

FINANCIAL MARKET INSTRUMENTS AND ECONOMIC DEVELOPMENT IN NIGERIA: A DISAGGREGATED ANALYSIS

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ABSTRACT

Financial markets provide an effective means of mobilizing short and long term capital resources from lender and allocating them to the real sector of the economy. The study analyzed financial market instruments and economic development in Nigeria. The study determined the effect of stock market instruments on standard of living in Nigeria. The study also examines the effect of debt instruments on standard of living in Nigeria. It further ascertained the effect of commercial instruments on standard of living in Nigeria. Econometric methods including Augmented Dickey filler and Philip Perron tests for unit roots and Ordinary Least Squares (OLS) were used in the analysis. The result of the study had shown that stock market instruments, debt instrument, commercial instruments and treasury instruments have positive and significant effect on per capita income. The study concludes that financial market instruments have positive and significant effect on standard of living of average Nigerian citizens. We recommend that regulatory agencies in the capital market should focus on enhancing the efficiency and transparency of the market in order to improve investors confidence. Government should give adequate publicity to the activities of the market most especially emphasizing it as a source of cheap long term funds.

Key words: *Financial, Market, Instruments, Economic, Development, Nigeria, Analysis*

CITE AS: Nwachukwu, R. (2025). Financial market instruments and economic development in Nigeria: a disaggregated analysis, *Tansian University Journal of Arts, Management & Social Sciences*, 9(1), 1 - 17.

INTRODUCTION

Financial markets are institutions or arrangements which facilitate the exchange of financial assets such as deposits and loans, stock and government securities (Adigwe, Nwanna, & Amala, 2015). The market is classified into money market and capital market. Financial markets are vital components of the financial system of every country. In Nigeria, the financial market constitutes primarily of money and capital market. Capital market provides long-term funds with maturity period of over one year through bonds and equity, thus it serves as the mechanism by which the savings of surplus economic units may be used to finance medium and long-term investments (Odo, Anoke, Onyeisi, & Chukwu, 2017). The Nigerian financial system comprises of various institutions, markets and operations that are in the business of providing financial services. Economic development is regarded as the major goal of national

policy in any economy, while capital accumulation or formation is also seen as a potent factor in the process of economic development. It is regarded as the core process by which all other aspects of growth are made possible and feasible. However, the rate of economic development is always limited by shortage of productive factor and if any scarce factor associated with development should be singled out, it will be finance (Ndugbu, Duruechi & Ojiegbe, 2016). A major engine of economic growth and development of a nation is its capital. It impacts positively on the economy by providing financial resources through its intermediation process for the financing of long term projects. The projects could be promoted by government or private sector institutions. They are usually in such areas as infrastructure, agriculture, solid minerals, manufacturing, banking and other financial services and other real sector areas. Hence, without an efficient capital market, the economy may be starved of the required long-term fund for sustainable growth (Abushammala, Alabdullah & Ahme, Modebe, Taiwo, & Okorie, 2016).

Statement of Problem

The quest to balance the financial disequilibrium that exists within an economy remains the basis for the existence of financial markets. Financial markets are institutions or arrangements which facilitates the exchange of financial assets such as deposit and loans, stock and government securities (Martin, 2014). The market is classified into money markets and capital markets. Various empirical reviews on the effect of financial market instruments on the performance of deposit money banks in Nigeria have shown conflicting findings. A number of the findings posit significant influence from financial market instruments for sound development management and decision for instance, Henry (2019) and Umar, Suraya and Solung (2015) averred that all the financial market instruments it employed have a negative effect on the economic development have a negative effect on the economic development in both long and short run which implies that growing market instruments and credit extension will rather hamper economic development in Nigeria as against the belief from studies like (Muhammed, 2018, Nichodemus Ohioch and Paul 2018), that financial market instruments, enhances the performance of deposit money banks in Nigeria.

