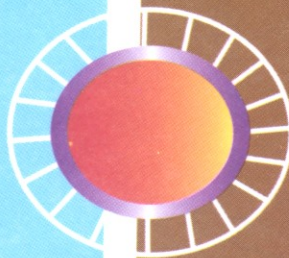


*International*  
**Journal of**  
**Multi-disciplinary**  
**Research**

Sponsored by:  
 **tetfund**  
TERTIARY EDUCATION TRUST FUND



VOL. IV, Nos. 1 & 2, December 2011  
ISSN :2006 - 7534

Published by :  
The Postgraduate School,  
Olabisi Onabanjo University,  
Ago-Iwoye, Nigeria

First Published:  
December 1st., 2008

Effectiveness Of Accounting Control On The Performance Of Cooperative Societies And Small Scale Businesses : A Case Study Of Some Selected Cooperative Societies And Small Scale Firms In Lagos State By <b>Lawal, Kamaldeen A. A.</b>	109 -116
Effect Of Members' Participation On Cooperative Performance : A Study Of Selected Multipurpose Cooperative Societies (MCS) In Awka South LGA Of Anambra State Nigeria By <b>Taiwo Abdulahi Olabisi &amp; Lawal, K. A. A.</b>	117 - 126
The Need for "Cooperative Entrepreneurs" in Nigeria : A Diagnostic Study By <b>Lawal. K. A. A., M. Samaila and A. Taiwo</b>	127 - 138
Effects Of Monetary Policy Instruments On Bank Credit : Evidence From Nigeria By <b>Ashamu S.O., J.O. Abiola &amp; A. A. Oyende</b>	139 - 150
Linking Education, Manpower Development and Employment: A Proposition for Labour Market and Educational Policy Framework in Nigeria By <b>Ngwama, Justice Chidi and Comfort Amere</b>	151 - 167
Attitudes Of Education Students To Cultural Practices In Nigeria : A Case Study Of Olabisi Onabanjo University, Ago-Iwoye By <b>Odunuga, A. Y.</b>	168 - 192
Non-Farm Employment And Poverty Profile Of Farming Households In Offshore Ogun State, Nigeria : A Case Study Of Tongeji Island By <b>Oludimu, O.L. And E.I. Oku</b>	193 - 217
Loan Default In Nigerian Banking Industry: Major Causes, Recovery And Prevention - Evidence From Nigeria. By <b>Ashamu, S.O. &amp; A.A. Oyende</b>	218 - 234
Consumer Attitudes toward Branding and Business Performance in Nigerian Companies By <b>Udegbe, Scholastica E, &amp; Maurice I, Udegbe</b>	235 - 248
Resource Use Efficiency In Maize-Based Farms In Yewa Division Of Ogun State, Nigeria By <b>Bamiro, O.M. And A. L. Onajole</b>	249 - 265



## **Effects Of Monetary Policy Instruments On Bank Credit :**

### **Evidence From Nigeria**

**By**

**Ashamu S.O., J.O. Abiola & A. A. Oyende**

#### **Abstract**

*The study investigates the effect of policy instruments on Bank Credit in Nigeria, covering the period, 1990-2010. Specifically, we examine the influence of each of the following instruments namely, money supply, interest rate, minimum rediscount rate on bank credit. Two major statistical tools were adopted, while a time –series analysis was conducted to observe the movement of these named variables as against the movement in bank loans and advances, a multiple regression test was however conducted to determine their effects on total loans and advances of banks. The result in terms of the contribution of each of the explanatory variables to bank credit shows that only the interest rate and exchange rate proved to have significant impact on bank credit at 2% and 1.37% respectively. For money supply, the coefficient sign conforms to the economic theory but not statistically significant. Base on these results, it is recommended that monetary authorities should rely more on the use of money supply, interest rate, and exchange rate, having all passed a priori test. Therefore, the minimum rediscount rate needs further re-examination with the aim of making them more responsive to the needs of the economy.*

