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IMPACT OF FINANCIAL SECTOR REFORMS ON NON-OIL EXPORT GROWTH IN NIGERIA

Nwogo Justin E. (M.Sc., NIM)
Department of Accountancy/ Banking and Finance,
Ebonyi State University
Abakaliki, Nigeria

ABSTRACT:

This research studied the impact of financial sector reforms on non-oil exports in Nigeria for the period 1981-2015, with the specific objective of empirically determining the extent to which financial sector reforms proxy by financial sector gdp, exchange rate and the bank lending rate affects non-oil export growth performance. Time series secondary data for the representative variables (financial sector gdp, bank lending rate, and credit to private sector, exchange rate and non-oil export) were sourced from CBN statistical bulletin and NBS data portal. t. The data were subjected to unit root test of staionarity where all the series became stationary at 1(1). The Johansen co integration test confirmed the existence of long run relationship among the variables. The ordinary least square (OLS) technique was employed for the analysis. The findings indicate that credit to private sector and exchange rate variables had positive and significant impact on non-oil export performance, bank lending rate and financial sector gdp had negative but insignificant effect. Based on the finding, we draw the conclusion that the financial sector reforms should critically look in the direction of bank lending rate and therefore, we recommend that Greater linkages between the financial service providers and exporters should be created and expanded to improve on or create incentives that drive export goods production, and government through the monetary authorities should tinker the bank lending rate to reduce it to the barest minimum that will favor export of goods and services.

KEYWORDS: finance, reforms, non-oil export, growth.

INTRODUCTION:

Exports drive economic growth and reforms presents policy options that sustain the growth of exports and the economy at large. The export components of pre-independence Nigeria economy were mainly non-oil comprising cocoa, groundnut, rubber, palm produce and cotton. The emergence of crude oil into the economy of Nigeria has produced varied effects especially on the non-oil sectors. Oil continues to dominate the countries merchandize exports to the tune of 84.5% (NBS, 2011). Nigeria's export trade is disaggregated into oil and non-oil exports indicating the major sources of foreign exchange earnings. Non-oil exports accounted for only a meager 8% in 2008 and

15% in 2009 (NBS, 2011). Deeper analysis of the composition of non-oil exports reveals the dominance of agricultural exports by about 60% of total non-oil exports in 2011.

The base-line performance of the non-oil sector in 2009 and 2010 were 8.32% and 8.43% respectively while those of the financial sector were 4.01% and 3.95% for the same period. The role of financial sector to growth of the economy as reported for 2011 by (NBS) has been modest. For instance, financial sector contributions to GDP were N25.54billion and N26.50billion in 2009 and 2010 respectively. It is also noted that the downturn in the performance of the financial sector for the periods 2009 and 2010 were inconsistent with the buoyancy of the overall and this has been attributed to the weak link between the financial sector and the real sectors of the economy. In 2011, only 1% of the financing of formal business in Nigeria comes from the banks (NBS, 2011). The weak performance of the financial sector in leading the growth of other sectors especially in aiding the growth of non-oil exports in Nigeria has formed one of the backbones of the various reform attempts in the sector. The developments in the financial sector highlights its strategic role in Nigeria's development process, and apart from the importance of the sector in mobilizing and efficiently allocating resources, it also plays a key role in pricing and trading risks and implementing monetary and fiscal policies (NPC, 2004). The national planning commission (2004) also notes that the shift in emphases to a private sector-led economy deepens the significance of the financial sector in Nigeria's overall development.

Over the past decade and a half, the Nigerian financial sector has experienced substantial fluctuations in fortunes, there is a strong case for ensuring the efficiency of the financial system and for dealing with the contradictions inherent in the fact that despite all the reform efforts for various years, the sector does not appear to be playing its role effectively in aiding the growth of non-oil exports. Some of the reasons as identified by NPC (2004) include: the capital market remains shallow, dependence of the banking system on the public sector funds for source of deposits and foreign exchange trading, submission of inaccurate information to monetary authorities, under-performance of bank loans among other things.

