AN OVERVIEW OF MONETARY POLICY IMPACT ON NIGERIA ECONOMIC GROWTH: A BOUNDS TEST APPROACH (1986-2018).

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ABSTRACT

This study appraised the monetary policy impact on Nigeria economic growth between 1986 and 2018. The study adopted ARDL model for robust policy recommendations. The outcome reveals that monetary policy rate has a long relationship with Nigeria economic growth. Treasury bill (TBD) is distortive influence to economic growth, exhibiting an inverse relationship at the long run. Interest rate has creditably performed well, having a significant relation with the economic growth. Labour force (LAB) shows significant relationship to economic growth rate, this implies progressive performance of monetary policy towards enhancing employment in Nigeria. The stability test indicates that the model is stable and significant. Monetary policies have stimulated employment over time in the country, government policy should tailor towards continuity of policy in order to ensure stable interest rate regime and enhanced employment growth rate in Nigeria.

Keywords: Monetary Policy Rate, Treasury Bill, Interest Rate, Labour Force
JEL Classification: C51, E27, H63, H81

1.0 INTRODUCTION

The pursuit of economic growth and sustainable monetary policy is one of the core macroeconomic goals in every nation, from the era from Adam Smith to the monetary economists. Monetary policy aims at ensuring stability of price, equilibrium balance of payment, full output, and employment as well as sustainable development. These objectives are essential for internal and external balance attainment and the promotion of long –run economic growth.

The economic crisis of the 1980's, led to major macroeconomics distortions which led to devaluation of currency, astronomical rise in cost of production, unfavorable balance of trade and payment. This scenario led to the introduction of Structural Adjustment Programme (SAP) in 1986, built on the framework of financial liberalization. With the liberalized market, it is expected to lead to greater investment opportunities and greater financial resources to finance investment. The main purpose of SAP was to restructure the economy from a full state –interventionist nature to a more market-driven system. Before this shift of policy, the Nigerian economy was characterized by excessive government control of production, financial intermediation process and foreign trade variables through the administrative determination of interest rate, prices and exchange rates. Moving the economy from public driven economic to a private driven economy, the private sectors are assumed to achieve these desired objectives and ensuring full employment, the money deposit banks are expected to provide financial resources in line with policy directives set out by the nation's apex Bank. The Central Bank of Nigeria was faced the challenges of stabilizing the economic through monetary policy. Monetary policy is a deliberate action of the

apex authority to influence the quantity, cost and access to money credit, to accomplish set macroeconomic objectives of internal and external balances (CBN, 2011).

There is no agreement among economist whether government intervention through the use of monetary policy will bring about economic stabilization (Kalu et.al 2020). This has resulted to different schools of thought such as the classical, Keynesian and the Monetarist schools. The classicists hold that with the model of exchange and stability in the money velocity equation, along with the notion that when economy operates at full employment, the change in money supply will only affect price without any effect on real demand, investment, and output. The Keynesians on the other hand believe that variations in money supply could lead to an increase or decrease in interest rate. A decrease in interest rate will affect aggregate investment and enhance aggregate income and output, based on the fact that the interest rate is major determinant of investment in a market-based economy. This view point sees money supply as a major determinant of economic wellbeing. Thus, an increase in supply of money will granger-cause nominal demand. In the long-run, the monetarist argue that increasing the money supply will result to inflation while holding investment, employment and aggregate demand constant.

Despite these controversies, the Nigeria government and monetary authority continues to adopt monetary policy in regulating the economy by adopting contractionary and expansionary measures. The increasing emphasis on application of monetary policies in Nigeria has not yielded any positive result on its economic growth as problems of high unemployment rate and high inflation rate, low investment and unstable interest rate regime still persists. These concerns serves as a strong motivation to undertake this study.

Research Questions

The following questions are formulated to guide the study:

1. In what ways can monetary policy influence monetary policy rate in Nigeria?
2. To what extent has monetary policy affected Nigeria's Treasury bill?
3. Does monetary policy affect interest rate?
4. Does monetary policy affect labour force in Nigeria?

Objectives of the study

The primary objective of this research is to examine the relationship between monetary policy and Nigeria's economic growth. The specific objectives are to:

a) Evaluate the impact of monetary policy rate on economic growth rate in Nigeria.
b) Examine the effect of treasure bill on economic growth rate in Nigeria.
c) Assess the effect of interest rate on economic growth rate in Nigeria
d) Evaluate the impact of labour force on economic growth rate in Nigeria.

