



How Nationwide Policies Affect Youth Wellbeing:

Unfolding the Impact of
the 2023 Cash Crunch on
Youth Wellbeing

Abstract

This study aimed to explore the impact of the recent naira redesign policy and the attendant cash scarcity on Nigerian youths, shedding light on their economic, social, and psychological wellbeing during the period of cash scarcity. The study employed a mixed-method approach, collecting both quantitative and qualitative data. A total of 921 youths across the six geopolitical regions of Nigeria participated in the study. The findings revealed that about 90% of the participants felt very sad or sad about the cash crunch, while more than half (55%) expressed that the naira scarcity impacted their mental health poorly. However, less than 4% sought help from mental health therapists, suggesting a gap in this area. Among the respondents, 50% revealed that they bought cash from point of sale (POS) operators and were made to pay exorbitant charges, reflecting the lack of regulation in this business.

The policy had detrimental effects on youth-owned companies, as over 80% of respondents who were business owners, expressed that their companies suffered or paused as a result of the naira scarcity. Many respondents also recounted the challenges they encountered with the supposed cashless economy, including poor networks, mistrust and fraudulent transfers. Recommendations from this study include that the government could have conducted a needs assessment and stakeholder consultations prior to the design and implementation of the policy. Adequate new notes and time could have been provided while phasing out the old notes. Provisions of necessary infrastructure and regulations are needed to make a transition to a cashless system possible.



Image source: Internet (<https://dailypost.ng/>)

Background

In October 2022, the Central Bank of Nigeria (CBN) announced the redesign of the 200, 500 and 1000 naira notes, with the old notes to go out of use by January 2023. However, a significant scarcity of the redesigned naira notes ensued as the deadline for using the old notes approached leading to a nationwide scarcity of naira notes. This meant that from January up until March 2023 when the Supreme Court of Nigeria nullified the redesign policy and ordered an extension of the validity of the old notes till December 2023, most Nigerians experienced difficulty in selling and buying goods and services. It was reported that business activities were hit by the naira scarcity. Owing that Nigeria has a median age of 17, while about 70% of its population is under the age of 35, with 35% of the population is between 15 and 30, it therefore entails that young people were exposed to the naira scarcity more than any other age bracket in the country.^{1,2} This study was conducted to shed light on the difficulties faced by the youth demography during this period. By doing so, the study will be relevant in mirroring the impact of national policies on youth economic and social wellbeing. Thus, providing lessons for individuals, government and policy makers, and organizations interested in the prosperity of young people.

Introduction

The effects of insufficient financial resources on people's lives are profound and go beyond their immediate financial situation. It not only has detrimental economic impacts, but it can also cause stress and poor wellbeing that could have long-term consequences. The experience of economic scarcity, such as occasioned by the recent naira redesign policy in Nigeria, could raise stress and anxiety levels culminating in poor wellbeing and low productivity.^{3,4} As you will recall, on October 26, 2022, the Central Bank of Nigeria alongside the Federal Government of Nigeria (FGN) announced a sudden policy to redesign selected naira notes (N200, N500, and N1000 notes) with the introduction of new notes into circulation to replace the old ones. According to the CBN, the benefits of the policy included checking counterfeiting, strengthening the economy, reducing expenditure on cash management and promoting financial inclusion. Some analysts suggested that the move was also aimed at promoting a cashless economy, mopping up black money and checkmating politicians with the intent of financial induction and vote-buying ahead of Nigeria's general elections in February and March 2023.

Although the policy was received with mixed reactions, some analysts welcomed and applauded the idea, while others saw it as unnecessary and a misplaced priority by the Federal Government. Nevertheless, the inadequacies and hoarding of the new notes, as the deadline approached, unleashed a fresh hardship on the citizens and compounded the existing challenges faced

by the average Nigerians. Nigerians faced harrowing experiences such as overcrowding and violent displays in banking halls, paying exorbitant charges to point of sale (POS) operators for cash withdrawals and illegal trading of naira notes.^{5,6}

The jury is still out on whether the policy has been able to achieve any of its intended outcomes. However, there is no denying the fact that the policy has led to many unintended outcomes. The negative impacts of the policy on the country's economy and the existential crisis it brought upon her citizens have been widely reported. According to data from the National Bureau of Statistics (NBS), Nigeria's inflation rose to 21.82% in January 2023 from 21.09% in October 2022.⁷ This could be partly attributed to the artificial inflation caused by the shortage of cash in circulation during this period. NBS data also revealed that real GDP growth fell from 3.5% in the fourth quarter of 2022 to 2.3% in the first quarter of 2023.

