IOSR Journal of Economics and Finance (IOSR-JEF)
e-ISSN: 2321-5933, p-ISSN: 2321-5925.Volume 13, Issue 2 Ser. VII (Mar. – Apr. 2022), PP 52-59
www.iosrjournals.org

Elimination of Coins in Nigeria: A Critical Assessment of its Implication on the Nigerian Economy

Ibrahim Sa'idu[1] Sani Yahaya[2] and Sani Abubakar Garba[3]
[1]*Department of Banking and Finance Abdu Gusau Polytechnic Talata Mafara, Zamfara State Nigeria, E-mail: ibrahimsaeedu@gmail.com*
[2]*Department of Banking and Finance, Federal University Dutse, Jigawa State, Nigeria*
E-mail: saniytm@yahoo.com
[3]*Department of Banking and Finance Abdu Gusau Polytechnic Talata Mafara, Zamfara State Nigeria, E-mail: saniawilo19@gmail.com*

Abstract
Often times the Nigerian economy lacks the necessary parameters to critically evaluate and come up with analyses that would enable business and other economic activities grow and develop in reality due to incessant change in policies. One of such areas where things are not working as expected, is in the refusal to use coins in daily transactions. Elimination of coins from the economy is worrisome due to its attendant consequences on the economy. Hence, this paper critically examined the economic implications of eliminating coins in Nigerian economy. In the course of the research, relevant literatures were reviewed, data were collected from primary sources and percentage table and pie chart were used in presenting and analyzing the data. Based on the outcome of the findings, the paper concludes that phasing out of coins in Nigeria has monumental consequences on the economy, and its reintroduction will reduce rounding-up of prices, 'no change syndrome' among others, thereby reduce incidence of inflation and consumers' extortion. Finally, the paper among other recommendations, re-affirms the redenomination policy proposed by CBN in 2005 where two zeros will be slashed from behind in all the existing currencies. This will ease the pressure on the Naira generally and increase the value of the lower denominations and coins. Also, some business centers should be designated as 'No Banknote-For Transaction Places' where only coins will be used as a means of transacting business as practiced in some developed countries.

Keywords*: Coins, Currency redenomination, Phase out, Extinction, Lower denominations.*

Date of Submission: 06-04-2022 Date of Acceptance: 21-04-2022

I. Introduction

It is an unarguable fact that the origin of and the use of coins or the as a means of exchange came into being during the third stage in the evolution of money, while the barter system and commodity money or indirect exchange came first and second respectively. The stage saw the development of metal money made from either gold, silver, alloy or nickel in form of coins were used as medium of exchange. The development of paper money came afterwards in the evolution process. Investors Dictionary (2009), defines a Coin "as a small, flat (usually, depending on the country or value) round piece of metal or plastic used primarily as a medium of exchange or legal tender". Coins are standardized in weight, and produced in large quantities at a mint in order to facilitate trade. They often have images, numerals, or text on the Obverse and Reverse i.e. 'the Head and the Tail', and are most often issued by government.

Most countries of the world, including the USA, U.K and India carryout their transactions with both notes and coins in their respective currencies with varying ratios of dominance i.e. in some countries the notes are more in circulation than the coins and vice versa. Nigeria on the other hand predominantly transacts with notes, totally ignoring the coins. The Nigerian currency is originally made up of Naira and Kobo in the forms of Notes and Coins. Beginning from 1973 when coins was first introduced as one of the nation's currency, coins used to be visible in all economic activities in the country and were generally acceptable and widely used for payment of goods and services. Its significance had been and would continuously bes felt in the economy. This is because it does not only cater for lower denominations and prices in the market, but it is also included in all the daily major and minor transactions. These includes the contract sums, fuel prices, and even government budgets at all level, but unfortunately, the coins gradually became less visible and acceptable and as a matter of fact, today they have gone into extinction, (Bolarinwa, 2015). The coins denominations series since introduction were $1/_2$, 1, 5, 10 and 25 kobo while the notes were 1, 5 and 10 Naira. Later in 1991, 50kobo and 1Naira coins were introduced. Upon its issue, the coins were popularly received as a legal tender and characterized as the first Nigerian coin that did not bear the head of a British monarch.

