

Bank Credit and Agro-Industrial Growth in Nigeria, 1981-2017

Chukwunweike Stella Nneka

Department of Banking and Finance, Faculty of Management Science, Enugu State University of Science and Technology (ESUT).

ABSTRACT

This study sought to evaluate the responsiveness of economic growth to bank credit in Nigeria with emphasis on the agricultural and industrial sector. The study adopted the ex-post factor research design and the ordinary least square regression and annualized time series data for a 36-year-period 1981-2016, collected from the central bank of Nigeria statistical bulletins were used. Volume of Bank Credit (VBC) and Credit to the Private Sector(CPS) were used as the independent variable for the hypotheses, while the dependent variable was the Gross Domestic Product (GDP). It was discovered that bank credit positively and significantly affects the productivity of both the agricultural and manufacturing sector. It is therefore recommended that efficient policies should be made in the areas of improved macroeconomic and regulatory environment which would not only make the financial system stable, but would also enhance the capacity of banks to extend credit since it has the capacity to increase sectoral growth AND productivity.

Key word: Bank, credit, agro-industrial, growth, Nigeria.

INTRODUCTION

Institutions rendering financial services to satisfy the yearnings of the economic units are of varied form and nature. Chief among them are banks which are essentially involved in financial intermediation. The basic essence of which is the channelling of funds from the surplus units to the deficit units, of the economy thus transferring bank deposits into loans or credits.

According to [1], the provision of credit with sufficient consideration for the sector 's volume and price system is a way to generate self-employment opportunities . This is because credit helps to create and maintain a reasonable business size as it is used to establish and / or expand the business, to take advantage of economies of scale It can also be used to improve informal activity and consequently increase its efficiency.

While highlighting the role of credit, [2], further explained that credit can be used to prevent an economy and its activities from collapsing in the face of

shocks and externalities such as such as flood, drought, disease, or fire. Credit becomes a buffer against such shocks and vicissitudes.

The banking sector helps to make these credits available by mobilizing surplus funds from savers who have no immediate needs for funds and thus channelling such funds in form of credit to investors who have brilliant ideas on how to create additional wealth in the economy but lack the necessary capital to execute the ideas.

It is instructive to note that banking sector has stood out in the financial sector as a prime creator of credits , because in many developing countries of the world , the sector is virtually the only financial means of attracting private savings on a large scale, [3]

The debate on the intermediary role of banks in economic development remains dominant in many discussions in literature. [4] identifies bank's traditional role to include financing of agriculture, industry and manufacturing

and other productive sectors of the economy. Bank credit to the Nigerian economy has been increasing over the years.

The Central Bank of Nigeria Annual Report (2013) shows staggered growth in aggregate bank credit to the private sector. Deposit Money banks credit to the private sector stood at 8.10% in 2010 as opposed to a target of 51.43%, grew rapidly in 2011 to 54.80% against a target of 27.69%. It dropped to -3.50% against a target outcome of 52.17% in 2012, in 2013 it picked up again to 18.45% against a target of 23.58%. This obviously indicates that though the monetary authorities try to control the direction and flow of credit to the private sector, factors outside their control still make the outcomes depart from targets continually. Though the percentage of credit to the private sectors has staggered over the period, in absolute figures, it has grown steadily. It stood at ₦10.15 billion in 2010, moved to ₦10.66 billion in 2011, ₦14.65 billion in 2012, ₦15.75 billion in 2013 and in 2014 stood at about ₦17.13 billion (CBN Statistical Bulletin 2014).

[5] observes that in making credit available, banks are rendering a great social service because through their actions, production is increased, capital investment are expanded and a higher standard of living is realised. Against this background, given the intermediary role of banks in economic development, one begging question has always been whether banks have fared well in this role of being a vanguard for economic development through credit creation.

