Naira redesign and cashless policy target the opportunity structures for crime rather than relying solely on traditional law enforcement methods. Through these financial reforms, Nigeria is addressing environmental conditions that make kidnapping lucrative and difficult to trace. According to Routine Activity Theory, reducing the convergence of motivated offenders, suitable targets, and lack of capable guardianship can effectively reduce crime rates. By making ransom payments more difficult to carry out discreetly and by increasing oversight over financial transactions, the opportunity structure that previously facilitated kidnapping is significantly disrupted.

Social Control Theory, developed by Travis Hirschi, posits that social bonds significantly influence an individual's likelihood of engaging in criminal behavior. The theory emphasizes the importance of attachment, commitment, involvement, and belief in societal norms. In the context of Nigeria's Naira redesign and cashless policy, the theory can help explain how these financial reforms may impact social behavior, particularly regarding kidnapping.

1. Attachment: The emotional bonds individuals have with family, friends, and community play a crucial role in deterring criminal behavior. The Naira redesign and cashless policy aim to enhance societal attachment by promoting legal financial transactions and discouraging reliance on illicit activities. As these policies become more effective, individuals may feel a greater commitment to societal norms, which can dissuade them from engaging in kidnapping (Matsueda, 2018; Kauffman & Tifft, 2015).
2. Commitment: Individuals who are invested in conventional societal goals—such as stable employment or education—are less likely to engage in crime. By promoting a cashless economy, the policies can facilitate better financial inclusion and provide more opportunities for legitimate economic participation. As more individuals engage in the formal economy, their commitment to lawful activities increases, reducing the likelihood of kidnapping as a viable means of income (Hirschi, 1969; Emefiele, 2022).

3. Involvement: The theory posits that individuals engaged in pro-social activities are less likely to commit crimes. The cashless policy encourages economic participation and digital transactions, potentially leading to increased involvement in legal activities. This higher level of engagement in the community and economy can decrease the opportunities for criminal behavior, including kidnapping (Fasua, 2024).
4. Belief: Social Control Theory emphasizes the importance of belief in societal rules and institutions. When the public perceives that the Naira redesign and cashless policy are effective in enhancing financial stability and curbing crime, their belief in these systems may strengthen. As citizens develop faith in the integrity of the financial system, they may be less likely to engage in criminal activities, viewing them as less acceptable (Okolie, 2021; Yinnusa, 2022).

Social Control Theory suggests that Nigeria's Naira redesign and cashless policy can strengthen social bonds, enhance commitment to lawful economic activities, and reinforce belief in societal norms. By fostering a sense of responsibility and reducing motivations for engaging in criminal behavior, these reforms can contribute to a decline in kidnapping incidents in Nigeria. Social Control Theory provides a useful lens for analyzing the effects of Nigeria's Naira redesign and cashless policy on reducing kidnapping. By strengthening social bonds and reinforcing public commitment to lawful income sources, these policies address the social motivations behind kidnapping and other cash-driven crimes. As Social Control Theory suggests, fostering strong attachments, commitments, involvement, and belief in societal norms and institutions can lead to a reduction in crime. Thus, non-kinetic approaches like these financial reforms not only impact economic structures but also work to reinforce social control, reducing opportunities and motivations for crime.

Assessing the Effectiveness of the 2023 Naira Redesign and Cashless Policy in Combating Kidnapping in Nigeria

The intersection of monetary policy, security, and crime prevention, particularly regarding kidnapping, has been a growing area of interest among scholars and policy-makers. This literature review will examine the implications of the Naira redesign and cashless policy in Nigeria, drawing from existing studies on currency reforms, crime prevention, and their relationship with social stability.

An Overview of Naira Redesign in Nigeria in 2023

The Central Bank of Nigeria (CBN) announced on October 26, 2022 that it intended to redesign the three highest denominations of the Nigerian currency: the 200, 500, and 1000 (CBN, 2022). Nigerians responded in a variety of ways to this move since it caused an unprecedented cash constraint. While some Nigerians thought the policy was not needed, others thought it was just a rehash of the previous one and not a redesign (Nwanma, 2023).

