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AN ANALYSIS OF THE IMPACT OF NIGERIA'S 2022 CURRENCY REDESIGN POLICY IMPLEMENTATION ON ITS INTERNATIONAL TRADE

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Abstract
The study investigated the impact of the 2022 currency redesign policy implementation on Nigeria's international trade. Even though the policy caused severe difficulties for local businesses and individuals as a result of the acute currency scarcity, there has been scanty scholarship on its impact on the country's international trade, hence this study. Employing descriptive research design, data were collected from secondary sources, supplemented with key informant interview from interviewees knowledgeable on the variables of the study. The study, among other things, revealed that the implementation of the policy resulted in enormous decline of Nigeria's international trade. In view of the findings, the study recommended the need for the Central Bank of Nigeria to put dedicated financing model and infrastructure in place to ensure that currency demands are met for seamless importation of approved goods and services during currency redesign implementation in the country for the sake of robust foreign trade relations.
Keywords: Currency Redesign, International Trade, Central Bank of Nigeria, Naira, Trade Policy, Nigeria

1.0 Introduction

Currency redesign is a long-standing global tradition usually undertaken to meet up with some socio-economic and political needs, including achieving favourable international trade (Abonyi & Abdulhameed, 2024). Nigeria is not an exception in this regard and has a chequered history of currency redesign. Following the establishment of the Central Bank of Nigeria in 1959, it was conferred with the responsibilities of issuing, re-designing, distribution, destroying and exchange of currencies or withdrawal of currency notes from circulation subject to the approval of the president of the nation and on the recommendations of the Central Bank's Board of Directors (Yasin & Yandaki, 2023). The first official redesign of the Nigerian currency (although with the British pounds and shillings) was carried out in 1962 to assert the independence status and monetary sovereignty of the nation with Federal Republic of Nigeria inscribed on top of the currency (Pillah, 2023). The outbreak and devastation of the Nigeria civil war (1967-1970) also saw another instance of currency redesign which was done as a measure to frustrate and weaken the economic base of the Biafran states so as to discontinue the war and surrender to the Nigerian troop (Nduwugwu, 2007). In January 1973, the federal government under the military administration of General Yakubu Gowon launched the Naira redesign to replace the British Pounds and Shillings, and also to affirm the independence status of the country.

The Nigerian currency has undergone series of redesigns afterwards. From 2014, the currency did not witness any change until 2021 when the e-Naira was introduced with major reasons that included the need to improve availability and usability of the Nigerian currency, support a resilient payment ecosystem, encourage financial inclusion, reduce the cost of cash

production, enable direct welfare disbursement to citizens, increase revenue and tax collection, facilitate Diaspora remittances, and reduce the cost and improve the efficiency of cross-border payments (Central Bank of Nigeria, 2021). On October 26, 2022, the management of the country's apex bank further undertook redesigning of the currency notes within the categories of two hundred, five hundred and one thousand Naira notes, and announced that the use of old currency notes was to end by the last day of January, 2023 (Ajayi & Oshewolo, 2024).

As obtainable elsewhere, several reasons were pushed forward for the exercise. These included the need to enhance the wellbeing of the citizens, correct currency mismanagement and hoarding problems, key the country into the global race of cashless economy, regulate excess money in circulation, control against inflation, counterfeiting and collection of ransom by kidnappers and bandits, sanitize the 2023 general election in Nigeria, as well as adhere to the international best practice in the management of the country's currency (Nwachukwu & Nwogu, 2022; Ameh, 2023; Otitoju, Sunday, Abiola & Abudu, 2023). Expectations were that the exercise would equally positively impact the country's trade relations with the outside world. However, implementation of the 2022 currency redesign policy appeared to have jeopardised the country's international trade. The belief is that it rather caused trade decline, yet this has not generated considerable interests in the existing scholarship. This lacuna, therefore, necessitated this study such that aside extending the frontiers of existing body of literature, the outcome of the study will become a reference point in the task of ensuring that policies have positive contributions to Nigeria's international trade.

2.1 Literature Review

2.1.1 Currency Redesign

Currency redesign is a role performed by a country's apex or reserve bank. A country can embark on the redesign of her currency to enhance security features of its currency or promote national identity or even as a response to the dynamic and often technological needs of the society. Such exercise is often accompanied by withdrawal of old currency from circulation and replacing same with new ones (Ume-Ezeoke, 2023). The exercise often targets strengthening of the economy in the belief that the survival of any country is dependent on the viability of its economic system, part of which is the health of the country's international trade (Asaolu, Ogbeinde & Aniobi, 2023). It is in that light that redesigning of a country's currency is aptly described as a laudable idea capable of strengthening the macro-economic indices as well as promoting robust socio-economic conditions of the State (Pillah, 2023; Ndukwe, 2023; Yasin & Yandaki, 2023). It is therefore a significant monetary policy decision that can have far-reaching effects on economic growth and useful for combating counterfeiting, controlling inflation, promoting financial stability, and transitioning to a more digital-based economy. While such a policy can enhance economic transparency, improve monetary control, and strengthen financial inclusion, it can however lead to short-term disruptions including cash shortages, reduced business activities, and fluctuations in consumer spending (Ozioko, Ozioko & Ugwu, 2025).