Research Hypotheses

In this study, the null hypotheses tested include the following:

Ho: Monetary policy rate have no significant impact on Nigeria's economic growth.
Ho: Treasure bill have no significant effect on Nigeria's economic growth.
Ho: Interest rate have no significant effect on the level of output.
Ho: Labour force does not have any significant impact on Nigeria's economic growth.

2.0. REVIEW OF RELATED LITERATURE

This section consists of conceptual literature, theoretical literature, and empirical literature under reviewed literature as it concerns this study.

2.1 CONCEPTUAL LITERATURE

Some key concepts were reviewed in this study covering monetary policy variables such as monetary policy rates, interest rate, inflation rate, gross capita formation, labour force and economic growth concepts.

2.1.1 Concept of Economic Growth

Economic growth is defined as a positive change in the national income or the level of output of goods and services by a country over a certain period of time.

2.1.2 Concept for Measurement of Monetary Policy Indicators

Monetary Policy Rate – monetary policy rate is the price (rate) set by the apex monetary authority to influence the monetary variables, that is, the quantity, cost, and credit availability, to attain the desire macroeconomic targets of the economy.

Treasure Bill–is a short term investment security issued by government to finance national borrowing requirements. They are sold at an annual percentage interest rate with a maturity of less than a year.

Interest Rate – This is the price or amount of money which a lender or a saver received for borrowing or saving money in an account excluding the principal sum of the money.

Labour Force – are number of people willing and has the ability to work. It includes the population engaged and unengaged in active employment.

2.2 THEORETICAL LITERATURE

The Finance-Growth theory is a development finance theory that holds that the key to financial system growth lies in economic growth. This implies that economic growth will result to an increase in demand for financial services which will in turn lead to financial markets and financial institutions development. The above scenario should encourage the effective regulation of the financial system, as unregulated financial system growth will lead to fall in economic growth while a regulated financial system will granger-cause economic growth.

2.3 EMPIRICAL LITERATURE

Several empirical works were conducted in respect of this research with divergent views on the likely impact of monetary policies on economic growth, this divergent views had made this research quest unending and interesting, some of the reviewed empirical issues were considered below:

Andabai and Ikeora (2019), investigated the impact of monetary policy on Nigeria's economic growth between the period 1990-2017. The study used Gross Domestic Product as proxy for economic growth and employed as the dependent variable; whereas, monetary policy rate, liquidity rate and Treasury Bills respectively were used as the explanatory variables to measure

monetary policy. The study which used OLS technique, revealed that Treasury Bills, Liquidity ratio, monetary policy rate, have significance impact on Nigeria's GDP. The study resolved that monetary policy had impacted significantly on private sector growth in Nigeria.

Kalu and Ejiogwu (2020)**,** examined further the impact of CBN Monetary Policies and Economic Growth in Nigeria 1980-2018. The output of the study indicates that Cash Reserve Ratio (CRR), Liquidity are positively related to the GDP and the relationship is statistically significant, while there is a positive relationship between interest (INT) and GDP but the relationship is not statistically significant. Sulaiman and Migiro (2014), this study evaluates the nexus between Nigeria's economic growth and monetary policy taking a time framework from 1981 to 2012. It measures economic growth using gross domestic product and monetary policy variables as; cash reserve ratio, monetary policy rate, exchange rate, money supply, and interest rate. The results reveals a unidirectional influence of monetary policy on economic growth and it is significant. This connotes that the transmission mechanisms contribute positively to the productivity of the economy of Nigeria and enhances economic growth at the long.

In Chimobi and Uche (2010), the relationship between Money, Inflation and Output in Nigeria were tested using co-integration and granger-causality technique. The result of the study showed that the variables used in the model exhibited no long run relationship with each other. Money supply influenced both output and inflation.

Owolabi and Adegbite (2014), reviewed the impact of monetary policy on industrial growth in Nigerian economy using multiple regression analysis. The study used manufacturing output, treasury bills, deposit and lending, and rediscount rate and industrial growth as variables, and found that the variables had significant impact on the industrial growth in Nigeria.

Okoro (2013) examined the impact Nigeria monetary policy on economic growth by testing the influence of interest rate, inflation, exchange rate, money supply and credit on GDP. The results show the existence of long–run equilibrium connection between monetary policy instruments and economic growth.

