

THE ASSESSMENT OF PEOPLE'S PERCEPTION OF ENAIRA IN KANO MUNICIPAL

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ABSTRACT

This paper attempts to study and measure the people's perceptions regarding eNaira in Kano Municipal. A survey was used to collect the primary data by administering a questionnaire and 129 responses were received and analysed. A descriptive statistic was used on SPSS to analyse the data received and the data was presented on the table using frequency, and simple percentage. The results of the study show that people recognize eNaira, but do not know its value and perceive it as a cryptocurrency or an asset, that when you buy, will in the future increase in value. The research advised the Central Bank of Nigeria to engage in robust public orientation on the eNaira through media to change the mindset of people and encourage Small and Medium Enterprises to sign up and sustain the use of the eNaira Wallet.

Keywords: Assessment, Enaira, People, Perception.

I. INTRODUCTION

Recently, the way people exchange or make payments for goods or services in a community or nation are drastically changing from Trade by barter, where goods are exchanged for goods, or goods for services, to the use of Gold, Precious Metal Coins and Paper Money. Furthermore, with the emergence of digital technology, the nature of the payments system is now changing to digital technology. For example, People can now use Credit/Debit Cards, Mobile Money/internet banking, and Automatic Teller machines (ATM) for payment. Also, the use of paper money and coins are now replacing with digital currency. Digital currencies are those virtual currencies such as cryptocurrency and Central Bank Digital Currency, herein-after called CBDC that use to make electronic payments for goods or services. The idea of digital currency, in a broad sense, merges with the traditional features of money with the convenience of electronic transactions, the bank debit card being a leading example (Gilbert & Loi, 2018). The rapid development of electronic payment, especially mobile payment in China has provided the public with convenient and efficient retail payment services, which boosted the development of the digital economy, helped the public get used to digital payment, and created a higher demand for technology and new services (PBOC, 2021). It is also the same in Nigeria, where now people are getting used to cashless transactions by using mobile money, internet banking or Unstructured Supplementary Service Data (USSD) transfer and also other means such as Opay wallet, REMITA, mobile wallet etc. Although ensuring monetary and financial stability is defined as the duties of central banks, they have to keep up with new technologies with the decrease in the use of banknotes and changes in payment methods (Bozma & Akdag, 2021). CBDC will be the primary tool in the future digital economy, and countries that are conversant with the technology will have a competitive advantage (Leea, Yanb, & Wangc, 2021).

The central bank of Nigeria (CBN), in its role, to prove the safest form of money to the general public, and its commitment to transform society from a traditional payment system to technological and digital payment, on 25th October 2021 launched Nigeria's CBDC, named the eNaira as a legal tender, with inclusive payment. Therefore, CBDC serves as a practically costless medium of exchange, a secure store of value, and a stable unit of account (Bordo & Levin, 2017). The CBN considered mounting to digital currency after desisting Deposit Money Banks (DMBs) from transacting with cryptocurrencies/blockchains or entities dealing in cryptocurrencies. The Central Bank believes that cryptocurrencies such as bitcoins are issued by unknown and unregulated entities and there is a widespread use of cryptocurrencies for illegal activities (CBN, 2021). In this regard, the designing and mounting of the eNaira by the Central Bank of Nigeria are not enough to serve the purpose, but the recognition and acceptance by the intended users are imperative. The expression of intended

users' opinions will determine their stance and their willingness to accept or refuse the eNaira. The negative imagination or perception of the eNaira by the intended users are indicating their denial of it. On the other hand, the positive imagination or perception to use eNaira is aligned with the performance expectation of eNaira by the intended users. According to Kant, imagination is at the centre of human perception. Human receptive sensible capacities are responsible for the production of the images people have (Ozoemena & Rita, 2021).

The intended users of eNaira are banked, unbanked individuals and merchants, who are expected to put use of eNaira for their day-to-day financial transactions.