2.1.2 The 2022 Currency Redesign Implementation in Nigeria

Prior to the currency redesign exercise in 2022, the previous administration of Nigeria's Central Bank had not been able to embark on such exercise for the past nineteen years. Before the exercise, currency in circulation in Nigeria had jumped from N1.4 trillion recorded in 2015 to N3.23 trillion in 2022, out of which only N500 billion was within the banking system and N2.7 trillion hoarded by individuals (Emefiele, 2022). In addition to reducing inflation, the policy also targeted tracking the amount of cash hoarded by individuals in addition to eliminating the increasing incidence of counterfeiting bank note in 2019. Others are to battle the challenge of money laundering, fight multi-form varieties of

insecurity, entrench the use of online banking system, as well as to sanitize the 2023 general election in the aspect of discouraging vote buying or inducement of electoral officers (Emefiele, 2022; Pillah, 2023; Yasin & Yandaki, 2023). Also, the 2022 currency redesign aimed at giving the banking system a central position within the process of savings and investment allocation as well as expanding productive activities and economic stabilization (Pillah, 2023).

The 2022 currency redesign was necessitated by the collapse in the exchange rate and was seen as a rational decision by the government to identify with international monetary bodies like the European Monetary Union. It was seen to have been predicated on the Apex Bank's comprehension of the local circumstances and international best practices (Otitoju, Sunday, Abiola & Abudu, 2023). In general, the policy had five main objectives which were to improve the management of Nigerian currency; to advance the movement toward a cashless and digital economy; to lower the incidence of terrorism and kidnapping; to adhere to international best practices of redesigning national currencies every five to eight years; and to sanitize the 2023 general elections (Otitoju, Sunday, Abiola & Abudu, 2023; Aliyu, Ikedinma & Oluwatayo, 2023). According to Raynor de Best (2020), money influences Nigeria's electoral process and outcomes such that the use of money has taken the centre stage of election in Nigeria and undermines its credibility, legitimacy, and integrity (Davies, 2021; Adigun, 2019). The redesign was to ensure that hidden public funds were returned by politicians and to incapacitate them from influencing the electoral process (Peterside, 2023).

Hoarding of banknotes particularly among the elite corps of the nation was at its height when the program began in October 2022 as more than 85% of the currency in use was said to have been kept by the general public outside of commercial banks' vaults. It was revealed that N2.73 trillion out of the N3.23 trillion Naira currency in circulation was outside the vaults of commercial banks. The implication is that there was just N500 billion in the financial system (Central Bank of Nigeria, 2022). The management of the apex bank therefore initiated the currency redesign programme as a means of ensuring effective currency management and recovered 75% (N1.9 trillion) of the N2.73 trillion in old notes that were outside the banking system between October 2022 and 29th of January 2023 (Central Bank of Nigeria, 2023).

2.1.3 Nigeria's International Trade Policy

International trade policy of Nigeria is intended to promote trade as an enabler for accelerating the country's economic development particularly within the context that her economy has generally remained stagnant and troubled by structural challenges. The economy, remaining predominantly primary in production, lacks capacity to absorb labour, thereby leaving in its trail high rate of unemployment in excess of 33 percent as well as growing poverty in excess of 40 percent of the population. It is therefore in the light of effectively harnessing the capacity of the economy to increase the country's share of global trade that the country's trade policy focuses on accelerating pro-poor growth in line with the Medium-Term National Development Plan and the Agenda 2050 (Federal Government of Nigeria, 2023).

International trade is important for deepening economic interaction among states within the global system. Occurring beyond national borders of states, international trade therefore serves as a tool for bridging global services flows, commodities trading, and factor fluctuations on the notion that no single state can supply the entirety of commodities and services needed by her population for survival owing to insufficient resources and comparative advantage limitations (Shido-Ikwu, Dankumo, Pius & Fazing, 2023). Thus, Nigeria's international trade has, over time, been dominated by importation of international services with high payments in transportation, trade and other business services (Abasiakan, Sani & Obiezue,2021).

2.2 Empirical Review

Attempts have been made in extant literature to examine the impacts of 2022 currency redesign policy implementation in Nigeria. For instance, Abonyi and Abdulhameed (2024) in a study titled The Effects of Nigeria's 2022 Currency Re-Design Policy on Nigerian Citizens examined the impact of the currency redesign policy on the daily lives of Nigerians. Anchored on the Liberal Democratic Theory, the findings of the paper reveal that the abrupt and poorly timed implementation of the policy subjected many citizens to severe economic hardship, hunger, frustration, and psychological distress. The study recommended that future demonetization policies must prioritize the welfare of citizens and ensure a more structured and inclusive implementation process to support national development.

Tukura, Zhizhi and Sekpe (2023) in a study titled The Impact of Currency Redesign on Vote Buying and The Quality of The Electoral Process in the 2023 General Elections in Nigeria examined the consequences of the currency redesign on the integrity of the 2023 general elections. Using secondary data, the study revealed that regardless of the impact of the currency redesign, politicians discovered other ways to influence voters in the election. In order to encourage transparency, fairness, and improvement of the electoral process, the study therefore suggested that the government, particularly the security agencies, step up their efforts through impeccable intelligence to find and prosecute those involved in vote buying to serve as a deterrent in future elections.

In a study titled "An Examination of the Nigeria's Controversial Currency Redesign Policy and The Reasons for the Policy Failure: A Political - Economic Ramifications Perspectives", Owoeye (2024) examined how the currency redesign policy paired with a cashless policy plan affected financial performance of Nigeria. It found that the currency reform strategy provided significant benefits for the financial sector even though the redesign resulted in cash shortage and economic hardship for the Nigerians. It therefore recommended that suitable infrastructural and legal framework be built to facilitate the programme's efficient execution.