From 1973 up until the mid-90's, coins were widely in circulation and were used by all and sundry. The value of the naira then was very strong and the exchange rate was favourable. At the time 1 NGN was considered a lot of money. During the 90's (1991 – 1999) the exchange rate of Naira to Dollars began to increase and the value of the Naira began to decrease gradually. As at year 2000, the exchange rate dramatically skyrocketed from about 22 NGN to 1 USD to about 86 NGN to 1 USD and this increase has continued till date. During this period, the Nigerian Naira witness a monumental decrease in the value. Smaller denominations became almost worthless and gradually began to phase out. People could no longer transact with smaller denominations as the value had dropped. So, the coins slowly faded into non-existence. The Central Bank of Nigeria (CBN) made efforts to ensure that the coins remained in circulation but all to no avail. As a matter of fact, a new and improved 2 NGN a coin which is lighter and better looking was introduced by the CBN in 2007, but still the problem of coins was not solved. This is because many transformations have occurred in the Nigerian currency system which brought about introduction of higher currency denominations. This rendered the coins to economic irrelevance.

Although, technically, the coins were still in existence, people just stopped using them as they could no longer buy anything tangible with them and the coins were considered "poor man's money". Thus, coins have existed and are used alongside currency notes in Nigeria and have been relevant in the economic history of Nigeria since its introduction in 1973 until the mid-90's.

In Nigeria today, the current official currency denominations are 50 kobo, 1 NGN, 2 NGN, 5 NGN, 10 NGN, 20 NGN, 50 NGN, 100 NGN, 200 NGN, 500 NGN and 1000 NGN notes.

It is worrisome when one observed that even developed countries with the best economies of the world such as USA, England, France, United Arab Emirates (UAE), Germany, Switzerland, India and host of others still transact using coins, or even mandated the use of coins in some designated centers such as train and bus stations, cinemas, post offices, phone boots, malls and hotels. One will pause and wonder why the situation is different here in Nigeria (Alao, 2019).

Nigeria is witnessing a high and volatile inflation rate much higher than that of the most of the countries mentioned above. The hard-bitten inflation is one of the resultant effects of the phase out or deliberate abandonment of the use of lower denomination and coins. The former CBN Governor professor Charles Soludo in 2007 proposed for a Redenomination of Naira or embark on direct coinage of N50-N5 polymer notes. The proposal aimed at dropping two zeros from the currency or moving two decimal places to the left as it occurred to Ghana in 2007 with four zeros dropped, and Turkey in 2005 as six zeros were shed. This means the highest currency note today would have been 10 NGN and the lowest 0.50k. This in contrast with decimalization policy adopted by Nigeria in 1973 would have seen the coins resurfacing in the economy. Unfortunately, none of the proposals see the light of the day and succeeded that was even the introduction of higher denominations. Coins are important in any economy because they facilitate transactions and reduce the tendency to approximate the prices of goods and services to the nearest currency notes. With the use of coins, high currency denominations were broken down to smaller bits. These will discourage undue inflation of general prices of goods and services (Adekunle, 2017).

However, the shortage and or, the disappearance of the lower denominations and coins in circulation particularly among retailers, bus conductors and petty traders. Many traders and commuters have been forced to abandon their cash balances after purchase or exchange of services due to the fact that concerned sellers and/or bus conductors could not raise the necessary balance to complete transaction. Coins were eliminated, people show negative

attitude towards transacting business with it, and even banks reject them. The reason being that to most persons, the coins have failed due to its low purchasing power, bulkiness, nonubiquitousness, absence of coins dispensing machines, etc and as such, lost public appeal. Despite the huge financial budget expended by the government in producing the coins and its significance in the economy, its disappearance today brings certain questions to limelight. That is, whether the coins are no longer part of the Nigerian currency? If they are, why are they no longer being used? whether there are economic implications of the phase out of coins on the Nigerian economy? More so, with the unprecedent unemployment rate of about 33.3% in the Q4 of 2020 (NBS, 2020), fueling insecurity in Nigeria, high inflation rate, depleting foreign exchange reserve, weakening exchange rate and purchasing power of Naira, fluctuating GDP arising from the aftermath of the effect of COVID19, one would, but be triggered to investigate the phenomenon and come up with measures that will serve as panacea to the aforementioned adverse economic issues. It is in view of this that this paper attempts to critically examine the economic implications of the extinction of coins in the Nigerian economy with particular emphasis on the informal business sector of the country. This is because the sector is made up of the large chunk of unregistered small-scale businesses that transact their businesses mostly in cash and in lower denominations. The paper also highlights the importance of availability and the functional use of lower denominations (coins) in the economy and recommend how government can sustain the continuous use of coins in the country.

