Financial Intermediation and Real Sector Growth in a Deregulated Economy: The Case of Nigeria

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Abstract

The challenge of financing real sector of the Nigerian economy has been of great concern since the introduction of structural reforms in Nigeria in the mid of 1980’s. Such emphasis has been because of the significant role the real sector is supposed to play in the development of the economy. An attempt has been made in this study to investigate the macroeconomic aspects of the contribution of the financial system to the real economy in Nigeria since 1986, that is, its role in the mobilization and intermediation of domestic resources in the context of a deregulated economy by means of robust statistical analysis. The rationale for the investigation is to determine whether there is a link between financial development and the productive sectors of the economy and also whether these developments act as a catalyst toward improved economic performance. The paper derives policy implications to enhance the performance of the financial sector so that it will be able to provide the necessary pivot for the real sector.