The importance of introducing the eNaira can also be viewed from the event of the COVID-19 pandemic, where there is a lockdown all over Nigeria, businesses were closed and the economy was hit badly by the pandemic. The Financial institution cannot issue cash unless virtual i.e., you can have access to your money deposit in the bank by using internet banking, mobile banking and other e-wallet services to make payment to or receive payment from a third party. People suffered especially those who didn't sign up for mobile/internet banking, getting cash to make payments became very hard for them. There was also queuing in the banks after the lockdown, withdrawing money from a bank or depositing cash at the bank became very hard and troublesome for the customers. Many small and medium enterprises barely survive the pandemic, these problems are widespread around the globe. The problems are also the factors that influence countries to act proactively in the acceptance of digitization and accelerate the interest for central banks to study CBDC (Chuen Lee Kuo, 2021).

However, the main objective of this study was to evaluate the perceptions of the People of Kano Municipal on eNaira, specifically the perceptions of people in regards to the value of eNaira; cryptocurrency or asset; recognition of the existence of eNaira; and also find out if they can differentiate traditional Naira and eNaira.

II. LITERATURE REVIEW

CBDC is neither a cryptocurrency nor a new technology, but rather a natural evolution of money to cope with rapid technological progress (Tentori, 2021). According to Bordo, et al (2017), CBDC can serve as a practically costless medium of exchange, a secure store of value, and a stable unit of account. To achieve these criteria, CBDC would be account-based and interest-bearing, and the monetary policy framework would foster true price stability. The implications of such a digital currency are explored, focusing on the central bank, monetary policy, the banking system and financial stability, and payments (Engert & Fung, 2017). If banks have market power in the deposit market, a CBDC can enhance competition, raising the deposit rate, expanding intermediation, and increasing output (Jiang, 2019). According to Kim (2016), digital currency is first decentralized, eliminating the need for complicated and time-consuming procedures. It can effectively save time and reduce transaction fees (Ali et al., 2014).

CBDC can be defined as electronic central bank money that (i) can be accessed more broadly than reserves, (ii) potentially has much greater functionality for retail transactions than cash, (iii) has a separate operational structure from other forms of central bank money, allowing it to potentially serve a different core purpose, and (iv) can be interest bearing, under realistic assumptions paying a rate that would be different from the rate on reserves (Koumbarakis & Dobrauz-Saldapenna, 2019).

The decision of a central bank to engage in the issuance of a CBDC will require an assessment of the value it brings and the opportunities such a system can create to pursue and achieve its main objectives (Popescu, 2021). Fabian, et al (2022) in their research on E-Naira Digital Currency and the Financial Performance of Listed Deposit Money Banks in Nigeria concluded that the adoption of Central Bank Digital Currency (CBDC) has a significant relationship with the financial performance of listed deposit money banks in Nigeria. Chukwuere (2021), in his paper, titled the eNaira - Opportunities and Challenges found that the eNaira presents some opportunities for the central bank of Nigeria (CBN) and customers (Nigerians). It assists customers to access their money quickly, and CBN can monitor and control transactions and many more. Also, the study discovered that eNaira faces trust and many other challenges, but the existing challenges must be addressed for the opportunities to be derived.

Moreover, countries should carefully analyze the legal basis of CBDC if they decide to implement this digital means of payment. Andrew Rizk (2022) suggested that CBDC would need to be addressed before its issuance as first, it does not appear to have "currency" status, second, most central bank laws do not authorize CBDC to be issued to the general population, and finally, in terms of Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regulations, the level of anonymity established for CBDC will decide whether or not these regulations need to be revised.

Esoimeme (2021) in his research on a Critical Analysis of the Effects of the Central Bank of Nigeria’s Digital Currency Named eNaira on Financial Inclusion and AML/CFT Measures conclude that “a poor culture of compliance” and “employee fraud and money laundering” as factors that could weaken the CBN’s anti-money laundering regime for the eNaira if left unchecked. Abdulmutallib & Bashir (2022) investigation shows that the eNaira application is on Cloudflare, Cloudflare is a remote proxy for web servers, mostly to protect data from Distributed Denial of Service (DDoS) attacks, but if an application is hosted on a shared hosting environment, Cloudflare can fail in serving its purpose, also downtime is a major that could affect the functions of an application, furthermore, the option of securing an application is limited.

