

Cybersecurity Levy and Half-life of Naira's Purchasing Power



When will transaction charges consume up to half of my money?

Sender charges

- Transfer fee: ₦25
- 7.5% VAT fee: ₦1.88
- SMS Notification: ₦4
- ★ NEW - Cybersecurity levy: ₦50



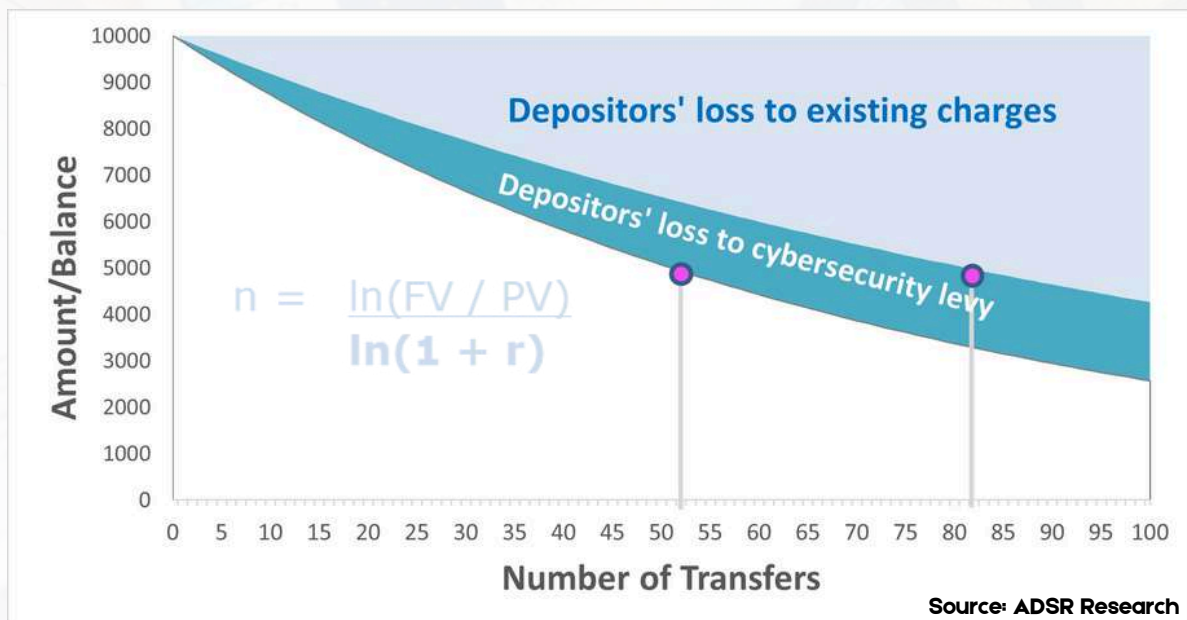
$$A = P\left(1 + \frac{r}{n}\right)^{nt}$$

Receiver charges

- Stamp duty (EMTL): ₦50
- SMS Notification: ₦4.00

Total transaction charges on ₦10,000
₦134.88

- Before Cybersecurity levy (CL), an amount, say, N10,000, would be reduced by half (N5,000) after 82 transactions, due to various charges.
- The introduction of CL will make this same amount lose half of its value after 52 transactions. 🙄



- With CL therefore, naira's purchasing power will reach its half-life faster, representing a major cost/leakage to banks' depositors.
- This has serious implications for financial inclusion
...because financial costs and financial inclusion are inversely related