ISSN:1533-9211
SEYBOLD REPORT
www.seybold-report.com

The Dynamics of Crypto in the Nigerian Ecosystem

Durowoju,Abdulrauf Olatunde, Olalere Mayowa David, Ijaduola Anuoluwapo Dare, Odewusi Oyetola, Adesina Biola Hammed, Ahanaya Chinedu Gandolph & Prof Sunday Ajao Owolabi

Department of Accounting, Babcock University, Ilishan-Remo, Ogun State, Nigeria

ISSN:1533-9211
SEYBOLD REPORT
www.seybold-report.com

ISSN: 1533 - 9211

CORRESPONDING AUTHOR:

oladurowoju13@gmail.com

KEYWORDS:

Central bank-issued digital currencies, Cryptocurrency, Digital Currencies, Ecosystem

Received: 04 January 2025
Accepted: 16 February 2025
Published :12 March 2025

TO CITE THIS ARTICLE:

Durowoju, A. O., Olalere, M. D., Ijaduola, A. D., Odewusi, O., Adesina, B. H., Ahanaya, C. G., & Owolabi, S. A. (2025). The dynamics of crypto in the Nigerian ecosystem. *Seybold Report Journal*, *20*(3), 49–68. DOI: 10.5281/zenodo.15009700

Abstract

This paper examined cryptocurrency and its global practices with particular reference to salient lessons for the Nigerian ecosystem. The desk review and exploratory methodology anchored on content analysis were used for the study. The paper identified distrust in political systems, weak domestic currency, and high inflation rates as key factors fueling the growth of cryptocurrency usage in Nigeria thus motivating individuals to resort to cryptocurrencies as a tool for wealth preservation and inflation hedge. The study also found that the existence of a trust deficit and challenges associated with privacy concerns, system uptime, and stringent onboarding requirements were capable of derailing the success of the newly launched digital currency('e-naira') issued by the government to curtail cryptocurrency usage in Nigeria. The study concluded that cryptocurrencies and central bank-issued digital currencies (CBDCs) are now part and parcel of the new economic order and represent the future of finance. It therefore recommended that nation-states should work assiduously to develop a uniformly agreed regulatory framework and global standards for the usage of cryptocurrencies.

1. Introduction

Today, the unavoidable rapid development in technology affects the whole world, as well as diversifying and changing the instruments used in these markets. In line with this advancement in technology, money in the traditional sense has begun to be replaced by virtual money. Especially with the introduction of Bitcoin in 2009, the interest in cryptocurrencies has increased considerably, and a significant rise has been observed in the transaction volumes and market values of virtual currencies, especially in Bitcoin. Considering the definition of money in the classical economy, it should have three basic features. These are; being a medium of exchange, a medium of value retention, and a unit of account (Wandhöfer, 2017). While Bitcoin, whose feature is to be an investment and store of value from the functions of traditional money, is considered as money, some segments are still discussing this issue. Bitcoin is not subject to legal regulations and is not controlled by a central authority. This is one of the features that distinguish it from traditional means like metal or banknote.

Money and finance are undergoing ongoing change on a global scale. New patterns of financial transactions are being made possible by digital assets and sophisticated financial platforms that are managed by cutting-edge technology. These platforms are also creating unorthodox capital routes. Global adoption of financial technologies is fundamentally altering how financial services are provided, particularly the payment system (Genberg (2020). In developed economies, this change is particularly more dramatic (Marr, 2017). The development of cryptocurrencies is one of the most important changes to the worldwide system of exchanging financial assets. The emergence of neo (cloud/challenger) banks, Fintech, and platform-based competitors, as well as their competition, are additional areas of digital disruption (Vives, 2019; OECD (2020). Utilizing cryptocurrencies has now made it possible for different parties to transfer asset value via digital platforms around the world without involving third party institutions (Hacker, (2017); Adhami & Guegan (2015). Given that cryptocurrencies have certain associated values, they can be viewed as a broader class of financial assets for the people who own them, claim Raiborn and Sivitanides (2017).

A wide range of stakeholders, including but not limited to monetary authorities, national governments, development advocates, alternative finance practitioners, academics, and investors, have continued to pay attention to cryptocurrency as a worldwide phenomenon. Despite the

increased focus, there is a huge difference in opinion on how it should be used and where it belongs in the global economy. The usage of blockchain technology, which has the concepts of encryption involving the use of digital tokens, decentralized networks, and peer-to-peer exchanges as its basis, is what gives cryptocurrencies their functioning (Agbo & Nwadialor, 2020). As a non-sovereign currency, cryptocurrency is created via the use of cryptography and can be used as a substitute for fiat money for making payments. According to the origin, Satoshi Nakamoto is credited with creating the first cryptocurrency, Bitcoin, in 2008. (Richter et al. 2015). Cryptocurrencies are a crucial type of digital currency that is incredibly challenging to counterfeit (Rose, 2015). The development of modern financial systems can be advanced through the use of digital currencies.

