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Currency Redenomination: Economic Solution or Nominal Illusion? A Systematic Review

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A B S T R A K

Penelitian ini bertujuan meninjau secara sistematis literatur akademik mengenai redenominasi mata uang sebagai kebijakan moneter domestik, serta menilai apakah kebijakan tersebut merupakan solusi ekonomi yang efektif atau sekadar perubahan nominal. Dengan pendekatan systematic literature review (SLR), penelitian menganalisis artikel jurnal peer-reviewed periode 2000–2025 yang terindeks di Scopus, ScienceDirect, dan Emerald, menggunakan kerangka PRISMA serta kriteria seleksi yang jelas. Tujuh artikel inti dianalisis melalui pendekatan tematik kualitatif. Hasil kajian menunjukkan bahwa redenominasi tidak secara langsung mengubah daya beli riil maupun fundamental makroekonomi, tetapi keberhasilannya sangat dipengaruhi stabilitas makroekonomi, kesiapan institusi, legitimasi politik, dan efektivitas komunikasi publik. Dalam kondisi inflasi rendah dan stabil, redenominasi dapat meningkatkan efisiensi transaksi, kesederhanaan akuntansi, dan produktivitas bisnis. Pada tingkat mikro, beberapa studi menemukan peningkatan profitabilitas perusahaan, meskipun dampaknya sering bersifat kontekstual. Secara psikologis, redenominasi berkaitan dengan efek money illusion yang memengaruhi persepsi harga dan perilaku konsumsi, namun edukasi publik yang efektif dapat mengurangi bias tersebut. Secara keseluruhan, redenominasi merupakan kebijakan strategis politik-ekonomi yang berpotensi berhasil dalam kondisi tertentu, bukan solusi universal bagi masalah moneter.

A B S T R A C T

This study aims to systematically review the academic literature on currency redenomination as a domestic monetary policy and evaluate whether it represents an effective economic solution or merely a nominal adjustment. Using a systematic literature review (SLR) approach, the study analyzes peer-reviewed journal articles published between 2000 and 2025, indexed in Scopus, ScienceDirect, and Emerald, applying the PRISMA framework and clear selection criteria. Seven core articles were examined using qualitative thematic analysis. The findings indicate that currency redenomination does not directly change real purchasing power or macroeconomic fundamentals; rather, its success depends heavily on macroeconomic stability, institutional readiness, political legitimacy, and effective public communication. Under conditions of low and stable inflation, redenomination can improve

transactional efficiency, accounting simplicity, and business productivity. At the microeconomic level, some studies report increased firm profitability, although the impacts are often context-specific. Psychologically, redenomination is associated with the money illusion effect, influencing price perceptions and consumer behavior, yet effective public education campaigns can significantly reduce these biases. Overall, currency redenomination should be understood as a strategic political-economic policy that may succeed under specific conditions rather than a universal solution to monetary challenges.

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INTRODUCTION

Monetary stability constitutes the primary foundation for the sustainability of a nation's economy (Latifah et al., 2025). Currency instability, particularly due to prolonged high inflation, can reduce transaction efficiency, increase administrative costs, and undermine public confidence in the financial system (Pratap et al., 2023). Under such conditions, monetary reform instruments are frequently considered to restore national currency credibility (Anggraeni et al., 2025). One instrument often discussed in policy discourse is currency redenomination (Annazah et al., 2017).

Currency redenomination is defined as a policy of reducing zero digits in the nominal value of currency without altering the real purchasing power of the public (Soleh et al., 2025). Unlike devaluation or sanering, redenomination is technical and administrative in nature and is not intended to reduce the value of public wealth. The primary objectives of this policy include simplifying payment systems, enhancing financial record-keeping efficiency, improving national currency image, and strengthening public confidence in monetary stability (Pramytha et al., 2025).

Table 1. List of Countries Conducting Redenomination

Negara	Tahun	Kebijakan Redenominasi
Turki	2005	Removing six zeros
Brasil	1994	Removing three zeros
Polandia	1995	Removing four zeros
Rusia	1998	Removing four zeros
Zimbabwe	2009	Removing twelve zeros
Peru	1991	Removing six zeros
Nicaragua	1989 dan 1991	Removing three zeros and 1991
Jerman	1948	Replacing the Reichsmark (RM) currency with the Deutsche Mark (DM)

Data source: processed by the researcher

Based on the table above, it can be observed that several countries have implemented currency redenomination policies as part of efforts to reorganize monetary systems and enhance economic transaction efficiency, including Turkey, Brazil, Poland, Russia, Zimbabwe, Peru, Nicaragua, and Germany. The implementation results of these policies vary considerably. Some countries successfully implemented them with relatively stable economic impacts, while others experienced failure due to weak macroeconomic foundations. Studies in Nigeria, for

instance, demonstrate that redenomination does not automatically reduce inflation and is only effective when supported by strong domestic production and prudent coordination of fiscal and monetary policies (Olukayode & Somoye, 2013b). Conversely, uncontrolled inflation and weak monetary governance have the potential to exacerbate economic uncertainty (Orina & Kuso, 2025).

