

Impact of Cryptocurrency Ban on the Development of Digital Currency in Nigeria

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Abstract

Cryptocurrency, an innovation in digital finance powered by blockchain technology is changing the payment systems and the role of money in this current financial regime. The influence of technology innovation is far-reaching, as it affects the entire financial services market and alters the landscape for intermediation. The Nigerian government, through the CBN, placed a complete ban on banks and traders from transacting with cryptocurrency. This study, therefore, investigated the effects of cryptocurrency ban on the development of digital currency in Nigeria. This study is premised on the realism theory. The study employed descriptive survey research design and the population of the study was made up of 165 bankers, university lecturers and cryptocurrency traders. The study sampled all respondents using the purposive sampling technique and the data were gathered with the use of structured questionnaire. The Statistical Package for Social Science (SPSS) was used to analyse the data and the presentation was done using tables and descriptive analysis. The findings show that the ban on cryptocurrency plays a significant role in the introduction of e-Naira yet, there is no increase in the purchase and usage of e-Naira. Also, the ban led to a drawback on financial inclusion and has reduced capital inflow of commercial banks in Nigeria. The study concludes that the emergence of cryptocurrency has necessitated the need for cyber security in bank operations. This is a wake-up call for banks and other financial institutions to strengthen their cyber security network against cyber fraud

Keywords: Banking Sector, Cryptocurrency, e-Naira, Digital Currency, Nigeria

Introduction

Blockchain is fundamentally a distributed database and open source where anyone can change the underlying code and see the status of an operation. It is a peer-to-peer network with a massive global database that runs on zillions and zillions of computers. The currency does not require any controlling intermediaries to authenticate the transactions. The most disruptive technologies of the modern e-era are cryptocurrency and blockchain technology.

The influence of technology innovation is far-reaching, as it affects the entire financial services market and alters the landscape for intermediation. These advances have changed the economy in general, as well as how economic actions might be restricted. Individuals, corporations, and the economy, as a whole, stand to benefit from these improvements, such as cheaper and speedier payments (De Filippi, 2019).

Cryptocurrencies such as Bitcoin pose a threat to the post-Bretton Woods system of financial control over global trade. Because Bitcoin is decentralised, it is neither issued by a government nor stored in a single location. Bitcoin and other decentralised currencies use a distributed public ledger, eliminating the requirement for a trusted third party. Mints do not "print" cryptocurrency, banks are not obligated to store cryptocurrency, and escrow agents are not required to verify transactions with cryptocurrencies. Decentralised bitcoin appears to many customers to be a preferable means of transaction in terms of efficiency and transaction cost; yet, to a state, the removal of the trusted and regulated third party has enormous implications for government control over trade (Campbell-Verduyn, 2018).

Despite the benefits that Bitcoin and other cryptocurrencies provide in the marketplace, they also create

significant challenges for international financial institutions and state governments that regulate or monitor transactions. De Filippi (2019) noted that cryptocurrency's pseudonymity, combined with the ease of transaction, has proven to be a viable tool for non-state and criminal networks seeking techniques to avoid taxes, governmental restrictions, and international penalties

Because cryptocurrencies avoid the regulations that oversee monetary transactions, they have damaged sovereign governments' ability to safeguard their populations from harm since their inception. During typical fiat transactions, trustworthy third parties such as banks, credit card firms, or escrow agents prohibit and disclose transactions with linkages to criminal or terrorist organisations. As a result, individuals and organisations interacting with fiat are obliged to register with trustworthy third parties, providing personal information to aid authorities in tracking and prosecuting individuals who commit criminal crimes. Cryptocurrencies such as Bitcoin avoid the transactional barriers that state governments have erected to deter unlawful activity (Onyeke, 2020).

The problem is that cryptocurrencies do not work within the traditional financial system, and existing banking agreements and laws are unprepared to deal with bitcoin use. Because of these difficulties, most countries find it difficult to fully regulate it. In January 2017, Central bank of Nigeria (CBN) released a circular where it totally forbade regulated institutions from transacting in virtual currencies in any way (CBN, 2018). Then on 5th February 2021, Central Bank of Nigeria through banks and other financial institutions stated that dealing in crypto currencies and facilitating cryptocurrency exchange are prohibited with effect from 5th February 2021. The CBN argued that there is anonymity and lack of KYC, which made cryptocurrency susceptible to illegal use, thus contradicting the existing laws and crypto's are not legal tender. CBN stated that there is a need to protect Nigerians from frauds, risks of loss of investments, money laundering, terrorism financing, illicit fund, and criminal activities from unregulated and unlicensed entities (CBN, 2021a).