**Keywords:** Monetary Policy, Bank credit, Money supply, Interest rate, Minimum rediscount rate

#### **I Introduction**

Banks are the engine room of the financial system in any world economy. This is why over the years there have been changes in the banking regulations and monetary policies to make banking system very stable and avoid distress and eventual collapse. According to Ayodeji (1999) the broad objectives of monetary policies are the achievement of price stability, high level of employment, sustainable economic growth and balance of payment equilibrium. The regulatory policies of CBN on banks in Nigeria have significant impact on their operations and capital base formations. The various policies introduce from 1990 to 2000 were not able to bring total sanity in the banking system, and therefore the new policy on N25 billion capital base and mergers and acquisitions in 2004 enhances the bank performance. By mid 1992, the continued imposition of credit ceiling on the banks had become a major hurdle. The introduction of the open market operation(OMO), therefore, from September 1992, the CBN lifted credit ceiling on individual banks that met CBN specified criteria on selective

basis in respect of statutory minimum paid up capital.

In Nigeria, the objectives of monetary policy have remained the attachment of internal and external balance of payments. However, emphases on techniques and instruments to achieve those objectives have changed over the years. There have been two major phases in the pursuit of monetary policy, namely the first phase placed emphasis on direct monetary controls, while second relies on market mechanism. Analysis of institutional growth and structure indicates that the 'financial system' grew rapidly in the mid- 1980s to 1990s. Akujuobi (2005)

The number of commercial banks rose from 29 in 1986 to 64 in 1996 and declined to 51 in 1998, while the number of merchant banks rose from only 12 in 1980 to 52 in 1991 and subsequently, declined to 38 in 1998. In terms of branch network, the combined commercial and merchant bank branches rose from 1,323 in 1985 to 2,549 in 1996. (Charles, 2000). There was also substantial growth in the number of non-bank financial institutions, especially insurance companies. The economic environment that guided monetary policy before 1986 was characterized by the dominance of the oil sector. In order to maintain price stability and a healthy balance of payment position, monetary management depended on the use of direct monetary instrument such as: credit control selective credit controls, administered interest and exchange rate as well as prescription of cash reserve requirements and special deposits. The most popular instrument of monetary policy was the issuance of 'credit rationing' guidelines which primarily give the private and the preferred sector of an economy especially in the area of manufacturing and industries. The sectoral allocation of CBN guidelines was to stimulate the productive sectors and there by stem inflation pressures. CBN (1999)

According to Dada (2003), the fixing of interest rates at relatively low levels was mainly to promote investment and growth. Occasionally, special deposits were imposed to reduced the amount of free reserves and credit creating capacity of the banks in the mid 1970s on the basis of their total deposit liabilities, but since such cash ration were usually lower than those voluntary maintained by banks, they forced less effective as restraint on their credit operations. The structural adjustment programme (SAP) was adopted in July, 1986 against crash in international oil market and resultant deteriorating economic conditions in the country. It was designed to achieve fiscal viability by altering and restructuring the production and consumption patterns of the Nigerian economy, eliminating price distortions, reducing the heavy dependence on crude oil exports and consumer goods imports enhancing the non oil export base and achieving substantial growth.

In line with the general philosophy of economic management under SAP, monetary policy was aimed at inducing the emergence of a market oriented financial system for effective mobilization of financial savings and efficient resource allocation. The main instrument of a market based framework is the open market operation, complimented by reserve requirements and discount window operations. Effective from 1990, the use of stabilization securities came into place for the purpose of reducing and bulging size of excess liquidity in banks was re-introduced. Commercial banks Cash reserve Requirements was increased in 1989, 1990, 1992, 1996 and 1999. By way of inducing efficiency and encouraging a good measure of flexibility in 'bank credit operations', the regulatory environment was improved (Ekpe 2004).

Consequently, the sector-specific credit allocation targets were compressed into four sectors in 1986 and to only two in 1987. From October, 1996, all mandatory credit allocation mechanisms were abolished. The commercial and merchant banks were subjected to equal treatments since their operations were fund to produce similar effect on the monetary process. The liquidity effect of large deficits financed mainly by the bank led to loan acceleration of 'monetary and credit' aggregates in 1998 relative to stipulated targets and performance in the preceding year. Outflow of funds through CBN weekly foreign exchange transition at the Autonomous Foreign Exchange Market (AFEM) and, to a lesser extent of open market operation (OMO) exerted some moderating effect.