It is essential to distinguish between currency redenomination as a domestic policy and *redenomination risk* widely discussed in financial market literature. *Redenomination risk* generally refers to currency conversion risk in the context of financial crises or the potential exit of a country from a currency union, as discussed in Eurozone studies (Klose, 2025). The primary focus of this literature is balance sheet risk, financial contracts, and bond markets, rather than the real economic and social impacts of domestic redenomination policies. Therefore, conflating these two concepts without clear distinction may lead to analytical bias.

In Indonesian, redenomination discourse has gained momentum alongside relatively stable inflation and the development of digital payment systems. Several studies indicate that a portion of Indonesian society has demonstrated relatively high acceptance of this policy, although concerns remain regarding inflation and infrastructure readiness (Pramytha et al., 2025; Said et al., 2018). Additionally, Islamic economics-based studies affirm that redenomination policy does not fundamentally contradict *maqashid shariah* principles, provided it is implemented with thorough preparation and aims for public welfare (Soleh et al., 2025).

Although literature on redenomination has developed, existing research remains fragmented and dispersed across various approaches macroeconomics, economic psychology, public policy, and financial perspectives. Therefore, a comprehensive *systematic literature review* (SLR) is needed to synthesize *peer reviewed* research on currency redenomination as a domestic policy, while clearly distinguishing it from studies focused on *redenomination risk* in financial markets.

Through this approach, this study aims to examine whether redenomination functions more as a genuine economic solution or merely a nominal change that potentially creates value illusion. This SLR is expected to identify key themes in the literature, determinants of implementation success and failure, and the economic, political, and psychological implications of redenomination policy. The findings of this study are expected to provide conceptual contributions and relevant policy recommendations, particularly as considerations for Indonesia in formulating and evaluating the potential implementation of currency redenomination in the future.

METHOD

This study is a qualitative study using a Systematic Literature Review (SLR) approach to systematically synthesize studies discussing currency redenomination (Kitchenham, 2007). This method was chosen to integrate scattered research findings and provide a comprehensive basis for policy analysis in Indonesia.

The SLR process was structured according to the PRISMA 2020 guidelines, which include the stages of identification, screening, eligibility, and inclusion of studies. The review protocol included determining the database, search keywords, publication time frame, inclusion and exclusion criteria, and data selection and extraction procedures (Kitchenham, 2007).

Identifying the Research Question

The research question is essential for directing the focus and scope of this systematic literature review. Based on the growing debate on whether currency redenomination represents a genuine economic solution or merely a nominal adjustment, this study formulates the following research question: “Is currency redenomination an effective economic policy or primarily a nominal illusion, and what key economic, political, and psychological factors determine its success or failure?”

Identifying Relevant Studies

Keywords were employed to obtain literature relevant to the research topic. Primary search terms included "currency redenomination", "redenomination policy", "zero removal", "zero depreciation", and "monetary redenomination". The search focused on these terms to collect articles specifically addressing currency redenomination policies in domestic contexts.

The selected inclusion period is 2000–2025. This timeframe selection is based on the consideration that this period encompasses significant developments in redenomination implementation across various countries, including public policy and political dynamics, psychological impacts on society, and economic implications. Focusing on literature within this timeframe ensures that research findings remain relevant to current conditions.

The broader period of 2000–2025 was chosen to capture more extensive redenomination developments in aspects of public policy and politics, institutional and economic readiness, psychological impacts, and economic effects. This timeframe reflects various redenomination implementation processes based on the experiences of countries that have adopted such policies, including the identification of factors that may lead to failure. Additionally, numerous regulations and policies during this period provide valuable lessons. Therefore, a specific review was conducted for the years 2000–2025 to ensure that risk factors and potential failures can be minimized. The collected articles were subsequently classified according to research questions to facilitate systematic thematic analysis.