By nature, cryptocurrencies are financial instruments with a global reach, minimal transaction costs, and the ability to enable smooth cross-border money transfers. Hilemans, (2017). No centralized controlling body is required for the worldwide issuance of any kind of cryptocurrency. These currencies are often created by miners, who are paid for contributing processing power to the network and supporting the upkeep of a related blockchain. A popular term for blockchain technology is "e-wallet," which is where cryptocurrencies are kept. Voigt, (2021). In addition, according to Voigt (2021), blockchain technology is a peer-to-peer public decentralized distributed record of all transactions that does not involve banks, governments, or other third-party intermediaries. Along with this, other potential uses for it include money transfers, trade settlement, voting, automation, and healthcare. Businesses in digitalized economies have embraced blockchain-enabled software to enhance the effectiveness of payments, contract execution, regulatory compliance, and supply chain management.

The question of whether cryptocurrencies concurrently serve as a store of value, a unit of account, and a medium of exchange as monetary instruments is still up for debate. (2021); Baur & Dimpfl; Ammous (2021). According to Liu and Tsyvinsk (2018) in particular, traditional monetary characteristics of cryptocurrencies like Bitcoin and Ethereum are statistically unimportant when compared to either regular fiat currencies or precious metals. As a result, cryptocurrencies have different risk-return trade-off patterns than conventional financial assets. In addition, there have been several worries about growing carbon footprints in an era of intensified climate change challenges. vulnerabilities to money laundering schemes (Voigt, 2021); susceptibility to cyberattacks, volatility, and market manipulations (Apostolaki et al., 2017; Saad et al., 2019);

(Campel-Verduyn, 2019; Rodrigo et al., 2021 & Kordik & Kurilovska, 2017). Despite the difficulties outlined above, several countries, including China, Canada, Singapore, and Germany, have started active conversations about incorporating digital currencies into their financial payment systems (Chu & Koeppl, 2017). According to data as of May 2021, there were approximately 10,000 tradable cryptocurrencies with a market value of more than $2 trillion (Cunha et al., 2021). Existing market dynamics suggest that this uptick is likely to further increase shortly.

According to the Bank of International Settlement (2015), the desire to support new economic interactions and links while also embracing innovation in retail payments without sacrificing the crucial characteristics of safety, efficiency, and public confidence in the digital currency has been a major driving force behind the adoption by developed economies. However, for developing nations in Africa like Nigeria, the increased interest in using cryptocurrencies as a subset of digital currencies has been attributed to a variety of factors, including rapid inflation leading to a decline in the value of national fiat currencies, a desire to shun traditional banks' burdensome remittance and payment infrastructure and the high transaction costs that go along with it (Preiss, 2017).

Nigeria's monetary authorities have recently issued their version of digital currency (dubbed the "e-naira") that operates within the confines of a centralized technology due to the significant flows arising from bitcoin trading volumes in Nigeria. For instance, with an explosive increase in the acceptance of Bitcoin in recent years, Nigeria has been classified as the largest Bitcoin market in Africa and the third-highest market internationally (Ajifowoke, 2020). Particularly, the amount of cryptocurrency trading completed between 2015 and 2020 topped $566m (Uwagbade, 2020). We do observe that the decision by the Nigerian monetary authorities is not entirely supported by empirical evidence, though.

Furthermore, there is inconclusive evidence as to the ability of national governments to effectively institute barriers to the use, deployment, trade, and transmission of virtual currencies on a cross-border basis (Casinon et al., 2019). Consequently, this paper aims to explore existing global practices concerning cryptocurrency and digital currency usage to elicit possible lessons that will aid policy-making by Nigerian authorities

2.1 Conceptual Discuss

Historical Evolution

Two factors account for the widespread interest in cryptocurrency. First and foremost, this is because of the notion of freedom and independence from external entities like the government or financial organizations. Second, both from the standpoint of potential investment gains that may be made legally and illegally. The fact that cryptocurrencies function like virtual currency is one of their key characteristics. Such a cryptocurrency is kept by its owner in a private, password-protected "wallet" on a computer or smartphone application. If he or she chooses to transact, it happens electronically and only between them and the contractor. Each cryptocurrency unit has a unique code that contains information preventing duplicating or repurchasing of that unit.

