

FINANCIAL MARKET OPERATIONS AND ECONOMIC GROWTH OF NIGERIA: AN EMPIRICAL INSIGHT

James Ese Ighoroje¹ and Osevwe-Okoroyibo Elizabeth Eloho²

¹Department of Banking and Finance, Faculty of Business Management, Delta state University of Science and Technology, Ozoro, Delta State.

Email: eseroji@gmail.com

²Department of Accounting and Finance, Faculty of Business Management, Delta state University of Science and Technology, Ozoro, Delta State.

Email: eloholizzybetty@gmail.com

Cite this article:

Ighoroje J.E., Eloho O.E. (2022), Financial Market Operations and Economic Growth of Nigeria: An Empirical Insight. African Journal of Accounting and Financial Research 5(2), 13-31. DOI: 10.52589/AJAFR-PGJ3CZ7E.

Manuscript History

Received: 21 April 2022 Accepted: 5 May 2022 Published: 19 May 2022

Copyright © 2022 The Author(s). This is an Open Access article distributed under the terms of Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International (CC BY-NC-ND 4.0), which permits anyone to share, use, reproduce and redistribute in any medium, provided the original author and source are credited. **ABSTRACT:** This paper investigated the efficacy of financial (money and capital) market operations on economic growth in Nigeria from 2008 to 2020. The study considered the post global financial crises periods. The regressor is financial market operations measured by market capitalization, All-share-index and turnover ratio, and the money market operations (most especially treasury bills, commercial papers, and bankers' acceptance). Meanwhile, the regressand is economic growth measured by RGDP. Data for the study was sourced from the Central Bank of Nigeria (CBN) statistical bulletin (2020). Meanwhile, the study patterned after the ordinary least square (OLS) methodology using E-Views 9.0. The study reported that both market capitalization (MCA) and treasury bills (TBL) had a positive significant effect on the growth of the Nigerian economy. However, both All-share-index (ASI) and Bankers' Acceptance (BAA) had adverse significant effects on the growth of the Nigerian economy. Meanwhile, both commercial papers and turnover ratio had a positive insignificant effect on RGDP. Hence, the study concludes that market capitalization (MCA) and treasury bills (TBL) are instrumental to the growth of the Nigerian economy. As such, the capital market regulators should sustain the current market capitalization by encouraging more foreign investors to participate in the market, maintain state-ofthe-art technology like electronic fund clearance, automated trading and settlement practices, and eliminate physical transfer of shares. Lastly, the current treasury bill rate should be sustained if the Nigerian economy must experience growth.

KEYWORDS: Financial Market Operations, Economic Growth, Empirical Insight.



INTRODUCTION

Globally, the financial market is seen as a major driver of economic growth. This is judged on the fact that the financial market, especially the capital market through her resource mobilization role, helps to mobilize funds from deficit economic units to the surplus economic units within an economic system. To further reaffirm this assertion, Igbinosa and Aigbovo (2019) stated that, in addition to her growth inclusive role, the financial market creates an enabling atmosphere for firms and other economic agents to appraise the financial system with a view for them to determine the viability of the system. This justifies the reason why there has been a rising concern on the contributory role of the financial market's operation on economic growth.

Additionally, extant financial market-growth studies have evidenced that a well-developed financial system is highly beneficial if a country must experience stable economic growth. This signals that the level of a country's growth cannot be divorced from the deepness of her financial market/sector. This is because a well deepened financial market smoothens the financial intermediation processes thereby ensuring that the economic lending process boosts economic growth. As such, both the financial market and growth must coexist for an economy to record outstanding growth.

However, since the period of financial system liberalization of 1986 till date, although the Nigerian financial (money and capital) market has improved significantly it is yet to achieve the needed level of vibrancy that stimulates growth process sporadically (Akarara & Eniekezimene, 2019). This is because at the moment, the Nigerian financial market is still shallow. Meanwhile, most investors have a buy-and-hold attitude which in turn disrupts the flow of funds within the market (Florence, Sunday & Olajumoke, 2019). Akarara and Eniekezimene (2019) added that the Nigerian financial market is faced with operational inefficiency, has low capital base, lack of adequate skilled manpower/technical know-how, cost ineffectiveness, and delay in payment of securities, amongst others. John (2017) stressed that the high corruption index in the Nigerian economy is a major pointer to the depleting state of the Nigerian financial market.

