

Naira Redenomination: The Nigerian's Perspective

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Abstract

The study fundamentally sorts to scrutinize naira redenomination, the rationale, citizen's perspective and benefits to the economy. The policy was deferred in 2007. The justification of the study eleven years after the deferral is accredited to the contemporary financial and economic predicament and the declining naira value to the US Dollars. It's therefore vital to gauge citizen's perception of the policy via quantitative technique. The variable adopted embrace only one, redenomination with indicators. Data were extracted from 124 respondents, who understands the impact and effect of redenomination. The victory and miscarriage of the policy is squarely the ability and inability to ensure squat and firm inflation rate, economic growth, price stability and effective citizen education. The policy benefits citizen perspective embraces; economic credibility, payment and pricing system proficiency, and convenience, whereas, the fears takes on counterfeits, and insufficient supply of notes and coins.

Keywords: Benefits; Inflation rate; Redenomination; Naira; Credibility

Introduction

Currency redenomination empirically, theoretically and conventionally is appreciated as a vital governmental policy tool adopted globally to restored monetary sovereignty domestic currency firmness in the framework of Nigeria (the Naria). Historically, currency redenomination is traceable to the Germany 1923 Papiermark redenomination and elimination of twelve (12) zeros owing to the 1923 hyperinflation and the creation of Rentenmark as the official currency after the World War [1, 2]. Turkey in 2005 joins the coalition of nations adopting redenomination policy. However, from 1923 to 2017 nations experiencing financial and economic instability play host to redenomination policy as the last resort. Such is, evidence in numerous nations embracing 19 emerging economies with 10 redenominating twice in the framework of Bolivia, in 1963 and 1987, Brazil 1993 and 1994 and Peru in 1985 and 1991 [1, 2]. Currency redenomination is equally referred to as recalibration and restructuring within the armpit of financial and economic policy in relation to reducing or elimination uninterested digit of zeros to boost the currency strength.

Hence, Established redenomination as a process of an explicit number of zeroes eradication from the national currency, inconsonant with all that is articulated by the currency to the new monetary scale [3].

The above takes on all aggregates: (prices of tradeable commodities and services visible and invisible, salaries, savings, pensions, debts, rents, taxes, exchange rate and additional payments.

Nevertheless, redenomination is a fiscal policy aim at changing or recalibrating by way of reducing or changing the denomination standards of the internal currency in the event of hyperinflationary by

a positive ratio or unit points to the left. The above is evident in the angle of Argentina in 1983, denomination of 1000 Peso into 1 Peso, without changing its rate of exchange [4]. Turkey denominate the old Turkish lira from 1,000,000 to 1 new Turkish lira and in Ghana ₵10,000 cedi to 1 new Ghana cedi ₵. Argentina's currency stood at 1100 to a dollar in 1962 and 3500 in 1969, and in 1980 and 1982, after redenomination in 1970, it stood at 18,000 and 180,000 respectively.

Furthermore, in generality redenomination is symbolic with its positive impact taking on improving the nation's economy. In dissimilarity, redenomination is not effective and efficient such as in the framework of Afghanistan, Zimbabwe, and Israel that fail in the redenomination policy implementation. Over the epoch the Nigerian economy witness the adoption and circulation of various units of naira fundamentally to address factors associated with political and economic conditions.

The 1880 ordinance, propel the adoption and introduction of the first British Coins in Nigeria with, 1-shilling Coin as the highest denomination. In 1913, the 2-shilling Coin became the highest denomination till 1919 paving way for the introduction of the 10-shilling Coin and £5 note into the economy. Hence, the currency units introduced primly was to address political and economic needs of the period [5]. Since 1960 and especially in 1999, 2005, and 2008 various governments, over the era embark upon constitutional reforms, economic and banking policies reforms, predominantly rapt at ornamental social welfare and realizing strategic macroeconomic objectives of the government.

Nigeria even in the epoch of reforms still witnesses weak and dicey currency climate, and crisis arising from external terms of trade shocks. In an attempt to ensure effective and efficient payment system and macroeconomic stability along.

The Central Bank of Nigeria (CBN) in August 14th 2007 through the governor Professor Soludo present its proposal to restructure the naira with the theme "PROJECT CURE" by way of dropping or

shifting two (2) unit points to the left from the naira and dispensing more coins' denominations, by way of converting the old N100 note to N1, N1 to N0.01 or 1 kobo [6]. Nigeria joined the coalition of nations in adopting currency reshuffle in 2007 [7]. The proposal was hailed with criticisms which led to its suspension.

