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Original Research Article

The Impact of Financial Inclusion on Economic Growth in Nigeria: A Secondary Data Analysis

Udensi Isaac Ukaoma[1*], Akintunde Paul Inioluwa[2]

[1]Department of Economics, University of Calabar, Nigeria
[2]Department of Economics, University of Ilorin, Nigeria

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Abstract: This study investigates the impact of financial inclusion on economic growth in Nigeria, a country where a significant portion of the population remains financially excluded despite ongoing efforts to enhance access to financial services. The problem addressed is the limited understanding of how various aspects of financial inclusion, particularly mobile money, banking services, and credit availability, affect Nigeria's GDP growth. The primary objectives of the study are to assess the current level of financial inclusion, analyze its relationship with GDP growth, and provide evidence-based policy recommendations to improve financial access and support economic development. To achieve these objectives, a secondary data analysis was conducted, employing multiple linear regression, Pearson correlation, and Granger causality tests. The findings reveal a marginally significant positive relationship between Mobile Money Subscriptions (MMS) and GDP growth, while access to formal banking services and credit availability showed no significant correlation with economic growth. These results highlight the importance of mobile money as a key driver of financial inclusion, contrasting with the limited impact of traditional banking services. Based on these findings, the study recommends enhancing mobile money infrastructure, strengthening financial literacy programs, promoting inclusive banking models, and fostering collaboration with fintech firms. Implementing these recommendations could significantly improve financial inclusion in Nigeria, ultimately contributing to sustained economic growth and enhanced welfare for the population.

Keywords: Financial Inclusion, Economic Growth, Nigeria, GDP, Banking Services, Mobile Money.

INTRODUCTION

Financial inclusion has emerged as a pivotal factor in fostering economic development, particularly in developing economies where a significant portion of the population lacks access to formal financial services. Globally, financial inclusion has gained prominence, driven by initiatives such as the World Bank's Global Findex Database, which tracks the progress of financial inclusion worldwide, and the United Nations' Sustainable Development Goals (SDGs), specifically Goal 8, which emphasizes inclusive and sustainable economic growth (World Bank, 2018; United Nations, 2015). These global initiatives underscore the importance of financial inclusion as a means to reduce poverty and enhance economic opportunities for all, particularly in low-income and developing countries.

Regionally, Sub-Saharan Africa has been at the forefront of financial inclusion efforts, with countries like Kenya and Ghana making significant strides through the adoption of mobile money services (Demirgüç-Kunt *et al*., 2018). Despite these successes, Nigeria, the largest economy in Africa, continues to face considerable challenges in achieving widespread financial inclusion. The 2021 Enhancing Financial Innovation & Access (EFInA) survey revealed that 36% of Nigerian adults remained financially excluded, highlighting the persistent barriers to financial inclusion in the country (EFInA, 2021).

Nigeria's financial landscape is characterized by a dual economy, where a formal financial sector coexists with a large informal sector. The informal sector, which includes unregistered businesses and self-employed individuals, accounts for a significant portion

***Corresponding Author:** Udensi Isaac Ukaoma
Department of Economics, University of Calabar, Nigeria

of economic activity but remains largely outside the reach of formal financial services. Despite the efforts by the Central Bank of Nigeria (CBN) and other stakeholders to promote financial inclusion through the National Financial Inclusion Strategy (NFIS), progress has been uneven. While access to banking services has improved, significant gaps remain, particularly in rural areas where infrastructure is limited and financial literacy is low (Central Bank of Nigeria, 2018).

The slow pace of financial inclusion in Nigeria has implications for the country's economic growth. Financial inclusion is associated with a range of economic benefits, including increased savings, investment, and consumption, all of which contribute to Gross Domestic Product (GDP) growth. However, the extent to which financial inclusion drives economic growth in Nigeria is not well understood. This study seeks to fill this gap by examining the relationship between financial inclusion and economic growth in Nigeria, using secondary data to provide a comprehensive analysis.

