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Financial Inclusion and Economic Growth Nexus, Evidence from Nigeria

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Abstract
This study focuses on the impact of financial inclusion on economic growth in Nigeria. Primary data was gathered with the aid of questionnaires which consists of a sample size of 180. Two hundred and twenty (220) questionnaires were distributed among individuals, owners of small and medium scale enterprises within Nigeria, but one hundred and eighty were retrieved representing a response rate of 81.81%. Simple linear Regression analysis was used in testing the three hypotheses: local credit influence on economic growth, effect of financial inclusion on economic growth and the impact of commercial bank deposits on economic growth, our findings showed that there is significant relationship between local credit and economic growth in Nigeria, It was also found in this study that there is significant relationship between financial inclusion and economic growth and that there is significant relationship between commercial bank deposits and economic growth. Environmental factors have an impact on planning and forecasting in business management and there was a positive relationship between planning and forecasting. This was reviewed through the response obtained. I, therefore recommend that Central Bank of Nigeria should increase its vigor for pursuing financial inclusion as it not only helps with economic growth as espoused in literature, but also effectuates monetary policy in Nigeria.

Keywords: Financial inclusion, economic growth, financial service.

1.0 Introduction

The desire by developing countries to catalyze economic growth has led to a rethink of growth strategies, and, incidentally the idea of financial inclusion as a driver of economic growth has been on the front burner in recent times. Financial inclusion is defined as a process which allows for ease of access to, or availability of and usage of formal financial systems by members of the economy. It is today, widely considered as a right of all citizens to social inclusion, better standards of living and a tool for strengthening the economic capacity and capabilities of the poor in a nation (Banco Central do Brazil, 2010). Mehrotra (2009) posits that access to financial services allows the poor to save money outside the house safety and helps in mitigating the risks that the poor faces because of economic shocks. Hence, providing access to financial services is increasingly becoming an

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area of concern for every policymaker because of the evident reasons that it has for reaching economic and social implications.

Financial inclusion as a tool for driving economic growth became popular following the successes recorded in many countries in Asia with the attendant result of significant poverty reduction hence the recommendation of such strategy for countries in Sub-Sahara Africa. This is definitely in tandem with the supply leading postulation of the finance-development interaction. The need to achieve inclusive economic growth is a strong reason to pursue any development approach that encapsulate financial inclusion especially in Nigeria where the gap between the rich and the poor is so wide and many people fall below the poverty line to a category of people living in extreme poverty despite the enormous resources Nigeria boasts of.

The exclusion of many Nigerians from financial services may not be unconnected with this abysmal performance of Nigeria in lifting her citizens out of poverty. Nigeria's real growth can only be assured if steps are taken to ensure that her social and economic development is all inclusive. Sanusi (2010) opined that economic growth would be achieved at a faster rate, if all segments of the population have access to financial services. The governments of Nigeria and other developing countries have made financial inclusion (FI) a priority and this is evidenced by the evolving policy strategy on FI, coupled with regulatory reforms and new funding vehicles as announced by the Federal Government in 2011.

The Nigerian Government has set a target of reaching full inclusion by 2020 and the FI strategy is considered relevant to achieving Central Bank of Nigeria's (CBN) objective of maintaining external reserves, to safeguard the international value of the Naira. This objective among others is believed to be achievable, as FI brings about increased access to finance for micro, small and medium scale enterprises thus leading to greater productivity, increased non-oil export and subsequently stabilizing the demand for the dollar.

Enhancing Financial Innovation and Access (EFInA) (2013) defines financial inclusion as the provision of a broad range of high quality financial products such as savings, credit, insurance, payments and pensions, which are relevant, appropriate and affordable for the entire adult population especially the low-income segments of the economy. Financial Access Initiative (FAI) has estimated that 2.5 billion adults, just over half of the world's population, do not use formal financial services to save or borrow- 62% of adults, nearly 2.2 billion, living in Asia, Africa, Latin America and Middle East are un-served. A little more than 800

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million live on less than $5 per day. Nigeria is not an exception with a large population of financially un-served adult people put at 46.3% in 2010 (EFInA, 2010 in Paul, 2013). Financial Inclusion is critical to the attainment of poverty reduction, removal of barriers to economic participation of rural dwellers, women, youths, and those at the bottom of poverty.