Even at this, a number of studies out rightly argued that financial market instruments variables have no effect on economic development (Onyeka, Nnado & Iroegbu, (2018); Ibi, Joshua, Eja, & Olatunbosun, 2015); Isibor, Ikpefan, & Okafor, 2016; Okoye, Modebe, Taiwo, & Okorie, 2016). These studies posit that financial market instruments had insignificant effect on economic development Kwoke, (2015) noted that market capitalization, all share index

were not statistically significant tools for enhancing the economic development. Though the review had pointed out a strong disagreement on the effect of financial market instruments on economic development in Nigeria. This disagreement comes in the form of the direction of relationship as well as the level of significance of the effects. Some of these studies were done in environments outside that of Nigeria while some of the studies done in Nigeria did not include some key variables. Furthermore some of the studies did not use the standard econometric methodology which leads to structural problems; the time frames considered in some of the past studies were short and not expansive enough and gave conflicting findings. These shortcomings have contributed to the knowledge gap in the literature, thus warranting more systematic and comprehensive study on the effect of financial market instruments on economic development in Nigeria. Another gap in literature is the coverage of financial market instruments employed in the investigation of financial market instruments. The existing literature hardly incorporated the core financial market instruments variables in their model. The present study aims to include the entire core financial market instruments such as market capitalization, all share index, value traded ratio and treasury bill to determine the actual effect of financial market instruments on economic development in Nigeria (1988-2021).

LITERATURE REVIEW

Conceptual Review

Financial Markets

Financial markets are institutions or arrangements which facilitate the exchange of financial assets such as deposit and loans, stock and government securities (Kwode, 2015). The market is classified into money markets and capital markets. Financial markets are vital components of the financial system of every country. In Nigeria, the financial market constitutes primarily of Money and Capital markets. Capital market provides long-term funds with maturity period of over one year through bonds and equity, thus it serves as the mechanism by which the savings of surplus economic units may be used to finance medium and long-term investments. Martins, (2014) opined that the Money market primarily exist as a means of liquidity adjustment, in other words, it provides the mechanism for short-term funds of less than one year. The financial system is one of the most important creations of modern society. Its primary task is to move funds from surplus economic units to deficit economic unit's spenders to produce goods and services and to make investment in new equipment and facilities so as to facilitate growth of the economy and improve the standard of living of its citizens (Khaysy

& Gang, 2017). He further stated that, both money and capital markets playing a pivotal role in economic growth across countries to the quantity and quality of services provided by financial institutions.

Capital Market

Capital market is the market for long-term loans and investments. It suppliers trade (i.e. commerce) industry and the government with medium term, long term and permanent loans as required by each, the financial institutions serve as intermediaries between suppliers of long- term capital investment trusts savings banks finance houses merchant's banks and building societies. The capital market is also the section of the financial system which represents medium to long term funds for investment needs for business and government. Rising of funds in the capital market makes possible amongst others, the construction of factories, office building, high ways, bridges and acquisition of machines. This opportunity that the capital market offers is a major factor facilitating capital mobilization and allocation of such capital fund among several competing activities (Okoye, Modebe, Taiwo & Okorie, 2016).

The capital market is a subset of the financial system that is involved in the provision of long term funds for productive use. The capital market drives any economy's economic growth and development because it is necessary for long term growth capital formation (Ime & Emem, 2017). Capital market is the market for buying and selling of medium/long term investment or financial instruments (equities and debt) in form of stocks and bonds of more than one year. Capital markets channels savings and investment from suppliers of capital such as retail investors and institutional investors to users of capital like businesses, government and individuals. Capital markets are vital to the functioning of an economy, since capital is a critical component for generating economic output.

Money Market

Money market is a market for short term-funds. It is a market in which money is bought and sold. Unlike then organized Securities and Commodities Exchanges, the money market has no specific location. Trade can be carried out online and executed via what is generally referred to as money market instruments. The major participants in the money market are Deposit Money Banks, government, Corporations, enterprises, money market mutual funds, CBN etc. (Ndugbu, Duruechi & J Ojiegbe, 2016). Money market instruments are documents

of short term maturities evidencing claims and obligations among economic units, which are used to mobilize funds from the surplus units of the economy to the deficit unit. They are used by intermediary agents especially banks to bridge financial gaps or disequilibrium in an economy. Essentially, they are short-term debt instruments with maturities of one year or less (Nicodemus, Oluoch & Paul, 2018). The instruments are used by businesses to raise, funds for economic activities, especially banks to finance temporary reserve loss or invest excess liquid cash. Government through its agencies like CBN play dominant role in the use of money market instruments to bridge the gap between its receipts and expenditure or attain certain monetary policy objectives.

