

Nigerian court extends old banknotes to end-2023 amid cash shortage

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Nigeria's Supreme Court on Friday ordered the central bank to extend until 31 December 2023 the use of old banknotes, whose withdrawal from circulation became an election issue after it caused cash shortages, widespread hardship and anger.



A person holds a new 1000 naira note as the Central Bank of Nigeria releases the notes to the public through the banks in Abuja, Nigeria, 15 December 2022. Reuters / Afolabi Sotunde / File Photo

The timing left many Nigerians fed up, hungry and exhausted right before a national election to replace President Muhammadu Buhari, which saw record low turnout of 29%. Former Lagos governor Bola Tinubu of Buhari's governing All Progressives Congress (APC) party was elected president in the poll last weekend.

Sixteen states in Nigeria had brought the case to the court, arguing that most Nigerians were stuck with old notes and needed more time beyond the 10 February date when the bills ceased to be legal tender in a botched move to replace them with newer ones.

Replacement bank notes have been in short supply, which has caused chaotic scenes at banks and adding to Nigerians' already boiling frustrations with high inflation and fuel shortages. It has also overwhelmed the digital banking network, as a flood of transactions shifted into cyberspace.

In a country where most people rely on cash for everything from taxi fares to buying food from markets, the shortages of naira bills has riled citizens, some of whom have attacked banks and burned cash-dispensing machines.

"In line with the fact that no consultations were made ... and no adequate notice was given to Nigerians before the withdrawal of existing bank notes ... the directive to stop the circulation of the of the old notes is hereby declared invalid," Justice Emmanuel Agim said, delivering the unanimous verdict.

Buhari's government has defended the central bank plan to withdraw old 1,000 (\$2.17), 500 and 200 naira bills to make way for new notes, saying it would curb money laundering and kidnappings for ransom, and offer greater transparency in financial transactions.

The move has caused rifts within the ruling APC, with several party officials saying the plan turned voters against the party.

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