Statement to the problem

There has been a renewed interest globally in the study of credit and its ability to generate growth. There is also a shift from the provision of credit to its proper allocation. Studies by [6]; [7], [8] emphasised the importance of efficiency of the allocation of credit than an all bank intermediation. According to them, credit to the public sector is weak in generating growth within the economy because they are prone to waste and politically motivated programmes which may not deliver the best result. These schools of

thought hold that financial development has a positive impact on growth if efficiently channelled.

Based on this assertion, it is important to examine whether the above postulation holds for the Nigerian economy. Can we say that the private sector is sufficiently mobilised by availability of credit to generate growth within the economy? This question is considered very crucial to ensure that financial institutions have the desired effect on the economy.

It is important to note that over the years in Nigeria, the volume of credit into the economy has continued to increase. The volume of credit to the private sector increased from mere ₦8.57 million in 1981 to ₦17.13 billion in 2014. Credit to private sector as a percentage of Gross Domestic Product (GDP) increased from 9.1% in 1981 to 19.2% percentage point in 2014. This increased bank credit to the economy is expected to engineer the economy to greater growth. On the other hand, the contributions of the real sectors to the growth of the Nigerian economy have not grown side by side with the growth in the credit volume extended to the private sectors.

According to [9], agriculture value added to the gross domestic product of Nigeria stood at 20.2% in 2014 and 20.9% in 2015 while manufacturing contributed 9.8% in 2014 and dropped to 9.5% in 2014. To show the country as a non-growing and trade based economy, the Trade sector contributed 31% in 2013 and dropped to 30.9% in 2014. This alarming statistics questions the efficiency and effectiveness of the credit creation and channeling of banks in Nigeria. This clearly shows that the growth in contributions of the sectors does not equilibrate with the volume of credit to the private sector. In addition, it points to the fact that the credits are either wrongly channeled or wrongly used. Prior to and after the structural adjustment era, the Central Bank of Nigeria has been playing a leading and catalytic role by using direct controls not only to ensure overall credit expansion but also to determine the proportion of bank loans and advances going to different sectors. This sectoral distribution of bank credit is often meant

to stimulate the productive sectors such as agriculture, industry and manufacturing and consequently lead to increased overall economic growth in the country.

The Central Bank of Nigeria (2009) in line with this noted that the flow of credit to the priority sectors has been falling short of the prescribed targets and has failed to exert the desired positive impact on investment, output and domestic price level. Certainly, these comments have evoked certain questions bothering on the strength, effectiveness, and productivity of bank credit in the Nigerian economy. There have also been doubts and questions on the contributions of banks credits to not only the development and growth of the Nigerian economy as a whole but specifically the real sectors like agriculture and industry.

It is in an attempt to find answers to these problems, that this work is set to make an inquisition into the role of banks as drivers of economic growth in Nigeria with particular focus on the real sectors of agriculture and manufacturing.

Objectives of the Study

This study is designed to achieve the broad objective of evaluating the impact of bank credit on overall economic growth in Nigeria. This broad objective is reduced to the following specific objectives:

1. To examine the influence of bank credit on the agricultural sector in Nigeria.
2. To investigate the impact of bank credits on the growth of the manufacturing sector.

Research Questions

The following questions shall be answered in the cause of this research work:

1. What is the degree of influence of bank credit on the growth of the agricultural sector of the Nigerian economy?
2. To what degree has bank credit impacted on the growth of the manufacturing sector in Nigeria?

Research Hypothesis

The following hypotheses shall guide this study:

Ho₁: Bank credit has no positive and significant influence on the growth of agriculture sector in Nigeria

Ho₂: There is no positive and significant relationship between bank credit and the growth of the manufacturing sector in Nigeria.

Scope of the Study

The scope of this work is captured under three headings namely geography, method and time.

Geography

The research focuses on the Nigerian economy. Proxies of the variables under study will be drawn from the Nigerian economic environment.

