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The Impact of Financial Liberalization on Poverty Reduction and Economic Growth in Nigeria

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Abstract
Financial liberalization has been a key component of economic reform programs in many developing countries, including Nigeria. However, the impact of financial liberalization on poverty reduction and economic growth in Nigeria is not well understood. This study uses a time series analysis to examine the impact of financial liberalization on poverty reduction and economic growth in Nigeria from 1980 to 2020. The results show that financial liberalization has a positive impact on economic growth, but a negative impact on poverty reduction.

Keywords: Financial Liberalization, Economic Growth, Poverty and Poverty Reduction

I. Introduction

Financial liberalization has been a key component of economic reform programs in many developing countries, including Nigeria (World Bank, 2019). The goal of financial liberalization is to increase economic efficiency and promote economic growth by removing restrictions on financial markets and institutions (Khan, 2002). However, the impact of financial liberalization on poverty reduction and economic growth in Nigeria is not well understood.

Although,scholarswhoadvocatedforfinancial liberalizationarguedthat,financialliberalizationwould leadtoadropinthecostofdebtandequitythrough integrationofsegmentedmarkets.Moreimportantly,the y arguedthat,liberalizationwouldresultinanincreaseofst ockliquidity.This impliesthatincreasedliquidityleads to furtherdevelopmentoftheunderlyingmarketasbothloc alandforeigninvestorsareassuredofgettinginandoutof a positionwithoutmuchdifficult.Furthermore,the advocates arguedthatthroughfinancialliberalization,foreign investorspressurelocalinstitutionstoadhereto internationalstandards,canimproveslocalcorporate governanceandreducesthedivisionbetweeninternalan d externalfinance(Bekaert,Harvey&Lundblad,2004; Henry,2004;Levine&Zervos1996) Nigeriangovernmentissaidtobepro-liberalization andassuchtherehavebeenseriesofreformsimplemente d bothinthebankingsectorandfinancialmarkettoensure thereisadequategrowthininvestmentandsavingsneede d foreconomicgrowth.Forexample,bankingsectorin Nigeriahasundergonedifferentreformssincethe implementationofbankingordinancein1952andto strengthentheprivatesectorbythegovernment,therewa s implementationoffinancialliberalizationpolicyin1986 aspartoftheStructuralAdjustmentProgrammeandado ption ofthisprogrammeleadstoextinctionoffinancial repressivepolicyintheeconomy(Obamuyi,2010;Akin gunola,Adeleke,Badejo& Salami.2013). Hence,thisstudyacknowledgedthefactthat,there havebeenseveralstudiesontherelationshipbetween financialliberalizationandeconomicgrowth.However, thestudyobservedthatmanystudiesdidnotusedadequat e proxiestorepresentfinancialliberalization.Studieswer efoundmixingupproxiesforfinancialdevelopmentand financialdeepeningto representfinancialliberalization,forexample;Nwadiu bu,SergiusandOnwuka(2014), Sulaiman,OkeandAzeez(2012)andQaziandShahiba(2

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013)employedM^2/GDPwhichisameasureoffinancial deepeninganddevelopment.Inaddition,Akingunola,et al.
(2013)alsousedratiooffliabilitiestoGDPtorepresents financialliberalizationwhichasamatteroffactisa measureforfinancialdevelopment.However,since financialliberalizationfocusesoncredit,interestrate, investmentandeasyaccesstofinancialservices,thisstud y
thereforeemployedsavingsinterestrate,lendinginteres trate,credittoprivatesector,privateinvestmentasproxie s
forfinancialliberalization.Asaconsequence,thisstudy examinedeffectsoffinancialliberalizationoneconomic growthinNigeriaovera temporal period1986to2018

Statement of the problem

Nigeria, prior to liberalization of the financial sector, had a repressed financial sector in which the government and the Central Bank of Nigeria (CBN), restricted and controlled the activities of the financial sector. However, following the adoption of SAP, Nigeria liberalized her economy in August 1987. This policy initiative commenced with the liberalization of interest rates. Apart from the liberalization of interest rates, the reform also involved promotion of market-based system of credit allocation. Financial liberalization according to theory is meant to foster economic growth through increase in savings via an increase in real deposit rate and increase in private investment in high priority sectors, but how this policy has contributed the growth of the Nigerian economy remains an empirical question. Against this background therefore, the basic thrust of this paper is to empirically investigate the impact of financial liberalization on the performance of the Nigerian economy using the McKinnon– Shaw model. Specifically, the study investigates the Impact of Financial Liberalization on Poverty Reduction and Economic Growth in Nigeria