The absence of an active regulator is another crucial aspect of the cryptocurrency concept (Zhu, Iansiti 2012). As a result, there is no cryptocurrency central bank that might decide, for instance, to raise the quantity of cryptocurrency and so lower its value. At the time the system is being developed, the creator determines how much of a specific cryptocurrency is in circulation. Its worth is determined by the free market. Trading in cryptocurrencies occurs electronically, without the involvement of any financial system, or using peer-to-peer technology, between users of the coin. This indicates that there is no supervision at all of the transaction. Therefore, unlike banking transactions for quantities over the equivalent of 15,000 euros, no organization will alert the tax authorities if someone wishes to sell a significant amount of cryptocurrency. Our account cannot be blocked, and the bailiff will not appear. In light of the aforementioned, it appears that the goal of cryptocurrencies can be summed up in just one word: "freedom."

Cryptocurrencies are electronic forms of money that are unaffected by government, domestic, or foreign financial institutions, and whose turnover is only regulated by a robust system of electronic, automated securities. First and foremost, cryptocurrencies are ground-breaking internet technologies, and utilizing them for payment is but one of many potential uses for them. It is a system built on a peer-to-peer network, making it entirely distributed and devoid of a single entity, group, or location in which to be controlled. The computers used by system users are network nodes that exchange, approve, and settle transactions. This system maintains data on the ownership status of Bitcoin contract units. The ownership of a particular cryptocurrency is associated with

specific portfolios that provide data on the cryptocurrency of a particular user. During the initial user authorization in the system, the wallet is automatically created. The portfolio can only be managed by the holder of the matching encrypted private key. Double-issuing cryptocurrency, counterfeiting, or theft is impossible thanks to sophisticated mathematical and cryptographic techniques. The technology behind blockchain underpins the entire system. The first innovation in the financial system to be created outside of financial institutions and even without any collaboration with them is cryptocurrency. It is inventive, straightforward, and does not rely on the current financial systems.

Additionally, it threatens the stability of the financial system. As a result, many market regulators, including nations and international financial organizations, see this system as a threat first and foremost to their income as well as to their widely recognized power and authority. We see the wildly disparate responses of nations around the world as a result. One can point to the swift evolution of the Japanese regulators' approach, starting with Japan (as an example of the most extensive regulation). From the moment cryptocurrencies were acknowledged as a form of payment but not yet as the currency established by the Act on payment services on May 25, 2016, up until the enactment of new regulations in April 2018, which fully recognized cryptocurrencies as legal tender. In addition, the Japanese Central Bank started developing the J-Coin, a prototype of its own digital money. There is a contrast, though. For instance, while the creation of cryptocurrencies is prohibited in China, Bangladesh, and Nepal have penalized the selling of cryptocurrencies by enacting the necessary rules. The use of cryptocurrency is now considered a violation of Bangladeshi money laundering laws and is subject to a 12-year maximum sentence in prison. The first detentions for such actions have occurred in Nepal following the introduction of regulations that forbid the circulation of crypts (Abram, Szymura 2017).

Cryptocurrency and the Nigeria Economy

The global financial system is no doubt embracing the current transition from physical currency to almost virtual currencies through the medium of technology. This wave has ushered in the birth of cryptocurrencies. There have been many attempts at creating a digital currency during the 90s tech boom, with systems like Flooz, Beenz, and Digi Cash emerging on the market but inevitably failing. In early 2009, an anonymous programmer or a group of programmers under the alias

Satoshi Nakamoto introduced Bitcoin which is a form of crypto-currency. This virtual currency has been defined in several related forms. Crypto-currency has been defined as a digital record-keeping device that uses balances to keep track of the obligations from trading and that is publicly known to all traders

The birth of cryptocurrency as a virtual currency has been generating waving reactions in the global economy even in a developing country like Nigeria. In light of this outbreak, there has been a lot of positive and negative discourse on the value of cryptocurrencies in the Nigerian economy. Relatively, the Nigeria government through its regulatory agencies such as the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC) has attempted to place a ban on cryptocurrency, although its legal status remains ambiguous unlike in countries like Morocco and Algeria where there is a clear ban on trading in Bitcoins such that a breach attracts heavy fines.

The warnings are largely designed to educate the citizenry about the difference between actual currencies; which are issued and guaranteed by the state, and cryptocurrencies; which are not. Following the moves taken by the CBN and SEC, Nigerian lawmakers have also urged the regulatory authorities to speed up efforts in introducing a legal framework for cryptocurrencies in the country. Impact on Monetary Policy at the moment, cryptocurrencies operate alongside official currencies. The current volumes are small and do not challenge the position of official money as the main currency. But as algorithms improve to limit the volatility of cryptocurrencies, their popularity and use tend to increase. This would lead to coexistence with other official currencies. The fundamental question here is could the central bank lose its grip on the economy as a result? The interaction between cryptocurrencies and central bank monetary policy is treated in detail by Fernandes-Villa Verde and Sanches (2018).