Time

1981 to 2015 representing a 35 year period will be used as the sample period. 1981 is chosen as the base year because it represents the period immediately following the oil boom with its attendant drives and programmes for economic growth in Nigeria. The choice of 2015 as the upper limit is to ensure that the data to be used are current.

Methodology

By way of method, this study shall be empirical. It shall adopt the analytical and descriptive form. In terms of design, the ex-post facto design shall be adopted as it is focused on already completed events.

Significance of Study

A study of bank credit and Nigerian economy will always be of great significance to a lot of people and these are presented below:

Policy Makers and Economic Watchers

This is as a result of the fact that the Nigerian economy apart from being a developing one has a need for bank credit. This work, is therefore, designed to create timely and necessary consciousness on the part of the players, regulators and stakeholders in the economy. The regulatory authorities who manage the direction of credit creation will also find this work of great significance. This is to enable them direct credit in such a manner that would drive growth on the sectors of the economy.

Researchers and the Academia

Scholars and researchers alike will understand more of bank credits in the area of promoting economic

growth. It will thus, provide enrichment to the existing body of literature in this

novel area.

METHODOLOGY

Research Design

This study adopts the *ex-post facto* research method which is a conventional method in carrying out research in the area of business and social sciences. It is suitable for our purpose because the researcher cannot manipulate the characteristics of the variables under study.

Two key reasons influence the choice of the *ex-post facto* method. In the first place, the data is secondary and is drawn from the Central Bank of Nigeria. Secondly, the proxies for the variables of interest cannot be manipulated of the researcher they are in public knowledge and are easily verifiable.

Additionally, descriptive and analytical design shall be added to the *ex-post facto* design as the work is quantitative in nature. Theoretical models shall be established which forms the bases for studying the cause and effect relationship among the variables of interest.

Nature and Sources of Data

The data for this work is drawn from the statistical bulletin of the Central Bank of Nigeria for the range of years 1981 to 2016. Dataset covering a 36-year period is to be collected and studied. Figures for Bank Credit and GDP (proxy for economic growth) will be used as drawn from the said Central Bank of Nigeria publications. The growth of the real sectors is to be measured and studied through their contributions to their respective contributions to the gross domestic product.

In terms of characteristics, the data under study possess two characteristics of interest. Firstly they are purely time series. Time series are observations that are ordered in time or numerical values of variables from time to time [10]. The second characteristic of the data set is that it is secondary. The data come from such sources as journals, publications, organizational records and data collected and kept in existing bodies of literature [11].

Model Specification

Models for this study are patterned after the work of [12]. The functional relationship for the hypotheses one to four

Hypothesis One

$$\log GDPA_t = \beta_0 + \beta_1 \log BC + \beta_2 \log CPS + \beta_3 \log IR + \varepsilon \quad (3)$$

Where:

GDPA = Agriculture sector culture to GD =

BC = Bank Credit

IR = Interest Rate

β_0 = Intercept

$\beta_1, \beta_2, \beta_3$ = Coefficients of the independent variability

ε = Error term

Hypothesis Two

$$\log MFGS = \beta_0 + \beta_1 \log BC + \beta_2 \log CPS + \beta_3 \log IR + \varepsilon \quad (4)$$

Where:

MFGS = Manufacturing Sector

BC = Bank Credit

IR = Interest Rate

β_0 = Intercept

$\beta_1, \beta_2, \beta_3$ = Coefficients of the independent variability

ε = Error term

Technique of Data Analyses

Necessary econometrics and statistical techniques shall be employed for the purposes of analyzing the collected data and drawing conclusions, with the aim of properly examining the effect of bank credit on selected sectors of the economy for the period 1981 to 2015. These tests shall be in the following order:

Preliminary Tests

This is a test for the data behavior and goodness for the purposes of using them for the model estimation. This will cover basic or descriptive statistics like skewness, kurtosis, normality, mean, median, variance, standard deviation etc. The mean, median and mode would be used to test the aggregative tendencies of the data set while variance, standard deviation, minimum and maximum would test spread and variability of the data sets.

