

RESEARCH

Financial globalisation, financial inclusion and economic growth in Nigeria. An empirical outlook

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In the context of financial globalization (FG), the promise of improved capital and technological inflow into developing economies to stimulate sustainable economic growth is soothing; however, the mediating effect of a deep, effective, and robust financial system needs to be investigated. Thus, this research examined the influence of FG as moderated by financial inclusion on the growth of the Nigerian economy. Secondary data were chiefly sourced from the Central Bank of Nigeria (CBN) statistical bulletin, and it spanned the 1986 structural adjustment program period to 2022. Gross domestic product (GDP) was regressed on FG (total foreign assets and liabilities over GDP, external debt), financial inclusion (commercial banks credit to the private sector, commercial banks' branches, rural bank deposits and rural bank loans), and a vector of control variables (money supply (MSLP) and interest rate (INT)). The generalized method of moments (GMM) was used for regression, and the Augmented Dickey Fuller was used for unit root analysis. It was shown from the results that FG had a positive effect on economic growth in Nigeria, but the cheering promise of globalization was yet to be fully complimented by the domestic financial system, consequently, the present policy trajectory towards globalization and liberalization should be sustained while the domestic financial system should be strengthened to expand its reach, products, and intermediation capabilities.

Keywords: globalization, financial inclusion, generalized method of moment, gross domestic product, financial system

Introduction

Differences in capabilities and natural resource endowment among individual economies of the world have made interdependence imperative and mutually beneficial. The realization of the benefits of interdependence, coupled with improved telecommunication and transportation system, has enabled the inter-circuitry of countries economically, financially, and politically Ying et al. (1). The process of creating connections through the exchange of ideas, information, money, and things is known as globalization (2–4). These connections eventually cause national economic borders to become less distinct and a complex system of mutual trust to emerge as national economies, cultures,

governments, and technologies are combined. Since the middle of the 1980s, the process of globalization has been accelerating, especially in emerging nations (5). In the 2000s, cross-border portfolio movements as a percentage of global wealth increased dramatically, making financial globalization (FG) an integral part of globalization.

FG is seen as the opening of an economy's financial system to capitalist and financial business ventures from other countries (6). As noted by Cham (7), FG refers to the increased interconnectivity of markets around the world resulting in an increased flow of capital and finance across foreign borders. It has the potential to increase economic growth, improve the allocation of resources, and ease financial inclusion. Levy-Yeyatti and Williams (8)

examined the concept as the process of deepening financial flows and asset holdings across countries of the world. They noted that FG affects countries balance sheets through its composition, transmission of financial shocks, the development of the country's financial sector, and business cycle smoothing, as well as foreign risk sharing, all of which affect macroeconomic development and prudential policies. Nissanke and Stein (9), on their part, described FG as the flow of international direct and non-foreign direct investment (FDI) across international borders, the net flow of which has been on the increase into developing countries. This, they noted, was due to widespread financial liberalization policies canvassed by international monetary organizations and adopted by the developing countries. Furthermore, Prasad et al. (10) define FG as an aggregate term describing global relations by increased financial flows; they distinguished it from financial integration, which is an individual country's linkage to the international financial market.

Prasad et al. (10) similarly noted that the wave of FG, which started in the mid-1980s, has witnessed an increased flow of foreign capital from developed to developing economies. While some beneficiaries of this flow witnessed economic growth, some exhibited decline and crises. This has fueled debate on the influence of FG on the growth of an economy, especially developing economies. They further identified that there has been an upsurge in the size of financial flows across borders in the last decade; these flows are between industrial countries and from industrial countries to developing nations. They opined that the increased financial flows are due to the pull factors and the push factors. The pull factors are capital account liberalization, stock market liberalization, and large-scale privatization programs, while the push factors are business cycle conditions and macroeconomic policy changes in the industrialized nations.

Additionally, the components of the inflows have different levels of volatility; research indicates that bank borrowing and portfolio flows are significantly more volatile than FDI. Increased domestic savings, lower capital costs, technology transfer from developed to developing nations, and the growth of domestic financial sectors are some examples of these channels. Indirect channels include improved macroeconomic policies and institutions, increased production specialization brought about by improved risk management, and more. FG, through channels that could either be direct or indirect, influences the growth of any economy (10). Raji (11) identified that FG stimulates the elimination of barriers between countries, thereby encouraging the free flow of human and financial capital; it also engenders increased opportunity for sustainable economic growth through innovation and technological progress in the face of sound macroeconomic policies. Regrettably, FG comes with some demerits; it has eased the expansion of worldwide imbalances and financial crises through trade and credit channels Adegbite and Adetiloye (12). Further downside of FG is increased

volatility of investment, increased investment risk and uncertainty among investors, and sudden stoppage of foreign capital inflow.