Months after the CBN order on cryptocurrency ban, the Nigeria apex bank on October 25, 2021, unveiled its digital currency called e-Naira. It is a digital currency backed by the law, the full sovereignty of Nigeria which operates as a digital form of the Naira, and it is utilised similarly to the cash (CBN, 2021b). The CBN in 2022 later hit a total of 1.314 billion Naira on six commercial banks over non-compliance with cryptocurrency ban order and the directives of the CBN on the closure organisations or person accounts involved in cryptocurrency trading. The banks include Stanbic IBTC, FCMB, Access Bank, Wema Bank, UBA and Fidelity Bank (The Cable, 2022). This ban has generated a lot of controversies and triggers anger among Nigerians, who see crypto currencies as a haven in a battered economy, as Nigeria is presently rated as the world's second – largest Bitcoin market after United States, trading over \$500 million worth of Bitcoin over the last few years.

The aim of this study was to find out the opinions of stakeholders on the effects and implication of cryptocurrency ban on Nigerian economy. The specific objectives of this study are to:

- i. Examine the impact of cryptocurrency ban on the development of digital currency in Nigeria
- ii. Assess the implications of cryptocurrency ban on the Nigerian banking sector

Conceptual Clarifications

Blockchain Technology

Blockchain is a distributed digitised ledger technology, which enables legitimate and extremely secured transactions to take place by means of a point-to-point network. It was created in 2008 by an unknown person behind the online cash currency Bitcoin, under the pseudonym of Satoshi Nakamoto and brought into practical use in 2009 as a technology to use Bitcoins. Since then, blockchain has continued to gain popularity and has become increasingly useful in many domains. Following Bitcoin, there have been many different types of crypto currencies that operate on a blockchain network. Okpalaojiego (2021) maintained that blockchain is proving to be useful in areas such as governance, cyber security, industrial processes, the financial sector, entertainment

education, and many others.

According to Ateniese, Magri, Venturi and Andrade (2017), blockchain has the potential to grow to be the bedrock of the worldwide recordkeeping systems. Blockchain's scope has the ability to disrupt critical barriers to efficiency, commitment, and growth. It could record any structured data from beginning to end. Blockchain greatly supports settlement systems in the event of setting trillions of real-time transactions in banks.

Cryptocurrency

Cryptocurrencies differ from traditional money in that they do not exist in physical form. Also, they have no centralised authority or central bank regulating the issuance of the currencies and transactions on the currencies. They also differ from digital payment mechanisms or services. This is due to the fact that digital payment services are just mechanisms for online payment in fiat money and are thus typically denominated in such fiat currency. Cryptocurrencies, on the other hand, represent money in digital form and generally are not denominated in fiat currency (Abdullateef, 2021). As of present, the cryptocurrency industry consists of over 1,400 coins with varying user bases and trade volumes (CCMC, 2018). The most common types of cryptocurrencies are Bitcoin, Ethereum, Dash, Monero, Ripple, Ethereum Classic, Litecoin, NEM, Augur, and Maidsafecoin.

The invention of cryptocurrency has sparked scientific and societal debates about its nature, with regards to the category of property to which it may be grouped and its legal status under different jurisdictions. The true nature of cryptocurrency is shrouded in obscurity and unfortunately for regulators, cryptos do not fit neatly into any defined category (Howden, 2014). It is opined that to regulate cryptocurrencies effectively and efficiently, its position in the eyes of the law must first be ascertained. It is often argued whether cryptocurrency is a commodity, a collectible, a currency or even a security (Grinberg, 2012). Again, it is often asked whether the rights associated with Cryptocurrency are contractual and to what extent is Bitcoin, for example, a chose in action? (Bayem, 2014).

