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Incidence of Naira Redesign on Households Real Income and Consumption Behaviour in Abeokuta South Local Government, Ogun State Nigeria

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Abstract

The research examined effects of Naira redesign on households' real income and consumption behaviour in Abeokuta South LGA, Ogun State. Structured questionnaires were used to collect data. Cluster sampling technique was used to divide households in the study area into blocs/clusters given their similarities in socioeconomic lifestyle with little or no peculiarities. A sample size of 226 households was drawn. Research results showed that the policy has a negative effect on both real income and consumption behaviour of households in Abeokuta South LGA. The study recommends that government should embark on phasing out old Naira notes on a gradual basis, while ensuring that the released newly minted notes matches the quantity of mopped out old currency. The CBN should ensure that adequate information is disseminated, while giving ample time to adjust to the new development so as to avert unwarranted hardship.

Keywords: Naira redesign, Household real income, Consumption behaviour

JEL Classification: D1, J17

1. Introduction

Redesigning currencies, which is an act of modifying the characteristics of the national currency by the central bank of the country, is a monetary activity carried out by sovereign nations, (Aroghene, & Aroghene, 2023). The act of replacing old circulating currency in the country broadly comes with the aim of impacting socio-economic growth (Onimisi, 2023). Among others, currency redesign helps as a tool to channel back money that are not within the banking system, while increasing its security by keeping counterfeiting at check and guide against threats. Further, currency redesign promises financial inclusion, (Kamba & Bello, 2023; Onimisi, 2023). Given the positive impacts of currency redesign, the financial best practices mentioned that expectedly, Nigeria should modify or improve its currency at the intervals of five and eight years, (CBN, 2012). In consequence, redesigning of the Naira notes represent an improvement towards stability, prosperity, and economic expansion, (Agi, 2003). On the recommendation of its Board, the Nigeria's Apex bank is empowered by Sections 18a and 18b of the CBN Act, approved by the President, to issue, reissue and redesign the form of the country's banknotes, (CBN, 2015).

The latest Naira redesign policy plan, announced on October, 26th, 2022 by the CBN basically targeted denominations from N200 notes and above. A tight deadline of January 31st, 2023 was given to holders of the old notes to be taken to banks, (Otitoju, Safugha, & Chukwu, 2023). As these higher currency notes represents the bulk of total amount of money in circulation, the withdrawal led to a significant decline in the available cash within the economy, (CBN, 2020). Nigerians rushed to deposit the old notes with the banks so as to avoid expiration of the old notes with them in the face of the short deadline instituted by the apex bank, (NESG, 2023). The deficit created by the evacuation was not matched by the amount of the newly designed notes that was eventually circulated by the Central Bank. By the end of the year in December 2022, the agony of Naira shortage in the country was intense. The toll taken by this was devastating as several Nigerians were left with extremely little or no cash for neither transaction nor precautionary purposes, (NESG, 2023).

The currency redesign implementation predisposed households to hardship through limited timing and shortage of fund in the circulation, (Muhammed & Abdulmajeed, 2022). It was almost impossible for people to take care of their basic financial needs. Deposit Money Banks (DMBs) were pressured up by long unending queue of customers who wanted cash to meet up with their family needs, (Otori, 2022). Daily economic activities were significantly affected, caused by the time spent by productive masses while trying to obtain new notes, with the cash crunch further breeding the emergence of parallel market where outrageous charges were imposed on customers that were desperate in need of cash from local money-changing agents and Point-of-Sale agents, (Otori, 2022; Otitoju, *et., al*, 2023; Amachree, 2024). Women, known to be major provider in most households, were significantly affected by the implemented policy, (Fawole & Adeoye, 2015). The large proportion of Nigerian women, 82.1% of which actively participates in the informal sector, such as agriculture and small businesses, and are mostly the ones that provide essential source of livelihood for their households, (World Bank, 2022). The Naira redesign policy had severely obstructed their daily businesses and impaired on their ability to provide for their families. This disrupted economic activities, by no means, also translates to a loss to the economy, (Otori, 2022). Generally, the policy implementation period was characterized by reduction in households' consumption level and pattern, not as a result of income reduction or rise in price level in the economy, but rather as caused by unavailability of cash and inaccessibility of fund in the bank, (NESG, 2023; Nwaezeihenatuoha, 2023). This is in spite of the fact that the CBN gave a ten days' extension for the old currency to be used for transactions from January 31st, 2023 to February 10th 2023, (Jaiyeola, 2023). The daunting challenges caused by the twin effect of limited timing and insufficient replacement of cash in circulation which created social tension, therefore call to question the essence of the Naira redesign policy, (Obilor, 2023).