According to Uremadu (2003), from the mid -1970's, it became increasingly difficult to achieve aims of monetary policy measures, leading to unpredictable fluctuations in the level of bank credit. Generally, monetary policy aggregates, government fiscal deficit, GDP growth rate, inflation rate and balance of payment position moved to undesirable directions. Compliance by bank with prudential credit guidelines was less than satisfactory; this led to the enactment of several other guidelines, agencies, institutions, all in a bid to savage the situation. The way or source of problem which was the nature of monetary control framework relied heavily on credit ceilings and selective credit controls which increasingly failed to achieve monetary targets and implementation less effective with time.

The major sources of problem in monetary management were the nature of monetary control framework, the interest rate regime and non-harmonization of fiscal and monetary policies CBN. On this note, IMF (2005) called for re-assessment of the relationship between some monetary policies variables on the credit provision by the Nigerian banks; they believe this may chart a new course toward improvement in credit availability especially to the real sector of the Nigerian economy. The main thrust of this study shall be to evaluate the effectiveness of CBN's monetary policy over the years. This would go a long way in assessing the extent to which the monetary policies have impacted on bank credit availability in Nigeria. Therefore the major objective of the study is to empirically assess the impact of monetary policy measures on bank credit in Nigeria.

## **II Some Literature**

Sichei (2005) investigated the bank-lending channel BLC of monetary policy in South Africa using quarterly bank-level data for the period 2000Q1-2004Q4. Capital adequacy and bank size were used as indicators for information problems faced by banks when they look for external finance. Utilising dynamic panel estimation methods the study shows that BLC operates in South Africa. His found out that there was the need to coordinate monetary policy with financial innovations and prudential banking regulations. Second, the overall effects of monetary policy pursued by the South African Reserve Bank cannot be completely characterised by interest rates only.

Maddaloni, Peydró, and Scopel (2008) examined weather monetary policy affect bank credit standards. They used comprehensive Bank Lending Survey from the euro Area – where there are time and cross-country variation of the stance of monetary policy – their study identified the impact of monetary policy on banks' appetite for risk. They found robust evidence that lower overnight rates soften bank credit standards (CS), both for the average and

also for the riskier loans. The softening of CS was over and above an improvement of the quality of borrower's industry and collateral (i.e. over and above the balance sheet channel of monetary policy). According to them, banks especially soften their CS by reducing spreads on average loans, but also by reducing collateral requirements and covenants and by increasing loan amount and maturity. The softening of CS was for all types of loans but the impact is bigger for loans to nonfinancial corporations. They also found evidence that rates *too low for too long* soften even further CS, that securitization makes the impact of overnight rates on CS stronger, and that larger banks reacted less to overnight rates, especially in their lending to SMEs. Finally, they agreed that overnight rates were more important in explaining CS than long-term rates, term spread, house price growth or bank credit growth.

Bayangos and Pilipinas (2010) assessed bank credit channel of monetary policy in the Philippines by adding and re-specifying a dynamic, structural, economy-wide macro econometric model. The main question was whether the credit channel matters in transmitting impulses to the real economy in the Philippines. According to them the evidence on the bank credit channel was obtained by estimating changes in bank credit that take into account not only the monetary policy indicators, but specific banking indicators to monetary policy actions, such as bank capital. Simulation results suggested that bank credit channel matters in Philippine monetary transmission mechanism. They maintained that total demand impact of changes in bank credit was the sum of various effects in the money supply, Treasury bill and lending rates, personal consumption and investment, all of which had significant impact on aggregate demand. However, the impact of a monetary policy tightening on output appeared to be relatively moderate and quite long. Meanwhile, they agreed that the impact on the price level appears to be stronger and shorter compared to the impact on output. In addition, bank capital was found to have significant effects on bank credit, implying that it could potentially be a key determinant of monetary policy transmission. According to them, preliminary results also indicated a feedback loop from real output to bank credit through the financial accelerator and wealth effects.

Amidu and Harvey (2010) examined whether bank credit was constrained by monetary policy in Ghana. The analyses were performed using data derived from the database of International Financial Statistics. The Ordinary Least Square model was used to estimate the regression equation after investigating the time series properties of the variables. The bank credit was represented by freely allocated bank loan which is presumably more sensitive to changes in monetary policy. Changes in money supply and central bank' prime rate was a proxy of monetary policy. Their study revealed that Ghanaian banks' credits are affected significantly by the country's economic activities and changes in money supply. The results of this study also supported previous studies that inflation rate negatively but statistically significantly affect banks credit. According to them surprisingly, the study showed a positive relationship between the central bank prime rate and the Ghanaian banks credit. However, the coefficient of the prime rate was statistically insignificant. The main value of their study was the identification of the monetary policy factors that influence bank credit in Ghana.

