

# Chapter 9

## Evaluating Knowledge, Perception, and Adoption of eNaira Among Rural Dwellers: Implications for Central Bank Digital Currency Development in Nigeria

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### ABSTRACT

*E-naira is an electronic currency issued by the Nigerian government, controlled by the Central Bank of Nigeria, which was introduced in October 2021. The eNaira is the digital representation of Naira cash notes. This study assessed the knowledge, perception and adoption of eNaira among rural people and the impact on digital currency in Nigeria. A well-structured interview guide was adopted in this study wherein data was collected from 15 individuals and a focus group discussion consisting of 13 participants and the data was analyzed using thematic analysis. The study reported that the knowledge level of eNaira among rural dwellers is extremely low; all the participants have no knowledge about eNaira, their perception of eNaira is also negative and lastly the adoption of eNaira is influenced by several factors such as level of education, access to smart phones, digital literacy. The study recommended that relevant authorities to bridge the gap in information dissemination and implement educational campaigns to promote knowledge of eNaira for financial inclusion in the rural areas.*

## **INTRODUCTION**

The digital revolution, which involves increasing adoption of digital currencies and technology coupled with the emergence of digital era (Carstens, 2018; Ozili, 2022) have created a new global picture on money and central banks. With global economy now turning digital, the central banks around the world are analyzing the benefits of having a digital version of their national fiat currency which would replace their current currencies (paper money) because of inherent weaknesses in the existing payment systems and the need to improve financial inclusion (Kosse & Mattei, 2022; Bordo & Levin, 2017). According to the Grand View Research report, the global Fintech market size is currently on the way to touch the \$460 billion mark by 2025, which will be achieved through an estimated compound annual growth rate of 23. About 8% of the market share is expected to be gained by 2025, as compared to 2020 (Grand View Research, 2021)

In addition to the physical currency, eNaira, which is a digital coin equal in value to the Nigerian Naira, and also designed to remain an occasional mode of payments and also as a store of economic value (Central Bank of Nigeria. 2021). The Central Bank of Nigeria (CBN) understands how electronic Naira (e-Naira) creates accessibility to financial services for Nigerians, overhauling intermediation and cutting down their fees, and facilitating cross-border payments (Adedipe, 2022). These aims accord with the general view of CBDCs that seeks to expand the efficacy and efficiency of payment systems and by so doing, to reinforce financial stability, to smooth monetary policy transmission, and to expand financial inclusion (Kosse & Mattei, 2022; Davoodalhosseini, 2021; Bordo & Levin, 2017).

Even though CBDCs may provide many opportunities, their successful exploitation depends upon a number of factors such as public perception, trust, and the extent to which individuals are willing to adopt digital money (Arli et al., 2021; Koziuk, 2021). This is of great importance in rural areas where people have limited access to traditional banks and digital infrastructure (Ozili 2022, Gopane 2019). The degree of knowledge, attitude, and awareness of eNaira in rural areas in Nigeria needs to be analyzed to evaluate the influence of the CBDCs on financial inclusion and the development of digital currencies in the country.

The narrative concerning CBDC was primarily reviewed in terms of their design, macroeconomic affects and possible monetary policy implications (Auer et al., 2021; Bindseil, 2021; Mancini-Griffoli, 2018). However, the factors that will ultimately lead to wider CBDC acceptance and adoption by different groups in the population, including underfunded economies such as Nigeria, remain unexplored. This study focuses on the missing link of the identified shortcomings by empirically examine the level of knowledge, perception and adoption of eNaira from the rural dwellers in Nigeria as well as its implications for the standing of the CBDC in Nigeria. The researcher focuses on rural dwellers because they are citizens of Nigeria and as such financial inclusion is also for them.

## **Research Questions**

The following are the research questions for the study;

- i. What is the knowledge level of eNaira among rural dwellers?
- ii. What is the perception of eNaira to rural dweller sin Nigeria?
- iii. What is the level of eNaira adoption and utilization among rural dwellers in Nigeria?
- iv. What is the implication on CBDC development in Nigeria?

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