

EFFECT OF CASH CRUNCH ON THE PUBLIC TRANSPORT SERVICES IN LAGOS STATE, NIGERIA

KANYIO Olufunto Adedotun

*Department of Logistics and Transport Technology,
School of Logistics and Innovation Technology,
Federal University of Technology, Akure, P.M.B. 740, Nigeria
E-mail: fokanyio@futa.edu.ng*

ABSTRACT

This study examined the impact of the cash crunch on public bus transport services in Lagos, Nigeria. The objectives examined the effect of naira design on customer satisfaction with public transport services and also examined how the cash crunch affects public transport services in Lagos State. The study relied on a survey research design and the use of primary data, which were derived from a questionnaire instrument administered at the study location. Further, a combination of clustered, stratified, and simple random sampling techniques were used while respondents (ticketing officers and drivers) were selected for the questionnaire administration. The statistical regression technique from the SPSS software was used for data relationship analysis, while descriptive tools were utilised for the presentation of the results. The study found that with a mean criterion or decision rule (reject if the mean is < 3.00), hoarding of cash by the financial institutions in the country was the major cause of the cash crunch experienced, with a mean value of 4.93, while insecurity, accounting for a mean value of 1.61, was ranked the lowest. In addition, with respect to the effect on public transport bus service operations, cash inaccessibility was ranked highest with a mean value of 5.00, while labour shortage was ranked lowest with a mean value of 2.13. It was concluded that cash influences the public bus transport sector as business transactions become constricted and stiffened. Thus, resulting in a slowdown in operations and activities, a greater percentage of the respondents were not satisfied with the government's motives for the Naira redesign. It was recommended that the timing of policy should be adequately considered. Naira redesign policy should not be positioned at periods (the end of the year, the festive season, and the peak of the election season) that come with high spending and the increased use of cash. The demand for cash is stronger than usual during these periods.

Keywords: *Cash crunch, Naira redesign, public transport services, operations, activities*

1.0 INTRODUCTION

To maintain a higher quality and standard of living, communities require access to essential services that will maintain economic possibilities, social and recreational activities, and physical and mental health. A major means of this is through transportation. Worldwide, the public requires transportation services that are organised and executed by private enterprises or the government. For numerous corporate entities, the transportation industry serves as an essential lifeline. For these firms to develop or thrive, they need to offer high-quality services. The movement of people, products, and services between locations using accessible modes of transportation is typically included in public transportation services (UN-Habitat, 2018), while transportation services demand that users have a payment method (Rodrigue, 2020). The payment system is extremely crucial to any economy and business as it represents the conduit via which money moves from one economic sector to another (Centre for Latin American Monetary Studies [CEMLA]) (2016). According to Ogunwale, Atanda, and Butu-Onakoya (2018), it stands for the main tenet of the contemporary market economy.

The Central Bank of Nigeria [CBN] (2021) states that payment systems are a crucial instrument for discussing the growing complexity of financial transactions and ensuring that debts and rendered services are effectively and completely resolved. According to their report, the payment system must ensure uninterrupted financial system operation, according to the bank's specifications, to facilitate low-risk, cost-effective, and minimally delayed transactions. The payment system serves three crucial functions (CBN, 2011)—the roles of financial stability, monetary policy, and overall economic activity. To promote sustainable economic growth and development, monetary policy has been a tool for economic management, as noted by Elechi and Rufus (2016). The duty of employing monetary policy to stimulate economic growth falls on monetary institutions. Since the Central Bank of Nigeria Act of 1958, monetary policy has been utilised in Nigeria.

Before the implementation of the cashless policy in 2011, the payment system in Nigeria was predominantly cash-based, meaning that it was an economic environment where retail and

commercial payments were primarily made in cash (John, Emmanuel, Ikechi, and Eke, 2020). The money, which consists of coins and notes, is the fundamental component of Nigeria's payment system. Additionally, this currency has coexisted alongside non-cash payment systems such as the Securities Clearing System, the Inter-bank Settlement System, and the Bankers Clearing House (Inter-Bank Clearing) system (NIBBS, 2020; Adu, 2016).

The Central Bank of Nigeria [CBN] is the highest authority in charge of overseeing the nation's financial sector. The management of liquidity is the main task (Fadare, 2011). Elechi and Rufus (2016) state that the CBN was given the authority to implement restrictive or expansionary monetary policies to control interest rates, manage the increase in credit to the domestic economy, achieve price stability, and preserve the value of the local currency abroad through the CBN Act of 1958 and its later amendments. It controls the amount of liquidity in the banking system by adding or removing funds that it determines to be in line with a target level of reserve money or short-term interest rates. Any economy's financial system is in charge of ensuring effective resource allocation and attracting savings for profitable ventures (Osazeybaru and Yomere, 2015).

Nigeria has attempted several different financial policy reforms throughout its history. These policies include the official adoption of electronic banking, the shift from cash-based to cashless financial arrangements, and the recapitalization of banks, which was started by the Central Bank of Nigeria (CBN) in July 2004 and completed on December 31, 2005. Nigeria was shocked by a cash shift policy to redesign the naira (legal tender) in the last quarter of 2022. Within six weeks, new high-denomination banknotes were supposed to be introduced to the nation. Its foundation was the improvement of Nigerian currency management through the removal of more than eighty percent (80%) of the currency in circulation that was not kept in commercial bank vaults, the decrease in terrorist attacks and kidnappings, the encouragement of the shift to a digital and cashless economy, and the fulfilment of international best practices (Emefiele, 2023).

As stunning as the strategy has been made out to be, the cash shortage of 2022 had a disastrous effect on Nigerians, despite the CBN's assertion that the substantial stockpiling of naira notes outside the banking sector is what is causing the inflation spiral. It had an unwarranted and detrimental impact on various businesses, both public and private, as well as the informal economy.