Jimenez, Onenga and Peydro (2011) analyzed the impact of monetary policy on the supply of bank credit. According to them monetary policy affects both loan supply and

demand, thus making identification a steep challenge. They therefore analyzed a novel, supervisory dataset with loan applications from Spain. Accounting for time-varying firm heterogeneity in loan demand, they found that tighter monetary and worse economic conditions substantially reduce loan granting, especially from banks with lower capital or liquidity ratios; responding to applications for the same loan, weak banks were less likely to grant the loan. According to them firms cannot offset the resultant credit restriction by applying to other banks.

### III Methodology

This aspect of the research work discusses the model specification, the estimating techniques as well as the sources of data for the research work.

#### Model Specification

Our model followed the Reverse repurchase rate model (RRP) model developed by Bangko (2010) in the work of veronica (2010). The RRP model expressed banking credit as a function of some monetary policy variables, specifically the RRP model is stated thus:

$$c_t^p = \alpha + \beta q_t - \delta(r^l - \pi_t^e) + \omega m_t + \gamma k_t - \vartheta n + \varepsilon \dots \dots \dots (1)$$

Where  $c_t^p$  is the private credit,  $q$  is the real output,  $r^l$  is the bank interest rate (lending rate),  $\pi_t^e$  is the inflationary expectations,  $m$  is money supply,  $k$  represents the bank regulatory capital to risk-weighted assets,  $n$  is the banks non-performing loan ration and  $\varepsilon$  is the error term. Consequently, to examine the impact of monetary policy measures on the bank credit in Nigeria a model that is similar to the RRP model is expressed thus:

$$BC = F( MS, INT, EXR, MRR) \dots \dots \dots (2)$$

- Where
- BC = bank credit
  - MS = money supply
  - INT = interest rate
  - EXR = exchange rate
  - MRR = minimum re-discount rate

The econometric model can be specified as shown below in equation two

$$BC = \beta_0 + \beta_1 MS + \beta_2 INT + \beta_3 EXR + \beta_4 MRR + \mu_i \dots \dots \dots (3)$$

- Where
- $\beta_0$  = Constant
  - $\beta_1, \beta_2, \beta_3, \beta_4$  are constant of the parameter
  - $\mu_i$  = error term.

### **Estimating Technique**

The estimating technique adopted for this research work is the Ordinary Least Square Estimating technique, precisely the multiple regression version. The model stated above is estimated using the ordinary least square (OLS) method of multiple regression. This method is adopted because OLS yields estimator which are best linear, um-biased and efficient. The following are the reasons for employing the OLS method.

1. The mechanisms of OLS are easy to understand
2. The OLS interpretation procedure is fairly simple.
3. The OLS has been used in a wide range of economic relationship with fairly satisfactory results and
4. The OLS is an essential component of most other econometric techniques.

Following the model in equation 3 where all the variables are as previously defined, a number of standard assumptions are made about the error term or the stochastic variable, some of which are stated thus:

(i) The error term is a random variable whose summation equal to Zero i.e.  $U_t = 0$ , that is to say that the value which it may assume in any one period depends on chance, this could be normality: thus implies that the error term ( $U_t$ ) is normally and systematically distributed around its mean.

(ii) Hanosk elasticity: this implies that the variances of the error term is a constant with an unknown value, i.e. the parameter estimates which is  $\beta_1$  to  $\beta_7$ , are estimated using the stata 11 econometric software. The standard error, R square value and the t statistics values and their P values are also computed using software stata 11.

The R square shows the variation in exchange rate that is explained by the identified determinants. The  $R^2$  which is the square of correlation co-efficient or as it popularly known as the co-efficient of determination will show the percentage of the total variation of the dependant various being explained by the changes of the explanatory variables. It measures the goodness of fit of the model i.e., it measures the extent to which the explanatory variables are responsible for the changes in the dependent variable. The standard error test which is a measure of the dispersion of the estimates around the true parameter will be carried out, this judges the reliability or significance of the estimates, of the regression co-efficient i.e. the parameter estimates. The standard "t" ration performs the same function with the standard error test but given due consideration to the level of significance which are traditionally 95% and 99% level.