Their theoretical model predicts that the coexistence of central banks and private money depends on the type of monetary policy the former follows. In particular, privately-issued currencies would be used if the official currencies do not ensure price stability, but would lose their value as a medium of exchange when the central bank credibly guarantees the real value of money balances. The ramifications are two-fold. First, the coexistence of government money and cryptocurrencies that are valued as mediums of exchange is not a theoretical impossibility. Second, the central banks

have the advantage of choosing a specific type of monetary policy they can prevent cryptocurrencies from being valued as a medium of exchange (but they could still be valued for other reasons, for instance as a pure speculative asset). From this perspective, rather than posing a threat, the coexistence of government money and cryptocurrencies can have a positive effect by acting as a disciplining device on central banks.

Currency competition can succeed in calming inflation and preventing the sort of manipulation of interest rates and prices to which governments have historically been prone. This is a partial vindication of Hayek (1976), who argued in favor of breaking the state monopoly on money as a way to ensure the stability of the official currency. Nevertheless, from a more practical standpoint, central banks could face some risks from the emergence of cryptocurrencies as relevant mediums of exchange with stable purchasing power due to their high level of volatility

Impact on Monetary Policy

At the moment, cryptocurrencies operate alongside official currencies. The current volumes are small and do not challenge the position of official money as the main currency. But as algorithms improve to limit the volatility of cryptocurrencies, their popularity and use tend to increase. This would lead to coexistence with other official currencies. The fundamental question here is could the central bank lose its grip on the economy as a result? The interaction between cryptocurrencies and central bank monetary policy is treated in detail by Fernandes-Villa Verde and Sanches (2018). Their theoretical model predicts that the coexistence of central banks and private money depends on the type of monetary policy the former follows. In particular, privately-issued currencies would be used if the official currencies do not ensure price stability, but would lose their value as a medium of exchange when the central bank credibly guarantees the real value of money balances.

The ramifications are two-fold. First, the coexistence of government money and cryptocurrencies that are valued as mediums of exchange is not a theoretical impossibility. Second, the central banks have the advantage of choosing a specific type of monetary policy they can prevent cryptocurrencies from being valued as a medium of exchange (but they could still be valued for other reasons, for instance as a pure speculative asset). From this perspective, rather than posing a threat, the coexistence of government money and cryptocurrencies can have a positive effect by

acting as a disciplining device on central banks. Currency competition can succeed in calming inflation and preventing the sort of manipulation of interest rates and prices to which governments have historically been prone. This is a partial vindication of Hayek (1976), who argued in favor of breaking the state monopoly on money as a way to ensure the stability of the official currency. Nevertheless, from a more practical standpoint, central banks could face some risks from the emergence of cryptocurrencies as relevant mediums of exchange with stable purchasing power due to their high level of volatility.

Impact on Fiscal Policy

The relationship between cryptocurrency and fiscal policy can be asymmetric. In an economy with an underdeveloped financial market, the activity of cryptocurrency may be difficult to regulate and as such may provide the platform for investors both individuals and corporate bodies to evade tax thereby resulting in low income generation for the government relative to the level of activities in the market which could affect the budgetary plans of the government. This situation could impede the fiscal objectives of the government thereby affecting the fiscal macroeconomic objectives. Also, in an economy with a highly developed financial market, the proper coordination of cryptocurrency could result in an increase in revenue generation through a tax which would enhance the budgetary plans of the government. This situation could help enhance the fiscal objectives of the government thereby enhancing the fiscal macroeconomic objectives and stabilizing the economy.

Accounting Implications of Cryptocurrency

The main accounting concerns for cryptocurrencies include tax size, position for auditing, and accounting of cryptocurrency. What cryptocurrency is in this context in terms of accounting is the first question that needs to be addressed. The accounting guidelines and the financial reports from the nations' official institutions must be examined to get the answer to this query. The studies conducted in this context have led to the conclusion that treating and accounting for cryptocurrency as an intangible asset is the most appropriate course of action. According to the findings, the held cryptocurrency should be revalued at the end of the term, and any disparities resulting from gains or losses should be taxed. Additionally, the importance of the studies for this is underlined, as is the control of the cryptocurrency owned by the companies and the transactions done with it.

Although the intangible asset accounting method is now thought to be the most appropriate way, future advances will inevitably lead to the creation of a new account class or group for cryptocurrencies.

Scientific studies on cryptocurrencies are increasing in today's world. In terms of accounting science and discipline, it has been necessary to answer various questions such as; -How should cryptocurrencies be recognized in terms of operating assets or liabilities? - How should profit/loss arising from transactions using cryptocurrencies be recognized? - Legal regulations in countries for cryptocurrencies are in their infancy. Legal and official regulations explaining the status of crypto money transactions in terms of accounting are still not available in many countries. However, countries present their opinions on cryptocurrencies through their legal institutions and try to help people who expect to need their minor legal regulations. It is observed that states are slow regarding necessary regulations in the face of cryptocurrencies that have come to life so rapidly. It was mentioned that cryptocurrencies are kept in cryptography-based databases called blockchains.