Amassoma. *et. al* (2011) reviewed the development of monetary policy in Nigeria and its effect on macroeconomic variables from 1986 to 2009. The study which used simplified OLS technique with unit root and co-integration tests, showed that monetary policy had witnessed the implementation of various policy initiatives and has therefore experienced sustained improvement over the years. Monetary policy showed a significant effect on exchange rate and money supply while it was observed to have an insignificant influence on price instability. The implication is that monetary policy has a significant influence on price stability in Nigeria.

Onyeiwu (2012) examined the impact of monetary policy on the Nigerian economy using the OLS to analyze the data from 1981 to 2008. The outcome showed that monetary policy represented by money supply exerts a positive impact on GDP growth and BOP, but negative impact on inflation.

Nwoko and Ihemeje (2016) studied the degree to which the CBN Monetary Policies could be harnessed to grow the economy, using a sample period from 1990-2011. The effect of money supply, average price, interest rate and labour force were analyzed against GDP using OLS techniques and the result showed that CBN Monetary Policy measures effectively and significantly regulates both the monetary and real sector aggregates which includes employment, prices, level of output and economic growth rate. The result indicates that average price and labour force have significant influence on GDP while money supply was not significant, while Interest rate was negative and significant.

In the work of Ufoeze and Odimgbe (2018), on the effect of monetary policy on Nigeria's economic growth, natural log of the GDP represented the dependent variables against the explanatory monetary policy variables of,- monetary policy rate, money supply, exchange rate, lending rate and investment. The time series data covered periods from 1986 to 2016 using Ordinary Least Squared technique and discovered that MPR, interest rate, and investment have insignificant positive effect on Nigeria's economic growth. Money supply had significant positive effect while Exchange rate had negative significant effect on economic growth. On the overall, 98% of the changes in Nigeria's economic growth were explained by monetary policy.

Fasanya and Onakoya (2013) studied the impact of monetary policy on Nigeria's economic growth. The study used time-series data covering 1975 to 2010 using Error Correction Model (ECM) technique. The study confirmed the existence of a long-run relationship among the variables and documented that inflation rate, exchange rate and external reserve are significantly related to economic growth in Nigeria.

Adigwe and Echekoba (2015), examined the nexus of monetary policy on the economy of Nigeria and the OLS was used to analyze the data between 1980 and 2010. The outcome of the econometric process indicates that monetary policy represented by money supply while it exerts a positive impact on GDP growth, same showed a negative impact on the rate of inflation.

Orji (2006) examined the strength of monetary policy in pursuing price stability using consumer price index and inflation rate as price measure in Nigeria, covering1980 – 2004 and used the OLS techniques. The study reveal that only money supply and domestic credit has significant effects on consumer price index.

3.0. MATERIALS AND METHODS

The study adopted the ex-post facto research design approach, using outputs of already concluded transactions or reports in testing the variables of interests obtained from the CBN data base covering twenty-two years between 1986 and 2018.

3.1 MODEL FORMULATION AND SPECIFICATION

This model specification for this study takes a lead from the models developed by Adigwe and Echekoba (2015).Specifically, Nwoko and Ihemeje (2016)was adopted "The Impact of Monetary Policy on the Economic Growth of Nigeria" in the study, RGDP as a function of money supply, average price, interest rate and labour force was used variable for the analyses. The span of the study was extended from 2011to 2018, taking the scope back to1986, the era of structural adjustment programme (SAP), using times series data sourced from secondary data for the analyses.

$RGDP_t = F\ (MS_t, AVP_t, INTR_t, LF_t)$ …… (1)

$RGDP_t = b_o + b_1MS_t + b_2AVP_t + b_3INTR_t + b_4LF_t + \mu_t$ ……... (2)

$RGDP_t$ =Real Gross Domestic Product, MS = Money Supply, AVP_t = Average Price (proxy for consumer price index), $INTR_t$ = Interest Rate, LF_t = Labour Force

The model was slightly modified to have a robust correlation to economic growth in line with the objectives of studies. Money supply, Consumer Price index, was removed and replaced with monetary policy rate and treasury bills, labour force remain as the control variable. The reasons for the modifications are as follows. To avoid problem of auto-correlation, to have an in-depth analysis of the efficiency of Monetary policy towards solving the employment crisis, inflation, dwindling investment growth rate in the economy (Ufoeze and Odimgbe,2018).