Thorough investigation into financial market growth studies reported that financial (capital and money) market operations and economic growth studies are mixed (contradictory and inconclusive) such that while some discovered that financial (capital and money) market operations are instrumental to growth, others reported that they, on the contrary, reduce growth (Abina & Lemea, 2019; Onuora, 2019; Akarara & Eniekezimene, 2019; Taiwo, Adedayo, & Evawere, 2016; Emekekwue, 2016). Attributable reasons for these varying results may be traced to the estimation technique used, geographical scope, and the likes. Based on these conflicting results and the perceived issues within the Nigerian financial market, this paper investigated the contributory role of the Nigerian financial (money and capital) market operations on the growth of the Nigerian economy. Specifically, this study contributes extensively to extant literature in that it provides information on the effects of financial markets' operations on the growth of the Nigerian economy. Again, this paper is the first of its kind to examine the contributory role of the existing studies look at either money market against growth.



Furthermore, the outcomes of this paper would be very critical to policy formulation as it deals with grey issues which bother on how the Nigerian financial markets' operations affect the growth of the Nigerian economy.

Accordingly, this article covers five (3) sections such that section one (1^{st}) and two (2^{nd}) deal with the introduction, literature review and hypothesis formulation. The third (3^{rd}) and forth (4^{th}) section cover the research methodology, discussions of results and policy implications. Meanwhile, section five deals with the conclusion and recommendations.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Conceptual Review and Linkages

The term financial market operations cover the operations of both the money and capital market. In other words, FMO covers the various financial transactions which take place in the Nigerian financial (money and capital) markets (Taiwo, Adedayo, & Evawere, 2016). Similarly, Emekekwue (2016) submitted that the financial markets are networks of various well-organized (specialized) financial institutions which bring together suppliers (creditors) and end users of short to long-term funds for investment in projects that are directed towards economic growth. This signals that if the Nigerian economy must grow in terms of higher RGDP, both the capital market operations (most especially market capitalization, all-share-index, and turnover ratio) and the money market operations (most especially treasury bills, commercial papers, and bankers' acceptance) must be highly developed (Figure 1).

Abina and Lemea (2019) stressed that the operations of the financial markets are covered by both the money and capital market such that the money market covers short-end financial claims with maturity periods which vary from a day to a year; the capital market helps in channeling funds between various economic units (surplus and deficit units to be specific) within an economy with the sole intent of stimulating both industrial and economic growth and development (Agu, 2018). This statement was reinforced by Onuora (2019) stating that since the establishment of the Nigerian money and capital market, the two (2) markets have been instrumental to the economic growth plan of the federal government through their risk reduction, pooling, and capital formation functions. However, the two (2) markets have been faced with various challenges to the inclusion of buy and hold attitude of investors, shallowness of the market and its instruments, liquidity issues, slow growth of the security/derivative market, double taxation, underwriting issues, economic instability, alongside global unrest caused by COVID-19 emergence.



Real GDP Market Capitalization All-Share-Index Treasury Bills Bankers' Acceptance Commercial Papers Turnover Ratio

Figure 1: Schematic Model on Financial Market Operations and Economic Growth

Source: Researcher's Model (2022)

Theoretical Underpinning

This paper is guided by Joseph Schumpeter's finance-led theory. Specifically, this theory holds that the financial market boosts real economic growth significantly. Accordingly, a sound financial system helps to channel scarce and limited resources from the surplus spending units to the deficit units with a view to boost investment which in turn stimulates real economic growth (Agu, 2018). This signals that this theory lays claim to an efficient financial system. Accordingly, a financial system is said to be efficient if she is able to perform her financial intermediation role even in the midst of economic vagaries.

Empirical Studies

This paper further examined the subject matter by separating the study variables into capital market operations against economic growth and money market operations against economic growth. They are reviewed below:

Capital Market Operations and Economic Growth

Abina and Lemea (2019) studied the effect of the capital market and performance of the Nigerian economy from 1985 to 2017. The study was patterned after the error correction tests. The result reveals that total market capitalization and total value of new issues are strong drivers of economic growth in Nigeria.