The relationship between financial inclusion and economic growth is well-documented, with a consensus that financial inclusion is crucial for economic development, especially in developing economies. Financial inclusion, broadly defined as access to and use of formal financial services by underserved populations, has been shown to reduce poverty and promote economic growth by enabling investments in education, health, and businesses (Demirgüç-Kunt *et al*., 2018). Theoretical and empirical studies emphasize that financial inclusion broadens the financial base, improves resource allocation, and fosters entrepreneurship. Levine (2005) argues that financial development, which includes financial inclusion, enhances economic growth by facilitating the flow of funds to productive uses. King and Levine (1993) found that better-developed financial systems, which enable broader participation in economic activities, are associated with faster economic growth. The advent of fintech, particularly mobile banking and digital payments, has further advanced financial inclusion, especially in regions with limited traditional banking infrastructure (Beck *et al*., 2016).

Sub-Saharan Africa has been a focal point for financial inclusion initiatives, particularly through mobile money. The Global Findex Database highlights mobile money as a critical tool for financial inclusion in Africa, with Kenya's M-Pesa as a leading example (Demirgüç-Kunt *et al*., 2018). Studies by Jack and Suri (2014) show that mobile money adoption in Kenya significantly increased household consumption and reduced poverty by improving access to credit and savings. This positive impact is echoed in other African countries, where mobile money has enhanced financial inclusion and economic outcomes (Suri & Jack, 2016). However, financial inclusion progress in Sub-Saharan Africa remains uneven, with Nigeria lagging behind. Significant portions of Nigeria's population are still excluded from formal financial systems, necessitating targeted policies to accelerate financial inclusion. Nigeria's financial sector, characterized by a dual economy with a large informal sector, faces barriers such as low financial literacy, inadequate infrastructure, and regulatory challenges (Ajakaiye & Tella, 2016). Despite these challenges, there have been positive developments, particularly in mobile money and microfinance.

Nwafor *et al*., (2020) found that mobile money has increased financial access in Nigeria, particularly in rural areas, contributing to economic activities. However, the penetration of mobile money remains low compared to other African countries, highlighting the need for expansion. Microfinance has also played a role in promoting financial inclusion, with Igbinoba and Olokoyo (2018) reporting positive impacts on poverty reduction and economic growth through increased access to credit and entrepreneurship.

Oladapo & Ayo (2017) examined the effect of financial inclusion on economic growth in Nigeria using time series data from 1990 to 2015. The authors employed multiple regression analysis and found that financial inclusion, represented by the number of bank branches and ATM installations, positively affected GDP growth. The study highlighted that improved access to financial services could significantly boost savings and investment, thereby enhancing economic productivity. Similarly, Akanbi & Adesina (2019) in their research, investigated the relationship between financial inclusion and economic growth across selected African countries, including Nigeria. Using panel data analysis, they found a strong positive correlation between financial inclusion indicators (like mobile banking and access to credit) and economic growth. The study emphasized that increased financial inclusion could lead to higher consumption and investment levels, promoting overall economic growth.

Also, Ojo (2019) focused on the role of microfinance banks in promoting financial inclusion and their subsequent impact on economic development in Nigeria. Utilizing survey data from microfinance institutions, the study revealed that access to microfinance significantly improved entrepreneurial activities and income levels among the poor. The findings underscored the importance of microfinance in enhancing financial inclusion and driving economic growth in low-income communities. In the same line, Ogunleye, (2020) analyzed the impact of mobile banking on economic growth in Nigeria, using data from 2005 to 2018. The study employed econometric techniques to establish a positive relationship between mobile banking usage and GDP growth. The author argued that mobile banking enhances financial inclusion by providing access to banking services for the unbanked population, thereby facilitating increased economic activities.

And then, Chibundu & Nwogugu, (2021) explored the effects of financial inclusion on poverty alleviation and economic growth in Nigeria. The authors conducted a survey of financial service users and non-users and found that access to financial services significantly reduced poverty levels and promoted economic participation. The study emphasized that financial inclusion serves as a critical tool for empowering marginalized groups, leading to improved economic outcomes. Nevertheless, challenges such as high interest rates and limited outreach constrain microfinance's effectiveness. Notwithstanding these developments, the impact of financial inclusion on Nigeria's economic growth remains underexplored. Existing studies often focus on individual aspects of financial inclusion without considering the combined impact on economic growth. This study aims to fill this gap by analyzing the impact of various financial inclusion indicators on Nigeria's GDP growth, using secondary data from sources like the Central Bank of Nigeria (CBN) and the National Bureau of Statistics (NBS). By addressing these gaps, the research seeks to inform policy decisions and contribute to the ongoing discourse on financial inclusion in Nigeria and other emerging economies.