1.1 Statement of the Problem

The continuous increase in the poverty rate in Nigeria in the last few years after the somewhat steady growth and decrease in poverty level achieved in the period between 2002 -2011 has necessitated the need for a rethink of growth and development strategies to address the problem. Evidently, the remarkable success recorded through the implementation of the National Economic Empowerment and Development Strategy in the Obasanjo years which distilled to the States and Local Governments may not be unconnected to the inclusiveness in programme conceptualization and implementation that took cognizance of the welfare of the common man.

The Central Bank of Nigeria had at the onset of the introduction of the Microfinance Regulatory and Supervisory Framework in year 2005 identified the ineffective mobilization of savings for economically viable activities as a consequence of the large number of unbanked Nigerians especially in the rural areas and semi-urban settlements when compared to the potential capacity of bankable citizens and those who have access to financial services in urban areas with this somewhat financial exclusion engendering increasing poverty.

Now with a disproportionate number of Nigerians excluded from the provision of financial services and by implication lack of access to productive assets, the reason for increasing poverty rate is not far-fetched and it does make sense for an empirical investigation of the possible impact of financial inclusion on economic growth with the aim of helping to shape the policy thrust of the government and players in the financial system.

2.0 Literature review

The traditional idea of financial inclusion is the provision of access to and usage of diverse, convenient, affordable financial services. Access to and use of financial services is one of the major drivers of economic growth. Financial Inclusion covers sustainable, relevant, cost effective and meaningful financial services for the financially underserved population especially rural dwellers. Wikipedia (2013) defines financial inclusion as the delivery of financial services at affordable price and terms to the generality of the populace especially the

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disadvantaged and low-income segment of the society. Centre for Financial Inclusion (2013) sees financial inclusion as a state in which all people who can use financial services have access to a complement of quality financial services, provided at affordable prices, in a convenient manner and with dignity for the clients.

The various financial services include credit, savings, insurance and payments and remittance facilities'. Kuri and Laha (2011) defined it as a, 'process of bringing the weaker and vulnerable sections of society within the ambit of the organized financial system. It creates conditions for access to timely and adequate credit and other financial services by vulnerable groups, such as weaker sections and low-income groups at affordable cost.

Okafor (2012) observed that financial inclusion accelerates the flow of credit to small-scale enterprises, which serves as a new engine of sustaining small- scale enterprises growth and balance development, because credit provides a significant source of employment and income to the rural dwellers. Goodland, Onumah and Amadi (2012) and Yaron, Benjamin and Piprek (2013) reported that financial inclusion enhances efficient allocation of resources through financial intermediation. Financial intermediation is the movement of money from those who have an excess to those who have shortage. The movement of money to those who make use of it improves resource allocation efficiency especially in rural areas.

With the failure of public enterprises in Nigeria and a clear departure from public sector owned business venture to private sector driven economy for sustainable development, needed support must be extended towards creating and developing rural dwellers enterprises. In recent years small and medium sized enterprises have created most jobs. Affirmative action programmes in self-employment, entrepreneurial skills development and small and medium enterprise development are strongly recommended because they are significant for at least three related reasons: they represent a potentially viable alternative to wage employment; sometimes such employment better enables rural dwellers to combine work with their reproductive role especially family responsibilities; and because the successful development of rural dwellers owned enterprises will determine whether the informal sector is a sector of last resort.

According to Obademi (2014) though there had been an increase in payment options in urban areas consequent upon the introduction of the cashless policy especially in of different forms of remote access to financial services beyond bank

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branches with its attendant benefits, the sustainability of financial inclusion in rural dwellers in Nigeria must also be done through a variety of different channels which include mobile phones, automated teller machines (ATMs), Point-of-Sale (PoS) devices and Agent Banking. Mobile banking payments are payment services operated under financial regulation and performed from or via a mobile device like phones. It has to do with payment transaction where the mobile phone plays a key role in the initiation, authorization and/or consummation of the transactions.

Point- of- sales (PoS) are seen where sales are made for products and services and it is an important focus for marketers because consumers tend to make purchasing decisions on very high margin products or services at these strategic locations. The introduction of PoS as one of the means for financial inclusion sustainability in rural dwellers is a great concern due to the level of understanding of rural dwellers in terms of internet usage. This is because PoS is looked at both on macro and micro levels. On a macro level, a point of sale may be a shopping mall, market, or city. On a micro-level, retailers consider a point of sale to be the area surrounding the counter where customers pay money.