Similarly, figures from the Nigerian Association of Chambers of Commerce, Industry, Mines, and Agriculture (NACCIMA) showed a drop in sales of consumer goods of about 20% in the informal sector and 30% in the manufacturing sector during this period.⁸ A study also revealed that about 80% of mobile money operators and banking agents were forced to shut their operations due to the cash crunch.⁹ The impacts of the naira redesign policy were felt across the different strata of the society, including the youthful population, who constitute the bulk of the country's density. However, very few

studies have investigated the effects of the policy on the economic and social wellbeing of Nigerian youths. Some of the few studies done in this context are limited in scope, design or reach; having few participants or being only qualitative/quantitative or specific to a locality or region of the country.^{10,11} This study is set out to evaluate the impact of the naira redesign policy on the wellbeing of Nigerian youths, considering broader scope and reach. The study also aimed to glean insights into the factors that affected the implementation of the policy and provide recommendations and lessons that could be useful for the government and other stakeholders.

Objectives of the study

The specific objectives of this study include:

- 1 to collect relevant data on the difficulty, social wellbeing and coping mechanisms of young people in Nigeria during the naira scarcity period
- 2 to identify the impacts of the naira scarcity on the economic and social wellbeing of young people in Nigeria
- 3 to identify the coping mechanisms employed by young people during the naira scarcity
- 4 to recommend policy guidelines and measures in future naira redesign or similar policies

Methodology

The research utilized a mixed-method approach, collecting both quantitative and qualitative data. On the quantitative side, a survey for the collection of numerical data was designed and administered to the participants. The survey included open-ended questions which allowed participants to share some qualitative data, thus elaborating on some of the numerical data provided.

Study participants

The primary target participants for this study comprised 2000 young Nigerians between the ages of 18 and 35 drawn from the LEAP Africa program database which hosts more than 15000 young people across the six geopolitical zones of Nigeria. The survey also recruited participants from social media platforms.



Image source: Ben Curtis/AP/picture alliance

Data Collection

Data were collected via online administration of the semi-structured questionnaire. The survey was hosted on SurveyMonkey and administered to participants via online platforms, including WhatsApp, social media, email and Telegram. Participation in the survey was voluntary and based on assurance of confidentiality.

926

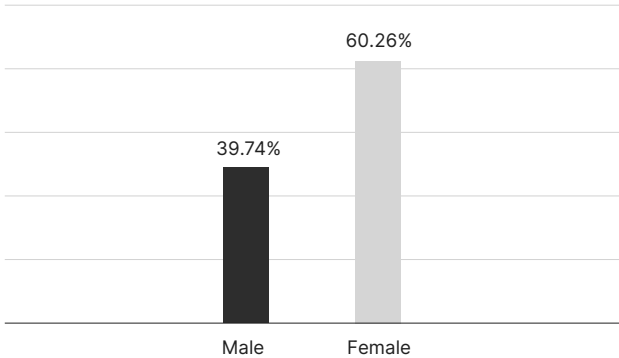
participants participated in the survey

Data Analysis

The data was downloaded from SurveyMonkey into Microsoft Excel and checked for any missing answers. Data analysis was performed using Microsoft Excel and GraphPad Prism. Descriptive statistics were performed by calculating the percentages and frequencies to describe the demographic characteristics and responses of the participants. The survey was attempted by 926 participants. Out of these participants, five did not consent, while 921 respondents consented and completed the survey. The consented responses were used for the analysis.

