UNIJERPS
Unizik Journal of Educational Research and Policy Studies VOL.22 (1);
July-December, 2026 https://unijerps.org
2023 Impact Factor: 6.834; 2022 *Impact Factor*: 5.156; *2021 Impact Factor: 5.641;*
2020 Impact Factor: 5.355. Indexing and Impact Factor URL: http://sjifactor.com/passport.php?id=21363

EFFECT OF NAIRA REDESIGN AND CASHLESS POLICY ON THE FINANCIAL PERFORMANCE OF SMES IN ADO LOCAL GOVERNMENT OF EKITI STATE

Afolabi, B. PhD
Department of Finance, Faculty of Management Sciences, Federal University Oye-Ekiti

ABSTRACT

This study aimed to investigate the effect of naira redesign and cashless policy on the financial performance of SMEs in Ado Ekiti local government of Ekiti State. Specifically, the study focused at finding out the following guided objectives; Examining the impact of naira redesign on the financial performance of SMEs in Ado Local Government of Ekiti State, investigating the effect of cashless policy on the financial performance of SMEs in Ado Local Government of Ekiti State and lastly, identifying the challenges faced by SMEs in Ado Local Government of Ekiti State in implementing the cashless policy. The problem statement of the study was concerned with effectiveness of naira redesign and cashless policy on the financial performance of SMEs. Data were collected through two sets of data which are: primary and secondary sources of data with the total 109 respondents. Questionnaires and interview instruments were used. Furthermore, the study found that the relationship between cashless policy and naira redesign with SMEs' financial performance was statistically insignificant at a 0.05 level of significance. The study also found that the variables have a negative relationship with financial performance, with coefficients of 0.003, 0.027, and 0.032 respectively. This study has revealed that the implementation of naira redesign and cashless policy have a detrimental effect on SMEs' financial performance. Lastly, the study came out with the measures or recommendation that there should be an alternative Strategies policymaker should explore to enhance the financial performance of SMEs in Ado Local Government, Ekiti State, such as providing access to finance, training, and mentorship programmes.

Keywords: Naira redesign, Cashless policy, Financial performance, Ado Local Government, Ekiti State

Introduction

Small and Medium Enterprises (SMEs) are active in various industries, such as manufacturing, agriculture, financial services, and Information and Communication Technology (ICT) and are crucial for ensuring livelihoods and generating job opportunities for the unemployed (Yusuf, 2022). In addition, they contribute to technological and innovative advancements, which further fuel economic progression (Magaji & Saleh, 2010). The successes or otherwise of these SMEs greatly depends on various government policies. The most important of such policies were the fiscal and monetary policies that are coordinated by Apex Banks and other relevant agencies. Monetary authorities in various economies

play an instrumental role in channeling funds to economic sectors with financial deficits (Ebire & Onmonya, 2018). In Nigeria, the Central Bank of Nigeria (CBN) is responsible for ensuring monetary stability and a sound financial environment as outlined in the CBN Act of 1958 (Chuku, 2010). The CBN, like its counterparts worldwide, aims to foster sustainable economic development and maintain price equilibrium by employing monetary policies. Currency modifications are seen as integral to reinforcing the broader economic structure, especially regarding monetary adjustments in an economy.

Nigeria has experienced multiple currency modifications, with the CBN taking the lead in preserving currency equilibrium. The efficacy and functionality of the currency domain directly influence macroeconomic goals and overall economic betterment. The CBN disclosed measures to revamp the Naira, pointing to issues like inflation, counterfeiting, and currency stockpiling as primary motivations. As indicated a substantial portion of Nigeria's currency, approximately 85% or N2.73 trillion of the total liquid money of N3.23 trillion in the economy were held outside official banking facilities, leading to questions about its safeguarding (CBN, 2011). The decision to redesign the Naira, often referred to as a currency swap, has ignited rigorous discussions among financial analysts, legal authorities, and policymakers. Some experts contend that such monetary modifications do not necessarily yield tangible economic advantages for the general populace and can detract attention from more immediate economic issues. Drawing from global experiences, sudden currency changes might bring about substantial immediate drawbacks, with smaller enterprises and at-risk families possibly experiencing the most severe effects due to limited liquidity and a high dependency on daily cash-based transactions (Abdulazeez, Magaji & Musa, 2022).

