



THE IMPACT OF FINANCIAL INNOVATION ON ECONOMIC GROWTH IN NIGERIA

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Abstract

Financial innovation has introduced a new dimension to modern financial services and its impact cannot be underestimated. Various scholars and researchers have conducted empirical analysis to determine the relationship between financial innovation and the economic growth of a country, though very few of them relate to Nigeria. The main objective of the study is to investigate the impact of financial innovation on economic growth in Nigeria over the period from 2012 to 2018. Data was sourced from the Central Bank of Nigeria (CBN), the Nigeria Interbank Settlement System (NIBSS) and the National Bureau of Statistics (NBS). During this study, three proxies of financial innovation (NIBSS Instant Payment, ATM and AGENT BANKING) was regressed on a growth indicator (RGDP). Regression analysis was performed using the E-views statistical package to find out whether the variables are related to each other in the model. Based on analysis, it was found that the regression coefficient of the value of transactions via the Nigerian Interbank Settlement System (NIBSS) and Agent banking are positively signed indicating that they positively influence economic growth, though not in a significant way during the period studied. However, the value of ATM transactions surprisingly showed a negative and significant relationship with economic growth. Based on the findings, the study concluded that Financial innovation would increase economic growth. In line with the findings of the study, the study portrays the urgent need for regulatory bodies such as the central bank to introduce more

innovative payment solutions in the economy, because the speed to transaction and ease of payment goes a long way to impact economic growth.

Keywords: Financial innovation, financial inclusion, economic growth, financial literacy

INTRODUCTION

Innovation originates from the Latin word “innovatus” which means “to make something new”. Financial innovation is an ongoing process which entails the introduction and promotion of financial products and services, the development of new processes, as well as the interaction with customers and the development of new structures for financial institutions to respond to the continuously changing economic environment, (Mention, 2011). Financial innovation raises the efficiency of financial intermediation by increasing the variety of financial products and services, resulting in improved matching of the needs of individual savers with those of firms raising funds for expanding future product. It spurs economic growth and transformation of the financial system of a country. The Nigerian financial system can be broadly divided into two sub-sectors, the informal and formal sectors. The informal sector has no formalized institutional framework, no formal structure of rates and comprises the local money lenders, thrifts, savings and loans associations and all forms of ‘esusu’ associations. According to Olofin and Afandigeh (2008) this sector is poorly developed, limited in reach and not integrated into the formal financial system. Its exact size and effect on the economy remain unknown and a matter of speculation. The formal sector, on the other hand, could be clearly distinguished into the money and capital market institutions.

The financial services industry across the globe has transformed over the years from the traditional system of carrying out transactions and incorporated modern innovative methods of carrying out their services more efficiently to reach a wider range of consumers. The developments in the financial sector have not only contributed to increase in the number of financial institutions, but also the development in the payments system, better investment opportunities and asset alternatives to holding money. This has allowed innovative solutions to emerge, ranging from cashless payments to better investment opportunities and this has contributed to the economic growth and wellbeing of Nigerian inhabitants by permitting them to make better economic decisions.

The Nigeria financial system which comprise of the formal and informal sector contributes 3.00% to the country's GDP (Nigeria GDP report 2018). Nigeria and many developing economies operate a cashed based financial system, where the use of cash is the

prevalent method of making payments. However, in 2012, the Central Bank of Nigeria adopted a modern financial system which is termed “cashless policy” characterized by the adoption and emergence of innovative methods of making payments such as the Automated Teller Machine [ATM], Point of Sale [POS], electronic payment system, internet banking, mobile money and easier processes of transfer of funds from net savers to investors of funds. This innovation in the financial system has made banking operations easier for both the banks and their customers, it has reduced the risk associated with traditional methods of banking and has promoted continuous growth and development of the financial services industry in Nigeria.

Recently, the Central Bank of Nigeria (CBN) collaborated with groups, such as the Nigerian Communication Commission (NCC), commercial banks, mobile money operators and telecommunications companies to introduce new regulations to guide the licensing and operations of Payment Services Banks (PSBs) in the country. The PSBs are projected to facilitate high-volume low value transactions in remittance services, micro-savings and withdrawing services in a secured technology-driven environment to further deepen financial inclusion and help in attaining the policy of 20% inclusion rate by 2020 (CBN, October 2018).