Cham (7) identified that developing countries that are open to foreign capital are plagued with ineffective monetary policies. Global interest rates and capital flows affect domestic interest rates, making monetary policies targeted at domestic interest rates to be ineffective. To mitigate this issue, Cham (7) suggests that developing economies should reduce reliance on imports and forex purchase, develop stronger and more resilient financial institutions and systems, promote sound macroeconomic guidelines, and promote the reforms in the financial sector in order to enhance stability in the financial sector as well as increase economic resilience to foreign shocks from the international market.

Theoretically, the deepening of the domestic financial system improves the financial intermediation function and resource allocation efficiency. Despite the preponderance of empirical evidence on the effect of FG on economic growth, studies on the mediating effect of an effective financial system in this nexus with particular reference to the Nigerian economy are rare.

This study therefore examines the effects of FG (total financial assets and liabilities presented as a ratio of gross domestic product (GDP) and EXTND) on economic growth with financial inclusion as a mediating variable [commercial bank's credit to the private sector (BCP), commercial bank branches (CBBs), rural bank deposits (RBDs), and rural bank loans (RBLs)]; the specific objectives of the study are to

1. Ascertain the significance of the total of financial assets and liabilities presented as a ratio of GDP (TFALGDP) and external debt (EXTND) in affecting GDP in Nigeria.
2. Examine the significance of commercial BCP, CBB, RBDs, and RBLs in affecting GDP in Nigeria.

The study's results will inform policy direction on the use of FG and financial inclusion in improving output in Nigeria and will provide a basis for future research in the study area. After this introduction, this study discusses the empirical literature, and the theoretical literature and the methodology; these are followed by the results and discussions, and the study closes with the conclusion and recommendations.

Literature review

The FG, growth, and macroeconomic indexes nexus has been generously tested in literature using empirical facts situated in overseas economies. Their results have been mixed, highlighting the merits and vagaries of FG. For instance, Miles (13) conducted an empirical investigation regarding the influence of FG on inflation. Particularly, the author investigated the impact of openness using a capital control index as a proxy on inflation. The study

employed annual data of 75 developing countries from 1971 to 1999, and the employed model regressed the consumer price index (inflation) on fiscal balance, the central bank governor turnover rate (central bank independence), the exchange rate, export and import as a fraction of GDP (trade openness (TOP)), and capital account openness. Their result shows that all the exogenous variables have a negative effect on inflation except for central bank independence; again, budget balance, TOP, and capital account openness have a significant effect on inflation while others are not significant. Upon the introduction of money growth as an additional exogenous variable, only the budget balance is significant. The paper concludes that the beneficial effects of FG should not be exaggerated due to dangers to economic growth as a result of exchange rate appreciation and possible financial crises. In a review, Nissanke and Stein (9) argue that the proposition that financial liberalization engenders FG and economic development is static and alternatively propose an institutional-centered method that forms a foundation for the understanding of institutional transformation, which is needed for development in the financial sector. The authors opined that the flows of finance can either be from domestic or/and foreign platforms, and they intersect with themselves, causing the real flow of commodity and productive resources. Consequently, it was concluded that for financial development to occur, funds must flow into the real sector in order to enhance accumulation and expansion just as it is expected that domestic financial flows must come from foreign flows to sustain competition and capacity building in the real sector. An empirical investigation was conducted by Fuinhas et al. (14), which examines the effect of financial market development and globalization on the growth of the economy of ten selected countries from 1980 to 2015. The study regressed economic growth on three indicators of financial development, three de jure pointers of FG, and three de facto instruments of FG using a panel autoregressive distributed lag (ARDL) model. Their results indicate that the development achieved in the banking sector impacts sustained growth in the economy at the short and long runs. Furthermore, the de jure and de facto indexes of FG have significant effects on growth; they suggested a sound regulation of the banking system in order to ensure confidence in the banking system for effective and efficient mobilization of resources and for sustainable economic development. In a similar panel study conducted by Egbetunde and Akinlo (15), the moderating role of institutional quality was considered on FG as a prerequisite for influencing economic growth in sub-Saharan Africa. In their study, the panel Generalized Method of Moment (GMM) was employed as the technique for analysis for a sample period that ranged between 1980 and 2015. It was discovered from the result of the study that FG and two institutional quality measures which were government effectiveness and the rule of law, were significant in influencing growth in the selected economies. The study