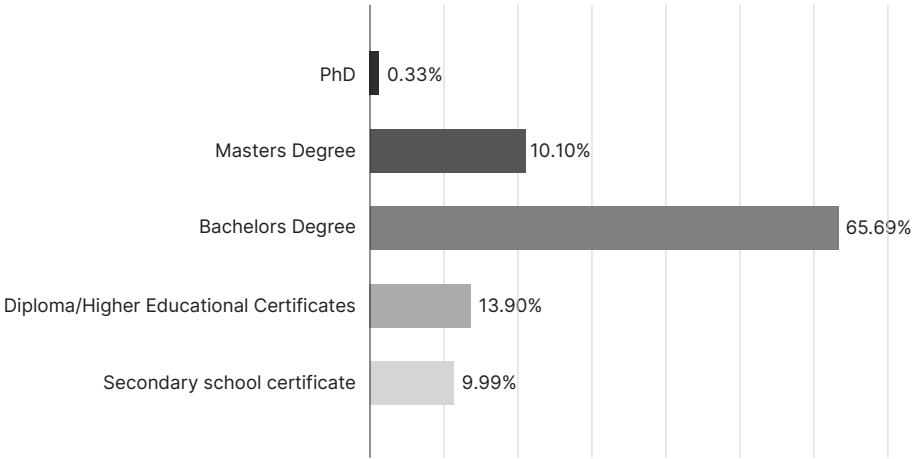
Demographic data of participants

Gender disaggregation



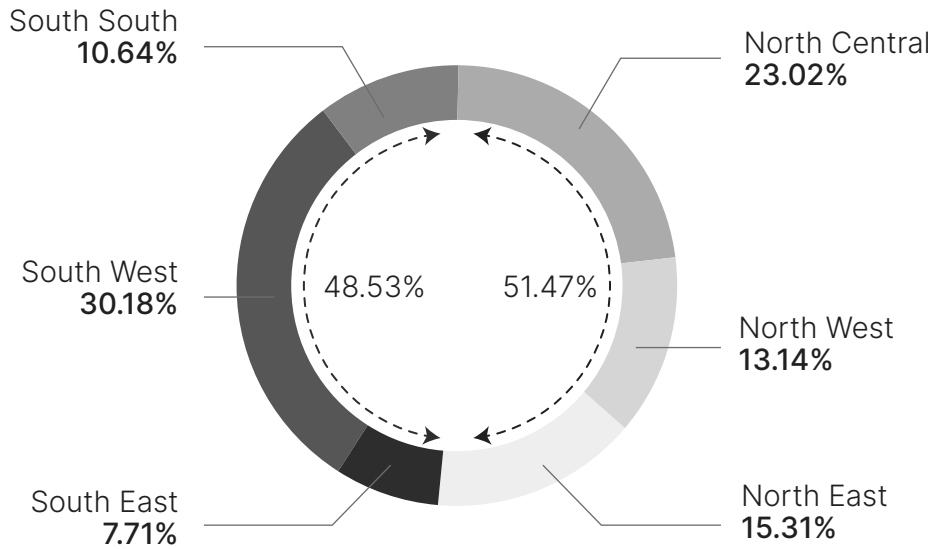
Among the study participants, 60.26% were females, while 39.74% were males. This could be a reflection of the gender constituents of the LEAP Africa program database, which served as the primary source of the study participants.

Educational qualification



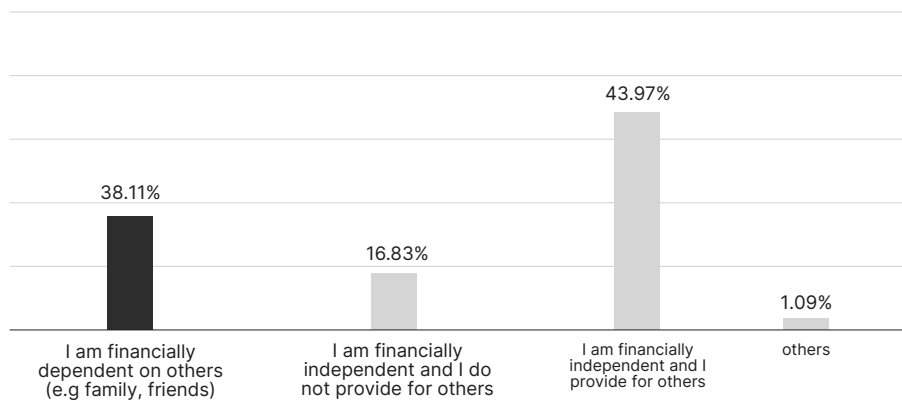
As shown in the chart above, the majority of the respondents (>90%) had received a post-secondary school certificate, indicating that they are well educated. Specifically, more than half of the respondents (65.69%) have a Bachelor’s degree as their highest educational qualification, while about one-fifth of the respondents had either obtained a Master’s degree or Diploma/Higher academic certificate.

