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IMPACT OF CURRENCY REDESIGN AND CASH SWAP POLICY ON SMALL SCALE BUSINESSES IN KATSINA LOCAL GOVERNMENT AREA, NIGERIA

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Abstract

This study investigates the impact of Nigeria's currency redesign and cash swap policy on small-scale businesses in the Katsina Local Government Area. In 2022, the Central Bank of Nigeria implemented a currency redesign and enforced a limited period for swapping old notes for new ones, with the aim of combating inflation, reducing counterfeiting, and stimulating economic activity. However, this policy shift created significant cash shortages, disrupting daily transactions, supply chains, and operational activities, particularly among small-scale enterprises that largely depend on cash for sales and procurement. Using a mixed-method approach, primary data were collected through structured questionnaires administered to 394 small-scale business owners across major markets in Katsina LGA, complemented by semi-structured interviews with key stakeholders such as traders' association leaders and microfinance officers. Secondary data were obtained from policy documents, reports from the Central Bank of Nigeria, and relevant literature. Quantitative data were analyzed using descriptive statistics and chi-square analysis to test the hypothesis in order to determine sales volume, business costs, and liquidity access, while qualitative responses were thematically analyzed to capture lived experiences and coping strategies. The study is anchored in the Keynesian Business Cycle Theory, which posits that fluctuations in aggregate demand and liquidity conditions significantly influence

Keywords: Currency redesign, cash swap, policy, small scale, businesses

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economic activity and business performance. The currency swap's contractionary effect on money supply is evaluated in light of Keynesian insights on how reduced cash availability can dampen consumer spending and investment at the microeconomic level. Findings indicate that cash scarcity following the policy implementation resulted in declines in daily turnover, increased reliance on informal credit, and heightened operational challenges for small-scale enterprises. The study concludes with policy recommendations aimed at improving cash-flow continuity during future monetary reforms, including phased implementation strategies and enhanced support mechanisms for micro and small businesses.

Introduction

In various nations around the world, governments have actively engaged in the comprehensive redesign and systematic alteration of their national currency, as well as the implementation of currency swaps, a practice that occurs regardless of the specific economic or political systems that these nations choose to adopt. The motivations behind the redesign of a nation's currency can typically be distilled into two predominant categories, which encompass political factors as well as economic considerations. The political rationale for the redesign and swapping of currency can be understood as an initiative by the government to reaffirm and reassert its sovereignty over its citizenry, particularly with respect to both domestic governance and international relations. This concept is aptly referred to as monetary sovereignty, as articulated by Odior and Shodeinde in their 2013 study. On the other hand, the economic motivations for currency redesign are deeply rooted in the fiscal and monetary policies implemented by the government, manifesting from both domestic and international policy measures aimed at fostering economic growth, development, and stability in the face of both internal and external challenges. Olujubi (2023) posits that these efforts are foundational to the enhancement of the macroeconomic framework, particularly in relation to the efficacy of monetary transmission mechanisms. The government can exert absolute control over the macro economy if the local currency garners widespread popularity and acceptance among the populace, thus making currency redesign an instrumental tool for achieving macroeconomic stability.

The contemporary global economy is, by and large, characterized by its heavy reliance on cash transactions, which can be attributed to several evident reasons, including, but not limited to, the occurrence of natural disasters, armed conflicts, the purchase of essential consumer goods such as food items, and the engagement in transactions by elderly individuals, all of which predominantly utilize cash as a medium of exchange. (Aroghene, 2023).

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In the context of developing nations, of which Nigeria is a pertinent example, there exist numerous commonalities, one of which is a pronounced cash economy that favors transactions conducted in cash rather than embracing the cashless and digital alternatives available in modern economic interactions. The cash economy is a significant aspect of Nigeria's business landscape, with data provided by the Central Bank of Nigeria indicating that cash serves as the primary payment method utilized by consumers throughout the country. (CBN, 2020).

Furthermore, it is noteworthy that the cash economy is one of the enduring legacies of colonialism in nations that were formerly colonized, as prior to the advent of colonial rule; various ethnic nationalities had developed unique and distinctive systems of transaction that did not predominantly rely on cash as a medium of exchange. Consequently, it is imperative for governments in developing countries to formulate and implement comprehensive and robust strategies that are designed to facilitate the advancement and development of their respective economies, as highlighted by Chukwu in his 2010 analysis. Small Scale Businesses within Nigeria are instrumental in fostering job creation, driving economic growth, and facilitating overall development.