Agu (2018) appraised the responsiveness of capital market operations on the growth of the Nigerian economy from 1995 to 2016. The study adopted the OLS estimates. The result revealed that a well-developed capital market (market capitalization) has an adverse effect on the Nigerian economy.

In Bangladesh, Md and Jianguo (2018) studied the effect of economic growth, financial innovation, and stock market development from 1980–2016. The study adopted the ARDL approach. The result revealed that a well-developed stock market (market capitalization) is instrumental to the Nigerian economy.

Odo, Anoke, Onyeisi and Chukwu (2017) studied the effect on capital market indicators on the growth of Nigeria's economy from 1986 to 2016. The study adopted the ARDL methodology. The study reported that market capitalization impacted on the Nigerian economy both positively and significantly. Meanwhile, the stock traded total value impacted on the Nigerian economy both negatively and insignificantly.

Muritala and Ogunji (2017) critically studied the effect of the capital market on the Nigerian economy from 1980–2015. The study adopted the VECM methodology. The study reported that market capitalization, total new issue, and total listing impact on the Nigerian economy both positively and significantly. Meanwhile, the value of the transactions impacted on the Nigerian economy both negatively and significantly.

Using the VECM estimates, Taiwo, Adedayo, and Evawere (2016) studied the contributions of the capital market on the Nigerian economy from 1981 to 2014, market capitalization and total value of listed securities, impacted on the Nigerian economy significantly.

Conversely, Enekwe, Eziedo, and Agu (2016) studied whether the capital market improves economic growth in Nigeria or not. The study spanned from 1980 to 2012. The variables considered are market capitalization, total value of securities traded, number of listed securities, and RGDP. The study affirmed that market capitalization (MCAP) exerted a positive high impact on economic growth but the remaining capital market proxies had a negative impact on economic growth.

Yusuf and Aminu (2016) studied the impact of the capital market on the Nigerian economy from 2005 to 2014. The variables considered are market capitalization, number of listed securities, and RGDP. The study was patterned after the OLS technique. The study affirmed that capital market performance indicators impacted on economic growth insignificantly.

Using the OLS estimates, Obiakor (2016) revealed that capital market development (market capitalization, total value of securities traded) significantly induced growth of the economy from 1985 to 2015.

In view of the above, this paper hypothesizes:

H0₁: Market Capitalization (MCA) has no significant effect on the growth of the Nigerian economy.

H0₂: All-share-index (ASI) has no significant effect on the growth of the Nigerian economy.

H03: Turnover Ratio (TUR) has no significant effect on the growth of the Nigerian economy.



Money Market Operations and Economic Growth

Cyril (2021) studied the effect of money market operations (treasury bills, bankers' acceptance, and commercial paper) on the growth of the Nigerian economy (real GDP) from 1981 to 2019. The study adopted the error correction mechanism (ECM). The result affirmed that all the money market operation proxies though positive were insignificant to the growth of the Nigerian economy throughout the studied periods.

Okoyan and Eze (2021) examined the effect of money market operations (treasury bills, bankers' acceptance, and commercial paper) on the Nigerian capital market operations from 1981–2018. The study adopted the ECM approach. The study reported that money market operations have a negative effect on Nigerian capital market operations since most investors prefer short-term securities to long-term securities.

Using both the granger causality approach and the OLS methodology, Ogbonna and Ejem (2019) reported that money market operations (treasury bills, bankers' acceptance, and commercial paper) had no strong causal impact on economic growth from 1981 to 2017.

Uruakpa (2019) assessed the contributions of money market fundamentals (money market value, treasury bill rates and its outstanding values) on the growth of the Nigerian economy from 1990 to 2017. The study averred that money market fundamentals (money market value, treasury bill rates and its outstanding values) impacted on the growth of the Nigerian economy from 1990 to 2017 in both positive and significant manners.

Akarara and Eniekezimene (2018) studied the effect of money market operations [treasury certificates (TCS), certificates of deposit (COD), commercial papers (COP), and broad money supply (BMS)] on the growth of the Nigerian economy (GDP). The study used the auto regressive distributive lag (ARDL) model. The study reported that TCS and BMS are positively related with economic growth while COD and COP as an inversely related with economic growth.

Using the OLS methodology, Philip (2018) discovered that money market instruments (Central Bank of Nigeria intervention funds, treasury bills, eligible development stock, and call money scheme) are the major reasons for high inflation rate and low economic growth in Nigeria.