Cryptocurrency, Bitcoin and the Nigeria Economy

The development of Bitcoin as a cybernetic money has triggered repercussions in the world economy, including in Nigeria. There have been several discussions about the benefits and drawbacks of cryptocurrencies to the Nigerian economy. However, the Nigerian government has attempted to restrict cryptocurrencies through its governing bodies such as the Central Bank of Nigeria and the Securities and Exchange Commission. Similarly with nations However, its legal status remains uncertain, in contrast to nations such as Morocco and Algeria, where there is an express prohibition on trade in Bitcoins, with high fines for violations (Dierksmeier, & Seele, 2016). The warnings are primarily intended to educate citizens about the distinction between actual state-issued and guaranteed currencies and cryptocurrencies, which are not. Following the actions of the Central Bank of Nigeria and the Securities and Exchange Commission, lawmakers have directed banks and other financial institutions with effect from 5th February 2021 that dealing in crypto currencies and facilitating cryptocurrency exchange are prohibited due to its anonymity which makes cryptocurrency susceptible to illegal use, thus contradicting the existing laws and crypto's are not legal tender.

Nigeria embarked on the development of digital currencies in order to reap the benefits of financial inclusion, safer remittances, and exchange rate regularisation, among other things.

e-Naira: A Cryptocurrency?

The e-Naira is an electronic equivalent of the local paper naira currency issued by the Central Bank of Nigeria. It is not designed to replace cash, but rather to serve as a secure and efficient alternative method of payment. That is, a Nigerian government-issued digital money having the same value as fiat naira (i.e., physical naira notes). It will be purchased by the public through FI and transferred into users' e-wallets. It is comparable to the digital renminbi of China and the ECC-krona of Sweden (Timi-Koleolu, & Aroh, 2021).

Cryptocurrency is a decentralised kind of encrypted digital currency based on blockchain technology, whereas e-Naira is a government-controlled digital currency whose value is expected to be at parity with the country's official currency.

Operation and Benefits of e-Naira

To use e-Naira, one must first create an e-Naira wallet, which is a digital storage system powered by blockchain technology. During the initial launch, only the government's Speed Wallet will be available, while financial institutions will be able to construct their own versions afterwards. To create an e-Naira wallet on a smartphone, customers must first download the e-Naira app from the Google Play Store or the Apple Store and then register. Users using feature phones can use USSD codes and then follow the registration steps. Users will be able to transfer money to the e-Naira wallet from bank accounts or credit cards, as well as send and receive payments in the digital currency, after it has been formed.

To quote anonymous sources close to the launch, the true explanation was that traffic to the new currency's official platform, which went live on September 27, was ten times higher than expected. As a result, the CBN decided to delay the launch in order to review and retest the resilience, safety, scalability, and security of the e-Naira system.

On September 30, Nigeria's Federal High Court heard a legal challenge to the launch based on trademark infringement brought by e-Naira Payment Solutions Limited. The presiding court determined that the launch should proceed in the national interest and on the assumption that the plaintiff would be suitably compensated, but he did not dismiss the case, which was adjourned.

One of the primary goals of digital currency is to increase inclusivity. Its goal is to bring millions of unbanked Nigerians into the financial system. In 2020, around 58 million adult Nigerians remained unbanked. 35 million of these people own mobile phones and might be reached via mobile money.

Another advantage for the government is that digital currency is likely to cut the high cost of printing physical currency, which amounted to N307 billion (747 million) between 2014 and 2019, according to a CBN report (Kedem, 2021). In contrast to digital banking, which includes customers transacting with money held in a bank, e-Naira is actual money earned and held by customers in their e-wallets. As a result, clients will be able to use it like fiat cash without the need for intermediaries, as is the case with digital banking. The elimination of intermediaries is expected to minimise transaction costs and time. Additionally, cross-border transactions are projected to become simpler. It also allows unbanked Nigerians to transact in e-Naira without having a private bank account (Timi-Koleolu, & Aroh, 2021).

Previous Empirical Studies

Ekong and Ekong (2022) examined the lessons for development from digital currency and financial inclusion in Nigeria. The study's objective was to conduct an empirical investigation on the impact of digital currency development (digital finance) on financial inclusion in Nigeria over time. In a weighted stepwise forward regression, the researchers created high-frequency quarterly data from 2006:1 through 2020:4. According to the findings, a unit increase in the use of automated teller machines by citizens spontaneously increased financial inclusion in a quarter in Nigeria by 0.012 units and was statistically significant; a percentage increase in the use of point of sale transactions by citizens in the country also increased financial inclusion in Nigeria by approximately 1%; and a percentage increase in mobile payment users in Nigeria will spontaneously increase financial inclusion by a quarter in Nigeria. Using in-sample forecasting, the researchers show that while financial inclusion will increase in Nigeria, it will not be without systemic variations. Based on the findings, it is predicted that if the country's current digital currency adoption is maintained at the current rate of growth, the country will be more financially inclusive by 2% by 2025 and 4% by 2030. Initially, it was discovered that the

emergence of digital currencies is a positive derivative for financial inclusion in Nigeria. In Nigeria, the cumulative effect of digital finance on financial inclusion is around 7% positive.