Eleven years after this study, therefore, sought to survey and established the benefit of naira redenomination based upon the contemporary financial and economic recession in Nigeria which has progressively wear down the strength of the naira inconsonant to basket of currencies. In the light of the above, the study, therefore, x-rays the benefits, citizen's assessment of redenomination in Nigeria.

Objective of the Study

The study sorts to assess the Perception of Nigerians as it relates to the naira redenomination, the rationale, and the would be benefits of the policy to the economy and in comparison to nations of its applicability.

Review of Related Literature

In generality, consistent hyperinflation gives birth to redenomination policy as a control policy. Suhendra and Ozdemir institute that inflation rate is a substantial predictor of redenomination policy globally [8]. Over time other factors have been identify that is capable of propelling government adoption of redenomination policy such includes exchange rate and trade imbalances, weak financial and economic policies.

As such Mosley as cited in Erwin and Putu argues that political factors equally propels the adoption and implementation and rejection of redenomination policy, such political factors embrace; governmental ideology, governmental division along with the nation's diversity [4].

Redenomination primarily embraces unit replacement old to new taking in to account a certain ratio, accomplished by zeros reduction, elimination or a shift in unit points, with the prime intent of correcting instability in trade and rate of exchange along with the pricing structure to boost local currency (naira) credibility at the international market.

Suhendra sharp redenomination as a public policy tool adopted to simplify and manage the internal legal tender through its expression in a new and smaller equivalent scale [9].

Mas as cited in Ogunleye et al. hold the view, redenomination may equally mean accumulation of zeros in the currency, such as in the background of the post-independence era of South Africa in 1961, Sierra Leone in 1964, Ghana in 1965, Australia in 1966, The Bahamas in 1966, New Zealand in 1967, Fiji in 1969, the Gambia in 1971, Malawi in 1971 and Nigeria in 1973[10].

According to the CBN report in 2007, the addition of zeros to the currency is christened decimalization, is a technique of transfiguring traditional denominations to a "decimal" system, habitually with (2) units differing by a factor of 100.

The rational for redenomination policy adoption and implementation globally

Agyepong et al. established that redenomination in its positivity increases the nation currency credibility in relations to her trading partners [11]. Hence, currency credibility boosts the nation's

credibility in general, by way of boosting public confidence [11]. Jensen, as cited in Agyepong et al. are of the view, currency credibility enhances the economic image of a nation such is evidence in the public loss of confidence in the Ghanaian Cedi before the implementation of the redenomination policy in 2007 [11].

The purchasing power of a national domestic currency at the international market equally propels the adoption and implementation of redenomination policy [11].

Ghanaian government in 2007 identify the following as prime motives for a redenomination of the Ghanaian Cedi:

- Simplifications of accounting records embracing the ease of monetary value expression.
- Coins introduction to condense burden on bank notes.
- Transaction volumes reduction.
- The ease and cost of holding bulks notes and associated risks.
- Payment system effectiveness and efficiency via ATM for transactions.
- Simplifying the adoption and introduction of vending machines and car parking meters.
- Encouraging tourist expenditures and Reducing significantly the Cedi printing cost.

Hence, turkey currency redenominated of 2005 can be accredited to be a function of hyperinflation where a bottle of water costs 300,000 TL, movie ticket 7,500,000 TL, Toyota Carolla 32,900,000,000 TL and GDP in 2002 stood at 273,463,167,795, -000,000 TL (273 quadrillions) before the redenomination of the old Lira via six zeros eliminating. Angola in 1995 redenominated its currency owing to inflation rate at 2672 percent, Brazil in 1994 while inflation rate stood at 2076 percent, Zimbabwe while inflation rate stood at 1200, Azerbaijan and Democratic Republic of the Congo 2672% (1995), 672% (1985), 912% (1992) and 1987% (1993) but roused to 4145% (1996), 3080% (1987-1989), 1129% (1993) and 2377% (1994) in these countries respectively [7].

CBN in 2007 pinpoints the following motives for redenomination to include:

- Transaction costs reduction.
- Diminishing general inconvenience along with the risks tangled with bulk of notes.
- Eradicate hitches associated with book-keeping and statistical records maintain.
- Abolish hitches associated with accounting and data processing software.
- Checkmate hyperinflation.