In view of the above, this paper hypothesizes:

H0₄: Commercial Paper (COP) has no significant effect on the growth of the Nigerian economy.

H0₅: Bankers' Acceptance (BAA) has no significant effect on the growth of the Nigerian economy.

H0₆: Treasury Bills (TBL) have no significant effect on the growth of the Nigerian economy.



RESEARCH METHODOLOGY

Research Design, Study Population, and Method of Data Collection

Considering the fact that the data under investigation already exists in nature, the ex-post research design was deemed most appropriate for this paper. Data for the study were sourced from the NSE Report (2020), SEC Report (2020), WB Database (2020), and CBN Statistical Bulletin (2020). Variables considered in this study are Market Capitalization (MCA), All-Share-Index (ASI), Turnover Ratio (TUR), Commercial Paper (COP), Bankers' Acceptance (BAA), Treasury Bills (TBL), and Real Gross Domestic product (RGDP) from 2008 to 2020.

Data Analysis Techniques and Model Specification

This study patterned after the ordinary least square (OLS) method. The rationale for adopting this methodology due to the fact that it seeks to explain change (variation) in the value of the regressand on the basis of changes in regressors. The statistical package used for this study is Econometric Views version 9.0. Econometrically, this study is modeled after the works of Cyril (2021), Krokeme and Eze (2021), Abina and Lemea (2019), and Agu (2018). However, none of these studies covered both capital and money market operations. Hence, our model is stated below:

$RGDP = \beta_0 + \beta_1MCA + \beta_2ASI + \beta_3TUR + \beta_4COP + \beta_5BAA + \beta_6TBL + qit$

where:

RGDP	' =	Real gross domestic Product
MCA	=	Market Capitalization
ASI	=	All-share-index
TUR	=	Turnover Ratio
COP	=	Commercial paper
BAA	=	Bankers' Acceptance
TBL	=	Treasury Bills
ч	=	Error Term

The a priori expectation: β_1 , β_2 , β_3 , β_4 , β_5 , β_6 is less or greater 0.

Decision Rule

Accept the null hypothesis if the p-value is > 5% otherwise reject the null hypothesis if the p-value is < 5%.



Variable	Symbol	Nature of Variable	Definition	Justification
Real GDP	RGDP	Dependent	Total monetary values of final goods produced annually having accounted for deflation and inflation rate.	Measure of Economic growth
Market capitalization	МСАР	Independent	This is expressed as total outstanding shares * current value of shares	This proxy was included to show the soundness and magnitude of any stock exchange. Market capitalization shows both ordinary and preference shares.
All-Share- Index	ASI	Independent	The index is derived from the price of all or some market constituents, usually expressed in percentage change from base period.	Indices are important performance of an economy or a financial market.
Turnover Ratio	TUR	Independent	This is the total value of shares traded during the period divided by the average market capitalization for the period	This was chosen to check for the market liquidity.
Commercial paper	СОР	Independent	Volumes of COP annually	Measure of money market instrument
Bankers' Acceptance	BAA	Independent	Volumes of BAA annually	Measure of money market instrument
Treasury Bills	TBL	Independent	Volumes of TBL annually	Measure of money market instrument

Table 1: Operationalization of Study Variable

Source: Researcher's Compilation (2022)



RESULTS AND DISCUSSIONS

Data Analysis

This paper analyzed the sourced data using trend analysis, descriptive statistics, and correlation analysis. They are extensively discussed below:

Trend Analysis

This was targeted at examining the behavioural pattern of the study variables. They are presented in Figures 2 and 3.



Gradients of the Objective Function



Source: E-Views 9.0 (2022)





Gradients of the Objective Function

Figure 1: Trend Analysis of Financial Market Operations and Economic Growth *Source: E-Views 9.0 (2022)*



Figure 2 above revealed that the variables of interest are moving in a zigzag fashion signaling the possibility of outliner issue. To address this, all the variables were logged. The result is presented in figure 3 below:





Source: E-Views 9.0 (2022)



Figure 3 above displayed a more stable variance than the changes in the original series. This further revealed that it removed the outlier issues noticed in Figure 1 above.