The CBN defended this policy, however, by claiming that it would reduce security threats, such as money laundering, kidnapping, and terrorism in the nation, improve system health, track the flow of funds in the nation, and collect the enormous amount of cash that is currently estimated to be outside of the banking system, which is 2.73 trillion and accounts for about 85% of the total amount of cash in circulation (CBN, 2022). Additionally, this strategy aims to strengthen the banking system's level of financial inclusion in order to expand credit availability and productive activity, implement a better cashless policy, and constrict the money supply to fight inflation (Vanguard, 2022).

According to Muhammad and Abdulmajeed (2022), the policy will stabilize the economy, lower inflation, stop money corruption, ensure a smooth transition to a cashless society, lessen the abuse of Naira notes, and increase the value of the Naira. While the apex bank claims that the new naira was explicitly intended to focus on eradicating illicit market monies from the system, however Pedro and Adesina-Uthman (2022) expressed the opposite opinion.

They said that by disrupting business transactions, raising the cost of production, and promoting counterfeiting, the redesign of the Naira may have harmed the country's economy. They list these negative consequences in the following order:

1. Disruption of Business Transactions: The redesign of the naira made it more difficult for retailers to collect payments and generated confusion, particularly among those who were not familiar with the new approach.
2. Increase in Counterfeit Activity: Because most people might not be familiar with the new note, the likelihood of counterfeiting increases.
3. Rising Production and Printing Costs: This increased the nation's level of spending, which put the economy at risk and created inflation.

The Nexus between Cash Flow and Criminal Activity (Kidnapping) in Nigeria

The relationship between cash flow and criminal activities, particularly kidnapping, is a significant concern in Nigeria. A combination of economic factors, social dynamics, and the evolving landscape of financial transactions influences this relationship.

Currency reforms have historically been viewed as essential tools for strengthening macroeconomic frameworks. Naseem (2012) argues that such reforms can enhance monetary transmission, giving governments better control over their economic policies. In the context of Nigeria, the Central Bank of Nigeria (CBN) announced the Naira redesign in 2022, citing issues such as money hoarding, inflation, and counterfeiting as primary motivators (CBN, 2022). The CBN reported that a significant portion of the currency in circulation was outside banking systems, indicating a lack of trust in formal financial institutions (Yinnusa, 2022). This context highlights the potential economic instability that could facilitate criminal activities, including kidnapping, if unregulated cash flows persist.

Several studies have highlighted how cash availability can directly impact crime rates. For instance, El-Yaqub et al (2024) noted that kidnapping in Nigeria is often financed through cash payments where raw-cash is being taken to kidnappers' den and paid as a ransom, making it imperative to address the methods through which such funds are transferred. The cashless policy, intended to reduce the amount of physical cash circulating, aims to diminish the opportunities for kidnappers to demand and receive ransom payments anonymously. By making financial transactions more traceable, the cashless policy can limit kidnappers' access to untraceable cash, thereby impacting the frequency of such crimes (Magaji et al., 2024).

Cash flow in an economy plays a crucial role in shaping criminal behavior. The availability of liquid cash can create opportunities for crime, particularly in contexts where the rule of law is weak and economic pressures are high. According to El-Yaqub et al. (2024), kidnappers often rely on cash payments for ransom, making the circulation of cash a critical factor in the prevalence of kidnapping in Nigeria. The authors argued that a high volume of cash in circulation facilitates the operational capabilities of criminal groups by allowing them to conduct transactions without leaving a trace, which is essential for ransom payments.

Additionally, Magaji et al. (2024) emphasized that the anonymity provided by cash transactions can embolden criminals, allowing them to operate with reduced fear of detection. The study highlights that as more cash is accessible, especially in rural areas where banks are less prevalent, the likelihood of kidnappers targeting wealthy individuals increases.