$RGDP_t = F\ (MPR_t, TBD_t, INTRL_t, LAB_t)$ ……..3

GDP = Real Gross Domestic Product, MPR = Monetary policy rate, TBD = Treasure Bills, INTRL = Interest Rate, LAB= Labour rate

The apriori expectation:

b1>0 b2.>0, b3<0; b4 >0 b0 = intercept, b1-b4= Coefficient of the independent variables, μ = white noise or error term

Therefore, the equation for this study is specified in-line with ARDL model as stated from equation 3.

$\Delta y_t = \alpha_0 + \beta_i y_{t-1} + \lambda_k \sum_{k=1}^{k} \Delta S R_{k,t-1} + \sigma_k \sum_{k=1}^{k} LR_{k,t-1} + \mu_t$……4

Where: Δ denotes first difference of variable, μt is a random "disturbance" term, yi is the dependent variable, while SR is the short-run dynamics of explanatory variables, LR is the long-run dynamics of the explanatory variables.$\beta, \lambda and \alpha$ are the parameters to be estimated;α_0 is the constant parameter (Bahmani-Oskooee. & Fariditavana. 2016). From equation (3), the ARDL equation for this study is thus:

$\Delta GDPGR_t = \alpha_0 + \beta_i GDPGR_{t-1} + \lambda_k \sum_{k=1}^{k} \Delta SR_{k,t-1} + \sigma_k \sum_{k=1}^{k} LR_{k,t-1} + \mu_t$…..5

The ARDL representation of the macroeconomic relationship between the selected variables can be constructed from equation (3) as:

$\Delta GDPGR_t = \alpha_0 + \lambda_1 GDPGR_{t-1} + \lambda_1 MPR_{t-1} + \lambda_2 TBD_{t-1} + \lambda_3 INTRL_{t-1} + \lambda_4 LAB_{t-1} + \delta_1 \Sigma \Delta MPR_{t-1} + \delta_2 \Sigma \Delta TBD_{t-1} + \delta_3 \Sigma \Delta INTRL_{t-1} + \delta_4 \Sigma \Delta LAB_{t-1} + ECM_{t-1} + \mu_t$ ..... (6)

4.0. ANALYSIS AND DISCUSSIONOF RESULTS

4.1: DESCRIPTIVE STATISTIC

The issues discussed are the presentation and review of results. The results and findings of the various estimation techniques start with a summary of the descriptive statistics of the variables and empirical analysis. In doing so, the objectives and hypothesis stated in the introductory section were evaluated based on the findings arrived at, this was done with aid of analytical framework stated in the previous section. The purpose of the study is to analyze the outcome of monetary policy and Nigeria's economic growth. The result of the descriptive statistic is stated as table 1 below.

TABLE 1: Descriptive Statistic

	RGDP	MPR	TBD	INTRL	LAB
Mean	4.846745	13.89394	127.3762	23.43188	42981610
Median	5.307924	13.50000	85.50130	22.50886	43134319
Maximum	14.60438	26.00000	464.4900	36.09000	57352456
Minimum	-1.583065	6.000000	1.933324	12.00000	29591445
Std. Dev.	3.818625	3.836009	137.1834	4.876537	8294607.
Skewness	0.454398	0.672231	1.221439	0.435249	0.092241
Kurtosis	2.719757	4.926462	3.298167	3.376241	1.920812

Jarque-Bera	1.243615	7.588398	8.327759	1.236571	1.648186
Probability	0.536973	0.022501	0.015547	0.538867	0.438633
Sum	159.9426	458.5000	4203.415	773.2520	1.42E+09
Sum Sq. Dev	466.6208	470.8788	602217.4	760.9797	2.20E+15
Observations	33	33	33	33	33

Source: *Regression Output using E-views 10 (2020)*

In table 1, above, the average (i.e mean and median) of each series showed a good degree of consistency with the exception of labour (lab). This was evidenced by the fact their values lied between the maximum and minimum values. With regard to level spread of the series around its average, all the selected series except for Labour (LAB) were relatively evenly spread. This was evidenced by the low values of standard deviation that each of the series had, with the except of labour (LAB). The first two descriptive statistics are the mean and median which measure the central tendency for all the variables. Specifically, the mean shows the arithmetic average of the distribution. While the median shows the meddle value for the entire distribution. The average value of labour (Lab) within the period of this study was 42981610 and has the highest value while (RGDP) economic growth rate (dependent variable) has the least value.