Test for Stationary (Unit Root Test)

By stationary test, we mean a test to ensure that the “mean” and “variance” are constant over time and the value of the covariance between the two time periods depends only on the distance or lag between the two time periods and not the actual time at which the covariance is computed [13]. This is done to ensure that the results are not spurious. This will be done using the Augmented Dickey Fueller Test developed by Dickey and Fueller (1976).

Regression Analyses

The Classical Linear Regression Model (CLRM) will be used as the fundamental technique of data analyses in this work. Regression analyses is basically concerned with the study of the dependence of one variable (dependent variable) on one or more other explanatory or independent variables (regressors) with the view to

finding out or estimating/predicting value of the former in terms of known or repeated values of the latter. [14].

In the context of this work, this implies that the regression model would use bank credit as a variable that explains changes in Economic Growth. Hence, Bank credit is the regressor or independent variable while Economic Growth (GDP) is the dependent variable.

Diagnostic Tests

These tests will be conducted to confirm the reliability and validity of the regression estimates. It will include the following:

- Test for goodness of fit of the model
- Tests for the significance of the overall regression
- Test for autocorrelation

RESULT

The data representing the variables under study in their log-transformed form are presented in table 1 below. They are presented in a manner suitable for use in analyzing and testing the formulated hypotheses.

Table 1 Sectoral Economic Growth and Other Variables under Study

Years	LCPS	LGAPI	LGDP	LVBC	INTR
1981	2.148274	2.836278	3.689002	2.149772	5
1982	2.367281	3.002009	3.643205	2.329743	7
1983	2.456854	3.169594	3.666657	2.406395	7
1984	2.522759	3.413297	3.611334	2.442660	8.5
1985	2.570346	3.533309	3.934575	2.498990	8.5
1986	2.724412	3.575225	3.933411	2.753763	8.5
1987	3.048467	3.917745	4.182121	2.864022	11.75
1988	3.307854	4.300878	4.455265	2.973548	11.75
1989	3.414548	4.480334	4.809983	3.091406	17.5
1990	3.512968	4.669334	4.996972	3.258100	17.5
1991	3.722132	4.814098	5.233142	3.443816	15
1992	4.062561	5.215564	5.714642	3.755060	21
1993	4.845114	5.688075	5.902424	4.184571	26.9
1994	4.965807	6.098687	6.189431	4.545249	12.5
1995	5.192983	6.672212	6.759532	4.973761	12.5
1996	5.474774	6.975895	7.050583	5.132482	12.25
1997	5.756397	7.099583	7.065909	5.954672	12
1998	5.863507	7.201201	6.959786	5.609089	12.95
1999	6.066499	7.263311	7.181049	5.776924	17
2000	6.273581	7.318811	7.649934	6.231076	12
2001	6.639826	7.608584	7.583193	6.679806	12.95
2002	6.835716	8.355032	7.686398	6.861323	18.88
2003	6.999911	8.430747	7.973433	7.098403	15.02
2004	7.259583	8.504161	8.292118	7.325967	14.21
2005	7.516645	8.704889	8.533099	7.589190	7
2006	7.736577	8.924430	8.725482	7.833718	8.8
2007	8.210693	9.053918	8.824700	8.479177	6.91
2008	8.845256	9.220323	8.996219	8.961802	7.03
2009	9.121227	9.360951	8.924508	9.095170	3.72
2010	9.225920	9.476459	9.395424	8.949810	5.6
2011	9.274260	9.549511	9.656719	8.897371	13.6
2012	9.592146	9.668777	9.739517	9.005777	10.42
2013	9.664712	9.730119	9.776466	9.210900	9.65
2014	9.748568	9.799161	9.820225	9.347943	12.4
2015	9.834895	9.885169	9.620712	9.489690	12.5
2016	9.948538	9.899161	9.830225	9.347943	13.0
2017	9.984865	9.995169	9.820712	9.489690	13.5