Despite the acknowledged importance of financial inclusion, Nigeria continues to grapple with significant levels of financial exclusion. The existing literature on financial inclusion in Nigeria has predominantly focused on descriptive analyses, with limited empirical studies exploring the direct relationship between financial inclusion and economic growth. This presents a critical research gap, as understanding this relationship is essential for designing effective policies that can harness the potential of financial inclusion to drive economic growth. Without a clear understanding of how financial inclusion impacts economic growth, efforts to enhance financial access may not fully translate into broader economic benefits.

The primary objective of this study is to empirically investigate the impact of financial inclusion on economic growth in Nigeria. The specific objectives are:

1. To assess the current level of financial inclusion in Nigeria, focusing on key indicators such as access to banking services, mobile money usage, and credit availability.
2. To analyze the relationship between financial inclusion and GDP growth in Nigeria.
3. To provide evidence-based policy recommendations that can enhance financial inclusion and, in turn, contribute to sustained economic growth in Nigeria.

To achieve these objectives, the study will test the following hypotheses:

1. H1: There is a significant positive relationship between financial inclusion and economic growth in Nigeria.
2. H2: Increased access to formal banking services is positively correlated with GDP growth in Nigeria.
3. H3: The expansion of mobile money services has a significant positive impact on economic growth in Nigeria.

METHODS

This study adopts a quantitative research design to investigate the impact of financial inclusion on economic growth in Nigeria. The design is suitable for establishing relationships between variables through statistical analysis, making it appropriate for assessing how different indicators of financial inclusion correlate with Gross Domestic Product (GDP) growth. The study focuses on Nigeria, the largest economy in Africa, characterized by a diverse financial landscape with significant disparities in financial inclusion. Given Nigeria’s complex financial environment, the study covers national-level data, ensuring a comprehensive analysis of financial inclusion across different regions and economic sectors within the country. The study relies on secondary data collected from reputable sources, ensuring the reliability and validity of the data used for analysis. The primary sources of data include: Central Bank of Nigeria (CBN) Annual reports and financial inclusion reports provide data on bank accounts, credit availability, and other financial services. National Bureau of Statistics (NBS) Economic reports and surveys offer data on GDP growth and other macroeconomic indicators; and World Bank: The Global Findex Database and other financial inclusion reports provide additional data on financial inclusion indicators such as mobile money subscriptions.

Data were systematically collected from the aforementioned sources, focusing on key indicators of financial inclusion and economic growth. Data from reports and databases were extracted, compiled, and organized into datasets for analysis. The period of study spans from 2013 to 2023, allowing for an analysis of trends and changes over time.

Variables Definition and Data to Be Collected

Dependent Variable:

Gross Domestic Product (GDP) Growth: Measured as the annual percentage growth rate of the GDP, indicating the overall economic performance of Nigeria.

Independent Variables:

Number of Bank Accounts (BA): Represents the total number of active bank accounts in Nigeria, including both savings and current accounts, and

expressed in percentage of adult population. This indicator reflects access to formal banking services.

Mobile Money Subscriptions (MMS): The number of active mobile money accounts in Nigeria per 1000 adults, reflecting the penetration of mobile financial services and their accessibility to the population.

Credit Availability (CA): Measured by the volume of credit extended to the private sector, indicating the accessibility of financial resources for investment and consumption (Money supply in million naira).

The study employs descriptive and inferential statistical methods to analyze the data. Trend analysis were used to summarize and describe the data. To assess the relationship between financial inclusion and GDP growth, the study utilized the following statistical tools: Correlation Analysis: Pearson correlation coefficient was used to determine the strength and direction of the relationship between financial inclusion indicators (number of bank accounts, mobile money subscriptions, and credit availability) and GDP growth. Regression Analysis: Multiple linear regression models were employed to quantify the impact of each financial inclusion indicator on GDP growth. This method allowed for controlling other factors and isolating the specific effects of financial inclusion on economic growth. Granger causality was used to determine the long term and short term effect of financial inclusion on GDP. The data analysis was performed using eview version 12.