Auer, Farag, Lewrick, Orazem and Zoss (2022) studied banking institutions adoption of cryptocurrencies. According to the report, big banks' exposures are currently at very low levels. Higher levels of innovative capacity, advanced economic growth, and greater financial inclusion are related with a larger likelihood of banks taking on bitcoin exposures across countries. According to the survey, significant activity is centred in loosely regulated cryptocurrency exchanges. This "shadow cryptocurrency financial infrastructure" caters to both individual and institutional clients, including specialist investment funds. Uneven regulatory treatment of banks and crypto exchanges, as well as severe data gaps, indicate that a proactive, holistic, and forward-thinking approach to regulating and managing cryptocurrency markets is required. It should prioritise providing a more equal playing field for traditional financial institutions and intermediaries in the burgeoning crypto shadow financial system by imposing stricter regulatory and supervisory control on the latter.

Ahannaya, Oshinowo, Sanni, Arogundade and Ogunwole (2021) investigated the effect of cryptocurrencies on the Nigeria Economy. The study adopted *expo facto* research design and data were acquired from selected Nigerian commercial banks through the use of questionnaire and employing econometric techniques to estimate the drawn models to accompany the use of descriptive statistics. The study revealed that blockchain technology has benefits that extend beyond the banking sector (a protected assemblage of essential data and information, such as scientific bills, health records, vote records, etc.). Respondents provided quantitative data via the administration of a standardised questionnaire. The findings revealed that the use of cryptocurrencies such as Bitcoin and Ethereum in online transactions is on the rise and is virtually universally accepted. According to the study, a large percentage of people are now totally convinced that the digital currency Bitcoin is real, safe, and valuable.

Similarly, in order to find out the opinions of Nigerians and crypto currency traders on the effects and implications of crypto currency ban on Nigerian economy, Okpalaojiego (2021) adopted survey research design and utilised random sample technique to select 400 respondents from a population of 4000 comprising of crypto traders, bankers, bank customers university staff, students and public from Enugu State, Nigeria. The data was collected using structured questionnaire which were analysed using mean score average. The researcher found, among other things, that the abrupt ban on cryptocurrency trading and transactions has severely shaken the cryptocurrency market in Nigeria, caused traders to experience emotional trauma and shock, and prevents traders from purchasing cryptocurrency with their credit or debit cards issued by Nigerian banks. The consequences of this include, among other things, the possibility that people may find it challenging to hold cryptocurrency since they are unable to acquire or sell it. It might result in a steady decline in the value of the Naira and financial losses for Nigerians, as well as acute unemployment, poverty, and hunger for many young people who rely on cryptocurrency as a source of income. The researcher thus urges, among other things, prompt action from the government, the security and exchange commission, and other interested parties to consider the potentially wide-ranging repercussions of the central bank of Nigeria's stance on cryptocurrency. By taxing money made from withdrawal deposits or exchanger profits, the federal government of Nigeria, through the central bank of Nigeria, can control the cryptocurrency market. It can also ensure that investors register with their BVN and National Identity Numbers. These will enable the capture of any fraudster or criminal. Last but not least, Nigeria might use cryptocurrency trading to generate income and promote economic development.

Acho (2021) investigated the effects of legalising the use of cryptocurrency as a medium of exchange on the Nigerian economy. The primary and secondary data collection approaches were used to carry out this research. Copies of questionnaire were distributed to public and private management of financial institutions and businesses to collect pertinent data. The information was analysed using tables and percentages, the Pearson

product moment correlation coefficient was used to examine the relationship between the variables, and the Z-test was utilised to test the hypothesis. The study discovered, among other things, that there are risks (anonymity, illicit financing etc.) and benefits (such as financial inclusion and easy international payment) to using cryptocurrency, and that using cryptocurrency will help to economic growth. It is therefore recommended that the government review her regulatory framework for legalising crypto-currency, as well as ensure that relevant government agencies are proactive regarding crypto-currency by building the necessary regulatory architectures around the new financial technology, so that Nigeria and Nigerians are not left out of this intriguing shift in monetary paradigm.