Theoretical Framework

This research study will be anchored upon the financial intermediation theory by Schumpeter (1934) which viewed the financial markets and operating institutions therein as established formal institutions that function to facilitate efficient fund intermediation at optimal prices desired for rapid performance of deposit money banks and attendant financial development. The classical studies of Schumpeter (1934) analyzed the varying capacities of financial markets and inherent financial institutions to function in different perspectives. First as hand maid to industry, Schumpeter (1934) perceives financial institutions and markets to be demand following and only follow while enterprise leads. Schumpeter (1934) viewed the financial sector as playing supply leading roles while the studies of Shaw (1976). Vital dimensions are their postulations on the employment of market determined and flexible real interest rates and other financial market induced measures for the purpose of financial liberalization which accelerates the growth of savings and investments. Administrative control of financial market variables would introduce a repressive financial environment and consequent suppression of savings mobilization, investment and economic growth.

Empirical Review

Egbuche and Nzotta, (2020) investigated the effect of stock market on manufacturing sector output in Nigeria between the period of 1981-2018. The data used were sourced from Central Bank of Nigeria (CBN) Statistical Bulletin 2018. The variables were the performance of manufacturing sector output as the dependent variable, while, Market capitalization, Total new issues, Volume of transaction & Equity Stock as the independent variables. The study employed unit root test, to determine the stationarity of the variables, co-integration approach to determine the long run equilibrium relationship of the variables and Error Correction Model

(ECM) to determine the speed of adjustment. Ordinary Least Square (OLS) method of data analysis was adopted. From the model it was concluded that stock market has a positive significant effect on the performance of manufacturing sector out.

Hycenth, (2019) examined the impact of capital market indicators (industrial loan, equity, market capitalization) on industrial sector financing in Nigeria. The data were obtained mainly from Central Bank statistical Bulletin. and Nigerian stock Exchange fact book The work adopted ordinary least squares of multiple regression statistical technique Based on the analysis, the following findings were made; there is a significant impact between industrial loan and the growth of industrial sector financing in Nigeria, there is a significant impact between market capitalization and the growth of industrial sector financing in Nigeria, there is no significant impact between equity and the growth of industrial sector financing in Nigeria.

Olakanmi, (2019) examined the structural conduct of the Nigeria's capital market and the effect of its performance on manufacturing sector output in Nigeria. The Nigerian capital market was established and saddled with the responsibility of inducing a significant change in the manufacturing sector output. The study therefore, seeks to identify how various factors like structural operations of the market and the environmental factors affect the performance of the market and its effect on the manufacturing sector output. The study adopts a time-series research design relying extensively on secondary data covering 1991 -2018. The study utilizes the method of regression analysis to analyse its data, incorporating multivariate co-integration to examine the long run relationship between the dependent variable manufacturing sector output and the independent variables Market Capitalization (MC), Total New Issue (TNI), All Share Index (ASI) and Quoted Companies (QC). The result shows that three variables (MC, TNI, and QC) exhibit direct positive relationship, while one (ASI) exhibits inverse and statistically insignificant relationship manufacturing sector output

Ayodeji and Ajala (2019) investigated the effects of capital market performance on sectoral output in Nigeria within a temporal scope 1984-2018. The independent variables considered are all-share index, market capitalization, number of listed equities, number of deals, stock market turnover, value of deals and value of transactions. The study found that, on the effects of capital market performance on agricultural sector output, ASI, MCAP, VTRAN and NLE exerted significantly positive long-run effects on agricultural sector output in Nigeria. It, also, found that, on the effects of capital market performance on industrial sector output, MCAP and NOD exerted significantly positive long-run effects on industrial output in Nigeria. It,

further, found that, on the effects of capital market performance on construction sector output, only MCAP exerted significantly positive long-run effects on construction sector output in Nigeria. Moreover, it found that, on the effects of capital market performance on trade sector output, only MCAP exerted significantly positive long-run effects on trade sector output in Nigeria while ASI, VTRAN and NOD exerted insignificantly positive long-run effects on it. Lastly, it found that, on the effects of capital market performance on service sector output, none of the capital market performance indicators exerted significantly positive long-run effects on service sector output in Nigeria.

Kenn-Ndubuisi and Henry (2015), examined the effects of recapitalization on commercial banks survivals in Nigerian: pre and post camel analysis. The study used an Ex-post-facto research design comprising of pooled data which employs the use of secondary data covering a thirteen years period pre and post recapitalization (2006- 2012) using 10 out of the 25 banks that emerged after the transformation to test the effect of the reform. The result of the regression model of Minimum capital base on capital adequacy, asset quality, management quality and earnings quality and liquidity indicated an increase after recapitalization and consolidation but only Capital adequacy and management quality had a structurally difference with the increment.