Benefits associate with redenomination

The benefit associated with redenomination is relative across nations owing to her degree of financial and economic development since there are no economic theories postulating that nations adopting and implementing redenomination will reap certain economic gains.

Table 1 Empirical and conventional research across nations established redenomination policy to be a symbolic reform without guaranteed benefits economically and financially. Such is evident in the perspective of; question on the benefits on the Nigeria economy.

However, the prime benefit is that of creating the imprints that the era of hyperinflation is over and eliminated, and it does not

automatically infer that future inflation will be low. Consequently, there are equally strong indication for a nation both emerging and industrialized economies to report worse inflationary tendencies after redenomination such is evident in Argentina and Brazil during the 1980s and early 1990s and in most nations that adopted redenomination policy.

Economic and Trade Questions	Economic and Trade Answers
Does Re-denomination have any real economic effects by means of boosting GDP growth?	NO. re-denomination does not affect aggregate supply and demand of an economy.
Why doesn't re-denomination affect the production activities (aggregate supply) of an economy	Producers respond to changes in relative prices but re-denomination does not change the relative prices in the economy.
Can re-denomination make a country's currency stronger	NO, the strength of a currency is determined by the market factors, i.e. demand and supply for the currency. Therefore, re-denomination does not imply an appreciation or depreciation of the currency in real terms.

Table 1: Economic and trade responds to redenomination [12].

Nevertheless, where the post-redenomination inflation becomes significantly higher than the projected inflation, the policy triggers economic reactions capable of worsening the economy especially in emerging economies in the likelihood of Nigeria.

Studies conducted by Caballero in 2002, the International Monetary Fund in 2003 and Calomiris in 2006 unanimously agreed that currency redenomination cannot transfigure economy experiencing mass unemployment, currency depreciation, trade imbalances where (imports exceed the exports), domestic businesses are crumbling. The above consequently infer that the monetary specialists ought to be energetically steadfast in stabilizing the economy after implementing redenomination policy in Nigeria.

Redenomination of the naira in outlook

The CBN in 2007 publicized a 13-point agenda calculated to rebrand the Naira as the "Reference Currency in Africa", in line with the prime intent of the Financial System Strategy 2020 (FSS2020) [6].

The fundamental intent of the deferred redenomination play host TO;

- Naira value restoration (in the short-term) to what it was in 1985 before the commencement of the Structural Adjustment Programme (SAP) in 1986
- Guarantee its constancy and international amalgamation.
- Progress the overall macroeconomic reforms.
- Deepen ongoing reforms in economic and financial system.
- Fast-tracking a structure that would stimulate sureness in the economy.

Assisting conditions required for redenomination

- An all-inclusive obligation of the Federal Government (FG).

- Healthy external reserve.
- Stronger banking system enhance the new economy and capital market.
- Single digit inflation and GDP growth rate of approximately 6% and above.
- Exchange rate stability and Strong capital inflows.
- Debt relief.
- Non-oil exports growing strongly at 24% in 2006 and Nigeria delisted from the FATF list.

Specific agenda

The CBN fundamental intent embraces restructuring the all-inclusive currency by plummeting (2) zeroes or shifting (2) unit points to the left, calculated by (dividing the prevailing value by 100) and supplying more coin denominations, resulting to an aggregate currency exchange and phasing-out of all the prevailing values from August 1, 2008 (Table 2).

Old	New (Coins)
N1.00	1 kobo
N 2.00	2 kobo
N 5.00	5 kobo
N 10.00	10 kobo
N 20.00	20 kobo
OLD	NEW (Notes)
N 50.00	50 kobo
N 100.00	1 Naira
N 500.00	5 Naira
N 1, 000.00	10 Naira
N/A	20 Naira

Table 2: The proposed currency structure in Nigeria [6].

From Table 3 to realize the above objectives and target agenda the CBN in 2007 embraced and effected the following complementary policies:

- Inflation Rate Adoption; inflation targeting structure for the conduct of monetary policy (Table 4).
- Federation account segmentation into US Dollars to expand forex market and for liquidity management.
- Current account liberalization/convertibility and accession to article VIII of the IMF which states that no member shall, without the approval of the Fund, impose restrictions on the making of payments and transfers for current international transactions.