Geopolitical distribution



The chart above showed that the study had a broad reach, with the respondents spread across the different zones of the country. It also showed a geopolitical balance, having the participants equally distributed between the north and south geopolitical dichotomy of the country. This indicates that the findings from the study would be reflective of the experiences of youths across the six geopolitical zones of the country.

Nature of financial responsibility



A substantial proportion of the respondents were financially responsible for themselves; about 60% of the respondents stated that they were “financially independent”, while the majority of this group (about 70%) added that they also “provide for others”. Of all the respondents, 38.11% indicated that they are “financially dependent on others”. About 1% were in the “others” category; most of the few respondents in this group revealed that “they are financially dependent on others but still provide for others”.

Table 1. Other demographic characteristics of the respondents'

Characteristics	Percentage (%)
Are you a person living with a disability?	
No	97.5
Yes	2.5
Location	
Urban	76.55
Rural	23.45
Age distribution	
Less than 18	0.22
19 to 23	20.96
24 to 28	39.63
29 to 35	31.92
Above 35	7.27
Marital status	
Single	78.18
Married	21.06
Divorced	0.65
Widowed	0.11

Other demographic characteristics of the respondents, including their location, age distribution and marital status are presented in Table 1. About one-fifth of the respondents (21.06%) were married, while 78.18% indicated that they were single. A similar proportion was observed in the distribution of the respondents between rural and urban locations, with the majority of the respondents (76.55%) residing in urban areas.

Findings

This section presents the findings of the study capable of providing insights on some of the key questions addressed by the study. Findings include the impacts of the naira scarcity on youth economic and social wellbeing and some of the coping mechanisms young people employed during the period of scarcity.

A

Impact of the naira scarcity on individual wellbeing and livelihood

Most of the respondents felt sad or very sad

The findings revealed that most of the participants (89%) felt very sad or sad during the naira scarcity period. Less than 5% expressed that they were not sad during the period. One respondent reflected on his experience:

“Our Nigerian Government is very insensitive...

There's nothing I'll say that will erase the negative impact it had on people, people lost their lives, lost business transactions and so on. They have the best hands when it comes to advice and actually knowing the best way to follow any issue but they always choose to wicked the poor masses.”

Half of the respondents indicated that the naira scarcity impacted their mental health poorly

Among the respondents, 55% revealed that their mental health was poor or very poor as a result of the cash crunch. However about one-third of the respondents (30%) felt that the naira scarcity had no positive nor negative impact on their mental health.

Majority of the respondents stated that the naira scarcity placed a significant restriction on their movement

A substantial proportion of the participants (81%) responded that the naira scarcity impacted their ability to move about a great deal or a lot. In fact, over 97% of the participants indicated that the scarcity caused some hindrance in their ability to go about. Furthermore, 78% responded that the scarcity discouraged them from taking a trip out of their state.

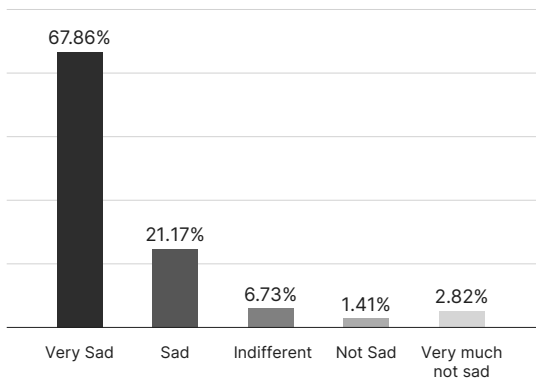


Image source: Google image

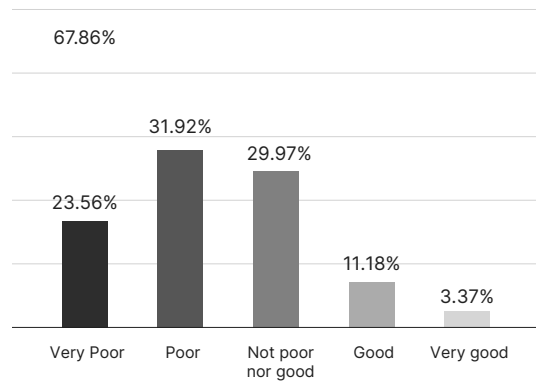
Naira scarcity caused difficulties in buying food and paying for transport

A significant portion of the respondents (75%) stated that they had difficulties buying food and other personal items due to the scarcity, while 65% added that they had difficulties in paying for transport.