Table 2. Inclusion Criteria

Criteria	Inclusion	
Period	2000-2025	Publikasi dalam rentan 25 tahun
Language	English	Articles publish in English

Publication Type	Journal articles	Only articles published in reputable journals
Geographic Region	All	Finding from various countries

Source: Processed by Researchers

Article Selection

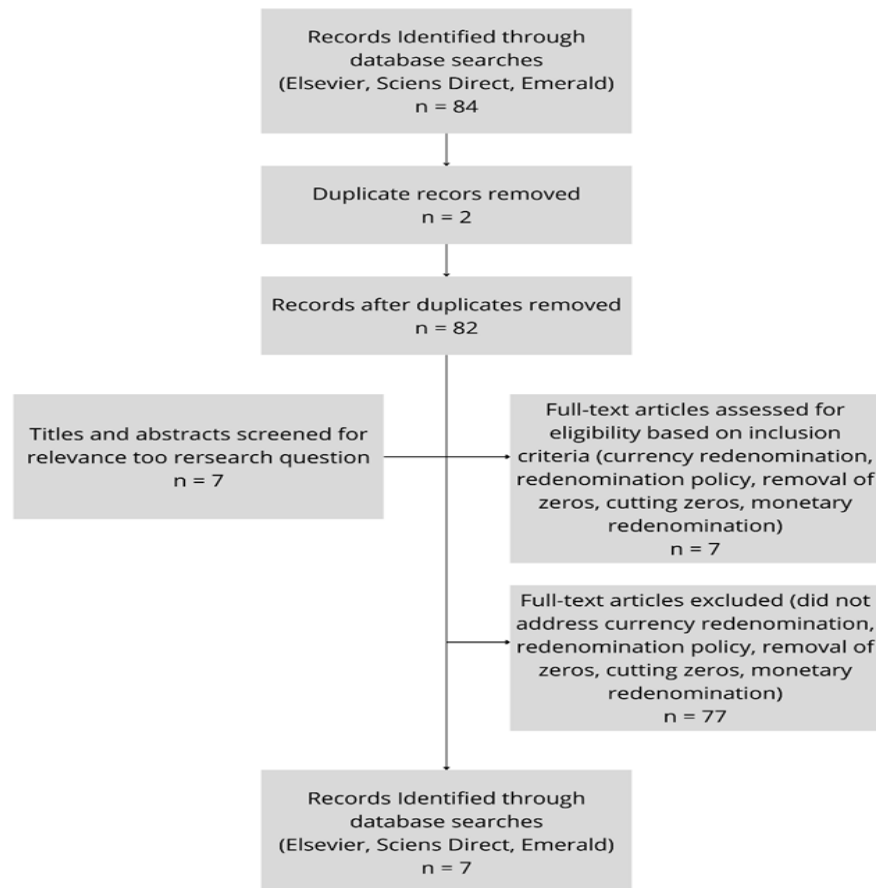


Figure 1. PRISMA systematic review flow diagram

Article searches were conducted through the Elsevier database (via ScienceDirect) and Emerald Insight to ensure comprehensive coverage. The keywords employed included "currency redenomination", "redenomination policy", "zero removal", "zero depreciation", and "monetary redenomination". The initial search yielded 84 articles that met the search criteria.

The inclusion criteria applied were as follows:

1. Articles published in reputable international journals (ranked Q1 to Q4 based on SCImago Journal Rank).
2. Articles published between 2000 and 2025 to ensure relevance to recent developments.

3. Articles that specifically address currency redenomination policy, including aspects of implementation, economic impacts, psychological impacts, and policy challenges.

Following the identification stage, articles were screened by reviewing titles and abstracts based on their relevance to the research questions. This process resulted in 82 relevant articles. The subsequent selection stage involved full-text screening to evaluate alignment with the research focus. From this process, 7 articles were selected for in-depth analysis.

Articles eliminated in the final stage predominantly did not specifically address domestic redenomination policy, but rather focused on redenomination risk in international financial market contexts. Additionally, some articles were eliminated due to insufficient data or analysis regarding redenomination implementation or impacts.

Data Mapping

During the data charting phase, selected articles were reduced to summarize the most important information. The data recorded included author, year of study, study location, purpose, design/method, and results. The collected articles were then filtered to focus on topics related to redenomination, the threat of redenomination, the redenomination process, and efforts to implement redenomination. The findings were presented by exploring these aspects and discussing the need to focus on future research.

Collecting, Summarizing, and Reporting Results

Organizing, summarizing, and reporting findings are the final stages of the coverage review. This includes creating tables containing data extracted during the charting phase, summarizing the main themes or patterns from the key findings, and producing a report format intended for publication. Table 2 presents the results of the data compilation.

Table 3. Data Collection

No.	Authors	Year	Research Location	Method	Source	Key Findings
1	Cifuentes, Julio César Alonso, Nates, Daniela Estrada	2018	Colombia	Quantitative	Elsevier Scopus	The study presents an analysis of these bills and documents the failed journey of the previous six bills through the Congress. Results show that although there are some coincidences in the proposals, such as dropping three zeros and the creation of the "nuevo peso," the bills can be classified into two main groups. Finally, the paper