Cryptography is defined as the transmission of data by changing so that only the relevant recipient can read it from the accounting perspective; blockchain can be called a kind of digital notebook. In terms of accounting, blockchain records can be called tripartite records as an alternative to double-sided recording, which is a traditional recording system. Because these transactions are registered in the blockchain network in addition to the buyer and seller books. Thus, control of the document is also possible (https://www.forbes.com/sites/forbes finance council) One of the most important questions in the accounting of cryptocurrencies is to determine the cryptocurrency value. This can be explained by the accounting of the crypto money based on the day it was received and recorded according to the difference when it spends or sells. In other words, the recognition of cryptocurrencies with their real values seems the most reasonable method. To be calculated the real value of Bitcoin, it must meet the financial asset criteria. However, Bitcoin cannot be considered a financial asset for the reasons such as being illegal, not having foreign currency equivalence and not providing a contractual, cash, and cash-like right and obligation. A report in Morgan Stanley studies mentioned that Bitcoin's value may be zero (Faucette, 2017).

Cryptocurrencies and Global Trends

The emergence of cryptocurrencies is already significantly changing the global financial landscape with new trends taking place more frequently than originally anticipated by the pioneers of the evolving digital currency type. Global market exposure enables economies to expand and this ultimately culminates in a contraction in international capital flows. On the positive side, influxes of capital normally grow economies to the peak; while on the other hand, the downward trends of capital flows often bring about declines and financial glooms (Erten et al., 2019).

According to Giudici (2020), current trends indicate that the global cryptocurrency market which was valued at about $700bn in 2019, and $930bn in 2020 is expected to cross the $5trillion mark by 2026 at an expected annual growth rate of 30%. This is due to the increasing level of acceptance across various industries, products, and market segments. Additionally, several scholars have documented a series of key motivations stimulating the continued spread of cryptocurrency usage: distrust in traditional banking platforms, desire for freedom, double-digit inflation, privacy and anonymity, and technological curiosity (Maurer et al 2013, Karlstrom 2014, Vo and Xu 2017, Presthus and Malley 2017, Mikhalov 2020). Also, for practitioners of Islamic banking, cryptocurrencies are seen as being more compliant with the principles of Sharia banking than the use of fiat currencies (Evans, 2015). Overall, the increasing spread has become more pronounced in developing economies including Sub-Saharan Africa (Alzahrani & Daim, 2019).

As of date, two (2) nation states have formally adopted cryptocurrency (bitcoin) as a legal tender – El Salvador and the Central African Republic. Fig. 2 shows that globally as of February 2021, about 300m active users of cryptocurrencies exist with Asia and Africa accounting for more than 63% of global usage. A cursory look at the treatment of cryptocurrencies around the world revealed different approaches and treatments by the different countries involved. In China, the authorities identified that cryptocurrency had disrupted its economic order as it prevent the transmission of individual risk to society. Therefore, in May 2013, Beijing completely shut down all operations involved in the mining of cryptocurrencies, thereafter, the central bank directed all payment firms and banks to close the accounts of individuals involved.

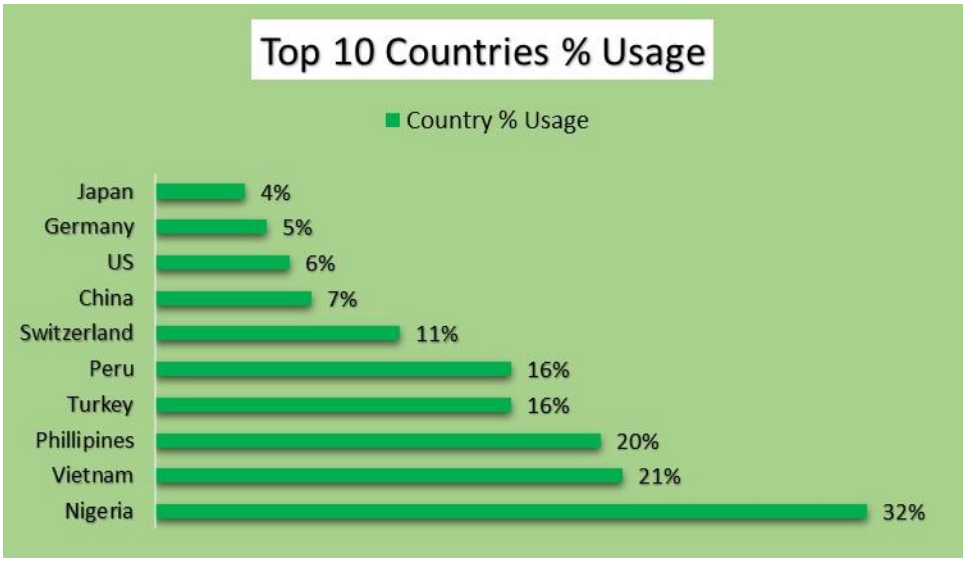

Fig. 3. Country per country cryptocurrency usage

Source: Statista Global Consumer Survey (2020)