Theoretical Framework

This study is premised on realism theory. Realists place a strong focus on the competitive and conflictual aspects of international relations in the field of international relations (IR). No matter their political views, realism also implies that all leaders understand this as they work to run their country's affairs in order to thrive in a competitive world.

According to the realists' viewpoint, blockchain technology is disruptive and detrimental to the state and state power. They regard the state as the most significant actor, and this reality calls into question the state's authority over its economy and policy. Even though it also assists the state in preventing documents from being deleted or misused, which can wind up costing states more money. Realists say that because of the anonymity on the cryptocurrency side of blockchain, it enables for the sponsorship of illicit conduct, which is a threat to the state (Karen, 2019).

Digital technology is a disruptive force that threatens the hierarchy and power of states (Owen, 2016). Owen claims further that it threatens state power by allowing states to manage and use digital technology to strengthen state power. Bitcoin and other electronic currencies also threaten state control of the economy and is a new form of civil disobedience (Owen, 2016).

As a libertarian fantasy, the goal is to eliminate government control over the economy as well as the production and circulation of money through central banks. Bitcoin, by depending on technology, provides a way for governance without governments. Bitcoin has the capacity to bypass most state-backed institutions. Another governance issue that is being addressed technically is anonymity. The state is thought to be very important, and blockchain technology may reduce the state's influence (Dunne, & Schmidt, 2014). Even though revolutionary technology such as blockchain is considered as a potent force capable of reshaping established concepts and conventions by intensifying regularised patterns of behavior (Campbell-Verduyn & Goguen, 2018). Thus, giving the state more power and governance within the international society.

The state uses the darknet, sometimes known as the "crypto market," to demonstrate that states are impotent to prohibit and control the numerous crimes that are enabled there (Owen, 2016). Cryptocurrencies will mostly be utilised for criminal transactions and narcotics, posing issues for the government. However, what these professors forget to acknowledge are the benefits of blockchain, as well as the reality that many people who have attempted to conduct criminal transactions with Bitcoin have already been discovered.

They also neglect to highlight that many of the illicit acts that they predict Bitcoin and other cryptocurrencies would be used for, such as supporting terrorism, narcotics, and trafficking, already exist using cash and offshore banking, both of which are sanctioned by governments. Transparency International has also argued that, while digital currencies can be used to facilitate cross-border crime, the fact that they are meticulously recorded, accepted as a legitimate investment, and transactions are easier to track than other forms of currency prevent them from being a facilitator of such crimes (Kossow & Dykes, 2018). This then contradicts one of the factors that the realist perspective uses to oppose blockchain technology.

In relating this to Nigeria, this theory is adopted in this study which examines the impact of the ban on cryptocurrency by the government. Digital currency traders in the country still find means to transact with each other and this has undermined the legitimate use of force by the Federal Government which is one of the most indispensable features of State. Also, in the Nigeria contest, those that engage in cyber scam now result into cryptocurrency as a mere charade and cover up. In fact, terrorist organisations receive funding via cryptocurrency making the country vulnerable to attack.

Methodology

The descriptive survey research design was adopted in this study. A survey is a type of research that involves gathering data from a predetermined group of people in order to get knowledge and insights about a variety of issue (Oyedokun, 2020). The study utilised self-structured questionnaire to obtain data. The population of this research comprises of selected registered cryptocurrency traders who operate legitimately and have physical locations in Oyo State Nigeria. The sample size for this study was (165) respondents comprising of bankers, university lecturers and cryptocurrency traders. This number was determined by the amount of the respondents who were available and willing to participate in this study. The sampling technique adopted for the study is the purposive sampling method. The Statistical Package for Social Science (SPSS) was used to analyse the data and the presentation was done using tables and descriptive analysis.