Agent banking is a retail or postal outlet contracted by a financial institution or a mobile network operator to process clients' transactions. Rather than a branch teller, it is the owner or an employee of the retail outlet who conducts the transaction and lets clients deposit, withdraw, and transfer funds, pay their bills, inquire about an account balance, or receive government benefits or a direct deposit from their employer. Agent banking and mobile payments, especially in developing economies are rapidly evolving and making tremendous impact in the economies and lives of its citizenry especially the rural dwellers.

Classical Economics Theory

The earliest proponent of free market economy was first discussed in the Classical 1776 wealth of nations by Adam Smith. He advocated for the invincible hand in the economic set-up where the economy was to be left to operate on its own and the forces of supply and demand interact to bring about an equilibrium state in the economy of a country. According to Adam Smith, the classical economic theory is rooted in the concept of a laissez-faire economic market. He argued that the services provided by financial intermediaries such as mobilizing savings, evaluating projects, managing risks, monitoring managers, and facilitating transactions are essential for technological innovation and economic development. The predetermined component of financial development is robustly correlated

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with future rates of economic growth, physical capital accumulation, and economic efficiency improvements.

Keynesian Economic Theory

Keynes (1930) in his treatise on money also highlighted the importance of the banking sector in economic growth. He suggested that the bank credit is the pavement along which production travels, and the bankers if they knew their duty, would provide the transport facilities to the maximum extent that is required in order that the productive powers of the community can be employed at their full capacity. In the same spirit, Robinson (1952) while strengthening the demand following perspective of the causality between finance and development argued that financial development follows growth and articulated this causality argument by suggesting that where enterprise leads finance follows. Both, however, recognized this as a function of current institutional structure, which is not necessarily given. Keynesian economics relies on government spending to jumpstart a nation's economic growth during sluggish economic downturns. Like classical economists, Keynesians believe the nation economy is made up of consumer spending, business investment and government spending. In the Keynesian theory, financial inclusion occurs due to an expansion in government expenditure. To reach full employment; the government should inject money into the economy by increasing government expenditure.

Several scholars and researchers have reviewed the concept of financial inclusion and economic growth. Aduda and Kalunda (2012) did a study on financial Inclusion and Financial Sector Stability with reference to Kenya and established that the existing studies had shown that financial exclusion had its roots in social exclusion which indicates the depth and importance of financial inclusion in creating inclusive development. Their study concludes that enhanced measures of financial inclusion which include both access and usage should be applied, since access and usage are not the same but supplementary. Informal financial services should also be included as they play a big role in developing countries.

Andrianaivo and Kpodar (2011) conducted a study on Information Communication and Technology (ICT), financial inclusion, and growth with evidence from African countries. Their study concentrated on the impact of information and communication technologies (ICT), especially mobile phone rollout, on economic growth in a sample of African countries from 1988 to 2007. Additionally, this study investigated whether financial inclusion was one of the channels through which mobile phone development influenced economic growth. In estimating the impact of ICT on economic growth, Andrianaivo and Kpodar

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(2011) used a wide range of ICT indicators, including mobile and fixed telephone penetration rates and the cost of local calls. They addressed any endogeneity issues by using the system Generalized Method of Moment (GMM) estimator. Financial inclusion was captured by variables measuring access to financial services, such as the number of deposits or loans per head, compiled by Beck, Demirguc-Kunt, and Martinez Peria (2007) and the Consultative Group to Assist the Poor (CGAP, 2009). The results confirm that ICT, including mobile phone development, contribute significantly to economic growth in African countries. Part of the positive effect of mobile phone penetration on growth comes from greater financial inclusion. At the same time, the development of mobile phones consolidates the impact of financial inclusion on economic growth, especially in countries where mobile financial services take hold.

Hariharan and Marktanner (2012) posited that the lack of Financial Inclusion is a multifaceted socioeconomic phenomenon that results from various factors such as geography, culture, history, religion, socio economic inequality, structure of the economy and economic policy. Financial Inclusion indicates that majority of the population have access to a portfolio of quality financial products and services which include loans, deposit services, insurance, pensions, and payment systems, as well as financial education and consumer protection mechanisms. Greater FI can promote economic development through the establishment of mechanisms that allow more access to products and services of financial institutions.