Cryptocurrencies and the Nigerian Economy Nigeria is not isolated from the current global economic reactions associated with the creation and adoption of cryptocurrency. Before now, the legal status of cryptocurrency in Nigeria was unclear compared to some African countries that have come out to explicitly prohibit trading on Bitcoins such as Algeria and Morocco (Dierksmeier & Seele, 2016). However, in response to the emerging pressures around cryptocurrency activities worldwide, the Central Bank of Nigeria (CBN) which is the apex bank in Nigeria, issued a directive to all banks in February 2021 to withdraw from cryptocurrency transactions. In addition, banks were mandated to close all accounts within their organizations that belong to corporate bodies and individuals that engage in transactions relating to cryptocurrency.

CBN also cautioned investors in cryptocurrencies and reiterated that doing so is prohibited in Nigeria (Apostolaki et al., 2017). There have been divergent views on the impact or otherwise of cryptocurrencies on the Nigerian economy. Jimoh and Benjamin (2020) opined that the price movements in cryptocurrencies had a far greater influence on the Nigerian Stock Market Index than movements in the country's exchange rate. Thus, apart from traditional fiscal and monetary considerations, prudent investors need to keep an eye on the risk/return interplay of

cryptocurrencies. Others have suggested that given the spiraling nature of the country's unemployment numbers worsened by youth's restiveness, opening the door to crypto trading could be a panacea for jumpstarting the economy (Adesina 2020). On the fiscal and monetary fronts, the impact of cryptocurrency on the Nigerian economy has been exacerbated due in part to the undeveloped nature of Nigeria's financial markets. Nevertheless, there has been a steady rise and uptick in cryptocurrency adoption and usage in Nigeria relative to its peers as shown in Fig. 3

2.2 Theoretical Framework

Several theories speak to the subject of technology usage, awareness, and adoption and these include among others: the "theory of planned behavior (TPB), theory of reasoned behavior (TRA), the innovation diffusion theory (IDT), the unified theory of acceptance and use of technology (UTAUT) and the technology acceptance theory (TAT)." However, of the various theories, the TAT is the most widely adopted because of its sound empirical foundation, ease of use of theoretical elements, and general applicability to technologically induced issues (Nuryyer et al., 2020). This study is therefore underpinned by the Technology Acceptance Theory (TAT) which was propounded in its original form by Davis et al (1989).

The theory which is otherwise called the "technology acceptance model (TAM)" is one of the greatest theories which provides insights into the ease with which users accept and adopt technology for their individual and organizational use. TAM is one of the information systems theory, which was introduced in the doctorate proposal of Fred Davis in 1986. The theory assumes rational decision-making on the part of intending and current adopters of new technologies. The theory arose as an upgrade of the theory of reasoned behavior by establishing that ease of use and assumed usefulness has the potential to impact a user's choice pattern and ultimately actual usage of a given new technology (Fishbein & Ajzen, 2020; Trespalacious et al., 2020 & Walker & Hong, 2009).

Davis et al. (1989) reasoned that the crucial factor in increasing technology usage was to first enhance and measure the degree of acceptance of new financial technology products such as cryptocurrency. Thus, the theory assumes the existence of three (3) intervening principles or factors that a rational user will consider when presented with the opportunity of deciding on the choice of a new technology: "perceived usefulness (PU), perceived ease of use (PEOU), and

attitude towards usage (ATU).” “Perceived usefulness” (PU) refers to the extent to which users of financial technology products such as cryptocurrency expect to experience elevated performance from such usage. The “perceived ease-of-use” (PEOU) connotes the extent users of technology products can proceed with actual usage with little or minimal tutelage. Attitude towards usage (ATU) can be described as the element that ultimately binds the first two factors together culminating in actual or future usage of technological products (Zhonggen & Xiaozhi, 2019). Some previous studies have demonstrated the applicability of the theory for properly understanding the usage, adoption, and inner workings of cryptocurrencies (Folkinshteyn et al 2016; Schaupp & Festa, 2018 & Mendoza-Tello et al 2018).

The uniform assertion of these studies was to the effect that the TAM constructs of PEOU and PU were factors that expressively impact the use of cryptocurrencies for transactional purposes in different industry segments. Additionally, other studies have shown the applicability of the theory to several information systems and technology products: financial reporting and internet use, medical services (Portz et al 2019), computer-aided learning (Munir et al. 2021), information management (Enu-Kwesi & Opoku, 2020), sports and body fitness Drehliah et al, (2020) with a relatively high degree of positive outcomes. However, some scholars have criticized the theory as being of little practical importance especially when considered under the impact of social influences, ease of access, managerial beliefs, and the increasing resort to e-governance (Pijpers, 2001; Chuttur, 2009; Napitupulu, 2017; Torres & Gerhart, 2017 & Ajibade, 2018).