also found that four de facto instruments of globalization, FDI, and foreign debt as a percentage of GDP, including net foreign assets as well as TOP, are critical for development in the banking sector in the selected countries. In addition, the study found that FG has an inverse and significant influence on economic growth, with institutional quality reducing this effect. They recommend the implementation of policies that will stimulate government effectiveness in Sub-Saharan Africa.

Cham (7) examined the effect of FG on bank lending, taking into special cognizance, the significance of domestic monetary policy on the bank lending rate, and identified the constraints facing domestic monetary policy in Gambia through the Mundell-Fleming model. The model explains that the effectiveness of domestic monetary policy is influenced by the degree of capital flows and exchange rates. The study concludes that despite the advantages of providing improved opportunity for economic growth, FG has exposed the domestic economies to the vagaries of the global financial system, causing monetary efforts to reduce domestic lending rate to be ineffective and the domestic lending rate to be largely determined by the international lending rate. The study recommends that developing countries should identify and optimally explore the benefits of financial integration while mitigating the associated risks to the barest minimum.

Empirical works on the Nigerian economy similarly tested cross effects between economic indexes and globalization, and their results are equally mixed. Adetiloye (16) considered how FG influences capital flight in Nigeria using a comparative analysis between the pre- and post-globalization eras. Variables such as financial assets were regressed on average exchange rate, Kaopen (de jure measure of capital account openness), GDP per capita, financial deepening, export, and population using 37 samples. The Kaopen measure was initiated to positively and significantly influence financial assets in the post-globalization era, but this suggests that the FG fuels capital flight out of the country. They recommend effective management of the foreign exchange rate, implementation of policies to increase and diversify export, and effective supervision and deepening of the financial system to attract needed capital inflow and discourage flight.

Olanrewaju and Adegbola (17) investigated the influence of FG on economic development in Nigeria using time series data from 1990 to 2011. GDP was regressed on the ratio of foreign reserve over stock market value (a proxy for FG), interest rate, inflation rate, and exchange rate. Their results show that all the exogenous variables have a positive effect on growth except interest, which presents an inverse relationship; furthermore, exchange rate and index of FG have a significant effect on economic growth. They recommend cautious financial integration, critical infrastructural development to aid increased output, creating employment, and accelerating capital market development.

Ngukimbin and Adams (18) investigated the effect of budgetary globalization on monetary development in Nigeria between 1980 and 2015 using the ARDL model. The growth rate of GDP was regressed on Cross Border Capital Flows, FDI, and TOP. Current year FDI up to lag 3 has positive effect, while lag 4 of FDI was found to have a negative effect on GDP growth rate. The current FDI and its lag 4 were significant. They conclude that FDI has a substantial effect on the growth of the economy both in the short and long runs. They recommend improved cooperation with global financial associations and enhanced transparency in foreign exchange transactions in order to optimally exploit the gains of FG.

Raji et al. (11) tested the effect of FG on the performance of Nigerian Deposit Money Banks using Nigerian data from 1985 to 2019. Time series secondary data were employed, and analysis was done using multiple regression. The study's model regressed bank assets on proxies of FG, which include FDI, exchange rates, and foreign trade. All the exogenous variables have positive effects, but only FDI and foreign trade are significant; all the independent variables were, however, found to be jointly significant. They recommend the implementation of policies that will increase FDI inflow and stabilize the fluctuations in the exchange rate market.

Olunuga (19) used time series data which were collected from the Central Bank of Nigeria (CBN) statistical bulletin to investigate the impact of globalization on the growth of the Nigerian economy. Analysis was done using multiple regression with an error correction model. The GDP growth rate was regressed on foreign loans, Eurobonds, foreign bonds, FDI, diaspora remittances, exchange rates, inflation rates, and interest rates. Their results indicate that all exogenous variables have a significant influence on the GDP growth rate except for Eurobond and exchange rate. They conclude that FG affects economic growth and recommend strict regulation as well as strong policy by the regulatory agencies.