III. BENEFITS OF ENAIRA IMPLEMENTATION

The CBN outline the followings benefits of the eNaira, which was intended to impact positively on Nigeria and Nigerians:

- (i) Improving the availability and usability of Central Bank money
- (ii) Supporting a resilient payment system ecosystem
- (iii) Encouraging financial inclusion
- (iv) Reducing the cost of processing cash
- (v) Enabling direct welfare disbursements to citizens
- (vi) Increasing revenue and tax collection
- (vii) Facilitating Diaspora remittances
- (viii) Reducing the cost and improving the efficiency of cross-border payments

eNaira Wallet Tiers and Transaction Limit

The eNaira was designed by CBN as a system that can be accessed by all Nigerians and transact with it based on two types of wallets i.e., individual wallet (account holders and non-account holders) with a limited transaction; and the merchant wallet, which means for corporate account holders with no transactions limit. The eNaira Tiers was built on the Know Your Customer (KYC) structure as indicated in the following table.

Table 1: Individual Wallet Tiers and Limit

Tiers	Category	Requirement	Daily Transaction Limit (eN)	Daily Cumulative Balance (eN)
0	Non-Bank Account Holders	Telephone number (awaiting NIN verification)	20,000	120,000
1	Non-Bank Account Holders	Telephone number (NIN verified)	50,000	300,000
2	Bank Account Holders	BVN	200,000	500,000
3	Bank Account Holders	BVN	1,000,000	5,000,000

Source: CBN Regulatory Guideline of eNaira

0-Tier: The CBN provide an opportunity to non-account holder with a daily transaction limit of eN20,000:00 and daily cumulative balance of eN120,000:00, if the customer possesses a mobile number that is waiting for National Identification Number (NIN) verification as an identifier.

1st-Tier: This is also for a non-account holder who has a NIN-verified mobile number to have a chance of a daily transaction limit of eN50,000:00 and a daily cumulative balance of eN300,000:00.

2nd-Tier: This tier gives chance to a bank account holder who has a Bank Verification Number (BVN), with a

daily transaction limit of eN200,000:00 and a daily cumulative balance of eN500,000:00.

3rd-Tier: This tier also gives chance to a bank account holder who has a Bank Verification Number (BVN), with a daily transaction limit of eN1,000,000:00 and a daily cumulative balance of eN5,000,000:00.

Table 2: Merchant Wallet Limit

Category	Requirement	Daily Transaction Limit(NGN)		Daily Cumulative Balance (NGN)
		Send	Receive	
Bank Account Holders	BVN, TIN and Bank confirmation	No Limit	No Limit	No Limit (with auto sweep trigger)

Source: CBN Regulatory Guideline of eNaira

Table 2 shows that the merchant must be a bank account holder and own a BVN and TIN and there must be a Bank confirmation, if the merchant certified these requirements, he/she can sign up with a merchant wallet and has no transaction limit of sending or receiving eNaira and also no limit in daily cumulative balance.

IV. RESEARCH METHODOLOGY

The researcher used a random sample technique in collecting responses from the target groups and was able to receive a valid 129 responses from the sample. The questionnaire was used and administered online using google Docs. The responses received from the sample, on perceptions of people of eNaira in Kano Municipal were analysed/evaluated on the SPSS tool using descriptive statistics. The descriptive statistics suggested the frequency of the respondents, the percentage and the valid percentage of the responses.

Accordingly, to identify the specific group of people's perceptions, The researcher categorised the respondents into Small and Medium Enterprise (SME) Owners, Households, and Students. The researcher selected a sample from WhatsApp groups, which comprise community groups. Moreover, the link to the questionnaire was sent to the groups i.e., personal messages, community groups, and other groups.

V. RESEARCH ANALYSIS

This part was designed to present the statistical Package for the Social Sciences (SPSS) analysed results on the Gender distribution, categories of the respondents, and the perceptions of people to eNaira and also to interpret the results:

Table 3: Gender

		Frequency	Percentage	Valid Percentage	Cumulative Percent
Valid	Female	27	21	21	21
	Male	102	79	79	100.0
	Total	129	100	100.0	

Source: Results of data analysis, 2022

Table 3 shows the Gender result of frequency portfolio analysis. It was found that out of the total responses received, 27 respondents representing 21% are Female and 102 respondents representing 79% are males. Therefore, based on the responses received on gender, the male responded more to the questionnaire than the female.