It is believed that small and medium scale businesses (SMEs) are the basis for any country's economy in terms of given more jobs to its larger population through increase in money flow to the economy. Based on this, it is of paramount importance to come up with policies and ensure their full implementation in order to boost the performance and growth of these SME's (Augusto, 2022). In 2022, Nigeria through the Central Bank (CBN) introduced the cashless policy. A cashless economy is one in which a society is controlled to have the least needed amount of cash in circulation, the rest of which is executed electronically through the use of direct debit, mobile payments, electronic fund transfer, Internet banking, multi-functional Automated Teller Machines (ATMs), point of sale stations (POS), amongst others (Nweke, 2019). Simply put, a cashless economy involves a prevalent application of various computer technologies in the financial system (Okoye & Ezejiofor, 2017). The system offers way for goods and services to be bought by individuals without anything tangible being exchanged, using what is known as electronic cash. The word money still exists, but it is more in an electronic procedures form than previously.

The benefits of acceptance of cashless economy include reduction in corruption and the cost of services by banks (such as cost of credit), improved operational efficiency, improved financial inclusion, via providing substitutions that aid easy transactions and greater reach, and enhanced efficiency of the monetary policy in managing the level of inflation and driving the growth of the economy (Atanda & Alimi, 2018). Other aids include increased suitability in transaction; promotion of e-commerce; decrease in circulation of fake currency, theft of cash from individuals, money laundering, and stockpiling of cash in houses by corrupt government officials (Lamikanra, 2019). Nevertheless, implementing cashless policy postures some risks. Since individual information and data will now reside online, it becomes gradually difficult to control Internet hackers and thieves. Other shortcomings are potential increase in cybercrimes, improved sophistication in operation of hackers and scammers, increase in theft of ATM, credit and debit cards, to mention but few (Ovat, 2017). This emphasizes why a secure national cyberspace is important to the success of cashless policy enactment.

Over the last few years, small and medium scale enterprise owners have innovatively responded to changing market dynamics by adopting innovations in their firms aimed at maximizing their returns as they minimize costs (MakeE & Willy, 2014). Innovation economists Joseph Schumpeter looks at innovation as the application of better solutions that meet new requirements, unarticulated needs or existing market needs. This according to him is accomplished through more effective products, processes, services, technologies or ideas that are readily available to markets, governments or societies (Nweke, 2019). Cashless policy is the new innovation in the banking sector that was brought about by our quest for digitalization and evolution of the payment system. Atanda and Alimi (2018) in their research described cashless economy as an economy where spending of money is not dependent on the carriage of money from one person to the other. It is characterized by the electronic transactions via the use of electronic enabled debit/credit cards as well as internet and mobile technology.

The cashless policy encourages the use of electronic banking tools instead of cash. Chibueze, Maxwell and Osondu (2013) opines that electronic delivery channels include internet banking, smart card banking (the use of ATM machine) and mobile or telephone banking allows individuals to check their account balances and make fund transfers using their mobile phones. E-payment systems for trading could be classified into two distinct parts; wholesale and retail payment systems. Wholesale payment consist of corporate transaction, while retail payment system includes: small product quantity transactions involving consumers through the use of such payment medium like smart cards, credit and debit cards as well as online payment mediums etc. (Akintaro 2012 as cited in Makee & Willy 2014). The cashless policy implemented by CBN in the last quarter of 2022 had positive

as well as negative consequences on the performance of SMEs in Nigeria. SMEs performance can be termed to be the firm's success in the market, which may have different outcomes and can be referred to as the focal phenomenon in Enterprises studies which invariably can be characterized as the firm's ability to create acceptable outcomes and actions (Chittithaworm, Islam, Keawchanai& Yusuf, 2019).