This was especially true of the transportation sector, particularly the public transportation sector, which is a mobility sector and an informal sector that, in Nigeria, is a widely used system of transportation for people and goods and is heavily reliant on daily cash flow. Furthermore, historical records indicate that there was never a cash crunch during Nigeria's previous currency overhaul (Tarurhor and Araroren, 2023). The possible effects of currency re-design in Nigeria on the country's economy have also been covered in some scholarly publications (Oyadeji, 2023; Otitoju, Sunday, Abiola, Abudu, 2023); implication on Nigerian economy; industrial performance (Dada, 2023); socioeconomic development in Nigeria (Onimisi, 2023); business marketing performance business (Nwachukwu and Nwogu, 2023); local economy and financial history; Abubakar & Yandaki, 2023; and micro, small, and medium enterprises (MSMEs) in Otitoju, Safugha, Vincent, and Chukwu (2023). Research on its influence on Lagos State's (Nigeria's) public transportation systems is currently lacking.

In light of this, the study aims to investigate how the financial crisis has affected Lagos State's public transportation system. It is believed that this study would shed light on how public transportation owners are affected by the financial crunch brought on by the Nigerian Naira re-design strategy, as well as the academic community, stakeholders, and the general Nigerian public. Additionally, from the standpoint of the Nigerian economy, it will add to the body of information already established on the subject.

Objectives

The specific objectives are to

1. Examine the effect of naira design on customer satisfaction with public transport services in Lagos state.

- ii. Examine how the cash crunch affects public transport services in Lagos State.

Research Hypothesis

This study, therefore, hypothesized that:

H₀: Cash crunch has no significant effect on public transport services in Lagos state.

2.0 CONCEPTUAL ISSUES AND EMPIRICAL REVIEWS

Cash Crunch Concept

Every business needs cash to run its daily operations. Without enough liquid assets, a company cannot meet its obligations and will eventually have to file for bankruptcy (Maximilian, 2015). To reiterate, Elechi and Rufus (2016) stated that cash is accepted as legal tender and can be used by anyone. A word that's rather frequent among start-ups and emerging enterprises is cash crunch. A cash crunch, according to Dukett (2008), is the incapacity of an organisation to have enough cash on hand to run its business normally and effectively. It indicates that a cash crunch occurs when a firm experiences a shortage of funds, which affects the business's operations. Ray (2023) claims that the idea relates to cash scarcity.

According to Kwode's (2015) study, firms that experience illiquidity issues as a result of both cash holding and cash constraints suffer the following consequences: As a result, businesses and organisations fail. The idea merely pertains to the circumstances in which an organisation must turn its non-liquid assets into cash. A firm typically needs cash to pay its suppliers and staff as well as to maintain operations. A cash crunch arises when a business undervalues the cash on hand. According to the cash crunch idea, a business's operations would be impacted when its cash flow became limited. A cash crunch arises when a business undervalues the cash on hand. A cash crunch may merely indicate that a business has to turn some of its non-liquid assets into cash rather than necessarily indicating that it is about to file for bankruptcy (Chembe and Jing, 2018). There are many different causes of a cash constraint, both favourable and unfavourable. Some are the consequence of inadequate planning or unanticipated events like an accident or injury, an urgent need to acquire more supplies, changes in the market or season, low sales, low gross and net margins, squandered resources, or a shortage of emergency money.

Transportation Service Concept

The idea that transportation is a service is becoming more and more prevalent in the practice of organising and planning transportation-related tasks (Amjadi and Yeats, 1995). According to Vitaly (2018), transportation services encompass the movement of people, goods, and animals between locations via rail, road, air, sea, cable, space, or pipeline. Transportation services are a subset of transportation activity that is focused on fulfilling the needs of people and are distinguished by the availability of the required material, technological, economic, informational, and legal resources. Amjadi and Yeats (1995) separated the transportation services into three categories: operations, vehicles, and infrastructure. Around the world, the idea of transportation services is crucial to assisting companies in achieving their objectives (Nair, 2017). His research went on to clarify that every transportation company that wants to grow and extend its operations does so by offering top-notch services. The primary goal of doing this is to establish a base of devoted customers. The entire process, from the calibre of production to the prompt and flawless delivery of the finished product, aids in the establishment of enterprises.

According to Vitaly (2018), a transport service includes the actual movement of people or products, as well as the planning and execution of this movement. Transport service, according to him, encompasses the following: moving people and cargo; loading and unloading (loading, unloading, reloading, passenger transfer, intra-warehouse operations); storing goods; organising transports; offering transports for hire or rental; moving new and repaired cars; and other transport services. Furthermore, he restated that transport services are defined as starting or ending the process of producing materials. Businesses that operate public buses provide transportation services, such as freight and passenger transportation, and they also support

activities for transportation-related services as required by law (logistics and customs). According to Subramanian (2001), transport services are important for trade competitiveness in the study of transportation, logistics, and trade facilitation. It permits and facilitates trade and communication between two parties. The nature of transport services largely determines the demand for transportation (Ilechukwu & Salau, 2019). He emphasised this by taking into account various factors like the type of cargo (type of trip) and volume of traffic, the size of the territory served, regularity of cargo flows (passenger flows), urgency and time of delivery, level of tariffs, the need to store goods (technological downtime-transplant) in the delivery cycle, and the legal position of the sender or recipient (company or individual).

According to Ege (2009), intercity transportation services often have a specific origin and destination, which he called a terminal. A transport terminal's primary consideration when choosing its site is to cater to a densely populated area that serves as its market. The intercity bus sector in Nigeria is organised into three segments: heavy-duty, small, and opulent buses that run on scheduled, charter, and irregular schedules. To reiterate, a bus terminal is the location where a bus route begins or finishes, according to Larisa and Sanin (2019). At every city's entry, they serve as a centre of attention. The bus terminal building includes bus parking spaces, passenger waiting areas, ticketing and booking offices, eating places, restrooms, and other basic amenities. According to Rodrigue (2020), a transport terminal is a set of intermodal infrastructures taking advantage of a geographical location, conferring a higher level of accessibility to local, regional, and global markets, providing connectivity within modal transport, and providing an interface between transport modes that enables passengers and cargo to transit.