Nicodemus, Oluoch and Paul (2018) evaluated the impact of branchless financial innovation on Market capitalization of listed Commercial Banks in Kenya. The data obtained was cleaned; coded and statistical outputs generated using SPSS version 24 statistical packages. Descriptive and inferential analysis was employed to analyze the data where Pearson's and regression analysis were used. The findings revealed that branchless banking innovation had a statistically significant effect on the market capitalization of the listed commercial banks in Kenya.

Ndugbu, Duruechi and Ojiegbe, (2016) examined the relationship between money market instruments and bank performance in Nigeria. The data for the study were sourced from the Central Bank of Nigeria (CBN) Statistical Bulletin and was analyzed with the e-view 7.1 statistical package in line with Ordinary Least Square (OLS) estimations. Results obtained showed that stationarity of the data were established with the Augmented Dickey Fuller (ADF) Unit Toot test, the Johansen Co-integration test indicated the existence of long-run relationship between the variables. Granger Causality as revealed by the Pairwise tests runs uni-directionally and bi-directionally from Performing Loans and Advances to Money Market

Instruments. The Variance Inflation Factor test for multicollinearity shows that multicollinearity is not severe and therefore can be tolerated. The ordinary least square model estimation revealed specifically that money market instruments (treasury bills, commercial papers, and federal government bond) have positive relationships and significant effects on bank performance in Nigeria.

Odo, Anoke, Onyeisi and Chukwu, (2017) examined the impact of capital market indicators on economic growth in Nigeria from 1986 – 2016. The study adopted Auto Regressive Distributed Lag bound testing and VAR Granger causality econometric tools of estimation to test the variables in the model. The result of the estimation showed a stable long run relationship between the dependent and independent variables as supported by the greater bound value of 10.58. The result of the ARDL revealed that market capitalization has positive significant relationship with economic growth; also, stock traded total value indicated a negative insignificant link with economic growth, all in the short run.

Summary of Empirical Literature

The empirical review of the effect of financial market instruments on standard of living in Nigeria has shown conflicting findings. A number of the findings posit significant influence from financial market instruments especially the moderating effect of market capitalization (Okpoto, & 2015; Odo, Anoke, Onyeisi, & Chukwu, 2017; Ndugbu, Duruechi, & Ojiegbe, 2016). Despite agreeing that standard of living in Nigeria responds to financial market instruments variables, these studies are at variance to the direction of the effects. This conflict makes it implausible to employ financial market instruments variables for sound development management and decision. For instance Henry, (2019) and Okonkwo, Ananwude & Echekeba, (2015), averred that all the financial market instruments variables it employed has a negative effect on the standard of living in Nigeria in both long and short run which implies that growing financial market instruments and credit extension will rather hamper standard of living in Nigeria; as against the believe from studies like (Mohammad, 2018; Nicodemus, Oluoch, & Paul, 2018); that financial market instruments enhances the standard of living in Nigeria. Even at this, a number of studies out rightly argued that financial market instruments variables have no effect on the standard of living in Nigeria (Onyeisi, & Chukwu, 2017; Ibi, Joshua, Eja, & Olatunbosun, 2015); Isibor, Ikpefan, & Okafor, 2016; Okoye, Modebe, Taiwo, & Okorie, 2016). These studies posit that financial market instruments had insignificant effect on the standard of living in Nigeria (Madito, & Khumalo, 2014) and Okonkwo, Ananwude &

Echekoba (2015). Noted that market capitalization, all share index were not statistically significant tools for enhancing the standard of living in Nigeria

Gap in Literature

The review had pointed out a strong disagreement on the effect of financial market instruments on standard of living in Nigeria. This disagreement comes in the form of the direction of relationship as well as the level of significance of the effects. Some of these studies were done in environments outside that of Nigeria while some of the studies done in Nigeria did not include some key variables. Furthermore some of the studies did not use the standard econometric methodology which leads to structural problems; the time frames considered in some of the past studies were short and not expansive enough and gave conflicting findings. These shortcomings have contributed to the knowledge gap in the literature, thus warranting more systematic and comprehensive study on the effect of financial market instruments on economic development in Nigeria. Another gap in literature is the coverage of financial market instruments employed in the investigation of financial market instruments. The existing literature hardly incorporated the core financial market instruments variables in their model. The present study aims to include the entire core financial market instruments such as stock market instruments, debt instruments, commercial instruments and treasury instruments to determine the actual effect of financial market instruments on the economic development in Nigeria (1988-2022).