II. Review Of Conceptual And Empirical Literature

Development of Coins in Nigeria and it's Extinction

All nations, both developed and the less developed settle transactions with notes and coins in their respective circulations with varying ratios of dominance, say, 90:10% or 95:5% respectively (Alao, 2019). The evolution of coins in Nigeria could be traced back to the colonial era during which the currency in used was tailored alongside that of its colonial masters. At that time, the Anglo-Phone West African colonies used the currency designed by the British which is made up of Notes and Coins and were issued by the defunct West African Currency Board established in 1912. The coins' denominations were; Two shillings, One shilling, Six pence, Three pence, One penny and half penny. The notes were in the denominations of Ten shillings, Two shillings, One shilling and later Five pounds. In 1958 when the Central Bank of Nigeria was established, it became the sole issuer of legal tender currency in Nigeria. The Nigerian pound thus became the currency in use. The unit of the Nigerian pound consisted of Twenty shillings; and each shilling equal to twelve pennies. As such, One Nigerian pound was equal to One British pound sterling and Two U.S Dollars.

Since the country's independence, the currency had at one point or the other experienced series of transformations. The peak of these transformations took place in 1973 when the Naira and Kobo were introduced consisting of both currency notes and coins. This brought about the phasing out of the pound system. The denominations introduced were 1/2, 1, 5, 10 and 25 Kobo as coins while the notes were 1, 5 and 10 Naira. Upon its issue, the coins were popularly received as a legal tender and characterized as the first Nigerian coin that did not bear the head of a British monarch. Since 1973 till date, many transformations have occurred in the Nigerian currency system. The currency denominations we have today are 50 kobo, N1 and N2, N5, N10, N20, N50, N100, N200, N500 and N1000 notes.

However, the phasing out of coins may either occur through a decision by the Central Bank of the country to remove the coins from circulation or through simply stopping its production (Smith and Sargent, 1997). Often, in an economy, coins are allowed to phase out or deliberately withdrawn by the government following the eroding of their purchasing power after decades of inflation. To phase out coin, a country may decide to cease producing it (Sargent and Velde, 1999). Countries like Canada, Croatia, America, Britain, Argentina, South-Africa, etc. have at one point or the other deliberately withdrawn their lowest denomination coin. Coins have effectively been used in the economy since 1973. It gradually began to phase out in the mid 90's. One of the desirable qualities of money is that it must be generally acceptable. The case was different with the coin. Beginning from the mid 90's, the coin lost public appeal. Citizens and banks reject the coins for one reason or the other. Many reasons have been given why the coins have phased out of the economy. While some say it is as a result of the high cost of producing them which is not commensurate to its worth or face value. Others argue that it will be wasteful tying down huge national resources in the production of coins which no one is willing to use. Some findings by the researcher attributed the reasons for the rejection of the coin to the weight and size compared to its face value (Cipolla, 2006; Orji 2017; and Alao 2019).

Argument in Favour and Against the Elimination of Coins in Nigeria

Series of researches have been conducted by different researchers at different countries including United States of America, England, Brazil, Czech Republic etc on this subject matter. These research works include that of Keinsley (2013), Whaples (2007), Lombra (2001), which centers on whether or not the Penny and Cent be eliminated in the US currency system. These among other works have generated a prolonged argument in favour and against the phase out of coins.

For those in favour of the fact that lower denomination and coins be eliminated, their arguments are centered around the following:

- ***High Production Cost:*** Many proponents for the phase out of the coins usually argue that cost of producing a coin vis-à-vis its face value is very high. For instance, in 2012, the US government released a report that it cost roughly USD0.016 on average for the raw materials and USD0.02 overall to produce a penny, and an average of USD58million would have been generated that same year if the said materials used were exported. Nickels have the same problem as well, requiring $0.0829 in raw materials and $0.1009 overall to produce one Nickel. The situation is the same in Nigeria. It was reported in 2016 that the CBN was reluctant to order for the printing/minting of ₦10 note because its production cost was reported to be almost the same with the cost of producing a ₦1000 note. The fact that these coins cost more to produce than their face value have a negative implication on the economy.
- ***Low Purchasing Power of the Coin:*** The lowest denominations of Nigerian currency are in coins. The situation in the country today is such that the coins are almost valueless. Nothing tangible can be bought with them. Blaming naira's depreciation and people's preference for currency notes for the rejection of coins. Azuka (2020), queried: "what actually can anyone buy with coins today, when prices are on the increase daily? What can be bought with N2 worth of coin, for instance? The coins are not in use because they do not measure up to current economic situation". The purchasing power of the coins as opposed to other currency denomination is a major reason for its limited in circulation. More so, coins are still part of Nigeria's legal tender but have gradually phased out because they cannot really buy much (Alade, 2014). There is therefore no need carrying about the coins if there is nothing one can buy with them. Funny though that when coins were reintroduced in Nigeria in 2007 under the regime of Malan Sanusi Lamido Sanusi as the CBN Governor, some people argued that Sanusi should conclude the 'good work' he had started by producing goods that will be purchased with the coins.
- ***Availability of other convenient means of payment*:** With the rapid growth and development in the technological space, other means of payment for transactions which are more convenient and faster than counting up coins now exist. The electronic means of payment such as ATMs, POS, Online Banking, USSD Banking and a lot more now exist, and they facilitate easy and convenient means of payment for transactions. Hence, the use of coins and its seaming difficulties are hereby eliminated.
- ***Bulkiness of the coins:*** Coins are metals and so they are heavy. If eventually any purchase is to be made with the coins, it requires that one would provide a large quantity of it. Carrying large quantities of the coins about so as to transact with them is thus inconveniencing. Take for instance if one has to purchase an item worth N5,000 with coins, if the coins are in the denomination of 1Naira or 2Naira, one will provide 5,000 or 2,500 pieces of coins. Imagine how heavy and bulky it will be. In a nutshell, Coins are heavy and increasingly meaningless. As such does not conform with portability quality of money.
- ***Nonubiquitousness of the coins:*** A currency has to be readily available to the people if it is to be generally accepted as a legal tender. The coins have all disappeared. Even if one wishes to transact with the coins, they are nowhere to be found. Many continue to ask, where have they gone? Coins being precious metals, some unscrupulous individuals gather them and melt them to produce jewelries etc. This is the reason why most times, the coins disappear without trace.
- ***Absence of dispensing machines at relevant Point of Sale terminals:*** Just as we have Automated Teller Machines that dispense currency notes, there should be dispensing machines for the coins. Just as one does not have any means of rejecting a currency note dispensed by the ATM, one can also not reject coins if it dispenses such. The noisy nature of the coins and their bulkiness has made it difficult for people to carry them about. An alternative would have been for dispensing machine to be located at strategic points of sale, so that the coins can easily be withdrawn and used immediately for business.

However, for those who are against the phasing out of the coins. Their arguments are centered around the fact that the coins are a part of national identity and so should be preserved and that the absence of coins will have certain adverse economic implications on the economy.

For instance, Adekunle, (2017), argues that, "coins are important in any economy, as they facilitate transactions and reduce the tendency to approximate the prices of goods and services to the nearest currency notes". He explained that: "Most times, people don't know that they cause inflation with their taste and attitude. When people reject coins, they are saying prices should be approximated to the nearest whole figure. So, aside checkmating inflation, it makes change available for daily transactions.

Similarly, it will be recalled that in 2007, the CBN directed that all banks should pay two per cent of all withdrawals in coins and that banks should not accept coins as deposits because the aim was for coins to circulate for some time in the economy. But unfortunately, the directive failed and the coins disappeared.

Oscar (2019), put the blame on ignorance and government's inability to enforce usage. He said that in advanced economies, coins are still used for transactions, and that if legislation has failed to enforce usage, government should emulate countries like China, India, United Kingdom and U.S.A, among others, by designating some business centres such as Cinemas, tollgates, tertiary institutions, lottery centres, Post Offices, licensing offices and others that attract heavy human traffic, as no banknote-for-transaction places. And anyone that fails to comply should be treated as a saboteur because he/she is not working for the good of the nation. This means all business transactions in the designated areas should be done in coins.

Deducing from the above statements, it is clear that the use of lower denominations (coins) in the economy cannot be overemphasized. Those opposing the extinction of coins however suggested that cheap metals be used in the production of coins so as to reduce the cost of production and leave them in circulation. They also recommended remolding the coins into something portable, light and attractive and as well ensure the circulation of more coins than notes.