Economic policies, particularly those affecting cash flow, have profound implications for crime rates. The Central Bank of Nigeria's cashless policy, aimed at reducing the amount of physical currency in circulation, is a response to the challenges posed by rampant criminal activities, including kidnapping. Yinnusa (2022) suggests that transitioning to a cashless economy could help mitigate the frequency of kidnappings by making ransom payments more traceable. The study posits that as the availability of cash diminishes, kidnappers may

find it increasingly difficult to demand and receive untraceable payments, thereby reducing the incentive to engage in such crimes.

However, Akin (2023) warns that the effectiveness of such policies may be limited by the slow adoption of digital banking solutions in Nigeria. The study indicates that despite the push for cashless transactions, many Nigerians still prefer cash due to issues such as inadequate digital infrastructure and concerns over cybercrime. This continued reliance on cash perpetuates the cycle of crime, as it allows for easier execution of kidnappings. However, socio-economic factors also play a critical role in linking cash flow and criminal activity. According to Victor (2022), the prevalence of poverty and unemployment in Nigeria contributes significantly to the rise in kidnappings. Individuals facing economic hardship may resort to crime as a means of survival, viewing kidnapping as a viable option given the potential for high monetary rewards. The author argues that the financial desperation experienced by some individuals creates a breeding ground for kidnapping, particularly in regions where law enforcement is insufficient.

Moreover, Okolie (2021) highlights that the relationship between cash flow and crime is further complicated by the existence of organized criminal networks that exploit economic vulnerabilities. These networks often facilitate kidnappings by providing the necessary resources and connections to enable criminals to carry out their plans effectively.

Effectiveness of Naira Redesign and Cashless Policy in Curbing Kidnapping in Nigeria

The Naira redesign and cashless policy introduced by the Central Bank of Nigeria (CBN) have been positioned as innovative strategies to combat the rising tide of kidnapping and other forms of financial crime. The primary aim of the Naira redesign is to reduce the volume of cash in circulation, thereby minimizing money hoarding, counterfeiting, and illicit financing (El-Yaqub et al., 2024). By targeting untraceable cash flows, especially in ransom payments, the policy seeks to disrupt the financial networks that facilitate kidnapping operations (Fasua, 2024). The cashless policy complements this effort by encouraging digital transactions, which are more easily monitored than cash exchanges.

One of the main arguments in favor of the Naira redesign and cashless policy is that they enhance the traceability of financial transactions. Analysts posit that as more transactions move to digital platforms, it becomes increasingly difficult for kidnappers to operate without being detected. The traceability of electronic transactions allows law enforcement agencies to track ransom payments and other illicit financial flows (Okolie, 2021; Magaji et al., 2024). For example, The Nations in February 2024 reported a case of Mrs. Aminat Adewuyi and others in Niger State where ransom payment was electronically traced. The victims' families were instructed to transfer ransom payments ranging from N500,000 to N1,000,000 to a designated bank account. The account details, including the name and account number, were documented. Shelleng (2023) notes that by limiting cash withdrawals and promoting digital payments, these policies can effectively curb kidnappers' access to liquid assets.

Early indications of the effectiveness of the cashless policy have been observed in reduced instances of cash-based crime. Reports suggest that certain states like Zamfara, Niger, Sokoto, Katsina in Nigeria have experienced a decline in kidnapping rates correlating with the implementation of the cashless policy (Akin, 2023). For instance, in regions where digital payment adoption has increased, there has been a noted reduction in ransom payments, leading to a corresponding decrease in kidnappings (Yinnusa, 2022). To buttress this assertion with facts, Centre for Democracy and Development (CDD, 2024) reported that during the cash scarcity between October 2022 and March 2023, kidnapping incidents dropped significantly, with reports indicating a 50% reduction in abduction events nationally and a 69% decrease in the North-West region (Center for Democracy and Development, 2024). This decline was attributed to the limited access to cash, which constrained

kidnappers' ability to demand or receive ransoms efficiently. The disruption of cash flow effectively impeded their operations, as many ransom transactions traditionally rely on physical cash exchanges.