Table 4: Category

		Frequency	Percentage	Valid Percentage	Cumulative Percent
Valid	Households	57	44	44	44
	SME Owners	42	33	33	77
	Students	30	23	23	100.0
	Total	129	100	100	

Source: Results of data analysis, 2022

Table 4 was designed to analyse the responses received based on the categories. 57 respondents representing 44% are Households, 42 respondents representing 33% are SME Owners and 30 respondents representing 23% are students. Therefore, most of the respondents to the questionnaire are Households followed by SME Owners and Students responded less to the questionnaire.

Table 5: Perception of the existence of eNaira

		Frequency	Percentage	Valid Percentage	Cumulative Percent
Valid	No	19	15	15	15
	Yes	110	85	85	100.0
	Total	129	100.0	100.0	

Source: Results of data analysis, 2022

Table 5 was designed to analyse the responses received concerning the perceptions of people to recognize the existing eNaira. 19 respondents representing 15% responded to No, while 110 respondents representing 85% responded to Yes. This shows that people in Kano Municipal Local Government Area are aware of the existence of the eNaira.

Table 6: Perception between eNaira and traditional Naira

		Frequency	Percentage	Valid Percentage	Cumulative Percent
Valid	No	39	30	30	30
	Yes	90	70	70	100.0
	Total	129	100	100	

Source: Results of data analysis, 2022

Table 6 was designed to analyse how far the people in Kano Municipal can distinguish between traditional Naira and eNaira. It was noted that 39 respondents representing 30% responded to No, while 90 respondents representing 70% responded to Yes. The results, therefore, indicate that people in Kano Municipal Local Government Area can distinguish eNaira and Traditional Naira.

Table 7: Perception of the value of eNaira

		Frequency	Percentage	Valid Percentage	Cumulative Percent
Valid	No	72	56	56	56
	Yes	57	44	44	100
	Total	129	100	100.0	

Source: Results of data analysis, 2022

Table 7 was designed to capture the perception of the people in Kano Municipal to the value of eNaira. It was reported that 72 respondents representing 56% responded to No, while 57 respondents representing 44% responded to Yes. The results show that people in Kano Municipal Local Government Area have no full information about the value of the eNaira.

Table 8: Perception of eNaira as a cryptocurrency/asset

		Frequency	Percentage	Valid Percentage	Cumulative Percent
Valid	No	54	42	42	42
	Yes	75	58	58	100
	Total	129	100	100	

Source: Results of data analysis, 2022

Table 8 was designed to find out if the people in Kano Municipal perceive eNaira as a cryptocurrency or asset. It was noted that 54 respondents representing 42% responded to No, while 75 respondents representing 58% responded to Yes. Therefore, the results indicate that people in Kano Municipal perceived eNaira as a cryptocurrency or asset.

VI. FINDING

It was found that public perceptions are imperative in making government policy, and the research proves that 85% of the people know the existence of the eNaira, 70% of the people can distinguish eNaira from the traditional Naira, 56% of the people do not know the value of eNaira and 58% of the people consider eNaira as cryptocurrency or asset in Kano Municipal.

VII. CONCLUSION

This research concluded that people recognize eNaira, but do not know its value and perceive it as a cryptocurrency or an asset, that when you buy, will in future increase in value. This research was also able to give a brief introduction of the problem under research and some important issues were researched and discussed under the literature review so that to give an insight about the topic to the reader. The research was limited to Kano Municipal, a Local Government Area in Kano State, Federal Republic of Nigeria. Therefore, future research should be expanded to the State or the country at large so that to robustly research the opinions of people in regards to eNaira and it is imperative to conduct another research to assess the impact of eNaira on the People.

VIII. RECOMMENDATIONS

The Central Bank of Nigeria, to ensure the effective use of the eNaira among the people, in collaboration with other financial institutions, should conduct a robust one-to-one eNaira orientation campaign, like conducting a visual message through social media to educate the public about the functions and importance of eNaira, and also employ a short-term buying incentive to motivate people to use the eNaira Wallet in settlement of their bills.

The Central bank of Nigeria, to ensure the effective use of the eNaira, should consider encouraging Small and Medium Enterprises to sign up and sustain the use of the eNaira Wallet as they are the dominants of the markets and contributors to economic development.

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