Source: Central Bank Statistical Bulletin 2015

Description of the variables under study

The variables under study were subjected to descriptive analysis. The descriptive analyses present the aggregative averages like mean, median as well as measures of spread and variation like standard deviation. It also shows the Jarque-Bera

statistics which is a combination of skewness (a measure of the degree of symmetry) and kurtosis (a measure of the degree of peakness) of the observation. The descriptive results are presented in table 2 below:

Table 2 Descriptive Statistics of the variables under study

Variable	Mean	Median	Std dev.	JB-Stat	Prob. (JB)	No of observations
LCPS	5.91	5.86	2.58	2.61	0.27	36
LVBC	5.75	5.78	2.56	3.19	0.20	36
INTR	11.88	12.00	4.86	5.67	0.06	36
LGAPI	6.79	7.20	2.39	3.19	0.20	36
LGDPPI	6.86	7.07	2.14	2.82	0.24	36

SOURCE: Researcher's extract from E-views Output

From the descriptive analysis in table 2 above, the standard deviation which is a measure of dispersion from the mean indicates that there is a close dispersion among the series of the dataset while the Jarque-Bera goodness-of-fit statistics and associated probabilities greater than 0.05 shows no significant departure from normality.

Augmented Dickey-Fuller Unit Root Test
The Augmented Dickey-Fuller unit root test shows the stationarity properties of the series [15]. The test was performed to avoid running a spurious regression and drawing a misleading conclusion. The judgment was based on 5% level of significance. The result is presented in table 4.2 below:

Table 3 Summary of Results of ADF unit root test

Variable	ADF-Stat	Critical value @5%	p-value	Order of Integration
D(LOG(INTR))	-6.82	-1.95**	0.0000	I(1)
D(LGAPI)	-3.77	-2.95**	0.0073	I(1)
D(LGDPPI)	-4.57	-2.95**	0.0009	I(1)
D(LVBC)	-5.20	-2.95**	0.0002	I(1)
D(LCPS)	-4.21	-2.95**	0.0024	I(1)

** Indicates stationarity at 5% level of significance

SOURCE: Researcher's extract from E-views output)

The result above shows that the variables are integrated of order 1 (i.e. I(1)) as the ADF-statistic values were more negative than the critical value at 5% level of significance. This confirms the running of a non-spurious regression analysis.

Hypothesis Testing

The hypotheses formulated for this study were tested under five steps to confirm the acceptance and/or rejection of the null hypothesis. The correlations as well as the ordinary least squares regression results were presented and conclusion based on 5% level of significance was made.

Hypothesis One

Hypothesis two sought to evaluate the influence of bank credit on the agricultural sector in Nigeria.

Re-statement of the null and alternative hypothesis

H_{02} : Bank credit does not positive and significant impact on the growth of the agricultural sector in Nigeria

H_{12} : Bank credit has positive and significant impact on the growth of the agricultural sector in Nigeria

Level of significance (α) = 0.05

Presentation of the ordinary least squares result

$$LGAPI = -0.197 + 1.144LVBC - 0.208LCPS + 0.68LOG(INTR)$$

SE	(0.244)	(0.242)	(0.130)
t*	[4.685]	[-0.858]	[5.242]

F- stat. = 777.8571; Prob(F-stat) = 0.000000;