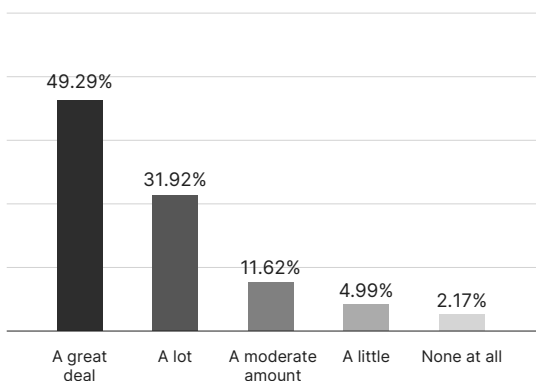
How did you feel during the naira scarcity?



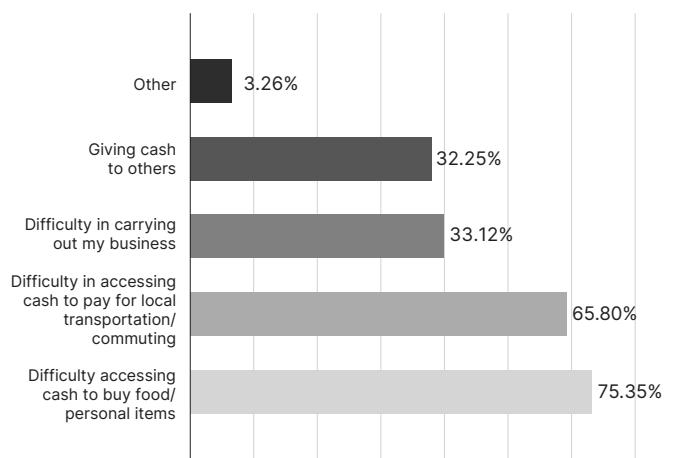
How will you describe your mental health during the period of the naira scarcity?



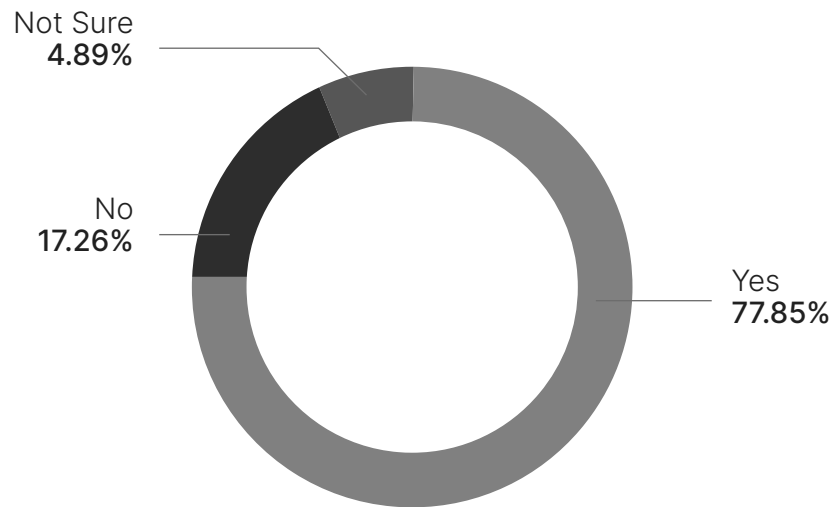
How much did the naira scarcity affect your ability to move from one place to another?



In what ways did the cash scarcity affect you?



Did the scarcity discourage you from taking a trip out of your state?



