NAIRA REDESIGN AND CASHLESS POLICY: THE LEGAL IMPLICATIONS FOR NIGERIA MONETARY POLICY

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ABSTRACT

Monetary policy is widely recognised as a macroeconomic stabilisation tool in most countries. The Nigerian government had formulated and implemented quality monetary policies with recourse to extant laws, rule of law and human dignity. The 2022/2023 naira redesign and cashless policy appear to have involved procedural violations and central bank overreach, resulting in several consequences without adherence to legal requirements. The study therefore examined the legal requirements and implications of the naira redesign and cashless policy on monetary policy, using secondary sources of data collection, the paper adopts doctrinal legal research with case law analysis and statutory interpretation. The findings revealed that the 2022/2023 naira redesign and cashless policy in Nigeria did not comply with sections 19, 20(3), 21(4) and 22 of the CBN Act 2007 as amended and other relevant legal frameworks. The study concluded that the policy was halted due to unpredicted implementation challenges occasioned by non-compliance with the rudiments of the law. It was recommended that policy makers should take cognisance of stakeholders and extant laws when using policy to address societal issues.

Keyword: Cashless Policy, Monetary Policy, Naira Redesign.

Introduction

Currency restructuring contains the totality of all that define a country's legal tender. The Nigeria currency was introduced on 1st January, 1973 as governmental decision to change from metric to decimal. Shillings and Pence was first used in Nigeria as legal tender from 1912, later changed to Pounds and Shillings in 1968 under the British imperial government. Due to the Nigeria's civil war, a new indigenous currency was designed and introduced in 1973 as Naira and Kobo. On the 2nd July, 1976, three denomination notes emerged. This responsibility was saddled with an independent professional financial institution known as the Central Bank of Nigeria (CBN) for transparency, professionalism, efficiency, accountability as well to regulate all financial matters in Nigeria. The CBN Act of 2007 as amended; and Bank and Other

Financial Institution Act (BOFIA) 2004 empowered CBN to issue policies and make adequate regulations for the purpose of ensuring best global standard of banking practices and stabilise financial institutions' mechanism. The CBN Act, 2007 stipulates that the bank shall have powers to print, redesign, destroy, and re-distribute currencies. In fact, Section 20(3) of the CBN Act, 2007 provided thus,

> *"Notwithstanding sub-sections (1) and (2) of the Section, the bank shall have power, if directed by the president and after giving reasonable notice in that behalf, to call in any of its note or coin with respect to which a notice has been given under this sub-section, shall, on the expiration of the notice cease to be legal tender, but subject to section 22 of this Act, shall be redeemed by the bank upon demand".*

These amongst other responsibilities the CBN like other contemporaries in the globe seeks to accomplish as its monetary policy objectives through the utilisation of the control mechanism as empowered by law. Issues that have no recourse to the law are addressed through policy formulation and implementation as a tool to bridge such gap.

Naira redesign and cashless policy as part of CBN function dates back to 1st January, 1973 and later early 2005, then 2007, 2009, 2011 when CBN modernise payment system to match modern society (Otitoju, Safugha, Vincent and Chukwu; 2023). CBN (2012) stated that the aim was to make Nigeria one of the top twenty economies by 2020. This reason was perceived as not part of CBN function as allowed by law (Obi, 2023). With the advancement of technology coupled with high rate of insecurity, financial instability and hoarding of currency in Nigeria, the CBN saw a need to redesign the N200, N500, andN1, 000 naira notes as a way of recouping all currency to be released through cashless policy just as it had formulated several monetary and financial policies to curb inflation, financial crisis and corruption over the years.

