

BANKING SYSTEM CREDIT AS AN INSTRUMENT OF ECONOMIC GROWTH IN NIGERIA (1983 - 2012)

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ABSTRACT

The study investigated banking system credit as an instrument of economic growth in Nigeria. The purpose of carrying this research work was to identify the reasons why bank lending or access to credit to the poor and Small and Medium Scale Enterprises (SME) has remained low, to examine the reasons why banking habit is low in Nigeria and to identify the factors or criteria that ensures diligent and prudent credit approval. Time series data collected from the Central Bank of Nigeria (CBN) Statistical Bulletin between periods of (1983-2012) was used to regress the model using the Ordinary Least Square (OLS) technique. Findings showed that banking system credit is indeed an instrument of economic growth in Nigeria. The research study concluded that, when the size of saving is increased, enough credits or loans will be available for individuals, government, entrepreneurs, private and public sector which will enhance economic growth. To this end therefore, there is need to develop our financial intermediaries towards greater effectiveness and efficiency because a sound financial system instills confidence among savers such that resources are effectively mobilized to increase productivity in the economy. The more liquid money is made available in an economy, the more opportunities exists for continued growth.

Keywords: Credit, instrument, economic growth, Nigeria.