

The Impact of Covid-19 Outbreak on Crypto Currencies Trade Amongst Nigeria Youths

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Abstract

This study specifically looked at how much the Covid-19 epidemic affected Nigerian youth and if it had a positive or negative impact. The pandemic had an effect on young people in Nigeria's cryptocurrency sales. For this study, young people from Ibadan were engaged as participants. Using the convenience sampling technique, the researcher selected easily 220 individuals for the study using the survey's descriptive design. The respondent was given a self-structure questionnaire, of which two hundred (213) were collected. Tables were frequently used to analyse and show data. The study's conclusions showed that the effect of the epidemic (the Covid-19 outbreak) on Nigerian adolescents' cryptocurrency trading was favourable because it facilitated online trading and purchases, increased their savings in liquid currencies, provided a fantastic investment opportunity, and facilitated international transactions because banks were shut down. The study suggests that, especially for emerging countries like Nigeria, the costs of disregarding the utility of cryptocurrencies outweigh the perceived dangers of not legalising them in the future. In order to enable the use of cryptocurrencies and legislate their use, Nigeria must either update its regulatory framework. This update must specify the terms and conditions with respect to privacy law in the interest of countries and citizens, insurance of crypto-assets in the interest of investors, and necessary disclosure of transaction details. Youths in Nigeria could use this innovation as an alternative to their over-reliance on government jobs.

Keywords: COVID-19; Cryptocurrency; Nigerian Youths; Online Transactions

Introduction

Nigeria was greatly impacted by the coronavirus-2019 (COVID-19) pandemic. It is both the most significant geopolitical development of our decade and the biggest public health emergency in a lot of our lifetimes. Economic activity in a number of sectors has decreased as a result of the necessary policy reaction needed to stop its spread and the consequent downstream effects. Average stock market prices have dropped sharply from their pre-epidemic highs, and unemployment has increased sharply since its prior level [1]. On the front lines of this response, academic, corporate, and community care programmes are all experiencing major budget losses in addition to rising expenses from hospital upgrades and more staff.

No state would be immune to the demands of this instance given its vast population of almost 180 million people, though some may have had more time to prepare. It is obvious that the pandemic needed for close coordination between the governmental sector, health-care delivery systems, and personal acts [2].

On February 27, 2020, Nigeria reported the disease's first index case, despite the fact that the illness originally surfaced in China in December 2019 [3]. The sickness has since spread all the 36 states and FCT, The Nigeria Centre for Disease Control (NCDC) reports that both reported cases and fatalities are regularly rising [4]. The 2019 corona virus disease, often known as Covid-19, is a contagious illness [5]. It is a highly contagious disease that spreads from person to person [6]. When someone is ill, respiratory droplets emitted by coughing or sneezing usually affect surrounding connections [7]. Lockout, social isolation, self-isolation or self-quarantine, and observance of these practises have not been widely adopted even though basic hygiene practises like routine hand washing, wearing face masks, and covering the mouth with a handkerchief when coughing or sneezing have been recommended to reduce disease spread among people [3]. This study attempts to examine how the Covid-19 outbreak has impacted young people in Nigeria's cryptocurrency sales.

Research Methodology

We used the survey research strategy in this study because it is great for sampling people's ideas and points of view. According to Omole., *et al.* [8], survey research, which can include both quantitative and qualitative research approaches, is often used in social and psychological research to characterise and evaluate human behaviour. The study's target audience, the Nigerian youths, represented an effort to investigate how COVID-19 has affected cryptocurrency business in Nigeria. The researcher simply chose two hundred and twenty (220) individuals out of the total population of youths in the Ibadan metropolis of Oyo State as the sample size for this study. A sample of convenience is referred to as one in which components were chosen from the target population based on their accessibility or convenience to the researcher, according to Omole., *et al* [9]. In this study, a questionnaire with two sections served as the research tool. While the second section attempted to address the study questions, the first section solicited responses on demographic and personal data. Participants checked the appropriate box, and the researcher administered the questionnaire in person.