Furthermore, the financial market under the regulation of the Nigeria Stock Exchange (NSE) and Securities and Exchange Commission (SEC) has grown tremendously since inception. There has been a great deal of reform, which to some extent has enhanced market liquidity, introduced alternative trading platforms and created an enabling environment supportive of new products like e-Dividend, trading alert market making, Exchange Traded Funds (ETFs), Real Estate Investment Trusts (REITs),etc, channeled towards promoting innovation in the financial market. The well-functioning financial market, both the money market and capital market, immensely influence the financial development process with optimal allocation, diversified investment opportunities (Wang, 2013).

Although financial innovation play a positive role on the growth of the Nigerian economy, some of the problems that have been associated with the adoption of financial innovation are; lack of adequate financial literacy education, low rate of financial deepening and financial inclusion, gender gap in account ownership, poor telecommunication service in rural areas, low level of infrastructural development and inadequate security measures.

According to statistics, ownership of an account with a financial institution or a mobile money provider dropped by 4 percentage points from 44% in 2016 to 40% in 2017 (The Global Findex Database, 2017). The report further states that the gender gap in account ownership widened by 24%, with 51% men owning an account compared to 27% women. One of the factors behind this is that Nigeria is ranked 124th in gender literacy inequality worldwide and

initiatives that boost supply of financial services in Nigeria are more likely to benefit Nigerian men.

All financial institutions in Nigeria have adopted financial technology innovation platform in a bid to promote financial deepening and financial inclusion in the economy, but a large percentage of the Nigeria population remain unbanked (Akinwunmi, Muturi&Ngumi, 2017), therefore the rate of financial innovation adoption is slow. Recent data shows that in 2016, 58.4% of the Nigeria 96.4 million adults were financially included and only 48.6% of all adults used formal financial services (Nigeria Financial Inclusion Strategy, 2018). This has set Nigeria off-track to meet the projected 80% adult financial inclusion by the Nigeria Financial Inclusion Strategy (NFIS) in 2020.

Furthermore, the effect of financial innovation on the economic growth of the Nigerian economy cannot be improved without adopting adequate financial literacy education. There is a need to ensure that a large percentage of the Nigeria population are financially literate. Recent studies reveal that 68% of the Nigeria adult population live in rural areas and most of them has either no formal educational qualification or has only completed(some) primary education (Nigeria Financial Literacy Baseline Survey Report, 2015). This suggests that majority of the financially excluded are educationally disadvantaged and are rural dwellers who are not interested in owning bank accounts or carrying out transactions with mobile money agents. They consider the procedures and technologies involved in adopting financial innovation products and services too ambiguous and overwhelming for people who do not know how to read and write.

According to Okafor, Ezeaku and Anyalechi, (2017), technological advances has facilitated the banking system to invest hugely in electronic and internet banking facilities; Automated Teller Machines (ATM), Point of Sale (POS), Mobile banking software and applications, digital database etc. The effectiveness of these investments has been hindered by inadequate power supply and deficiencies in Nigeria's telecommunication services.

This research will investigate the growth of financial innovation, its impact on economic growth in Nigeria and whether increased financial innovation can be good for the economy. In order to investigate the problems and evaluate the cited objectives, the following hypotheses will be tested:

1. Ho: There is no significant effect of the value of NIBBS instant payment transactions on economic growth
2. Ho: There is no significant relationship between the Automated Teller Machine (ATM) innovation and economic growth
3. Ho: There is no significant relationship between financial inclusion and economic growth

LITERATURE REVIEW

Theoretical Literature

The theories relating to the contribution of financial innovation to economic growth are classified into two: innovation theories and growth theories. These theories tried to establish the relationship between innovation and economic growth.

American economist Silber (1983) proposed the constraint-induced financial innovation theory which is one of the most influential theories of financial innovation. This theory pointed out that the purpose of profit maximization of financial institution is the key reason of financial innovation. There are some restrictions (including external handicaps such as policy and internal handicaps such as organizational management) in the process of pursuing profit maximization. Though these restrictions not only guarantee the stability of management, they reduce the efficiency of financial institution, so financial institutions strive toward casting them off. Scylla et al. (1982), put forward the regulation innovation theory, which explained researching financial innovation from the perspective of economy development history. They proposed that financial innovation has a close relationship with social regulation, and it is a regulation transformation which has mutual influence and has mutual causality with economic regulation. They explained that it is very difficult to have space of financial innovation in the centrally planned economy with strict control and in the pure free-market economy, so changes induced by regulation reform in financial system can be regarded as financial innovation.