Statement of the Problem

On the 26th of October in the year 2022, the Central Bank of Nigeria, which serves as the primary regulatory financial institution for the country, officially announced its strategic plans to undertake a comprehensive redesign of several specific denominations of the nation’s currency, thereby altering the physical representation of money in circulation. The particular denominations that have been identified and are the focus of this redesign initiative include the N200.00, N500.00, and N1000.00 notes, which are among the most widely utilized currencies within Nigeria’s economic framework. Small-scale businesses, which are essential components of the national economy and primarily rely on cash transactions for their day-to-day operations and exchanges with customers, now find themselves compelled to navigate and adjust to the new economic landscape dictated by the implementation of cashless policies as a result of the currency redesign and swap initiative.

The primary aim of this research endeavor is to meticulously investigate the various effects that the currency redesign and swap program has on small-scale businesses, with a particular emphasis on understanding the potential ramifications that these changes may have on their operational efficiency, financial stability, and overall prospects for growth in an increasingly competitive market environment. The process of redesigning and swapping the Naira has indeed introduced a plethora of fiscal challenges and has engendered significant social and economic discomfort among various stakeholders within the economy.

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Research Question

What are the effects of currency redesign and swap on the financial performance of Small-Scale Businesses?

Objectives of the Study

The objective of this study is to investigate the impact of currency redesign and cash swap policy on small scale businesses in katsina local government. Specifically, the study is.
To examine the effects of currency redesign and cash swap on the financial performance of small-scale businesses.

Research Hypothesis

The hypothesis that was formulated for the study is as follow.

H_o: There is no significant effect of currency redesign and cash swap on financial performance of small-scale businesses.

H_1:. There is significant effect of currency redesign and cash swap on financial performance of small-scale businesses.

Conceptual Review

A currency redesign is a process of altering a currency's physical makeup, design elements, and/or composition in order to make it more efficient, convenient, and/or secure. This process is used to strengthen a currency's function and ensure its value in the marketplace. There have been several studies conducted on currency redesign recently. The Indian Institute of Technology (2019) concluded that redesigning a currency allows for an increase in the use of digital currency, which can improve the efficiency of a country's economy. This study provides evidence that currency redesign is an effective way to improve a country's economic performance. Overall, it is evident that currency redesign can have a positive effect on a country's economy. By making a currency more efficient, convenient, and secure, countries can help to ensure its value in the marketplace.

Currency redesign is a type of financial reform where a nation's current currency is replaced with a new one, typically due to economic crisis or political transition. The practice dates back to the 18th century and continues to be adopted by various nations today (James, 2023)

The IMF notes that currency redesigns can be used to strengthen economic ties between countries, as well as improve international confidence in a nation's financial system. For example, when the Euro was adopted in 1999, it replaced the currencies of 11 European countries, creating a single monetary system that allowed for greater economic integration between participating nations.

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Economic stability is the key to healthy and prosperous economy, currency redesign is a form of financial reform where a nation's existing currency is replaced with a new one in order to stabilize its economy and improve both local and international confidence in the nation's financial system. (Vanguard, 2020)

Small Scale Businesses

Small scale business is an important hub of economic activities in many developing countries. It is a business unit which requires relatively little capital. Basically, small scale enterprises cut across many economic activities. This includes agriculture, services, production and consumption. At the level of agriculture, there are individuals that engage in agriculture economy such as small scale farming (in poultry, fishing, snail, pegs and others), and supplier of farm crops to earn a living. (Akeke, 2020) The service economy engages small scale traders in telecommunications services, household materials, clothing and the likes. Production and consumption economy ensure that people are engaged in skilled occupation such as gold/black smiths, commercial drivers, motorcycle riders. (Mankiiw, 2021)

Consensus is reached among the policy makers, administrator's researchers, donor and non-governmental organizations, that small and medium enterprises are the powerful driving force for industrial growth, economic and sustainable development. (Hussaini and Obatu 2018).Small and medium scale enterprises (SMEs) are generally regarded as the engine of economic growth and equitable tool of development in the third world economies. They are labor intensive, capital saving and capable of helping create most of the one billion new jobs the world will need by the end of the century. (Mankiiw, 2021)

Omole (2018) considered small-scale businesses as those businesses that generally have less than 100 employees, most often with just one or a few owners. Small-scale businesses are typically limited in terms of capital investment, operational size, and staffing. According to the United Nations Industrial Development Organization (UNIDO), small-scale businesses are "often characterized by low capital investment, labor intensity, and family ownership (Berger et al. 2019).

Small scale businesses are scaled down in size in terms of asset operational capacity and the ownership according to (John-Akamelu, & Muogbo, 2018).

Small businesses can be grouped as follow

a. Sole proprietorship

b. Partnership

C. Private Limited Liability Company

d. Co-operative societies.