Both primary and secondary sources were employed to gather data for this investigation. Surveys were used to get primary data, and books, websites, journals, published and unpublished studies, and government publications were used to gather secondary data. The data were analysed using Microsoft Excel and results presented on frequency tables, which offered solutions to the study's open-ended questions. The study was approved by the department's project committee, and each participant gave their informed consent before being included in the study. The required authorities were contacted for permission to conduct the study, and dates for the distribution of the questionnaire were planned in advance. The investigation strictly followed ethical considerations.

Results

The results for the demographic distribution of the respondents as presented in table 1 revealed that 119 representing 59.50% of the respondents were males while the remaining 81 (40.50%) were females. It was observed that 87 representing 43.50% of the respondents were less than 25 years old, 54 (27.00%) of the respondents were between the ages of 26 and 30 years, 33 (16.50%) of the respondents were between the ages of 31 and 35 years, while the remaining 26 (13.00%) were above 35 years. The majority of the respondents 110 (55.00%) were single, 85 (42.50%) were married while only 5 (2.50%) said they were Separated, Divorced or Widowed. The majority 103(51.50%) had obtained a Bachelor's degree or Higher National Diploma, 75 (37.50%) had NCE/OND, 12 (6.00%) had a postgraduate degree while 10 (5.00%) had senior secondary school certificate.

The responses regarding how COVID-19 has affected the cryptocurrency trade among young people in Nigeria are presented in table 2. When asked if COVID-19 aided online trading and purchase, majority (79.00%) responded in the affirmative while only 12.00% said no. similarly, 68.50% responded affirmatively when asked if COVID-19 improved their savings in liquidity currencies. In the same vein,

Demographic information	Frequency	Percentage (%)
Gender		
Male	119	59.50
Female	81	40.50
Age		
Less than 25	87	43.50
26 - 30	54	27.00
31 - 35	33	16.50
Above 36	26	13.00
Marital Status		
Single	110	55.00
Married	85	42.50
Separated/Divorced/Widowed	05	2.50
Educational Qualification		
SSCE	10	5.00
NCE/OND	75	37.50
BSC/HND	103	51.50
MSC/PGDE	12	6.00

Table 1: Demographic information of the respondents.

61.00% said yes when asked if COVID-19 enhanced foreign transaction since banks were on lockdown. Furthermore, 92.50% responded positively when asked if COVID-19 affected their cryptocurrency business. The study also revealed that 46.50% crypto businesses were highly affected during the pandemic, 34.00% were averagely affected while 19.50% crypto businesses were mildly affected during COVID-19 pandemic. The majority (56.00%) of the respondents said COVID-19 pandemic positively affected their crypto businesses.

Discussion

The market for cryptocurrencies is rapidly expanding, and new businesses and infrastructural initiatives constantly popping up [10]. Also, it is encouraging that judicial organisations and software development companies are attempting to determine how bitcoin and other digital currencies will affect the growth of the world economy. This demonstrates once more the complexity of cryptocurrencies and the fact that there are many possible interpretations of the relationship that results from their use, which benefits both the economy and its consumers [10].

The world economy has been significantly impacted by the COVID-19 outbreak, and cryptocurrencies were not exempt. The pandemic’s disruption has triggered an upheaval in the cryptocurrency industry [11]. The steps taken to stop the virus’s spread, like travel bans and workplace closures, have also had a big effect on the Bitcoin industry. This analysis supports the majority (79.00%) of the respondents’ claims that COVID-19 has really had an impact on internet commerce. This result is consistent with the findings of Hong and Yoon [12]. Travel restrictions and other controls put in place to stop the virus’ spread have hampered global supply networks and decreased trade volumes.