METHODOLOGY

The study will adopt ex-post facto research design because the data for the study are secondary data that already exist in the archive of well acclaimed financial publication such as Nigeria Stock Exchange (NSE) Fact Book and Daily Official List. The model will regress market capitalization, stock market instruments, debt instruments, commercial instruments and treasury instruments on economic development in Nigeria which will be proxied by standard of living in Nigeria (PCI) which is the dependent variable (Y) while stock market instruments, debt instruments, commercial instruments and treasury instruments are the independent variables (X).

The model used for the study was the adaptation and modifications from the work of Abdulahi and Sani (2017) they examined the effect of financial market on economic development in Nigeria

$PCI = f(SMI, DTI, CI)$

Where:

PCI = Per Capita Income

SMI = Stock Market Instruments DTI= Debt Instruments

CI= Commercial Instruments

The Model will be Adapted and Modified. $PCI = f(SMI, DTI, CI, TR)$

$PCI = \beta_0 + \beta_1 SMI + \beta_2 DTI + \beta_3 CI + \beta_4 TR + \mu$

Where:

PCI = Per Capita Income

SMI = Stock Market Instruments DTI= Debt Instruments

CI= Commercial Instruments TI= Treasury Instruments

β_0 and μ are the constant and error term respectively while $\beta_1, \beta_2, \beta_3$, and β_4 are the coefficient of financial market instruments on economic development in Nigeria The data will be analyzed with econometric techniques involving Augmented Dickey Fuller and Philip Perron tests for unit roots and the Ordinary Least Square (OLS).

RESULT AND ANALYSIS

Unit Root

Table 1: The Unit Roots Test

At Level					
Variables	Augmented Dickey Fuller Test		Philip and	Peron Test	Decision
	t-Statistic	Prob.	Adj. t-Stat	Prob.	
PCI	-7.133424	0.2339	-1.996650	0.0028*	Stationary at level
SMI	-5.156835	0.6783	-1.023858	0.0037*	Stationary at level
DTI	-4.109778	0.0036*	-4.046948	0.0042*	Stationary at level
CI	-8.662571	0.0000*	-9.114547	0.0000*	Stationary at level
TR	-6.364762	0.1603	-2.364762	0.0001*	Stationary at level

The result of the unit root test indicates that per capita income, stock market instruments, debt instruments, commercial instruments and treasury instruments attained stationary at levels. This is indicated with the probabilities of the test values which are below 0.05 levels.

The Ordinary Least Square Regressions

Table 2: Regression Analysis

Dependent Variable: PCI

Method: Least Squares

Date: 05/18/25 Time: 13:29

Included observations: 32

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.51210	4.535635	2.543973	0.0003
SMI	2.589512	0.991508	2.683245	0.0001
DTI	1.342710	0.099069	2.339468	0.0052
CI	4.152320	0.695746	2.208798	0.0023
TR	1.573117	0.785673	3.274907	0.0040
R-squared		0.705103	Mean dependent var	6.897917
Adjusted R-squared		0.695530	S.D. dependent var	1.094669
S.E. of regression		0.601022	Akaike info criterion	2.096940
Sum squared resid		4.334733	Schwarz criterion	2.444891
Log likelihood		-12.92093	F-statistic	7.951898
Durbin-Watson stat		2.168708	Prob(F-statistic)	0.001265

Source: E-View Software 9.0

The regression coefficients in the model above can be express as follows:

$$PCI = 13.51210, + SMI= 2.589512, + DTI= 1.342710, + CI= 4.152320, + TI -1.573117 + u$$

From the results of the OLS, it was observed that per capita income (PCI) is positive at 13.51210. This means that if all the independent variables are held constant, PCI which is the dependent variable will improve by 13.51210.

Stock Market Instruments: The coefficient of stock market instruments (SMI) is positive at 2.589512 with probability value of 0.0001 which means that stock market instruments has positive and significant effect on per capita income (PCI). A unit increase in stock market instruments will cause per capita income (PCI) to increase by 2.58951 units.

Debt Instruments: The coefficient of debt instruments is positive at 1.342710 with probability value of 0.0052 this indicates that debt instruments have positive and significant effect on per capita income (PCI). A unit increase in debt instruments will lead to an increase in per capita income (PCI) by 1.342710.

Commercial Instruments: The coefficient of commercial instruments is positive at 4.152320 probability values 0.0023 shows that, commercial instruments has positive and significant effect on per capita income (PCI). A unit increase in total value of deals will cause per capita income (PCI) to increase by 4.152320 units.