Again the validity of the model used in this study can be tested by conducting the 'F' test, which describes the overall significance of the model; it would also be used in this study. Tests shall basically be econometric in nature, which also extends to the test for presence of multicollinearity. This is the consideration of the co-efficient of determination "R" and



correlation co-efficient 'r' if  $r > R^2$ , it means there is problem of multicollinearity which means that the explanatory variables are correlated.

**Sources of data**

Data on all the monetary policy variables were sourced from the World Bank data base 2011 edition.

**Results and Discussion**

**Table 2: The Regression Result on Bank Credit**

Variable	Coefficient	Std error	T-statistic	Prob.
C	15.53751	23.21789	0.669201	0.5129
M2	0.42219	0.304295	1.387200	0.1844
INT	2.572834	1.536009	1.675013	0.1134
EXR	0.013709	0.083405	0.164361	0.8715
MRR	-2.726425	1.475755	-1.847478	0.0833

*Source: Authors' computation.*

This model has the following result

$R^2 = 0.318247$   
 $F = (4, 15) = 1.867230$   
 $D^* = 2.632251$

Where

$R^2$  = coefficient of multiple determination  
 $D^*$  = Durbin – Watson statistic

**Results Interpretation**

The sign of the constant is positive which conform to a prior expectation as specified in the model. It stipulates that holding all other variable constant, bank credit (BC) will raise by 15.53751. For money supply the sign conforms to economic theory. The results stipulate that a percentage increase in the availability of money supply will lead to 0.42219 percent in bank credit. The coefficient of interest rate was found to be positive in the estimation. This agreed with theoretical postulation that with high interest rate banks are willing to give out loans, in the form of credit. According to Jingan (2008), exchange rate and bank credit have positive relationship. The coefficient of EXR (0.013709) measure the rate in which bank rate increases. It indicates that over the period of study, holding other variables constant the partial elasticity of RGDP with respect of EXR IS 1.370 implying that, there is a 1.37 percentage increase in bank rate as a result of a unit absolute increase in exchange rate.

The coefficient of minimum rediscount rate is -2.726425. This conforms to aprior expectation of negative relationship between MRR and bank credit. According to Jingan (2004), when there is inflation, the central bank increases the bank rate. Borrowing by commercial banks from the central bank becomes costly and this discourages borrowing from the central bank. The commercial banks in turn increase their lending rate to customers. This reduces credit and money available in the economy. This then reduces the rate of inflation in the country. Also, the negative sign indicates money supply is inversely related to Real Gross Domestic Product.

**Statistical Criteria (First order test)**

We shall apply the student t test,  $R^2$  and F test to determine the statistical reliability of the estimated parameter.

The value of  $R^2$  is 0.318247. This implies that 31% of the variation in bank credit is explained by independent variables which are money supply, interest rate, exchange rate, and minimum rediscount rate. This indicates that the fitness of the model is not a good fit.

**The Student T Test**

Evaluation is carried out to ascertain if the independent variables are individually significant. If the calculated t is greater than the critical t at 0.05 level of significant then reject the null hypothesis  $H_0$ , otherwise accept the alternative hypothesis  $H_1$ .

From the statistical table, critical t 0.025 is 2.086. The result of the evaluation is summarized in the table below.

**Table 3 the T statistic Test**

Variable	T value	T – tab	Decision	Conclusion
M2	1.387200	2.086	Accept $H_0$	Insignificant
INT	1.675013	2.086	Accept $H_0$	Insignificant
EXR	0.164361	2.086	Accept $H_0$	Insignificant
MRR	-1.847478	2.086	Accept $H_0$	Insignificant

From the table above  $\beta_1$  (MS),  $\beta_2$  (INT),  $\beta_3$  (EXR) and  $\beta_4$  (MRR) are not statistically significant. We conclude that  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$  and  $\beta_4$  have no significant effect on bank credit in Nigeria in the period under review.

**The F – Statistics Test**

This evaluation is carried out to determine, if the independent variables in the model are simultaneously significant or not. If  $F^*$  is greater than critical F at 0.05 level of significant, then reject the null hypothesis  $H_0$  and accept the alternative hypothesis.