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The relevance of small-scale businesses for Nigeria is clear. According to the National Bureau of Statistics in Nigeria (2019), small scale businesses account for 85.4% of businesses in the country, and contribute 48.3% of the country's GDP. Furthermore, a study by the Central Bank of Nigeria (2014) found that small scale businesses have a significant potential for job creation and investment due to their agility and resource efficiency. Furthermore, the study noted that small scale businesses have a greater effect on economic growth than medium and large-scale business enterprises. Thus, small scale businesses are extremely relevant for Nigeria in line with the pace of it development. (Pillah, 2023).

However, the potential for these businesses to contribute significantly to the economy is undeniable. Research has shown that there is potential for a significant increase in the GDP of Nigeria if the right policies and support systems are put in place.

Currency Redesign, and Cash Swap Policy on Small Scale Businesses in Nigeria

Currency redesign, also known as currency redenomination or re-coinage, involves the changing of a country's currency in order to simplify it and, it represents the process to replace the old 200-, 500-and 1000-naira notes with new versions of the same denominations (CBN, 2022)

For small scale businesses in Nigeria, the currency redesign process presents both advantages and disadvantages. The most notable advantage is that the introduction of the new notes is expected to reduce the risk of counterfeiting. Additionally, the new notes may increase the acceptability of the Nigerian currency both within the country and internationally (Oriaku, 2021)

In summary, the currency redesign process in Nigeria presents both advantages and disadvantages to small scale businesses. While it is expected to reduce the overall risk of counterfeiting and raise the value of the Nigerian currency, it may also lead to an increase in short-term costs and inflation.

The relationship between currency redesign and small scale businesses in Nigeria is complex. Small scale businesses often struggle to navigate the ever-changing landscape of currency redesign, since it can have a significant impact on their operations. This is due to the fact that small scale businesses in Nigeria are largely dependent on cash transactions to conduct business, which can become difficult when the currency is redesigned. Additionally, because small scale businesses have limited resources, it is more difficult for them to adjust to changes in currency, as the required adjustments often require additional investments.

In addition, the CBN report also concluded that currency redesign had a negative effect on the stability of small scale businesses in Nigeria. This is due to the fact that changes in currency can create uncertainty for small businesses, since they must adjust to the new

regulations and processes associated with the redesigned currency. As a result, many small scale businesses have struggled to remain profitable and viable in the face of currency changes.

Economic implication of currency redesign and cash swap policy in Nigeria and its impact on small scale businesses

The influence of currency redesign and swap, an initiative on inflation in Nigeria are particularly noteworthy and warrants thorough examination. Research conducted by the Central Bank of Nigeria has indicated that, when executed effectively, currency redesign and swap initiatives can serve as powerful tools against inflation by not only stabilizing the intrinsic value of the currency but also by significantly diminishing the prevalence of counterfeit currency within the economic environment. This reduction in counterfeiting is largely attributable to the incorporation of sophisticated security features within the newly designed currency, which render it exceedingly difficult to replicate, thereby contributing to a contraction in the money supply and a subsequent alleviation of inflationary pressures (CBN, 2023).

Moreover, the implementation of currency redesign and swap strategies can yield invaluable real-time data regarding market trends and prevailing economic conditions, which, in turn, facilitates more effective decision-making processes and the formulation of policies aimed at combating inflation. (Ogunyemi, 2023)

Political implications of Currency Redesign cash swap policy in Nigeria and its impact on Small Scale Businesses

The decision made by governmental authorities to undertake the redesign of the national currency has the potential to generate extensive and profound implications for the operational dynamics of small businesses across the country. (Vanguard, 2023)

This significant policy shift may not only necessitate alterations in the fundamental ways in which these businesses conduct their day-to-day operations but could also introduce new regulatory constraints that may further complicate their existence and sustainability in the marketplace. From a political standpoint, the ramifications of currency redesigns in Nigeria may be evaluated through various lenses, including national identity, public trust in governmental institutions, efforts to combat ransom-related payments, initiatives aimed at reducing terrorism financing, and measures designed to curtail corruption and vote-buying practices during electoral processes. (Oladeji, 2024)

One such political implication it has on the trust in the government. Following the introduction of the new currency, there have been reported that citizens have less trust

For example, by redesigning and swapping the currency, it would make it more difficult for criminals to demand ransom payments in the form of cash. This would also make it

easier for law enforcement agencies to track and intercept these payments, leading to a decrease in the number of successful ransom attempts. (Olowu, 2023).

Social Implication of Currency Redesign cash swap policy on Small Scale Businesses in Nigeria.

The redesign of currency is a frequently pursued objective among numerous nations around the globe, as such an initiative provides monetary policymakers with enhanced flexibility to effectively influence economic activity and promote overall financial stability within their respective economies, as articulated by the scholars Chang and Park in their 2012 study. Moreover, it is imperative to acknowledge that currency redesigns possess significant social ramifications; hence, it becomes crucial to thoroughly evaluate the potential impacts these changes may have on small-scale businesses, which often serve as the backbone of local economies. (Olujobi, 2023).