Analysis and Data Presentation

Table 1: Demographic Information

N	Variables	Frequency	Percentage (%)		
1.	Gender	Female	44	26.7	
		Male	121	73.3	
		Total	165	100.0	
2.	Age Group	20 & below	12	7.3	
		21-30	107	64.8	
		31-40	34	20.6	
		41-50	4	2.4	
		51 and above	8	4.8	
			Total	165	100.0
3.	Work Experience	1-5	97	58.8	
		6-10	40	24.2	
		11-15	15	9.1	
		16-20	6	3.6	
		21 & above	7	4.2	
			Total	165	100.0
4.	Occupation	Banker	43	26.1	
		Cryptocurrency Trader	91	55.2	
		University Lecturer	29	17.6	
		Others	2	1.2	
			Total	165	100.0

Source: Field Survey, 2022

Analysis from Table 1, showing the demographic data of the respondents reveals that 26.7% of respondents are female while 73.3% are male. This shows that the male respondents contributed more to the study than the females. The age distribution in the table shows that 7.3% of the respondents are below the age of 21, 64.8% of

the respondents are 21-30years, 20.6% of the respondents are 31-40, and 2.4% of the respondents are 41-50. Participants between the ages of 51 and above make up 4.8%. This shows that, respondents in this study are people in their youthful age.

The section showing the work experience of the respondents revealed 58.8% of the participants have been working with their respective agency/institute between 1-5years, 24.2% of the respondents have been working for 6-10years, 9.1% of the respondent have been working for 11-15years, 3.6% of the respondents have been working for 16-20years, while 4.2% of the respondent have been working for more than 20 years. This clearly shows that respondents that have worked for 1-5 years engaged more in this study. Also, 26.1% of the total respondents are bankers, 55.2% are cryptocurrency traders, 17.6% are University Lecturer, while 2 (1.2%) of the respondents are lawyers. This shows that the questionnaire targeted specific professions for this study.

Research Question One: In what ways does the cryptocurrency ban impact the development of digital currency in Nigeria?

Table 2: Impact of Cryptocurrency Ban on Digital Currency in Nigeria

S/N	Statements	SA (%)	A (%)	D (%)	SD (%)
1.	The cryptocurrency ban in Nigeria has led to increase in the value of Naira	12 (7.3)	41 (24.8)	42 (25.5)	70 (42.4)
2.	The cryptocurrency ban in Nigeria plays a significant role in the Introduction of e-Naira	43 (26.1)	65 (39.4)	33 (20.0)	24 (14.5)
3.	The cryptocurrency ban in Nigeria has led to increase in the purchase and usage of e-Naira	33 (13.3)	55 (27.3)	38 (34.5)	39 (24.8)
4.	The ineffective performance of e-Naira can be linked to cryptocurrency ban in Nigeria	30 (18.2)	65 (39.4)	41 (24.8)	29 (17.6)
5.	The cryptocurrency ban in Nigeria gives hope/prospects to further development of digital currencies in Nigeria	17 (10.3)	36 (21.8)	67 (40.6)	45 (27.3)
6	The CBN are likely to soon lift the ban on cryptocurrency in Nigeria	42 (25.5)	62 (37.6)	46 (27.9)	15 (9.1)

Source: Field Survey, 2022

According to the analysis presented in Table 2, 67.9% of the respondents disagreed that the cryptocurrency ban has led to an increase in the value of Naira. However, 65.5% of the respondent affirmed that cryptocurrency ban in Nigeria plays a significant role in the Introduction of e-Naira. Similarly, 59.3% of the respondent disagreed that cryptocurrency ban in Nigeria has led to increase in the purchase and usage of e-Naira.

A total of 57.6% of respondent are of the opinion that ineffective performance of e-Naira can be linked to cryptocurrency ban in Nigeria. The table also showed that 67.3% of the respondents disagreed that cryptocurrency ban in Nigeria gives hope or prospects to further development of digital currencies in Nigeria. While 63.1% of the respondents confirmed that CBN are likely to soon lift the ban on cryptocurrency in Nigeria.

Research Question Two: What are the implications of the cryptocurrency ban on the Nigerian banking sector?