Models Specification

To examine the relationship between financial inclusion and economic growth in Nigeria, the study employs several econometric models, including multiple linear regression, correlation analysis, and time series analysis. Each model is designed to address specific research hypothesis.

Model 1: Multiple Linear Regression

Financial inclusion can be represented by multiple indicators (e.g., number of bank accounts, mobile money usage, credit availability). To determine the overall relationship between these indicators and GDP growth, a Multiple Linear Regression Model would be ideal. This model allows the study to assess the individual effects of each financial inclusion indicator on GDP growth, while controlling for other factors, and is specified as follows:

$$\text{GDP}_{\text{growth}} = \beta_0 + \beta_1(\text{BankAccounts}) + \beta_2(\text{MobileMoney}) + \beta_3(credit) + \varepsilon$$

Where:

($\text{GDP}_{\text{growth}}$) is the dependent variable (annual GDP growth rate),

(BankAccounts), (MobileMoney), and (CreditAvailability) are independent variables representing financial inclusion.

Model 2: Correlation and Simple Linear Regression

Since the second hypothesis focuses specifically on the relationship between banking services (measured by the number of bank accounts) and GDP growth, a Pearson Correlation is a straightforward approach to test for a direct relationship. Additionally, a Simple Linear Regression model can be used to explore the causal effect between access to banking services and GDP growth. The model is specified as:

Correlation:

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

Where:

$r = Pearson\ correlation\ coefficient.$

$n = Number\ of\ observations.$

$x = Values\ of\ the\ financial\ inclusion\ indicators\ \left(eg.\ gnumber\ of\ accounts, mobile\ subscriptions, credit\ facility\right).$

$y = values\ of\ the\ dependent\ variable\ (annual\ GDP\ growth)$

Simple Linear Regression:

$$\text{GDP}_{\text{growth}} = \beta_0 + \beta_1(\text{BankAccounts}) + \varepsilon$$

Model 3: Granger Causality

Mobile money services typically experience rapid growth over time, and their relationship with GDP growth may involve lag effects (i.e., the impact may not be immediate but felt over time). For this hypothesis, a Time Series Model like granger causality is appropriate because it can capture both the contemporaneous and lagged relationships between mobile money services and GDP growth. The model is specified as:

$$\Delta GDP_{growth_t} = \alpha + \sum_{i=1}^{p} \beta_1 GDP_{growth_{t-1}} + \sum_{i=1}^{q} \gtrsim_i FI_{t-i} + \varepsilon_t$$

RESULTS AND DISCUSSION

With the data collected from the Central Bank of Nigeria, National Bureau of Statistics and World Bank, the study sought to understand the relationship and interactions between the variables targeting the research objectives which includes to assess the current level of financial inclusion in Nigeria, focusing on key indicators such as access to banking services, mobile money usage, and credit availability; analyze the relationship between financial inclusion and GDP growth in Nigeria; and provide evidence-based policy recommendations that can enhance financial inclusion and, in turn, contribute to sustained economic growth in Nigeria.

The Current Level of Financial Inclusion in Nigeria

The study explored the current level of financial inclusion in Nigeria, using proxies as number of bank accounts, number mobile money account, and credit availability, and also related them to GDP growth, as shown in the graph in Figure 1 below.