						presents a discussion of the elements necessary for a cost-benefit evaluation of similar bills.
2	Cifuentes, Julio César Alonso, Natasia, Daniela Estrada	2019	Colombia	Quantitative	Elsevier Scopus	The study presents an analysis of these bills and documents the failed journey of the previous six bills through the Congress. Results show that although there are some coincidences in the proposals, such as dropping three zeros and the creation of the "nuevo peso," the bills can be classified into two main groups. Finally, the paper presents a discussion of the elements necessary for a cost-benefit evaluation of similar bills.
3	Prabawani, Bulan	2017	Indonesia	Qualitative	Elsevier Scopus	This study indicates that a strong comprehension of the redenomination policy appears to be a major success factor of redenomination in Indonesia, with business readiness being an intervening variable. An understanding of redenomination significantly affects business readiness to survive with redenomination. Furthermore, the business readiness significantly affects perceived macro and micro impacts of redenomination. At the macro economy level, business people assess that the Indonesian economy would be better in terms of price and exchange rate. At the level of the micro economy, business people assess that redenomination facilitates simpler recording of financial transactions and

						encourages more dynamic business and increased productivity.
4	Dzokoto, Vivian Afi Abui, Mensah, Edwin Clifford, Twum-Asante, Maxwell, Opare-Henaku, Annabella	2010	Ghana	Qualitative	Elsevier Scopus	The results indicated that a switch from the old currency to the new currency had implications for self-worth determination, trivialization of price increases, changes in spending behaviour, and changes in the extent of benevolence. All these changes were related to the tendency to make judgments based on the nominal value of an amount of money, rather than its real value; the judgment bias is known as the money illusion.
5	Calomiris, Charles W.	2006	Argentina	Qualitative	Elsevier Scopus	That investment behavior contrasts with the experience of Mexican firms in the aftermath of Mexico's large devaluation, in which non-tradables producers with high dollar debt displayed significant relative reductions in investment. Stock return reactions to Argentine debt redenomination indicate large, positive, unanticipated effects on high-dollar debtors from debt redenomination. Energy concession contract redenomination likewise increased investment by high energy users in Argentina, and that benefit was apparent also in positive stock returns of those firms.

6	Ferina Marimuthu, Ferina Marimuthu	2021	Ghana	Quantitative	Elsevier Scopus	Therefore, the study examined the impact of the cedi redenomination on firms' value growth in Ghana. The study used the financial records of listed firms in Ghana, five years before and five years after the redenomination of the currency. The firms' value growth was measured based on the growth in Tobin's Q and return on assets (ROA). A generalized method of moments (GMM) estimation technique was adopted for the regression analysis. The results indicated that the firms' value increased, whilst profit ability decreased in the same year. Moreover, the results showed sustained growth in the profitability of firms after the redenomination exercise. The study concludes that the currency redenomination improved the firms' profitability, whilst their value was not improved. The significant implication of the results is that governments can use redenomination as a tool to influence micro-economic activities. This study is perhaps the first to use firm-level data to examine the impact of currency redenomination on firms' value growth in an African country.
7	Vivian Afi Abui Dzokoto, Jessica Young, Clifford Edwin Mensah	2010	Ghana	Qualitative	Elsevier Scopus	This result is consistent with the slogan of the Ghanaian redenomination public education campaign and suggests that people can be inoculated against the Money Illusion Effect through education. In study 2, attributes of the new

currency were rated more positively than those of the old currency, suggesting a preference for the New Ghana Cedi.