Table 3: Implications of the Cryptocurrency Ban on the Nigerian Banking Sector

S/N	Statements	SA (%)	A (%)	D (%)	SD (%)
1.	The emergence cryptocurrency has necessitated the need for cyber security in bank operations	25 (15.2)	86 (52.1)	32 (19.4)	22 (13.3)
2.	The emergence cryptocurrency reduced banks monitoring and control of funds	21 (12.7)	65 (39.4)	56 (33.9)	23 (13.9)
3.	The cryptocurrency ban is a drawback for financial inclusion and cash flow	38 (23.0)	68 (41.2)	43 (26.1)	16 (9.7)
4.	The cryptocurrency has reduced capital inflow of commercial banks in Nigeria	23 (13.9)	61 (37.0)	64 (38.8)	17 (10.3)
5.	There are sanctions directed to banks that do not adhere to CBN directives on cryptocurrency ban in Nigeria	59 (35.8)	69 (41.8)	25 (15.2)	12 (7.3)
6	The cryptocurrency ban in Nigeria has reduced the level of illegal transactions	26 (15.8)	48 (29.1)	50 (30.3)	41 (24.8)

Source: Field Survey, 2022

Analysis from Table 3 indicated that 67.3% of the respondents believe that emergence of cryptocurrency has necessitated the need for cyber security in bank operations and 52.1% of the respondents believe that the emergence cryptocurrency reduced banks monitoring and control of funds. The Table also indicated that 64.2% of total respondents affirmed that cryptocurrency ban is a drawback for financial inclusion and cash flow. Likewise, 50.9% of the respondent confirmed that cryptocurrency has reduced capital inflow of commercial banks in Nigeria. A total of 87.6% of the respondents acknowledged that there are sanctions directed to banks that do not adhere to CBN directives on cryptocurrency ban in Nigeria. However, 55.1% of the respondents disagreed that the cryptocurrency ban in Nigeria has reduced the level of illegal transactions

Presentation of Hypotheses

Hypothesis One: There are no significant impacts of cryptocurrency ban on the development of digital currency in Nigeria.

Table 4: Ho1 Correlation Analysis

		Crypto Ban	Digital Currency
Crypto Ban	Pearson Correlation	1	.322**
	Sig. (2-tailed)		.000
	N	165	165
Digital Currency	Pearson Correlation	.322**	1
	Sig. (2-tailed)	.000	
	N	165	165

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field survey, 2022

The first objective evaluates impact of cryptocurrency ban on the development of digital currency in Nigeria. To investigate this, Pearson Correlation was used with a two-tailed test of significance at $P < 0.01$ level. Using default 5%, the p-value or Sig. value is 0.000 which is above the p-value and shows significance. Hence, the null hypothesis which states that there are no significant impacts of cryptocurrency ban on the development of digital currency in Nigeria is rejected. The sample correlation is 0.322** (cryptocurrency ban on the development of digital currency in Nigeria at 0.322) which is positive and shows that the relationship is moderate. The (**) means that Correlation is significant at the $p < 0.01$ level (2-tailed). It can however be concluded that impact of cryptocurrency ban on the development of digital currency in Nigeria is significant. This therefore answered the research first objective.

Hypothesis Two: There are no significant implications of cryptocurrency ban on the Nigerian banking sector.

Table 4: Ho2 Correlation Analysis

		Crypto Ban	Banking Sector
Crypto Ban	Pearson Correlation	1	.381**
	Sig. (2-tailed)		.000
	N	165	165
Banking Sector	Pearson Correlation	.381**	1
	Sig. (2-tailed)	.000	
	N	165	165

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Field survey, 2022

Objective two assessed the implications of cryptocurrency ban on the Nigerian banking sector. To investigate this, Pearson Correlation was used with a two-tailed test of significance at $P < 0.01$ level. Using default 5%, the p-value or Sig. value is 0.000 which is above the p-value and shows significance. Hence, the null hypothesis which states that there are no significant implications of cryptocurrency ban on the Nigerian banking sector is rejected. The sample correlation is 0.381** (cryptocurrency ban on the Nigerian banking sector at 0.381) which is positive and shows that the relationship is moderate. The (**) means that Correlation is significant at the $p < 0.01$ level (2-tailed) It can however be concluded that There are significant implications of cryptocurrency ban on the Nigerian banking sector. This therefore answered the research second objective.