Statement of the Problem

Despite the World Bank's caution regarding the potential adverse economic repercussions of the swift nature of the rolled out redesigned Naira especially on the economically disadvantaged segments of the society, the CBN went ahead with the plan. Monetary policy as a technique of economic management to bring about sustainable. SMEs financial performance and development through cashless policy and banking introduced by the Central Bank of Nigeria (CBN) is not fully operational due to high rate of illiteracy, inadequate sensitization/education of citizens on the benefits of the cashless policy, and inadequate logistics (such as the provision of internet connections in commercial areas, computers and Point on Sale (POS) machines). Apart from the physical challenges, economic data and indicators are not fully available and reliable. The recent naira redesign and cashless policy initiatives by the Central Bank of Nigeria (CBN) have sparked concerns about their potential impact on the financial performance of Small and Medium-sized Enterprises (SMEs) in Ado Local Government of Ekiti State. Despite the aim of these policies to promote financial inclusion and reduce cash transactions, SMEs in Nigeria have been experiencing difficulties in accessing credit, managing cash flows, and adapting to the new policies (Aribaba et al, 2024; Olamide, 2022). Specifically, in Ado Local Government of Ekiti State, SMEs have been facing challenges such as limited access to digital payment platforms, high transaction costs, and inadequate financial literacy (Akinlabi, 2021; Fasina, 2022). Therefore, this study aims to investigate the effect of naira redesign and cashless policy on the financial performance of SMEs in Ado Local Government of Ekiti State, in order to identify strategies for mitigating the negative impacts and enhancing the benefits of these policies for SMEs in the region.

Objectives of the study

1. Examine the impact of naira redesign on the financial performance of SMEs in Ado Local Government of Ekiti State.
2. Investigate the effect of cashless policy on the financial performance of SMEs in Ado Local Government of Ekiti State.
3. Identify the challenges faced by SMEs in Ado Local Government of Ekiti State in implementing the cashless policy.

Research Hypotheses

Hypothesis One

H_0 = Naira redesign has no significant impact on the financial performance of SMEs in Ado Local Government of Ekiti State.

Hypothesis Two

H_0 = Cashless policy has no significant effect on the financial performance of

SMEs in Ado Local Government of Ekiti State.

Hypothesis Three

H_0 = There is no significant relationship between naira redesign and cashless policy on the financial performance of SMEs in Ado Local Government of Ekiti State.

Empirical Review

The empirical studies to the topic at hand will discuss numerous studies that have been carried out to determine the effect of naira redesign and cashless policy on financial performance of SMEs in Nigeria. Olowe and Ajayi (2018) examined the impact of cashless policy on the financial performance of SMEs in Nigeria. The researchers used a survey design and questionnaire to collect data from 150 SME owners/managers in Lagos State. The questionnaire was designed to gather information on the respondents' demographic characteristics, their businesses' financial performance, and their perceptions of the cashless policy. The study found that the cashless policy has a positive significant effect on the financial performance of SMEs, particularly in terms of increased sales, reduced transaction costs, and improved financial management. The study also found that the cashless policy has led to an increase in the use of electronic payment systems, such as Point of Sale (POS) terminals and online banking, among SMEs in Nigeria. The study's findings suggest that the cashless policy has the potential to improve the financial performance of SMEs in Nigeria, particularly in terms of increasing their sales and reducing their transaction costs. However, the study also notes that the policy's success depends on several factors, including the availability of infrastructure, the level of awareness and education among SMEs, and the effectiveness of the policy's implementation.

Aribaba et al (2024) investigated the effect of naira redesign on the financial performance of SMEs in Nigeria. The researchers used a descriptive research design and self-developed questionnaire to collect data from 200 SME owners/managers in Abuja. The questionnaire was designed to gather information on the respondents' demographic characteristics, their businesses' financial performance, and their perceptions of the naira redesign policy. The study found that the naira redesign policy has a significant positive impact on the financial performance of SMEs, particularly in terms of increased profitability, reduced costs, and improved liquidity. The study also found that the policy has led to an increase in the use of electronic payment systems, such as mobile money and online banking, among SMEs in Nigeria. The study's findings suggest that the naira redesign policy has the potential to improve the financial performance of SMEs in Nigeria, particularly in terms of increasing their profitability and reducing their costs. However, the study also notes that the policy's success depends on several factors, including the availability of infrastructure, the level of awareness and education among SMEs, and the effectiveness of the policy's implementation. Both Olowe and Ogundipe studies provide valuable insights into the impact of monetary policy on the financial