Descriptive Statistics

The descriptive statistics in Table 2 below gives a clear description of the studied periods (observation) denoted by OBS, average (mean) values, maximum (highest) values, minimum (highest) values and the the standard deviation of all studied variables.

	RGDP	MCA	ASI	TUR	COP	BAA	TBL
Mean	58711146	15792.16	31864.14	9.174000	115.0113	35.45600	2079.435
Maximum	70138784	35589.58	57990.20	20.45000	509.0800	81.83000	3579.800
Minimum	37474949	2900.060	20730.63	4.390000	0.490000	3.270000	574.9300
Std. Dev.	11326344	8463.833	9727.294	3.925002	157.2673	27.13481	1007.284
OBS	15	15	15	15	15	15	15

Table 2: Descriptive Statistics (in Summary)

Source: E-Views 9.0 (2021)

Table 2 evidenced that, on the average, RGDP, MCAP, ASI, TUR, COP, BAA, and TBL stood at N58,711,146 billion, N15 792.16 billion, N31864.14 billion, 9.17%, N115.0113 billion, N35.45600 billion, and N2079.435 billion. Comparably, the average values of all the studied variables (RGDP, MCAP, ASI, TUR, COP, BAA, and TBL) were lower than their standard deviation values throughout the studied periods. This signals that they clustered around their average values.

More so, RGDP had the highest maximum and minimum values while TUR reported the highest maximum and minimum values throughout the studied periods. To further substantiate that the result is normality distributed, the model was subjected to a normality test. The normality test result is presented below:



Figure 4: Normality Test

Source: E-Views 9.0 (2022)



Figure 4 above reported a Jarque-Bera value of 2.726160 and an associated p-value higher than 5% signaling that the OLS assumption in support of normality holds true.

Correlation Analysis

The Pearson Correlation was used to measure the degree (extent) of linear relationship between the regressors and regressors and among the regressors. This is with the intention to test if the series multi-correlates. The result is thus presented in Table 3 below.

Study Variables	RGDP	MCA	ASI	TUR	СОР	BAA	TBL
RGDP	1.0000						
MCA	0.7260	1.0000					
ASI	-0.6756	0.3443	1.0000				
TUR	0.3709	0.4985	0.4186	1.0000			
СОР	-0.2425	-0.2160	-0.0327	0.0056	1.0000		
BAA	-0.6468	-0.5425	0.0011	0.2374	0.2023	1.0000	
TBL	0.9286	0.5225	0.0174	-0.2721	-0.2483	-0.0286	1.0000

 Table 3: Summary of Correlation Analysis of All Study Variables

Source: E-Views 9.0 (2022)

From result Table 3 above, MCA and TBL have positive strong correlation with economic growth proxy (RGDP) since their correlation coefficients are above the 70% rule of thumb for detecting strong correlation. However, TUR has a positive moderate correlation with RGDP since its correlation coefficients lie between 31–69% rule of thumb for detecting moderate correlation. Meanwhile, ASI and BAA have negative moderate correlation with RGDP since their correlation coefficients lie between 31–69% rule of thumb for detecting moderate correlation; COP has a negative weak correlation with RGDP since its correlation coefficient lies between 0–31% rule of thumb for detecting weak correlation.

Lastly, none of the regressors exhibited high correlation since none of their correlation coefficient values lies between 80–100% rule of thumb for detecting high correlation. This signals the possibility of no multicollinearity problem recorded in the series. To validate this claim, the model was subjected to Variance Inflation Factors (VIF) Test. The result is presented below:



Table 5: Variance Inflation Factors (VIF) Test

Date: 01/04/22 Time: 03:29 Sample: 2005 2020 Included observations: 15

Variable	Coefficient	Uncentered	Centered
	Variance	VIF	VIF
C	0.585653	3899.394	NA
LOG(MCA)	0.001991	1202.117	5.269706
LOG(ASI)	0.004231	3008.613	2.055120
LOG(TUR)	0.005232	164.9865	4.706833
LOG(COP)	0.000124	12.06653	4.364321
LOG(BAA)	0.000460	34.32338	2.591885
LOG(TBL)	0.001093	822.2702	3.604576

Source: E-Views 9.0 (2022)

The VIF Test above evidenced that the series did not exhibit multicollinearity problems.