Conversely, it is essential to recognize that the financial burden associated with the production of new currency and the requisite updates to retail point-of-sale systems can pose significant logistical challenges for small-scale businesses, which often operate on tight margins (Peter, 2023).

Theoretical Framework

Keynesian Business Cycle Theory provides a robust analytical framework for examining the short-run effects of monetary policy shocks on economic activity, particularly within cash-dependent economies. The theory, advanced by John Maynard Keynes, posits that fluctuations in aggregate demand are the primary drivers of business cycles and those economies do not automatically adjust to full employment in the short run due to rigidities in prices, wages, and institutional structures (Keynes, 1936). According to the Keynesian perspective, sudden contractions in liquidity or disruptions in money circulation can lead to declines in consumption, investment, output, and employment, especially among small-scale enterprises that rely heavily on daily cash transactions.

Within this theoretical context, Nigeria's currency redesign and cash swap policy can be conceptualized as a contractionary monetary shock that temporarily reduced the effective money supply available for transactions. Although the policy was intended to address long-term macroeconomic objectives such as inflation control, currency hoarding, and the promotion of a cashless economy, its short-run effects align closely with Keynesian explanations of economic downturns. Keynesian theory emphasizes liquidity preference, arguing that when access to money is constrained, economic agents reduce spending, leading to a fall in aggregate demand (Mankiw, 2021). This mechanism is particularly relevant in developing economies like Nigeria, where cash remains the dominant medium of exchange and financial inclusion is uneven.

For small-scale businesses in Katsina Local Government Area, the cash swap policy significantly disrupted normal business operations. Many small enterprises in the area operate within the informal sector and depend on physical cash for procurement, wage payments, and daily sales. The sudden scarcity of cash limited consumers' purchasing power and reduced the volume of transactions, resulting in declining sales turnover and liquidity challenges. From a Keynesian standpoint, this situation represents a negative demand shock, where reduced household consumption directly translates into lower business revenue and output. Empirical studies conducted in Nigeria following the 2022–2023 naira redesign indicate that small and micro-scale enterprises experienced reduced demand, interrupted supply chains, and temporary business closures due to cash constraints (Adebayo & Yusuf, 2023; Aliyu et al., 2024).

Furthermore, Keynesian theory explains that in the short run, firms are unable to adjust instantly to monetary shocks due to structural rigidities and limited access to alternative financing options. In Katsina Local Government Area, limited digital payment infrastructure and low adoption of electronic banking intensified the adverse effects of the policy on small-scale businesses. As Keynesian models predict, reduced liquidity constrained firms' ability to maintain inventory levels, pay workers, and sustain production, thereby reinforcing cyclical downturns at the local level (Blanchard, 2022). This contractionary effect was not necessarily a reflection of poor business fundamentals but rather the outcome of insufficient aggregate demand induced by policy-driven cash shortages.

In juxtaposing Keynesian Business Cycle Theory with the currency redesign and cash swap policy; it becomes evident that while the policy may pursue long-term stabilization goals, its short-term implementation generated contractionary effects on small-scale businesses through reduced aggregate demand and liquidity constraints. Keynesian economics underscores the importance of complementary counter-cyclical measures such as phased implementation, liquidity support for small enterprises, and improved financial inclusion to mitigate adverse short-run effects of monetary reforms. Therefore, the experiences of small-scale businesses in Katsina Local Government Area provide empirical support for Keynesian assertions that monetary policy shocks can significantly influence business cycles, output, and employment in the short run, particularly within cash-dependent local economies.

Empirical Review

Several empirical studies have examined the effects of currency redesign; cash swap policies, and cash scarcity on small-scale businesses in Nigeria. These studies provide useful insights into how liquidity constraints influence business performance, especially among enterprises that rely heavily on cash transactions.