Redesigning naira banknote is legally recognised as mechanism to regulate money in circulation, provision of best and high financial banking standard, militate against counterfeit, curb insecurity and money laundering (Iwedu, Wachukwu and Court, 2023). The CBN in discharging its statutory responsibility is expected to comply with the laws regulating the redesigning of the naira notes. Over the years, CBN currency redesign had yielded adequate expected results such as the Cash reserve requirement policy of 2019, interest rate reduction policy of 2020 amongst others. Thus, it was anticipated that the 2022/2023 naira redesign and cashless policy would yield success. However, the policy failed at the implementation stage due to unpredicted circumstances. Despite CBN effort towards the implementation, the implementation was observed to have caused more harm to the citizens nation-wide (Tarunhor and Aruoren; 2023). Iwedu, et al (2023) identified some of these harms to include over queuing for cash, limited availability of cash which was not enough for people to carry out any meaningful economic transactions, unavailability and inaccessibility of internet and Automated Teller Machines, many people developed high blood pressure when they could not access money to attend to their need, some slumped, some persons died. It is against this background that this

paper examined the 2022/2023 naira redesign and cashless policy with focus on its legal framework, implementation challenges and implications for possible remedies of making available adequate resources, embarking on wider stakeholders consultations and putting into considerations public interests.

This study therefore, attempt to x-ray the legal implications of the 2022/2023 naira redesign and cashless policy on monetary policy in Nigeria, the potential legal challenges associated with the implementation, and the objectives to achieve this include to examine the legal framework for naira redesign and cashless policy; to determine the legal implications of naira redesign and cashless policy on monetary policy; and to identified the challenges associated with the implementation of the policy.

Literature review

Naira Redesign

Naira redesign can be perceived as the re-arrangement and restructuring of any legal tender in Nigeria. It is a technique with which the apex bank regulates financial circulation in Nigeria and for several purposes. The CBN (2012) perceived naira redesign as the comprehensive activities carried out to renew, re-inject and withdraw money inflow and outflow in Nigeria. Naira redesign is typical for monetary authorities to redesign currency note to prevent counterfeit. Iwedu et al (2023) depicted that CBN appeared more focused on reducing the number of naira notes in circulation to control inflation. Suffice to say that financial transactions are initiated through several methods and the use of the polymer note is fundamental. Redesigning the naira note is not free and cheap it cost huge capital. The CBN (2022) reported that it incurred over N60 million in printing banknotes with the same existing design; it was observed that the CBN had incurred N280.52billion for printing notes in 5years (N33.37billion in 2016, N49.52 billion in 2017, N64.04 billion in 2018, N75.52 billion in 2019 and N58.07 billion in 2020 (Currency Operations Department, 2021).

The key rationale for currency redesign were to reduce high rate of hoarding of money by affluent Nigerians, to mitigate every form of currency counterfeit and foster money control in circulation with the intention to reduce inflation (Olujobi, 2022; Adi, 2023). This philosophy of currency redesign was perceive as a good strategy for money control in accordance with best international practice (Asaolu, Ogbeide and Aniobi; 2023). Currency redesign in United Kingdom, India, United States, etc were also in line with best global practice (Adi, 2023).In support of best international practice on currency redesign, Ochei (2023) and Obi (2023) observed that the Bank of England and Wales on 20th December, 2022 redesigned all her bank notes, polymer to capture the portrait of the new monarch and it was allowed to be in circulation in July, 2024 side by side with the old note (Daily Trust Newspaper, 2023).However, this seems not to be the case in Nigeria as the 2022/2023 naira redesign and re-issue as legal tender was observed to have resulted in divergent conflicts, opinion, experiences and security challenges in Nigeria (Fasua, 2023).

History of the Nigeria Naira creation and redesign presented in a tabular form

Year	Apex Institution	Currency / denomination	period
1880	Bank of England	Shillings and Pence	1880-1912
1912	West Africa Currency Board	Pounds and Shillings	1912-1959
1959	Central Bank of Nigeria (CBN)	Pounds and Shillings	1959-1973
1973	CBN	Introduction of Naira and Kobo (N1) and (1k)	1973-date
1977	CBN	Introduction of N20	1977-date
1979	CBN	Introduction of N1, N5 and N10	1979-date
1984	CBN	Change in Currency Colours	1984-date
1991	CBN	50k and N1 became Coins	1991-date
1999	CBN	Introduction of N100	1999-date
2000	CBN	Introduction of N200	2000-date
2001	CBN	Introduction of N500	2001-date
2005	CBN	Introduction of N1000	2005-date
2007	CBN	Introduction of N20 as polymer Substrate while N50, N10, and N5 banknotes; as well as N1 and 50k coins were re-issued in new design and the N2 coins was introduced	2007-date
2009	CBN	Conversion of N50, N10 and N5 banknotes to polymer substrata	2009-date
2010	CBN	Issuance of Commemoration N50 (to reflect 50 years independence)	2010-date
2014	CBN	Issuance of Commemoration N100 (to reflect 100 years of nationhood)	2014-date
2022/2023	CBN	Redesign of N1000, N500 and N200 note	2022/2023-date