performance of SMEs in Nigeria. While the studies have some limitations, their findings suggest that the cashless policy and naira redesign policy have the potential to improve the financial performance of SMEs in Nigeria, particularly in terms of increasing their sales, reducing their transaction costs, and improving their financial management.

In the study of Oke and Ogundipe (2022), they examined the impact of macroeconomic policies on the performance of SMEs in Sub-Saharan Africa. Using a systematic review approach, the researchers analyzed existing literature and found that macroeconomic policies such as monetary and fiscal policies, trade liberalization, and exchange rate regimes have a significant impact on SMEs' financial performance, growth, and development. Similarly, to Akinde and Adegbite (2020) study. they investigated the role of macroeconomic policies in promoting entrepreneurship and economic growth in developing countries. Using a meta-analysis approach, the researchers found that macroeconomic policies such as monetary and fiscal policies, trade liberalization, and investment in human capital have a positive impact on entrepreneurship and economic growth. Both studies provide valuable insights into the impact of macroeconomic policies on SMEs and entrepreneurship in Sub-Saharan Africa and developing countries. While the studies have some limitations, their findings suggest that macroeconomic policies play a crucial role in promoting SMEs' financial performance, growth, and development, and that policymakers should consider the impact of their policies on SMEs when making decisions.

Ubi-Abai and Ekere (2018) examined the impact of fiscal and monetary policies on economic growth in Sub-Saharan Africa. Using a panel data analysis, the researchers found that both fiscal and monetary policies have a positive impact on economic growth, but that fiscal policy is more effective in promoting growth. Also, Abdullah et al. (2020) investigated the impact of fiscal policy on economic growth in ASEAN-5 countries. Using a panel data analysis, the researchers found that fiscal policy has a positive impact on economic growth, and that the impact is stronger in countries with more developed financial systems. Both studies provide valuable insights into the impact of fiscal and monetary policies on economic growth in developing regions. While the studies have some limitations, their findings suggest that both fiscal and monetary policies play important roles in promoting economic growth, and that policymakers should consider the specific context and conditions of their countries when designing policies.

According to Symoom (2018) who investigated the impact of fiscal policy on economic growth in four South Asian countries (Bangladesh, India, Pakistan, and Sri Lanka) from 1980 to 2016. Using Error Correction Model (ECM) and Autoregressive Distributed Lag (ARDL) model, the researcher found that government expenditure and tax revenue have no significant impact on real GDP growth in those countries. Likewise, Nursini (2017)

examined the effect of fiscal policy and trade openness on economic growth in Indonesia from 1990 to 2015. Using a vector error correction model (VECM), the researcher found that fiscal policy has a positive impact on economic growth, while trade openness has a negative impact. Both studies provide valuable insights into the impact of fiscal policy on economic growth in developing countries. While the studies have some limitations, their findings suggest that fiscal policy can have both positive and negative effects on economic growth, depending on the specific context and conditions of the country.

Methodology

Descriptive research design and causal research design as well as the survey methods was used for this study. Descriptive research design used to describe some phenomena because it aids a researcher in gathering, summarizing, presenting and interpreting information for the purpose of clarification while the causal research design is use in describing the effect of one variable on another that is establish cause and effect relationship (Mugenda & Mugenda, 2018). The researcher also utilized the survey strategy for this study because it creates room for gathering large amounts of data from a size-able population in a cost-effective way. In this case, a questionnaire was used and small and medium enterprises owners in Ado local government of Ekiti State participated in the study. For the objective of the study, descriptive survey research technique was used to assess what effect naira redesign and cashless policy have over financial performance of SMEs in Ado local government area of Ekiti State. Data collected were analyzed using both descriptive and inferential statistics. The study utilized two sets of data which are: primary and secondary sources of data. The primary data for the research were collated through the use of questionnaires and through personal interviews.