Dada (2023) in a paper titled Currency Redesign Policy Implementation: Implications for Industrial Performance in Nigeria investigated the effect of the currency redesign policy implementation on industrial performance in Nigeria. The study adopted survey research design. A total of 514 micro, small, medium and large-scale enterprises were randomly selected across some selected industrial sectors in five states within the six geo-political zones and Federal Capital Territory, Abuja, Nigeria. The study revealed that the currency redesign policy implementation had negative short-term effect on industrial performance which included weak access to cash flow, vulnerable economic hardship, inadequate marketing/loss of customers; and low returns on business investment. It revealed that the positive effect of the policy led to reduced currency counterfeiting, encouraged a cashless economy as well as strengthened the Naira against the US dollar in the long run term. The result also revealed that the policy has a significant difference ($X\ 2 = 15.3$, $p \leq 0.05$) on enterprise performances by scale from small to large. The paper recommended the need to make Nigerian monetary policy implementations more industrially effective and friendly in the future.

Aliyu, Ikedinma and Oluwatayo (2023) in a survey study investigated the reasons for the currency redesign, reasons for its resistance, and steps taken to address concerns of Nigerians. The study also examined the effect of the policy on the 2023 general elections and revealed that the policy was to control insecurity, regulate monetary flow and prevent vote buying.

In their own study on the Implications of Naira Redesign on the Financial, Economic and Security Systems in Nigeria, Asaolu, Ogbeide and Aniobi (2023) examined the effects of the naira redesign on financial, economic and security systems in Nigeria, employing primary data analyses drawn from structured questionnaires. The study found that the naira redesign

was effective in the containment of inflation, in asserting the sovereignty of the government's monetary policy in curbing bribery and corruption, in controlling the activities of bandits and kidnappers and in controlling money supply. The paper therefore recommended among other things that the old and new notes should remain legal tenders until the old stock is finally phased out. It also recommended that DMBs should expand the capacities of their e-platforms, make POS devices free to encourage better participation and avoid any future clash of naira redesign or reform activity with another national event.

Nwaezeihenatuoha (2023) investigated the opinions of Nigerians on the influence of Naira redesign policy on the socioeconomic activities and living standard. The study was anchored on Individual Differences and Perception Theories, and adopted the survey and content analysis methods. It found out that the Naira redesign actually threw the masses into general hardship by frustrating socioeconomic activities. It equally discovered that banks, POS and other financial agents were guilty of unethical conducts during the period.

Ozioko, Ozioko and Ugwu (2025) examined the effect of the Naira Redesign Policy on Nigeria's economic growth. The specific objectives of the study were to examine the effect of the inflation and financial inclusion rates on the gross domestic product growth rate. It employed a mixed-methods research design, combining quantitative and qualitative approaches to provide a comprehensive understanding of the policy's impact. Data collected was analyzed using multiple regression analysis. The result revealed that the Inflation Rate has a significant effect on the gross domestic product growth rate with ($\beta 2 = -0.292$; $p < 0.05$), while the financial inclusion rate has no significant effect on the gross domestic product growth rate with ($\beta 1 = -0.452$; $p > 0.05$). The study therefore recommended that the government through the Central Bank of Nigeria should implement robust monetary policies aimed at curbing inflation.

Nwachukwu and Nwogu (2022) in a study titled Monetary Policy and Marketing Performance of Businesses in Port Harcourt: A Case of Naira Redesign in 2022 investigated the marketing implication of the policy of Naira redesign on businesses in Port Harcourt. It utilized a quantitative research design method under which the cross-sectional survey method of distributing copies of questionnaire to the respondents was adopted. The population included 7,149 businesses in Rivers state. The study tested the hypotheses using spearman rank correlation coefficient. Based on the analysis conducted, the study found out that the redesign encouraged better marketing performance in terms of increasing sales growth and profitability in Port Harcourt. Hence, it recommended an effective implementation of the policy.

2.2.1 Gap in Literature

Even though the 2022 currency redesign policy implementation in Nigeria has attracted scholarly attention such as the interrogation of the impact of the currency redesign policy on the daily lives of Nigerians (Abonyi & Abdulhameed, 2024); its consequences on the integrity of the Nigerian general elections in 2023 (Tukura, Zhizhi & Sekpe, 2023; Aliyu, Ikedinma & Oluwatayo, 2023); what caused its failure, and what might have been done to make it effective (Owoeye, 2024); effect of the currency redesign policy implementation on industrial performance in Nigeria (Dada, 2023); the effects on financial, economic and security systems in Nigeria (Asaolu, Ogbeide & Aniobi, 2023) and the influence on the socioeconomic activities and living standard (Nwachukwu & Nwogu, 2022; Nwaezeihenatuoha, 2023; Ozioko, Ozioko & Ugwu, 2025), there is noticeable lack of scholarship with regards to the impact of the 2022 currency redesign policy implementation on the country's international trade. Previous efforts were channelled to establishing national consequences of the exercise, leaving its impact on external relations and international trade in particular unattended to. Filling this identified gap was therefore the major task of this study.