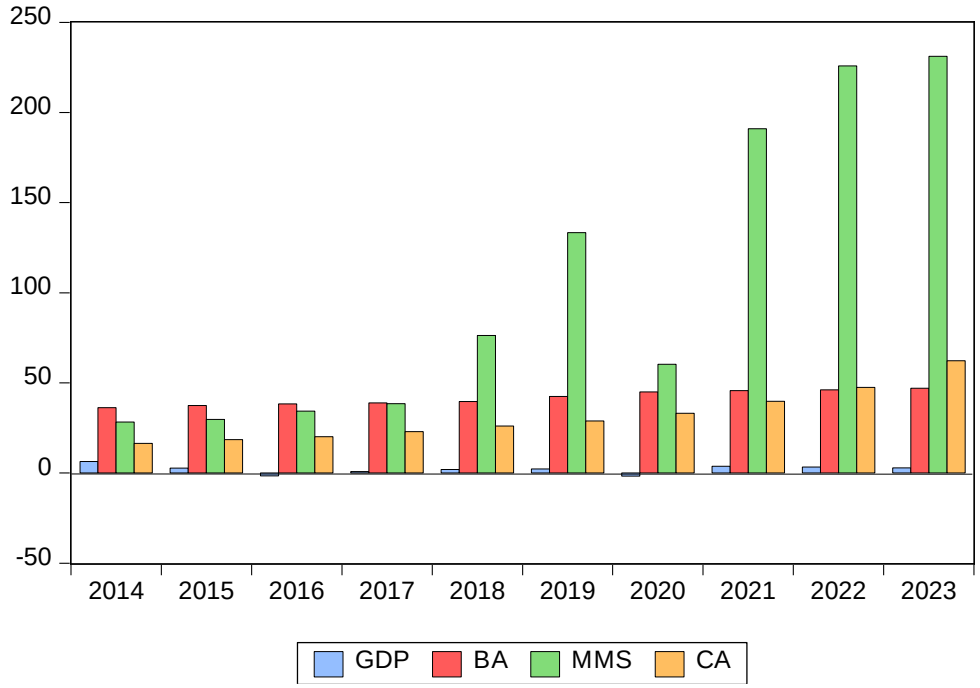

Fig 1: Financial inclusion trend 2014-2023
Source: Eview 12

The graph clearly demonstrates the trend in financial inclusion indicators (Bank Accounts, Mobile Money Subscriptions, and Credit Availability) over the period 2014 to 2023, as well as their relationship with GDP growth.

Mobile Money Subscriptions (MMS): From 2018 onward, there is a sharp and exponential rise in mobile money subscriptions, especially in 2021, 2022, and 2023. This indicates a significant increase in mobile money usage, which is a key driver of financial inclusion in Nigeria. The rapid growth in MMS aligns with increased access to financial services for the previously unbanked population, making it the most prominent indicator of financial inclusion.

Bank Accounts (BA): Bank Accounts show a gradual and steady increase over the years, but the growth rate is much lower compared to MMS. While BA is increasing, its growth is not as pronounced, indicating that traditional banking services have not expanded as rapidly as mobile-based financial services.

Credit Availability (CA): Credit availability has seen a steady increase but remains relatively moderate compared to MMS. This shows that while credit services are becoming more available, their growth is slower and less pronounced than mobile money subscriptions.

GDP Growth (Blue): Throughout the period, GDP growth remains relatively flat and low, which suggests that economic growth has not been as dynamic as the increase in financial inclusion indicators, particularly MMS.

In general, the graph demonstrates that mobile money subscriptions have experienced the most significant growth, playing a major role in expanding financial inclusion in Nigeria. Bank account penetration and credit availability have increased as well, but at a much slower rate. Thus, the current level of financial inclusion in Nigeria is largely being driven by the explosive growth of mobile money services.

Therefore, the study explored further by testing the hypotheses, which explored the relationship between financial inclusion and economic growth in Nigeria, as well as the impact of financial inclusion on GDP over time, in order to make good policy recommendations.

Hypothesis 1: There is a significant positive relationship between financial inclusion and economic growth in Nigeria.

Multiple Linear Regression

The results of the Multiple Linear Regression model, which examines the relationship between GDP growth and the financial inclusion variables (Bank Accounts, Mobile Money Subscriptions, and Credit Availability) are as follows:

Variable	Coefficient	Std. Error	t-Statistic	P-value
Constant	30.2456	14.432	2.096	0.081
BA	-0.7680	0.415	-1.850	0.114
MMS	0.0469	0.021	2.221	0.068
CA	-0.0358	0.142	-0.252	0.809

R-squared: 0.537 (53.7% of the variation in GDP growth is explained by the model), Adjusted R-squared: 0.306, F-statistic: 2.321, P(F-statistic): 0.175 (Not significant at the 5% level). By this result, the coefficient of BA is negative (-0.768), suggesting a negative relationship with GDP growth, though not statistically significant (p = 0.114). But for MMS, the coefficient is positive (0.0469), indicating a positive relationship with GDP growth, and is significant at the 10% level (p = 0.068). While for CA, the coefficient is negative (-0.0358), and not statistically significant (p = 0.809). Therefore, while Mobile Money Subscriptions show a positive and marginally significant impact on GDP growth, Bank Accounts and Credit Availability do not significantly affect GDP growth based on this model.