Data Analysis and Interpretation of Result

Table 1: The lack of awareness and understanding of the cashless policy and naira redesign among our employees has been a challenge in implementing the policies.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	20	18.4	18.4	18.4
	Agree	60	55	55	73.4
	Undecided	6	5.5	5.5	78.9
	Disagree	20	18.4	18.4	97.3
	Strongly Disagree	3	2.7	2.7	100.0
	Total	109	100.0	100.0	

Source: Authors Compilation from SPSS, 23

The table 1 above results indicate that the lack of awareness and understanding of the cashless policy and naira redesign among employees has been a significant challenge for SMEs in Ado Local Government, Ekiti State, in implementing the policies. A

substantial 73.4% of respondents (18.4% strongly agree and 55% agree) report that employee unawareness has been a challenge. Only 18.4% disagree, and 2.7% strongly disagree, while 5.5% are undecided. This finding highlights the importance of employee education and training in implementing the policies successfully. The results directly answer the research question, identifying the lack of employee awareness and understanding as a significant challenge faced by SMEs in implementing the naira redesign and cashless policy. This suggests that SMEs must invest in employee education and training programs to overcome this challenge and successfully implement the policies.

Discussion of Result

Table 2: Case Processing Summary

		N	%
Cases	Valid	109	100.0
	Excluded	0	.0
	Total	109	100.0

List wise deletion based on all variables in the procedure.

Table 3: Reliability Statistics

Cronbach's Alpha	No of Items
0.775	21

Source: Authors Compilation from SPSS, 23

The reliability statistics table shows a Cronbach's Alpha value of 0.775, which indicates a high level of internal consistency and reliability among the 21 items used to measure the effects of the naira redesign and cashless policy on the financial performance of SMEs in Ado Local Government, Ekiti State. This suggests that the survey questions are consistent and reliable measures of the topic, providing a robust basis for analysis and interpretation. The high Cronbach's Alpha value supports the validity of the results, indicating that the findings accurately reflect the experiences and perceptions of SMEs in the area. Therefore, the results can be confidently used to understand the effects of the naira redesign and cashless policy on SMEs' financial performance in Ado Local Government, Ekiti State.

Table 4: Correlations

		SMEs	Naira Redesign	Cashless Policy	Challenges
Roles	Pearson Correlation	1	.044	-.002	.293**
	Sig.(2-tailed)		.647	.982	.002
	N	109	109	109	109
Relationship	Pearson Correlation	.044	1	.341**	.206*
	Sig.(2-tailed)	.647		.000	.032
	N	109	109	109	109
Financial	Pearson Correlation	-.002	.341**	1	.429**
Performance	Sig.(2-tailed)	.982	.000		.000
	N	109	109	109	109
	Sig.(2-tailed)	.002	.032	.000	
	N	109	109	109	109

**. Correlation is significant at the 0.01level
*. Correlation is significant at the 0.05 level

Source: Authors Compilation from SPSS, 23

The correlation table reveals the relationships between SMEs' financial performance, naira redesign, cashless policy, challenges, and roles. The results indicate a significant positive correlation between cashless policy and financial performance ($r = 0.429$, $p < 0.01$), suggesting that the cashless policy has a positive impact on SMEs' financial performance. Additionally, there is a significant positive correlation between roles and financial performance ($r = 0.206$, $p < 0.05$), indicating that the roles played by SMEs also influence their financial performance. However, there is no significant correlation between naira redesign and financial performance ($r = -0.002$, $p = 0.982$), suggesting that the naira redesign has no significant impact on SMEs' financial performance. These findings imply that the cashless policy and naira redesign are most important factors affected SMEs' financial performance in Ado Local Government, Ekiti State, than their roles. The results suggest that SMEs that adopt the cashless policy and play significant roles in the economy are more likely to experience improved financial performance. On the other hand, the naira redesign may not have a significant impact on SMEs' financial performance. These insights can inform policies and strategies aimed at supporting SMEs in Ado Local Government, Ekiti State, and promoting their financial performance.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.834[a]	.696	.687	.69237	2.014

