

The Nigerian Financial Literacy Framework and the CBN's Cashless Policy Impasse: Adult Education to the Rescue

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The Nigerian Financial Literacy Framework (NFLF) and the Central Bank of Nigeria's Cashless Policies are two significant initiatives aimed at promoting financial inclusion and enhancing the financial literacy of Nigerians. Unfortunately, the Nigerian government has appeared notorious for policy reversals. What has remained prominent in the Nigerian situation is the case of setting the cart before the horse. This paper examines the NFLF established to promote financial inclusion by extending financial services to the underserved, unserved, and the "unbanked" Nigerian populace. The implementation of the NFLF had not had a significant impact when the CBN abruptly began the implementation of its cashless policy and this situation created an impasse with Nigerians experiencing untold hardship as the cashless policy brought about unexpected cash crunch on citizens who were obviously ill-prepared and were severely impacted most especially those in the rural areas. Adult education has been found to enhance immediate socio-economic and socio-cultural impacts in society. The paper explored three critical adult education programmes for a smooth in-road for the implementation of a sensitive policy such as the cashless policy in a country like ours that is still battling with a very disturbing illiteracy rate.

Keywords: adult education, financial literacy, cashless policy

Introduction

The Nigerian Financial Literacy Framework and the Central Bank of Nigeria's Cashless Policies are two significant initiatives aimed at promoting financial inclusion and enhancing the financial literacy of Nigerians. Unfortunately, the Nigerian government is renowned for policy reversals. Although some policy reversals may have been influenced by changing circumstances, shifts in political ideology, or other factors beyond the control of the government, what has remained prominent in the Nigerian situation is the case of setting the cart before the horse. Nigeria government has reversed itself policy-wise, in a 12th-time record breaking scenario within the last decade with the cashless policy reversal of February, 2023 as the latest, with the Supreme Court's judgment. For the records, in 2012, the Nigerian government attempted to remove fuel subsidies, which led to protests and a nationwide strike. However, after several days of protests, the government reversed the policy and reinstated fuel subsidies (BBC News, 2012). Also in 2012, the Nigerian government introduced a policy to provide

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affordable housing for low-income earners. But, in 2016, the government suspended the policy due to lack of funding and a need to prioritize other sectors. In the same year 2012, the Nigerian government introduced the Agricultural Transformation Agenda (ATA), which aimed at increasing food production and reducing dependence on food imports. But, this policy was suspended in 2016, due to lack of funding and a need to prioritize other sectors.

In 2013, the Nigerian government introduced a policy to increase import tariffs on certain goods, including cars and rice, in order to encourage local production. However, in 2015, the government reduced the tariffs, citing concerns about inflation and economic growth (Premium Times Nigeria, 2015). In 2014, the Nigerian government introduced a policy to encourage local and foreign investment in the mining sector, and in 2015, the government announced a ban on mining activities in Zamfara State due to illegal mining activities and environmental degradation (Reuters, 2015). In 2015, the Nigerian government introduced a policy to provide free healthcare for pregnant women and children under the age of five, and in 2016, the government announced that it would no longer provide free healthcare, citing budget constraints and a need to prioritize other sectors (Reuters, 2016). Furthermore, in 2016, the Nigerian government introduced a policy to restrict access to foreign currency in order to conserve foreign reserves and in 2017 the government introduced a new foreign exchange policy that aimed at increasing the availability of foreign currency (Reuters, 2017).