2.3 Theoretical Framework

The study adopted Systems Theory as framework of analysis. The theory originated in the 1940s in the work of the biologist, Ludwig Von Bertalanffy. It is a theory of interacting processes and the way they influence each other over time to permit the continuity of some larger whole (Mouori, 2012). The theory aims to explicate dynamic relationships and interdependence between components of the system and the organization–environment relationships on the basis that a system is established based on the structure and patterns of the relationships emerging from interactions among components. According to the theory, the components of each system are structured in a hierarchical ordering and interdependent with one another in the system to the extent that one component cannot function without the support of other components. The theory contends that the totality of a system is greater than the sum of its part, same way that the interactions among components give rise to the structure and the properties of a system (Lai & Lin, 2017).

2.3.1 Theory Application

Systems theory chosen as framework of analysis in this study is expedient for nuanced understanding of the interconnectedness of domestic policies and international aspirations which are necessary for the survival of the Nigerian State. The theory offers necessary insight into the interacting processes of a system and the way they influence each other to permit the continuity of some larger whole. This presupposes that for effective functionality of the Nigerian State, internal policies must complement foreign policy and not destroy it. In essence, if a national policy such as the 2022 currency redesign programme contributed negatively towards Nigeria's international trade, it means that an aspect of the whole which is attaining foreign objectives through robust international trade had been sabotaged by a part which is a flopped currency redesign policy implementation. This further shows that dynamic relationship and interdependence which ought to have existed between components of the system, in this case national and external policies, had been damaged against the interest of the Nigerian State.

3.0 Methodology

3.1 Research Design

The study adopted descriptive research design to examine the variables of the study. The available data from secondary sources were, nevertheless, supplemented with key informant interview from interviewees knowledgeable on the subject matter and who were purposefully selected.

3.2 Area of Study

The Area of the study is Nigeria which is a country in West Africa. With a population of more than 230 million, it is the most populous country in Africa, and the world's sixth-most populous country. Nigeria shares borders with Niger Republic in the north, Chad in the northeast, Cameroon in the east, and Benin in the west. It is a federal republic comprising 36 states and the Federal Capital Territory. Her Central Bank established in 1959 was conferred with the responsibilities of issuing, re-designing, distribution, destroying and exchange of currencies or withdrawal of the currency notes from circulation subject to the approval of the president and on the recommendations of the Central Bank's Board of Directors (Central Bank of Nigeria, 2023).

3.3 Method of Data Collection

The study utilized documentary method complemented with key informant interview to collate data from secondary sources which included federal government reports and Central Bank of Nigeria Bulletin. To collate data from documents, the researcher visited P.N.

Chikendu Library of the Department of Political Science, Nnamdi Azikiwe University, Awka as well as Festus Aghagbo Nwako Library of the same institution. He equally visited the e-resource section on the website of the Central Bank of Nigeria as well as Ministry of Foreign Affairs.

3.4 Method of Data Analysis

Data generated were analysed using content analysis mechanism. The data from documents and the key informant interview were examined for depth and useful information.

4.0 Data Presentation and Analysis

4.1 Currency Scarcity as a Result of 2022 Currency Redesign Policy Implementation and Nigeria's International Trade.

When the latest currency redesign policy in Nigeria was launched in October 2022, the hoarding of banknotes, especially among the country's elite corps, was at its peak. At the time, over 85 per cent of the money in circulation was outside the vaults of commercial banks, such that at the end of September 2022, a total of ₦2.73 trillion out of the ₦3.23 trillion Naira currency in circulation was outside the vaults of commercial banks across the country (Central Bank of Nigeria, 2022). Only ₦500 billion was within the banking system. This challenge, coupled with the rapid increase in the amount of currency in circulation—which morphed up from ₦1.46 trillion in December 2015 to ₦3.23 trillion as at September 2022—mandated the management of the apex bank to embark on currency redesign as a means of ensuring effective currency management. From the beginning of the programme in October 2022 to 29th January, 2023 (eleven days to the February 10th deadline set for the demonetisation of the old notes) the CBN had recollected 75 percent (₦1.9 trillion) of the ₦2.73 trillion of the old notes that were outside the banking system when the programme was launched (Central Bank of Nigeria, 2023).

Many businesses across multiple sectors in Nigeria suffered losses in profits and capital because of cash scarcity. Some of these businesses included the United Africa Company which operates in the food and beverage, real estate, paint, and logistics industries; ABC Transport; and Dangote Cement. In particular, the experience of Nigerian Breweries, the Nigerian unit of Heineken N. V., illustrates the significant impact of cash scarcity on businesses, as the company recorded its worst February sales in fifteen years in 2023. Cash accounted for about 80 percent of its retail sales, so the scarcity of cash had a direct adverse impact on the company (Onu & Osae-Brown, 2023). Its profits decreased by 10.5 percent between the first quarter of 2022 and the first quarter of 2023 and revenue decreased by 29.7 percent within the same period (Nwachukwu, 2023).

The cash scarcity led to a spike in digital transactions, which exceeded the capacity of the digital financial infrastructure. During the period of cash shortage, many people used smartphone applications and Unstructured Supplementary Service Data messages to transfer money. However, the existing digital payment infrastructure was unable to accommodate the rush. Yusuf (2023) argued that network failures caused many transactions to fail or be reversed, costing the Nigerian economy an estimated 20 trillion naira (about $40 billion).