The standard deviation shows the level of volatility in the variables, it displays the rate at which each variable deviates from the mean value. From the data above, Labour (LAB) is the most volatile (8294607) while dependent variable (RGDP) is less volatile (3.818625). These expresses the relationship (LAB) has with the dependent variable (RGDP).All the series are positively skewed. In terms of kurtosis, Monetary Policy Rate (MPR), Treasure Bills (TBD), Interest Rate (INTRL) have a kurtosis that is above 3, indicating that dependent variable (RGDP) and Labour (LAB) are not normally distributed. Sum and Sum Square of Labour (LAB) value shows some ambiguity, this expresses the unpleasant labour market activities in the country. The unemployment crisis bequeathing the country has not been adequately addressed by the monetary policies implemented over time.

Also, the result of the Jarque-Bera test of normality showed that all the variables are normally distributed given that their respective probability values are greater than 0.05 level of significance, which implies that the variables are normally distributed, as opposed to a situation of not being normally distributed if their probability values were less than 0.05 level of significant.

4.2 **UNIT ROOT TEST**

Most times series data are prone to spurious results, in order to avert such condition we proceed to conduct first the unit root test, the result is stated at the table 3 below.

TABLE 2: *Results of Augmented Dickney Fuller (ADF) Unit Root test.*

Variable	ADF calculated value in level	ADF Calculated Value at 1st Difference	Mckinnon 5% Critical Value	Order of Integration
RGDP	-3.016365	-7.569838*	-2.960411	1 (1)

MPR	-3.237476*	-	-2.957110	1 (0)
TBD	-3.025789*	-	-2.957110	1 (0)
INTRL	-3.804010*	-	-2.957110	1 (0)
LAB	-0.539813	-5.529433*	-2.960411	1 (1)

Significant at 5% percent*****

Source: *Regression Output using Eview 10 (2020)*

The unit root test in table 3 above shows that Real Gross Domestic Product (RGDP) and Labour rate are stationary at first difference, because the ADF value of the variable at level is greater than the Mckinnon 5% critical values. Monetary Policy Rate (MPR), Treasure Bills (TBD) and Interest rate are stationary at levels since the ADF is greater than the Mckinnon 5% critical values,

4.3 CO-INTEGRATION TEST.

Theoretically, having established the stationarity tests of each variable, we proceed to conduct, the co-integration test, in order to establish the relationship between the dependent variable and independent variable in question, using ARDL Bounds test as shown below-

TABLE: 3.ARDL Bounds Test

ARDL Bounds Test
Date: 01/29/21 Time: 19:12
Sample: 1990 2018
Included observations: 29
Null Hypothesis: No long-run relationships exist

Test Statistic	Value	K
F-statistic	4.283383	4

Critical Value Bounds

Significance	I0 Bound	I1 Bound
10%	2.45	3.52
5%	2.86	4.01
2.5%	3.25	4.49
1%	3.74	5.06

Source: *Regression Output using E-views 10 (2020)*

Based on the result in above table 4, it is concluded that the selected variables for the study were co-integrated, this implies that there is a long run relationship among the selected variables. Having certified the condition for long run relationship, the author proceeds for explanation of the results of the ARDL

Table 4: ECM Result – Short Run Analysis

ARDL Cointegrating And Long Run Form
Dependent Variable: RGDP
Selected Model: ARDL (3, 4, 4, 4, 4)
Date: 01/29/21 Time: 19:18
Sample: 1986 2018
Included observations: 29

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D (MPR)	0.869790	0.487534	1.784061	0.1345
D (TBD)	-0.033614	0.008944	-3.758240	0.0132
INTRL	-2.029448	0.765782	-2.650165	0.0454
D (LAB)	0.000001	0.000000	2.238131	0.0754
CointEq (-1)	-1.799064	0.440571	-4.083481	0.0095

Source: Regression Output using E-views 10 (2020)

R-squared	0.950061	Mean dependent var	-0.162968
Adjusted R-squared	0.720340	S.D. dependent var	3.708624
S.E. of regression	1.961229	Akaike info criterion	4.082334
Sum squared resid	19.23209	Schwarz criterion	5.213889
Log likelihood	-35.19384	Hannan-Quinn criter.	4.436723
F-statistic	4.135716	Durbin-Watson stat	2.386571
Prob (F-statistic)	0.060303		

Source: Regression Output using E-views 10 (2020)

In table 4, the goodness of fit statistics was impressive with adjusted R^2 value of 0.72 which was significant and it indicated that 72% of the systematic variations on GDPGR was captured by the selected determinant factors in the short-run. As shown by the F-statistics, the model was statistically significant at 5%. The ECM had the expected negative sign and was significant at the 5% level. From the table above, the coefficient of ECM is -1.799064. The ECM result is rightly

sign and significant at 5% levels. Durbin Watson is approximately 2, which implies absence of auto correlation.