The Gerschenkron Growth Model created by Alexander Gerschenkron in the essay entitled "Economic Backwardness in Historical Perspective" in 1952, postulated that the more backward an economy is at the outset of economic development, the greater the gap between them and the level of technology in advanced countries. Gerschenkron's theory rests on the fact every historical event that takes place changes the course of all subsequent events. He holds that from the point of view of the underdeveloped countries, the advanced countries are sources of technical assistance, skilled labor and capital goods and think that because the underdeveloped countries borrow these things from advanced countries, they may succeed in the process of industrialization. The Schumpeterian growth model advanced by Schumpeter (1940), identified innovation as key disturbance in the economic system. Schumpeter argued that awakening in innovation is driven by competition, new technology, competition for new supply sources and competition for cost and quality which are determinant of profit margin and output level. Innovation thus promotes growth by introducing new and most efficient ways of doing things without sacrificing quality, at minimum possible cost and time.

Empirical Literature

Existing literatures suggest that there is a positive long run relationship between the introduction of financial innovation and economic growth (Qamruzzaman and Wei 2017; Okafor et al. 2017; Pece et al. 2015). However, this relationship is dependent on the choice of proxy adopted (Ajide 2016; Bara and Mudzingiri 2016). The standard explanation for financial innovation is that it helps to provide essential banking services and products on the platform of information technology ICT, thereby enhancing financial deepening, financial penetration and economic growth.

Akinwunmi, et al. (2016) provides an excellent survey of the literature on financial innovation. The study found that in Nigeria, financial incentive - interest rates were effective for financial innovation adoption by increasing banks customers' deposit base, but interest rate is not enough to draw more people to the bank (financial penetration). Increase in the customer deposit base of banks promotes financial deepening. Nzotta and Okereke (2009) did a study to examine the financial deepening and economic development in Nigeria between 1986 and 2007. They found that financial deepening index is low in Nigeria over the years. Leaven, Levine and Michalopoulos et al. (2015) explored the impact of financial innovation on financial deepening on economic development over the past few years. The study concluded that financial innovation has been a driving force behind financial deepening and the adoption of improved financial innovation products and services has enhanced financial deepening, penetration and inclusion which eventually expedites a sustainable economic growth.

NIGERIA'S EXPERIENCE ON FINANCIAL INNOVATION

Nigeria formerly operated a cash based financial system, where the use of cash is the prevalent method of making payments. In 2012, the Central Bank of Nigeria introduced a modern financial system which is termed "cashless policy" characterized by the adoption and emergence of innovative methods of making payments such as the Automated Teller Machine [ATM], Point of Sale [POS], electronic payment system, internet banking, mobile money and easier processes of transfer of funds from net savers to investors of funds. There has been a rise in the volume and value of payment on different payment platforms attributed to increased consumer confidence and awareness in the use of financial innovative payment channels. The financial system plays a key role in the mobilization and allocation of savings for productive use, provide structures for monetary management and the basis for managing liquidity in the system. It also assists in the reduction of risks faced by firms and businesses in their productive processes, improvement of portfolio diversification and the insulation of the economy from the vicissitudes of international economic changes. In addition, the system provides connections for the different sectors of the economy and encourages a high level of specialization expertise and economies

of scale. The capital market has also experienced a lot of reforms over the years, especially as regards the capital requirements of the operators, the operational and ethical standards of the institutions and the modalities of the market mechanism.

Furthermore, the apex bank adopted policies aimed at promoting financial inclusion, financial deepening and financial innovation in the country, for instance, Nigeria launched its own National Financial Inclusion Strategy (NFIS) in October 2012. The predominant objective of the strategy is to reduce the number of Nigerian adults without access to formal financial services to 20% by 2020 from the base line figure of 46.3% in 2010 (CBN exposure draft 2015). The strategy is being implemented by a wide range of stakeholders and managed by a Governing Committee through a streamlined governance structure.