THEORETICAL FRAMEWORKS

Theory of Demand for Money and Inventory-Theoretic Theory

One of the more basic concepts of modern macroeconomic analysis is the theory of the demand for money (Federal Reserve Bank of Richmond, 1973). It is the functional relationship, frequently represented by a mathematical equation, between the amount of money that people demand to hold and the variables (wealth, income, interest rates, etc.) that determine that quantity. According to macroeconomic analysis, some characteristics of the money demand function may have a significant impact on the level of effectiveness of monetary policy. The idea of the demand for money. is relevant to the study of macroeconomics because, unlike the demand for goods, it is not limited to a single market but rather involves multiple markets, including the money, capital, commodity, and foreign exchange markets. As a result, it directly affects monetary policy. The reason for concentrating on money demand is that stable money demand is a prerequisite for the effectiveness of monetary policy. Understanding the behaviour of important macroeconomic indicators depends on the stability of money demand (Essien, Onwioduokit, and Osho, 1996). According to the Reserve Bank of India (2007), money is defined as the collection of liquid financial assets and stock fluctuations that have the potential to affect overall economic activity for policy reasons. This suggests that money plays a central function in all economies and serves as the hub of all economic activity. The bank further clarified that money is a statistical notion that comprises the specific liquid liabilities of a given group of issuers or financial intermediaries. An item that is often used and accepted as a form of trade, a means of payment, or a way to transfer purchasing power is money. It has long been recognised that knowing the demand for money is essential to determining the suitability and efficacy of monetary policy tools.

The quantity of money that people wish to own is known as their demand for money (Blanchard, 2017). Nakorji and Asuzu (2019) highlighted that money is a medium of trade by using the cash management model. People are thought to hold money as a dominant asset that they use to make purchases. On the other hand, considering the growing prevalence of electronic platforms, one way to characterise demand for money would be people's capacity to request financial products through online platforms, people trade without necessarily transferring money. Real balances are needed in order to meet the demand for money (International Monetary Fund [IMF],

1999). The standard unit of account used to express prices and debts in modern commerce is money. It accomplishes four main goals. It serves as a source of deferred payment, a unit of account, a store of value, and a medium of exchange.

Baumol (1952) and Tobin (1956) established the inventory-theoretic theory of demand for money. It describes the need for money as inventory that is kept on hand for transactions. In their research, the authors demonstrated a functional link between interest and money. Inventory kept for transactional purposes is a demand for money. Clower (1967) was the one who created the transactional motive. People are expected to carry cash for everyday transactions under this cash advance strategy since income and expenses are both fixed. The transaction motivation theory, according to Honda and Uesugi (2021), is the school of thought that maintains that people or businesses do not have to pay extra expenses to convert fixed assets into cash. Whalem (1966) proposed the precautionary method. The goal of this strategy is to save enough money for unanticipated expenses (Ozbas and Sensoy, 2010). SMEs need to have sizeable cash reserves for unforeseen financial needs for their operations to run smoothly. Since prior research and studies have highlighted and recognised transactional and precautionary methods as the two key elements driving a firm's cash holding, this study utilizes the inventory (transactional and precautionary) theory of demand for money.

Empirical Review

Olujobi (2022) surveyed how monetary policy affected the newly redesigned currency, paying particular attention to how it affected small and medium-sized businesses (SMEs), what advantages it might create, and how it affected the Nigerian economy as a whole in terms of wealth creation and capital accumulation. He noted that the governments of the majority of emerging nations have altered their currencies to reflect the state of their respective economies. The study's conclusions demonstrate that the CBN may reduce the surplus money supply in circulation by redesigning currencies. They also reinforce the effectiveness of monetary policy in reducing inflationary pressure, strengthening the CBN's exchange rate policy, and increasing liquidity.

Dada (2023) examined how Nigeria's industrial performance was affected by the introduction of the currency reform program. utilising a total of 514 micro, small, medium, and large-scale firms (MSMLEs) across five states within the six geopolitical zones and the Federal Capital Territory, Abuja, Nigeria, that were randomly selected across a few selected industrial sectors. According to the study, the implementation of the currency redesign policy has a short-term detrimental impact on industrial performance. Low returns on corporate investment, insufficient marketing and customer loss, insecure financial circumstances, and poor access to cash flow are some of the consequences. The study found that the policy had long-term positive effects, including a decrease in currency counterfeiting, the promotion of a cashless economy, addressing cash hoarding, which has decreased the number of kidnapping and terrorist incidents, and long-term strengthening of the Naira relative to the US dollar. Additionally, the results showed that the policy had a substantial impact on enterprise performances across scales from small to large ($X^2 = 15.3$, $p < 0.05$).

Otitoju, Safugha, Vincent, and Chukwu (2023) examined the Naira design and how it affected micro, small, and medium-sized businesses (MSMEs). According to their study, MSMEs have long-standing obstacles to their company's growth, including poor record-keeping, an excessive reliance on cash, trouble getting financing, a lack of business expertise, government regulations and policies, limited visibility and marketing, inadequate public infrastructure, trouble hiring qualified staff, a lack of digital skills for building an online presence, competition, and teamwork. However, they also noted that these obstacles were made worse by the financial crunch and complicated the process of scaling their operations.

Oyadeji (2023) studied the proposed redesign of the naira, the resulting cash crunch, and their effects on the Nigerian economy after the fact, especially during the first quarter (Q1) of 2023, when the policy was implemented. He concentrated on certain economic realities in Nigeria and the implications of policy on economic activities in order to meet the study's goal. Conducting trend analysis for a wide range of economic variables, including inflation, the purchasing manager

index (PMI), and real GDP. The trend analysis's findings demonstrated that, as real GDP and the PMI declined, the cash-crunch policy unquestionably had an impact on economic growth and productive activity. Moreover, the analysis refuted the notion that the primary cause of Nigeria's rising consumer inflation was the underestimation of the high ratio of money in circulation to currency outside banks. Instead, the study showed that quasi-money activities caused the money supply to expand, which may have contributed to the increase in consumer prices.

The impact of the cash constraint on the sales of small and medium-sized enterprises (SMEs) in the Delta States was investigated by Tarurbor and Aruoren (2023). Using a descriptive survey design, their study discovered that, at the 0.05 level of significance, there is a positive and statistically significant correlation between the cash crisis and SMEs' sales. The study's recommendations made it clear that, in order to facilitate efficient electronic transfers, commercial banks in the nation must be forced by the government and the Central Bank of Nigeria (CBN) to guarantee and improve the bandwidth of their networks. This will also encourage the use of electronic money transfers.