Table 5: Long Run Coefficients Result.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MPR	2.098533	0.473145	4.435289	0.0068
TBD	-0.024406	0.015138	-1.612218	0.1678
INTRL	-2.676812	0.440613	-6.075205	0.0017
LAB	0.000001	0.000000	4.136460	0.0090
C	-0.721178	5.917512	-0.121872	0.9077

Source: *Regression Output using E-views 10 (2020)*

A unit increase in economic growth rate brings about a positive increase of monetary policy rate, significant at 5% at the long. This impressive result in line with Andabai and Ikeora (2019), which argued Monetary policy rate had a significant impact on Nigeria's GDP. Treasure bill produce an inverse result. A unit increase in economic growth rate, brings about 2% decrease on treasure bills, insignificant at 5%. The findings are contradictory to Andabai and Ikeora (2019), which argued that Treasury Bills, ratio, had a significant impact on Nigeria's GDP. A unit increase in economic growth rate brings about an inverse relationship with interest rate, but significant at 5% levels, in line with the a-priori expectations

A unit increase in economic growth rate brings about positive result to labour force, this explains the positive effect of monetary policy in tackling unemployment .Our finding from this study is similar to the findings of Adigwe and Echekoba (2015).

4.4 DISCUSSION OF FINDINGS

This study investigated how monetary policy impacts Nigeria's economic growth and adopted ARDL model and descriptive statistics of the variables was given. The outcome reveals that MPR has a long relationship with Nigeria's economic growth. Treasure bill (TBD) performance is unimpressive to economic growth, exhibiting an inverse relationship at the long run. Interest rate (INTRL) has creditably performed well, having a significant relation with the economic growth. Labour force (LAB) shows a significant relationship to economic growth rate, the impressive result expresses the impact of monetary policy towards enhancing employment in Nigeria. The stability test shows that the model is significant and stable. The ECM had the expected negative sign and was significant at the 5% level. Durbin Watson is approximately 2, which implies that the data and models are free from auto correlation.

5.0. CONCLUSION AND RECOMMENDATIONS

The role of the Central Bank in regulating the monetary policy of the economy which affects some macroeconomic variables such as the output, employment, inflation, and prices

cannot be overemphasized. The central bank of Nigeria over the years has adopted different monetary policy management techniques to keep the economy in a stable state. However, despite the above, the attainment of the desired objectives of the monetary policy has been affected by a lot of macroeconomic factors and negative externalities. Nonetheless, if the relevant authorities will adopt and pursue with vigour as well as patriotism some of the recommendations expressed in this study, Nigeria will in no little measure improve in the achievement of some of her macroeconomics objectives.

Following the above findings, it is clear that the development of the Nigerian economy is highly dependent on the provision of the right environment for labour creation, which will in no doubt encourage economic growth and development. The following recommendations are hereby made:

- Government monetary policies should be tailored towards enhancing investment and employment opportunities in Nigeria.
- Monetary policies should be investment and market friendly enhancing market-based interest and monetary policy rate regimes that favourably attracts domestic and foreign investments, create jobs, promote non-oil export, and revive industries that are currently operating far below installed capacity.
- The Central Bank should encourage the introduction of more financial instruments that are flexible enough to meet the risk preferences and sophistication of operators in the financial sector.
- The monetary authority should try to allow for the harmonization of fiscal and monetary policies for effective control of inflation in Nigeria. The problems that militate against the effectiveness of the monetary policy in achieving overall stability in Nigeria is lack of harmonization or coordination between the monetary and other macroeconomic policies in the country.

It is therefore prudent that in seeking to promote economic growth, CBN should be committed to the missions of price stability, investment, employment as well as improving the regulatory and supervisory frameworks to secure a strong financial sector for efficient intermediation and economic growth in Nigeria.

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