There have been several scholarly works on the last Naira redesign policy in Nigeria. However, the focus of these studies eludes the direct impact felt by households especially in the areas of their real income and consumption pattern, which this study addresses. While some of these studies worked on how Nigeria is being affected by various currency redesign policies in the country as whole, (Muhammed & Abdulmajeed, 2022; Iwedi, Wachuku, & Court, 2023; Otitoju, Sunday, Abiola & Abudu, 2023), some of them were specific on the policy effect on Micro and Small Scale industries in the country, (Otitoju, Safugha, Vincent

& Chukwu, 2023; El-Yaqub, Musa, Magaji & Ashemi, 2023). Others studied the impact of such policies on individual states across the country, (Obilor, 2023; Soom, Humbe & Musa, 2024; Ngozi, 2024).

The research questions following from the above therefore is; does the Naira redesign policy have impact on households' real income and consumption behavior in the study area during the period of implementation?

The research is motivated, in part, to bring to light the impact of the implemented policy on the social and economic wellbeing of Nigerians, while taking a position on whether the adopted approach by the CBN was adequate and justifiable, or otherwise. It is also the intent of the research to provide insight and guidance into a pragmatic way to implement such monetary policy in a large country like Nigeria. The research objective therefore, is to determine the impact of Naira redesign policy on households' real income, using a case study of Abeokuta South local government in Ogun State. The research also examined how the policy impacted households' consumption behaviour in the study area

2. Literature Review

Currency Redesign and its Evolution in Nigeria

Currency redesign entails altering the appearance or design of a nation's fiat, including changes in value, size and color, along with modification of security elements like holograms, watermarks, and serial numbers, (Kamba & Bello, 2023). A nation undergoes currency redesign in the good interest of its sovereignty, to strengthen and safeguard its currency, withdraw outdated coins and banknotes from circulation followed by the issuance of new currency, and to update its design so as to align with the historical, political and economic relevance in the nation, among others, (Salihu & Abubakar, 2023). The act of redesigning the currency of a nation has influence on money supply which in turn, has implication for inflation rates, exchange rates, economic growth, economic stability and other macroeconomic variables in the country, (Keynes, 1936). Hence the need for thorough and extensive deliberations on the policy's effect on the economy before the implementation.

Currency usage in Nigeria started prior to colonization when trade was made using different objects such as cowries, manilas, beads, bottles and salt, (CBN, 2015). The colonial rule came with the advent of the first generally accepted currency in the forms of "Shillings and Pence" in in Nigeria and the British West Africa, (Pillah, 2023). The country's currency was initially denominated into a shilling, penny and various proportions of the penny, while the distribution was supervised by the Bank of England, (CBN, 2015). The Nigeria's Apex bank commenced the issuance of Nigerian denominated currencies on July 1st, 1959, with its alteration to reflect Nigeria's republican status on July 1st, 1962, (Sodiq, 2023). However, in response to the financial improprieties during the Civil War in 1968, new notes were further issued, (Daniel & Ubi, 2023). The country's primary monetary unit was changed from £1 to one naira with the kobo as the minor unit in 1973. While a new ₦20 was introduced in February 1977, new currency denominations of ₦1, ₦5, and ₦10 were introduced in July 1979 with the pictures of three prominent named national heroes on them, (CBN, 2022). The excessive currency trafficking experienced in the country led to the colour change of all banknotes in the economy in April 1984. While the year 1991 witnessed the conversion of the 50 Kobo and ₦1 notes into coins, ₦100, ₦200, ₦500 and ₦1000 were introduced between 1999 and 2005, (Dada, 2023). The polymer substrate versions of some of the lower denominations were later released in the following years, (Abubakar &Yandaki, 2022).