The naira redesign policy failed to achieve its aims due to popular distrust in digital financial goods, mostly due to suspicions of fraud. It was found that 51% of Nigerian respondents encountered attempted digital scams or fraud. Many financial consumers preferred cash over digital products, which is unsurprising. For instance, a survey was conducted by the World Bank in 2021 which examined the Use of Digital Services compared with Cash-Based Services in Nigeria. The results revealed that the percentage of Nigerians aged 16 and above preferred to receive payment for agricultural products in cash which showed that 84% of the participants preferred to accept cash to the use of digital services. The results of the survey revealed that 73% of the Nigerians still preferred to pay their utility

bills with cash and only 11% preferred the use of digital tool. Furthermore, 42% of the participants preferred to receive their wages with cash to 21% that preferred the digital services and 36% preferred cash to receive remittances and only 6% preferred the digital services (Owoeye, 2024).

The critical issue that may have differentiated the 2022 redesign policy from the previous cases was the infrastructural deficits and other things which inflicted suffering and hardship on the citizens. Banks typically experienced long and continuous lineups due to failed cash withdrawal attempts. Attempting to get fresh notes interrupted economic activity and made it difficult for individuals to engage in daily activities such as commuting from place to place. This is especially true when economic agents failed to accept e-payments or bank transfers. Local money-changing agents and Point-of-Sale (PoS) vendors scammed clients who used cash instead of debit cards or mobile money transfers, charging up to 20-30% markups (Owoeye, 2024; Mudu, 2023). Figure 1 shows the use of digital services vs. cash-based services in Nigeria before currency redesign policy implementation.

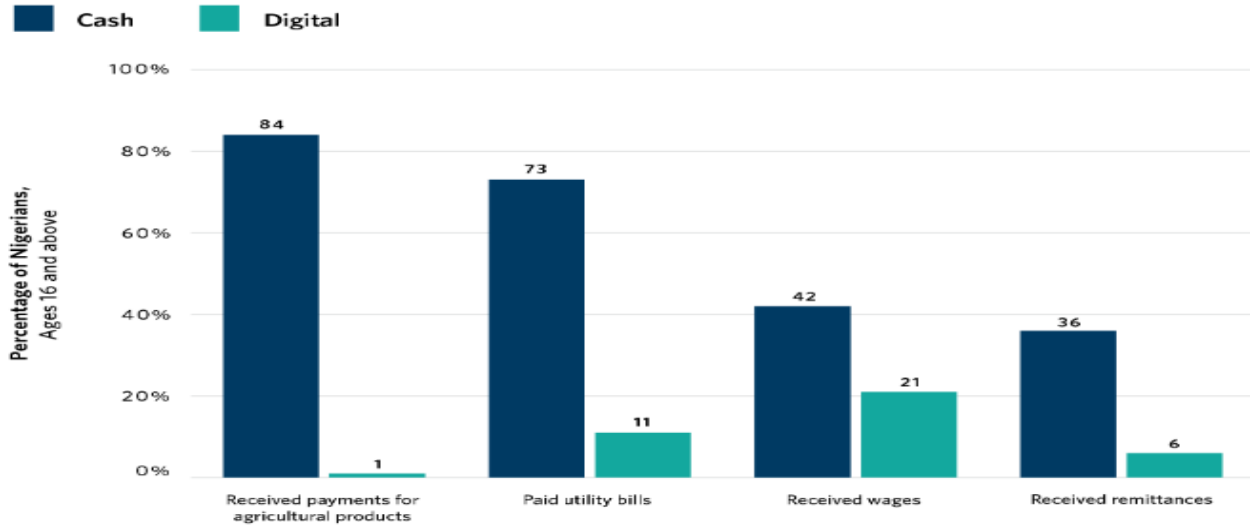


Figure 1: Use of Digital Services vs. Cash-Based Services in Nigeria before Currency Redesign Policy Implementation
Source: Monye (2024)

The scarcity of the redesigned notes led to hunger and loss of lives. People could only admire figures of their account balance but have difficulty getting cash. Transporters, petrol stations, shops, vendors, and supermarkets failed to collect old notes nor accept payment through bank transfer. This led to tension, confusion and frustration. Citizens spent hours in long queues at automated teller machine terminals to withdraw money. Frustration ultimately sparked protests among angry youths who consequently embarked on the destruction of amenities (Aroyewun, Olaleye, Salami & Yusuf, 2023). This was collaborated by an official of Central bank of Nigeria who provided further insight into systematic procedure that ought to have applied with an analysis of the manner in which United Kingdom undertook its own currency redesign at the same time with Nigeria. He said:

> You don't implement national policy in a way that harms international trade. How can you starve your citizens of funds just because you are redesigning your currency? United Kingdom for example did gradual introduction of the King Charles banknotes, with Queen Elizabeth notes allowed to remain in use until they become worn or damaged. In other words, banknotes that feature the portrait of Queen Elizabeth II remained legal tender and co-circulated alongside King Charles III notes. Citizens were told that there was no need to exchange current banknotes for the new

> King Charles III banknotes. In fact, after the launch on 5 June, it took some months before people began see the new notes in regular circulation. In December 2022, millions of 50p coins with the king's image entered circulation and other new coin designs such as a bee on the pound coin were introduced towards the end of 2023. By that approach, the country minimised environmental and financial impact of the change. So, you can see that the process was systematically executed and caused no hardships to citizens and damage to UK's international trade even though that was the first time the Bank of England had had to change the monarch on the banknotes - as the late Queen Elizabeth II had been the first monarch to have her portrait on all of the Bank of England's banknotes. That was the way to go (Anonymous, Personal Communication, August 25, 2025).