In the same 2016, the Nigerian government introduced a policy to modernize the country's railway system and increase the speed of trains, but, in 2020, the government announced that it was suspending the policy due to lack of funding and a need to prioritize other sectors. In 2017, the Nigerian government introduced a policy to increase the Value-Added Tax (VAT) rate from 5% to 7.5%. However, in 2020, the government announced a temporary reduction of the VAT rate to 5% in response to the economic impact of the COVID-19 pandemic (Financial Times, 2020). In August 2019, the Nigerian government closed its land borders with neighboring countries to prevent smuggling and illegal trade, but, in December 2020, the government reopened the borders to allow for legitimate trade and commerce (Reuters, 2020). In February 2021, the Nigerian government announced a ban on cryptocurrency transactions, citing concerns about money laundering and other illegal activities, but, in June 2021, the Central Bank of Nigeria issued a statement clarifying that the ban was not a "prohibition" and that it would work to develop a regulatory framework for cryptocurrencies (The Guardian Nigeria, 2021). Then, in October 2022 (precisely October 23rd) the government through the Central Bank of Nigeria (CBN) announced its intention to redesign the currency, which it said was in the best interest of Nigerians to check terrorism financing, counterfeiting, and imbalances in the fiscal space, and to enable the apex bank to take control of the currency in circulation. This policy has since been reversed. As earlier mentioned, the CBN's cashless policy is a case of setting the cart before the horse. The cashless policy ought to have been preceded by the full implementation of the National Financial Literacy Framework (NFLF) and not the other way round.

The Nigerian Financial Literacy Framework

The overall goal of the National Financial Literacy Framework (NFLF) for Nigeria is to empower citizens with knowledge through access to quality financial education and to enable them to make informed choices and take effective actions for their financial wellbeing. However, as enshrined in the NFLF (CBN, 2015), the three main objectives of the NFLF include: promoting financial education and literacy among Nigerians; enhancing consumer protection and financial inclusion; and developing a sustainable financial system. Furthermore, the specific objectives of the NFLF are to:

- empower individuals to make better spending, savings, loans, insurance, pensions, and investment decisions;
- assist individuals to set realistic and achievable financial goals;
- increase awareness on the necessity for individuals to have a personal financial plan encapsulated in a budget, adhere to the budget, and prioritize their spendings according to their most pressing needs rather than wants;
- help financially excluded individuals know, understand, and access financial products and services at affordable costs;
- help individuals and businesses understand their rights and obligations when they enter into loan contracts and other forms of financial transactions in order to minimize credit risk in the financial system and protect consumers;
- increase ability of individuals to generate and save income, understand and cope with the challenges of irregular income as well as take responsibility for their future;
- sensitize relevant stakeholders on financial education and their expected roles and responsibilities under the framework by creating a platform for stakeholders' engagement and interactions;
- provide a platform for a multi-stakeholder approach to financial literacy and financial consumer protection in Nigeria spearheaded by the CBN as the apex regulator of the financial system (CBN, 2015, pp. 11-12).

It is very clear that the NFLF had good intentions especially in the area of promoting financial literacy, enhancing consumer protection, and promoting financial inclusion among citizens. However, as with previous government policies that lacked the needed political will for its implementation, the NFLF has almost become a mirage and an optical illusion. Nigeria did not record any significant improvement in development and use of digital financial infrastructure from 2012-2022 in anticipation of a cashless economy. Although there were pockets of financial innovations, it was concentrated in the urban centres while there was neglect in the sub-urban and rural areas. As at the moment over 65% of Nigerians live either in the sub-urban and rural areas (Oriakhi & Adebayo, 2020).

The Nigerian Cashless Policy

The Nigerian cashless policy was introduced by the Central Bank of Nigeria as far back as 2012. It aimed at reducing the amount of physical cash in circulation and increasing the use of electronic payments. According to Adegbite and Adewale (2019), one of the policy's targets is to increase financial inclusion by making it easier and more convenient for Nigerians to access and use financial services. However, the cashless policy is bedeviled by a myriad of challenges ranging from the lack of infrastructure in rural and underserved areas, which makes it difficult for financial institutions to reach these communities; low levels of financial literacy and a lack of trust in formal financial institutions among others. Under the cashless policy, there are two main categories of transactions:

1. Cash-based transactions: These are transactions in which the payment instrument is physical cash. The policy aimed at discouraging the use of cash in favour of electronic payment channels.
2. Electronic-based transactions: These are transactions in which the payment instrument is electronic. The policy aimed at promoting the use of electronic payment channels, such as debit and credit cards, mobile banking, and online banking.

Benefits of Cashless Policy to Individuals, Businesses, and the Nigerian Economy

- Increased financial inclusion: Cashless policy promotes financial inclusion by providing access to financial services to those who were previously unbanked or underbanked.