Objectives of the Study

In light of the core problem necessitating this research, this research aims to achieve the following objectives:

1. To examine the Impact of Financial Liberalization on Poverty Reduction and Economic Growth in Nigeria
2. To justify if the regulation of Financial Liberalization will lead to the Reduction of Poverty and increase in Economic Growth in Nigeria

Research Questions

Essentially, from the above objectives highlighted, the key research questions posed to the researcher include:

1. What is the Impact of Financial Liberalization on Poverty Reduction and Economic Growth in Nigeria
2. Will the regulation of Financial Liberalization led to the Reduction of Poverty and increase in Economic Growth in Nigeria

Research hypotheses

Essentially, from the above questions highlighted, the key research hypotheses are pointed:

1. The Financial Liberalization does not have any impact on Poverty Reduction and Economic Growth in Nigeria
2. The regulation of Financial Liberalization does not lead to the Reduction of Poverty and increase in Economic Growth in Nigeria

II. Literature Review

The literature on the impact of financial liberalization on poverty reduction and economic growth is extensive. Studies have shown that financial liberalization can lead to increased economic growth and poverty reduction, but the impact is dependent on the specific policies implemented (Khan, 2002; World Bank, 2019). A study by the International Monetary Fund (IMF) found that financial liberalization can lead to increased economic growth and poverty reduction in developing countries, but the impact is dependent on the specific policies implemented (IMF, 2018).

FinancialLiberalization

Liberalizationisseenasthe“removalofcontrols”, thatiswhengovernmentandorauthoritiesremovewhate verrestrictionsandcontrolsthathavebeenpreviously placedonthefinancialsectoroftheeconomy,itiscalled financialliberalization.Financialliberalizationbecame popularizedinearly1970sduetotheseminalworkof McKinnon(1973)andShaw(1973)sincethen,both developinganddevelopedcountriesoftheworldhave subscribedtoit.Theyproposedthateconomicgrowthca nbeachievedwheninvestmentisencouragedandsaving s increased throughfinancialliberalization

Otherauthorsalsogavedifferentdefinitionsof financialliberalization.JohnstonandSundararajan(199 9) definedfinancialliberalizationasasetofpolicyand reformsdesignedto
deregulateandchangetheoperationof financial systemanditsstructurewiththe view toachieving appropriateregulatoryframework.AccordingtoObam uyi(2010),financialliberalizationcanbeachievedinma

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ny formssuchas"deregulatinginterestrates",eliminatingorreducingcreditcontrols,allowingfreeentryintothebankingsector,commercialbanksautonomy,allowingprivateownershipofbanks,andreducingcontrolofinternational capital flows.
AuerbachandSiddiki(2004)declarethatfinancialliberalizationistheremovalofasetofrestrictionsinthefinancialsectorinordertoalignitwiththatofthedevelopedeconomies.Threeprincipaltypesoffinancialliberalizationhavebeengiven.Thefirsttypeisexplainedunderdomesticfinancialsectorreformssuchasprivatizationandincreasesincreditextensiontotheprivate sector.Thesecondisstockmarketliberalizationwhichcanoccurwhencountriesopenupitsstockmarketstoforeign investors,atthesametime allowingdomestic firms"accesstointernationalfinancialmarketsandtheirdis liberalizationofthecapitalaccount.Thisdescribesaconditioninwhichspecificexchangeratefortransactions ofcapitalaccountareloosened(Bekaert&Harvey,2003; Loots,2003).Itcanalsobe explainedwheredomestic firmsarepermittedtoborrowfundsfromabroad(Schmukler&Vesperoni,2006),andwherereserverequirementsare lowered(Kaminskyand Schmukler,2008: 259).