The study of Ajayi and Musyimi (20) was aimed at examining the impact of globalization on the financial development of the Nigerian economy by using secondary sourced data between 1981 and 2019. Variable such as the financial development indicator was regressed on FDI, TOP, exchange rate, and government expenditure. However, controlled variables included in the model are interest rate and inflation rate. Through the ARDL technique, the study found that FDI, TOP, and government expenditure have a positive and significant influence on financial development, while it was observed that exchange rate and interest rate had a negative and significant influence on financial development in Nigeria. A significant F statistic points to the fact that all the independent variables jointly affect financial development significantly, thereby concluding that globalization has a significant effect on Nigerian financial development. They recommend that the Nigerian financial

sector is presently not strong enough and should be protected from external shocks and crises.

Theoretical literature

Goldsmith (21), in his seminal work titled "Financial Structure and Development" posited that finance is vital in mobilizing savings and allocating such savings for productive investment. He asserts that finance stimulates investment by providing a mechanism for firms to access funds for long-term capital expenditure. As such, expanding the financial system and products (financial deepening) will translate into growth through resource allocation efficiency, innovation, and advancement in technology. He further warns against financial repression strategies characterized by interest rate ceilings, directed credit programs, and high reserve requirements, which constrain intermediation with negative consequences on growth. The influence of financial repression on growth was further examined by McKinnon (22) and Shaw (23); they independently examined the impact of government regulation in the financial sector on sustainable economic growth. McKinnon (22) asserted that financial repression distorts capital allocation, interest rate ceilings discourage savings, which translates into reduced investment, and high reserve requirements impede the financial sector's ability to lend for productive purposes. For sustainable growth to be achieved, therefore, financial liberalization policies such as interest rate deregulation, reducing reserve requirements, and desisting from directing credit to preferred sectors should be established and implemented. Shaw (23) theorized that a well-developed financial system is crucial for effective and efficient financial intermediation; he further argued that financial repression policies impede financial intermediation functions and alternatively recommended that the financial system should be allowed to respond to market signals. This will enhance efficiency, promote competition, and ultimately translate into efficient allocation of resources and aggregate income growth.

The neoclassical theory establishes that sustainable growth is possible through capital accumulation and that an efficient financial market plays a crucial role in encouraging savings and channeling the accumulated savings for long-term investment. It was further argued that an unrepressed financial market allocates funds efficiently through the mechanism of interest rate; scarce financial resources are allocated to investment that promise the highest returns. The theory further asserts that financial intermediaries mitigate risk by pooling savings from households and channeling the savings into productive investment, thereby reducing the cost of capital. It further mentions the role of the financial sector in ensuring financial stability, crisis avoidance, innovation and technology advancement; a well-regulated financial sector ensures the financial stability necessary for growth.

The efficiently sourced savings can also be channeled into technological advancement and innovation through research and development.

Barro et al. (24) identified finance as key among other determinants of economic growth. They argued that a well-developed financial system intermediates efficiently and supports entrepreneurship, innovation, research and development; other determinants identified are technological progress, government policies, institutions, and human capital.

If the aforementioned arguments about the finance-growth nexus on domestic individual economies are extended to the global context, it is intuitive to assert that FG stimulates global income growth through the savings-investment channel (9). Furthermore, the Global Portfolio Theory (GPT) underscores the possibility of risk diversification and investment across borders consequent upon financial integration. Through globalization, domestic investors access new assets, which promise better risk-return features than that obtainable in the domestic market, thus, increasing the returns of domestic investors at minimum risk. FG also integrates domestic markets, foreclosing arbitrage and encouraging efficient global resource allocation. GPT, however, warns that FG poses the challenges of currency risk, political and regulatory risk, information asymmetry, and problems associated with differences in market transparency and practices among countries. The challenges of FG are further emphasized by the concept of the Macroeconomic Trilemma, otherwise called the Impossible Trinity. The concept recognizes that a prerequisite for sustainable economic growth is a fixed or stable exchange rate, monetary policy autonomy, and free movement of capital across borders, but these three cannot be achieved simultaneously. In the context of a globalized financial market, changes in INT and MSPL (monetary autonomy) conflict with the objective of maintaining a fixed exchange rate (exchange rate stability). Furthermore, improved capital mobility with a stable exchange rate encourages speculative attacks by investors if they anticipate that the monetary authority cannot sustain the peg. Lastly, monetary autonomy actions to control capital mobility are contrary to the intention of FG; capital controls will limit market efficiency. In conclusion, in the face of FG, individual domestic economies have to prioritize its objectives through careful policy choices.