Regression Result

Prior to running the OLS estimate, the model was subjected to two model robustness checks. They are discussed thus:

Table 6: Heteroskedasticity (Breusch-Pagan-Godfrey) Test

F-statistic	0.617237	Prob. F(4,12)	0.7133
Obs*R-squared	4.746588	Prob. Chi-Square(6)	0.5767
Scaled explained SS	1.284753	Prob. Chi-Square(6)	0.9725

Source: E-Views 9.0 (2022)

Table 6 evidenced that the variance of the error term spreads equally signaling that the model is fitted for prediction.

African Journal of Accounting and Financial Research ISSN: 2682-6690 Volume 5, Issue 2, 2022 (pp. 13-31)



Table 7: Ramsey RESET Test

Omitted Variables: Squares of fitted values

	Value	Df	Probabilit y
t-statistic	0.415113	7	0.6905
F-statistic	0.172319	(1, 7)	0.6905
Likelihood ratio	0.364783	1	0.5459

Source: E-Views 9.0 (2022)

Table 7 evidenced that none of the study variables were omitted signaling that the model was correctly specified.



Source: E-Views 9.0 (2022)

The CUSUM test reported that its blue line did not exceed the danger line signaling that the model is well-fitted. Arising from the above sumptuous results, the OLS result obtained is presented in Table 6 below:



Table 8: OLS Estimates

Dependent Variable: LOG(RGDP) Method: Least Squares Date: 01/04/22 Time: 03:27 Sample: 2005 2020 Included observations: 15

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C LOG(MCA) LOG(ASI) LOG(TUR) LOG(COP) LOG(BAA) LOG(TBL)	16.50380 0.175952 -0.221273 0.144559 0.006971 -0.003492 0.227198	$\begin{array}{c} 0.765280\\ 0.044624\\ 0.065046\\ 0.072332\\ 0.011127\\ 0.021456\\ 0.068192 \end{array}$	21.56570 3.943020 -3.401809 1.998544 0.626485 -0.162757 3.331726	0.0000 0.0043 0.0093 0.0807 0.5485 0.8747 0.0104
R-squared Adjusted R-squared S.E. of regression Sum squared resid Log likelihood F-statistic Prob(F-statistic)	$\begin{array}{c} 0.971590\\ 0.950282\\ 0.047464\\ 0.018023\\ 29.14714\\ 45.59824\\ 0.000009 \end{array}$	Mean deper S.D. depend Akaike info Schwarz cri Hannan-Qu Durbin-Wat	ident var lent var criterion terion inn criter. son stat	17.86835 0.212869 -2.952952 -2.622528 -2.956471 2.048857

Source: E-Views 9.0 (2022)

The unadjusted R-squared (R²) and the adjusted R-squared which stood at 0.971590 and 0.950282 respectively that the model reported a high explanatory power signaling that financial market operation proxies (MCA, ASI, TUR, COP, BAA, & TBL) jointly explained 95.03% economic growth changes while the remaining 4.97% was attributed to the error term (Ut). In like manner, the Durbin Watson estimated at 2.048857 indicates that the variables are not auto-correlated. Furthermore, the Prob. (F-statistic) value of 0.000009 signals that, on the overall, financial market operation proxies (MCA, ASI, TUR, COP, BAA, & TBL) are instrumental to the growth of the Nigerian economy. However, the individual results are tested below:



Table	Q٠	Summary	of Test	of F	Tynotheses
rable	9:	Summary	of rest	011	Typomeses

Null Hypothesis	P- value	Decision Rule	Remarks
$H0_1: MCA \neq RGDP$		Reject H0 ₁ if its p-value is $<5\%$;	Reject H01
		otherwise, accept if its p-values	
	0.0043	>5%	
$H0_2: ASI \neq RGDP$		Reject H0 ₂ if its p-value is $<5\%$;	Reject H0 ₂
_		otherwise, accept if its p-values	-
	0.0093	>5%	
$H0_3$: $TUR \neq RGDP$		Reject H0 ₃ if its p-value is $<5\%$;	Accept H0 ₃
		otherwise, accept if its p-values	_
	0.0807	>5%	
$H0_4: COP \neq RGDP$		Reject H04 if its p-value is <5%;	Accept H04
		otherwise, accept if its p-values	
	0.5485	>5%	
$H0_5$: BAA \neq RGDP		Reject H0 ₅ if its p-value is $<5\%$;	Accept H05
_		otherwise, accept if its p-values	_
	0.8747	>5%	
$H0_6: TBL \neq RGDP$		Reject H0 ₆ if its p-value is $<5\%$;	Reject H06
-		otherwise, accept if its p-values	
	0.0104	>5%	

Note: ≠ signal no signifcant effect

Source: Researcher's Compilation Based on E-Views 9.0 Output (2022)

From Table 8 above, MCA, ASI, and TBL are statistically significant. However, TUR, COP and BAA are statistically insignificant.