In order to complement the national currency, Nigeria introduced the e-Naira, which is a virtual form of the fiat Naira. This currency version, referred to as Central Bank Digital Currency (CBDC), was introduced to imbue transactional flexibility, support and broaden financial inclusion in the country, (Peterson, 2023). E-Naira has an exclusive and remarkable operational structure. It is stored in digital wallet or virtual storage from where it can be used for transactions. This feature distinguished it from the physical money whose transactions require handling by the banks. The wallets are with various Deposit money banks and overseen by the Central Bank of Nigeria, (CBN, 2021).

The Nascent Naira Redesign Policy

The last implemented currency redesign policy by the CBN, was sanctioned by the federal government, in order to enhance the Central Bank to have better authority over the circulating money supply, while the former CBN governor also emphasizes on the potency of the control the CBN will have over the amount of new notes in circulation after being introduced, (NESG, 2023). Banknotes hoarding and the rising shortage of standard and clean banknotes which have heightened the proliferation of counterfeit currencies in the country, also made the Naira redesign necessary, (**Otori,** 2022). About four weeks following the decision to redesign the Naira the President, Muhammadu Buhari, unveiled the newly redesigned banknote in denominations.

There were dimensions against and in support of the redesign policy from various quarters. The Finance Minister, Zainab Ahmed, initially confirmed the unawareness of her ministry about the plan by the CBN to redesign the banknotes, (Iroanusi, 2022; Monye, 2024). From the perspective of politicians, the new policy seemed to be politically motivated, especially when the 2023 general elections were in sight, (Aliyu, Ikedinma, & Oluwatayo, 2023). Analysts were of the opinion that this move would disrupt the plan of some political parties to use stored cash to buy votes especially those of the corrupt politicians who have been proved to have stashed good proportion of the nation's circulating Naira notes in their vaults. Idris, *et. al,* (2023), established that approximately 3 trillion of the circulating fund were not within the control of the bank, and cannot be tracked. For the banking sector, which has reportedly lost grip of the circulating money within the country, the policy is expected to aid in regaining it, (Muhammed & Abdulmajeed, 2022).

Theoretical Review

The neo-quantity theory rendered by Irving Fisher, (1930), posits that the relationship between the supply of money and its demand jointly determines its value. This thus, accents on the role money plays when transaction is made and thereby justifies the reason for its demand. Inflation tends to rise when the quantity of money increases. At a stable transaction level in the economy and unchanged money velocity with respect to the stock of money, a change in money supply directly impacts price of goods. This relationship is vice versa such that when price level rises in proportion to increase in the quantity of money, real economic activities in the system slightly experiences the change in both money supply and price and services.

The Keynesian theory of monetary policy has been known to be a framework for understanding the impending implication of alterations in money supply within the system on both micro and macroeconomic indicators. The theory details how the overall economic activities within a system, are impacted by the monetary policy synergy, (Bernanke, 2020). With respect to the redesign policy, this implies that alteration in the supply of money due to currency redesign can sway aggregate demand, influencing consumer spending and business investments. The theory also indicates that such redesign initiatives have the tendency to impact interest rates, with potential ramifications for borrowing costs. Also, employment levels and overall income becomes susceptible to shifts in aggregate demand as triggered by alterations in currency design. In the overall, the Keynesian model suggests that changes in aggregate demand can ripple into fluctuations in overall economic output. The effectiveness of the redesign's monetary policy, therefore, hinges on implementation strategies, communication, and accompanying policies that would shape public and business responses appropriately, (Nmorsi, Nkechukwu, & Asiagwu, 2024).