According to the study’s findings, 68.50% of respondents felt that COVID-19 increased their ability to save money in liquid currencies. This might be due to the lockdown, which makes most people stay inside and reduces their expenditure by forcing them to do so. Similarly,

Variable	Frequency	Percentage (%)
Did COVID-19 aided online trading and purchase?		
Yes	158	79.00
No	42	21.00
Did COVID-19 improve your savings in liquidity currencies?		
Yes	137	68.50
No	63	31.50
Did COVID-19 served as an incredible investment opportunity in cryptocurrency?		
Yes	122	61.00
No	78	39.00
Did COVID-19 enhanced foreign transaction since banks were on lockdown?		
Yes	160	80.00
No	40	20.00
Did COVID-19 affect your crypto business?		
Yes	185	92.50
No	15	7.50
To what extent were Nigerian youths involved in crypto business during the pandemic?		
High	93	46.50
Average	68	34.00
Low	39	19.50
In what way did the pandemic affect the Nigerian youths?		
Positive	112	56.00
Neutral	60	30.00
Negative	28	14.00

Table 2: Impact of COVID-19 on the trade of cryptocurrencies among Nigerian youths.

when asked if COVID-19 enhanced international transaction since banks were under lockdown, 61.00% responded in the affirmative. In addition, 92.50% of those questioned about how COVID-19 affected their cryptocurrency business gave favourable answers. According to the survey, 46.50% of cryptocurrency businesses saw severe pandemic-related effects, 34.00% experienced average effects, and 19.50% experienced just minor effects. The majority of responders (56.00%) claimed that the COVID-19 pandemic had a favourable impact on their cryptocurrency enterprises. Several folks had remote work options while inside during the lockout. This motivated a large number of Nigerian teenagers to start or enhance their involvement in the bitcoin business because it can be successfully conducted online. Most of them continued in the crypto industry despite the outbreak because it had no impact on their daily jobs. The findings of Hong and Yoon (2022), who reported the impact of COVID-19 on cryptocurrency markets, are compatible with the conclusions of this study.

According to Drozd., *et al.* [13], the pandemic raises market uncertainty for cryptocurrencies as prices swing widely. The stock market has also been the subject of the same experiment, with results showing that there are less price fluctuations in stocks than there are in digital currencies. A network analysis of the cryptocurrency market during the COVID-19 epidemic has shown that the market’s network structure changed as a result of both the pandemic and the global economic crisis [13,14]. During the downtime, the network detects

fewer possible clusters, with a few coins acting as core nodes [15,16]. As a result, during the outbreak, cryptocurrencies frequently form larger clusters.

Conclusion

The study's conclusions showed that the pandemic's effects on the trade of cryptocurrency by Nigerian youths was positive because it facilitated online trading and purchases, increased my savings in liquid currencies, provided a fantastic investment opportunity, and facilitated international transactions because banks were shut down. Cryptocurrencies are a new innovation that came about as a substitute for an excessive reliance on the government. As a result, the use of cryptocurrencies increased quickly in African nations.

Recommendation

Based on the research's conclusions, the researcher advises that developing nations like Nigeria should consider legislating cryptocurrency because the costs of doing so exceed any potential hazards. Therefore, it is imperative that African countries either update their regulatory framework for the purpose of allowing for the use of cryptocurrencies or legislate for them. These updates must specify the terms and conditions with respect to privacy law in the interest of the nations and citizens, anti-laundering and loss recovery in case of illicit transactions and potential user attacks, insurance of crypto-assets in the interest of investors, necessary disclosure of transaction information, and necessary protection against user attacks, and They would act to safeguard the interests of users generally, investors, and African governments. As an alternative, African nations may pool resources to create their own local cryptocurrency while keeping investor trust and the welfare of their citizens in mind. Lack of infrastructure and electrical issues would be the main and peculiar difficulties that the nations would presumably face if they chose this course of action.

Availability of Data and Material

On reasonable request, the corresponding author will make the datasets used and/or analysed during this study available.

Competing Interests

The authors declare that they have no competing interests.

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