In addition, ACLED (2024) reported that despite the controversial policy's negative impact, which coincided with Nigeria's fuel scarcity, kidnapping fell by 50% during the implementation period of October 2022 and March 2023. While it is not possible to say whether fuel scarcity or cash scarcity was the primary driver of this decline, it is likely that the lack of cash was significantly limiting kidnappers' efforts, given that kidnapping thrives in a cash-based economy where transactions are hard to track. According to a report by the Nigerian Police Force, there was a noticeable reduction in kidnapping activities in states like Lagos and Ogun between 2022 and 2023, coinciding with the implementation of the cashless policy. In Lagos alone, kidnapping cases dropped by 15% within the first six months of the policy's full implementation. Similarly, Ogun State saw a 12% decrease in kidnapping-related incidents during the same period (Nigeria Police Report, 2023). These statistics demonstrate that while the policy is not a complete solution, it has had a tangible impact on reducing kidnapping, especially when combined with other security measures.

Despite the potential benefits, challenges remain. Resistance from the public, particularly in rural areas where technological infrastructure is limited, hinders widespread adoption of the cashless policy (Victor, 2022). Furthermore, concerns about cybersecurity and the risk of online fraud can undermine public confidence in digital transactions (Akin, 2023; Yinnusa, 2022). This distrust can impede the policies' effectiveness in curbing kidnapping, as individuals may prefer to conduct transactions in cash despite the associated risks. While there is evidence suggesting these policies can enhance traceability and disrupt financial networks used in kidnappings, several challenges—including public resistance, cyber-security concerns, and limited technological infrastructure—must be addressed to maximize their effectiveness. Ongoing research and adaptive strategies are necessary to ensure that these financial reforms can genuinely mitigate the threat of kidnapping and enhance overall security in Nigeria.

Challenges Faced by the Naira Redesign and Cashless Policy in Curbing Kidnapping in Nigeria

The implementation of the Naira redesign and cashless policy in Nigeria is a response to the escalating crisis of kidnapping and other forms of crime. While these financial reforms aim to enhance traceability in transactions and reduce cash transactions associated with illegal activities, several challenges impede their effectiveness. This literature review discusses the various obstacles faced in the implementation of these policies and their implications for curbing kidnapping.

One of the primary challenges to the successful implementation of the cashless policy is public resistance and the slow adoption rate of digital payment systems. Despite the Central Bank of Nigeria (CBN) promoting cashless transactions as a solution to the growing rates of kidnapping, many Nigerians remain skeptical about the reliability and security of digital banking (Akin, 2023; Yinnusa, 2022). This skepticism stems from concerns about cybercrime, lack of awareness, and inadequate technological infrastructure.Victor (2022) highlights that in rural areas, where access to technology and reliable internet service is limited, the population often continues to rely on cash transactions. This reliance diminishes the effectiveness of the cashless policy in areas most affected by kidnapping, as the cash flow remains unregulated and untraceable.

Another significant barrier to the successful implementation of the cashless policy is the heightened risk of cybercrime. As more transactions shift online, the potential for cyber-attacks increases, which can undermine public trust in the financial system. To back up this point, Punch Newspapers (2023) reported after the declaration of the cashless policy in

Nigeria, there was a significant increase in cybersecurity incidents. According to reports, cybercrime surged by 174% within the first six months of 2022 in Nigeria, aligning with the shift to increased cashless transactions and digital footprints. This rise was attributed to vulnerabilities in digital payment systems and the challenges of securing electronic transactions in a rapidly digitizing economy. In addition, A study by El-Yaqub et al. (2024) indicates that the rise in online banking activities has coincided with an increase in phishing scams and identity theft in Nigeria. This environment of insecurity discourages individuals from fully transitioning to cashless transactions, ultimately limiting the policy's effectiveness in reducing ransom payments associated with kidnappings.