SBM (2023) gathered information on the effects of cash scarcity on people and enterprises through polling, desk research, and one-on-one interviews. The study found that a lack of cash has a detrimental effect on commerce volume, the agriculture industry, and rural communities. According to the report, a higher percentage of respondents across all study locations indicated that they were also badly impacted by the federal government's cash scarcity. The survey also showed that respondents' difficulties with transportation and eating were exacerbated by the tight budget, persistently bad networks that impede digital payments, long bank lines, and low patronage.

History of Currency Redesign in the 21st Century in Nigeria

In Nigeria, the CBN's 2022 decision to redesign various Naira note denominations was not extraordinary (Nigerian Economic Summit Group, 2023). Redesigning bank denominations has been a measure of currency management since Nigeria's financial history started after independence (Otitoju, Sunday, Abiola, Abudu, 2023), and the 2022 Naira redesign project was a continuation of this tradition.

By serving as a medium of exchange, a unit of account, or a store of value, currency enables private and public sector actors from other nations to engage in international economic and financial activity (Pillah, 2023). The term currency redesign describes the process of making major alterations to a nation's currency notes and coins' appearance, security features, and occasionally denominations (International Monetary Fund, 2022). To improve the currency's usability, robustness, and security, new technology, updated design features, and sophisticated security measures are all included. The objectives of currency redesign are to enhance overall aesthetics, deter counterfeiting, support national emblems and cultural heritage, and accommodate developments in technology and the economy (Akinleye, 2023). Collaboration between the nation's central and apex banks, government offices, financial institutions, designers, and security printing firms is customarily involved. As Table 1 below illustrates, numerous nations have redesigned their currencies at some point in history.

Table 1: History of Currency Redesign in the 21st Century in Nigeria

S/N	Date	Government	Government Leadership	CBN Leadership	Purpose/Aim	Currency redesigned	Remark
1	February 8 th 2007	Democracy	President Olusegun Obasanjo	Chukwuma C. Soludo (2004-2009)	To increase the durability and anti-counterfeiting resistance of the currency.	Redesigning of N50, N20; N10; N5 in polymer notes	No Cash Crunch Experience
2	September 30 th , 2009	Democracy	President Umaru Musa Yar'Adua	Chukwuma C. Soludo (2004-2009)	To increase the durability and anti-counterfeiting	Redesigning of N5, N10, N50 The redesign of	No Cash Crunch Experience

					resistance of the currency.	currency included changes to size, color, details, and security measures in addition to the change from paper to polymer	
3	September 29 th 2010	Democracy	President Goodluck Jonathan	Lamido Sanusi (2009-2014)	To commemorate the activities to celebrate Nigerian's (50 th) anniversary	Redesigning of N50	The introduction of these commemorative notes did not result in the removal of the N50 and N100 notes that were already in circulation. They moved at the same time No Cash Crunch Experience
4	November 14 th 2014	Democracy	President Goodluck Jonathan	Lamido Sanusi (2009-2014)	To commemorate the activities marking the 100 years of existence of Nigeria as a nation (1914-2014). The amalgamation of the Northern and Southern Protectorates of Nigeria	Redesigning of N100	
5	2022	Democracy	President Muhammadu Buhari	Mr. Godwin Emefiele (2014-2023)	An exercise which should take place every 5 to 8 years, improve Nigeria's monetary policy, promote digital alternatives like the e-Naira, and enhance the currency's integrity. Notably, it also aims to reduce cash circulation for illicit activities like kidnapping-for-ransom and vote-buying, and to	Redesigning of N200, N500 and N1000	Cash Crunch experienced and outcome not really achieved

Source: Author's Field Work (2024)

3.0 METHODOLOGY

AFRICAN JOURNAL OF THE PSYCHOLOGICAL STUDY OF SOCIETY
 The research deployed a field survey approach, which took researchers to Jibowu terminal in Lagos State. The nature of data collection was through researcher observation and questionnaire

administration distributed to the selected intercity bus transport service providers at Jibowu bus terminal, Lagos State. Data were obtained from primary data sources. An Objective Evaluation Questionnaire (OEQ) was used in primary data collection. Questionnaires were administered to capture their satisfaction with the government policy on the Naira redesign, the causes of the cash crunch as a result of the Naira redesign, and the effects of the cash crunch on their operations and activities in the bus terminal as a public transport bus provider. The obtained data was sorted, coded, and methodically arranged according to the subjects. Both qualitative and quantitative analytical tools were deployed. The qualitative tools were descriptive, with the use of tables, simple percentages, and the mean item score (MIS) for ranking. The questionnaire format was "5-Point Likert-Scale of Responses." The responses were: Strongly agree: 5, Agree: 4, Neutral: 3, Disagree: 2 and Strongly Disagree: 1, and A very great effect: 5, A great effect: 4, A moderate effect: 3, A low effect: 2, and none effect: 1. Statistical analysis was done with the use of Microsoft Excel to code the data, which was later exported into Statistical Package for Social Science (SPSS) version 23 for analysis. Regression analysis was used to analyse the relationship between cash crunch policy and public transport services.

Geographical Setting of the Study Area.

The study area is the Jibowu bus terminal in Lagos State. This bus terminal's location came from the congestion at Iddo Terminal (Ege, 2009). It lies between latitudes 6° 31' 15" and 6° 31' 12" and longitudes 3° 22' 48" and 3° 22' 12". It is located in the Lagos Mainland Local Government Area. Jibowu is located within the Yaba part of Lagos Metropolis (Oni & Oke, 2008). The Jibowu bus terminal is bounded to the north by Fadeyi, to the south by Ebute Metta, to the east by Abule-Oja, and to the west by Idi-Oro. The first bus operator to relocate to this terminal was Chidi Ebere Transport Service in 1976, followed by Ekene Dili Chuckwu Transport Service. The bus operators at this terminal are road transport providers established to meet the transportation needs of Nigerians within and outside their headquarters. These buses ply mainly the eastern part of the country and part of the northern routes, as well as neighbouring West African countries such as the Benin Republic, Togo, and Ghana. Today, there are numerous transport operators at the terminal. The rationale for selecting Lagos is that Lagos State plays a pivotal role in national and regional interaction (Akinsehinwa, Stephens, and Adenigbo, 2023). The study further stipulated that 70 percent of intercity movement originates from Lagos, and close to 65 percent of intercity trips have Lagos as their destination. The rationale for selecting these bus service operators was based on the fact that they have their corporate head office in Lagos State, where the study was conducted. The justification for the Jibowu bus terminal is based on the premise that it is dominated by so many **transport businesses** and is one of the common hubs for **travellers in Lagos**, especially interstate travel. Table 1 displays the public bus transport service operators selected for the study.