Sarma and Pais (2010) asserted that a financially inclusive system helps in reducing the prevalence of informal financial institutions that are in most cases exploitative, it encourages easy access to capital and usage of the formal financial system by all segments of the economy.

3.0 Methodology

Primary data was gathered with the aid of questionnaires which consist of a sample size of 180. Two hundred and twenty (220) questionnaires were distributed among individuals, owners of small and medium scale enterprises within Nigeria, but one hundred and eighty was retrieved representing a response rate of 81.81%. Simple linear Regression analysis was used in testing the three hypotheses

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4.0 Presentation of Results, Analysis, and interpretation of Data (result)

Table 4.2: What is your occupation				
Occupation	**Frequency**	**Percent**	**Cumulative Frequency**	**Cumulative Percent**
Entrepreneur	48	26.67	48	26.67
Trader	41	22.78	89	49.44
Civil servant	39	21.67	128	71.11
Others	52	28.89	180	100.00

Source: Field Survey, 2018

The result of the analysis presented in Table 4.2 and Figure 4.2 show that majority (26.67%) of the 180 respondents that took part in this study were entrepreneur, 41 (22.78%) of the respondents were traders, 39 (21.67%) were civil servants and 52 (28.89%) were into other occupations not listed in this study. This implies that the researcher elicit information from the accurate respondents for this study.

Table 4.3: Distribution of Respondents by Monthly income				
Monthly income	**Frequency**	**Percent**	**Cumulative Frequency**	**Cumulative Percent**
Below ₦20,000	22	12.22	22	12.22
₦20,000 to ₦40,000	63	35.00	85	47.22
₦41,000 to ₦60,000	35	19.44	120	66.67
Above ₦60,000	60	33.33	180	100.00

Source: Field Survey, 2018

From the questionnaires collected, which is presented in Table 4.6 and Figure 4.6, 22 (12.22%) of entrepreneur, traders, and civil servants that participated in this study were earning below ₦20,000, 63 (35.00%) were earning ₦20,000 to ₦40,000 monthly, 35 (19.44%) were earning ₦41,000 to ₦60,000 monthly, and 60 (33.33%) were earning more than ₦60,000 monthly.

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4.3a: ANALYSIS OF DATA RELATED TO THE IMPACT OF FINANCIAL INCLUSION ON ECONOMIC GROWTH IN NIGERIA

Table 4.3a: To what extent has local credit enhanced economic growth?

Indicators	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree	
	Freq.	*Percent*	*Freq.*	*Percent*	*Freq.*	*Percent*	*Freq.*	*Percent*	*Freq.*	*Percent*
Local credit can boost the economy of the country	60	33.33	94	52.22	15	8.33	8	4.44	3	1.67
Local credit is cheaper to obtain	13	7.22	24	13.33	10	5.56	87	48.33	46	25.56
Local credit is convenient and easily accessed by Citizens	12	6.67	30	16.67	25	13.89	72	40.00	41	22.78
Local credit improves the standard of living of the people in the country.	80	44.44	84	46.67	6	3.33	10	5.56	0	0.00
Local credit reduce the gap between rich and poor	54	30.00	92	51.11	12	6.67	19	10.56	3	1.67
Local credit is a means for the government to alleviate poverty.	49	27.22	88	48.89	15	8.33	23	12.78	5	2.78
Local credit is not meant for low income earners.	26	14.44	38	21.11	8	4.44	60	33.33	48	26.67
Micro financing does form part of local credit	64	35.56	71	39.44	11	6.11	20	11.11	14	7.78
Education determines the accessibility to financial services.	40	22.22	55	30.56	29	16.11	45	25.00	11	6.11
Local credit cannot sufficiently meet the needs of users.	34	18.89	50	27.78	10	5.56	65	36.11	21	11.67

Source: Computed by Author

Table 4.3a elicit information from the 180 entrepreneur, traders, and civil servants that participated in this study on the extent to which local credit has enhanced economic growth of Nigeria, 85.55% affirmed (Strongly Agree and Agree) that