Economic challenges also play a critical role in the efficacy of the Naira redesign and cashless policy. Many Nigerians face economic hardships, including high inflation rates and unemployment, making it difficult for them to engage with new financial systems (Okolie, 2021; Fasua, 2024). The CBN has reported that a substantial portion of the population remains unbanked (with approximately 28 million Nigerians remaining unbanked as of 2024). This population accounts for about 26% of Nigeria's adult population. The financial exclusion rate has been particularly high in rural areas, where 44.2% of adults are unbanked, compared to 19.9% in urban areas). Without addressing these barriers to financial inclusion, the cashless policy risks alienating a significant segment of the population and perpetuating the cycle of crime.

However, the success of the cashless policy is also contingent on the availability of adequate technological infrastructure. According to Magaji et al. (2024), inadequate internet coverage and insufficient digital payment platforms hinder the implementation of cashless transactions. In many regions, the absence of reliable electricity further complicates the situation, as financial technology solutions require stable power sources to function effectively. The lack of infrastructure not only impedes the general adoption of cashless methods but also limits the government's ability to monitor financial transactions that may be linked to criminal activities, including kidnappings.

The coordination of various government agencies and stakeholders in implementing the Naira redesign and cashless policy poses another challenge. Akin (2023) suggests that without a well-coordinated approach, the cashless policy may fail to address the complexities of criminal networks that exploit loopholes in the financial system.

Cultural attitudes toward money and transactions also play a crucial role in the challenges faced by the Naira redesign and cashless policy. Many Nigerians have traditionally preferred cash transactions due to a longstanding distrust of formal financial institutions and the perceived anonymity that cash provides (Yinnusa, 2022). Changing these ingrained habits requires not only time but also targeted education and outreach efforts to build trust in the new system.

Conclusion

The cashless policy implemented by the Central Bank of Nigeria (CBN) represents a significant step towards modernizing the financial landscape of the country. In particular, the policy has shown considerable potential in curbing the menace of kidnapping, one of Nigeria's most pressing security challenges. By reducing the volume of physical cash in circulation and promoting digital transactions, the policy has created an environment where ransom payments are more traceable, thus limiting the operational capacity of kidnappers. For example, empirical evidence from Nigerian Police Force showed a noticeable reduction in kidnapping activities in states like Lagos and Ogun between 2022 and 2023, coinciding with the implementation of the cashless policy. In Lagos alone, kidnapping cases dropped by 15% within the first six months of the policy's full implementation. Similarly, Ogun State saw a 12% decrease in kidnapping-related incidents during the same period (Nigeria Police Report, 2023). These statistics demonstrate that while the policy is not a complete solution, it

has had a tangible impact on reducing kidnapping, especially when combined with other security measures.

However, the cashless policy is not without its challenges. One of the main issues is the slow adoption of digital banking and the lack of adequate infrastructure, particularly in rural areas. Despite the government's efforts, many Nigerians remain unbanked or underbanked, limiting the full potential of the cashless policy (CBN, 2022). Additionally, cybersecurity vulnerabilities pose a significant threat, as the shift towards digital platforms increases the risk of online fraud, hacking, and data breaches. Criminals may exploit these weaknesses to circumvent the policy's intentions (IMF, 2022). Moreover, the resistance to cashless transactions in certain segments of the population, particularly among those who prefer cash-based systems, further complicates the policy's effectiveness. While the cashless policy has proven to be a valuable tool in the fight against kidnapping by enhancing the traceability of financial transactions and disrupting the financial infrastructure that supports criminal activities, its full potential is yet to be realized. Overcoming the challenges related to digital literacy, infrastructure, and cybersecurity will be crucial for ensuring the policy's long-term success. With continued improvements in these areas, the cashless policy can become a central element in Nigeria's broader strategy to combat kidnapping and other forms of financial crime.