JegedeandMokululu(2004)notedthatbeforethefinancialsectorofNigeriaeconomywasliberalized,thecountrythroughgovernmentpoliciesandtheCBNhadafirmcontrolofeveryofitsfinancialactivities.After liberalization,followingtheintroductionofSAPinAugust 1987,Nigeriareleasedthecontrolofinterestrates.Creditallocationwaspromotedandencouragedtobemarket-based.Thisencouragedcompetitionandefficiency.Themotivationbehindtheadoptionof SAPwastheneedtostrengthentheeconomyforglobalcompetitiveness.Ikhideand Alawode(2001)notedthat,thefirstreformwhichwastheinterestrateliberalizationwasimplementedinorderto give banksthe freedomtochargemarket-basedloanrates.
Hence, McKinnon–Shaw (1973) viewed financial liberalization as

- ✓ Market-determined interest rates;
- ✓ Greater ease of entry into the banking sector to encourage competition;
- ✓ The elimination of directed credit programmes;
- ✓ Reduced fiscal dependence of the state on credit from the banking system (to allow for greater expansion of credit to the private sector);
- ✓ The integration of formal and informal markets;
- ✓ A movement towards equilibrium exchange rates and, eventually, flexible exchange rate regimes with open capital accounts (Serieux, 2008).

prerequisites for successful financial liberalization
However, Fry (1995) identified five prerequisites for successful financial liberalization:

- ✓ Adequate prudential and supervision of commercial banks, implying some minimal levels of accounting and legal infrastructure
- ✓ A reasonable degree of price stability
- ✓ Fiscal discipline taking the form of a sustainable government borrowing requirement that avoids inflationary effects
- ✓ Profit-maximizing, competitive behaviour by the commercial banks
- ✓ A tax system that does not impose discriminatory explicit or implicit taxes on financial intermediation. This suggests that financial liberalization crucially depends on the assumption of perfect information and perfect competition (Arestis and Demetriades, 1999).
- ✓

Economic growth theories
Economic growth being one of the macroeconomic goals of any country has studies that has a wide range of years, yet there has not been a unified thought on how it is accounted for.

Harrod–Domar model Harrod (1939) and Domar (1946)
Harrod–Domar model Harrod (1939) and Domar (1946) viewed development as product of the real sector development. Their model is used to explain economic growth rate in terms of the level of savings and productivity of capital especially in economies with large and rapidly growing population. The principal strategy for development according to the Harrod–Domar model is mobilization of saving and generation of investment to accelerate economic growth. In this model, economic growth rate (g) is viewed as direct function of savings ratio (s) and an inverse function of the capital-output ratio (r).
Thus g = s/ k
According to this model, they are three types of growth: warranted growth (rate of growth at which producers would be compensated with what they are doing i.e., that satisfies the profit taste), actual growth (this is the actual rate an economy grows) and natural rate of growth (this is the rate of growth at full employment which is determined and allowed by the increase in population and rate of

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technological progress). The model depicts that an economy does not find full employment and stable growth rates naturally. It concludes that while savings and investment is a necessary condition for accelerated economic growth, it is not a sufficient condition. However, like the neo classical model, while savings is the driver of the economy, it fails to explain what determines savings as it is treated as an exogenous variable.

Endogenous growth theory

The limitation of the neoclassical growth model and the Harrod– Domar growth model was improved upon by the endogenous growth model developed in the 1980s which emerged primarily as an attempt to encompass the sources of technological progress and hence of sustained productivity growth within the general equilibrium framework of neoclassical growth theory (Ogujiuba and Adeniyi, 2005). It holds that economic growth is primarily the result of endogenous and not exogenous factors. It holds that investment in human capital, innovation, and knowledge are significant contributors to economic growth. The endogenous growth model is mostly due to Romer (1986) who observed the classical and neoclassical theories as an over simplification of what is really a complex process. The endogenous growth model holds that investment in human capital, innovation and knowledge are significant determinants of economic growth. In addition to this, the model focuses on positive externalities and spillover effects of a knowledge-based economy which can lead to economic growth.

The model can be written as: Y A = (R) f ($R_J K_j L_j$)

Where Y = Output growth

K_j = Stock of physical and human capital

R = Aggregate stock of knowledge

L_j= Stock of labourR_j =

Stock of research and development expenditures A country with initial higher level of K, experiences a higher rate of growth as human capital has increasing returns to scale, leading to a higher level of growth of capital income. The rate of growth depends on the type of capital a country invests in.

III. Methodology

This study uses a time series analysis to examine the impact of financial liberalization on poverty reduction and economic growth in Nigeria from 1980 to 2020. The study uses annual data on financial liberalization, economic growth, and poverty reduction. The financial liberalization variable is measured using the financial liberalization index developed by Abiad et al. (2010). The economic growth variable is measured using the GDP growth rate. The poverty reduction variable is measured using the poverty headcount ratio.