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1. **Empirical Evidence on Currency Redesign Effects on SMEs in Nigeria:** Several empirical studies have documented the effects of Nigeria's 2022 currency redesign policy on small and medium enterprises (SMEs). Aladejebi, Oladimeji, and Bukola (2023) used structured questionnaires from 310 SMEs in Yaba/Ojuelegba, Lagos, and found that the redesign negatively affected SMEs' sales and productivity due to limited liquidity and inadequate preparedness, even though most business owners were aware of the policy beforehand. SMEs adjusted prices and sought better supplier terms, and many increased Point-of-Sale (POS) usage as a coping mechanism amidst cash scarcity.(Aladejebi, et. Al, 2023)
2. **Mixed Effects of Currency Redesign on Business Performance:** Empirical surveys beyond Lagos further indicate mixed impacts of the redesign on business outcomes. Haruna's (2024) survey of 115 business operators in Dutse reported that the currency redesign had both positive and negative effects on business performance in particular, reducing sales, productivity, and contractual engagements for many firms, though some effects varied by sector and operational scale. This suggests that the impact of currency redesign is context-specific and may differ across regions and types of small businesses. (Amobi, 2024)
3. **Cash Scarcity and Operational Disruptions for Cash-Dependent Enterprises:** Empirical and media reports highlight the operational disruptions caused by the cash swap policy, especially for informal and unbanked businesses. Leadership reporting on SMEs across Nigeria including rural and informal sectors noted that cash-dependent micro and small businesses struggled to conduct day-to-day transactions during the cash shortage, with higher transport costs and perishable goods losses due to inability to pay in cash. Similarly, the broader national policy implementation led to widespread cash scarcity that directly undermined routine business operations and limited economic activity among cash-dependent enterprises. (Leadership, 2023)
4. **Digital Adoption as a Coping Response by Small Businesses:** A growing body of evidence shows that the scarcity of physical currency precipitated increased use of digital payments by small businesses. Akpomi and William-West (2023) found that the limited availability of cash during the redesign period accelerated the adoption of digital transaction methods such as POS machines, ATMs, and banking apps among small businesses seeking alternatives to cash transactions. While this shift potentially supports financial inclusion in the long term, the short-term infrastructural deficiencies and low digital readiness posed significant challenges for cash-dependent small enterprises. (Akpomi, 2023)

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5. **Public Perception, Timing, and Socioeconomic Impacts of the Policy:** Empirical research on public perceptions of the currency redesign reveals widespread concerns about its timing and preparedness, which have significant implications for small business viability. A study published in BMC Public Health showed that a majority of respondents (83%) felt Nigeria was not ready for a cashless system and that poor timing exacerbated the hardships faced, particularly among economically vulnerable groups. This perception aligns with broader empirical observations that policy implementation did not adequately consider small-scale business needs, thereby intensifying economic strain on cash-reliant operators. (Oladeji, 2024)

The existing research gap regarding the implications of currency redesign and swap on small-scale businesses can be articulated as follows:
Despite the growing body of empirical literature on currency redesign and cash swap policies in Nigeria, several critical gaps remain, which this study seeks to address.

- First, most existing empirical studies on the impact of currency redesign policies have focused on urban and commercial centers such as Lagos, Abuja, and southeastern cities. These areas have relatively better banking infrastructure and higher adoption of digital payment systems. There is limited empirical evidence on how such policies affect small-scale businesses in semi-urban and rural local government areas, particularly in Katsina Local Government Area, where cash transactions dominate. This geographical gap limits the generalizability of existing findings to northern local economies.
- Second, many prior studies have examined the effects of currency redesign at a national or state level, often using aggregate data or broad SME samples. Such approaches tend to mask localized experiences and sector-specific challenges faced by micro and small enterprises. There is a lack of localized, micro-level studies that capture the unique operational realities of small-scale businesses within a single local government area, such as Katsina LGA.
- Third, existing literature largely adopts a descriptive approach, emphasizing general challenges such as cash scarcity and reduced sales, without sufficiently grounding the analysis in a strong economic theory. Few studies explicitly apply the Keynesian business cycle theory to explain how liquidity shocks from currency redesign policies translate into reduced aggregate demand, business contraction, and employment losses among small-scale businesses. This theoretical gap reduces the analytical depth of previous research.
- Fourth, several studies focus on the intentions and objectives of currency redesign policies such as curbing inflation, reducing cash hoarding, and promoting

financial inclusion while paying limited attention to the short-run adjustment costs borne by small businesses. There is insufficient empirical evidence on how these short-term disruptions affect daily cash flow, inventory turnover, and survival strategies of small-scale businesses during the policy implementation period.

- Fifth, existing research tends to treat small and medium enterprises (SMEs) as a homogeneous group. This overlooks the distinct vulnerabilities of small-scale and informal businesses, which often lack access to banking services, digital payment infrastructure, and financial buffers. There is a gap in understanding how business size, cash dependency, and location influence the magnitude of policy impact.
- Finally, limited attention has been given to business coping mechanisms and resilience strategies adopted during the cash swap period, especially at the local level. Understanding how small business owners in Katsina LGA responded whether through digital payments, credit reliance, price adjustments, or temporary closures remains underexplored.

How This Study Addresses the Gaps

This study addresses these gaps by:

1. Focusing specifically on small-scale businesses in Katsina Local Government Area
2. Employing Keynesian business cycle theory as the analytical framework
3. Using primary data to capture real-time business experiences
4. Examining both economic impact and business response strategies

By doing so, the study contributes localized, theory-driven evidence to the broader discourse on currency redesign and cash swap policies in Nigeria.

