



PRESS REMARKS

ON

ISSUANCE OF NEW NAIRA BANKNOTES

By

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October 26, 2022

Good afternoon Ladies and Gentlemen, and welcome to this special press briefing at the Central Bank of Nigeria. We have called this gathering to inform all our stakeholders and the general public of persisting concerns we currently face regarding the management of our existing series of banknotes, and currency in circulation, particularly those outside the banking system in Nigeria.

2. As you all may be aware, currency management is a key function of the Central Bank of Nigeria, as enshrined in Section 2 (b) of the CBN Act 2007. Indeed, the integrity of a local legal tender, the efficiency of its

supply, as well as its efficacy in the conduct of monetary policy are some of the hallmarks of a great Central Bank.

3. In recent times, however, currency management has faced several daunting challenges that have continued to escalate in scale and sophistication with attendant and unintended consequences for the integrity of both the CBN and the country.

These challenges primarily include:

- Significant hoarding of banknotes by members of the public, with statistics showing that over 85 percent of

currency in circulation are outside the vaults of commercial banks. To be more specific, as at the end of September 2022, available data at the CBN indicate that N2.73 Trillion out of the N3.23 trillion currency in circulation, was outside the vaults of Commercial Banks across the country; and supposedly held by the public. Evidently, currency in circulation has more than doubled since 2015; rising from N1.46 trillion in December 2015 to N3.23 trillion in September 2022. This is a worrisome trend that cannot be allowed to continue.

- Worsening shortage of clean and fit banknotes with attendant negative perception of the CBN and increased risk to financial stability;
- Increasing ease and risk of counterfeiting evidenced by several security reports.

4. Indeed, recent development in photographic technology and advancements in printing devices have made counterfeiting relatively easier. In recent years, the CBN has recorded significantly higher rates of counterfeiting especially at the higher

denominations of N500 and N1,000 banknotes.

5. Although global best practice is for central banks to redesign, produce and circulate new local legal tender every 5–8 years, our existing series of the Naira has not been redesigned in the last 20 years.

6. The Bank remains resolutely determined to achieve the objective of its mandate as contained in Section 2(b) of the CBN Act 2007 to ensure a strong and effective legal tender. It is therefore no longer tenable to continue with business as usual; especially

given the continually evolving circumstances that could impinge the optimal performance of the Naira.

7. Furthermore, we believe that the redesign of the currency will help deepen our drive to entrench cashless economy as it will be complemented by increased minting of our eNaira. This will further rein in the currency outside the banking system into the banking system thereby making monetary policy more efficacious.

8. Also, in view of the prevailing level of security situation in the country, the CBN is convinced that the incidents of terrorism and kidnapping would be minimized as access to the large volume of money outside the banking system used as source of funds for ransom payments will begin to dry up.

9. Ladies and gentlemen, on the basis of these trends, problems, and facts set out above, and in line with provisions of Sections 2(b), section 18(a) , and section 19, Subsections a and b of the CBN Act 2007, the Management of the CBN has sought and obtained the approval of President

Muhammadu Buhari to redesign, produce, release and circulate new series of banknotes at N200, N500, and N1,000 levels.

10. In line with this approval, we have finalized arrangements for the new currency to begin circulation from December 15, 2022 after its launch by President Muhammadu Buhari. The new and existing currencies shall remain legal tender and circulate together until January 31, 2023 when the existing currencies shall cease to be legal tender.

11. Accordingly, all Deposit Money Banks currently holding the existing denominations of the currency may begin returning these Banknotes back to the CBN effective immediately. The newly designed currency will be released to the banks in the order of First-come-First-serve basis.

12. Customers of banks are enjoined to begin paying into their bank accounts the existing currency to enable them withdraw the new banknotes once circulation begins in mid-December 2022. All banks are therefore

expected to keep open, their currency processing centers from Monday to Saturday so as to accommodate all cash that will be returned by their customers.

13. For the purpose of this transition from existing to new notes, bank charges for cash deposits are hereby suspended with immediate effect. Therefore, DMBs are to note that no bank customer shall bear any charges for cash returned/paid into their accounts.

14. Members of the public are to please note that the present notes remain legal tender and should not be rejected as a means of exchange for purchase of goods and services.

15. We would like to use this opportunity to reassure the general public that the CBN would continue to monitor both the financial system in particular, and the economy in general, and always act in good faith for the achievement of the Bank's objectives and the betterment of the country.

16. I thank you for listening.

Godwin I. Emefiele

Governor