Country	Date of Redenomination	Unit of zeroes eliminated	Years and Annual Inflation Rates	New currency unit and value after redenomination
Germany	1923	12		1,000,000,000,000 Mark=1 Rentenmark
	1948	1		10 Reichsmark=1 deutsche Mark
Romania	1947	4/rate of conv 2	1991 (231%0, 1992 (211%), 1993 (255%), 1994 (137%), 1997 (155%)	20,000 old Lei=1 Leu
	2005	4		10,000 old lei=1 new Leu
Russian	1947	1	1993 (875%), 1994 (308%), 1995 (197%)	10 old Rubles=1 New Ruble
	1961	1		10 Rubles=1 New Ruble
	1998	3		1,000 Rubles=1 New Ruble
Poland	1995	4	1982 (104%), 1989 (245%0, 1990 (555%)	10,000 old Zlotych=1 New Zloty
Ukraine	1996	5	1993 (4735%), 1994 (891%), 1995 (377%)	100,000 Karbovanets = 1 Hryvnia
Turkey	2005	6	1980 (110%), 1994 (106%)	1,000,000 Lirasi=1 New Lirasi
Bulgaria	1962	1		10 old Leva=1 new Leva
	1999	3	1991 (338%), 1996 (122%), 1997 (1058%)	1,000 old Leva=1 new Leva
China	1955	4		10,000 old Yuan=1 new Yuan
Morocco	1959	2		100 francs=1 Dirham
Uganda	1987	2	1981 (109%), 1985 9158%), 1986 (161%), 1987 (200%), 1988 (196%).	100 Shilings=1 new Shilling
Guinea	1971	1		10 Francs=1 Syli
Dem Republic of Congo	1993	6/ rate of conv 3	1979 (101%), 1989 (104%), 1991 (2154%), 1992 (4129%), 1993 (1987%)	3,000,000 Zaires=1 New Zaire
	1998	5	1979 (101%), 1989 (104%), 1991 (2154%), 1992 (4129%), 1993 (1987%) 1999 (285%), 2000 (514%), 2001 (360%)	100,000 New Zaires=1 Franc Congolaise
Ghana	2007	4	1977 (116%), 1981 (117%), 1983 (123%)	10,000 cedi to 1 new Ghana cedi
Zimbabwe	2006	3	2002 (140%), 2003 (estimated 1000%)	
	2008	10		Zimbabwe \$10=Zimbabwe \$1
	2009	12		

Table 3: Cross country review on redenomination history since 1923 [13].

Country	Inflation during Previous year	Inflation during Denomination year	Inflation during next year
Poland	32.2%	27.8%	19.9%

Ukraine	376.7%	80.3%	15.9%
Russia	14.6%	27.6%	85.7%
Bulgaria	22.3%	2.6%	10.3%
Turkey	12%	8%*	4%*
Romania	9.3%	7%*	5%*
*BNR [14]			

Table 4: Inflation before, during and after the redenomination in east and central Europe [14].

Theoretical review

The theoretical backing of the study play host to the consumer's financial management and re-evaluation, which states that currency redenomination has its effect on consumer's financial strength which propels financial re-strategy management plan with the redenomination process not affecting the market values of traded commodities but affecting the currency configuration. According to Ioana as cited in Libor and Michal (2015) redenomination theory is expected not to established any direct impact on inflation since they are no fundamental alteration on indicators that openly disturb inflation [15]. The exception is that of rounding up of prices.

According to Marques and Dehaene as cited in Vivian and Edwin they are 2 major techniques adopted when a nation adopts a new currency [1]:

- Rescaling (altering all prices from old currency to new currency)
- Re-learning (memorizing the new prices).

The initial procedure envisages an easy modification to a new currency, while the succeeding procedure provides itself to a slower, and cumbersome procedure.

The Money/Euro Illusion Theory

The Money/Euro Illusion Theory highlights the price sensitivity in relation to smaller denomination (new currency) lower than when expressed in the (old currency) with a higher nominal value. The Money/Euro Illusion Theory submits that individual's adaptation to a new currency with a smaller nominal value will primarily, experience pain in embracing the true value of goods and services owing to price transformation and rounding up.

Its therefore on the above theoretical unpinning the study sorts to investigate the perception of Nigerians as it relates to the new currency proposal of the central bank in 2007 and the foundation upon which it was rejected same year.

Empirically review

Lianto and Suryaputra in Indonesia, examine 100 respondents on redenomination by way of Structural Equation Modelling. Priyono Findings established that redenomination was appreciated in order to enhance the nation's credibility in the international market [16].