Economic Implications of the Elimination of Coins in Nigeria

Divergent views exist on this discourse. Whereas most people might be in support of this development, few who understand the importance of low currency denominations in an economy insist on the need to keep coins in circulation. To start with, currency is part of the identity of a people. The Nigerian Naira and kobo identify the country. With the phase out of the coins, the kobo has become totally insignificant in the economy. This makes the country's identity incomplete. The worst is the entire phase out of the coins. The five naira (N5) which has become the lowest denomination in circulation in the country is also becoming insignificant as its purchasing power keeps on reducing by the day. The Sachet water (pure water), sweets, biscuits, chewing gum etc which were priced for five naira before now are now being sold for ten naira

(N10). Likewise, sweets, biscuits, chewing gum etc which were supposed to be sold for two, three, six or seven Naira are now being sold for five and ten Naira respectively. Is this situation healthy for our economy?

Speaking about the economic consequences of eliminating coins and the effect of approximated price on the economy. A study carried out by Keinsley (2013), on the proposed phase out of Penny (One cent piece) in the United State revealed that "if prices are to be rounded up at an estimated price, consumers will lose an average of $118 million per quarter, or about $2.36 billion over an average five-year period. This averages to about a $1.60 cost to each consumer per year".

Similarly, Chande and Fisher (2013), who bases their simulations on the menu of a convenience store chain, using estimated cost of transactions of three items or less. Their results equally find that the prices of 60-93% of those simulated purchases from the store were rounded up, with 50-83% of them being paid for with cash. This implies that an annual additional cost of roughly $318-$818 million are expended by consumers each year. No wonder that America after considering the huge economic loss associated to removing the Penny decides to rescind its decision to do so.

The Nigerian economy on its part has its own share of certain adverse economic implications due to the extinction of the coins. Some of these consequences include:

- ***Inflation:*** The Nigerian economy has witnessed high and volatile inflation rate starting from the mid-90s when the coins began to lost appeal to Nigerians. For instance, a World Bank Report shows that inflation rate in Nigeria when coins began to phase out between 1992-1995 were 44.59%, 57.17%, 57.03% and 72.84% respectively. With the extinction of the coins, transactions have to be conducted with a minimum value and in multiples of five naira (N5) for which only the denomination is available. As 'change' would not be available for commodities priced for less (Boyo, 2005). The absence of coins put pressure on prices. For instance, instead of an article sold for five naira to increase to may be six naira or seven naira if there is need for any increase, the price will jump to ten naira which is the next available denomination of the currency. Consumers are also made to pay higher than the price of the goods they purchase in most cases. A typical example is a situation where the pump price of kerosene is fixed for N352.79. Because there are no coins, consumers of kerosene are made to pay N355 since the remaining balance of N2.21 cannot be provided. According to one Mrs. Maryam Salis, a petty trader, "If CBN fails to do anything to address shortage in supply of these currencies, we will wake up one day to find that N5, N10, N20 and N50 have been rested and we will be forced to buy a product of N10 for N100." A high inflation may distort domestic macroeconomic conditions, with the potential to derail the economy from the path of sustainable economic growth and development. Inflation will adversely affect the overall growth, financial sector development and the vulnerable poor segment of the population. It also induces uncertainty, discourages savings, promote consumption, poses serious threat to macroeconomic stability and result in high social costs.
- ***Increase in poverty and unemployment rate:*** With the current inflation rate of 16.47% in January 2021 (NBS Q1 Report 2021). Of course, the highest rate since April 2017. This has a resultant effect on the Consumer Price Index (CPI) in the country, and as such, most poor persons find it difficult to adjust to the new price levels. The result of this is a sharp decline in consumer demands, making many firms to reduce their production capacity, shut down some branches and retrenching their staffs. This further fuel the unemployment rate in the country and reduces the standard of living of Nigerians as they cannot afford to pay to acquire their needs because of the increase in price.
- ***Increase in crime and insecurity:*** Crimes like robbery, embezzlement of fund, illicit trans-border trade, forgery of currency notes, kidnapping for ransom etc would not have been easy to perpetuate with the coins. The existence of high currency notes has made these crimes more lucrative. Public office holders can

easily loot and hide public funds, a huge amount of ransom is also conveyed easily in cash to the kidnappers. There is also illegal exportation of the naira especially for illicit trans-border trade. Unscrupulous individuals also find it easy to counterfeit the naira notes etc.