The Hicks IS-LM model propounded in 1937 is an extension of the Keynesian theory, (Keynes, 1936), emphasizing the determination of real interest rate and income by the joint forces of goods and money markets. The theory elucidates the interplay between the money and commodity markets, incorporating savings, investment, liquidity preference, and fund availability to ascertain the interest rate and real income through the IS-LM curves. The IS curve incorporates savings and investments in the commodities market, while the LM curve combines the availability of funds and the inclination towards liquidity, (Blanchard & Johnson, 2013). Equilibrium income level and interest rate are reflected on the IS curve showing the combinations in the goods market, while the LM curve shows equilibrium combinations in the real money balance market. Examining the interest rate effects of monetary policy adjustments at a given income level reveals how the availability of real money balances influences the equilibrium interest rate.

It is pertinent to mention that this research is underpinned by the quantity theory of money which posits that any alteration in the supply of money will impact or alter the general level of prices in an economy. This is because when the currency of a nation is redesigned, the money supply in circulation is altered through the introduction of new banknotes or denominations.

Empirical Review

Nwachukwu & Nwogu (2022), in their research on how the currency redesign policy impacted on business marketing in Port Harcourt, designed and distributed questionnaires to approximately 7’000 business respondents from the Business Platform list in Rivers state. A sample size of 378 businesses was drawn through the use of Taro Yamane sampling technique, while the tool of analysis was the Spearman rank correlation test. The policy was found to enhance cash availability to businesses, while fostering increased consumer patronage, resulting in sales growth while contributing to business profitability.

Iwedi, Wachuku & Court, (2023) worked on Naira redesign and economic growth in Nigeria while determining its policy implications. The research found that the essence of redesigning some of the naira notes in 2022 centered on the apex banks intention to get rid of counterfeiting and hoarding of money in circulation while controlling inflation level in the country. The research, however, mentioned that Naira redesign may not be the solution to the current topical issues in the economy.

Nmorsi, Nkechukwu & Asiagwu, (2023) researched into the impact of cash crunch on the economy of Nigeria utilising series spanning 1981 through 2022. Various econometric tools were employed to achieve the research objectives. Inflation rate was found to have adverse effect on economic growth. The same relationship was also found to exist between cash crunch and economic expansion, during the study period.

Odior & Shodeinde (2023) investigated the policy implications of currency restructuring exercise with the aim to reviewing the composition, rationale, and anticipated benefits of the exercise by the Central Bank on the Nigerian economy. The research investigated the impact of Project CURE on the exchange rate policy. The findings of the study revealed that the Naira redesign exercise has the capacity to increase the amount of money in circulation and subsequently influence the rate of inflation. Furthermore, the restructuring exercise may introduce foreign currency liquidity risks into the economic landscape. A heightened focus on stabilization of the Naira and emphasis on the importance of aligning fiscal and monetary policies, were recommended.

Dada (2023), investigated into how implementation of the Naira redesign policy affects the performance of various industries in Nigeria. The study data were gathered through the use of virtual questionnaires/forms, from February through March 2023. The research randomly drew a sample size of 514 businesses across industries in the six geo-political zones and the FCT, ranging from micro to large-scale enterprises. Findings unveiled that in the short term, the policy had a negative impact on the performances of industries. This manifested as a disrupted access to funds, poor patronage, insufficient marketing and reduction in investment returns. The policy, however, demonstrated positive effects of reducing counterfeiting, removal of cash hoarding, reduction in incidents of kidnapping and terrorism and bolstering the Naira against the US dollar, in the long run.

Thompson, Kanumuangi, Aduradola, & Raheem, (2023), investigated implication of the Naira redesign policy on healthcare services of pregnant and nursing mothers in Abeokuta, Nigeria. Data were primarily gathered through interview, from 10 purposively selected women who registered for antenatal and/or postnatal clinics across various community clinics in Abeokuta. The participants, aged between 18 and 42, were chosen based on their pregnancy or nursing status, consent, and willingness to participate. In addition to descriptive analysis, data evaluation also involved the use of thematic analysis. Findings revealed that women on maternity care were faced with various challenges due to the naira redesign, including cash scarcity, logistic difficulties to and from healthcare facilities, encountered hardships in purchasing drugs, medications and food items, hurdles in accessing medical services and high living costs.