Half of the respondents bought cash during the scarcity

One of the major ways Nigerian youths coped during the period of scarcity was by buying cash. Among the respondents, 50% revealed that they bought cash. It was widely reported that POS operators demanded exorbitant charges for cash during the scarcity. It appears that many youths were victims of those POS Shylocks. About one-fifth (17%) revealed that they got cash from religious centres, highlighting the importance of religious centres in Nigerian society, particularly in times of anguish. Less than one-fifth (15%) stated that they were able to get cash from banks and bank ATMs. This affirmed the widespread belief that cash was inadequate in banks or hoarded during the period. About half of the respondents (55%) also relied on online/mobile transfers

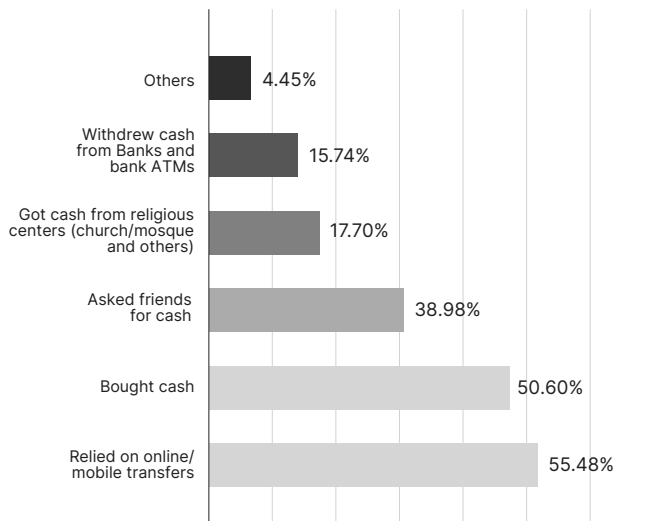


Image source: Internet (<https://nairametrics.com/>)

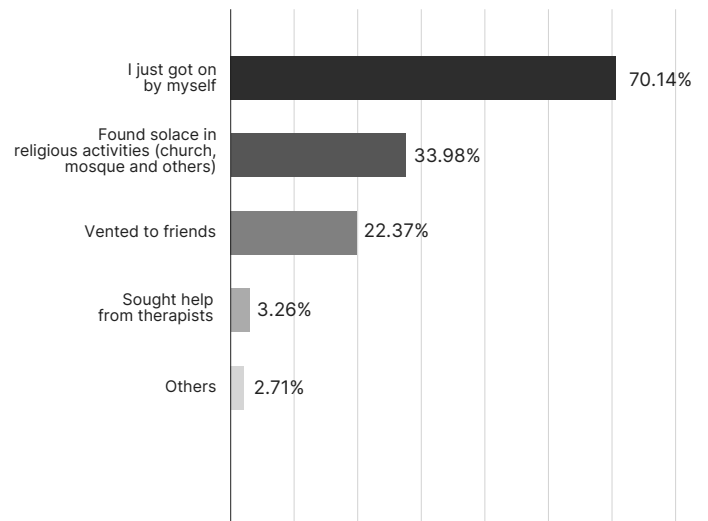
Most Nigerian youths rely on self-help for their mental health

A large group of the participants (70%) responded that they managed their emotions and mental health themselves during the scarcity. About one-third of the respondents (34%) revealed that they found solace in religious activities, this corroborating the importance of religion in the lives of many Nigerians. Less than 4% indicated that they sought help from therapists. This could either imply that not many of the respondents experienced such emotional or mental stress requiring the need for a therapist or the importance of professional care for emotional and mental health issues is still not widely understood among Nigerian youths or in Nigerian society.

How did you access cash during the cash scarcity?



How did you manage your emotions/ Mental health during this period?



B

Impact of the naira scarcity on businesses owned by youths

Naira scarcity had adverse effects on many youth-owned businesses

About 60% of the respondents stated that they owned a business. It is noteworthy that over 80% of this group expressed that their businesses suffered or paused as a result of the scarcity. According to the CBN, one of the aims of the policy was to promote financial inclusion. However, the detrimental effects of this policy on youth-owned businesses suggest that the policy was somewhat counterproductive. Many of the respondents further described their losses in terms of a reduction in sales or having to lower their prices for cash transactions. One participant highlighted this, stating:

“It's affected my business... there weren't many sales any more like before, I had to sell less than my cost price to those who had cash because I also needed the cash.”