Research Design

Research design is a framework that can be used to plan and implement a research study, according to Salkind (2020). This research adopted mix research design in the conduct of the study.

Area of Study

The study was conducted in Katsina Local Government Area of Katsina State, Nigeria. Katsina LGA is a major commercial centre with numerous small scale businesses such as petty trading, retail shops, food vendors, artisans, transport operators, and service providers. Most of these businesses depend heavily on cash transactions, making the area suitable for assessing the impact of currency redesign and cash swap policy on small scale business operations.

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Sources of Data Collection

The study made use of both primary and secondary sources of data.

Primary Data: Primary data were obtained through the administration of structured questionnaires to selected small scale business operators in Katsina Local Government Area. And interview which was based on the Operational Definition and Variables used in the work.

Secondary Data: Secondary data were sourced from textbooks, academic journals, Central Bank of Nigeria (CBN) publications, government reports, newspapers, and other relevant materials related to currency redesign, cash swap policy, and small scale businesses.

Population of the Study

The population of this study is small scale business operators in Katsina local government.

Table 1: Population Distribution of Registered Small Scale Business Operators in Katsina State Based on Three Senatorial Zones

Senatorial Zones	Number of SMEs	
Katsina	4,355	
Daura	2,412	
Funtua	2,211	
Total	8,978	

Source: SMEDEN, 2023

The table is the total number of registered Small Scale Businesses in Katsina State from the three senatorial zones of the state. However the data for the study is the number of SMEs in Katsina local government, the number of registered Small Scale Businesses in Katsina local government are 2.420, this is due to the fact that Katsina local government is the centre of socio-economic activities being the administrative capital of the state, where much of the economic activities are high. Also headquarters of all government establishments and also private establishments are situated in the local government.

Sample size Sampling Technique

The sample of the population was drawn through the sample techniques designed by Scott M. Smith with the use of a Confidence interval of 95%, standard deviation, Z-score, and margin of error. The Z-score of +1.96, standard deviation 5, and margin of error (confidence interval) of +/-5%

Sample Size = $(Z\text{-score})^2 - StdDev*(1-StdDev) / (margin\ of\ error)^2$

Sample Size = $(1.96)^2 - 5*(1-5) / (0.05)^2$

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Sample Size = (3.9416) *(0.25) / 0.0025

Sample Size = 394.16, 394 respondents were selected as samples to represent the population of this study.

Random sampling was used, which is a statistical technique used to collect data from a larger population by randomly selecting a subset of the population. This allows for an accurate representation of the entire population without having to collect data from every single individual. The goal of using random sampling is to obtain a representative sample that will provide reliable and unbiased results when analyzing the dataset. This helps to ensure that the data collected is a true reflection of the entire population and can be used to make informed decisions and draw accurate conclusions.

Method of data Collection

The research employed a self-administered questionnaire along with a structured instrument to gather information from participants. According to McMillan and Schumacher (2010), utilizing questionnaires is advisable when researchers are confident that respondents can adequately answer the questions posed. Closed-ended and scaled questions were thoughtfully implemented to collect data on the impact, streamline responses due to the multiple-choice format, and allow for easy categorization of the information.

Also one on one interview was employed to collect part of data, which was more insightful because of fruitful interaction. However the interview has its own demerits

Method of Data Analysis

As noted by Upton and Cook (2014), statistics involves the collection, organization, analysis, interpretation, and presentation of numerical data, which can then be utilized to address scientific, industrial, or social issues. Data analysis employs statistical methods to examine both numerical and qualitative data gathered through online or offline means, including polls, questionnaires, surveys, and interviews, or by analyzing existing statistical data more mathematically with computational tools. The results derived from this analysis can then be generalized across various groups or used to elucidate a specific phenomenon (Muijs, 2010; Babbie, 2020).

This research work utilized the chi square method of data analysis, which is a statistical technique used to determine the relationship between two or more variables. It is often used to compare observed frequencies with expected frequencies in order to determine if there is a significant difference between them. This method takes into account the sample size and the number of variables being analyzed (Agresti, 2018).

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Data Presentation

The data collected from the small scale business sampled out is collated, sorted, organized and presented for the purpose of data analysis for the study. The personal information of the respondents is presented in table 4.1.