Methodology

The concentration of the study on the Nigerian economy propelled the researchers to obtain economic data from secondary source which is the CBN statistical bulletin. The data obtained covered a 37-year period, which is from 1986 to 2022. The rationale behind commencing the data generation from 1986 was because it launched the structural adjustment period, which paved the way for the liberalization of trade

and the integration of various TOP policies. Furthermore, the data analytical technique employed in the study is the GMMs, which is considered to be the most appropriate for the study. However, prior to the examination of the data through GMM, the stationarity levels were considered through the Augmented Dickey Fuller unit root test. This method has the unique advantage of foreclosing the problem of endogeneity, which could make the result inefficient. The study's model adapted the model used by Egbetunde and Akinlo (15) for the measures of FG and Okonkwo and Nwanna (25) for the measures of financial inclusion; thus, GDP was regressed on FG measures, financial inclusion measures and a vector of control variables, the model is stated in equation form thus:

$$GDP = f(FGLOB + FINC + X + U) \quad (1)$$

$$FGLOB = f(TFALGDP, EXTD) \quad (2)$$

$$FINC = f(BCP, CBB, RBD, RBL) \quad (3)$$

$$X = f(MSPL, INT) \quad (4)$$

$$GDP = \alpha_0 + \alpha_1 TFALGDP + \alpha_2 EXTD + \alpha_3 BCP + \alpha_4 CBB + \alpha_5 RBD + \alpha_6 RBL + \alpha_7 MSPL + \alpha_8 INT + U \quad (5)$$

For comparability and consistency, the log form is adopted thus

$$\log GDP = \alpha_0 + \alpha_1 TFALGDP + \alpha_2 \log EXTD + \alpha_3 \log BCP + \alpha_4 \log CBB + \alpha_5 \log RBD + \alpha_6 \log RBL + \alpha_7 \log MSPL + \alpha_8 \log INT + U \quad (6)$$

GDP is regressed on financial globalization (FGLOB), financial inclusion (FINC), and the control variables (X). The total of financial assets and liabilities presented as a ratio of GDP (TFALGDP) and EXTD are measures of FG, commercial BCP, CBB, RBD, and RBLs are proxies for financial inclusion and MSPL, and INT are the control variables, and U is the error term.

However, this study, despite addressing FG issues in developing economies, is limited by not investigating the concept through the measures of institutional qualities, especially by investigating financial inclusion policies through interviews.

The study's hypotheses stated in null form are as follows:

H1: The ratio of total financial assets and liabilities over GDP do not have a statistically significant effect on GDP in Nigeria.

H2: EXTD does not have a statistically significant effect on GDP in Nigeria.

TABLE 1 | Summary of unit root analysis.

	Level		First difference		Second difference	
	t	Probabilities	t	Probabilities	t	probabilities
log GDP	-4.07	0.0031				
TFAL	-4.22	0.0029				
logEXTD	-1.2	0.6628	-4.370	0.0014		
logBCP	-1.9797	0.2940	-4.407	0.0013		
logCBB	-1.749	0.3999	-4.7853	0.0005		
logRBD	-2.066	0.2589	-4.5183	0.0010		
logRBL	-2.5231	0.1186	-6.4933	0		
logMSPL	-2.7563	0.0747	-4.0946	0.0030		
INT	-4.0209	0.0018				

Source: Authors' computation 2024.

TABLE 2 | Result of regression.

Dependent Variable: LGDP

Method: GMMs

Sample (adjusted): 1987 2022

Included observations: 36 after adjustments

Linear estimation with 1 weight update

Estimation weighting matrix: HAC (Bartlett kernel, Newey-West fixed bandwidth = 4.0000)

Standard errors and covariance computed using estimation weighting matrix

Instrument specification: TFALGDP D(LEXTD) D(LBCP) D(LCBB) D(LRBD)