- Improved tax collection: With cashless transactions, it is easier for the government to monitor and collect taxes, which can increase government revenue.
- Enhanced efficiency: Cashless transactions are faster and more efficient, leading to shorter transaction times and reduced queues in banks and other financial institutions.
- Improved transparency: Cashless policy promotes transparency in financial transactions, making it easier to track money flows and prevent money laundering and other financial crimes.
- Increased financial literacy: Cashless policy can lead to increased financial literacy among individuals as they become more aware of the benefits of using digital payment systems.
- Better record-keeping: Digital transactions generate a clear trail of financial transactions, making it easier for businesses and individuals to keep accurate financial records.
- Reduced corruption: With cashless transactions, the risk of corruption and bribery is reduced as there is a clear and transparent record of financial transactions.
- Increased competitiveness: Cashless transactions can help businesses become more competitive by reducing transaction costs and increasing efficiency.
- Improved financial management: Digital payment systems provide individuals with better financial management tools, allowing them to track their expenses and manage their finances more effectively.
- Increased access to credit: Cashless transactions can help individuals and businesses build credit histories, which can increase their access to credit from financial institutions.
- Reduced cash-related crime: Cashless transactions can help to reduce cash-related crime, such as robbery and theft, by reducing the amount of cash in circulation.
- Increased financial transparency: Cashless policy promotes financial transparency, making it easier to identify and prevent financial crimes such as fraud and money laundering.
- Improved financial reporting: Digital payment systems provide businesses with more accurate and timely financial reporting, allowing them to make better financial decisions.
- Increased economic growth: Cashless policy can promote economic growth by reducing transaction costs, increasing efficiency, and improving access to financial services.
- Improved financial inclusion for vulnerable groups: Cashless policy can promote financial inclusion for vulnerable groups such as women and the rural poor, who may have limited access to traditional financial services (Gado & Kabir, 2019; Nwankwo & Agwu, 2020).

However, the implementation of the cashless policy in Nigeria has faced several challenges, including:

- Poor financial inclusion: A significant portion of the Nigerian population is unbanked, and many people do not have access to financial services. This limits the adoption of cashless payment methods.
- Low technology penetration: The use of cashless payment methods requires access to technology, such as mobile phones and computers. However, many Nigerians do not have access to these devices, particularly in rural areas.
- Resistance to change: Many Nigerians are accustomed to using cash for transactions and may be reluctant to switch to cashless payment methods. This can be due to a lack of trust in electronic payment systems, concerns about security and privacy, or simply a preference for cash.
- Infrastructure challenges: The success of the cashless policy depends on the availability and reliability of payment infrastructure, such as point-of-sale terminals and electronic payment gateways. However, there are often issues with power supply and internet connectivity, particularly in rural areas.

- Transaction costs: The fees associated with cashless payment methods, such as transaction fees and ATM charges, can be a barrier to adoption, particularly for low-value transactions.
- Lack of awareness: Many Nigerians are not aware of the benefits of cashless payment methods or how to use them effectively. This can limit adoption and lead to inefficient use of payment systems.

Addressing the aforementioned challenges will be critical to promoting the adoption of cashless payment methods and achieving the goals of the policy. This is where adult education comes in as a very dependable tool to deploy in addressing this issue.

Adult Education to the Rescue

The solutions to the cashless policy impasse will certainly require a multifaceted and multi-directional approach irked from input and collaboration from various sectors and stakeholders, including government, financial institutions, and the general public. However, adult education can play a significant role in addressing the problems of implementing the cashless policy in Nigeria.