Hypothesis 2: Increased access to formal banking services is positively correlated with GDP growth in Nigeria.

Using Pearson Correlation and Simple Linear Regression

Pearson Correlation:

The correlation result as seen in appendix 2 shows Correlation Coefficient: -0.0664 (Negative and weak correlation between Bank Accounts and GDP growth). P-value: 0.8553 (Not statistically significant).

Simple Linear Regression:

Variable	Coefficient	Std. Error	t-Statistic	P-value
Constant	3.6859	8.858	0.416	0.688
BA	-0.0399	0.212	-0.188	0.855

R-squared: 0.004 (Only 0.4% of the variation in GDP growth is explained by Bank Accounts). F-statistic: 0.0355, P(F-statistic): 0.855 (Not statistically significant). By this result, the correlation between Bank Accounts and GDP growth is weak and negative (-0.0664) and not statistically significant (p = 0.855). The Simple Linear Regression model confirms that there is no significant relationship between Bank Accounts and GDP growth, with a p-value of 0.855. Therefore, the study concludes that there is no statistically significant relationship between access to formal banking services (measured by the number of bank accounts) and GDP growth in Nigeria, leading to the rejection of Hypothesis 2.

Hypothesis 3: The expansion of mobile money services has a significant positive impact on economic growth in Nigeria.

The Granger causality test was applied to investigate whether Mobile Money Subscriptions (MMS) cause changes in GDP growth over time, and the result is summarized as follows:

Hypothesis	F-statistic	P-value	Conclusion
MMS Granger-causes GDP Growth	1.34289	0.3833	Do not reject Ho

The F-statistic for the test is 1.34289, and the associated p-value is 0.3833. Since the p-value is greater than the common significance level of 0.05, we do not reject the null hypothesis (H0), which states that Mobile Money Subscriptions do not Granger-cause GDP growth. Therefore, the results suggest that the expansion of mobile money services does not have a significant lagged effect on GDP growth over time, leading to the rejection of Hypothesis 3.

Summary of Hypothesis Testing

1. Hypothesis 1 (Multiple Linear Regression): Partially supported; Mobile Money Subscriptions show a positive and marginally significant impact on GDP growth, but Bank Accounts and Credit Availability do not.
2. Hypothesis 2 (Pearson Correlation & Simple Linear Regression): Rejected; there is no significant relationship between Bank Accounts and GDP growth.
3. Hypothesis 3 (Time Series Analysis): Rejected; Mobile Money Subscriptions do not Granger-cause GDP growth.

DISCUSSION OF FINDINGS

This study aimed to empirically investigate the impact of financial inclusion on economic growth in Nigeria, specifically focusing on key indicators such as access to banking services, mobile money usage, and credit availability. The analysis revealed several critical insights that align with and diverge from previous literature on financial inclusion and economic growth.

Financial Inclusion and Economic Growth

The findings indicate that there is a marginally significant positive relationship between Mobile Money Subscriptions (MMS) and GDP growth in Nigeria, supporting the notion that financial inclusion can drive economic growth. This is consistent with the findings of

Demirgüç-Kunt *et al*., (2018), who emphasize that financial inclusion promotes economic growth by enabling investments in education, health, and business. The substantial growth in MMS in Nigeria mirrors the experiences of other Sub-Saharan African countries like Kenya, where mobile money services such as M-Pesa have played a transformative role in enhancing financial access and driving economic activity (Jack & Suri, 2014).

However, while mobile money services show a positive correlation, the study finds that the overall contribution of financial inclusion to GDP growth is not as dynamic, with a relatively flat GDP growth rate observed. This finding contrasts with the assertions made by Levine (2005) and King and Levine (1993), who argue that more developed financial systems enhance economic growth by facilitating better resource allocation. The relatively muted economic growth in Nigeria, despite rising financial inclusion indicators, suggests that merely increasing access to financial services does not automatically translate into significant economic growth, highlighting the need for complementary policies and infrastructure to maximize the benefits of financial inclusion.