Source: Processed by Researchers

ANALYSIS AND DISCUSSION

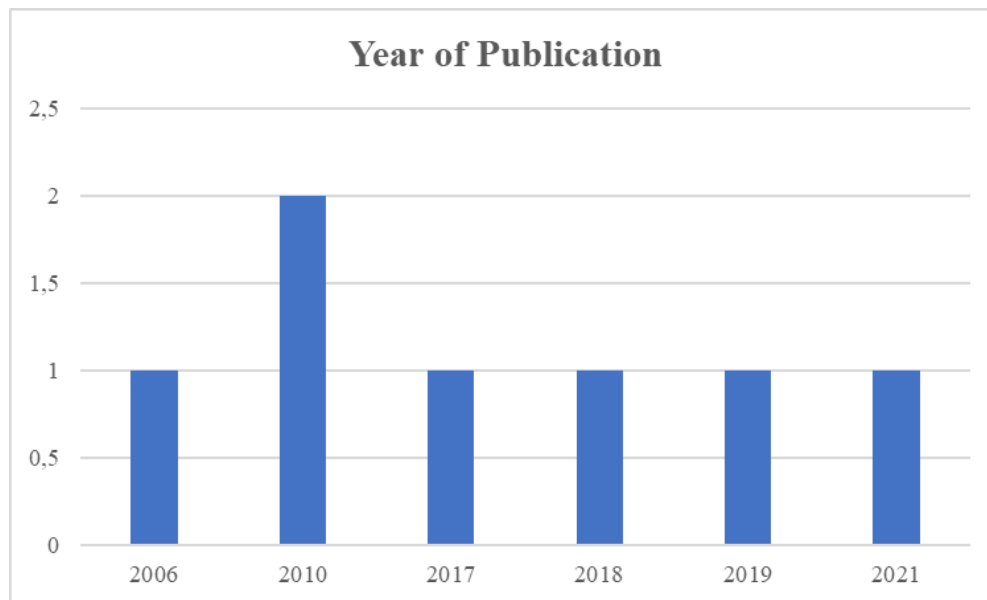


Figure 2. Distribution of reviewed studies by year of publication

Based on the graph presented, the trend of publications related to this research topic in the period 2006-2021 shows relatively low but consistent growth. The highest number of publications was in 2010 with 2 publications that year. Stability was also seen from 2017 to 2019, with 1 publication each year. There were no publications in 2020, and then there was 1 publication in 2021. This shows that this issue has received relatively low but consistent attention in recent years, as seen in the graph where there were no publications from 2005 to 2009, then from 2011 to 2016, and also in 2020, which was likely due to incomplete data. The period 2006-2021 seems quite relevant because it can reflect the context of redenomination of all issues that occurred.

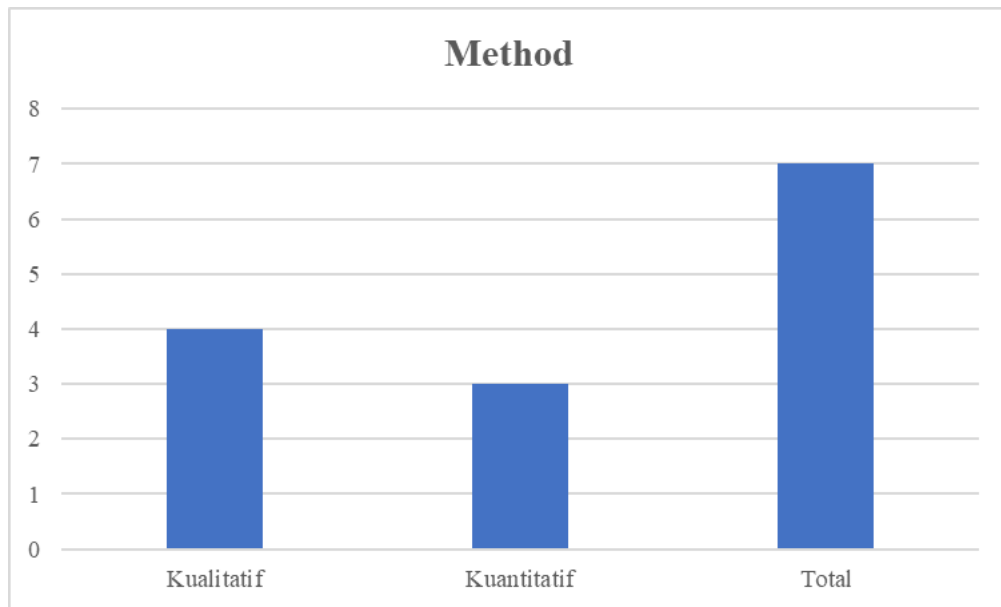


Figure 3. Distribution of reviewed studies by research method

In terms of research methods, the graph shows the dominance of qualitative methods, followed by quantitative methods. This reflects that a literature review-based approach is the primary choice for analyzing the phenomenon of redenomination, although statistical data from quantitative methods is still used to understand redenomination.

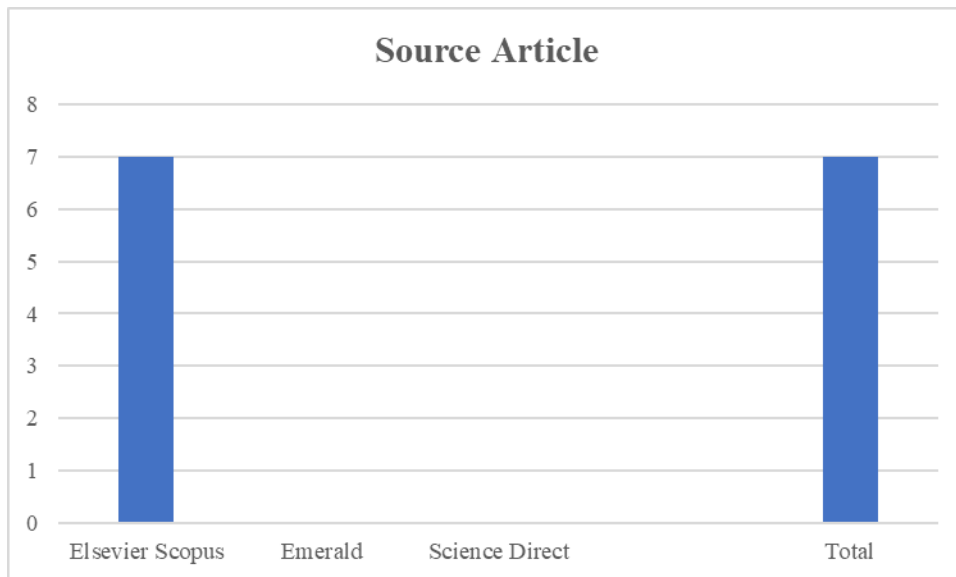


Figure 4. Distribution of Article Source by source of article publication

In terms of article sources, the graph shows that Elsevier and Scopus are the primary sources for articles on this topic. It's possible that Emerald and Science Direct are also popular sources for searching for articles related to this topic.