There is a growing need for research information on the impact of financial sector reforms on non-oil export in Nigeria since current economic realities suggests that a way out of the shock created by developments in oil price is diversification of export base. Therefore, this study intends to cover this knowledge gap by assessing the impact of financial sector performance on non- oil export performance output in Nigeria. In spite of the growth of export, the poor performance of the Nigerian economy is characterized by low output growth, high unemployment rate and rising inflation especially in recent years. Since 1970s, the Nigerian economy has become more reliant on oil earnings, with negative impact on non – oil sector of the economy, resulting in the sector's declining contribution to GDP. Sansui (2003) posits that the competiveness of Nigeria's non –oil sector had been consistently eroded over the last three decades, as evidenced in the declining non – oil export, a low industrial capacity utilization rate and consistent loss of market share in non – oil export Obadan (2000) reports that the poor performance of non- oil exports has remained a cause for serious concern, various production /supply continue to bedevil both the agricultural and manufacturing sectors. Besides, there are problems created by conflicting macroeconomic policies such as massive depreciation of currency (naira) and the huge cost of borrowing in the money market. Despite these problems, it is hardly surprising that the package of export incentives implemented over the past 10 years has not worked and the necessary infrastructure for non-oil export is absent. The need to correct this structural imbalance and put the economy back on the path of sustaining growth compelled the monetary authority to organize the 8th Monetary Policy Forum, with the theme "Developing the Non–Oil Sector in Nigeria". In this study, we aim at empirically assessing the financial sector reforms proxy by bank lending rate, exchange rate, and savings mobilization by financial institutions.The significance of this research lies in the fact that establishing the nature of relationship between financial sector reforms and non-oil exports will provide policy implications for the economy especially for export promotion strategies, as well as aiding government and the central bank of Nigeria (CBN) in strengthening efforts towards enhancing the performance of the financial sector and positioning it to pioneer the growth of non-oil related exports. In addition, the study will also serves as a guide to future researchers on this subject where empirical literature is somewhat scarce.

LITERATURE REVIEW:

Export is an aspect of international trade, Lipsey and Crystal (2007) refers to it as 'the sales and purchases of goods and services that take place across international boundaries'. The concept of export can be traced to the mercantilist period of commercial capitalism pioneered by the mercantilists. It is an economic system that places emphases on wealth acquisition by engaging in trading activities. One of the major mercantilist economic writers Thomas Mun avers that export should be of processed goods and not of raw materials as it will ensure additional value to export goods and greater employment in the domestic economy.

Exports are goods and services produced in a country and sold to non- residents (Black, 2002). Visible exports relate to goods sent abroad while the services of that are sold to non-residents form the bulk of invisible exports which include some examples like air and sea transport services, hotel services of a country used by non-residents, hospital and education services.

EXPORT PROMOTION PERFORMANCE IN NIGERIA:

Export promotion is basically government oriented efforts to sell exports by providing export incentives at home and various forms of practical assistance for exporters abroad. This strategy is government's industrial policy to stimulate and encourage the production of goods and services mainly for export. It is achieved by encouraging domestic industries to increase the production of goods and services through tax incentives, reduction of export duties or granting of export subsidies. Other government's actions in support of this strategy as noted by Wilson (2002) include liberalization of credit and importation of raw materials for export-based industries, providing assistance on export costing and pricing, support services for entrepreneurs seeking new export market etc. the major argument against this strategy is the emergence of paradigm shift of international economies from medieval economic theories of absolute and comparative cost advantage towards contemporary competitive advantage. Nevertheless, if carried out successfully, the strategy has the capacity to boost foreign exchange earnings, reduce unemployment by creating job opportunities, improves the technological state of the country, diversification of export among others.

The total value of exports in 1981 amounted toN11billion and in 1986 during the implementation of the structural adjustment program (SAP) which included trade liberalizations, exports decreased moderately to N8.9billion and increased sharply to N30.4 billion in 1987(CBN, 2015). The increase in total export value has kept on, reaching an all-time high of N15, 262.0 billion in 2013.

Non-oil exports have had only a little share of the increasing trend in export value. In 2000, the total value of non-exports was N24.8 billion representing only 1.28% of total export value. In 2011, 2012, 2013 and 2015, the non-oil exports amounted to N913.5 billion, N879.3 billion, N1130.2 billion and N660.7 billion respectively. The value of 2015 represents only 7.46% of total export value of N8845.2 billion.

FINANCIAL SYSTEM AND FINANCIAL SECTOR REFORMS IN NIGERIA:

Financial system consists of complex body of related services, market and institutions used to provide an efficient and regular linkage between investors and depositors (Gurusamy, 2008). It is a system of related laws and regulations and structures that enable people with surplus money to save them and those with deficit to borrow from the saved. It is also a system that allows the exchange of funds between lenders, investors and borrowers (Sullivan and Stephen, 2003). It does this by providing a medium of exchange that promotes specialization, mobilization of savings from the surplus unit and channeling of such to the deficit unit of the economy for productive investments which could enhance the productive capacity as well as growth the surpluses for exports. We can therefore say that the Nigerian financial system is a set of institutional and other arrangements that transfer savings from those who generate them (the financial sector) to those who ultimately use them. It is a reality in every economic system that two distinct categories of people interact: those who have the capacity to save, and those who do not but need money for investment or consumption purposes. The financial sector therefore is the connecting tissue between them.