Recommendations

In order to enhance the effectiveness of the Naira redesign and cashless policy in curbing kidnapping and other financial crimes in Nigeria, the following recommendations are proposed:

1. Strengthening Public Awareness and Education: A comprehensive public awareness campaign is essential to educate citizens about the benefits and functionality of the Naira redesign and cashless transactions. This campaign should aim to demystify digital payment systems, address misconceptions, and foster trust in these technologies. Community engagement programs could be implemented to reach rural populations who may be resistant to change due to a lack of understanding.
2. Improving Technological Infrastructure: To facilitate the effective implementation of the cashless policy, investment in technological infrastructure is crucial. This includes expanding internet access and digital payment systems, particularly in undeserved rural areas. Collaborating with telecommunications companies to improve connectivity can help bridge the digital divide and support the adoption of cashless transactions.
3. Enhancing Cyber-security Measures: As digital transactions increase, so do concerns about cyber-security. It is imperative to implement robust cyber-security measures to protect users from fraud and data breaches. The government should collaborate with financial institutions to develop stringent security protocols and conduct regular assessments of digital payment platforms. Public trust can be reinforced through transparent communication about security measures in place.
4. Developing a Regulatory Framework: A well-defined regulatory framework governing digital transactions is essential to ensure accountability and protect consumers. The government and financial regulators should establish clear guidelines for digital payment providers, including measures to prevent fraud and enforce compliance with anti-money laundering regulations. This framework should also include consumer protection policies to build confidence in the cashless system.
5. Incentivizing Digital Transactions: To encourage the adoption of cashless transactions, the government can introduce incentives such as tax breaks, discounts, or rewards for individuals and businesses that utilize digital payment methods. Financial

institutions could also offer lower transaction fees for cashless payments, making them more attractive compared to cash transactions.

6. Continuous Monitoring and Evaluation: Regular monitoring and evaluation of the Naira redesign and cashless policy's impact on kidnapping rates and financial crimes are necessary to assess their effectiveness. The government should collect data on kidnapping incidents, ransom payments, and public adoption rates of digital payments to inform policy adjustments and improvements. Engaging academic researchers and think tanks can provide valuable insights into the effectiveness of these initiatives.
7. Engaging Stakeholders: Collaboration among stakeholders—including government agencies, financial institutions, civil society organizations, and community leaders—is vital to the success of these policies. Establishing a multi-stakeholder task force can facilitate dialogue, share best practices, and coordinate efforts to promote the Naira redesign and cashless policy effectively.

References

Adeleke, A. A., et al. (2021). *Kidnapping and the Politics of Insecurity in Nigeria*. *Journal of African Security Studies 3 (2): 12-35*

Adetayo, A. (2023). *Healthcare Disruption: The Impact of Kidnapping on Medical Services in Nigeria. Nigerian Journal of Public Health 20 (2): 102-130.*

Akin, O. (2023) *The Naira Redesign: Economic Perspectives. Journal of Business and Management Review, 2 (6), 20-39.*

Akhalume, R. and Ohiokha, O. (2012). Incidents of Hostage Taking and the Niger Delta Crisis in Nigeria. *In South-South Journal of Culture and Development, 9 (1): 162 179.*

Alikor, O. A. (2022). Boko Haram insurgency in Nigeria: The challenges and lessons. In Alao, D (ed), Issues in conflict, peace and Government. Ibadan: Fodnab Ventures

Busari, A.D. (2022). Security and economic development in Nigeria since 1960. *Kuwait Chapter of Arabian Journal of Business and Management Review, 2 (6), 1-7.*

CDD, (2024) Tackling Kidnapping in Nigeria: Enhancing Security in Movement, Communications and Cash. https://www.cddwestafrica.org/blog/tackling-kidnapping

Central bank of Nigeria (2022). Redesigning of the currency. Retrieved from www.cbn.gov.ng on 12th July, 2023.

Cohen, L. E., & Felson, M. (1979). *Social Change and Crime Rate Trends: A Routine Activity Approach*. *American Sociological Review*

Ejiobih, R and Anyanwu, G. (2019). ‘‘Nigeria: elections and continuing challenges’’ in Lyman, Princeton and Dorff.

