Impact of Financial Inclusion on Economic Growth in Nigeria

John Oloyede
Ekiti State University, Ado Ekiti, Nigeria

Abstract

The study examined the impact of financial inclusion on economic growth in Nigeria between 1982 and 2022. The major motivation for study was the recent emphasis placed on financial inclusion which was met with paucity of empirical studies in Nigeria. In the light of this necessity, the study used gross domestic product as the dependent variable, while deposits with rural deposit money banks, loans from rural commercial banks, interest rate and monetary policy rate were adopted as independent variables. The study employed the classical ordinary least square (OLS); ARDL and pairwise causality techniques, the analysis thereby revealed that financial inclusion through the channel of loans from rural deposit money banks exert positive effect on economic growth in the short run and exerts an insignificant effect on economic growth in the long run. Also, causality tests revealed that economic growth causes financial inclusion especially through the channels of loans made available to the rural populace in line with the Robinson Growth Theory. The study, thus, recommended that serious attempt to strengthen financial inclusion should be intensified through aggressive mobilization and disbursement of more funds as loans to significant segments of Nigerian rural populace at relatively lower interest rates for productive economic activities.