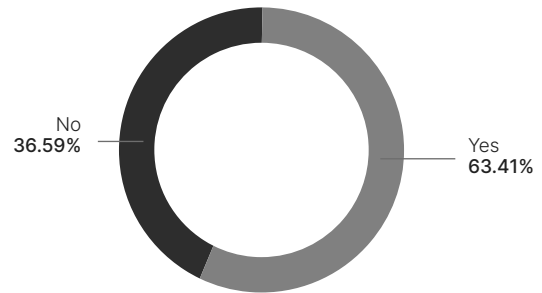


Image source: Internet (<https://techcabal.com/>)

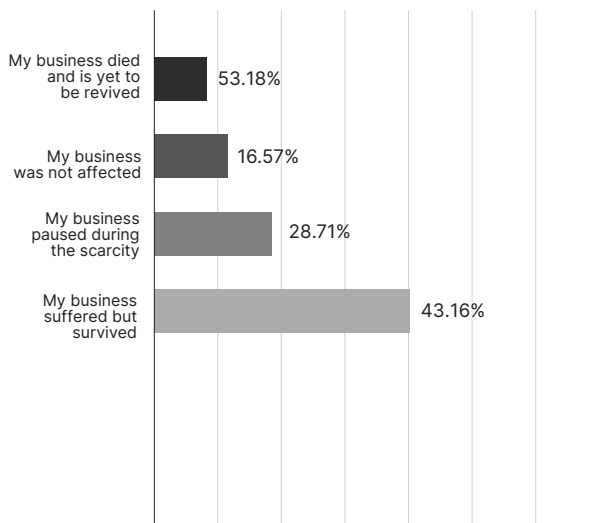
Half of the respondents also bought cash for their businesses during the scarcity

The findings revealed that, among the respondents who were business owners, 52% stated that they bought cash to meet their business needs, while a similar proportion (53%) relied on online/mobile transfers. This mirrored the responses in the individual livelihood section.

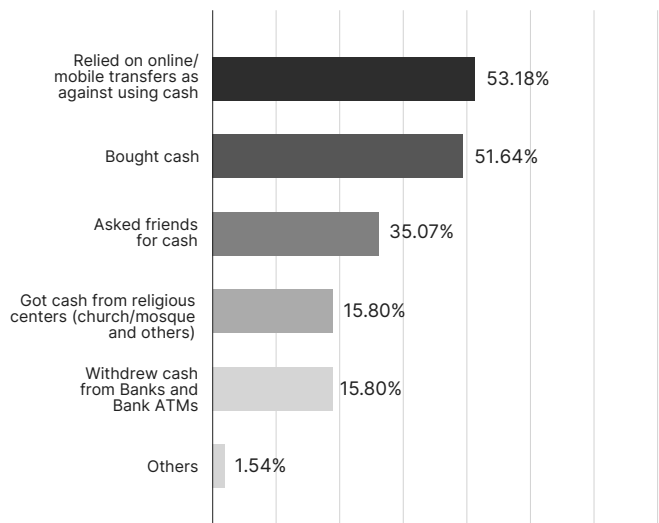
Do you own a business? (could be side job, or well established business)



Was your business affected by the naira scarcity?



How did you access cash for your business during the cash scarcity?



Nigeria is not prepared for a cashless economy

When the naira redesign policy was announced, some analysts suggested that the move was aimed at promoting a cashless economy. However, findings indicated that the policy was ill-prepared for this purpose. Many of the respondents recounted the challenges they faced with online/mobile transactions such as non-acceptance of bank transfers, restrictions placed by transaction limits, poor network, mistrust/abuse of trust, and fraudulent transfers. A respondent illustrated some of these:

“1. I had low sales per day 2. It was hard for me to buy goods... the wholesalers were not collecting any transfer. 3. Some people run away with my (money) after doing a transfer, the bank will either bounce back the money to them or the bad network will not even allow them to make a transfer.”

The study also observed that it is impracticable to conduct some transactions electronically, considering some factors such as the excessive charges involved. A respondent remarked that:

“My sale dropped because it's ridiculous to make transfers for #100 items so they rather no buy.”

Another stated:

“Many daily financial activities CANNOT be carried out through e-banking, how many motorists will collect a bank transfer?”

Recommendations

Most of the recommendations and suggestions the respondents gave were about the implementation of the policy. Although a sizable portion of the respondents felt that the redesign was unnecessary. Key recommendations from the study are as follows.