Adult Education

If there is any field that has been perceived the wrong way, it must be adult education. Very often people conceive adult education to mean the education of village people. Some also liken adult education to mean literacy. Equating adult education to literacy is one of the most unfortunate disservices to the discipline. Adult education to Olomukoro and Omoregie (2018) is an all-inclusive pattern of adult development which has in view the needs of the adult not only as an individual but also a member of his community and which helps him live more effectively in a society. Adult education also means any teaching/learning activity organised for adult members of the society, irrespective of the mode of delivery, content, or level. It includes all organised learning programmes in which adults participate. This was probably why Hanachor and Olumati (2014) regarded adult education as a type of learning which provides a fresh beginning for learners and adds to knowledge that has been previously acquired, promoting recurrent, continuing, and lifelong learning and equally changing attitudes, views, and opinions of the recipients.

In the light of the aforementioned, it is obvious that adult education is a change-oriented endeavour that has immediate impact. It is aimed at bringing immediate change to the adults who will invariably bring change to the society. It is on this premise that Oyitso and Olomukoro (2016) further aver that the greatest value of adult education is that it provides an avenue for bringing about change in individuals, communities, society, and nations. Adult education is therefore an instrument for change as it promotes socio-economic and socio-cultural values by modifying the behaviour of individuals and improves their critical thinking quality. This paper therefore makes bold to declare that for the immediacy of impact, adult education should take the lead in the implementation process of the NFLF and the CBN's cashless policy. As a result of this, the following adult education programmes can be adopted as strategies to address the current NFLF and the CBN's cashless policy impasse:

- Literacy programmes;
- Women education;
- Community education.

Literacy Programmes

Literacy is the ability to read, write, and compute in any language. However, in understanding the concept of literacy, it has to be defined from the point of view of reading both the word and the world. As succinctly put

by Freire, in Hanachor and Olumati:

To acquire literacy is more than to psychologically and mechanically dominate reading and writing techniques. It is to dominate these techniques in terms of consciousness; to understand what one reads and to write what one understands; it is to communicate graphically. Acquiring literacy does not involve memorizing sentences, words, or syllable- lifeless objects unconnected to an existential universe-but rather an attitude of creation and re-creation, a self-transformation producing a stance of intervention in one's context. (2014, p. 21)

The above Freire's position connotes literacy as a process of conscientization or consciousness, which means taking the printed word, connecting it to the world, and then using that for purposes of empowerment. Literacy education programmes can therefore play a critical role in promoting financial inclusion in Nigeria by providing individuals with the basic literacy and numeracy skills needed to understand financial concepts and participate in financial transactions. Here are some ways that literacy education programmes can be used to promote financial inclusion in Nigeria:

- Basic literacy and numeracy training: Literacy education programmes can provide individuals with basic literacy and numeracy training that can help them better understand financial concepts such as budgeting, saving, and investing. This can include basic reading and writing skills, as well as numeracy skills such as basic arithmetic.
- Financial literacy training: Literacy education programmes can also offer financial literacy training to help individuals understand financial concepts and practices, such as credit management, savings, and investments.
- Digital literacy training: Literacy education programmes can provide digital literacy training to help individuals access and use digital financial services, such as mobile banking and online payment platforms.
- Advocacy and awareness campaigns: Through literacy education programmes one can engage in advocacy and awareness campaigns to promote financial inclusion and raise awareness about the importance of financial literacy. This can include community outreach programmes, radio and television campaigns, and social media engagement.

Literacy strategies such as: the Each-One Teach One (EOTO), Each-One Fund the Teaching of (EOFTO), Participatory Rural Appraisal (PRA), and the Regenerated Freire Literacy through Empowering Community Technique (REFLECT) can be deployed for mass mobilization, sensitization, and consciousness raising among citizens beginning from the immediate family members and local communities where literacy-circles may be formed for inter-faced discussions of the "why" and "how" problem at hand while thinking out modalities to successfully resolved them.

Women Education

There is no doubt that women remain the first and worse-off victims of any mishaps in society. This is why they are usually referred to as one of the most vulnerable groups in the society. This assertion underscores the need for women education. Without adequate women education, women empowerment will remain a mirage and an optical illusion. Women empowerment can only be achieved through the provision of adequate and functional education to the women folk. This is crucial because no matter how rich or vast a nation is, without an effective, efficient, adequate, and functional education for all its citizens (men and women alike), such a nation would find it difficult to stand on its own. The need for women education is also informed by the fact that purposeful occupational achievement and satisfaction is ensured by deep self-awareness and understanding which can only be achieved through the provision of effective and functional education programmes (Aimua, 2021).

