

## Nigeria's plan to ditch old banknotes leads to chaos

Nigeria's cash economy is in disarray after the country's central bank requested those with bank accounts to bring their old banknotes to a bank branch and have the corresponding amount credited to their accounts.



Source: Reuters. A person holds a new 1000 Naira note as the Central Bank of Nigeria releases the notes to the public through the banks in Abuja, Nigeria.

Millions of Nigerians who do not have bank accounts, especially in rural areas, were expected to exchange their old notes for new ones at banking agents by 10 February, when they would cease to be legal tender.

This follows the central bank's decision last year to start circulating newly designed 200, 500 and 1,000 naira notes.

In January, the central bank said around 1.3tn naira had been deposited into banks since October.

The directive has led to cash shortages, long queues and political instability in the West African powerhouse.

With cash accounting for only 6% of Nigeria's total money supply of 50tn naira, analysts doubted the operation would help the central bank's stated goal of getting a grip on money supply and inflation.

Nigeria is facing severe dollar shortages, forcing many citizens and businesses to seek foreign exchange on the black market, where its naira currency has progressively weakened.