Discussion of Findings

The first objective revealed impact of cryptocurrency ban on the development of digital currency in Nigeria. The study revealed that the ban on cryptocurrency has not led to an increase in the value of Naira. However, the ban on cryptocurrency plays a significant role in the introduction of e-Naira yet, there is no increase in the purchase and usage of e-Naira. Ineffective performance of e-Naira can be linked to cryptocurrency ban in Nigeria. Nevertheless, cryptocurrency ban in Nigeria does not give hope/prospects to further development of digital currencies in Nigeria. To further examine the impact of cryptocurrency ban on the development of digital currency in Nigeria, Pearson Correlation was used with a two-tailed test of significance at $P < 0.01$ level. Using default 5%, the p-value or Sig. value is 0.000 which is above the p-value and shows significance. The sample correlation is 0.322** (cryptocurrency ban on the development of digital currency in Nigeria at 0.322) which is positive and shows that the relationship is moderate. The (**) means that Correlation is significant at the $p < 0.01$ level (2-tailed). Hence, the null hypothesis which states that there are no significant impacts of cryptocurrency ban on the development of digital currency in Nigeria is rejected. It can however be concluded that impact of cryptocurrency ban on the development of digital currency in Nigeria is significant.

The findings correspond with the reports of Okpalaojiego (2021) which revealed that the ban on cryptocurrency

may lead to continuous depreciation in the value of Naira and loss of money by Nigerians. However, a study conducted by Ozili (2022) revealed that digital currencies (e-Naira) do not only come with risks, but comes with some benefits which include improved monetary policy transmission, convenience, efficient payments, increase in the level of financial inclusion, and higher remittance inflow. While, identified risks include digital illiteracy, increased propensity for cyber-attacks, data theft, and the changing role of banks in a full-fledged CBDC economy

Objective two assessed the implications of cryptocurrency ban on the Nigerian banking sector. The emergence of cryptocurrency has reduced banks monitoring and control of fund. However, there need for cyber security in bank operations. The ban led to a drawback on financial inclusion and has reduced capital inflow of commercial banks in Nigeria. Additionally, there are sanctions directed to banks that do not adhere to CBN directives on cryptocurrency ban in Nigeria. However, the cryptocurrency ban in Nigeria did not reduce the level of illegal transactions.

To investigate this further, Pearson Correlation was used with a two-tailed test of significance at $P < 0.01$ level. Using default 5%, the p-value or Sig. value is 0.000 which is above the p-value and shows significance. The sample correlation is 0.381** (cryptocurrency ban on the Nigerian banking sector at 0.381) which is positive and shows that the relationship is moderate. The (**) means that Correlation is significant at the $p < 0.01$ level (2-tailed). Hence, the null hypothesis which states that there are no significant implications of cryptocurrency ban on the Nigerian banking sector is rejected. It can however be concluded that there are significant implications of cryptocurrency ban on the Nigerian banking sector. This therefore answered the research third objective. This study aligns with prior findings on legal and financial implication of adopting cryptocurrency in Nigeria. Oyedokun and Awosika (n.d) discovered that cryptocurrency enhances financial inclusion making international remittances cheaper and faster; and it facilitates international trade, particularly at the micro-level. The financial consequences have been discovered to include an absence of central authority, tax evasion, terrorism financing, money laundering, and cyber blackmail (Oyedokun & Awosika, n.d).

Conclusion and Recommendations

From the data gathered regarding the impact of cryptocurrency ban on the development of digital currency in Nigeria. The study revealed that cryptocurrency ban in Nigeria has not led to an increase in the value of Naira. However, the ban on cryptocurrency to a great extent plays a significant role in the introduction of e-Naira. Therefore, it is concluded that the impacts of cryptocurrency ban on the development of digital currency in Nigeria is positive and significant.

Also, in studying the implications of cryptocurrency ban on the Nigerian banking sector, the data gathered confirmed that emergence of cryptocurrency has reduced banks monitoring and control of fund as it reduced the number of customers who visit banks to perform banking operations. The cryptocurrency ban also increased need for cyber security in bank operations. Additionally, there are sanctions directed to banks that do not adhere to CBN directives on cryptocurrency ban in Nigeria. It can however be concluded that there are significant implications of cryptocurrency ban on the Nigerian banking sector.

Based on the findings, the authors recommend the following:

1. The emergence of cryptocurrency has necessitated the need for cyber security in bank operations. This is a wake-up call for banks and other financial institutions to strengthen their cyber security network against cyber fraud.
2. Relevant tax authorities should address the matters of digital transactions and how such transactions will be taxed to curb tax evasions.
3. There should be strict laws and punishments against the use of cryptocurrency as a means for money laundering and tax evasion.

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