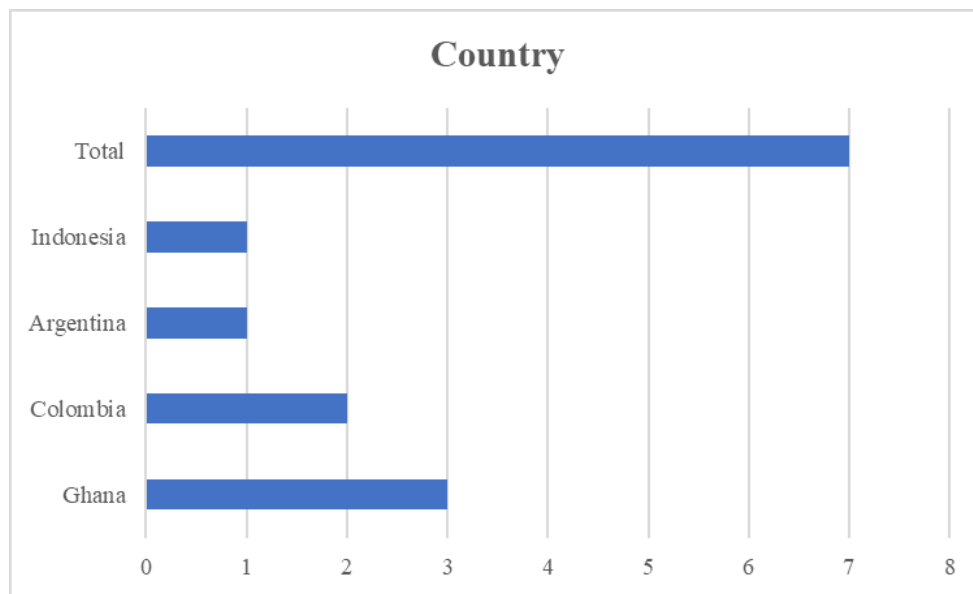


Figure 5. Distribution of reviewed studies by country of origin

In addition, the distribution of studies by country shows that Ghana is the country with the highest number of studies on this topic, followed by Colombia, Argentina, and Indonesia. Ghana's dominance indicates a high level of academic interest in this issue in that country. The diversity of countries involved in the research also shows that redenomination is a global issue that is not limited to a specific region, thus providing a rich international context for this research. An overall analysis of these graphs supports the relevance of the research, both in terms of previous research, methodological approaches, article sources, and the diversity of geographical contexts raised.

Based on the collected data, Cesar et al., (2018) dan Cesar et al., (2019) examined the failed implementation of currency redenomination previously proposed in several countries. This study shows that the motivation for implementing redenomination is generally divided into two main categories: as an instrument for macroeconomic adjustment and as an effort to align domestic currency with regional currencies, while simultaneously simplifying the management of money supply.

In contrast to this cross-country approach, Prabawani, (2017) examined the redenomination plan in Indonesia from the perspective of business actors. The research findings indicate that the level of understanding of redenomination policy is the primary factor determining business readiness. Furthermore, redenomination is perceived as capable of simplifying financial record keeping and encouraging business activities, particularly in the micro-economic sector.

Beyond business perspectives, Afi et al., (2010) highlighted the psychological and social behavioral impacts of redenomination. Changes in nominal value were proven to affect price setting, perceptions of price increases, consumption patterns, and levels of generosity. This phenomenon is related to money illusion, where individuals evaluate money based on nominal value. Therefore, Dzokoto emphasized

the importance of public education and effective policy communication to avoid public misperceptions.

Meanwhile, in the case of Latin American countries, Calomiris, (2007) found that currency devaluation and redenomination provided benefits to companies producing tradable goods. Additionally, the redenomination of dollar debt in Argentina benefited debtors with high dollar exposure, although it negatively impacted the revenue of non-tradable goods companies due to the decline in dollar value.

Regarding firm-level outcomes, Marimuthu & Maama, (2021) analyzed the impact of redenomination on company performance and found an increase in profitability post-redenomination. However, this increase was not accompanied by significant changes in the companies' market value.