Table 3: Public Bus Transport Operators General Information

S/N	Names	Acronyms	Year of Establishment	Headquarters Address
1	Chisco Transport Company	PBT1	1981/1978	104, Funsho Williams Avenue, Iponry, Surulere, Lagos, State, Nigeria
2	Cross Country Transport Limited	PBT2	2001	345, Murtala Muhammed Way, Yaba, Lagos State
3	Young Shall Grow Motors	PBT3	1972	Old Ojo Road, Mazamaza, Lagos State
4	GUO Transport Company	PBT4	1980	KM 3, Badagry Expressway, Coker Alafia, Lagos
5	Efex Transport Company	PBT5	1971	77/78 Murtala Muhammed Way, Yaba, Lagos State
6	Bonny-way Motors Nigeria Limited	PBT6	1988	21, Otto Causeway, Opposite Leventis Building, Oyingbo, Otto, Ebute-Metta, Lagos State.
7.	Libra Motors	PBT7	2003	118, Cele Okota Road, Okota, Lagos State.
8.	E. Ekesons and Bro Transport Limited	PBT8	1989	39. Murtala Muhammed way Ebute-Metta

9.	CityRide Transport Services	PBT9	2009	Km 14, beside Zenith Bank, opposite, Mega Chicken, Lekki-Epe Expressway Lekki, Lagos, Nigeria
----	-----------------------------	------	------	---

Source: Author's Fieldwork, 2024

Research Population

The research population was a total of 54 respondents, purposefully chosen. These consisted of three (3) ticketing/booking officers for each bus operator at the booking offices in the terminal, two (2) goods/consignment loaders for each bus operator, and one (1) operations manager for each bus operator who is willing and literate. This makes a population of six (6) from each transport service provider, all in all. Due to the small population size, the total population was considered. This means the study has no sample size.

Sampling Technique

The sampling technique adopted in this study was the non-probability purposive sampling method, in which units are selected because they have characteristics that the researcher needs in her sample. This sampling method will help the researcher focus in-depth on the small sample.

4.0 DATA ANALYSIS AND INTERPRETATION

Each set of questionnaires was analysed separately. A total of 54 questionnaires were administered to respondents and were all retrieved with express permission from the general manager of each bus transport operator. The collected data were analysed according to the objectives set for this study.

Satisfaction with the Government Motives for Naira Redesign

This objective was to investigate the satisfaction of respondents' concerning government motives for the Naira redesign. Table 4 shows the descriptive statistics of the satisfaction of respondents on the motives of the government for the Naira redesign in Jibowu bus terminal, Lagos State. The summary of the ranking indicates that response No was ranked 1st (highest) with a mean score of 1.63, followed by Indifferent with a mean score of 1.44, and Yes with a mean score of 1.28. This implies that the respondents are not in agreement with the motives of the government enumerated for the Naira redesign. This also implies that the respondents have no confidence in the government and its policies, hence its ineffectiveness. This supports an Organisation for Economic Cooperation and Development [OECD] (2013) study that found that businesses' and citizens' trust and satisfaction with government are essential for effective and efficient policymaking at all times (i.e., in good and bad times). They found that citizens' views and responses to policies are influenced by their level of satisfaction. It also supports the findings of Peri's (2006) study, which suggested that poor policy satisfaction would not provide the desired results. Furthermore, it confirmed Monye's (2024) conclusions, which stated that one of the fundamental issues with the policy's execution was the low level of public trust in the monetary policy of the Naira redesign in 2022.

Table 4: Satisfaction with the Government Motives for Naira Redesign

Satisfaction	N	Sum	Mean	Std Deviation	Rank	Skewness		Kurtosis	
	Statistics	Statistics	Statistics	Statistics		Statistics	Std. Error	Statistic	Std. Error
No	54	88	1.63	.592	1 st	.321	.325	-.650	.639
Indifferent	54	78	1.44	.634	2 nd	1.137	.325	.249	.639
Yes	54	69	1.28	.492	3 rd	1.504	.325	1.353	.639
Valid N (listwise)	54								

Source: Author's Fieldwork, 2024

Causes of Cash Crunch

Here, the opinion of the respondents was sought to identify the causes of the cash crunch. The respondents were allowed to tick more than one answer. For this study, causes identified and common to the service providers were selected and ranked. From Table 6, descriptive statistics show that apart from insecurity, election-related anxieties, and public panicking, all the computed factors caused the cash crunch in the study area. By the mean criterion or decision rule (reject if the mean is < 3.00). The foremost factor in ranking was the hoarding of cash by the financial institutions, with a mean value of 4.93. This corroborates with the report of Otitoju, Sunday, Abiola, and Abudu (2023), who opined that the banking superstructure of the financial institutions in Nigeria permitted them to hoard the new banknotes, creating a paucity of the notes with grave consequences for the formal and informal sectors, of which transportation is one. The implication is that the financial sector, which serves as the avenue through which the monetary policies of the government are carried out by playing an imperative duty in the allocation of capital resources, compromised their roles. This result also contradicts the judgement of Olujobi (2022), who stated that the banking industry in any economy is an efficient facilitator of smooth business cycles. The second cause, as stated, was the CBN's underestimation of Nigerians' cash needs, with a mean value of 4.80. Economic and political ills came in third with a mean value of 4.59.