- ***Discourages savings:*** The absence of coins increases the liquidity preference of individuals. As a result of our cash-based economy, individuals prefer to hold liquid cash for their daily transactions rather than save them. High currency notes are very easy to carry about and so people prefer keeping large sums under their beds and in their safes. This practice weakens the banking culture and affects the business sector of the economy as there would not be enough deposit in the banks to finance business activities. With the reduction in the level of savings in the economy, investment level is also adversely affected.
- ***Depreciation in the Value of the Currency (Naira):*** The introduction of higher currency notes in an economy and consequent phase out of lower ones tends to rapidly depreciate the value of the currency. Take for instance, when N20 was introduced in 1977, the exchange rate of Naira against the Dollar was about N1 = $1. With the introduction of higher denominations of N50, N100, N200, N500 and N1000, the Naira value has depreciated to a worrisome state.

III. Research Methodology

The research design used for this study is mainly survey research and the instrument used for data collection was self-administered questionnaire and personal interview. Documentary research was also used to compliment the survey research. The population of the study consist of small-scale informal business owners, consumers (individuals and households) and economic experts in Nigeria. The researcher adopts stratified random sampling technique in dividing the population into the Six Geo-political zones in Nigeria with each representing a stratum. A total of One hundred questionnaires were randomly administered in each of the stratum. This makes the total number of questionnaires issued to be Six hundred (600) which serves as the sample size of the study. Similarly, a simple closed-ended answer format of Agree, Disagree and Undecided were used in the questionnaire design and a Percentage table and Pie Chart were used for data presentation.

IV. Data Presentation And Discussion Of Findings

A total of 600 questionnaires were administered but only 487 were validly completed and duly returned. This represents 81.2% of the total questionnaires issued and it is by far, greater than the acceptable level of the response rate of 30% for surveys as proclaimed by Sekaran (2003). This therefore represents the respondents of the study upon which the analysis will be based.

Table 1.0 Respondents Perceptions Towards Phasing Out of Coins and its implications on the Nigerian Economy

Agreement Criteria	**Agree**		**Disagree**		**Undecided**		
	Freq	**%**	**Freq**	**%**	**Freq**	**%**	**Total**
Transacting with coins are inconvenient	422	86.7	65	15.4	00	00	487 (100%)
Consumers are extorted due to dearth of coins and lower denominations	367	75.4	82	16.8	38	7.8	487 (100%)
Prices of commodities are rounded up to the next available denomination	403	82.8	58	11.9	26	5.3	487 (100%)
Rounded up prices often leads to increased Consumer Price Index and Inflation	452	92.8	34	7.0	01	0.2	487 (100%)
High cost of producing coins against its low face value is economically imprudent	275	56.5	202	41.5	10	2.0	487 (100%)
Coins should be completely eliminated from Nigeria Notes and Currencies	174	35.7	243	49.9	70	14.4	487 (100%)

Source; Researcher's Survey January, 2022

From the above table, it could be observed that majority of the respondents (86.7%) believed that making payments for business transactions with coins is not convenient because it has low value and heavy, and coins dispensing machines are not available across the country. Similarly, 56.5% of the responses show that it is economically imprudent to be spending high production cost on coins which has a very low purchasing power.