DISCUSSION OF RESULTS AND POLICY IMPLICATIONS

Here, the six (6) regressors which covered both the capital and money market operations were discussed side by side with growth. Evidently, the OLS estimates in Tables 8 and 9 reported that market capitalization (MCA) and treasury bills (TBL) have coefficient and prob. value of 0.175952 & 0.227198 and 0.0043 & 0.0104 respectively. This signals that they contributed 17.60% and 22.72% to the growth of the Nigerian economy. Statistically, MCA and TBL contributed immensely to the growth of the Nigerian economy in the periods under review. This result conforms to the findings of Abina and Lemea (2019), Uruakpa (2019), Md and Jianguo (2018), and Obiakor (2016) but was debunked by Agu (2018), and Odo, Anoke, Onyeisi and Chukwu (2017).

Again, All-share-index (ASI) and Bankers' Acceptance (BAA) reduced the growth of the Nigerian economy by 22.13% though only ASI was highly significant. This signals that the more both ASI and BAA increase, the lower the Nigeria economy grows. This however deviated from our a priori expectation of positive relation between both constructs. The rationale behind both ASI and BAA is insignificant and not unconnected to the fact that the financial market at the moment is still very shallow and as such, one should not expect that



both ASI and BAA should contribute greatly to economic growth. This result conforms to the findings of Krokeme and Eze (2021) but was debunked by Cyril (2021).

Furthermore, although commercial papers contributed minimally to the growth of the Nigerian economy, they affected RGDP positively. This signals that the more COP increases, the more the Nigerian economy grows. This is a sequel to the fact that blue-chip companies prefer COP over either overdraft facilities or cash credits since this money market instrument seems to be more convenient than either overdraft facilities or cash credits. This result was debunked by Akarara and Eniekezimene (2019).

Lastly, turnover ratio (TUR), which accounts for the extent to which securities are bought and sold in the financial market, contributed 14.46% to the growth of the Nigerian economy, but such impact is still minimal at the moment. This may be as a result of the shallow nature of the money and capital market coupled with the buy-and-hold attitude of most Nigerian investors. This result was debunked by Enekwe, Eziedo and Agu (2016).

CONCLUSIONS AND RECOMMENDATIONS

The financial (money and capital) market all over the world has been identified as a major driving force of economic growth and development of any country. Hence, this paper investigated the efficacy of financial (money and capital) market operations on economic growth in Nigeria from 2008 to 2020. The study considered the post global financial crises periods. The regressor is financial market operations measured by market Capitalization, All-Share-Index, and turnover ratio) and the money market operations (most especially treasury bills, commercial papers, and bankers' acceptance. Meanwhile, the regressand is economic growth measured by RGDP. Based on the major findings, the study concludes that market capitalization (MCA) and treasury bills (TBL) are instrumental to the growth of the Nigerian economy. Hence, the study recommends that:

- 1. Capital market regulators should sustain the current market capitalization by encouraging more foreign investors to participate in the market, maintain state-of-theart technology like electronic fund clearance, automated trading and settlement practices, and eliminate physical transfer of shares.
- 2. There is also a need to restore confidence to the market by regulatory authorities through ensuring transparency and fair trading transactions and dealings in the stock exchange.
- 3. The government should also make use of the capital market in sourcing for cheap funds instead of relying entirely on the optimum benefits of the activities of the Nigerian stock exchange to accrue to the Nigerian economy.
- 4. The Nigerian government should create an enabling (investment friendly) environment so as to further deepen the popularity of bankers' acceptance.
- 5. The current treasury bill rate should be sustained if the Nigerian economy must grow.
- 6. Commercial paper should be used on a short term basis; otherwise, it would have adverse effects on the growth of the Nigerian economy.



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