Nevertheless, the theory is considered germane for this paper on the following grounds. First, the usage and adoption of cryptocurrencies is prevalent mainly among technologically savvy individuals and organizations who have an understanding of its perceived usefulness and this is in alignment with the theory. Second, as the financial landscape continues to be amenable to the adoption of digital banking and the financial ecosystem is broadening, the advent of disruptive financial technology such as cryptocurrencies calls for the use of a unifying theory that TAM currently represents. Thirdly, the theory has already been used successfully to predict the possible response of users to new or evolving technologies in related fields such as electronic commerce, wireless internet, and e-learning. Furthermore, the functionality of cryptocurrencies rides on the acceptance or otherwise of the blockchain technology which aims to compete with current,

traditional financial services. This has therefore been put forward as another basis for the choice as the theory encourages the lowering of technological entry barriers which is commonplace with cryptocurrencies.

3.0 Conclusion and Recommendations

This study set out with the primary objective of examining existing global practices concerning cryptocurrency and digital currency usage to elicit salient lessons for the Nigerian economy. The paper identified distrust in political systems, weak domestic currency, and high inflation rates as key factors fueling the growth of cryptocurrency usage in Nigeria thus motivating individuals to resort to cryptocurrencies as a tool for wealth preservation and inflation hedge.

The study also found that the existence of a trust deficit and challenges associated with privacy concerns, system uptime, and stringent onboarding requirements were capable of derailing the success of the digital currency issued by the government to curtail cryptocurrency usage in Nigeria. The study, therefore, concluded that cryptocurrencies and central bank-issued digital currencies are now part and parcel of the new economic order and represent the future of finance. Consequently, the study recommends as follows:

Nation-states should work assiduously together to develop a uniformly agreed regulatory framework and global standards for the usage of cryptocurrencies. This will minimize opportunities for abuse, and enhance customer protection while also strengthening individual country's monetary policy oversight abilities and hence economic planning.

Nation-states rather than completely outlawing cryptocurrencies and CBDCs, should rather seek out creative ways to optimize benefits derivable from their usage such as blockchain technology to facilitate improved payment systems. Monetary authorities should be sufficiently encouraged to accept the reality that cryptocurrency can co-exist with regular fiat currencies. To encourage citizen's uptake of its recently issued Central Bank Digital Currency (CBDC), the Nigerian authorities should consider adopting the following measures: modification of the currency to an interest-bearing variant; simplification of the current onboarding process to attract the financially excluded, and improvement of system uptime to foster better customer experience.

The Nigerian authorities should also consider activating the cross-border option of the "eNaira" to facilitate inter-regional trade in line with the provisions of the African Continental Free Trade Agreement (ACFTA).

Conflicts of Interest

The authors have disclosed no conflicts of interest.

Author's Affiliation

Durowoju,Abdulrauf Olatunde, Olalere Mayowa David, Ijaduola Anuoluwapo Dare, Odewusi Oyetola, Adesina Biola Hammed, Ahanaya Chinedu Gandolph & Prof Sunday Ajao Owolabi
Department of Accounting,Babcock University,Ilishan-Remo,Ogun State,Nigeria
Durowoju0050pg.babcock.edu.ng, mayowaolalere@gmail.com, anuoluwapoijaduola@gmail.com, odewusitola@gmail.com, adesinabiola@yahoo.com, dolphnedu@gmail.com & owolabis@babcock.edu.ng

HOW TO CITE THIS ARTICLE

Durowoju, A. O., Olalere, M. D., Ijaduola, A. D., Odewusi, O., Adesina, B. H., Ahanaya, C. G., & Owolabi, S. A. (2025). The dynamics of crypto in the Nigerian ecosystem. *Seybold Report Journal, 20*(3), 49–68. DOI: 10.5281/zenodo.15009700

REFERENCES

Adhami, S., & Guegan, D. (2020). Crypto assets: the role of ICO tokens within a well-diversified portfolio. *Journal of Industrial & Business Economics, 47*(2):219-241.

Agbo, I. C., & Nwadialor, E. O. (2020). Cryptocurrency and the African economy. *Economics and Social Sciences Academic Journal, 2*(6):84-97.

Ammous, S. X. (2021). Can cryptocurrencies fulfil the functions of money? Working Paper No. 92. Center on Capitalism and Society. Columbia University.