In pursuance of the cashless policy, the Apex Bank released only ₦400 million of the new notes to replace the ₦1.9 trillion of the old notes it recollected. It also pegged weekly limits on the amount of new notes that could be withdrawn by individuals and organisations (Central Bank of Nigeria, 2022). Initially, the CBN directed that over-the-counter cash withdrawals by individuals and organisations be limited to ₦100,000 and ₦500,000 respectively. On the directives of the National Assembly, however, the limit was reviewed upward to ₦500,000 for individuals and ₦5 million for organisations (Adegboyega, 2022). The attempt by the CBN to force a jump into cashless economy threw the country into an unprecedented cash crunch. At the height of the cash crunch which spanned throughout February and March 2023, digital payments run by banks were often unreliable, leaving citizens unable to find cash to pay for goods and services. The situation created a parallel market for people to illegally sell the new banknotes. The cash supply crisis disrupted businesses across the country, forcing a good number of businesses to shutdown. The two critical sectors of the economy–trade and commerce–were badly affected (Morphy, 2023).

The inability of the citizens to lay hands on the new currency notes resulted in increase in prizes of essential commodities (Otitoju et al, 2023). The trade end of the chain was severely interrupted by the currency swap issue due to the limited supply of new naira notes. For instance, the commerce industry provides roughly 14% of the country's Gross Domestic Product (GDP), which is estimated to be worth N35 trillion. Following the shortage of the new naira notes and the fuel shortage, the informal sector saw a drop in sales of consumer goods of about 20% and the manufacturing sector of 30%. The majority of the GDP is contributed by these industries. Businesses and individuals experienced significant distortions as a result of the lack of petroleum goods. Investment has also suffered as a result of it. According to estimates, the crisis might have endangered Nigeria's N100 trillion share of the country's GDP. The country's supply chain was actually affected at the trading end. This is a result of the industrial sector's output not being sold due to a lack of funding to move the goods. Unpredictability characterized the chain reaction (Otitoju, Sunday, Abiola & Abudu, 2023). This view was also shared by an official of Central bank of Nigeria who acknowledged that it also adversely affected the country's international trade. He said:

> A decline in imports in 2022 was expected. It was a miracle of sort that it didn't get to the point of ripping the economy off and triggering stagflation with the acute scarcity of cash. A common-sense question is: how can individuals make payments when even bank vaults gave them maximum of N5, 000 daily? International trade thrives on trusts or confidence. Products are paid for instantly and shipped once production is completed at industries. Our importers had genuine cases but their foreign trade partners could not hear stories, especially as they had other buyers from elsewhere to do serious and profitable business with. If you check the statistics from

> the National Bureau of Statistics, World Trade Organisation and the Central Bank, you will see that decline in Nigeria's international trade in 2022 was reported by all. Like I said, such condition is too bad and does not need to repeat itself except we want to destroy this economy (Anonymous, Personal Communication, August 18, 2025).

4.2 Currency Redesign, Inflation and Nigeria's International Trade

The National Bureau of Statistics (2023) reported that the currency redesign exercise spiked inflation to 2.82% which negatively affected the livelihood of the citizens. In January 2023 and following the currency redesign policy implementation, Nigeria's inflation spiked to 21.82 percent. The inflation rate for January was 0.48 percentage and pointed higher than the 21.34 percentage for December 2022. Lack of the newly designed notes led to an artificial inflation that increased prices for goods and services (Otitoju, Sunday, Abiola & Abudu, 2023). Nigeria's total imports declined by 15.46% in the fourth quarter of 2022 when the currency redesign policy implementation was carried out (₦5,362.83 billion) compared to the value recorded in the third quarter of 2022 (₦6,343.53 billion) and fell by 9.73% when compared to the value recorded in the corresponding quarter of 2021 (₦5,940.58 billion). The value of imports of agricultural goods in the fourth quarter of 2022 stood at ₦444.82 billion showing a decline of 13.27% and 33.33% compared to the value recorded in the third quarter of 2022 (₦512.91 billion) and the value recorded in the corresponding quarter of 2021 (₦667.16 billion) respectively.

The value of raw material imports stood at ₦559.25 billion in Q4, 2022. The value fell by 13.86% compared to the value in Q3, 2022 (₦649.21 billion) but rose by 2.83% compared to the value recorded in Q4, 2021 (₦543.87 billion). The value of solid minerals imports in the fourth quarter of 2022 stood at ₦34.12 billion, this value was 9.39% lower than the value recorded in Q3, 2022 (₦37.66 billion) and 14.47% higher than the value recorded in Q4, 2021 (₦29.81 billion). The value of energy goods imports stood at ₦0.001billion in Q4, 2022 which was (-84.17%) lower than the value recorded in the third quarter of 2022 (₦0.004 billion) and (-97.92%) lower than the corresponding period value of 2021 (₦0.03 billion). The value of imported manufactured goods in the quarter under review stood at ₦2,447.76 billion with a decrease of -14.11% as against the value recorded in Q3, 2022 (₦2,849.96 billion). This value also declined by -18.43% when compared to the value recorded in Q4, 2021 (₦3,000.66 billion). The value of other oil products imports in the fourth quarter of 2022 stood at ₦1,876.87 billion indicating a decline of -18.18% from the value recorded in Q3, 2022 (₦2,293.79 billion). Even Nigeria's total merchandise trade stood at ₦11,722.44billion in the fourth quarter of 2022, indicating a decline of 4.52% over the value recorded in the third quarter of 2022 (National Bureau of Statistics, 2023). Figure 2 shows summary of foreign trade statistics Q4, 2022.