Table 5.1: Personal Information of the respondents

SN	Items	Category	Number	Percentage (%)
1	Gender	Male	277	72.9
		Female	103	27.1
		Total	380	100.0
2	Marital Status	Single	118	31.1
		Married	209	55.0
		Divorced	31	8.2
		Widow	22	5.7
		Total	380	100.0
3	Age	18-25 years	52	13.7
		26-35 years	117	30.8
		36-45 years	142	37.4
		46-55 years	59	15.5
		56 years & above	10	2.6
		Total	380	100.0
4	Educational Qualification	Informal	64	16.8
		FSLC	86	22.6
		SSCE	88	23.2
		ND/NCE	78	20.6
		BSC/HND	64	16.8
		Total	380	100.0

The table 4.1 provides the personal information of the respondents, categorized into different variables. The table provides a breakdown of personal information of 380 respondents in a study on the effect of currency redesign and swap on small-scale businesses in Katsina. The results showed that majority of the respondents are male, accounting for 72.9% of the total respondents, while females make up 27.1% of the total. The majority of the respondents are married (55.0%), followed by singles (31.1%). The number of respondents who are divorced (8.2%) or widowed (5.7%) is lower. The majority of the respondents are in the age range of 36-45 years (37.4%), followed by 26-35 years (30.8%). The age groups 18-25 years, 46-55 years, and 56 years & above constitute 13.7%, 15.5%, and 2.6% of the total respondents, respectively.

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The largest groups of respondents have SSCE qualifications (23.2%), followed closely by ND/NCE (20.6%) and FSLC (22.6%). A smaller percentage holds BSC/HND qualifications (16.8%), while the smallest percentage of respondents has an informal education (16.8%). The study's sample comprises predominantly male respondents, with a significant number of married individuals. The age distribution skews towards the middle age groups, particularly those between 26 and 45 years old. Regarding educational qualifications, SSCE holders are the most represented in the sample. These demographic insights are crucial for understanding the characteristics of the respondents involved in the study on the impact of currency redesign and swap on small-scale businesses in Katsina Local Government Area.

Data Analysis

The data analysis for the study is presented in tabular form by providing insights into research objectives using percentages, descriptive statistics of mean and standard deviation while the hypothesis were tested for rejection or otherwise at 0.05 level of significance

Research Objective

To examine the effects of currency redesign and cash swap policy on the financial performance of small-scale businesses

Table 2: To examine the effects of currency redesign and cash swap policy on the financial performance of small scale businesses

SN	Items	Agree (%)	Undecided (%)	Disagree (%)	Mean	SDev
1	There is decrease in sales	336 (88.4)	09 (2.4)	35 (9.2)	4.05	0.764
2	There is reduction in profit	330 (86.8)	09 (2.4)	41 (10.8)	4.18	0.880
3	There is decrease in production	312 (82.1)	09 (2.4)	59 (15.5)	4.08	0.855
4	There is reduction in savings	330 (86.8)	25 (6.6)	25 (6.6)	3.99	1.003
5	Access to loan facilities has decreased	298 (78.4)	21 (5.5)	61 (16.1)	3.93	1.069
	Cumulative aggregate	1606 (84.6)	73 (3.8)	221 (11.6)	4.05	0.914

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The table 4.2 reports the results of a study investigating the effects of currency redesign and swap on the financial performance of small-scale businesses in Katsina. The study reveals that the majority of respondents (88.4%) agreed that there was a decrease in sales after the currency redesign and swap. Similarly, 86.8% of respondents agreed that there was a reduction in profit, and 82.1% agreed that there was a decrease in production. The study also found that 86.8% of respondents agreed that there was a reduction in savings, and 78.4% of respondents agreed that access to loan facilities had decreased. Overall, the majority of respondents (84.6%) agrees with the negative effects of currency redesign and swap on the financial performance of small-scale businesses.

The results of the study indicate that the currency redesign and swap had a significant negative impact on the financial performance of small-scale businesses in Katsina local government area. The decrease in sales, reduction in profit, and decrease in production suggest that the currency redesign and swap negatively affected the revenue and productivity of these businesses. The reduction in savings and decreased access to loan facilities also indicate that the currency redesign and swap had a negative impact on the financial stability of these businesses.

Hypotheses Testing

The hypotheses were tested at level of significance of 0.05:

Hypothesis one

H_o: There is no significant effect of currency redesign and cash swap policy on financial performance of small-scale businesses.

H_1: There is significant effect of currency redesign and cash swap policy on financial performance of small-scale businesses.

Table 3: Chi-square results of effect of currency redesign and cash swap on financial performance of small-scale businesses

Item	N	Chi-square	Df	p-value	Alpha	Decision
Effect of currency design on financial performance	380	89.804	16	0.000	0.05	Reject H_{01}

The chi-square test results presented in Table 4.7 show a significant effect of currency redesign and swap on the financial performance of small-scale businesses (p-value = 0.000, alpha = 0.05). The chi-square test result indicates that there is a significant effect of currency redesign and swap on the financial performance of small-scale businesses (χ^2 = 89.804, df = 16, $p < 0.05$). Therefore, we reject the null hypothesis (Ho) and accept the

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alternative hypothesis (H1). The null hypothesis that there is no significant effect of currency redesign and swap on financial performance of small-scale businesses is rejected. The alternative hypothesis that there is a significant effect of currency redesign and swap on financial performance of small-scale businesses is accepted.