Table 6: Causes of Cash Crunch

S/N	Factors/Causes	Mean Value	Standard Deviation	Ranking
1	CBN created & Signaled the Cash Crunch	3.48	1.611	8th
2	CBN underestimation of Nigerians' cash needs	4.80	.451	2 nd
3	Issue of Timing	3.70	1.298	6th
4	Inadequate Planning	4.06	1.172	5th
5	Capacity Constraints	3.50	1.145	7th
6	Economic & political ills	4.59	.496	3rd
7	Insecurity	1.61	.811	11th
8	Hoarding of Cash by Financial Institution	4.93	.264	1st
9	Economic Opportunists	4.24	.889	4 th
10	Election-Related Anxieties	2.91	1.674	9th
11	Public Panicking	2.26	1.277	10th

Source: Author's Fieldwork, 2024

Effects of Cash Crunch on Public Transport Services in Lagos State

To examine the effect of the cash crunch on public transport services in Lagos State, two aspects were considered, namely the organisation's operations and activity levels. Operations were chosen because it is a catch-all for the core business processes of any organisation or business.

Effects of the Cash Crunch on Public Transport Service Operations in Lagos State

From Table 7, descriptive statistics show that, apart from labour shortages and safety and security issues, all the computed variables have a strong effect on the public transport service providers' operations. Following the mean criterion or decision rule (reject if the mean is < 3.00), the principal effects in ranking include cash inaccessibility, increased cost of fueling, inability to predict traffic (passenger or freight), fleet management difficulties, and routing strategies.

Table 7: Effects of Cash Crunch on Public Transport Service Operations in Lagos State

S/N	Effects	Mean Value	Standard Deviation	Ranking
-----	---------	------------	--------------------	---------

1	Routing Strategies	4.11	1.176	5 th
2	Increased Cost of Fuelling	4.83	.376	2 nd
3	Inability to Predict Traffic (passenger/freight)	4.74	.483	3 rd
4	Fleet Management Difficulties	4.69	.543	4 th
5	Safety and Security Issues	2.48	1.299	6 th
6	Labour Shortage	2.13	1.010	7 th
7	Cash Inaccessibility	5.00	.000	1 st

Source: Author's Fieldwork, 2024

Effects of the Cash Crunch on Public Transport Activities in Lagos State

To observe this effect, the public transport activities were categorised into two categories: passenger activities and cargo activities.

Effects of the Cash Crunch on Public Transport Passengers' Activities

Examining the effect of the cash crunch on public transport passengers' activities, the focus was on three (3) passenger movement types: scheduled (i.e., the daily regular movement), non-scheduled, and charter movement. The descriptive statistics in Table 8 reveal that the cash crunch created by government policy had a high effect on scheduled public transport movement, with a mean value of 5.46, thereby ranking first. In addition, unscheduled public transport movement was ranked second with a mean value of 4.13, while chartered public transport was ranked third with a mean value of 3.76. All the results revealed greater than the mean criterion or decision rule of 3.00 chosen. This corroborates the study of... which opined that economic crises (especially financial crises) have an effect on passengers' movements due to their cash flow and expenditure.

Table 8: Effects of Cash Crunch on Public Transport Passengers' Activities

S/N	Effects	Mean Value	Standard Deviation	Ranking
1	Chartered Movement	3.76	1.317	3 rd
2	Unscheduled Movement	4.13	1.198	2 nd
3	Scheduled Movement	5.46	5.511	1 st

Source: Author's Fieldwork, 2024

Effects of Cash Crunch on Public Transport Cargo and Freight Activities

Freight is goods, products, and resources transported by public bus transport operators that satisfy people's needs and wants. Virtually anything can be good if it offers some kind of benefit to consumers. Since goods are diverse, they're categorised into distinct groups with unique characteristics that determine their value. For this study, freight is classified into four (4) categories, as shown in Table 9.

Table 9: Types of Public Transport Cargo/Freight Activities

S/N	Type of Goods	Description
1	Consumer Goods	Tangible goods produced and purchased by final users to satisfy their wants
2	Producer Goods	Semi-finished products used as inputs in the production of other final goods
3	Capital Goods	Goods needed to produce other goods and services (tools, working machines)
4	Complementary Goods	Goods used together

Source: Author's Fieldwork, 2024

Following the mean criterion or decision rule (reject if the mean is < 3.00), the result authenticates the study of Ralf Elbert and Rentschler Johannes (2021) that public transportation offers a promising opportunity for freight transportation in urban areas. The respondents (public transport service providers) revealed that the cash crunch resulted in a decline in consumer goods. The result in Table 10 shows that the cash crunch has a high impact on basic goods carried.

S/N	Type of Goods	Mean Value	Standard Deviation	Ranking
1	Consumer Goods	4.87	.339	1 st
2	Producer Goods	4.31	1.025	2 nd
3	Capital Goods	4.00	1.149	3 rd
4	Complementary Goods	3.46	1.209	4 th
	Valid N (listwise)			

Source: Author's Fieldwork, (2024)

Table 11: Coefficients^a

Model		Unstandardized Coefficients B	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.601		6.530	.000
	Transport Service	-.682	.726	7.618	.000

a. Dependent Variable: crunch

Table 11 gives the estimate of the b value and tells us about the relationship between the dependent variable and the independent variable. However, the b value indicates a negative relationship. The value of the b estimate is -0.682. This implies that a unit increase in cash crunch will result in a decrease of 0.682 in transport services, which is significant at $p < 0.05$.

Summary of Findings

From the data collected, presented, and analysed, the following findings were made: The effect of the cash crunch was most profound in the public bus transport sector, as business transactions became constricted and stiffened. Hence, a slowdown in operations and activities.

1. A greater percentage of the respondents were not satisfied with the government's motives for the Naira redesign.
2. The cash crunch crisis revealed the failure of leadership, governance, and economic policies. It highlights the lack of foresight and planning on the part of the government and CBN.
3. Banks and other financial institutions hoarding of banknotes was the primary cause of the cash crunch. This led to the sale of banknotes on the black market.
4. The Naira redesign policy succeeded in creating a cash crunch by causing abnormal cash inaccessibility and increasing the cost of fuel, which had effects on public transport service operations in Lagos State.
5. The Naira redesign cash crunch has an effect on the daily scheduled passenger movement of public transport service activities.
6. The cash crunch created by the Naira redesign has an effect on basic goods transported by public transport operators.