For the financial sector to reach a satisfactory confidence level or ideal state, it must possess features such as stability, efficiency, competiveness, flexibility and balance. Stability infers that confidence must be maintained by the sector especially in terms of financial panic, it must be able to absorb and withstand shocks arising from the greater-than anticipated and allowed-for-risk (risks created or made or expected) and hence to contain a contractionary impact on activities and trade as well as any inflationary effects on prices.

For efficiency to be attained, the sector must direct savings to the investments with the highest rate of return that satisfy the most necessary growth and development needs**.** Competitiveness means that a large number of end users are able to access financial services without much difficulty especially with regards to the procurement of capital for productive enterprises that promote export and trade. Flexibility allows the system to adjust to and employ operation methods that are compatible with current realities in economic and financial structures.

Balance in the financial sector requires that the realization of an optimal mix of various types of financial services with respect to both the transfer of current savings and the stock of past savings. A mix of different financial institutions such as mortgage banks, bank of industry, merchant banks, commercial banks etc.

Numerous anomalies and failures of the financial system in Nigeria necessitated reform exercises with particular attention to the banking sub-sector re.

Banking sector reforms from other normal economic reforms is an interrelated system. The reform have been predicted upon the backdrop of banking crisis due to the high under capitalization of stock owned banks; weakness in the regulatory and supervisory frame work; weak and fraudulent management practices and the tolerance of deficiencies in the corporate governance behavior of banks; in addition to unfair competition in the banking sub-sector.

Odufu(2005) has it that subsequence efforts after the 1950s, at straightening the regulatory framework resulted in the enactment of the following banking regulation:

- The Bank Act of 1969

- Nigerian Deposit Insurance Corporation Act of 1988
- The CBN Act of 1991 which was amended and repealed the Banking Act of 1969.

The above shows that reform efforts in the Nigerian Banking Sector have been an aging exercise. One of the reforms in the banking sector was introduced in 2004 which resulted in the consolidation of the banking industry. This reform of 2004 was anchored on the following;

- In Nigeria, most banks had a low capital base of about less than 10 million US dollars.
- The local banks in Nigeria were not very efficient and also they had a low capacity to the consequence that the government depended so much on foreign banks.
- The sector had been suffering from weak governance and insolvency.
- A significant number of the banks depended on public sector deposits which had mixed fortune on their capital base.
- The distribution of public funds in the sector was skewed in favor of very few banks (Soludo, 2007).

The reform process began with the rolling out incentives to other banks by the Central Bank. These incentives included the freedom of the banks to deal through foreign exchange, the banks were permitted to take deposits from the public sector and fiscal authorities were made responsible for the collection of revenue from the public sector; some tax incentives were provided for the banks in the area of stamp duty and capital allowance; minimization of transaction cost; and the formation of an export panel by the government to provide technical support to the banks. Other processes in the reform included the merger and acquisition of banks with the introduction of a regulatory framework Based on some rules; the establishment of a web portal which allows all the citizens to share any confidential information with the Central Bank regarding the banking system; and an automated process developed to report the banks' returns as well as the revision and updating banking laws by government to make the system more easy and effective.

Since the reform in the sector have been an un-going exercise, the formal Central Bank Governor, SanusiLamidoSanusi, after his appointment in 2009 introduced a spate of reform which was a response mechanism to the global financial crisis and mismanagement of certain banks. The CBN intended to raise the quality of bank supervision and bank operations to a world standard.

The reform process began by emphatically a special joint committee of the CBN and the NDIC to conduct a special examination of all 24 universal banks that survived the merger and acquisition exercise of the 2004 banking reforms. The result of the examination i8ndicate the insolvency of five banks namely, defunct Oceanic Bank, Union Bank, defunct Afribank, Finbank and defunct

Intercontinental Bank whose aggregate percentage of non-performing loans was 40-81% in addition to the observation that all five banks were chronic borrowers at the expanded discount window (EDW) of the CBN. The second phase of the examination exercise showed three additional banks to be insolvent (Bank PHB, Spring Bank and Equatorial Trust Bank).

As a response or correction mechanism, the CEOs of these insolvent banks were dismissed and their other senior executives charged with crimes. Also the CBN as the lender of last resort injected #420 billion into these banks in the form of subordinated loan in order to improve their liquidity.

The reforming also mandated banks to change their accounting year to the calendar year with all their subsidiaries following the same accounting year. This owes to the fact that different reporting years for Nigerian banks made financial corporation very difficult among banks and so well limited transparency of bank financial results.