Source: Guardian Newspaper 28/10/2023

Redesigning of naira notes is not new as at 2022 as reflected in the above table because since inception precisely 1880, the Bank of England introduced the use of 'Shillings and Pence' and in 1912, the West Africa Currency Board being the apex financial institution regulating monetary policy in Nigeria, redesigned Nigeria currency as 'Pounds and Shillings'. In 1959, the CBN redesigned the Pounds and Shillings which was in use until 1973 when naira and kobo was introduced as Nigeria's currency. Since then, CBN had redesigned the naira currency as well changes its colouration, these were done in compliance with the rudiments of the laws that empowered CBN to carry out these responsibilities and there were no hurdles in all these processes inclusive of implementation per say. It became a general challenge when the same body, CBN could not complied with the requisite procedure in 2022/2023 naira redesign, hence, the policy met waterlog which necessitated this study.

Cashless policy

Prior to 2021, the Nigeria monetary policy and currency had no substantive electronic changes; however, the CBN introduced electronic money tagged e-naira (virtual) in 2021 to be in circular concurrently with the physical cash. The e-naira transact are done through wallet of the bank. Abubakar and Yandaki (2023) observed that the e-naira was introduced to reduce physical cash circulation and encourage more digital electronic basic financial transaction, reduce bank congestion, checkmate corrupt practice, and improved monetary policy. Asaolu, et al, (2023) observed that both corporate body and individuals use e-naira through the introduction of policies and programmes directed at reducing cash transaction such as the Automated Teller Machine (ATM), the Point of Sale (POS) terminal, alert system, adjustment to 10 digits uniform account numbers for all banks, individuals and corporation, utilisation of mobile application system and the prohibition of encashment of third party cheque beyond N150, 000, etc (Ovat, 2012). These policies were gradually implemented successfully and in furtherance of these policies, that the CBN came up with the cashless policy alongside the 2022 naira redesign programme. The policy restricts and limits citizens and corporate body to certain amount to withdraw per day. Adi (2023) depicts that this was a shift for century long history of cash to cashless transaction in Nigeria. According to Olujobi, (2022) and CBN (2022) this policy was intended to curb corruption, inflation, hoarding of currency, insecurity, etc. Abubakar and Yandaki (2023) collaborated this position that cashless policy helps to control social unrest, hoarding, insecurity and inflation. However Morphy (2023) differ from this position and argued that the cashless policy had been unreliable, leave businesses to struggle, disrupt smooth movement of goods and services across the country, it establishes a parallel market for illegal sales of the new banknotes, , it affected trade, commence and agricultural activities. In fact, rural economic activities were brought into a halt at the beginning.

Monetary Policy in Nigeria

Monetary policy has effect on financial conditions like price control and stability as well as stabilising inflation of any country that adopted it (CBN, 2022; Obi, 2023). Monetary policy formulation was perceived by Ezeanyeji, Cyril, Imoagwu and Ejefobihi (2021) as the summation of the economic measures designed by regulatory body responsible for guiding and regulating vastness of the economic on how price of goods and services can be stabilised and quality value of money is maintained. Monetary policy was defined by Onyeiwe (2012) as a technique of economic management to bring sustainable economic growth and development. The CBN Act, 2007 as amended saddled the responsibility of formulating and implementing monetary policy on CBN. The primary aim of monetary policy is to stabilise economic price and over the years several monetary policies had been adopted by CBN to stabilise prices, yet inflation seems uncontrollable in Nigeria and this has constituted threat to the country's economy growth. Oyakhilomen and Rekwoh (2014) argued that monetary policies had relatively kept inflation low since the history of inflation in Nigeria. However, Adi (2023) disagreed with this position that inflation had not been significantly low in Nigeria through monetary policy.

