

# Chapter 10

## Role of Eco-Innovation on the Adoption of Digital Currency in Nigeria

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### **ABSTRACT**

*The study examined the role of eco-innovation on adoption of digital currency. This study adopted cross sectional survey in obtaining data. The population comprises infinite, and the total sample of 530 was obtained. The multiple hierarchical regression was used. It was revealed from the study that economical factor and social factors have negative but significant effect, while environmental factor has negative and insignificant effect on the adoption of digital currency in Nigeria. More so, eco-innovation has positive and significant effect on adoption of digital currency in Nigeria. Government and regulatory authorities should ensure economic stability through accessibility of infrastructure, reduction in income disparity etcetera; enhance social factor through targeted education, cultural sensitivity, and security threat, among others, and encourage environmental stewardship. Thus, government and regulatory authorities should improve technological infrastructure, increase awareness of digital currency, and provide security assurance among others.*

### **1. INTRODUCTION**

Over the last 10 years, the interest of the general public in cryptocurrencies has increased dramatically since the advent of this brand-new form of funding and

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trading. The most popular cryptocurrency, Bitcoin, began as a method of sending money electronically between places without the assistance of banking institutions. To keep track of transactions, the usage of cryptocurrencies was suggested (Nakamoto, cited by Wang et al., 2023). Even while this fresh form of finance has many fantastic benefits, recent concerns about its potential effect on the environment have emerged. Concerns regarding quarrying and the increasing use of technological advances in trading currencies have been raised by environmentalists, particularly those who specialize in climate change. The rise of cryptocurrencies, especially in developed countries, has lately brought substantial attention to environmental sustainability issues. The argument for a sustainable environment is in favour of these cryptocurrencies, however, their extraction uses a lot of electricity, threatening the ecology (Bendixen et al., 2019; Köhler & Pizzol, 2019). There are now opposing views on the potential impact of cryptocurrencies on the environment. According to Köhler and Pizzol (2019), increasing Bitcoin's hash rate lowers energy consumption as well as carbon emissions. Krause and Tolaymat (2018) hypothesized that the rate of Bitcoin processing and energy consumption leads to an increase in the atmospheric CO<sub>2</sub> concentration.

In the Nigerian context, the Central Bank of Nigeria (CBN) created its digital currency, the E-Naira, and introduced several other innovations. The newest trend is digital cash. Digital currency is an electronic type of money created by the Central Bank of Nigeria; it contains similar features to conventional money but is stored in a database system and can be accessed digitally (Tar, 2017). Additionally, it may be used to pay for products and services. CBN reaffirming its position on January 12, 2017, instructed Nigerian banks to stop doing business with and investing in businesses that deal in cryptocurrencies on February 5, 2021 (Akuiyibo, 2021). This is because the apex bank in Nigeria has declared trading with cryptocurrency as illegal but it encourages the usage of E-naira as a means of digital currency. Thus, evidence from the literature has shown that vast number of studies have been conducted on the importance of digital currency with an emphasis on the determinant factor that impact on the adoption of digital currency in Nigeria. However, these studies focused on transparency, attitude, price value traceability among others. Limited studies have examine the economic, social and environmental effect on adoption of digital currency in Nigeria. Thus, the study extend the frontier of knowledge beyond economic, social and environmental effect on adoption of digital currency in Nigeria to role of moderating effect of eco-innovation on the determinants of adoption of digital currency in Nigeria. By incorporating ecological innovation values into the electronic money ecosystem, this research addresses significant issues pertinent to Nigeria's economic and present landscape and educates lawmakers in Nigeria about the possible advantages of ecological innovation in supporting the ethical implementation of virtual currencies (Ajayi & Okafor, 2021). The remaining parts of the essay are

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