Treasury Instruments: The coefficient of treasury instruments is positive at 1.573117 with probability value of 0.0040 which means that treasury instruments has positive and significant effect on per capita income (PCI). A unit increase in treasury instruments will lead to a decrease in per capita income (PCI) by 1.573117 units.

The Adjusted R-squared is 0.695530. This means that 70% of total variation in r per capita income (PCI) can be explained by the explanatory variables, namely stock market instruments, debt instruments, commercial instruments and treasury instruments on standard of living while the remaining 30% is due to other stochastic variables. The Durbin-Watson statistics at (2.168708) is within the critical threshold; this means the model is free from autocorrelation.

Test of Hypotheses

To test the hypotheses, the statistical significance of the individual parameters was used to test the hypotheses. These tests were conducted at 5% level of significance

Hypothesis One

H_{01} : Stock market instrument does not have positive and significant effect on standard of living in Nigeria.

H_{11} : Stock market instrument has positive and significant effect on standard of living in Nigeria

Decision: From Table 2, since the probability value is less than 5% ($0.0001 < 0.05$) with coefficient value of 589512, the studies therefore reject the null hypothesis and accept the alternative hypothesis: these imply that stock market instrument have positive and significant effect on standard of living in Nigeria

Hypothesis Two

H_{02} : Debt instrument does not have positive and significant effect on standard of living in Nigeria

H_{12} : Debt instruments has positive and significant effect on standard of living in Nigeria

Decision; Table 2 above shows that the probability value is less than the 5% critical value ($0.0052 < 0.05$) with the coefficient value of 1.342710, therefore the study reject the null hypothesis and

accept the alternative hypothesis. Hence, debt instruments does not have positive and significant effect on standard of living in Nigeria.

Hypothesis Three

H_{o3}. Commercial instruments does not have positive and significant effect on standard of living in Nigeria

H₁₃. Commercial instruments has positive and significant effect on standard of living in Nigeria

Decision: Table 2 above reveals that the probability value is less than the 5% critical value (0.0023<0.05) and coefficient of 4.152320, we therefore reject the null hypothesis and accept the alternative hypothesis and conclude that commercial instruments have positive and significant effect on standard of living in Nigeria.

Hypothesis Four

H_{o4}. Treasury instruments does not have positive and significant effect standard of living in Nigeria

H₁₄. Treasury instruments has positive and significant effect standard of living in Nigeria.

Decision: Since the probability value is less than 5% (0.0040<0.05) with coefficient value of 1.573117, the study therefore rejects the null hypothesis and accepts the alternative hypothesis: these imply that treasury instruments does not have positive and significant effect standard of living in Nigeria.

Discussion of Findings

The result of the ordinary least square (OLS) indicates that stock market instruments have positive and significant effect on per capita income. The results of our findings are consistent with the work of Abdulahi and Sani, (2017) in terms of stock market instruments, it was discovered that stock market instruments has positive effect on per capita income in Nigeria.

Debt Instruments: The result indicates that debt instruments have positive and significant effect on per capita income. The result of our findings is consistent with the work of Okoh, & Eke, (2015), they posit that debt instruments has positive effect on standard of living in Nigeria

Commercial Instruments: The result indicates that commercial instruments have positive and significant effect on per capita income. The result of our findings is consistent with the work c of Onyekachi and David, (2018) in terms of commercial instruments, it was discovered that per capita income has positive and significant relationship with economic development in Nigeria.

Treasury Instruments: The result indicates that, treasury instruments have positive and significant effect on per capita income. The results of our findings is in line with the work of Omini, Ogbeba and

Okoi, (2017) who discovered that treasury instruments has positive and significant effect on per capita income

CONCLUSION AND RECOMMENDATIONS

The result of the study had shown that stock market instruments, debt instruments, commercial instruments and treasury instruments has positive and significant effect on per capita income. The study concludes that financial market instruments have positive and significant effect on standard of living in Nigeria within the period under review and supports the view that capital asset pricing model (CAPM) plays more positive role in economic development and growth of Nigeria financial systems

In line with the findings of the study, we recommend that the relevant regulatory agencies in the capital market should be focused on enhancing the efficiency and transparency of the market in order to improve investor's confidence. The relevant regulatory agencies in the capital market should be focused on enhancing the efficiency and transparency of the market in order to improve investor's confidence, effective social economic and political institutions and this is a major setback in the Nigerian environment. There is the need to ensure that the channels of capital market induced growth are built around effective systems and that the policy institutions are actively involved in making systemic checks and appropriate policy innovations

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