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local credit can boost the economy of the country, 73.89% disagreed (Strongly Disagree and Disagreed) that local credit is cheaper to obtain, 62.78% disagreed (Strongly Disagree and Disagreed) that local credit is convenient and easily accessed by Citizens, 91.11% concurred (Strongly Agree and Agree) that local credit improves the standard of living of the people in the country, 81.11% affirmed (Strongly Agree and Agree) that local credit reduce the gap between rich and poor, 76.11% concurred (Strongly Agree and Agree) that local credit is a means for the government to alleviate poverty, 60% disagreed (Strongly Disagree and Disagreed) that local credit is not meant for low income earners, 75% affirmed (Strongly Agree and Agree) that micro financing does form part of local credit, 50% of the entrepreneur, traders, and civil servants that participated in this study concurred (Strongly Agree and Agree) that education determines the accessibility to financial services, and majority of the respondents of this study disagreed (Strongly Disagree and Disagreed) that local credit cannot sufficiently meet the needs of user.

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Table 4.4: Opinion of respondents on the extent of the effects of financial inclusion of economic growth in Nigeria.
Source: Computed by Author

Indicators	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree	
	Freq	*Percent*	*Freq*	*Percent*	*Freq*	*Percent*	*Freq*	*Percent*	*Freq*	*Percent*
Financial Inclusion does not ensure Economic Growth	22	12.22	10	5.56	5	2.78	63	35.00	80	44.44
Financial services is available to all adult citizens	12	6.67	29	16.11	23	12.78	74	41.11	42	23.33
Unbanked individuals deposits boost the economy of a country	51	28.33	68	37.78	9	5.00	34	18.89	18	10.00
All financial services attracts no or low lending rate	11	6.11	17	9.44	10	5.56	83	46.11	59	32.78
Financial inclusion does not increase the National Income in the country	18	10.00	23	12.78	28	15.56	57	31.67	54	30.00
Low income earners are the target for Economic growth	23	12.78	19	10.56	6	3.33	60	33.33	72	40.00
Financial products and services can be easily accessed by individuals.	27	15.00	11	6.11	8	4.44	69	38.33	65	36.11
Financial inclusion reduces the mortality rate in the country.	51	28.33	59	32.78	13	7.22	36	20.00	21	11.67
Financial inclusion of low income earners does not structurally build the economy	21	11.67	32	17.78	17	9.44	66	36.67	44	24.44
Owning an account with a bank is not the first step to financial inclusion	48	26.67	39	21.67	40	22.22	37	20.56	16	8.89

Concerning the extent to which financial inclusion had improved the economic growth in Nigeria; 79.44% of the 180 respondents concurred (Strongly Agree and Agree) that financial inclusion does not ensure Economic Growth, 64.44% agreed (Strongly Agree and Agree) that financial services is available to all adult citizens, 66.11% disagreed (Strongly Disagree and Disagreed) that unbanked individuals

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deposits boost the economy of a country, 78.89% disagreed (Strongly Disagree and Disagreed) that all financial services attracts no or low lending rate disagreed (Strongly Disagree and Disagreed) that 61.67% disagreed (Strongly Disagree and Disagreed) that financial inclusion does not increase the National Income in the country, 73.33% disagreed (Strongly Disagree and Disagreed) that low income earners are the target for Economic growth, 74.44% disagreed (Strongly Disagree and Disagreed) that financial products and services can be easily accessed by individuals, 61.11% of the entrepreneur, traders, and civil servants that participated in this study attested (Strongly Agree and Agree) to the fact that financial inclusion reduces the mortality rate in the country, 61.11% disagreed (Strongly Disagree and Disagreed) that financial inclusion of low income earners does not structurally build the economy and majority of the respondents of this study concurred (Strongly Agree and Agree) that owning an account with a bank is not the first step to financial inclusion.

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Table 4.5: Opinion of respondents on the issue of the effect of commercial banks deposits on economic growth.