Access to Formal Banking Services

The analysis of the relationship between access to formal banking services, represented by the number of bank accounts, and GDP growth revealed a weak negative correlation. This result aligns with Ajakaiye and Tella (2016), who highlight that Nigeria's dual economy and the prevalence of informal sectors impede the effectiveness of formal banking systems in driving economic growth. The findings also indicate that, contrary to expectations, increased access to bank accounts does not significantly correlate with GDP growth. This suggests that merely increasing the number of bank accounts may not be sufficient to stimulate economic growth, particularly in a country where a substantial informal economy exists, as noted by Igbinoba and Olokoyo (2018). The limited impact of traditional banking services may also be attributable to low financial literacy and infrastructural challenges, particularly in rural areas, which the Central Bank of Nigeria (2018) has identified as significant barriers to achieving widespread financial inclusion. As a result, the findings underscore the need for more tailored approaches to banking services that cater to the specific needs of underserved populations.

The Role of Credit Availability

The study's findings on credit availability also reveal that it does not significantly impact GDP growth. While previous studies, such as those by Nwafor *et al*., (2020), indicate that access to credit enhances economic activities, the results suggest that Nigeria's financial landscape may not be adequately supporting productive investments. The high interest rates and limited outreach of microfinance institutions, as mentioned by Igbinoba and Olokoyo (2018), further compound this issue. This divergence suggests that addressing barriers to credit access is crucial for realizing the potential economic benefits associated with financial inclusion.

Mobile Money and GDP in the Long run

The Granger causality test results indicating that Mobile Money Subscriptions do not Granger-cause GDP growth add another layer to the discussion. This finding suggests that while mobile money services have expanded access, their role in driving economic growth may be more complex than previously assumed. It aligns with the perspective of Suri & Jack (2016), who suggest that while mobile money improves financial access and consumption, its long-term impact on economic growth may require a broader context of economic engagement and policy support.

POLICY IMPLICATIONS

The study's findings reveal critical insights for policymakers. First, enhancing financial inclusion requires not only increasing access to financial services but also addressing the underlying barriers such as financial literacy, infrastructure, and regulatory challenges. Policymakers should focus on creating an enabling environment that fosters both formal banking and mobile money services, particularly in rural areas where the informal sector predominates. Moreover, initiatives aimed at improving credit access should be prioritized, ensuring that financial products are affordable and accessible to small businesses and individuals in the informal economy. Collaborative efforts between the government, financial institutions, and fintech companies could create a more integrated financial ecosystem that drives economic growth.

This study has empirically examined the impact of financial inclusion on economic growth in Nigeria, utilizing secondary data to assess key indicators such as access to banking services, mobile money usage, and credit availability. The findings reveal a complex relationship between financial inclusion and economic growth. Notably, while Mobile Money Subscriptions (MMS) demonstrate a marginally significant positive impact on GDP growth, the overall contributions of traditional banking services and credit availability appear limited. The weak correlation between bank accounts and GDP growth, along with the lack of Granger causality from MMS to GDP growth, underscores the necessity for more comprehensive financial inclusion strategies that go beyond mere access. These findings highlight the urgent need for policies that enhance the effectiveness of financial inclusion initiatives in Nigeria, particularly in light of the challenges posed by the dual economy and the predominance of the informal sector. As Nigeria seeks to leverage financial inclusion as a catalyst for economic development, targeted strategies must be implemented to ensure that financial services translate into tangible economic benefits for the population.

In line with the study's objectives and findings, the following consolidated recommendations are proposed:

1. Enhance Mobile Money Infrastructure: Prioritize the expansion of mobile money services and improve digital literacy to promote greater adoption, particularly in rural areas.
2. Strengthen Financial Literacy Programs: Launch targeted education campaigns to empower individuals and small businesses in understanding and utilizing financial products effectively.
3. Promote Inclusive Banking Models: Develop banking services that cater to underserved populations, simplifying account opening procedures and offering tailored financial products.
4. Foster Collaboration with Fintech Firms: Encourage partnerships between the government, traditional banks, and fintech companies to create an integrated financial ecosystem that enhances access to services and drives innovation.

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