D(LRBL) D(LMSPL) INT

Constant added to instrument list

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.030355	2.516806	3.588022	0.0013
TFALGDP	0.022638	0.009008	2.513074	0.0182
D(LEXTD)	-1.533077	0.670932	-2.284997	0.0304
D(LBCP)	0.199678	2.451090	0.081465	0.9357
D(LCBB)	0.647624	3.575497	0.181128	0.8576
D(LRBD)	-0.054114	0.126014	-0.429426	0.6710
D(LRBL)	-0.138715	0.197504	-0.702342	0.4885
D(LMSPL)	-4.574625	3.061732	-1.494129	0.1467
INT	0.099246	0.099895	0.993505	0.3293
R-squared	0.467579	Mean dependent var		9.495154
Adjusted R-squared	0.309825	S.D. dependent var		2.063603
S.E. of regression	1.714375	Sum squared resid		79.35524
Durbin-Watson stat	0.951462	J-statistic		2.13E-43
Instrument rank	9			

Source: Author's Computation 2024

H3: Commercial BCP does not have a statistically significant effect on GDP in Nigeria.

H5: RBD does not have a statistically significant effect on GDP in Nigeria.

H4: Number of commercial banks branches does not have a statistically significant effect on GDP in Nigeria.

H6: RBLs do not have a statistically significant effect on GDP in Nigeria.

Findings

The summary of the unit root analysis is presented in the attached **Table 1**. At the 5% level of significance, GDP, TFALGDP, and interest rate are stationary at level, while the other variables are stationary at first difference. The variables enter into the regression equation at their stationary levels to foreclose spurious regression.

The summary of the GMM regression using all the endogenous variables as instrumental is presented in the attached **Table 2**. Total financial assets and liabilities as a ratio of GDP are significant with a probability of 0.0182 and have a positive effect on GDP; a unit increase in the variable increases the GDP by 0.023 units. The second proxy for FG, i.e., EXTD, is similarly significant with a probability of 0.03 but has a negative effect on GDP. In agreement with *a-priori*, commercial BCP and CBBs have positive effects on GDP; they are, however, not significant with probabilities of 0.9357 and 0.8576, respectively. The other proxies for financial inclusion, RBDs and RBLs, have negative effects on GDP and are not significant with probabilities of 0.6710 and 0.4885, respectively. The estimated model's coefficient of determination indicates that 47% of variations in GDP are accounted for by the variables included in the study's model, while 53% of the variations in GDP are due to variables not included in the model.

Discussions

The signs of the independent variables are all in line with economic or *a-priori* expectations. The total financial assets and liabilities of banks indicate financial deepening, and the Nigerian economy should improve when it increases. A robust and functional financial system leads to economic growth in line with the supply leading hypothesis. This is also a plausible explanation for the positive sign of the number of CBB. Furthermore, an increase in the commercial BCP results into increase in investment, output, and employment, ultimately leading to economic growth. EXTD, on the other hand, retards growth in Nigeria. When debts are properly deployed for the provision of critical infrastructure needed to encourage the effective and efficient functioning of the productive sector, output will increase ultimately, but where the debts are mismanaged, output suffers. RBD is inadequate which leads to the inadequacy of the RBLs. Effective financial intermediation at the rural level, engenders greater economic activities for rural or cottage industries, ultimately leading to improved aggregate output. With reference to **Table 2**, hypotheses 1 and 2, which are on FG, are rejected, while hypotheses 3–6 that test the proxies of financial inclusion are accepted. This study used aggregate economic data of Nigeria, and the application of its output to specific regions or states may be limited; individual, state and regional characteristics may be markedly different

making generalization of output difficult. However, this study provides the effect of FG on the aggregate economic growth of Nigeria, taking the mediating effect of financial inclusion into cognizance, and provides a basis for disaggregated studies. Studies focusing on different states and regions in Nigeria will therefore be a welcome area for future studies.

Conclusion

FG has a positive effect on economic growth in Nigeria; this is similar to the conclusion in Olunuga (19) and Olanrewaju and Adegbola (17). The financial liberalization policies of the government have engendered improved inflow of capital into the country, domestic investors are exposed to globally available financial assets and liabilities that present improved earnings and risk diversification opportunities, and this has translated into improved and sustainable economic growth. However, the cheering promise of globalization is yet to be fully complemented by the domestic financial system. It is recommended that the present policy trajectory towards globalization and liberalization should be sustained while the domestic financial system should be strengthened to expand its reach, products, and intermediation capabilities.

Conflicts of interest

This research was conducted without any commercial or financial relationships that could be construed as potential conflicts of interest.

Authors' contributions

TWO—Analysis and interpretation of data. FDD—Acquisition of data. POU—Drafting of the manuscript. JAD—Critical review of literature and revision.

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