Women education programmes can be a powerful tool for promoting financial inclusion in Nigeria. By providing women with the knowledge and skills they need to manage their finances effectively, these programmes can help to empower them economically, reduce poverty, and promote gender equality. Women education programmes can be important especially in rural communities in Nigeria where women often have limited access to education and financial services. Here are some ways in which women education programmes can be used to promote financial inclusion in Nigeria:

- **Financial literacy training:** Women education programme can include financial literacy training to help women understand basic financial concepts such as budgeting, saving, and investing. This can help women make informed financial decisions and take control of their finances. Financial literacy training can improve financial decision-making and promote financial inclusion among women.
- **Access to financial services:** Women education programme can also help to increase women's access to financial services such as bank accounts, loans, and insurance. By providing information on how to access these services and how to use them effectively, women can become more financially included. Women education programmes can increase women's knowledge of financial services and their willingness to use them.
- **Entrepreneurship training:** Women education programme can also include entrepreneurship training to help women start and grow businesses. This can help women generate income and become financially independent. Entrepreneurship training can help to increase women's income and improve their financial well-being.
- **Gender-sensitive financial products:** Women education programme can also advocate for the development of gender-sensitive financial products that meet the specific needs of women. For example, women may require smaller loan sizes, longer repayment periods, and flexible collateral requirements. Gender-sensitive financial products can help to increase women's access to finance and promote financial inclusion (Gado & Kabir, 2019).
- **Mobile money:** Women education programme can include information on how to use mobile money services, which can be particularly useful in areas where traditional banking services are limited. Mobile money has the potential to increase financial inclusion in rural areas by making financial services more accessible and convenient (Nwankwo & Agwu, 2020).
- **Village Savings and Loan Associations (VSLAs):** Women education programmes can also help to establish VSLAs in rural communities, which are informal groups that provide savings and loan services to their members. VSLAs can improve financial inclusion in rural areas by increasing access to financial services and promoting financial literacy.

Community Education

Community education is an aspect of adult education designed to promote learning and social development work with individuals and groups in their communities using a range of formal and informal methods. Community education draws heavily from our indigenous education system that is really functional, collective, communalistic, and largely democratic. According to Omoruyi (2021), community education may be used to promote civic engagement by providing training in leadership skills, community organizing, and advocacy. This may help community members become more involved in local decision-making and social action. Community education can also be used to address social issues such as poverty, inequality, and social exclusion. This may be done through programmes that promote health and wellness, financial literacy, and community development. In addition, Omoruyi (2021) contends that community education can promote lifelong learning by providing access to educational opportunities for individuals of all ages and backgrounds. According to him, this may include

literacy programmes, language classes, and cultural enrichment activities. Community education therefore can help to strengthen social networks by providing opportunities for community members to come together and engage in shared learning experiences. Community education programmes will therefore play a critical role in promoting financial inclusion in Nigeria by providing financial literacy training and entrepreneurship skills to underserved populations.

Conclusion

There is no doubt that the solutions to the NFLF and the CBN's cashless policy impasse will certainly require a multifaceted and multi-directional approach through inputs and collaboration from various sectors and stakeholders, including government, financial institutions, and the general public. There should be no point for any hasty implementation of any policy, especially the ones as critical as the CBN's cashless policy in a cash-based economy like Nigeria without first carrying the needed due diligence in terms of adequate sensitization and advocacy. No doubt, adult education is a ready knowledge area to draw for a smooth in-road for the implementation of a sensitive policy such as the cashless policy in a nation with a very disturbing illiteracy rate of 35.9% (UNESCO, 2021). The government should therefore prioritize the various adult education programmes most, especially the ones earlier discussed, in both urban and rural areas and ensure that adult education centers are established in every local government area to provide financial literacy training to residents. In addition, adult education centers should collaborate with microfinance institutions to provide financial literacy training to adults and make financial education compulsory in the curriculum of adult education programmes.

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