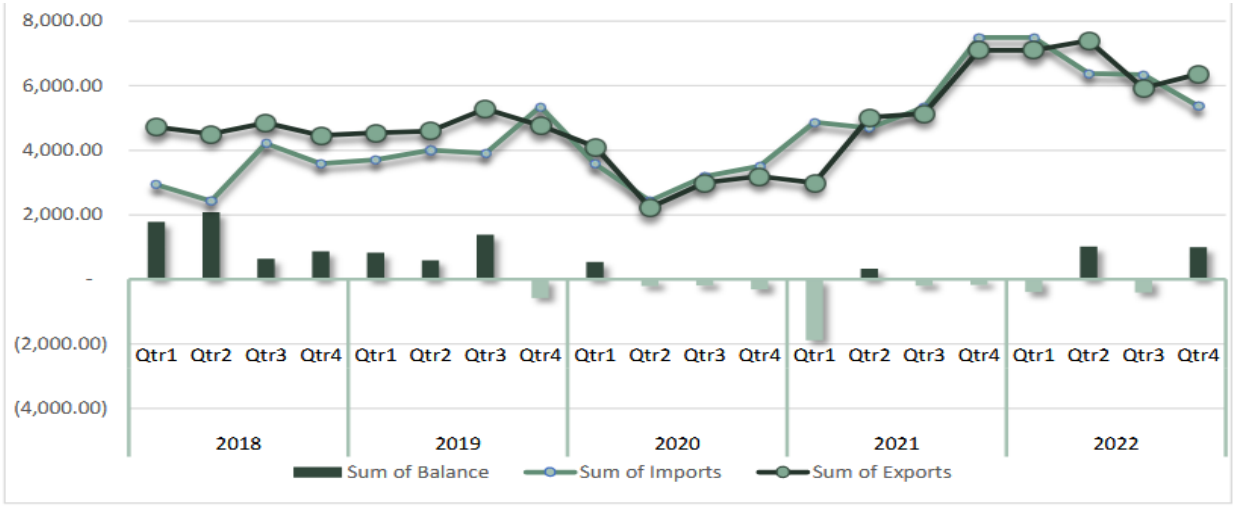


Figure 2: Summary of Nigeria's Foreign Trade Statistics Q4, 2022
Source: National Bureau of Statistics (2023)

Figure 3 shows import by region and country.

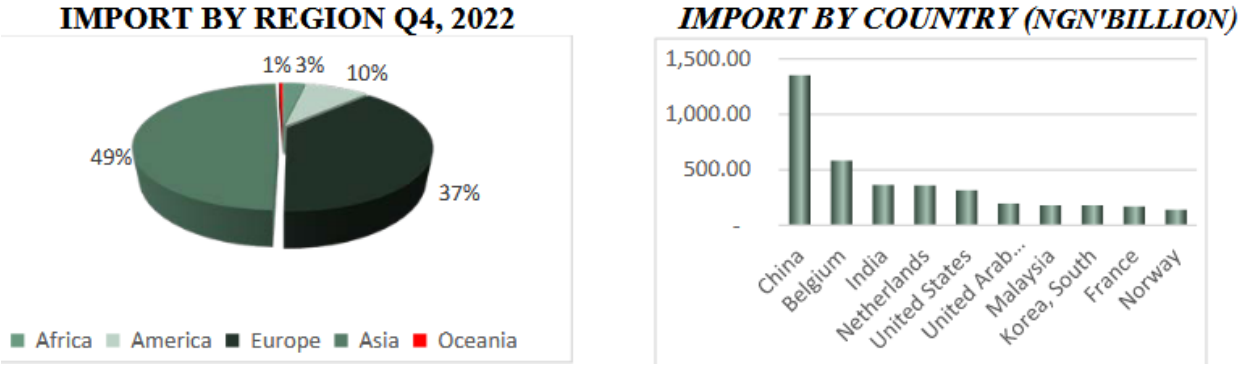


Figure 3: Nigeria's Imports by Region and Country Q4, 2022
Source: National Bureau of Statistics (2023)

The figures show that during the quarter under review, Nigeria imported goods mainly from Asia, valued at ₦2,630.62 billion or 49.05% of total imports. This was followed by Europe with ₦2,010.98 billion or 37.50%, America with ₦509.76 billion or 9.51%, Africa with ₦180.14 billion or 3.36% and Oceania with ₦31.32 billion or 0.58%. Imports from ECOWAS countries accounted for ₦55.38 billion, or 1.03% of the value of total imports. By country of origin, imported goods originated mainly from China and were valued at ₦1,354.59 billion, representing 25.26% of total imports. This was followed by Belgium with ₦585.63 billion (10.92% of total imports), India with ₦368.95billion (6.88% of total imports), The Netherlands with goods imported valued at ₦365.28 billion or 6.81% of total imports, and the United States of America with ₦319.23 billion (5.95% of total imports).
Even though Nigeria's trade in intermediary goods developed little between 2010 and 2021, the share of intermediate goods in total non-oil imports declined from 44% to 32% between 2017 and 2023. Foreign Direct Investment continued its downward trend and virtually ceased in 2022, with few disaggregated figures available (World Trade Organisation, 2023). By October 2022 when the currency redesign policy implementation took-off, Naira counterfeiting was on the rise. According to then CBN Governor, Godwin Emefiele, developments in photographic technology and advancement in printing devices had made counterfeiting relatively easier such that in recent years, the CBN has recorded a significantly higher rate of counterfeiting especially at the higher denominations of ₦500 and ₦1000 (Central Bank of Nigeria, 2022).