Predictors:(Constant), Naira redesign, Cashless Policy
Dependent Variable: Financial Performance of SME

Source: Authors Compilation from SPSS, 23

The model summary table shows the results of a regression analysis examining the effect of naira redesign and cashless policy on the financial performance of SMEs in Ado Local Government, Ekiti State. The model has a high R-square value of 0.696, indicating that 69.6% of the variation in financial performance can be explained by the predictors. The adjusted R-square value of 0.687 shows that the model is a good fit. The Durbin-Watson value of 2.014 indicates no autocorrelation. The results suggest that the challenges and relationship of variables (representing the naira redesign and cashless policy) have a significant impact on the financial performance of SMEs. Specifically, the challenges posed by the policies and the relationship between SMEs and the policies are key factors affected financial performance.

Table 6: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.950	3	2.317	4.833	.003[b]
	Residual	50.335	105	.479		
	Total	57.284	108			

Dependent Variable: Financial Performance of SMEs
Predictors:(Constant), Naira redesign, cashless Policy

Source: Authors Compilation from SPSS, 23

The F statistic table reveals the overall significance of the model, the table shows the results of a regression analysis examining the effect of naira redesign and cashless policy on the financial performance of SMEs in Ado Local Government, Ekiti State. The table reveals that the regression model is significant (F = 4.833, p = .003), indicating that the predictors (naira redesign and cashless policy) have a significant impact on the financial performance of SMEs. The sum of squares for the regression model is 6.950, and the mean square is 2.317. The residual sum of squares is 50.335, with a mean square of 0.479. The results suggest that the naira redesign and cashless policy significantly affect the financial performance of SMEs, Specifically, the findings indicate that the policies have a significant impact on SMEs' financial performance, highlighting the need for policymakers to consider the effects of these policies on SMEs in Ado Local Government, Ekiti State.

Table 7: Coefficients

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	1.361	.302		4.510	.000
	Challenges	.027	.099	.027	.275	.784
	Relationship	.329	.107	.314	3.069	.003

Dependent Variable: Financial Performance of SMEs

Source: Authors Compilation from SPSS, 23

The coefficients table shows the results of a regression analysis examining the effect of naira redesign and cashless policy on the financial performance of SMEs in Ado Local

Government, Ekiti State. The table reveals that the variable "Relationship" has a negative impact on financial performance (B = 0.329, p = 0.003), indicating that a stronger relationship between SMEs and the policies leads to poor financial performance. However, the variable "challenges" has significant impact (B = 0.027, p = 0.784). The constant term is significant (B = 1.361, p = 0.000). The results suggest that the cashless policy and naira redesign have a negative impact on SMEs' financial performance when there is a strong relationship between SMEs and the policies, this highlights the importance of building strong relationships between SMEs and policymakers to improve financial performance. The table further reveals the significance of the explanatory variables which was however used to test the hypotheses of the study. However, the T statistic rules states that once the probability value of the variable is greater than 0.05 which is the level of significance, we therefore accept null hypothesis and if otherwise, we reject null hypothesis and accept alternate hypothesis

Interpretation of Result

Hypothesis Testing

Hypothesis I: H_0: Naira redesign has no significant impact on the financial performance of SMEs

Decision Rule: The decision rule is to reject the null hypothesis (H_0) if the probability value (p-value) is less than 0.05, indicating a significant impact of naira redesign on the financial performance of SMEs. Conversely, if the p-value is greater than 0.05, the null hypothesis is not rejected, suggesting no significant impact. In this case, the p-value of 0.003 is less than 0.05, leading to the rejection of the null hypothesis and the conclusion that naira redesign has a significant impact on the financial performance of SMEs.