Purwana et al. evaluate the impact of redenomination by way of examining 90 respondents of the middle-lower income community in Jakarta [17]. Findings revealed that there is no alteration in the shopping pattern, but the spending is higher.

Pambudi et al. appraise the impact of redenomination in 30 countries employing historical data [18]. Findings bared that there is no metamorphosis in the consumption pattern, but there are doubts about government capability to control hyperinflation of post-redenomination. Consequently, there could be diverse impacts of redenomination across nations.

Prabawani and Prihatini cross-examine Indonesian from a variety of industries and scales [19]. The findings institute that redenomination would enrich economic growth where is proper socialization and with lack of political interest.

The Indonesian mining industry is heavily controlled by political interests, thus making poverty reduction unrealistic in 26 provinces in Indonesia from 1977 to 2010. Therefore, Bawumia recommendation decent preparation should be provided able to avoid citizens psychological shock [20].

In an investigation in Italy, French, Spain, and Germany, discovered the existence of potential systemic risk where redenomination is not implemented carefully.

Methodology

Research methods

This study embraces the experimental survey design. By justification it allows the researcher to obtain data from a selected sample for an objective analysis and valid inference by means of primary data (questionnaires disseminated to the respondents who understands the impact and effect of redenomination in Nigeria) [10]. The relevant data for the study were extracted from selected sampled respondents.

Sample size and sampling procedure

The sample size embraces, a total of 124 respondents randomly selected taking on selected federal ministries in Enugu state; Finance, Education, Commerce, Trade and Industry, Tax and Revenue, Labour and productivity, Housing and power.

Questionnaire development

The study adopted closed-ended questions, with participants allowed to elaborate their views and opinions. Employing themes and experiences related to previous qualitative studies of Dzokoto et al. along literature related themes on redenomination [21].

Data Presentation and Interpretation

The descriptive statistics above Table 5 shows aggregative averages like the mean, along with the measures of spread and variation like standard deviation. The skewness measures the degree of symmetry

and kurtosis the degree of peakedness of the (124) responds. The skewness and kurtosis results, therefore, suggest a departure from normality. The above is therefore not a point that is strong enough to discredit the goodness of the response for the analyses in view.

	Mean	Std. Deviation	Skewness	Kurtosis
	Statistic	Statistic	Statistic	Statistic
Benefit on the economy	1.8226	0.87465	0.355	-1.608
Credibility	1.9435	0.86769	0.110	-1.671
Portability and confident	1.8710	0.87390	0.255	-1.652
Increase in inflation rate	1.7903	0.81922	0.407	-1.394
Will it enhance investment	2.0161	0.89246	-0.032	-1.756
Why was it rejected in Nigeria	2.0887	0.74367	-0.144	-1.167
Do you support redenomination	1.9274	0.89419	0.144	-1.746
Will you be able to adapt to the new currency	2.0645	0.91724	-0.129	-1.814
What are your fears	2.7177	1.40012	0.355	-1.173
Will pricing system be made efficient	1.8952	0.87251	0.206	-1.664
Will the payment system be more efficient	1.5968	0.68574	0.720	-0.619
Valid N (listwise)				

Table 5: Descriptive statistics.

Benefits associated with redenomination on the economy

More than forty percent (48.4%) of the respondents hold the view that there are benefits associated with currency redenomination. Hence, (21.0%) states that they are no benefits associated with

redenomination, and (30.6%) were uncertain as to whether there were any benefits associated with redenomination. The Table 6 below the displayed various participants responds to the question, "Is there any benefit associated with the redenomination in Nigeria?"

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agreed	60	48.4	48.4	48.4
	Disagreed	26	21.0	21.0	69.4
	Uncertain	38	30.6	30.6	100.0
	Total	124	100.0	100.0	

Table 6: Benefit to the economy.

The response of the respondent is inconsonant with the study conducted by Dzokoto and Mensah in Ghana on citizen's perception vis-à-vis redenomination policy, before and after implementation. Before implementation in Ghana, the policy was heavily criticized [21]. After implementation, many respondents expressed a certain degree of satisfaction. They maintained that the new currency is safer, easier and potable for transactions.

Currency credibility after redenomination on the economy

Forty percent (40.3%) of the respondents hold the view redenomination will enhance the credibility of the economy, (25.0%) disagreed and (34.7%) were uncertain on the credibility associated with redenomination and the Nigerian economy. The Table 7 displayed various participants responds to the question, "Is there any credibility benefit associated with the redenomination in Nigeria?"