Theoretical Framework

Monetary Policy Theory

The theory was developed, refined and influenced by several scholars over the years. It was first propounded by Knut Wicksell (1898) cited in Fasua (2023), when he postulated that monetary policy keep interest rate in line with natural rate so as to promote economic stability, and downturn (Kynes, 1936 cited in Fasua, 2023). Irving Fisher (1911) cited in Fasua (2023) added that monetary policy control money supply and stabilised economy. Ludwig Von Mises (1912) cited in Ochei (2023) opined that monetary policy aim at stabilising money supply and avoid inflation. More so, Milton Friedman (1956) cited in Ochei (2023) argued that monetary policy is an effective instrument to stabilising an economy and money supply than the fiscal policy. These scholars postulated that monetary policy is government economic control tool that reduces inflation, insecurity, poverty, and stabilise economic activities and prices in the society.

Thus the theory implies that the naira redesign and cashless policy were used as tools to reduce physical cash in circulation, reduces inflation, insecurity and stabilise the economy. It required the involvement of stakeholders and the extant laws. Impliedly, the CBN intention when it redesigned the currency (naira) and formulate cashless policy, was to arrest the inflation rate, reduce poverty, fight insecurity, regulate the economy electronically and ensure that contemporary best global practices were complied with in Nigeria so as to reshape the economy generally.

Methodology

This paper adopts doctrinal legal research methodology. Primary sources including the Constitution of the Federal Republic of Nigeria 1999 (as amended), Central Bank of Nigeria Act 2007 as amended, BOFIA of 2004, and CBN naira redesign and cashless policy guidelines were analysed through statutory interpretation. The Supreme Court judgment in Attorney General of Kaduna State & 2 Others v Attorney General of the Federation SC/CV/162/2023 was subjected to case law analysis to determine judicial stance on procedural compliance and central bank overreach. The secondary sources of data was obtained from indexes of scholars' work on relevant literature through textbooks, journals articles, publications, newspapers, papers presented in seminars and conferences. The scope of the study is the 2022/2023 naira redesign and cashless policy with interest in the regulatory and extant laws, the implementation procedure and the effects.

Empirical Analysis

Legal Framework and Implication of Naira Redesign and Cashless Policy

The extant law governing the activities of the Central Bank of Nigeria is the Central Bank of Nigeria Act 2007 as amended which repealed the CBN Act of 1991 and its amendment. The Act is a federal law that established and specified the objective, functions and powers of CBN.

Section 2 CBN Act 2007 as amended gave the objectives to include promotion of sound financial system, maintain stable currency and promote economic growth and development in Nigeria. Section 3 of the Act specified the responsibility of CBN which include issuance and management of Nigeria currency; regulating and supervising banks and other financial institutions; maintaining external reserves and manage Nigeria's foreign exchange and to act as a banker and financial adviser to the federal government. Section 5 of the Act, gave powers to CBN to set up and regulate monetary policy, interest rate, regulate supply of credit in Nigeria; impose penalties and fines on financial institutions that failed to comply with regulation and investigate and prosecute financial crimes.

By virtue of Section 18(a) and (b) of the Act, CBN shall "*arrange for the printing of currency notes and the minting of coin; as well as issue, re-issue and exchange currency note and coin of the bank's office and at such agencies as it may, from time to time, establish or approve i*t". Section 19(1)(b) of the CBN Act also provided that every currency notes issued by the CBN shall be of such forms and designs and shall be approved by the president of Nigeria on the recommendation of the Board of Directors. More so, Section 6(2) of the Act does not permit the CBN governor to ipso facto declare a new naira design or redesign, the Board of Directors must as a matter of fact be involved, including the Federal Ministry of Finance, Accountant General of the Federation.