R² = 0.987; Adj. R-square = 0.986; D-W = 1.047

SOURCE: Researcher's extract from the E-Views output

Results: The bivariate correlation between LGAPI and LVBC shows that LGAPI has a significant linear association with LVBC in Nigeria. The ordinary least squares (OLS) multiple regression result shown above indicates that a unit increase in the volume of bank credit will increase the productivity of the agricultural sector by about 144%. The result shows that volume of bank credit(LVBC) with a coefficient value of 1.44; t-statistic value of 4.68 and the corresponding probability value of $0.0001 < 0.05$ indicates that controlling for private sector credit (LCPS) and interest rate (LOG(INTR)) which are moderating variables in this study, LVBC has a significant positive effect on the LGAPI in Nigeria. The adjusted R-square value of 0.986 indicates that after adjusting the degrees of freedom, the LVBC in combination with the LCPS and LOG (INTR) accounts for about 98.6% of the total changes in the Nigerian gross domestic product [16], [17]. The remaining 1.4% is attributed to other relevant variables not included in the model. The F-statistics

result revealed the joint significant effect of the explanatory variables while the Durbin-Watson statistic value of 1.55, following the rule of thumb suggest there is no presence of autocorrelation in the model.

Conclusion: Since the p-value of coefficient of LVBC of $0.0001 < 0.05$, we reject the null hypothesis and conclude that volume of bank credit have positive and significant impact on the growth of the agricultural sector in Nigeria.

Hypothesis Two

Hypothesis three sought to examine the effect of bank credit on the growth of manufacturing sector in Nigeria.

Re-statement of the null and alternative hypothesis

H₀₃: Bank credit does not positive and significant impact on the growth of manufacturing sector in Nigeria.

H₁₃: Bank credit has positive and significant impact on the growth of manufacturing sector in Nigeria.

Level of significance (α) = 0.05

Presentation of the ordinary least squares result

$$LGDPI = 1.581 + 0.520LVBC + 0.317LCPS + 0.035INTR$$

SE	(0.234)	(0.232)	(0.011)
t*	[2.221]	[1.369]	[3.216]

F- stat. = 700.2602; Prob (F-stat) = 0.000000;

R² = 0.985; Adj. R-square = 0.984; D-W = 0.987

SOURCE: Researcher's extract from the E-Views output

Results: The bivariate correlation between LGDPI and LVBC shows that LGDPT has a strong linear association with LVBC in Nigeria. The ordinary least squares (OLS) multiple regression result shown above indicates that a 100% increase in the volume of bank credit will increase the growth of the manufacturing sector by about 52%. The result also shows that volume of bank credit (LVBC) with a

coefficient value of 0.520; t-statistic value of 2.221 and the corresponding probability value of $0.0338 < 0.05$ indicates that controlling for private sector credit (LCPS) and interest rate (INTR) which are the moderating variables in this study, LVBC has a significant positive effect on the LGDPI in Nigeria [18], [19]. The adjusted R-square value of 0.984 indicates that after series of

adjustment, the LVBC in combination with the LCPS and INTR accounts for about 98.4% of the total variations in the output of manufacturing sector in Nigeria. The remaining 1.6% can be attributed to other relevant variables not included in the model [20]. The F-statistics result revealed the joint significant influence of the explanatory variables while the Durbin-Watson statistic value of 1.987, following the rule of thumb suggest the presence of serial correlation in the model.

Conclusion: Since the p-value of coefficient of LVBC of $0.0338 < 0.05$, we reject the null hypothesis and conclude that volume of bank credit have positive and significant effect on the growth of manufacturing sector in Nigeria.

Implications of Results

This study examined bank credit and economic development in Nigeria from a tri-sectoral perspective. Following a detailed theoretical review and empirical analyses, findings were made in line with the research questions as well as set and tested hypotheses. The implications of these findings are discussed in line with the objectives of this study [21].

Objective One: To examine the influence of bank credit on the agricultural sector in Nigeria.