The Nigeria Inter-Bank Settlement System (NIBSS), incorporated in 1993 has promoted platforms that facilitates efficient payment system in the country. The NIBSS acts as the Nigeria Central Switch, responsible for the Interoperability between the various players in the financial system. Interoperability involves the ability of the various players Banks, Mobile Payment Operators, Non-Banking Financial Institutions, Payment Terminal Providers, Card Acquirers, Government Institutions etc., and their customers to send, receive and process funds, documents and other instruments electronically through a common channel (NIBSS website). The NIBSS also introduced the Instant Payment system which is an innovative and ground-breaking e-payment solution designed by NIBSS to service the banking industry. The service is offered through bank's internet banking, mobile and bank branch platforms for corporate and individuals as well as through the banks' branch network. NIP is an on-line instantaneous bank account numbers based Inter-bank credit transfer. NIBSS also ensures that the central switch facilitates the entry of new players into the financial industry to effortlessly plug into the financial services sector for easy operations thus creating an equal opportunity environment for all financial institutions and their customers.

In the Nigeria capital market, the exchange has established an innovation hub to incubate and fast-track ideas that meet market requirements, technology has assisted in improvement of processes like the use of block chain to enhance settlement, the use of technology to drive investment platforms, establishing a department dedicated to engaging Fintech, companies, among others. With the advent of digital technology in the global market ecosystem and its impact in Nigeria, the financial market regulators are adopting innovations in a bid to promote the nation's capital market with the use of technology.

Nigeria has continued to see a rise in the number of financial products and services created by the financial system, and this trend will obviously continue to take strengthened dimensions as the market continues to get developed.

METHODOLOGY

This study adopted descriptive research design which enables the researcher to demonstrate the relationship between the variables as it is. Ordinary least square regression technique was used to evaluate the relationship between financial innovation and economic growth. Unit root test using the Augmented Dickey Fuller test was carried out to check for stationarity or non-stationarity of the data while cointegration test was carried out to check for cointegration between nonstationary variables. This study experienced unbiased analysis. Secondary data was used through time series data from 2012-2018. All data are collated on quarterly basis from the Central Bank of Nigeria Statistical database, the NIBSS e-fact sheet and the National Bureau of Statistics (NBS) report for the period 2014-2018. Choice of the chosen period is based on data availability.

Multiple linear regression model was adopted. The Regression model is usually of the form below;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where:

Y = Dependent variable

β_0 = Constant; the value Y assumes when the independent variable is zero

β_1, β_2 and β_3 = Intercepts; the rate of change in Y

X_1, X_2 and X_3 = The independent variables

The model then becomes:

$$RGDP = \beta_0 + \beta_1 NIBSS + \beta_2 AGNT + \beta_3 ATM + e \dots\dots\dots(i)$$

Where:

RGDP = Real quarterly GDP Growth rate in Nigeria between 2012 and 2018

NIBSS NIP = Amount of quarterly payment transacted through the NIBSS instant payment between 2012 and 2018 financial years in Nigeria

AGENT = Amount of quarterly transactions performed through the agent banking function in Nigeria between 2012 and 2018 financial years in Nigeria

ATM = amount of quarterly transactions performed through the Automated Teller Machine (ATM) in Nigeria between 2012/2018 financial years

The study variable was derived from central bank of Nigeria payment statistics and the Nigeria Inter-Bank Settlement System (NIBSS). regression analysis will also be performed using the Eviews statistical package to find out whether the variables are related to each other in the model.

ANALYSIS AND DISCUSSION OF RESULTS

Table 1 explains the statistical stance of the series. From the results obtained it is indicated that the mean values of all the variables used were reported to be positive. This implies that all the variables used have recorded an increasing trend for most of the study period.

The maximum and minimum values indicate the highest points and lowest points of the variables throughout the study period. The highest value for NIBSS transactions was N23.5 trillion which occurred in quarter 4, 2018 while its lowest value of N0.3 trillion occurred in quarter 1, 2012 showing a consistent increase since inception.

The highest value for Agent banking transactions was N7.2 trillion which occurred in quarter 2, 2014 while its lowest value of N726 million occurred in quarter 3, 2012 showing a no trend since inception.

The highest value for ATM transactions was N1.8 trillion which occurred in quarter 4, 2017 while its lowest value of N0.5 trillion occurred in quarter 1, 2012 showing a no trend since inception.

The highest real GDP growth was 7.0% which was experienced in quarter 4, 2012 and it was driven by high crude oil prices and production while the lowest growth rate of -2.3% was experienced in quarter 3, 2016 and was caused by the recession as a result of lower crude oil prices and output.