On the issues bordering on withdrawal of old currency note and cessation as legal tender on or before 31st January 2023, the legal framework governing the position is Section 20(3) of the CBN Act, which provides that " *notwithstanding subsection (1) and (2) of the section, the bank shall have power, if directed by the president and after giving reasonable notice in that behalf, to call in any of its notes or coins on payment of the face value thereof and any note or coin with respect to which a notice has been given under this sub-section, shall on the expiration of the notices cease to be legal tender*". This provision required that certain conditions must be fulfilled before re-issuance and cessation of currency note in Nigeria can be attained, such as directive and reasonable notice. The implication of this is that Mr. President in person must give directives and a reasonable notice must be given for the recalling of old naira notes, where new currency had been introduced. It is not with immediate effect, the timing must be reasonable and sufficient. In this case, Sections 20(3) and 22 of the CBN Act, 2007 cannot be read in isolation, this was the reasons the legislators rejected the CBN extension of time for the policy to take effect because the time fell short of being reasonable within the ambit of the law. What then constitute reasonable and sufficient time? This question was decisively answered by the court in plethora of cases.

The court in the case of ***Veerayee Ammal v. Seeni Amma (2002) 1 SCC 134***, held that "l*ooking at all the circumstances of the case, a 'reasonable time' under ordinary circumstances; as soon as circumstances will permit; so much time as is necessary under the circumstances, conveniently to do what the contract requires should be done; some more protracted space then 'directly', such length of time as may fairly, and properly, and reasonably be allowed or*

required, having regard to the nature of the act or duty and to the attending circumstances; all these convey more or less the same idea". According to Advanced Law lexicon, reasonable time was perceived as that, which preserves to each party the right and advantages he possesses and protects each party from losses that he ought not to suffer. 'Reasonable time' under any circumstances, is much time to do conveniently what the duty requires should be done in a particular case.

The Nigeria statute and regulations did not explicitly define what constitute 'reasonable time' but the concept had been interpreted by the court in plethora cases. In the case of ***Adesanya v. President of Nigeria (1981) 2 NCLR 358***, the Supreme Court of Nigeria held that "*reasonable time*" means a period that is fair and just, taking into account the circumstances of the case. Also, in ***Okoro v. Nigerian Railway Corporation (1992) 3 NWLR (Pt 230) 250***, the Court of Appeal held that "reasonable time" depends on the facts and circumstances of each case, and that it is not possible to lay down a hard and fast rule as to what constitute reasonable time.

Suffice to note that the Nigeria 1999 Constitution as amended did not expressly stipulate what constitute, 'reasonable time', however Section 46 provides that any person who alleges that any of the provisions of chapter 4, that relates to fundamental human rights has been, is being or likely to be contravened in any state in relation to him may apply to a High Court in that state for redress. This position was supported by Supreme Court in its judgment delivered on 3rd March, 2023 in the case of ***AG Kaduna and 9 Ors v. AG Federation and 2 Ors (2023) SC//CV/162/2023*** *held* that the CBN must give adequate time to recall and cease all old currency; and not three (3) months' notice. Ochei (2023) observed that the new redesign currency note were introduced but not in circulation and the short notice was unreasonable and insufficient and therefore cannot sufficiently satisfy the provisions of Section 20(3) of the CBN Act. The Supreme Court further held in the same case that the notice (three months) issued by CBN, an agent of the federal government of Nigeria acting prima facie to recall old currency without sufficient provision of the new currency wasunreasonable and cannot constitute good and sufficient reasonable notice because it lacks good conscience for a heterogeneous and vast country like Nigeria. The 2022/2023 naira redesign and cashless policy effective implementation notice was inadequate and inconvenient, hence, its implementation became cumbersome.