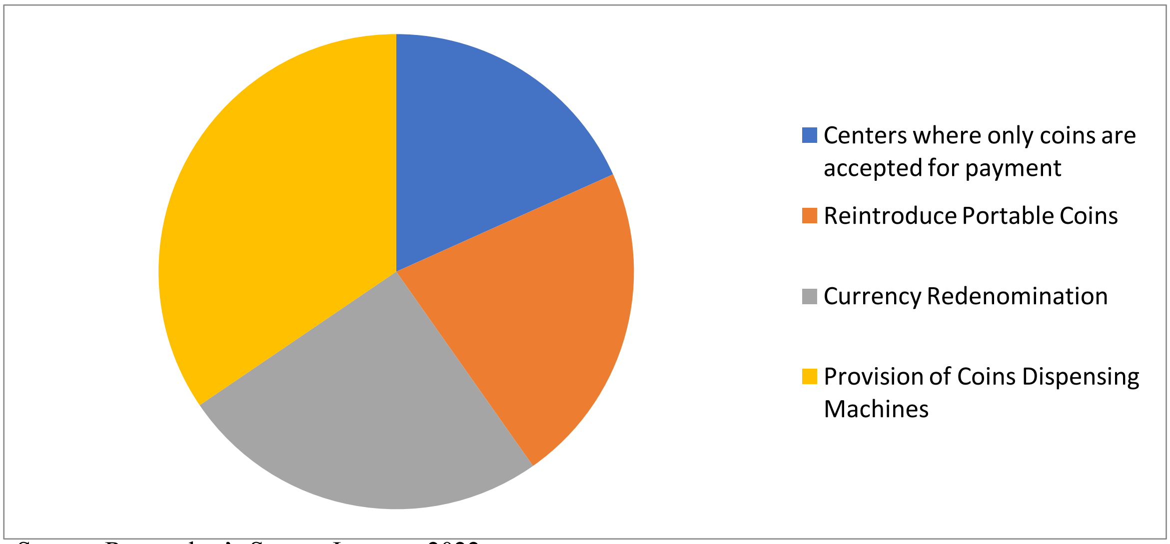
However, a huge percentage of respondents (82.8%) claimed that prices of commodities in Nigeria most especially those involving coins are rounded up to the next available (paper) denominations. This will lead to consumers being extorted, increased consumer price index and in the overall result to inflation. This analogy is supported by the respondents as 75.4% agreed with the former and 92.8 % supports the latter.

Again, asking whether or not the coins be completely eliminated. 49.9% of the respondents, being the highest percentage disagreed. Interestingly, 14.4% of the respondents were undecided about the matter. This they claimed that, the reasons for elimination of coins does not surpasses its significance in the economy. Instead, they insist better way of producing and managing the lower denominations and coins be fashioned out.

Speaking on better ways of improving both the production and uses of coins in Nigeria. The following suggestions were obtained from the respondents under the suggestion segment of the questionnaire and are presented in a Pie chart as follows:

168 respondents (34.5%) advised that coins dispensing machines should be provided across the strategic business locations so that people can easily withdraw coins and use it to facilitate payment. This will eliminate the need for people to move around carrying the bulky and heavy coins. Similarly, 21.96% of the respondents suggest that reintroduction of newly improved portable coins will influence people to use it. More so, the remaining 123(25.26%) and 89 (18.25%) respondents were of the opinion that currency redenomination will curb inflation and restore the value of Naira and Kobo and that government should declare some designated centers where coins shall be the only acceptable currency as it is operated in India and other developed countries.

Figure 1.0: A Pie Chart showing Suggested Better Ways of Handling Coins in Nigeria



Source; Researcher's Survey January, 2022

V. Conclusion And Recommendation

Sequel to a thorough discussion in this study where issues bedeviling an effective use of coins in the country as well as the economic implication of its phase out were dissected. One would discover that the gains of having coins in the economy exceeds the disadvantages. Hence, the need to bring back coins into use in Nigeria is paramount, as such will help to curb inflation, increase standard of living, reduce the rate of criminal activities, encourage savings and investments and maintain a fair and favourable exchange rate in the economy. To give coins a come-back, Federal Government of Nigeria (FGN), through Federal Ministry of Finance (FMF) and Central Bank of Nigeria (CBN) need to jointly revisit the proposal of the former CBN Governor, Professor Charles Soludo on redenomination of Naira in 2007 or embark on direct coinage of N50-N5 polymer notes. The system will reduce the foreign currencies (most especially US Dollar) dominance or pressure on Naira. Because the Dollar to Naira exchange rate that currently stood at N413/$1 would have been N4.13/$1.

Similarly, the peoples' negative attitude towards coins should be properly addressed through a national reorientation and sensitization on the need to accept the coins. Even if higher currency notes are to be introduced, the coin should be used alongside with them and the purchasing power of the coins should be increased.

More so, the use of coins in the general public should be duly enforced by the government. As a matter of fact, government should specifically designate some business centers such as Cinemas, Tollgates, Lottery Centers, Post Offices, and other businesses that attract heavy human traffic, as 'No Banknote-For Transaction Places'. And anyone that fails to comply should be treated as a saboteur because he/she is not working for the good of the nation. This means all business transactions in the designated areas should be carry out in coins as it is practiced in some developed countries.

