



The Role of Money Supply in Economic Growth Enhancement: The Case Study of Nigeria

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Abstract

The study examines the role of money supply in boosting economic growth in Nigeria. The objective of the study is to establish the individual influences of money supply components on economic growth in Nigeria. The study employs data from 2009 to 2018 and uses Ordinary Least Squares regression technique for analysis of the data. The findings reveal that broad money supply (M2) has an insignificant negative influence on RGDP, while M3 and credit to private sectors (CPS) exert insignificant positive influence on RGDP. The study among others suggests that the Monetary Authority in the country should come up with monetary policies that will help drive the economy better and such policies should include reduction of interest rates on credits given to the private sectors. This measure will go a long way to expand private sector businesses and create jobs.

Keywords: Money supply, broad money, credit to private sectors, economic growth, Nigeria.