Again, Section 21(4) CBN Act prohibited currency hawking and made penalty of a fine of N50, 000 or six months imprisonment or both to any person who is caught hawking, selling or trading Nigeria naira notes, coins or any other note issue by CBN. Section 6(3) (f) CBN Act empowered CBN to arrest and prosecute such offenders. This implies that the Economic and Financial Crime Commission (EFCC) in a joint effort with CBN must ensure that naira hawking, selling and trading is halted, so that the elementary objectives of CBN can be achieved amicably, this further implies that monetary policy in Nigeria must be adequately structured, to capture contemporary financial crimes in Nigeria. Banwa and Ighodalo (2023), Fasua (2023) and Ochei (2023) observed that during the 2022/2023 naira redesign implementation, several challenges emerged and many citizens were involved and caught hawking, hoarding, selling and trading the

new currency notes without any clear cut punitive measure to prosecute the culprits. It was also argued that there was no penalty issued to defaulter (Adi, 2023; Ochei, 2023), there were insignificant or inadequate monitoring mechanism of the policy implementation. This is not ideal enough for monetary policy.

More so, by virtue of Section 19 and 20 CBN Act, CBN cashless policy that focuses on cash withdrawal limit implementation as well renegades the prime of the extant provisions and it is essential that policies are formulated and implemented within the provision of the extant laws that relates to it. The cashless policy raises a germane and serious uproar in the country generally which was a show of shame that was later rescued by the National Assembly (Otitoju, 2023; Obi, 2023) and the Supreme Court (Iwedu, et al, 2023) that the limit be readjusted considerably. The legal implication of these extant laws on monetary policy is that financial institutions should be regulated and the economy stabilised. It also implies that CBN ought to subsequently review its naira redesign and cashless policy within the prism of legality and practicability, consider viability of the policy and ensure that it carries out adequate feasibility study through monetary policy mechanism of the commercial banks within adequate and reasonable timeframe.

In furtherance to this, the CBN Act and the Banks and Other Financial Institutions Act (BOFIA) 2004empowered the CBN to issue policies and make adequate regulation for enhancing quality standard of banking practice and financial stability system in Nigeria. The 2022/2023 naira redesign and cashless policy was expected to be complied with, by relevant financial institutions. Any violation thereof is an offence punishable under BOFIA and relevant codes regulating the financial institutions in Nigeria. Banwo and Ighodalo (2023) argued that for any violation of any policy to be punishable, it ought to be valid and legally established and that the legality of the procedure adopted for the naira redesign and cashless policy is questionable and contradict the provision of other statutes. The circular relating to cashless policy contradicts the prescribed limit stipulated by other relevant laws. Sections 2 and 7 of the Money Laundering (Prevention and Prohibition) Act, 2011 as amended permits cash withdrawal up to N5 million and N10 million for individuals and corporate bodies respectively. This raises issues of the legality whether a circular issued with subsiding legislative power can prevail over the provision of primary legislative power of the Money Laundering Act, 2011 as amended. Thus, Adi (2023) argued that since the cashless policy procedure appeared to be inconsistent with the provisions of the Money Laundering law, it should be voidable to the extent of its inconsistency. Suffice therefore to say, that the arguments of Banwo and Ighodalo (2023) and Adi (2023) are logical but not accurate in this context because BOFIA laws prevails when it comes to issues of financial institutions under the regulatory of the Central Bank of Nigeria. The argument would be correct if the limit issues raised are with regards to the financial regulations under the Economic and Financial Crime Commission, because Money Launder Act regulates EFCC activities while BOFIA regulates CBN, and the issue at stalk is within the jurisdiction of CBN under the extant laws.

Nevertheless, resort to Section 56 of BOFIA 2004 confers powers on the CBN Governor to make policy, rules and regulations that will regulate and control the operational activities of all financial institutions, the provisions of BOFIA supersedes any other law or enactment to this regard and in financial policy issues in Nigeria. On this premises the policies of CBN as stipulated by the governor in the exercise of its power as empowered by the extant laws validate the naira redesign and cashless policy but this validity is subjected to public acceptability and opinion because the very end of all policies, rules and regulation is the public. The CBN governor statutory powers cannot prejudice public interest, public interest must be protected by government at all times, this was the reason the Supreme Court in its judgment void any policy, practice, rules and regulations that are repugnant to human dignity, natural justice and equity. More so, at the time the policy was introduced, the banks in Nigeria did not have adequate and requisite infrastructures and modalities to implement the policy smoothly and this jeopardise the human dignity as many Nigerians were humiliated and unjustly suffered from the policy implementation challenges. Obi (2023) and Adi (2023) observed that the systematic and human difficulties encountered during the implementation of the policy led many Nigerians to suffer severe hardship. Otitoju et al (2023) and Iwedu, et al (2023) added that some Nigerians slumped and died while queuing for cash in the banks, major cash crunch occurred that led to extensive mass protests, attacks on banks and wanton destruction of ATMs and deposits banks' facilities.