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agreed	50	40.3	40.3	40.3

	Disagreed	31	25.0	25.0	65.3
	Uncertain	43	34.7	34.7	100.0
	Total	124	100.0	100.0	

Table 7: Credibility benefit associated with the redenomination in Nigeria.

The response of the respondent is inconsonant with the study conducted by Johan and Ronald (2012) [22] in Indonesia. Based on their study, the prime impact of redenomination is that of increasing the credibility of Indonesia economy from other country' view. The implementation makes the currency stronger.

Inflation rate increase after redenomination on the economy

More forty percent (46.0%) of the respondents hold the view inflation rate may sky rock after redenomination if a wrong technique

is adopted, such as evidence in the context of Argentina and Brazil where the post-redenomination inflation becomes significantly higher than the projected inflation, the policy triggers economic reactions capable of worsening the state of the whole economy, (29.0%) disagreed and (25.0%) were uncertain. The Table 8 below the displayed various participants responds to the question, "Is there any possibility of increasing inflation rate after redenomination in Nigeria?"

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agreed	57	46.0	46.0	46.0
	Disagreed	36	29.0	29.0	75.0
	Uncertain	31	25.0	25.0	100.0
	Total	124	100.0	100.0	

Table 8: Increase in inflation rate.

The response of the respondent is inconsonant with the study conducted by Taylor (2006) in Azerbaijan. Based on the study, redenomination in Azerbaijan ruined the economy via increasing rate of inflation. Taylor established that the Azerbaijan the policy was implemented in January when prices are high since redenomination is habitually tracked by "technical" changes in prices by means of rounding of prices, the policy ought not to be implemented when prices are at their seasonal peak, in the context of Nigeria January. The chow test statistics and found out the existence of a significant and negative impact affiliation between redenomination and inflation growth rate in Turkey.

Policy rejection in Nigeria

More Forty percent (44.6%) of the respondents hold the view that the policy was rejected squarely on economic reasons since it will not boost the growth of the economy after redenomination, (32.3%) held the view that it was rejected by Nigerian owing to lack or poor education, (23.45) because of political reasons. The Table 9 below the displayed various participants responds to the question, "Why was redenomination rejected in Nigeria?"

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Political Reason	29	23.4	23.4	23.4
	Economic Reason	55	44.4	44.4	67.7
	Lack of proper education	40	32.3	32.3	100.0
	Total	124	100.0	100.0	

Table 9: Why that was rejected in Nigeria.

The response of the respondent are inconsonant with the study a nation's productivity strengthens equally affects the effectiveness of the redenomination policy especially in nations like Nigeria that is highly imported dependent with low economic diversification and increasing rate of poverty and unemployment. Redenomination on investment rate in Argentina is not significant [23].

Fears associated with redenomination in Nigeria

More Twenty percent (29.0%) of the respondents holds according Safdari the view that their fears are that counterfeits money after redenomination, (23.4%) inadequate supply of bank notes and scarcity of cash with the lag years, (16.1%) difficult in calculating exchange rate, (16.1%) no fears at all and (15.3%) fear of displacement [24]. The Table

10 below the displayed various participants responds to the question, "On citizen fears with redenomination in Nigeria?"

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Inadequate supply of banknotes and coins	29	23.4	23.4	23.4
	Possibilities of counterfeits	36	29.0	29.0	52.4
	Difficult to calculated exchange rate	20	16.1	16.1	68.5
	Fear of misplacement	19	15.3	15.3	83.9
	No fears at all	20	16.1	16.1	100.0
	Total	124	100.0	100.0	

Table 10: Pricing system efficiency in Nigeria.

More Forty percent (43.5%) of the respondents hold the view that redenomination will enhance pricing system in Nigeria, (23.4%) disagreed while (33.3%) uncertain. The Table 11 below the displayed

various participants responds to the question, "Will pricing system be made efficient?"

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agreed	54	43.5	43.5	43.5
	Disagreed	29	23.4	23.4	66.9
	Uncertain	41	33.1	33.1	100.0
	Total	124	100.0	100.0	

Table 11: Pricing system be made efficient.