### **Decision Rule**

Reject  $H_0$  if  $F\text{-cal} > F_{0.05}(V_1/V_2)$

$V_1 = K - 1$  (numerator)

$V_2 = N - K$  (denominator)

From the result in the model,  $F\text{ cal} = 1.867230$ . From the F table  $F_{0.05}(4/15) = 3.13$ . Since  $F\text{-table of } F_{0.05}(3.06) > F\text{-cal}(1.867230)$ , we accept  $H_0$  and conclude that the independent variables in the model are not significant.

### **Econometrics Test of Second Order Test**

This test will be based on whether the assumptions of the classical linear regression model are satisfied or not. The assumptions underlying the statistic are:

- i. The regression model include intercept term
- ii. The regressor or explanatory variables are non-stochastic of fixed in repeated sample
- iii. The error term is assumed to be normally distributed
- iv. The regression model does not include the lagged value of the dependent variable as one of the explanatory variables.
- v. There are missing observations in the data.

When these assumptions are not satisfied it is customary to re-specify the model. For instance, one may introduce new variable or omit some, transform the original variable, so as to produce a new form that will satisfy these assumption.

### **Auto Correlation Test**

We will adopt the Durbin Watson ( $d$  - statistic) to test the randomness of the residuals. Based on this we state our hypothesis as thus

$H_0: P = 0$  (No positive first order autocorrelation)

$H_1: P \neq 0$  (positive first order autocorrelation)

### **Decision Rule**

Reject  $H_0$  if  $d^* < d_u$  or  $d^* > 4 - d_u$

Accept  $H_0$  If  $d^* > d_u$  or  $d^* < 4 - d_u$

Where:

$d^*$  = estimated Durbin - Watson

$d_u$  = Upper Unit Durbin - Watson

from the  $D_w d$  table

$d_u = 1.66$  ( $n = 15, k = 4$ ) at 5% level of significant. And  $d^* = 2.632251$

since our  $d^* = 2.632251$  is greater then  $d_u = 1.66$ , we conclude that there is no evidence of positive autocorrelation in the regression result.

### **Summary Of Findings**

- i. The relationship between money supply and bank credit is positive and conformed with the a priori expectation but is statistically insignificant.
- ii. The result indicates a positive relationship between interest rate and bank credit which conform to the a priori expectation but is statistically insignificant.
- iii. The relationship between exchange rate and bank credit is positive which conform to the a priori expectation but is statistically insignificant.
- iv. The relationship between minimum rediscount rate and bank credit is negative which conform to the a priori expectation but is statistically insignificant.

The above shows the performance of monetary policy as an instrument to improve bank credit in Nigeria. The null hypothesis of this study posits that the use of monetary policy measures in promoting bank credit in Nigeria is not efficient. This proves true as monetary policy variables (interest rate, money supply, exchange rate and minimum rediscount rate) do not show statistical significant relationship between them and bank credit.

### **Conclusion**

In the light of the Nigerian experience, it is essential that responsibility should always be matched with authority. Such operational arrangement would help to define the responsibilities of major players and enhance accountability and professionalism. Given the magnitude of human capital at his disposal the CBN can surely make swift and decision responses to the nations financial environment there by contribute effectively towards financial stability, if and only if it is endowed with instrument independence. A continuous and direct approach to monetary policy will ensure a sustainable and economically viable level of bank credit facilities to both commercial and private enterprises.

Based on the findings and the unstable nature of the Nigerian economy, these strategy adopted in implementing the research work the monetary variables considered in this research should be streamlined in accordance with the rising needs of the economy. For instance when the motive is to curb inflation gaps, the minimum rediscount rate can be adopted, consequently leading to a decrease in the level of bank credit.

### **Recommendations**

Monetary policy is an important level of power at the same time a tool. In this process, the following recommendation has been suggested for onward performance in ensuring financial stability in Nigeria with the optimum level of bank credit.

- a. A gradualist approach to monetary policy believing that a serve of small movement in interests is a more effective strategy rather than sharp and unexpected jumps in the cost of borrowing money.
- b. Monetary policies in Nigeria should be designed to be proactive and forward looking



because changes in interest rates always take time to work through the economy. The reaction of business and consumers to interest rate movement is uncertain as at the time lays involved.

c. The state of the country's infrastructure is another critical factor which must be put right for monetary policy to be effective while the economy needs an effective central bank to work with; the effectiveness will also depend on a conducive environment before this primary objective could be achieved.