5.0 Conclusion

The study examined the effect of the cash crunch as a result of the Naira redesign policy on public bus transport operators in Jibowu Motor Park in Lagos, Nigeria. The study examined the basic aspects of a transport company, the operations, and the activity. This study revealed that the real intentions of CBN for redesigning the naira were a complete catastrophe. It took a toll on the operations, passenger, and cargo activities of public bus transport operators. It led to a severe shortage in their volume and value of cash flow. The drought in cash means a shutdown of more than half of the economy, as this sector of the economy deals extensively with the mobility of goods and services from point of origin to destination, which is a major backbone of any economy. It has an adverse effect on passenger activities and a significant decline in cargo activities, thereby leading to economic distress and low productivity in the sector. This shows a wake-up call for the government to address the underlying issues that have led to this situation.

Recommendations

As laudable as the aims of the CBN were in its decision to redesign the currency, the evidence highlighted above indicates that there have been a myriad of unintended challenges that have been significantly disruptive to the operations and activities of public bus transport operators. Crucial reparation is therefore required to stave off further adverse effects and restore confidence. The study recommends the following:

1. The timing of policy should be adequately considered. Naira redesign policy should not be positioned at periods (the end of the year, the festive season, and the peak of the election season) that come with high spending and the increased use of cash. The demand for cash is stronger than usual during these periods.
2. There should be effective policy coordination. The initial face-off between the CBN and the Federal Ministry of Finance over the abrupt Naira redesign casts doubt on effective policy coordination between both.
3. CBN should adopt a gradual phaseout of old notes by prolonging the legal tender usage of the old notes side-by-side with the new notes.
4. Financial institutions should know that hoarding the naira for the black market or any other reason is an act against the law.
5. The CBN should launch a sufficient and thorough public sensitization campaign to educate the public on the need for new notes and the reasons, emphasise the objectives behind it, and highlight the benefits of currency design to each sector, most importantly to the bus transport sector. This will help prevent negative, vested-interest narratives and misinformation.
6. The state of the economy should be considered first of all before the introduction of a new policy.
7. Efforts should be made by the Federal Government of Nigeria to block every channel, especially those from within the governance, that can deter the successful implementation of the issuance or redesign of a currency.

Contribution to Knowledge

This study has contributed to the study of cash crunch and the public bus transport sector of the economy and has us transport sector

Conflicts of interest

The author declares no conflicts of interest regarding the publication of this paper.

REFERENCES

Adu, C. A. (2016). Cashless Policy and its Effects on the Nigerian Economy. *European Journal of Business, Economics and Accountancy*, 14(2).

Akinleye, O. S. (2023). An Overview of Policy Implications of Currency Redesign in Nigeria. *Global Scientific Journals*, 11.

Akinsehinwa, F. O., Stephens, M. S., & Adenigbo, A. J. (2023). Factors Influencing Passengers' Choice of Intercity Bus Operators in Lagos State, Nigeria. *DISCOVERY*, 1-15.

Amjadi, A., & Yeats, A. J. (1995). "Have Transport Costs Contributed to the Relative Decline of SubSaharan Exports?". *Policy Research Working Paper No. 1559*. Washington, D.C: World Bank.

Baumol, W. J. (1952). *The Transactions Demand for Cash. An Inventory Theoretic Approach*. London: Oxford Publishing.

Blanchard, O. (2017). *Macroeconomics*. In O. Blanchard, *Macroeconomics*. Pearson.

Center for Latin American Monetary Studies [CEMLA]. (2016). *The Role of Payment Systems and Services in Financial Inclusion. Latin American and Caribbean Perspective*. Mexico.

Central Bank of Nigeria. (2003). *Highway Maintenance in Nigeria: Lessons from other Countries*. Lagos: Research Department Occasional Papers Series, Central Bank of Nigeria.

Central Bank of Nigeria. (2011). *New Cash Policy, Presentation for the Interactive Engagement Session with Stakeholders on Cash-Less, Stakeholders Ssseion-Supermarket Operators Context*. Lagos: University of Ibadan, Daily Graphics Nigeria Ltd (second Edition).

Central Bank of Nigeria. (2021). Understanding Monetary Policy Series No 6. The Nigerian Payment System. 1-26.

Chembe, R. B., & Jing, X. (2018). The Impact of Liquidity on Profitability. An Explanatory Study of the Bankino Sector between 2008 and 2017. Master's Thesis in Business Administration I, 15. Department of Business Administration Master's Program in.

Clower, R. (1967). A Reconsideration of the Micro-Foundations of Monetary Theory. *Economic Inquiry*, 6(1), 1-8.

Dada, A. D. (2023). Currency Redesign Policy Implementation: Implications for Industrial Performance in Nigeria . *American Journal of Industrial and Business Management*, 13, 889-910.

Duchin, R., Ozbas, O., & Senvov, B. A. (2010). Costly External Finance, Corporate Investment and the Subprime Mortgage Credit Crisis. *Journal of Financial Economics*, 97(3), 418-435.

Duckett, Bob. (2008). Longman Business English Dictionary, Dawood New Edition.

Ege, E. E. (2009). An Evaluation of the Locations of Intercity Luxurious Bus Terminals in Metropolitan Lagos. A Thesis Submitted to School of Postgraduate Studies, University of Lagos for Award of the Degree of Doctor of Philosophy, Dept of Geography, Faculty of Social Sc .

Elechi, A. C., & Rufus, A. (2016). Cashless Policy in Nigeria and Its Socio-Economic Impacts. *Public Policy and Administration Research*, 6(10), 10-22.

Emefiele, G. I. (2023). Press Statement . Central Bank of Nigeria.

Essien, E. A., Onwioduokit, E. A., & Osho, E. T. (1996). Demand for Money in a Debt-Constrained Economy: A Case Study of Nigeria. *CBN Economic and Financial Review*, 34(2), 579-605.

Fadare, S. O. (2011). Banking Sector Liquidity and Financial Crisis in Nigeria. *International Journal of Economics and Finance*, 3(5), 3-11.

Federal Reserve Bank of Richmond . (1973). Evolution of the Concept of the Demand for Money. *Monthly Review*, 59, 1-20.

Ilechukwu, V. U., & Salau, T. I. (2019). Correlates of Public Transport Demand in Lagos Metropolis. *Ethiopian Journal of Environmental Studies & Management*, 12(5), 581 – 590.