Table 4. Thematic Synthesis of Reviewed Studies

Theme	Key Findings	Identified Gaps / Limitations
Public and Political Policy	The failure of Colombia's peso redenomination highlights the importance of infrastructural readiness and political support for successful implementation (Cesar et al., 2018) (Cesar et al., 2019). Debt contract redenomination during Argentina's devaluation benefited debtors with high dollar exposure, particularly non-tradable goods producers whose revenues were negatively affected by the devaluation (Calomiris, 2007)	Limited comparative analysis of the determinants of success across countries; lack of evaluation of the long-term impact on policy credibility and reputational consequences in capital markets; insufficient study of public communication strategies and inter-agency coordination; and the absence of a framework to identify the optimal conditions for policy implementation.
Psychological Impact	Post-redenomination money illusion significantly affects the economic perceptions and behaviors of the Ghanaian population (Afi, Dzokoto, Young, et al., 2010). The public's response to the new currency reflects a complex process of social and psychological adaptation (Afi, Dzokoto, Young, et al., 2010).	The study is limited to the Ghanaian context; there is a lack of longitudinal research to understand the persistence of long-term perceptions and behaviors; limited exploration of differences in impact based on demographic characteristics and financial literacy; and no comparative analysis of the effectiveness of educational strategies across countries.
Economic Impact	Business actors' understanding influences the successful adaptation to redenomination, which is perceived to simplify financial record-keeping and promote microenterprise activities (Prabawani, 2017). At the firm level, redenomination tends to increase company value while temporarily suppressing short-term profitability, which gradually recovers in subsequent periods (Marimuthu &	Redenomination research is still dominated by qualitative approaches, highlighting the need for quantitative analysis to measure the economic impact more precisely; the focus on publicly listed companies overlooks MSMEs as a cornerstone of developing economies; studies on operational transition costs and firm adjustment periods remain limited; and the evaluation of sectoral

Maama, 2021).

impacts, particularly in the informal sector, has not been thoroughly addressed.

Public and Political Policy

Currency redenomination is not merely a technical monetary policy but is strongly influenced by public policy dynamics and political processes. Several studies emphasize that the success or failure of redenomination largely depends on how the policy is formulated, communicated, and processed within a country's political system (Olukayode & Somoye, 2013a).

Research by Cesar et al., (2018) and Cesar et al., (2019) on Colombia's peso redenomination efforts provides a clear illustration of the political role in policy implementation. Analyzing seven legislative proposals submitted to the Colombian Congress throughout the 21st century, their study shows that although the policy content such as the removal of three zeros and the introduction of the "nuevo peso" was consistent, all initiatives failed to be enacted. The failure was not due solely to technical aspects but was driven by weak political support, concerns about economic impacts, and a lack of comprehensive cost-benefit analysis. Moreover, Cesar et al., (2018) classify the motivations for redenomination into two main categories as a macroeconomic adjustment tool and as a symbolic effort to strengthen the domestic currency's position relative to regional currencies.

The public policy dimension is also evident in Calomiris, (2006), which examines Argentina's post 2002 crisis context. The study indicates that devaluation accompanied by redenomination of contracts and foreign currency debt served as a political-economic response to mitigate the crisis's effects on the real sector and the financial system. Contract redenomination functioned as a public policy instrument to protect domestic economic actors, particularly firms with high dollar denominated debt exposure. These findings underscore that redenomination decisions cannot be separated from crisis contexts and government interests in maintaining economic and social stability.

In Indonesian, Prabawani, (2017) demonstrates that successful redenomination depends on strong understanding of the policy, with business readiness serving as an intervening variable. This finding highlights the importance of the government's role in designing transparent and credible policy communication strategies. Empirical evidence from Ghana further indicates that redenomination policies can influence microeconomic behavior, including firm value and profitability, when supported by macroeconomic stability and policy clarity (Marimuthu & Maama, 2021).

Overall, these studies show that currency redenomination is a public policy heavily intertwined with political considerations. Its success depends not only on macroeconomic conditions but also on legislative processes, political legitimacy, policy formulation quality, and the government's ability to build public trust. Therefore, redenomination is better understood as a strategic political-economic policy rather than merely a symbolic reform of the monetary system.

Psychological Impact

Currency redenomination not only impacts public policy and economic aspects but also carries psychological consequences for individuals' behavior and perceptions, particularly in how they interpret the value of money and make economic decisions. One primary psychological effect of redenomination is a change in self-worth, which relates to individuals' perception of their ability to control choices, make decisions independently, and manage their economic life (Afi et al., 2010).

Furthermore, a phenomenon known as the trivialization of price increases emerges, where people begin to perceive rising prices as normal and no longer surprising, even though objectively it burdens their economic condition. Redenomination also influences spending behavior, as economic decisions are not solely based on rational calculations but are also shaped by mental, emotional, and environmental pressures (Afi et al., 2010).