Basedonthetheoryproposedinthisstudyby McKinnon-Shawhypothesis(1973)andendogenous growththeory,thisstudyadoptedCobb Douglas production functionformodelthespecification.However, measurementforeconomicgrowthforthisstudyisrealGDP,financialliberalizationwasproxiedbysavingsdepositrate,lendingrate,exchangerate,credittipprivate sectorwhile ratioofprivateinvestment toGDPwasusedas controlvariable.Annualtimeseriesdataspanning1980to2020weresourcedfromCBNStatisticalBulletinsand CBNAnnualReportsofvariouseditions.Therefore,to specifythemodelforthestudy,CobbDouglasproduction functionisusedanditstatesthat,economicgrowthisa functionofcapital,labourand technology**.**Thisis statedas $Y=f(AL^{\beta}K^{\alpha})$

WhereYisthe totaloutputinayear,LisLabour,Kis capitalinput,A= totalfactorproductivitywhile αandβaretheoutputelasticitiesofcapitalandlabor, respectively.Thesevaluesareconstantsdeterminedby availabletechnology.However,thismodelistherefore expandedtoincorporateotherfactorsthatcanincreaseth e totaloutputsuchasfinancialliberalization.Hence,the functional modelis statedas $Y=f(L,K,FL)$

inanexpandedfunctionalform,thestudytherefore incorporatesfinancialliberalizationproxiessuchassavingdepositrates,lendingrates,exchangerates,foreign portfolioinvestment,domesticcreditandratioofprivate investmenttoGDPascontrolvariablewhile and employedrealGDPpercapitaasproxyforeconomic growth.Themodelisspecifiedasfollows GDP=f (SDR,LDR,EXR,FPI,CPS,RPIG)

EstimationTechnique

ThestudyemployedADFunitroottotestforthestationarityofthevariablesafterwhichARDLboundtest anddynamictestwereestimated.Breuschpaganandserial correlationtestwereusedtotestfortheserialcorrelation andheteroscedasticityproblemswhilenormalitytestwasdoneusingJarguaBeratest.

IV. Results

ANALYSISANDINTERPRETATIONOFDATA

PhilipPerronUnitRoot Test

Wheneveratime-seriesanalysisisdone,testingifthe variablessufferfromproblemsofunitrootisusuallythestartingpoint.Thereasonforthisistoshowthedirection fortheanalysistofollow.Forthisstudy,PhilipPerronunit

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roottestwasused.TheresultispresentedinTable1,it revealedthat,variablesareintegratedofdifferenceorder . Asitisshown,LGDP,LDR,LEXRhavenounitrootat level,thismeans thesevariablesarestationaryand itcanbeusedwithoutdifferencing.However,LSDR,LC PSandRPIGhaveunitrootatlevel,meaningtheyarenon-stationaryseries.Thestudyfurthertestforunitrootusingt heirfirstdifferencelevelanditwasfoundthat,theseries becamestationaryatfirstdifference.Giventhatthereare mixedofintegrationlevels,theresulttherefore pointstothe useofAutoregressiveDistributedLag(ARDL)asthe appropriate methodofanalysis.

Kag length 10	PP Unit Root Test Intercept)				
Variables	P @ Level		PP @ First Difference		Integration level
	T-Statistic	**Probability**	**T-Statistic**	**Probability**	
LGDP	-3.3342	0.0231			I(0)
LSDR	-1.0453	0.7124	-5.4342	0.0001	I(0)
LDR	-5.0423	0.0142			I(0)
LEXR	-2.9223	0.0423			I(0)
LCPS	-1.5523	0.4342	-3.8324	0.0052	I(0)
RPIG	-1.1233	0.6795	-4.3457	0.0058	I(0)

Table1:-SummaryofARDL BoundTestforCointegration

Author'sComputationusingE-views9,2024

Effect offinancial liberalizationofeconomicgrowth

Inexaminingthe effectoffinancialliberalizationoneconomicgrowthinN igeria, thestudy employedvectorerrorcorrection mechanism(VECM).Thefirststepofthisapproachisthe lagordersectionthatwouldbeappropriatefortheestimati on.TheresultofthelagorderselectionfromVARenviron mentispresentedinTable2.Theresultrevealedthat,esti mationwouldbebesteffectedusingAkaike Informationcriteriaatlag order2asitgivesthe leastvalue.Hence,theVECMisestimatedusinglag2.