International Monetary Fund. (2022, April 15). *Currency Crises and Monetary Policy in an Economy with Credit Constraints*. Retrieved 2024, from IMF: <https://www.imf.org/external/pubs/ft/staffp/2000/00-00/ab.pdf>

John, N. J., Emmanuel, N. C., Ikechi, K. S., & Eke, C. K. (2020). Cashless policy and the Nigerian Payment System. *International Journal of Innovation and Economic Development*, 5(7), 7-29.

- Kanyio, O. A. (2021). The Impact of Airport Location on Land Use Land Cover and Socio-Economic Development of the Hinterlands in Nigeria. An Unplished PhD Thesis, Submitted to the Department of Transport and Management Technology, Federal University of Technology, Akure . 300.
- Kanyio, O. A., Gbadamosi, K. T., & Omole, F. K. (2023). Airport Changing Business Model and Density of Economic Activities. *International Journal of Research and Innovation in Social Science (IJRISS)*, V11(11), 363-375.
- Larisa, S., & Sanin, D. (2019). Bus Stations- Architectural Expression, Structural Systems and Materialization. *7th International Conference. Contemporary Achievement in Civil Engineering* , (pp. 811-824). Subotica, Serbia.
- Maximilian, H. (2015). The Determinants of Cash Holdings: Evidence From German Listed Firms. Master Thesis University of Twente School of Management and Governance MSc. Business Administration Financial Management Specialisation.
- Nair, K. S. (2017). Cost Effective Utilization of Transportation Services in Today's Business Environment-A Logistics Overview. *Journal of Research in Business, Economics and Management*, 8(5), 1529-1536.
- Nakorji, M., & Asuzu, O. C. (2019). Money Demand in the Conduct of Monetary Policy in Nigeria . *Central Bank of Nigeria Economic and Financial Review*, 57(1), 1-22.
- Nigerian Economic Summit Group,. (2023). Naira Redesign Policy: Caught in The Web.
- Ogunwale, M. M., Atanda, A. A., & Butu-Onakoya, H. O. (2023). Effect of Cashless Policy on Payment System in Tertiary Institutions: Evidence from Olabisi Onabanjo University, Ago-Iwoye, Ogun State. 1-15.
- Olujobi, O. M. (2022). Macroeconomic Implications of the New Currency Refurbishment and Capital Formation in Nigeria.
- Oni, A. O. (2009). *Real Estate Marketing and Code of Conduct in Nigeria*. Lagos, Nigeria: Rehoboth Consulting.
- Onimisi, P. D. (2023). Country Focus on Currency Redesign: What Implications Does It Have for Socio-Economic Development in Nigeria? *Association of African Development Financial Institutions*, 1-10.
- Osazevaru, H. O., & Yomere, G. O. (2015). Benefits and Challenges of Nigeria's Cash-Less Policy. *Kuwait Chapter of Arabian Journal of Business and Management Review*, 4(9), 1-10.
- Otitoju, M. A., Sunday, G. A., Abiola, I. B., & Abudu, W. A. (2023). Impact of Currency Re-Design on Nigeria Economy 2022-2023. *International Journal of Social Science and Humanities Research*, 11(3), 50-56.
- Otitoju, M., Safugha, G., Vincent, E., & Chukwu, C. (2023). Review of the Naira Redesign and Its Effect on Micro, Small, and Medium Enterprises (MSMEs). *Advances in Applied Sociology*, 13, 662-673.
- Oyadeji, O. (2023). The Proposed Naira Redesign, the Ensuing Cash Crunch, and their Implications on the Nigerian Economy –Evidence from Q1 2023. *MPRA Paper No. 117550*, 1-11.
- Peri, k. B. (2006, June 26-29). Building Trust in Government in the Twenty-First Century: Review of Literature and Emerging Issues. *7th Global Forum on Reinventing Government Building Trust in Government*, pp. 1-31.
- Pillah, T. (2023). Currency Redesign and Monetary Policy of Nigeria: An Evaluation. *International Journal of Public Administration and Management Research (IJPAMR)*, 8, 46-53.
- Ray, M. (2023, January 13). Nigeria's Season of Cash Scarcity . Ikeja, Lagos, Nigeria. Retrieved from <https://leadership.ng/nigerias-season-of-cash-scarcity/#>:
- Reserved Bank of India. (2007). Manual on Financial and Banking Statistics.
- Rodrigue, J.-P. (2020). *The Geography of Transport Systems. Fifth Edition* . New York: Routledge.
- SB Morgen . (2023). Impact of Cash Scarcity on Individuals and Businesses. *STRAPPED*, 1-44.
- Subramanian, U. (2001). Transport, Logistics, and Trade Facilitation in the South Asia Subregion. In U. S. In T. R. Lakshmanan, *Integration of Transport and Trade Facilitation*. Washington, D. C: World Bank.
- Tarurhor, E. M., & Aruroren, E. E. (2023). Effect of Cash Crunch on Small and Medium Scale Enterprises in Delta State. *Finance and Accounting Research Journal*., 5(4), 57-64.
- Tobin, J. (1958). Liquidity Preference as Behaviour Towards Risk. *The Review of Economic Studies*, 25(2), 65-72.
- UN-Habitat. (2018). SDG Indicator 11.2.1 Training Module: Public Transport System. United Nations Human Settlement Programme (UN-Habitat) Nairobi Kenya. 1-22.

Vitaly, C. (2018). Service as a Function of Transport and an Activity in the Anthropotechnics Management. *MATEC Web of Conferences* 193 05013, 1-11.

Whalem, E. L. (1966). A Rationalization of the Precautionary Demand for Cash. *The Quarterly Journal of Economics*, 80(2), 314-324.

Feyisola O Akinsehinwa* , Mobolaji S Stephens, Adedotun J Adenigbo (2023). Factors Influencing Passengers' Choice of Intercity Bus Operators in Lagos State, Nigeria DISCOVERY 59. PP 1-15

<https://carnegieendowment.org/2024/01/18/why-nigeria-s-controversial-naira-redesign-policy-hasn-t-met-its-objectives-pub-91405>

Nigerian Economic Summit Group, (2023). Naira Redesign Policy: Caught in The Web

Olujobi, Oluwatosin Michael (2022). Macroeconomic Implications of the New Currency Refurbishment and Capital Formation in Nigeria