The kurtosis value of AGENT (25.4) which is above the critical mark of 3, the normal distribution point, indicates that the variables are mostly clustered around their mean (that is they are leptokurtic). Also, the Jarque-Bera probability of Agent (0.00) which is less than the 5% level of significance ($P < 0.05$) indicates that the variable significantly deviates from normality.

Table 1: result of descriptive statistics

	NIBSS	AGENT	ATM	RGDP
Mean	8.395581	0.421315	1.084638	0.031675
Median	6.426965	0.127360	1.021735	0.026100
Maximum	23.57471	7.216000	1.832550	0.069900
Minimum	0.306720	0.000762	0.454790	-0.023400
Std. Dev.	6.471990	1.340488	0.418965	0.029502
Skewness	0.739611	4.899294	0.163783	-0.296844
Kurtosis	2.511260	25.35810	1.788146	1.848087
Jarque-Bera	2.831458	695.2131	1.838540	1.959265
Probability	0.242749	0.000000	0.398810	0.375449
Sum	235.0763	11.79682	30.36986	0.886900
Sum Sq. Dev.	1130.940	48.51652	4.739358	0.023500
Observations	28	28	28	28

Table 2 table deployed Augmented Dickey-Fuller (ADF) unit root test to examine the stationarity of the time series and test the null hypothesis of unit root. It is expected that the series do not contain unit root in order to find relationship among the variables in the long run. The test was carried out at level, and first difference and second difference using 5% critical value. Again, all the variables including NIBSS Instant Payment, AGENT BANKING, ATM and RGDP were all tested.

The levels of statistics of the ADF test reported none of the variables to be stationary at level and first difference. We then turn to test the remaining series at their second differences. At the 5% critical value, ADF test now reported all the economic variables to be stationary series. This finding implies that the series contains no unit root; hence, their seasonal variation has been corrected for, making them fit for regression. The result which shows more than one variable to be stationary at the same order also indicates the suspicion of co-integration among the variables and so the author subjected the economic series co-integration using the Johansen co-integration test.

Table 2 Unit root Test

VARIABLES	ADF Value	Critical value (5%)	Prob	Remark	Level of Stationarity	Order
D(NIBSS,2)	-4.847496	-1.956406	0.0000	Stationary	Second Difference	I (1)
D(AGENT,2)	-5.758327	-1.956406	0.0000	Stationary	Second Difference	I (1)
D(ATM,2)	-7.975541	-1.956406	0.0000	Stationary	Second Difference	I (1)
D(RGDP,2)	-8.965242	-1.955020	0.0000	Stationary	Second Difference	I (1)

Table 3 showed the result of the co-integration test. Johansen's co-integration test was carried out to test the long run co-integration among the variables. Before any useful conclusion could be made regarding relationships between the series it is of importance that co-integration first exists. In table 3, the result shows that at 5% critical value, six (2) co-integrating vectors exist among the economic variables. We therefore must reject the null hypothesis of no co-integration amongst the time series. Hence, the variables are interrelated with each other in the long run that is, they could move together in the long run and their existing relationships are not spurious.

Table 3: Johansen Co-Integration Test

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob. **
None *	0.740762	70.67891	47.85613	0.0001
At most 1 *	0.646781	36.92872	29.79707	0.0064
At most 2	0.352953	10.91207	15.49471	0.2169
At most 3	0.001146	0.028662	3.841466	0.8655

Trace test indicates 2 cointegrating eqn(s) at the 0.05 level

*denotes rejection of the hypothesis at the 0.05 level **MacKinnon-Haug-Michelis (1999) p-values

Table 4 Regression Analysis

Dependent Variable: RGDP				
Method: Least Squares				
Date: 05/14/19 Time: 07:56				
Sample: 2012Q1 2018Q4				
Included observations: 28				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.100919	0.018515	5.450627	0.0000
NIBSS	0.002217	0.001959	1.131447	0.2690
AGENT	0.003340	0.003014	1.108158	0.2788
ATM	-0.082298	0.030268	-2.718994	0.0120
R-squared	0.550035	Mean dependent var		0.031675
Adjusted R-squared	0.493790	S.D. dependent var		0.029502
S.E. of regression	0.020990			
Sum squared resid	0.010574			
Log likelihood	70.61125			
F-statistic	9.779168			
Prob(F-statistic)	0.000212			