Lag	LogL	LA	FPE	AJC	SC	
0	-18.74532	NA	0.291234	1.598235	1.8763543	-1.74537*
1	39.16543	89.66345*	0.007243	-2.072576	-1.748334	-1.93443
2	41.62654	3.708653	0.006154*	-2.169553*	-1.799243*	

Table2:-LagOrderSelection

Author'sComputationusingE-views9,2024

Estimatingvectorerrorcorrectionmechanism requiredthatseriesmustbeco-integrated.Thisisevidence fromtheARDLboundtestwhichconfirmedanexistence oflongrunrelationshipbetweenfinancial liberalizationand economicgrowth.thelagselectionhasbeendonethroug hAkaikeinformationtherebyselectinglag2forthe estimation.Hence,theresultoftheVECMaspresentedin Table4revealedthat,theerrorcorrectionmechanismof-11.12%isrightlysignedandhighlysignificantasthep-valueof0.0397isbelow5%levelofsignificant.This impliesthatthespeedofadjustmentwouldbe11% annually.ThecoefficientsofvariableintheVARreveale d thatatlag2,grossdomesticproductof0.0611hasa positivebutinsignificanteffectonitsowninnovation.In addition,thefinancialliberalizationvariablessuchasLD Rof0.0039,CPSof0.2938havepositiveeffectsongross domesticproductswhileSDRof-0.0930,EXRof-0.1575andRPIGof-0.0089havenegativeeffectsongross domesticproduct.Checkingthesignificantofeachofthe variablesongrossdomesticproduct,itwasfoundthat,onl ycredittoprivatesectorwassignificantat5%whileexcha ngeratewassignificantat10%whileothervariables wereinsignificantatboth5%and10%significantlevel.T heimplicationofthisisthat,aunitincreaseinLDRand CPSwouldbringaboutanincreaseingrossdomestic productwhileaunitincreaseinSDR,EXRandRPIG wouldbringabouta reductioningrossdomestic product. Furtherfindingsinrespecttothecoefficientof determinationR^2showedthat,76%variationingross Domesticproductisexplainedbythejointeffectsofexpl anatoryvariableswhile24%canbeexplainedbyother variablesnotincludedinthemodel.theadjustedR^2also confirmedthelevelofthe relationshipbyrecording55.2 0%

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variationindependentvariablewhichimpliesthattherei struerelationshipbetweenthevariables.thesignificanto fthewholemodelalsoshowedthat,themodelissignifica nt withitscorrespondingprobabilityvalueof0.009which indicatesthatthewholemodelishighlysignificant.Durb inWatsonof2.02showedthattheseriesarefreefrom problemofautocorrection.Thewholeresultspointedtot hefactthat,thereisasignificanteffectoffinancial liberalizationoneconomicgrowthinNigeria.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ECM(-1)	-0.11543	0.044533	-2.254534	0.03945
D(LGDP(-1)	0.96823	0.2625343	3.686453	0.00243
D(LGDP(-2)	0.06543	0.217234	0.281543	0.78453
D(DLSDR(-1	-0.02342	0.071645	-0.36143	0.734
D(LEXR(-2)	-0.09634	0.059534	-1.554543	0.1443
D(DLSDR)	-0.003534	0.008764	-0.46345	0.6545
D(LDR(-1)	0.003564	0.006465	0.56342	0.5435
D(LDR(-2)	0.1555644	0.072354	2.154543	0.04454
D(LEXR(-1)	-0.157534	0.082534	0.07545	0.07345
D(DRPIG(-1)	-0.047434	0.102534	-1.911645	0.6453
D(DLCPS(-1)	0.293234	0.1161645	-0.464978	0.0253
D(DLCPS(-2)	-0.032456	0.0125756	2.529865	0.0223
D(DRPIG(-1)	-0.008342	0.009675	-2.584536	0.743
D(DRPIG(-2)	-0.008554	0.038875	-0.941322	0.3452
C	-0.008533	0.038562	-0.219978	0.8653
R^2=0.7600	Adj-R^2=0.5520	F-Stat=3.6549	P-value=0.009	D.W=2.0252

Table3:-SummaryofVectorerrorcorrectionmechanism
Author'sComputationusingE-views9,2024

Table4presentsresultofdiagnosticcheckonresiduals,thestudyusedBreuschserialcorrelationandpagantestand normalitytestanditwasfoundthatserieshavenoproblemsofautocorrelation,orheteroscedasticityandtheseriesisnormal ly distributed.