Needs assessment and stakeholder consultations

Findings indicated that many of the challenges associated with the policy could have been anticipated and prevented if needs assessment and stakeholder consultations had been done prior to the design and implementation of the policy. As noted by this respondent:

“Consulting with various stakeholders, including businesses, traders, and financial institutions, could have helped the government understand the potential challenges and devise more effective solutions.”

Public awareness campaigns

Some participants emphasized that the Central Bank of Nigeria and Federal Government could have done more to increase public awareness prior to the implementation of the policy.

Extended transition period

One of the most recurring themes in the respondents' recommendations is the issue of time. Majority of the respondents opined that had the government provided more time throughout the implementation of the policy, many of the difficulties experienced could have been avoided.

“A longer transition period would have allowed for a smoother transition and minimized any negative impact on the economy.”

Increased availability of new notes

Many participants emphasized that the government should have ensured adequate supplies of new notes across the country, while gradually phasing out the old notes.

Provide requisite infrastructure for the transition to a cashless system

A substantial proportion of the participants raised concerns about the lack of adequate knowledge and infrastructure for electronic transactions. They observed that the government needs to make adequate provisions to make a transition to a cashless economy possible. These include education of the masses on such policy, provision of easy-to-use platforms and amenities required for electronic transactions, reduction of associated charges, and support to financial institutions and internet service providers.

Transparency and accountability

Findings revealed that many respondents expected the government to have established transparent systems and mechanisms to address concerns and complaints related to the exchange process. This could have helped to build trust and confidence among the public, mitigating any negative sentiments or doubts.

Provision of support to vulnerable groups

Some participants also raised the issue of inclusion. They noted that the government could have implemented special measures to assist vulnerable groups, such as the elderly, the physically impaired, or those living in remote areas. Some suggested setting up mobile units, outreach programs, or support systems could make the process easier for these individuals.

Limitations of study

Despite the fact that this study aimed to provide insights into the impacts of the naira redesign policy on the wellbeing of Nigerian youths, it is essential to highlight its limitations. One of such limitations is the generalization of findings that may arise in spite of the limited sample number and scope. The survey was rendered in English language and administered on the Internet. Thus, those who do not understand the English language or without internet access would have been excluded from participating. This may have limited the representativeness of the sample and findings thereof. Nevertheless, this study has provided some insights into the impact of the naira redesign policy on the wellbeing and livelihood of Nigerian youths.

References

1. <https://www.worldometers.info/world-population/nigeria-population/>
2. Olonade OY, George TO, Imhonopi D, Egharevba ME, Kasa AG (2022). Youths' socio-economic well-being in Southwest Nigeria: What role can empowerment/poverty reduction programmes play?, *Cogent Social Sciences*, 8:1, 2115694
3. Richardson T, Elliott P, Roberts R (2013). The relationship between personal unsecured debt and mental and physical health: A systematic review and meta-analysis. *Clinical Psychology Review*, 33, 1148–1162.

Please see our full references here: <https://shorturl.at/amoJ7>

The research was conducted independently and without the influence of the management of LEAP Africa. The ideas and facts presented are findings from the data analysis undertaken by the evaluation team and, therefore, do not necessarily reflect the official position of LEAP Africa or project partners.

The evaluation team apologizes for any errors or omissions of copyright and would be grateful if notified of any corrections to be incorporated.

Copyright © LEAP Africa 2023

Report Design and Concept:

Rasheed Ajao, Terhemem Agabo and Akolade Oladipupo

When using this work, please attribute the credit to LEAP Africa using the following statement:

LEAP Africa(2023). How Nationwide Policies Affect Youth Wellbeing: Unfolding the Impact of 2023 Cash Crunch on Youth Wellbeing.

Please direct all correspondence to info@leapafrika.org

Evaluation Team:

Rasheed Ajao	Adefunke Adeyeye
Pamela Uzoma	Evi Michael
Terhemem Agabo	Abisoye Ajose
Akolade Oladipupo	

Contact Information

13, Omorinre Johnson Street Off Admiralty Way,
Lekki Phase 1, Lekki Peninsula, Lagos Nigeria.
P.O. Box 75427 Victoria Island, Lagos.
(234) 01 454 6007

info@leapafrika.org, research@leapafrika.org