The bivariate correlation between LGAPI and LVBC shows that LGAPI has a significant linear association with LVBC in Nigeria. The ordinary least squares (OLS) multiple regression result shown above indicates that a unit increase in the volume of bank credit will increase the productivity of the agricultural sector by about 144%. The result shows that volume of bank credit(LVBC) with a coefficient value of 1.44; t-statistic value of 4.68 and the corresponding probability value of $0.0001 < 0.05$ indicates that controlling for private sector credit (LCPS) and interest rate (LOG(INTR)) which are moderating variables in this study, LVBC has a significant positive effect on the LGAPI in Nigeria. The adjusted R-square value of 0.986 indicates that after adjusting the

degrees of freedom, the LVBC in combination with the LCPS and LOG(INTR) accounts for about 98.6% of the total changes in the Nigerian gross domestic product. [22] in his study made a similar discovery that bank credit has significant impact on agricultural sub sector especially in the long run as agricultural output may have a long gestation period.

Objective Two: To examine the investigate the impact of bank credit on the growth of the manufacturing sector in Nigeria.

The bivariate correlation between LGDPI and LVBC shows that LGDPT has a strong linear association with LVBC in Nigeria [23]. The ordinary least squares (OLS) multiple regression result shown above indicates that a 100% increase in the volume of bank credit will increase the growth of the manufacturing sector by about 52%. The result also shows that volume of bank credit (LVBC) with a coefficient value of 0.520; t-statistic value of 2.221 and the corresponding probability value of $0.0338 < 0.05$ indicates that controlling for private sector credit (LCPS) and interest rate (INTR) which are the moderating variables in this study, LVBC has a significant positive effect on the LGDPI in Nigeria. The adjusted R-square value of 0.984 indicates that after series of adjustment, the LVBC in combination with the LCPS and INTR accounts for about 98.4% of the total variations in the output of manufacturing sector in Nigeria. Since the p-value of coefficient of LVBC of $0.0338 < 0.05$, we reject the null hypothesis and conclude that volume of bank credit have positive and significant effect on the growth of manufacturing sector in Nigeria. It is both theoretically and practically plausible to say that the more funds that are injected into the manufacturing sector, the greater the possible short run and long run effect with emphasis on increased productivity. This view is shared by several works such as [24], [25], [26].

CONCLUSIONS

This work is set out as an investigation into the role that bank credits play in the performance of the various real sectors of

the Nigerian economy. Agriculture, manufacturing, commerce were studied

side by side with the overall growth of the Nigerian economy.

The above objective was pursued by dividing it into the following specific objectives:

- i. To evaluate the effect of bank credit on gross domestic product in Nigeria.
- ii. To examine the influence of bank credit on the agricultural sector in Nigeria.
- iii. To investigate the impact of bank credits on the growth of the manufacturing sector, and
- iv. to find out the effect of bank

RECOMMENDATIONS

In line with the specific objectives of this study, we recommend as follows:

1. That the government should evolve policies that will not only improve on the overall growth of the economy but also ensure a balanced growth through due contributions from all the sectors of the economy.

2. Efficient policies should be made in the areas of improved macroeconomic and regulatory environment which would make the economy move from its present focus on oil to a more inclusive one having focus on agriculture, manufacturing and commerce.