Results from the Interview of respondents

1. Respondents in an interview were asked about the effects of currency redesign and swap on the financial performance of Small and Medium Enterprises (SMEs). The majority of respondents (60%) have been in the business for more than 10 years, while 40% have been operating for less than 10 years. Regarding the impact of currency redesign and swap, 70% of respondents agree that it has a significant effect on the financial performance of SMEs, while 30% have a contrary view. Overall, monitoring key financial indices before and after a currency change can help SMEs assess the impact and make informed decisions to mitigate any negative consequences on their financial performance.

Discussions

The results of the study indicate that currency redesign and swap had a significant negative impact on the financial performance of small-scale businesses in Katsina. This impact stemmed from challenges such as difficulties in managing cash flow, issues with pricing and profit margins, and a lack of support and guidance from authorities and financial institutions during the currency redesign and swap process. These challenges collectively contributed to a decrease in the financial performance of small businesses in the area, highlighting the need for strategic planning and support mechanisms to mitigate these adverse effects. This finding is consistent with previous research on the impact of currency redesign and swap on small-scale businesses in Nigeria. This study aligns with findings Guerra and Eboreime(2021) which established the impact of financial and economic crises on psycho-logical well-being.

The finding suggests that currency redesign and swap can have both positive and negative impacts on the financial performance of small scale businesses. While the currency redesign and swap can lead to reduced sales and consumer and condensed profits for some enterprises, it can also lead to reduced currency counterfeiting, encouraged a cashless economy, addressing cash hoarding that has led to reduction in the incidences of kidnapping and terrorism as well as strengthen the Naira against the US dollar in the long run term. Therefore, it is important for policymakers to consider the potential impacts of currency redesign and swap on small scale businesses and to put measures in place to mitigate any negative impacts by providing adequate information and support from government or regulatory agencies regarding the currency redesign or

swap, effective communication of the currency redesign and swap to suppliers, customers, and other business partners, efficient management of disruptions in supply chain and logistics during the currency redesign and swap.

The study found that currency redesign and swap had a significant negative impact on the financial performance of small-scale businesses in Nigeria. The decrease in sales, reduction in profit, and decrease in production suggest that the currency redesign and swap negatively affected the revenue and productivity of these businesses. The reduction in savings and decreased access to loan facilities also indicate that the currency redesign and swap had a negative impact on the financial stability of these businesses. These findings highlight the need for policymakers to consider the potential negative impact of currency redesign and swap on small-scale businesses and to develop policies that support the growth and development of these businesses

Conclusion

In conclusion, the study highlights the significant impact of currency redesign and swap on small scale businesses, and the need for adequate information and support, effective communication, efficient management of disruptions in supply chain and logistics, timely financial assistance and support, and little delay in payment processing and financial transactions to mitigate the problems associated with currency redesign and swap on small scale businesses. The currency redesign and swap have both positive and negative impacts on small-scale businesses. While they pose significant challenges, such as decreased financial performance, reduced customer satisfaction, and difficulties in managing operations, these challenges can be mitigated with appropriate support, guidance, and intervention from government, regulatory agencies, and financial institutions.

Therefore, it is essential for policymakers and stakeholders to implement measures to support small-scale businesses and ensure their resilience during currency redesign and swap initiatives. The study highlights the significant negative impact of currency redesign and swap on small scale businesses in Katsina local government area, but also the potential positive impact on financial management practices in small scale businesses. The study provides valuable insights and recommendations for policymakers and financial institutions to help small scale businesses navigate the currency redesign and swap challenges.

Recommendations

Based on the findings of the study, the following recommendations are suggested to mitigate the negative impacts of currency redesign and swap on small scale businesses in Katsina local government area:

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1. Government or regulatory agencies should provide sufficient information and support to small businesses regarding currency redesign or swap. This includes clear communication about the process, timelines, and potential impacts on businesses.
2. Small businesses should develop strategies to manage disruptions in the supply chain and logistics efficiently during currency redesign and swap to minimize delays and maintain customer satisfaction.
3. Government and financial institutions should provide timely financial assistance and support to small businesses to help navigate the currency redesign and swap challenges.
4. Small businesses should adopt robust financial management practices to manage cash flow, pricing strategies, and overall financial stability during currency redesign and swap.
5. Policymakers and regulatory agencies should develop a policy and regulatory framework that supports small businesses during currency redesign and swap, ensuring their sustainability and resilience during periods of economic transition.

By implementing these recommendations, small businesses can navigate the challenges posed by currency redesign and swap effectively and sustain their operations during periods of economic transition.

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