## References

- Adamu, S.O. and Johnson, T.L (1997)*Statistic for Beginners*, Book 1 2<sup>nd</sup> edition Ibadan: SAAL Publications.
- Akujuobi, A.B.C.(2005) "The Patterns of Investment in the Nigerian Capital Market and their Impact on Economic Development on Nigeria 1986 – 2004. Unpublished Ph.D dissertation, Federal University of Technology, Owerri, Nigeria.pg 84 - 93
- Akujuobi, L.E. (2000a) Nigerian Local Government Finance. Lagos Mcrudoph Publishers
- Akujuobi, L.E. (2000b) "Financing Local Governments in Nigeria." *Unpublished PhD Dissertation*, School of Management Technology, Federal University of Technology, Owerri.
- Al-Yousif, Y. (2000): "Do Government Expenditure Inhibit or promote Economic." *International Research Journal for Development*, 7:89
- Anao A. R (2007) "The Underdevelopment of the Nigerian Capital Market" delivered at a memorial Lecture in honour of Dr. Samuel AchinivuOkorie, the first Head of the Dept. of Business Administration University of Nigeria, Saturday, 9<sup>th</sup> May 2007.
- Anuolam M.O, and Eke, B.I (1999) "Efficiency of the Nigerian Capital Market Using the Capital Asset Pricing Model" *ITIS Treasure Chest Journal*, 1(1): 39 – 46
- Ayodeji, O.P. (1999). "Effective pricing of Securities in the Secondary Market" *The treasure Chest International Journal of Investment and Securities*, Owerri, Nigeria.
- Central Bank of Nigeria/ Word Bank (2009), "Assessment of the performance of Nigeria's Rural Financial Institutions".
- Charles M. (2000) The Sub-Sahara Challenges in Developing Municipal Bonds and Housing Finance Systems. *African Stock Exchanges Association (ASEA) Year 2000 Conference Abuja Nigeria October 25 – 28, 2000.*
- Dada, I.O. (2003). *The Nigerian Capital Market; Developments, Issues and Policies.* Ibadan: Spectrum Books Ltd.
- Darrat, A. and Mukherjee, T. (1986). "Behavior of the Stock Market in a Developing Economy" *Economic Letters*, 22: 273 – 78.
- David, T. K. (2004). "The Impact of Monetary Policy on the Allocation of Bank Credit".

*National Bureau of Economic Research Vol. 2 (page 1-53)*

Delurgio, S.A. (2008). *Forecasting Principles and Applications* McGraw-Hill.

Diamond, A. (1990): "Fiscal Indicators for Economic Growth: An Illusory Search?" Ekpe, O.O (2004). "An Assessment of the Risk/Return Profile of Some Securities in the Nigeria Capital Market" *Unpublished M.Sc. Thesis* School of Management Technology Federal University of Technology Owerri.

World Bank, (2005). *Adjustments in Africa: Reforms, Results and the Road Ahead*. A World Bank Policy Research Report. New York: Oxford University Press.

Jhingan, M.L. (2004). *Money, Banking and International Trade*. Vrinda Publications.

Stiglitz, J.E. (2004). "The Role of State in Financial Markets" In Michael Bruno and Boris Pleskovic, eds., *Proceedings of the World Bank Annual Conference On Development Economics 1993*. Washington D.C. World Bank.

Stiglitz, J.E. and Weiss, A. (1981). "Credit Rationing in Markets with incomplete Information" *American Economic Review*, 71(3):390–410.

Tesar, L.L and Warner, I.M. (1993) "U.S. Equity Investment in Emerging Stock Market" *Paper presented at The World Bank Symposium on portfolio investment in Developing Countries*. Washington D.C. September.

Udry, C. (1990). "Credit Markets in Northern Nigeria: Credit as Insurance in Rural Economy. *The World Bank Economic Review*, 4(3): 251-260.

Uremadu, S.O. (2003) Effective development of the Nigeria Capital Market as a pre-requisite for the Successful Implementation of the Nations Investment Programme in the 21<sup>st</sup> Century. *The Enterprise: International Research Journal for Development*, 5(5): 32-40.