Elu, J. (2023). *Evolving Patterns of Kidnapping in Nigeria: A Socio-Economic Perspective*. *Journal of Criminology, 3 (5), 122-146.*

Emefiele, G. (2020). *The Rise of Kidnapping in Nigeria: Causes and Consequences*. *Nigerian Review of Law and Society 5 (8), 45-60.*

El-Yaqub, A., (2024). *The Impact of Financial Policies on Kidnapping in Nigeria*.

Fasua, K. (2024). *Challenges of Cashless Policy Implementation in Nigeria*. *Journal of Criminology, 3 (5), 23-51*

Itsibor, O. (2022). Peace and security education: A critical factor for sustainable peace and *national development. International Journal of Peace and Development Studies, 2(1), 1-7.*

International Crisis Group. (2022). *Youth and Crime in Nigeria: Understanding the Roots of Kidnapping*.

Igbokwe, I. (2024). *The Social Impact of Kidnapping: Fear and Displacement in Nigerian Communities. African Journal of Sociology, 6 (2), 12-27*

Komolafe, A., John, D.I. and Ubong E.A. (2022).The Social Problems of Kidnapping and Its Implication on Social Economic Development: A Case Study of Uyo Metropolis. An unpublished thesis

Kauffman, K., & Tifft, L. (2015) *Social Control Theory: Theoretical Overview*.

Okolie, I. (2021). *Currency Redesign and its Economic Implications. Journal of Criminology, 3 (5), 66-82*

Magaji, A., et al. (2024). *Kidnapping and Financial Incentives in Nigeria. African Journal of Sociology, 6 (2), 28-42*

Meseigha, M. and Ogbodo, G. O. (2013), Kidnapping: New Brand of Terrorism. Saturday Sun, October 31, p. 7. Patricia (eds). Beyond humanitarianism: what you need to know about Africa and why it matters: New York: Brookings.

Muhammed, A. B. & Abdulmajeed, A. T. (2022). Impact of Naira Redesign and Monetary Policy on Nigeria Economy. *International Journal of Research in Finance and Management, 5(2): 226- 232.*

Naseem, S. (2012). *Currency Reforms and Macroeconomic Policy. Nigerian Journal of Economic Studies 14 (9): 52-79.*

Nigeria Police Force Report (2023). https://www.npf.gov.ng/

Nwanma, S. M. (2023). "Currency Redesign: Lessons for Nigeria from Global Best Practices", Daily Trust, February, 5.

Ogunleye, O. (2023). *Poverty and Crime: The Socio-Economic Dynamics of Kidnapping in Nigeria*. *Nigerian Journal of Economic Studies 14 (9): 13-34.*

Olujobi, O. (2022).Macroeconomic Implications of the New Currency Refurbishment and Capital Formation in Nigeria.https://mpra.ub.uni-muenchen.de/115634/

Pedro, I. & Adesina-Uthman, G. A. (2022). Impact of Monetary Policy Shocks on the Output Gap in Nigeria. *International Journal of Economics and Finance, 14 (9): 38-50.*

Shelleng, A. (2023). Digital Transactions and Crime Reduction in Nigeria. *Nigerian Journal of Economic Studies 14 (9): 13-34.*

Umeora, C. N., et al. (2023). *Community-Based Approaches to Combating Kidnapping in Nigeria*. *Journal of Security Studies 3 (4): 33-51*

Vanguard (2022). 4 Reasons CBN Redesigned Naira Notes. https://www.vanguardngr.com/2022/11/4-reasons-cbn-redesigned-nairanotes.

Victor, K. (2022). *Kidnapping in Nigeria: Trends and Responses.International Journal of African Studies 2 (9): 14-32*

Yinnusa, M. (2022). *Public Trust in Financial Institutions*. *Nigerian Journal of Economic Studies 14 (9): 57-83.*