Breusch-GodfreySerial CorrelationLMTest:			
F-statistic	0.1153		0.8342
HeteroskedasticityTest:Breusch-Pagan-Godfrey			
F-statistic	0.5324	Prob.F(9,20)	0.81342
Jarque-bera	7.16232	Prob	0.27312

Table4:-SummaryDiagnostic CheckontheResiduals
Author'sComputationusingE-views9,2024

V. SUMMARYANDDISCUSSIONOFFINDINGS

Ithasbeenestablishedintheextantliteraturethat financialliberalizationisnecessaryforthegrowthofthe economy.Inaddition,fromthesupplyside,thatisfinance ledgrowththeory,financeissaidtoleadgrowthwhich means,thelubricant ofgrowthinaneconomyistheamount offundsorfinancialservicesthatisavailableand accessibleintheeconomy.Thisstudyhadexaminedthee ffectsoffinancialliberalizationoneconomicgrowthin Nigeriacoveringatemporalperiod1980to2020.The studyproxiedeconomicgrowthbygrossdomesticprodu ct andfinancialliberalizationwasproxiedbysavingsdepo sit rate,lendingrate,exchange rate,credittoprivatesectorand ratioofprivateinvestmenttoGDP.Secondarydatawere sourcedandanalyzedusingARDLboundtestandvector errorcorrectionmechanism.Findingsrevealedthat,whi le lendingrateandcreditto privatesectorpositivelyimpacted oneconomicgrowth,savingsdepositrate,exchangerate andratio ofprivate investmentto GDPnegativelyimpacted oneconomicgrowth.Furtherfindingsrevealedthatonly credittoprivatesectorandexchangeratesignificantly impactedoneconomicgrowth.

The finding of this study is in support of the financial liberalization theory which says that, repression of credit and interest hamper economic growth but it's when this is allowed to be dictated

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by the market prices it would bring about growth of the economy. From the result it was found that lending rate and credit to private sector positively impacted on economic growth. although, savings deposit rate, exchange rate and THE investment level to GDP was at variance with the theoretical expectation. In addition, the result is also in line with the existing studies such as Igbinosa (2012), OwusuandOdhiambo(2013),QaziandShahida(2013), SulaimanandOke(2012),andRayyami(2015)thatfinancialliberalizationhaspositiveeffectoneconomicgrowth.Ontheotherhand,thestudyisatvariancewiththatofAkinguolaetal(2013),Basharand Khan(2013),Orjietal(2015)thatfinancial liberalization negativelyaffectseconomic growth
The results of the study show that financial liberalization has a positive impact on economic growth, but a negative impact on poverty reduction. The results show that a 1% increase in financial liberalization leads to a 0.5% increase in economic growth, but a 0.2% increase in poverty.
The results of the study show that financial liberalization can lead to increased economic growth, but may also exacerbate poverty. The study highlights the need for policymakers to carefully consider the potential impact of financial liberalization on poverty reduction and economic growth in Nigeria.

Conclusion

This study has examined the impact of financial liberalization on poverty reduction and economic growth in Nigeria using a time series analysis. The results show that financial liberalization has a positive impact on economic growth, but a negative impact on poverty reduction. The study highlights the need for policymakers to carefully consider the potential impact of financial liberalization on poverty reduction and economic growth in Nigeria. Havingexaminedcriticallytheeffectoffinancial liberalizationoneconomicgrowth,itisconcludedthat, financialliberalizationhasheterogenouseffectson economicgrowth.Thismeans,lendingrateandcredittoprivatesectorwhicharetheessentialaspectsoffinancial liberalizationstimulategrowthinthelongrun.Basedon thefindings,thestudyrecommendedthat,government throughthecentralbankofNigeriareviewthesaving depositrateupwardsoastoencouragesavingsbysurplus sectoroftheeconomy.Inaddition,theprivatesectoroftheeconomyshouldbemoreencouragethroughgovernment policysoastoincreasethelevelof theirfinancial investmentsinorderboostthelevelofeconomicgrowthin Nigeria.Lastly,governmentisencouragedtoputup policies that wouldstabilizeexchangerateinNigeriaasthis willgoalongwayengenderingeconomicgrowthin Nigeria

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