Saliu and Abubakar (2023) investigated the effects of Naira currency redesign on residents' socio-economic development in Kebbi State. The research involved the use of questionnaires distributed among 200 residents in the State Metropolis. Understanding how the policy influenced economic activities and gauging public perception. The study discovered that the policy had a reinforcing effect on inflation rate thus leading to a decrease in trust held by the citizens and businesses in its implementation. The research, however, found that residents supported implementation of the policy given its ability to promote an economy where less cash will be held by individuals and businesses.

3. Methodology

Research Design

Cluster sampling technique is used in this study. The study area, which is Abeokuta South Local Government, was divided into various towns as blocs or clusters. This is because households' in Abeokuta South local government are similar in socioeconomic lifestyle, and exhibit little or no peculiarities, therefore causing households within a cluster to have similar features, (Cochran, 1977). Hence, the amount of information pertinent to each household does not increase substantially as new measurement is taken within a cluster but does between clusters. To specify the appropriate frame of clusters, the study ensures that number of households within a cluster is relatively smaller to the population size, (Cochran, 1977). A simple random sampling of clusters is thereafter conducted on the frame, ensuring that number of clusters in the drawn sample is reasonably larger. The final household sample size used is thus estimated. The main data collection method involved the administration of structured questionnaires that was designed in line with the research objectives, contributing literature and the underpinning theory, in order to obtain data from selected households. The questionnaire consists of close-ended questions and includes sections ranging from household demographics, income sources, expenditure patterns and perceptions about the Naira redesign, so as to capture any changes in financial behavior.

Sampling Technique

Abeokuta South Local Government area consist of 3,618 households with each bloc/cluster consisting a range of 241 households, (UNSR, 2024). In order to ensure a reasonable coverage of the study area, two-third of the frame (10 blocs) is selected using the Random Sampling method. The drawn sample size is estimated thus;

$$n = \frac{NS^2}{ND+S^2}$$

$$where\ D = B^2\bar{M}/4 \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad 1$$

Where n = sample size; N = Number of cluster in the population; S^2 = Cluster variance; D = Level of precision; B = Bound on error of estimate at 2-std deviation[1] and $\bar{M}$ = Average cluster size in the population. The sample size is calculated at approximately 226 households.

[1]Chebyshev's theorem indicates that when ¾ of the sample mean differs from the population mean by less than 2σ of the sample mean, then about 75% of the observation representing the sample size falls within range, leaving the minimum bound at 25%, (*Chebyshev, 1854).*

Method of Data Analysis

The demographic features of respondents were examined through the use of descriptive analysis involving averages and percentages. Regression analysis was employed in examining the impact of Naira redesign on households' real income and on their consumption behavior. This is line with the works of Nwafor, (2018) and Muhammed & Abdulmajeed, (2022).

This study specifically follows the work of Nwafor, (2018) where economic growth in Nigeria was regressed on Naira Redesign. Therefore, to achieve the specific objectives of the study, the functional relationships between variables of interest are as specified;

Household Real Income = f(Naira Redesign) ………………………………………………. 2
Household Consumption Behaviour = f(Naira Redesign) ….………………………………..3

The estimated form of eq2 and eq3 are explicitly specified below

$HRI = \beta_0 + \beta_1 NR + \epsilon_1$ ……………………………………………………..…………...…. 4

$CB = \theta_0 + \theta_1 NR + \epsilon_2$ ……………………………………………………….…………….…. 5

Where HRI = Household Real Income; CB = Consumption Behavior of households; NR = Impact of Naira Redesign; β_0, β_1, θ_0, θ_1 = Estimated coefficients capturing intercept and slope coefficients of the independent variables; ϵ_1 and ϵ_2 = Error terms

4. Results

Descriptive Analysis
Out of the two hundred and twenty-six (226) questionnaires that were administered among civil servants, artisans, business owners, and pensioners who comprised the respondents in the study area, one hundred and eighty-nine (189) were recovered. This implies 83.6 percent rate of return. The demographic analysis of target households is as shown in Table 1.