The Legality of Naira Redesign and Cashless Policy: Supreme Court Perspective

The Nigeria judiciary is the third arm of government saddle with the responsibility of interpretation of laws and adjudication of disputes and its powers are constitutionally vested in the courts by virtues of Section 6, 1999 constitution as amended. The Supreme Court of Nigeria's declaration without any prejudice, as the apex Court, is final and not appealable. Section 232 of the 1999 Constitution as amended conferred original jurisdiction, to the exclusion of any other court, on the Supreme Court to hear and determine any dispute between the federal government and a state, between states of any disputes involving question whether of law or fact on which the existence or extent of a right depends. The implementation of the naira redesign and cashless policy of 2022/2023 commenced 31st January 2023, banks and other financial institutions were required to ensure immediate compliance with the CBN directives or policy. This raised public uproar and dissatisfaction as many Nigerians suffered distress and frustration and even some died in the process (Fasua, 2023; Obi, 2023, Iwedu, et al 2023). Thus, on 3rd February, 2023, the Kaduna, Kogi and Zamfara States Governors, who took oath to protect lives and properties, through their respective attorney generals instituted legal action against the federal government and others at the Supreme Court with original jurisdiction to determine the issues on fact and laws, with regards to the provisions of Section 20(3) of the CBN Act 2007 and Sections 2 and 7 of the Money Laundering (Prevention and Prohibition) Acts of 2011 as amended. The crux of the matter was whether the federal government through its agencies (CBN) complied with the provisions of Sections 19(1)(b) and 20(3) of CBN Act 2007 as amended and has not contradicted the provisions of Sections 2 and 7 of Money Laundering Act?

Olabimtan (2023) observed that the lawsuit was a sign and legal protest to haphazard implementation of the policies due to its negative consequences. Otitoju, Sunday, Abiola and Abudu, (2023) added that the policy unintentionally encouraged cash hoarding, hawking, selling and trading, which violates the CBN Acts.

The Supreme Court verdict on the issues raised was that "federal government through the CBN did not comply with the provisions of Sections 20(3) of the CBN Acts, that no reasonable notice was given, as the public only became aware of the policy through press remarks, and that cannot be qualified as a sufficient notice to the public. On this premises, the Supreme Court declared that the procedure adopted for the 2022/2023 naira redesign and cashless policy did not comply with the extant laws and therefore were unconstitutional and not binding on the plaintiffs; the directive of the president was declared illegal because it did not pass through the requisite procedure, no board meeting was proven to have been held, the president failed to meet with the Federal Executive Council to discuss the economic and security implications of the policy and did not have any form of consultation with stakeholders in Nigeria economy. The constitution of Nigeria is inherent in the idea of true democracy and so, the directives was illegal to the extent that it restricts the rights of the plaintiffs to freely use their money in various banks' account; an order of reversion of the policy that the old version of 200, 500 and 1000 naira notes continue to be utilised as legal tender alongside with the new and redesigned version through 2023, that is 31st December, 2023 (Ochei, 2023).

The Supreme Court judgment implies that policy formulation and implementation are not anti-law but ought to be done in compliance with relevant extant laws and total adherence to empowering statutes. Also the naira redesign and cashless policy lack requisite effective procedures from conception to execution, the judgment gave Nigeria citizens hope that the rule of law is still applicable in Nigeria. The decision of the Supreme Court is final and binding on all parties. The implication on monetary policy is that CBN should ensure total compliance with the provisions of laws when formulating any monetary policy in Nigeria and the interest of the public should prevail.