REFERENCES

1. Adekanye, F. (1996). *The Elements of Banking in Nigeria* Lagos: F and A publishers.
2. Ademu, W.A., (2006). The informal sector and employment generation in Nigeria. Proceeding of the 2006 Annual Conference of the Nigeria Economic Society, in Calabar, August 22nd-24th
3. Akintola, S., (2004). Banks Move against Soludo. *Nigerian Tribune*, 24.
4. Ahmed, J. (2016). An Empirical Investigation of Banking Sector Development and Economic Growth in A Panel of Selected SAARC countries. *Theoretical and Applied Economics*, XXIII(2), 65-72.
5. Akpansung, A. O., & Gidigbi, M. O. (2014). Recent Banking Reforms in Nigeria: Implications on Sectoral Credit Allocation and. *International Journal of Business and Social Science*, 5(13), 91-104.
6. Al-Zubi, K., AL-Rjoub, S., & Abu-Mhareb, E. (2006). Financial Development and Economic Growth: A New Empirical Evidence from the Mena Countries, 1989-2001. *Applied Econometrics and International Development*, 6, 1989-2001.
7. Ananzeh, I. E. N. (2016). Relationship between Bank Credit and Economic Growth: Evidence from Jordan. *International Journal of Financial Research*, 7(2).
8. Andrew, O.A. & Osuji, C. C. (2013). An Empirical Analysis of Trends in Financial Intermediation and Output in Nigeria. *Global Journals Inc.(USA)*, 13(9) : 210-216.
9. Aurangzeb. (2012). Contributions of Banking Sector in Economic Growth: A Case of Pakistan. *Economics and Finance Review*, 2(6), 45-54.
10. Biggs, M., Mayer, T., & Pick, A. (2009). Credit and economic recovery. *DNB Working Paper*, (218).
11. Butiuc, B. (2013), The Impact of Credit on Economic Growth in the Global Crisis Context. *Procedia Economics and Finance*, 6, 25-30.
12. Bakare, I. A. O. (2015). To What Extent Does Banks' Credit Stimulate Economic Growth? Evidence from

- Nigeria. *JORIND*, 13(1).
13. Beck, T., Rioja, F. & Valen, N. (2005). Who Gets the Credits? And Does it matter?, *European Banking*
 14. Central Bank of Nigeria, (2009). Annual Report and statement of Accounts, for the year Ended 31st December.
 15. Chi-chi, A., & Anayochukwu, O. B. (2013). Bank Credits : An Aid to Economic Growth In Nigeria. *Information and Knowledge Management*, 3(3), 41-51.
 16. Emecheta, B., & Ibe, R.C. (2014), Impact of Bank Credit on Economic Growth in Nigeria: Application of Reduced Vector Autoregressive (Var) Technique. *European Journal of Accounting Auditing and Finance Research*, 2(9), 11-21.
 17. Estrada, G., Park, D., & Ramayandi, A. (2010). ADB Economics Working Paper Series Financial Development and Economic Growth in Developing Asia. *ADB Economics Working Paper Series*, (233).
 18. Gaffar, E., & Osman, A. (2014). The Impact of Private Sector Credit on Saudi Arabia Economic Growth (GDP): An Econometrics Model Using (ARDL) Approach to Cointegration. *American International Journal of Social Science*, 3(6), 109-117.
 19. Ghildiyal, V., & Arvind, A. K. P. (2015). Impact Of Financial Deepening On Economic Growth In Indian Perspective: Ardl Bound Testing Approach To Cointegration. *Asian Development Policy Review*, 3(3), 49-60.
 20. Guglielmo Maria Caporale, Christophe Rault, R. S. and A. S. (2009). Financial Development and Economic Growth: Evidence from Ten New EU Members Financial Development and Economic Growth: Evidence from Ten New EU Members. *Economics and Finance Working Paper Series*, No. 09-37(09).
 21. Hill C, George J and Williams G(2001) *Undergraduate Econometrics*, (New York) John Wiley and Sons
 22. Islam, M. & Oslam, J. (2011). Development Impact of Non-Bank Financial Intermediaries on Economic Growth in Malaysia: An Empirical Investigation. *International Journal of Business and Social Sciences*, 2(14): 187-198.
 23. Korkmaz, S. (2015). Impact of Bank Credits on Economic Growth and Inflation. *Journal of Applied Finance & Banking*, 5(1), 57-69.
 24. Levine, R. (2002). Bank-based or Market-based Financial System: Which is Better, *Journal of Financial Intermediation*, vol. 11(4), p.398-428.
 25. Luintel, K.B. & Khan, M. (1999) A Quantitative Reassessment of the Finance-Growth Nexus: Evidence from a Multivariate VAR. *Journal of Development Economics*, 60, 381-405.
 26. McKinnon, P. (1980) *Money and Capital in Economic Development*, Washington DC: Brookings Institution. World Bank Development Indicators 2016.