The demographic Table shows that about 45% of the respondents in the study area are in the age bracket of 35–54 years while those in the age bracket of 18-34 years is 27.5%. This imply that about 73% of the households fall within the age bracket of bearing household responsibilities while the remaining 17% may be categorized as dependents. Households in the study area comprised majorly of female, having a representation of about 71%. The study also revealed that 87.2% of residents of Abeokuta South LGA are actively engaged in one economic activity or the other. Specifically, 46% are civil servants, 29.6% are private business owners while 11.6% are individual investors. The remaining 12.7% represents those that depends on government supports and other means of survival. About 51% of the residents have a household size of between three and four people, with residents with household size of three and four representing 31.2% and 20.1%, respectively. Others have household sizes of between one and two people.

Households with tertiary education represents only 31.2% while those with less than Primary school education represents 16.9% of the respondents. However, almost 52% of them passed through Elementary and Secondary school trainings. Households earning the highest income of above N100’000 represents only 20.1% while those earning the lowest income of less than N20’000 represents 15.3% of the respondents. Almost 64% of the respondents earn between N20’000 and N100’000. Residents’ income earning pattern is, therefore, an indication of their level of educational attainment.

28% strongly assent that naira redesign has decreased their households’ purchasing power, while 25.9% agreed. However, 46.1% disagreed. Also, the opinion of about 24.3% of the household strongly aligned with the fact that the policy has made it more challenging for their households to achieve their financial goals, and 35.5% agreed to this. Meanwhile, 40.2% disagreed were of contrary opinion.

Table 1: Demographic Analysis

Variable	Sample Composition	Frequency	Percentage
Age	*18-34*	52	27.5
	35-54	85	44.9
	55-64	39	20.6
	65 and above	13	6.9
Gender	*Male*	54	28.6
	Female	135	71.4
Primary Source of Income	*Civil Servant*	87	46.0
	Business Owners/self employed	56	29.6
	Investment	22	11.6
	Government support	9	4.8
	Others	15	7.9
Household Size	*1*	24	12.7
	2	42	22.2
	3	59	31.2
	4	38	20.1
	5 or more	26	13.8
Average Monthly Households Income	*Less than 20,000*	29	15.3
	20,000-50,000	58	30.7
	50,000-100,000	64	33.9
	100 and above	38	20.1
Respondent Level of Education	*Less than Primary School*	32	16.9
	Primary Education	47	24.9
	Secondary Education	51	26.9
	Tertiary Education	59	31.2
	Total	*189*	*100*

Note: Sample size(n) = 226
Source: Field Survey, 2024.

Table 2 and 3 discusses the responses to key variables to the research specific objectives, as presented below. The survey revealed that 37.6% of respondents strongly assent that that redesign policy led to a decrease in their household's real income, 18.5% agreed, while 25.9% and 17.9%, disagreed and strongly disagreed, respectively. 66.1% generally agreed that goods and services prices had rapidly increased, resulting from the implementation of the policy, while 18.5% and 15.3% disagreed and strongly disagreed, respectively.

Table 2: Responses to Key Variables on Naira Redesign and Households' Real Income

Opinion	Household Income	Increased Price Level	Reduced Purchasing Power	Reduced Consumption
Strong Assent	71 (37.6%)	77 (40.7%)	53 (28%)	46 (24.3%)
Agreed	35 (18.5%)	48 (25.4%)	49 (25.9%)	67 (35.5)
Disagreed	49 (25.9%)	35 (18.5%)	47 (24.9%)	44 (23.3%)
Strong Dissent	34 (17.9%)	29 (15.3%)	40 (21.2%)	32 (16.9%)

Source: Field Survey, 2024.

Table 3: Response to Key Variables on Naira Redesign and Household's Consumption Behaviour

Opinion	Prioritization of Spending	Reduced Consumption of Luxury Items	Increased Consumption of Cheaper Brands	Reduced Shopping Rate
Strong Assent	49 (25.9%)	47 (25.9%)	54 (28.6%)	39 (20.6%)
Agreed	60 (31.8%)	86 (45.5%)	70 (37%)	63 (33.3%)
Disagreed	42 (22.2%)	24 (12.7%)	47 (24.9%)	56 (29.6%)
Strong Dissent	38 (20.1%)	30 (15.9%)	18 (9.5%)	31 (16.4%)

Source: Field Survey, 2024.