Ajifowoke, M. (2017). Nigerians Rated Third Largest Bitcoin Holders in the World; 2020. Available:https://arbiterz.com/Nigerians rated-third-largest-bitcoin-holders-in-the world/

Apostolaki, M., Zohar, A., & Vanbever, L. (2017). Hijacking bitcoin: Routing attacks on cryptocurrencies. IEEE Symposium on Security and Privacy (SP), 375-392.

Bank for International Settlements. Digital currencies. Committee on Payments and Market Infrastructures. CPMI November Report; 2015.

Baur, D. G, & Dimpfl, T. (2021). The volatility of Bitcoin and its role as a medium of exchange and a store of value. *Empirical Economics Journal*, Available:https://doi.org/10.1007/s00181- 020-01990-5

Campbell-Verduyn, M. (2017). Bitcoin, crypto coins, and global anti-money laundering governance. *Crime, Law and Social Change Journal, 69*(1):1-31.

Casino, F., Dasaklis, T. K., & Patsakis, C. A. (2019). systematic literature review of blockchain based applications: Current status, classification and open issues. *Telematics and Informatics Journal, 36*(1):55-81.

Chu, J., & Koeppl, T. (2017). The economics of cryptocurrencies – bitcoin and beyond. Staff Working Papers 19-40. Bank of Canada.

Cunha, P.R., Melo, P., & Sebastião, H. (2021). From bitcoin to central bank digital currencies: Making sense of the digital money revolution. *Future Internet Journal, 13*(1):165-181.

Genberg, H. (2020). Digital transformation: Some implications for financial and macroeconomic stability. ADBI Working Paper 1139. Tokyo: Asian Development Bank Institute. Available:https://www.adb.org/publications/digital-transformation-someimplicationsfinancial-macroeconomic-stability

Goudici, G., Milne, A., & Vinogradov, D. (2020). Cryptocurrencies: Market analysis and perspectives. *Journal of Industrial and Business Economics, 47*(1):1-18.

Hacker, P, Thomale, S. (2017). Crypto-securities regulation: ICOs, token sales and cryptocurrencies under EU financial law. *European Company and Financial Law Review, 15*(4):645–696.

Hilemans, G, Rauchs, M. (2017). Global cryptocurrency benchmarking study. cambridge centre for alternative finance. University of Cambridge

Kordik, M, Kurilovska, L. (2017). Protection of the National Financial System from the Money Laundering and Terrorism Financing, (2):243- 262.

Liu, L., & Tsyvinsk A. Risks and returns of cryptocurrency. (2018). NBER Working Paper. National Bureau of Economic Research, Cambridge; 2018.

Marr, B. A. (2017). short history of bitcoin and crypto currency everyone should read; 2017. Available:https://www.forbes.com/sites/bernardmarr/2017/12/06/a-short-history-of bitcoin-and-crypto-currency-everyone should-read/?sh=10a606b43f27

OECD (2020). Digital Disruption in Banking and its Impact on Competition. Available:http://www.oecd.org/daf/competiti on/digital-disruption-in-financial markets.htm

Preiss, M. R. (2017). Cryptocurrency is the great African opportunity. Available:https://www.howwemadeitinafrica.com/cryptocurrency-great-african opportunity/59402/

Raiborn, C, Sivitanides, M. (2015). Accounting issues related to Bitcoins. *Journal of Corporate Accounting & Finance, 26*(2):25–34.

Richter, C, Kraus S., & Bouncken R. B. (2015). Virtual Currencies Like Bitcoin As A Paradigm Shift in The Field of Transactions. *International Business & Economics Research Journal, 14*(4):575- 587

Rodrigo, C, Fishman, J., & Ocampo D.G. (2021). Supervising crypto-assets for anti-money laundering. FSI insights on policy implementation. Financial Stability Institute. Bank of International Settlement; 2021.

Rose, C. (2015). The evolution of digital currencies: Bitcoin, a cryptocurrency causing a monetary revolution. *International Business & Economics Research Journal, 14*(4):617-623.

Saad, M, Spaulding, J., Njilla, L., Kamhoua, C., Shetty, S., Nyang, D., & Mohaisen, A. (2019). Exploring the attack surface of blockchain: A systematic overview. ArXiv, abs/1904.03487.

Statista Global Consumer Survey (2020). How common is crypto? Cryptocurrency adoption in 55 different countries worldwide. Available:https://www.statista.com/statistic s/1202468/global-cryptocurrency ownership/

Uwagbale, E. E. (2020). Nigeria is now the No.2 bitcoin market on this fast-growing global marketplace. Quartz Africa. Available:https://qz.com/africa/1947769/nigeria-is-the-second-largest-bitcoin-market after-the-us/

Vives, X. (2019). Digital Disruption in Banking. *Annual Review of Financial Economics, 11*(1):243-272

Voigt, K. (2021). What is blockchain and how does it work? Available:https://www.nerdwallet.com/articl e/investing/blockchain