Indicators	Strongly Agree		Agree		Undecided		Disagree		Strongly Disagree	
	Freq	*Percent*	*Freq*	*Percent*	*Freq*	*Percent*	*Freq*	*Percent*	*Freq.*	*Percent*
The closeness of a bank to resident increases the chances of saving.	48	26.67	74	41.11	7	3.89	41	22.78	10	5.56
Opening an account with the bank is easy and costless	51	28.33	68	37.78	12	6.67	34	18.89	15	8.33
Owning an account with a bank increases one's access to financial services.	60	33.33	67	37.22	0	0.00	41	22.78	12	6.67
Deposits determine the volume of loan available to individuals.	51	28.33	79	43.89	5	2.78	26	14.44	19	10.56
Income determines the level of money deposits in bank.	55	30.56	90	50.00	0	0.00	28	15.56	7	3.89
The volume of deposits in bank determines the level of economic growth.	16	8.89	51	28.33	12	6.67	59	32.78	42	23.33
bank deposits increases the level of economic investment	58	32.22	63	35.00	15	8.33	18	10.00	26	14.44
Deposits are essential in the process of intermediation.	54	30.00	77	42.78	13	7.22	24	13.33	12	6.67
Interest paid on deposits encourages savings	8	4.44	12	6.67	17	9.44	84	46.67	59	32.78
People have orientation on the need to save	40	22.22	29	16.11	20	11.11	54	30.00	37	20.56

Source: Computed by Author

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According to the responses of the 180 entrepreneur, traders, and civil servants on the impact of commercial bank deposit on economic growth; 67.78% attested (Strongly Agree and Agree) to the fact that the closeness of a bank to resident increases the chances of saving, 66.11% concurred (Strongly Agree and Agree) that opening an account with the bank is easy and costless, 70.55% affirmed (Strongly Agree and Agree) that owning an account with a bank increases one's access to financial services, 72.22% concurred (Strongly Agree and Agree) that deposits determine the volume of loan available to individuals, 80.56% affirmed

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(Strongly Agree and Agree) that income determines the level of money deposits in bank, 56.11% disagreed (Strongly Disagree and Disagreed) that the volume of deposits in bank determines the level of economic growth, 67.22% affirmed (Strongly Agree and Agree) that bank deposits increases the level of economic investment, 72.78% affirmed (Strongly Agree and Agree) that deposits are essential in the process of intermediation, 79.45% disagreed (Strongly Disagree and Disagreed) that interest paid on deposits encourages savings and people have orientation on the need to save.

Testing of hypotheses.

Three research hypotheses were formulated to enable the researcher to subject some important aspects of the data to statistical verifications.

In an attempt to test the hypothesis which states there is significant relationship between local credit and economic growth in Nigeria, regression analysis was carried out and the results presented in table 4.6

Table 4.6: Summary of Regression Analysis of local credit on economic growth in Nigeria[a]						**Model Summary**[b]	
Variable	**Label**	**Parameter Estimate**	**Standard Error**	**t Value**	**Pr > |t|**		
Intercept	Intercept	0.25860	0.09014	2.87	0.0046	**R-Square**	0.8149
	Local credit	0.91403	0.03265	27.99	<.0001	**Adj R-Square**	0.8139

a. Predictors: (Constant), Local credit.
b. Dependent Variable: Economic growth in Nigeria.

Table 4.6 above the effect of local credit on economic growth of Nigeria.

The estimated model between local credit and economic growth in Nigeria is presented thus: Economic growth in Nigeria = 0.25860 + 0.91403 Local credit.

The regression equation shows that there is a positive relationship between local credit and economic growth in Nigeria. The coefficients of the regression model show that an increase in the local credit for Nigerians by 1 unit on average will lead to an increase in economic growth of Nigeria by 0.91403. The coefficient of multiple determination ($R^2 = 0.8149$) implies that the model exhibited high explanatory power and is a good fit. That is, within the context of the model, about 81.49% of total variations in economic growth of Nigeria are attributed to local credit, and only 18.51% unexplained variations can be attributed to other factors outside our model.

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The probabilities of 0.001 indicates that there is significant relationship between local credit and economic growth in Nigeria at all statistical conventional levels.

In testing the hypothesis which states that there is no significant relationship between financial inclusion and economic growth, regression analysis was carried out and the result presented in table 4.7.

<table>
<tr><th colspan="6">Table 4.7: Summary of Regression Analysis of financial inclusion on economic growth[a]</th><th colspan="2">Model Summary[b]</th></tr>
<tr><th>Variable</th><th>Label</th><th>Parameter Estimate</th><th>Standard Error</th><th>t Value</th><th>Pr > |t|</th><th></th><th></th></tr>
<tr><td>Intercept</td><td>Intercept</td><td>0.61878</td><td>0.12942</td><td>4.78</td><td><.0001</td><td>R-Square</td><td>0.5962</td></tr>
<tr><td></td><td>Financial inclusion</td><td>0.82222</td><td>0.05072</td><td>16.21</td><td><.0001</td><td>Adj R-Square</td><td>0.5939</td></tr>
</table>

a. Predictors: (Constant), Financial inclusion.
b. Dependent Variable: Economic growth.