Other psychological effects are reflected in changes in generosity, which fluctuate as individuals respond to economic pressures and certain social situations. These changes are closely related to the tendency to evaluate money based on nominal rather than real value, known as money illusion (Afi et al., 2010).

Empirical findings indicate that the old and new currencies in Ghana are perceived relatively similarly in terms of gains and losses. This aligns with the public education campaign slogan during Ghana's redenomination, "the value is the same," which emphasizes that there is no real change in value between the old and new currency. This suggests that effective public education can mitigate cognitive biases such as money illusion (Afi et al., 2010).

Interestingly, although money illusion theory predicts that amounts in the old currency should be perceived as larger due to their higher nominal value, this effect did not appear dominantly. Instead, people showed a more positive emotional preference toward the new currency, while global currencies such as the Euro and US Dollar were still rated higher, reflecting greater trust in international currencies (Afi et al., 2010).

Overall, these findings underscore that redenomination is not merely a nominal change but a psychological phenomenon that affects value perception, economic behavior, and public sentiment, positioning public education as a key factor in minimizing the negative psychological impact of redenomination policies.

Economic Impact

Currency redenomination carries dual economic implications, encompassing the potential for improved economic efficiency as well as short-term risks if not accompanied by adequate structural preparedness. In general, the economic impact of redenomination is associated with the simplification of transaction systems and accounting records, enhanced operational efficiency, and the strengthening of public perception of currency value through the use of more concise and comprehensible

denominations.

The study by Prabawani, (2017), which examined the perspectives of business actors in Indonesia, indicates that the level of understanding of the redenomination policy is a key determinant of successful implementation. Business readiness functions as an intermediary variable linking policy comprehension to the perceived economic impacts. A good understanding of redenomination significantly enhances business preparedness in adapting to changes in currency denominations, which in turn positively influences price and exchange rate stability at the macroeconomic level, as well as transaction recording efficiency and productivity at the microeconomic level.

A microeconomic approach was also adopted by Marimuthu & Maama, (2021) in analyzing the effects of Ghana's currency redenomination on firm value and performance. Using pre- and post-redenomination data, their study found that redenomination contributed to medium-term improvements in firm profitability, although its impact on firm value was not always immediate or uniform. This finding suggests that redenomination can serve as an effective microeconomic policy instrument when supported by macroeconomic stability and a consistent policy framework.

In the context of economic crises, Calomiris, (2007) demonstrated that redenomination may also function as a crisis-mitigation instrument. The case study of post-crisis Argentina in 2002 showed that devaluation policies combined with the redenomination of contracts and foreign currency debts helped protect domestic firms with high exposure to dollar denominated liabilities. Such policies had a positive effect on investment, particularly in the non-tradable sector, and contributed to stabilizing the real economy.

At the macroeconomic level, Nuhu & Bukari, (2021) found that although Ghana's redenomination was implemented in response to currency depreciation, post-redenomination exchange rate stability remained largely influenced by the structure of the domestic economy, particularly import dependence. This finding underscores that redenomination is not a standalone solution to macroeconomic problems but must be accompanied by broader and complementary economic policies.

Overall, this systematic literature review indicates that currency redenomination has the potential to generate positive economic effects, including transaction efficiency, productivity enhancement, and improved corporate performance. However, the success of such policy outcomes depends heavily on public understanding, business readiness, macroeconomic stability, and policy consistency. In the absence of these prerequisites, redenomination may trigger value confusion, short-term price distortions, and economic uncertainty.

CONCLUSION

Based on the research objective of assessing whether currency redenomination serves as an effective economic solution or merely a nominal

illusion, the results of this systematic literature review indicate that redenomination is essentially an administrative and symbolic monetary policy that does not directly alter the real value of the economy. The literature confirms that redenomination can provide tangible benefits, such as improved transaction efficiency, simplified financial record keeping, and enhanced currency image particularly when implemented under stable macroeconomic conditions and supported by institutional readiness as well as coordinated fiscal and monetary policies.

The study also shows that redenomination is not a standalone solution to structural economic problems such as inflation, exchange rate depreciation, or weak domestic production. The economic and social impacts of this policy are highly dependent on political context, policy legitimacy, and the quality of public communication and education. From a psychological perspective, the literature highlights the potential for money illusion to influence public perception of value and economic behavior, although these effects can be mitigated through effective educational strategies. Accordingly, redenomination is more appropriately understood as a strategic policy instrument that can support economic stability, rather than a measure that automatically generates real economic improvement.

This study has limitations due to the number of articles analyzed and the predominance of studies from certain countries, meaning that generalizations remain context-specific. Therefore, future research is recommended to broaden data coverage, adopt cross-country empirical approaches, and examine more deeply the long-term effects of redenomination on economic stability and societal welfare.

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