

# BENEFITS OF THE NAIRA REDESIGN POLICY

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## A Presentation to the National Council of States

Godwin Emefiele (CON)  
Governor Central Bank of Nigeria

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# The President Approves Naira Redesign



- On 26 October 2022, the CBN announced the redesign of some banknotes following **Presidential approval**.
- These will circulate alongside old notes, which **cease to be legal tender after 31 January 2023**.
- Given apparent hitches, the President **granted an extra 10 days** for old notes to circulate as legal tender.

# Engagement With All Stakeholders

- We are committed to delivering a currency that meets global standards
- Engaging key public officers
- Partnering with DMBs
- Collaborating with the EFCC, the ICPC, the NFIU, and other security agencies



# Background:

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## Issuance of Legal Tender

- A key function of the Central Bank of Nigeria, as enshrined in Section 2(b) of the CBN Act 2007

- 2. The principal objects of the Bank shall be to –*
- (a) ensure monetary and price stability;*
  - (b) issue legal tender currency in Nigeria;*
  - (c) maintain external reserves to safeguard the international value of the legal tender currency;*
  - (d) promote a sound financial system in Nigeria; and*
  - (e) Act as banker and provide economic and financial advice to the Federal Government.*

Objects of the Bank.

- **The new policy also rests on sections 20(3) of the 2007 CBN Act**

20. –(1) The currency notes issued by the Bank shall be legal tender in Nigeria at their face value for the payment of any amount. Bank's currency notes and coins to be legal tender.

(2) The coins issued by the Bank shall, if such coins have not been tampered with, be legal tender in Nigeria at their face value up to such amount or amounts as may be determined, from time to time, by the Bank.

(3) Notwithstanding sub-sections (1) and (2) of this section, the Bank shall have power, if directed to do so 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 notice, cease to be legal tender, but, subject to section 22 of this Act, shall be redeemed by the Bank upon demand.

# Why the Naira Redesign Policy?



**Enable Monetary Policy  
to Hit its Target**



**Enhance Financial  
Inclusion**



**Aid the Efforts of our  
Security Agencies**

# Currency in Circulation

- Currency in circulation **more than doubled** in seven years
  - risen from roughly N1.4 trillion in 2015 to about N3.23 trillion in October 2022
- Proportion of currency outside banks also grew
  - from 78% in 2015 to 85% in 2022



## Where We Are

- About N2.1 trillion recalled so far
- Several meetings with DMBs to provide guidance
- Nationwide sensitization programmes
- Deployment of super agents to assist in our Cash Swap
- Countrywide monitoring by top CBN officials



# General Benefits of The Policy

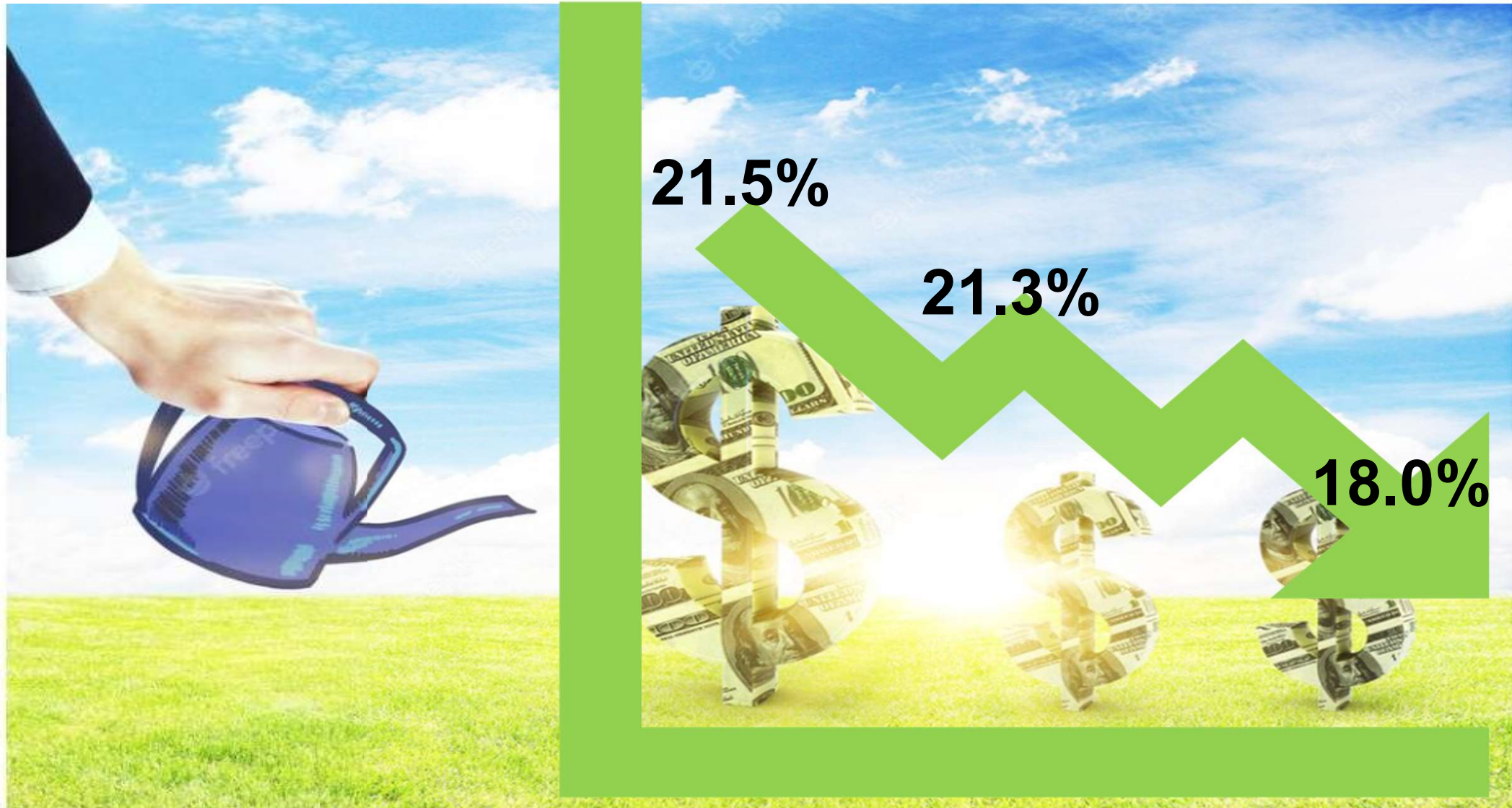
- Strengthen macroeconomic parameters
- Reduce money velocity
- Aid Taxation
- Formalise transactions
- Combat social improprieties



# Reduction in Money Supply



# Lowering Inflation



# Falling Food Prices in Key Markets



**Soya Beans: from  
N30,000 to  
N22,000**



**Rice: from N1,700  
to N1,200**



**Bull: N400,000 to  
N330,000**

**Ram: 75,000 to  
N50,000**



**Maize: from  
N18,000 to N16,000**

# Exchange Rate Stability

**N768/US\$**

**N1,125/CFA**

**N600/US\$**

**N920/CFA**

**N550/US\$**

**N800/CFA**

# Reason for Queue and Pressure

- Hoarding
- Tension and Elevated Agitation
- Panic Queues
- Panic Mop-up of Notes by Politicians
- Incidences of Economic Opportunism

# Concluding Remarks

- The CBN reiterates the availability of an appropriate amount of currency to support economic activities.
- We will ensure an equitable execution of the policy for the benefit of the people
- The long-run advantages of the currency redesign are overwhelmingly enormous
- We will ensure a smooth flow of currency swap and minimize short-term difficulties.

# Thank you