Efficient payment system in Nigeria

More Fifty percent (51.6%) of the respondents hold the view that redenomination will enhance the payment system in Nigeria, (37.1%)

disagreed while (11.3%) uncertain. The Table 12 below the displayed various participants responds to the question, "Will payment system be made efficient?"

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agreed	64	51.6	51.6	51.6
	Disagreed	46	37.1	37.1	88.7
	Uncertain	14	11.3	11.3	100.0
	Total	124	100.0	100.0	

Table 12: Payment system be more efficient.

Citizen support for redenomination in Nigeria

More than Forty percent (43.5%) of the respondents support redenomination, (20.2%) do not support redenomination owing to their different fears associated with the policy and the economic

implication, (36.3%) uncertain of their support. The Table 13 below the displayed various participants responds to the question, "On citizen support for redenomination in Nigeria?"

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agreed	54	43.5	43.5	43.5
	Disagreed	25	20.2	20.2	63.7

	Uncertain	45	36.3	36.3	100.0
	Total	124	100.0	100.0	

Table 13: Citizen support for redenomination in Nigeria.

The response of the respondent is inconsonant with the study conducted by Johan and Ronald (2012) in Indonesia. Based on their study, the citizens appreciated the policy taking into account currency rupiah is one of the 10 garbage money in the world Table 14. In the Nigerian context, the Naira on daily basis is losing its value at the international market [22]. As such the views of the citizen are crucial. In the context of Poland in January 1995 redenomination of Zloty was

seen as a robbery endeavor embarked upon by the government terminates her citizen's savings Table 15. Amoako-Agyeman resulting impact was that of loss of confidence in the exercises such as equally experienced in autocratic nations in the likelihood of North Korea, Russia, Zimbabwe and Ukraine where the citizen indicted the government for attempted robbery through redenomination [25].

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	0.405 ^a	0.164	0.114	0.81682	0.164	3.257	7	116	0.003	0.725

^aDependent Variable: Credibility.
^bPredictors: (Constant), Will the payment system be more efficient, Why was it rejected in Nigeria, Increase in inflation rate, Benefit on the economy, What are your fears, Do you support redenomination, will pricing system be made efficient.

Table 14: Model Summary.

Anova ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.210	7	2.173	3.257	0.003 ^b
	Residual	77.395	116	0.667		
	Total	92.605	123			

^aDependent Variable: Credibility.
^bPredictors: (Constant), Will the payment system be more efficient, Why was it rejected in Nigeria, Increase in inflation rate, Benefit on the economy, What are your fears, Do you support redenomination, will pricing system be made efficient.

Table 15: Anova.

Conclusion

Based upon this, findings instituted that the prime impact of the proposed redenomination in Nigeria, play host to economic credibility taking on effective and efficient pricing and payment system, eases of conversion to other currencies, and advancement of macroeconomic stability. The reasons and fears that propel the rejection in 2007 play host, lack of propel citizen education, lack of fundamental economic benefits such as enhancing or boosting in economic growth (Gross Domestic Produced), strengthening the local naira against the dollars, counterfeit money after redenomination, difficult in calculating exchange rate, and calculation of new prices of tradeable commodities.

The success and failure of redenomination depends on the strength of the nation fiscal and monetary policies aimed at stabilizing the economy. The review of related literature showed that most nations witnessed macroeconomic disequilibrium owing to ineffective or weak

monetary and fiscal policy, low production level and hyperinflation after redenomination.

As such citizen's sensitivity to such policy is vital and is crucial, such is evidence in the context of Poland during the 1995 redenomination of Zloty, North Korea, Russia, Zimbabwe and Ukraine where the citizens tag the policy to be a robbery attempt by the government to do away with their savings by means of redenomination. The above resulted in a complete loss of confidence in the policy.

Policy recommendations

- Naira redenomination should be revisited on the grounds of restoring citizens confident in relation to the continuous collapse of the Naira against the US Dollar the major trading currency in Nigeria.

- The general public should to be properly educated on the workability of new currency, the policy implication as it interrelates with the sociocultural ideals of Nigerians to avoid what happened in Poland, North Korea, Russia, Zimbabwe, and Ukraine.
- Strict and disciplined fiscal and monetary policy measures ought to be adopted to avoid increase in inflation rate as was in the case of other nations in the likelihood of Zimbabwe after redenomination.
- Infrastructural development embracing both rural and urban areas and government expenditure should be dedicated towards enriching the general standard of living especially those in extreme poverty living below two dollars (\$2) per day as define by world bank.

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