4.3 Currency Redesign and Nigeria's Struggle with Foreign Direct Investment

The 2022 currency redesign policy damaged Nigeria's international image with far-reaching consequence for foreign direct investment. Positive images are sine qua non for attracting foreign direct investment. It has become evident that investors and businesses are more likely to engage with a country that has a stable and appealing image, seeing it as a safe and beneficial environment for investment. Thus, positive global perception encourages foreign direct investment, enhances trade relations, and promotes tourism (World Bank, 2017). Nigeria, as one of Africa's largest economies, depends heavily on its international image to attract foreign investment. However, issues like the poor currency redesign policy implementation of 2022 worked against this. In 2022, this accounted for Nigeria's reduced access to international funds (International Monetary Fund, 2018). The consequences of the implementation, including human right violations, ill-treatment of citizens, swindling of the poor, lack of cash to meet household needs as well as government's lack of response to the well-being of its people obviously produced poor image rating for Nigeria which negatively impacted on her international trade.

Nigeria's foreign investment inflows fell by 26.7 percent to US$3.9 billion in 2023 from US$5.3 billion in 2022 as foreign-owned subsidiaries that include Nestle, Guinness, Airtel Africa, and MTN Nigeria lost over N900 billion. FDI fell by 19.4 percent to US$377.4 million in 2023 from US$468.1 million in 2022 which also witnessed the divestments by major multinational oil and manufacturing companies due to an unfavourable business environment worsened by the consequences of the implementation of the currency redesign. Shell in particular reached a financial close to selling its onshore oilfields in Nigeria at US$2.4 billion. In similar vein, Similarly, GlaxoSmithKline Consumer Nigeria which is a British Pharmaceutical and Biotechnology Company exited the country after 51 years of operation. Other multinational firms followed in divesting from Nigeria in 2023 and includes Procter & Gamble (an American multinational consumer goods company), Unilever Nigeria (home care and skin cleansing division), Sanofi, and Bolt Foods (Nigerian Economic Summit Group, 2024).

Table 1: Nigeria Foreign Direct Investment, 2020-2023

S/N	Year	Amount	Remarks
1	2020	$2.39bn	3.48% increase from 2019
2	2021	$3.31bn	38.9% increase from 2020
3	2022	$186.79m	105.64% decline from 2021
4	2023	$1.87bn	1102.46% decline from 2022

Source: National Bureau of Statistics (2024)

The table shows that increase in Nigeria's foreign direct investment increased in 2020 and 2021but declined in 2022 and 2023. The decline is noticeably significant also and is not unconnected with the adverse impacts of the currency redesign implementation.

5.0 Conclusion

The study was carried out to examine the impact of 2022 currency redesign policy implementation on Nigeria's international trade. It revealed that the currency scarcity following the 2022 currency redesign policy implementation negatively affected Nigeria's international trade, caused inflation and worked against attracting direct foreign investment. It was revealed that Nigeria's total imports declined by 15.46% in the fourth quarter of 2022 when the currency redesign policy implementation was carried out (₦5,362.83 billion) compared to the value recorded in the third quarter of 2022 (₦6,343.53 billion) and fell by 9.73% when compared to the value recorded in the corresponding quarter of 2021 (₦5,940.58

billion). It was further revealed that even though Nigeria's trade in intermediary goods had developed little between 2010 and 2021, the share of intermediate goods in total non-oil imports declined from 44% to 32% within the period of the currency redesign policy implementation. Also, Foreign Direct Investment which had continued its downward trend virtually ceased in 2022.

6.0 Recommendations

In view of the findings, the study makes the following recommendations:

1. There is need for future currency redesign policy in Nigeria to take her external trade relations into consideration. In designing such policy as well as during its implementation, the country's international trade should receive maximum consideration. As such, strategies should be put in place to avoid currency scarcity which could negatively impact international trade as was witnessed during the 2022 currency redesign policy implementation. In essence, measures should be put in place to ensure adequate supply of the new currency ahead of the implementation of the redesign policy.
2. The Central Bank of Nigeria should ensure it creates a dedicated financing model for international trade prior to the implementation of future currency redesign policy for the sake of seamless foreign trade. Such a dedicated financing model should be channelled to absorb shocks that may come with the currency redesign implementation and guarantee lifeline for international trade.
3. During period of currency redesign, there is need for the federal government to set up and safeguard accessible infrastructure for imports and exports which would operate hand-in-hand with a dedicated financing model to ensure that international trade is not adversely affected by local implementation of the currency redesign. The proposed infrastructure for export should be managed by the Central Bank of Nigeria with support from the Federal Ministry of Finance, National Planning and Ministry of Foreign Affairs to ensure that it enables imports and exports to thrive during such currency redesign period.

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