Implementation Challenges of Naira Redesign and Cashless Policy

The following are some identified potential legal and implementation challenges of the naira redesign and cashless policy

1. **Politics**: The political twist associated with the policy was complex and multifaceted. Fasua (2023) argued that the president (government) deliberately denied politicians the opportunity to disburse money or buy votes with money during the 2023 general elections and to establish free and fair elections. Adi (2023) observed that this did not go down well with the politicians and many stakeholders considering electioneering activities at that time. The implication accordingto Ezeanyeji, et al (2021)on monetary policy is that politician always uses policy makers to formulate policies thatcentred on their interest, failure thereto; they withdraw political will to support such policy, even monetary policy.

2. **Societal changes and unpatriotic and public resistance:** With advance of technology, Nigerians had become more knowledgeable with financial policies, ranging from Point of Sale (POS) activities; cashless policy was observed as a provocation policy to Nigerians which raises massive protest. Fasua (2023) argued that this is unpatriotic and impatience on the part of Nigerians. Iwedu, et al (2023) disagreed that it is patriotic as the stakeholder needed to react to issues affecting them and not every government policy should be imposed on the people in a democratic society. This position is accurate and align able in modern democratic practices because democracy create room for change and that is the only constant thing in democracy. Otherwise, public resistance will dominate the policy.

3. **Inadequate and Inconvenient implementation facilities:** It was revealed that the CBN spent huge amount to redesign the currency yet, it was not made available to the public due to cashless policy (Obi, 2023). More so, the facilities such as ATMs and POS stands were not adequately funded or supplied with cash, this causes huge inconveniences which restricted stakeholders (Nigerians) to resort into accessing the banking hall. Yet, cash were not available to meet the demand of the citizens (Asaolu, et al, 2023). The inadequacy of implementation facilities and none functionality of the available ones led to destruction of some of these bank facilities by protesters (Fasua, 2023). Also, Asaolu, et al (2023) and Fasua (2023) observed that the policy outcome revealed that Nigerians are yet to gain traction on alternatives to traditional banking system.

4. **Inadequate monitoring, evaluation and consultation with stakeholder:** The gap between policy maker and beneficiaries was not bridged in this policy. Obi (2023) observed that the policy emerge as a circular and not adequately communicated easily. Fasua (2023) added that policy makers (CBN) spent huge capital on the policy but could not consult, monitor and evaluate the policy adequately before embarking on its implementation. This revealed that stakeholders are key to policy formulation and implementation and should not be neglected, especially policy with high implementation cost.

5. **Policy and procedural illegality:** It is trite law that an illegal act will be set aside by a court of competent jurisdiction. Policies and programmes formulated to drive changesare expected to obtain adequate backing of relevant extant laws and procedures. Fasua (2023), Adi (2023) and Iwedu, et al (2023) argued that the 2022/2023 naira redesign and cashless policy although were made in cognisance of the extant laws but the procedures were not in compliance with the laws, lackbacking of policy makers, stakeholders, citizens andmostfinancial institutions, hence its implementation was a true rejection and show of shame in a 21st century. These factors hinder the implementation of the 2022/2023 naira redesign and cashless policy.

Conclusion and Recommendation

The primary purpose of establishing CBN is to help regulate financial transactions and stabilise prices of the Nigeria economy. In achieving its responsibility, several extant laws

empowered CBN to formulate and implement policies and programmes that will help shape Nigeria financial system to meet best global practices in modern society. It is expected that CBN activities and operations would give bases for quality money policy in Nigeria. Not until 2022/2023, when the naira redesign and cashless policy were formulated, and its implementation was publicly objected, thwarted and reversed by the stakeholders, institutions and the general public. Certain factors necessitated the holistic rejection and such must be taken into cognisance by CBN or any government agencies in subsequent policy formulation and implementation in Nigeria with recourse to legality of the procedure, law, rule of law, equity and human dignity.Based on the findings, it is therefore recommended thatCBN and other financial institutions should always collaborate and widely consult stakeholders when formulating monetary policy; public interest and opinion should count when formulating and implementing public policies; and policy implementation should be monitored and evaluated so to curb implementation challenges.

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