In addition, the government should consider the use of cheap metals in the production of coins so as to reduce the cost of production. Also, the coins should be remolded into something portable, light and attractive and as well ensure its wider circulation than notes.

Finally, the government through the monetary authorities should ensure the monitoring of the coins so as to detect its withdrawal from the circulation by the economic saboteurs who melt them for jewelries or for other selfish motives. Strict punishments should also be enforced on individuals and banks who may arbitrarily reject the coins.

References

[1]. Abdullahi, A. and Bawa, M. (2017), *Analysis of Inflation Dynamics in Nigeria (1981 – 2015)*.

[2]. Central Bank of Nigeria Quarterly Publications, Vol. 27, No.1, March, 2017, Abuja Nigeria.

[3]. Adekunle, J. (2017), *Review of Coins Production in Nigeria from pre-colonial Era till date*.

[4]. Central Bank of Nigeria Quarterly Publications, Vol. 27, No.1, March, 2017, Abuja Nigeria.

[5]. Alao, R. (2019), *Extinction of Coins in Nigeria: A Course or Cause*. A paper presented at the Launching of MSEs Grant and Soft Loan at Igboora, Oyo State, Nigeria.

[6]. Azuka, L. (2020), *The Economic Needs for the Reintroduction of Coins in Nigeria*. A Lecture at the Annual Induction Programme at the Nigerian Institute of Management (Chartered) 4th-5th December 2020, Abuja Nigeria.

[7]. Alade, H. R. (2014), *Dearth of Coins: How Behaviour Impact Inflation.* An article published in the Vanguard Newspaper on 12th June 2014.

[8]. Bolarinwa, O. (2015) *Measurement of issues in Poverty*. CBN Economic and Financial Review Vol. 35, No. 3, September, 2015.

[9]. Boyo A. (2005), *"Merits and Demerits of high currency Denominations"* The Guardian Newspaper September 28, 2005

[10]. Chande, G. and Fisher, I. (2013), *Rounding off Prices and its Nickel and Dime Effects on the Economy*. European Journal of Macroeconomics, A publication of Department of Economics, 415 Snow Hall, The University of Kansas, Lawrence.

[11]. *CBN Statistical Bulletin Vol. 18 No. 4, October-December, 2007.*

[12]. Ezegbulem O. G. (2001), *"A study of the Behavioural Impact of Changes in Nigerian Currency Denominations 1980-1999".* University of Nigeria Research Publications.

[13]. Haruna G. (2018) *"The Use of Coin Currency in Nigeria"* A Publication of Central Bank of Nigeria, at the Conference on Further Clarifications on Cashless Lagos project" July 12, 2018.

[14]. Keinsley, A. (2013), *Eliminating the Penny A Structural Analysis*. European Journal of Macroeconomics, A publication of Department of Economics, 415 Snow Hall, The University of Kansas, Lawrence.

[15]. Korea News Debate, (2017). *"The Big Debate: Is It Time to Abolish Coin?"National Bureau of Statistics (NBS) 2021 Q1 Report*

[16]. Oscar, S. U. (2019), *Return Nigeria's Coins to Circulation: The Views and Agenda of Financial Growth and Development.* Journal of Economic Literature, Vol. 35, No 2.

[17]. Orji, E. T. (2017), *Economic Consequences of Phase out of Coins in Nigeria*. A term Paper Presented at Michael Okpara University of Agriculture Umudike, Nigeria.

[18]. Smith, R. and Sargent, T. (1997) *Capital Markets: Lessons from Transition Economies.* IFC, Europe Department, Washington D.C.

[19]. *United States Mint 2012 Annual Report Vol. 74.*

[20]. Wikipedia. *"Naira and Kobo: Historical Journey as Nigeria's Currency"*

[21]. Wikipedia, *"Penny Debate in the United State"* Retrieved 11 January, 2022

[22]. *World Bank Report on Nigerian Inflation rate between 1960-2022 accessible*

[23]. *https://www.macrotrends.net/countries/NGA/nigeria/inflation-rate-cpi'>Nigeria Inflation*

[24]. *Rate 1960-2022. www.macrotrends.net. Retrieved 2022-02-10.*

Ibrahim Sa'idu, et. al. "Elimination of Coins in Nigeria: A Critical Assessment of its Implication on the Nigerian Economy." *IOSR Journal of Economics and Finance (IOSR-JEF)*, 13(02), 2022, pp. 52-59.