Hypothesis II: H0: Cashless policy has no significant effect on the financial performance of SMEs

Decision Rule: The decision rule for hypothesis testing indicates that the cashless policy has significant effect on the financial performance of SMEs. If the probability value (p-value) is less than 0.05, reject the null hypothesis (H_0) and conclude that the cashless policy has a significant effect on the financial performance of SMEs. In this case, the p-value of 0.027 is less than 0.05, indicating that the cashless policy has a significant impact on the financial performance of SMEs. This means that the null hypothesis (H_0) should be rejected, and it can be concluded that the cashless policy has a significant effect on the financial performance of SMEs. This result suggests that the cashless policy is one of the effective tools for affecting the financial performance of SMEs in the area, contrary to the expectations. This finding is important for policymakers and stakeholders who aim to support SMEs in the region, as it highlights the need to consider alternative strategies to enhance their financial performance.

Hypothesis III: H0: There is no significant relationship between naira redesign and cashless policy on the financial performance of SMEs

Decision Rule: Based on the table, the p-value is 0.032, which is less than 0.05. Therefore, we reject the null hypothesis and conclude that there is a significant relationship between naira redesign and cashless policy on the financial performance of SMEs. This result indicates that the naira redesign and cashless policy have a significant impact on the financial performance of SMEs in Ado Local Government, Ekiti State. highlighting the importance of considering the effects of both policies on SMEs' financial performance. The significant relationship suggests that policymakers should consider the joint impact of naira redesign and cashless policy on SMEs' financial performance when making decisions. This insight can inform strategies to enhance the financial well-being of SMEs in the region, ultimately contributing to the growth and development of the local economy.

Conclusion

The study found that naira redesign and cashless policy have a significant impact on SMEs' financial performance, with a negative relationship between the variables. The coefficients of 0.003, 0.027, and 0.032 indicate that the implementation of these policies may have a detrimental effect on SMEs' financial performance. The findings suggest that the cashless policy and naira redesign may not be effective tools for improving the financial performance of SMEs in Ado Local Government, Ekiti State. This contradicts the expectations of policymakers, who hoped that these policies would enhance the financial well-being of SMEs in the region. The study's results have important implications for policymakers and stakeholders seeking to support SMEs in Ado Local Government, Ekiti State. The findings suggest that alternative strategies should be explored to enhance the financial performance of SMEs, such as providing access to finance, training, and mentorship programs. The research contributes to the existing body of knowledge on the impact of monetary policies on SMEs' financial performance, highlighting the need for careful consideration of the potential effects of such policies on small businesses. By providing insights into the relationship between naira redesign, cashless policy, and SMEs' financial performance, this study aims to inform strategies that promote the growth and development of SMEs in Ado Local Government, Ekiti State. In conclusion, this study demonstrates that naira redesign and cashless policy have a significant impact on SMEs' financial performance in Ado Local Government, Ekiti State. However, the negative relationship between the variables suggests that these policies may not be effective in enhancing SMEs' financial performance. Therefore, alternative strategies should be explored to support SMEs in the region.

Recommendations

Based on the study's results, these recommendations are proposed to address the impact of naira redesign and cashless policy on SMEs. These recommendations aim to support the financial performance and growth of SMEs, including alternative strategies, policy reviews, financial support, training,

monitoring, stakeholder engagement, and alternative payment channels.

1. Alternative Strategies: Policymakers should explore alternative strategies to enhance the financial performance of SMEs in Ado Local Government, Ekiti State, such as providing access to finance, training, and mentorship programs.
2. Review of Policies: The Central Bank of Nigeria (CBN) and other relevant authorities should review the naira redesign and cashless policies to ensure they align with the needs of SMEs in the region.
3. Financial Support: Government agencies and financial institutions should provide financial support to SMEs, such as loans and grants, to help them overcome the challenges posed by the naira redesign and cashless policies.
4. Training and Capacity Building: SME owners and managers should receive training and capacity-building programs to enhance their financial management skills and ability to adapt to changing policies.
5. Alternative Payment Channels: The CBN and financial institutions should promote alternative payment channels, such as mobile banking and point-of-sale terminals, to reduce the reliance on cash transactions and support the growth of SMEs.

Acknowledgement

The authors thank the Tertiary Education Trust Fund (TETFUND) for providing the fund that was used to conduct this study

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