Discussions of Findings

- From the result of the analysis presented in Table above, value of transactions through NIBSS have a positive effect on economic growth. This is shown by a regression coefficient of 0.002217 statistical insignificant at 5%. This shows that the value of online transactions via the NIBSS Instant Payment platform contributes to economic growth in Nigeria. Our findings reaffirm the submission of Pece et al. (2015), that positive relationship exist between economic growth and innovation.
- Value of transactions using agent banking also have a positive effect on economic growth as indicated by a coefficient of 0.003340 statistically insignificant at 5% level. This implies that the more people use agent banking, the more the economy will grow. This conforms with the findings of Motsatsi (2016), who found evidence of a positive relationship between economic growth and innovation attributed to the creation of the new products such as agent banking.
- The volume of transactions via Automatic Teller Machines (ATM) have a negative effect on economic growth. This is indicated by a regression coefficient of -0.082298. The effect is statistically significant at 5%. This means that the increase in the more people transact via the ATM, the less the economy will grow given the data available.

These findings are in conformity with the findings of Okafor et al. (2017) and Ajide (2016), which concluded that financial technological innovations (ATM transactions, Web/internet transactions, POS services, agent banking and Mobile payments) do not jointly have positive effect on growth

but dependent on the choice of proxy used. Conclusively, the table above both shows that the relationship existing between the dependent and independent variables are stated thus:

$$RGDP = 0.100919 + 0.002217*NIBSS + 0.0033402*AGENT_BANKING - 0.082298*ATM$$

From the two results, this means that NIBSS and Agent banking variables conform to a priori expectation. Their coefficients of 0.0022179 and 0.0033402 indicate that the Nigerian economy will grow by 0.002217 and 0.0033402 units if the value of transactions via these platforms increase by 1 unit, ceteris paribus. On the contrary, ATM variable of coefficient of - 0.082298 indicates that the Nigerian economy will decline - 0.082298 units if the value ATM transactions increase by 1 unit. This does not conform with the a-priori expectation.

Table 5 Summary of Regression result

Variables	Coefficients	P-Value	Decision Rule	Conclusion
NIBSS	0.002217	0.2690	P-value > 0.05	Insignificant
Agent Banking	0.0033402	0.2788	P-value > 0.05	Insignificant
ATM	- 0.082298	0.0120	P-value < 0.05	Significant

CONCLUSION AND RECOMMENDATIONS

The roles of financial innovation in the growth of the Nigeria economy cannot be undermined. The speed and ease of transactions especially payment goes a long way to determine peoples spending and ultimately economic growth. The components of financial innovation in this paper, which include the value of transactions via the Nigerian Interbank settlement System, Agent banking and ATM transactions, together affect economic growth. The OLS estimation is obtained from E-view 7 used for the purpose of analysis and the data were accessed from the Central Bank of Nigeria, the Nigerian Bureau of Statistics and NIBSS and covered the quarterly period between 2012 and 2018. Based on the hypotheses tested in the research the summary of the results are as follows:

1. The value of NIBSS transactions (NIBSS) has a positive effect on economic growth but insignificant.
2. The value of agent banking transactions (AGENT) has a positive but insignificant effect on economic growth.
3. The value of Automated Teller Machine (ATM) transactions surprisingly has a negative and significant effect on the growth of the Nigerian economic

The estimated result on the impact of financial innovation on economic growth in Nigeria; we found that the regression coefficient of the value of instant payment transactions via the Nigerian Interbank Settlement System (NIBSS) and Agent banking are positively signed indicating that they positively influence economic growth, during the period studied. However,

the value of ATM transactions surprisingly showed a negative and significant relationship with economic growth. Based on the findings, we concluded that Financial innovation would increase economic growth.

In line with the findings of the study, the study portrays the urgent need for regulatory bodies such as the central bank to continue to introduce more innovative payment solutions in the economy. This can also be done by putting in place the appropriate regulatory environment that will encourage private players to introduce innovative solutions. This is important because the speed of transaction and ease of payment goes a long way to impact economic growth.

SCOPE FOR FURTHER STUDIES

Further studies should be carried out spanning across a wider time period to reflect the long run impact of financial innovation on economic growth in Nigeria. It is also recommended that subsequent researches should incorporate variables from the Nigeria financial market in its hypothesis.

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