As depicted in Table 4.6, the estimates of the model coefficients for β_0 (Intercept) is 0.25860, and β_1 (Financial inclusion) is 0.61878. Therefore, the estimated model between financial inclusion and economic growth is presented thus:
Economic growth = 0.61878 + 0.82222 Financial inclusion.

The regression equation shows that the relationship between financial inclusion and economic growth is positive. 0.61878 is the average value of economic growth when the effect of financial inclusion is constant. The result also reveals the significance of the relationship between financial inclusion and economic growth; the coefficient of multiple determination (R^2 = 0.5962) implies that the model exhibited high explanatory power and is a good fit. That is, within the context of the model, about 59.62% of total variations in economic growth of Nigeria are attributed to financial inclusion, and only 40.38% unexplained variations can be attributed to other factors outside our model.

The probability of 0.001 in the above table indicates that there is significant relationship between financial inclusion and economic growth. Therefore, the null hypothesis that states that there is no significant relationship between financial inclusion and economic growth should be rejected.

In an attempt to adequately test the hypothesis which states that there is no significant relationship between commercial bank deposits and economic growth, regression analysis was carried out and the results presented in table 4.8.

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Table 4.8: Summary of Regression Analysis of commercial bank deposits on economic growth[a]						**Model Summary[b]**	
Variable	**Label**	**Parameter Estimate**	**Standard Error**	**t Value**	**Pr > |t|**		
Intercept	Intercept	1.39613	0.13307	10.49	<.0001	**R-Square**	0.6352
	Commercial bank deposits	0.92365	0.05246	17.61	<.0001	**Adj R-Square**	0.6332

a. Predictors: (Constant), Commercial bank deposits.
b. Dependent Variable: Economic growth.

The regression equation shows that the relationship between commercial bank deposits and economic growth is positive. 1.39613 is the average value of economic growth when the effect of Commercial bank deposits is constant. The coefficients indicate that a unit increase in the Commercial bank deposits on the average will lead to change in economic growth of Nigeria will increase by 0.92365. The coefficient of determination ($R^2 = 0.6352$) implies that the model exhibited high explanatory power and is a good fit. That is, within the context of the model, about 63.52% of total variations in economic growth are attributed to commercial bank deposits, and only 36.48% unexplained variations can be attributed to other factors outside our model. The result also shows that the independent variable (commercial bank deposits) is statistically significant to the dependent variable (economic growth) at all conventional levels (1%, 5% and 10%). Hence, the null hypothesis should be rejected.

Conclusion and Recommendations

Financial inclusion can benefit a country's economy immensely if regulatory challenges are appropriately addressed to provide the financially excluded with access to finance. Access to financial services is increasing in many economies worldwide and Nigeria is not excluded. This study analyzes the impact of financial inclusion on economic growth in Nigeria. The findings are instructive. As a general note, financial inclusion is a veritable strategy for improving the nation's economy. This study concludes that there is significant relationship between commercial bank deposits and economic growth. Increase in bank deposits will be of advantage to the economy of Nigeria, it is important to educate people on the importance of saving, the process of obtaining loans, repaying loans on time, investing their money, and insuring themselves against financial shocks.

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The following policy considerations are recommended:

- Central Bank of Nigeria should increase its vigor for pursuing financial inclusion as it not only helps with economic growth as espoused in literature, but also effectuates monetary policy in Nigeria.
- There is a need to take effective steps to enhance the extent of financial inclusion in Nigeria which will help to reduce poverty and to create productive employment opportunities. There is a need to particularly focus on deprived and socially excluded segments by providing them with easy and affordable access to various financial services by removing various obstacles. Financial institutions can simplify their procedures, offer appropriate products, run campaigns to create awareness about various products, and can also waive the collateral requirement for small loans.
- Financial institutions should provide small loans at subsidized rates to the masses living in remote, under developed and unprivileged areas which will help people living in these areas to become a part of the country's economic growth process and ultimately benefit from this process which will improve the overall welfare of the society.

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