In Table 3 where key variables on naira redesign and household's consumption behaviour were analysed, 57.7% of the interviewed residents assent and strongly assent that they had to prioritize their spending due to the naira redesign. 42.3% of them never agreed with the opinion. On the opinion that respondents have reduced consumption of luxury items since the implementation of the policy, 25.9% strongly assent while 45.5% only agreed. Respondents with contrary opinion represents 28.9%.

Further, the study found that households representing 28.6% firmly agreed that they had switched to cheaper brands/products since the Naira redesign policy took effect, while 37% agreed. The total proportion of those that disagreed is 34.4%. Reduced rate of shopping was confirmed by 53.9% of the respondent, while those that never reduced their shopping rate in spite of the policy, represents 29.6% and 16.4%, respectively.

- *Regression Analysis*

To examine the impact of the redesign policy on households' real income and consumption behaviour, two separate regression models were fitted. The outputs of the analysis are presented below.

Table 4: Regression Output I

Variable	*Coefficient*	*Standard Error*	*t – statistics*	*Probability*
C	1.2840	0.3340	3.8430	0.0000
Naira redesign	0.4130	0.1440	2.8630	0.0050
R^2	0.590			
Adjusted R^2	0.520			

Note: Dependent variable: Households Real Income

Table 5: Regression Output II

Variable	*Coefficient*	*Standard Error*	*t – statistics*	*Probability*
C	1.6450	0.1790	9.1820	0.0000
Naira redesign	-0.1690	0.0690	-2.4550	0.0150
R^2	0.530			
Adjusted R^2	0.500			

Dependent variable: Households Consumption Behaviour
Source: Computation using data from Field survey, 2024

Table 4 above depicts the regression analysis result for the effect of naira redesign on household's real income. Naira redesign has an estimated value of -0.4130, indicating that naira redesign implementation caused real income among households in Abeokuta South local government area to reduce by 0.4130 unit. The estimated coefficient is significant at 1% level. About 59% of real income changes among households in the study area is explained or captured by Naira redesign as indicated by the R^2 vale of 0.590.

Table 5 presents the regression analysis result for effect of naira redesign on household's spending behavior. The estimated coefficient of Naira redesign is -0.1690, indicating that implementation of the policy caused household consumption behavior in Abeokuta South local government to reduce by 0.1690 unit. The probability value of 0.0150 shows that the estimated coefficient is significant at 5%. About 50% of the variation in consumption behavior among households in the study area is explained by Naira redesign as indicated by the R^2 vale of 0.500

Findings and Discussion

The research has examined how Naira redesign policy impacted households' real income in Nigeria, using Abeokuta South Local Government in Ogun State as a case study. The policy adversely influenced the wellbeing of households in the study area as noted in the way several examined household wellbeing indicators were pruned down by many people in order to survive. While peoples' disposable income did not change during the period when the policy was implemented, their real income drastically reduced as a result of costly goods and services. The adverse effect of the policy was also established as shown by the negative coefficients of the regressors in the results. The research findings corroborates previous works done on Naira redesign policy implementation (Muhammed & Abdulmajeed, 2022; Otori, 2022; Otitoju, *et., al*, 2023; Amachree, 2024).

The primary intention of the CBN to ensure control over circulating currency, blockage of hoarding of banknotes by people and counterfeiting in the country, may not be said to have been successfully achieved given the chaos that resulted from the scarcity of Naira notes that the country experienced during the period. In the end, the hardship to which the masses were subjected to in the bid to achieve these targets was not justified.

5. Conclusion and Recommendation

The study concluded that the implemented policy had negative and significant impact on households' real income and consumption behaviour in Abeokuta South Local Government area. The study recommends that people needed to be adequately informed and given ample time to adjust to the new development so as to avert unwarranted hardship. The government should also embark on phasing out the old Naira notes on a gradual basis, while ensuring that the released newly minted notes matches the mopped out old currency.

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