The remaining sections are arranged as follows: Section two presents the literature review, while the third section focuses on the theoretical frame- work and model specification. Section four includes data analysis and interpretation of results, and the final section presents the summary and conclusion.

PERFORMANCE OF THE NIGERIAN FINANCIAL SECTOR:

The banking reforms had been rested upon the rationale of macroeconomic instability, failures in corporate governance, lack of investors and consumer sophistication, inadequate disclosure and transparency about the financial positions of banks, critical gaps in regulatory framework and regulations, unstructured governance and management processes at the CBN and weakness within it etc.

The impact of these reforms has seen an increase in the capital base of banks, emergence of efficient and disciplined banking system as a result of the merger and acquisition exercise of 2004 thereby decreasing government dependence on foreign banks.

In consonance with the reform efforts, the financial sector share of GDP a seen an appreciable upward trends. In 1981, total value of financial sector output was N4.8 billion, and by the year 2000 it rose to N142.0 billion (CBN, 2015). After the 2004 consolidation exercise, the sectoral output increased sharply to N423.5 and N965.3 billion in 2005 and 2006 respectively. The reforms have been an on-going process so that after the 2009 reform exercise, financial sector output reached N1648.7 billion in 2010 with an all-time high of N2842.4 billion in 2015.

The reforms have also made the banking system significantly safe, stronger and globally competitive to play developmental roles to the economy reinforce the confidence of stakeholders in the industry.

The reforms have been a provocative response to the preponderance of weak banks characterized by persistence illiquidity, insolvency, under-capitalization, high level of non-performing loans and weak corporate governance.

CHALLENGES FACING THE FINANCIAL SECTOR IN NIGERIA:

Despite these reforms, stakeholders in the banking industry face a number of prospects and challenges from the consolidation and other reforms exercises. Some of the challenges include lack of country experience and technical knowledge on large scale consolidation manifested partly in the paucity of experience staff on subjects of merger and acquisition both on the operators and regulator sides.

Still on the challenges, operational challenges arising from ICT system and operational challenges in the banking technology.

Aderibigbe (1977) notes that the process of financial sector reform is the movement from an initial situation of controlled interest rate, poorly developed money and securities markets and under-developed banking system towards a situation of flexible interest rates, an expanded role for market forces in resource allocation, in- creased autonomy for commercial banks and deepening of money and securities market. There are close linkages between financial sector re- forms and the conduct of monetary policy. The importance of these linkages becomes more obvious when a country embarks on the transition process from direct control of interest rates and credit to the use of indirect instruments of monetary management. Thus, a major objective of financial sector reforms is to develop an efficient framework for monetary management. This encompasses efforts to strengthen operational capacities of the banking system, foster efficiency in money and securities markets, overhaul the payment system and ensure greater autonomy to the central bank in conducting macroeconomic stabilization policies. According to Mbutor (2007), the impetus for the reforms follows from the understanding that a sound financial system will render monetary policy more effective and also support growth in the real sector of the economy. This belief that the existence of sound banks will help to effectuate monetary policy therefore, must be a con- sequence of the conviction that there exists a definite link between monetary policy action and the lending behavior of the deposit money banks In the light of above discussion, this paper examines the impact of current financial sector reforms on non- oil export supply in Nigeria. Nevertheless, as we continue to struggle with financial reforms which arms to put us at par in the world banking stage at least by the year 2020, there is the need for all stakeholders to partner with the CBN to ensure smooth and effective implementation of reform policies.

THEORETICAL FRAMEWORK:

Theoretical literatures on financial sector development and export drive have links to some theories of economic growth. Of note here isthe Rostow stages of economic growth theory. One of the requirements for growth postulated by this theory is the development of strategic sectors in the economy. According to Jhingan (2011) the development of strategic sectors is one of the requirements in the take-off stage. Rowstowwas quoted in Jhingan (2011) states that " the rapid growth of the leading sectors depends upon the presence of four basic factors which include: an increase in the effective demand of products, expansion of capacity in these sectors, sufficient initial capital and investment profits for the take-off in the leading sectors, and introduction of expansion of output in other sectors by the leading sectors.

The Schumpeterian circular-flow theory also embodies financial sector developments. The theory regards growth of the economy as "a stream that is fed from the continual flowing springs of land, labour, power and the other flow called income" (Jhingan, 2011). The financial sector is the medium of the flow enabling the transfer of goods and services from these other factors.

There is also a link between financial sector developments and the Chenery's Patterns of Structural Change theory of economic growth. He describes the process of economic development as "a systematic variation in any significant aspect of the economic or social structure associated with a rising level of income" (Jhngan, 2011). The developments are in three components namely: accumulation processes, resource allocation processes, and demographic and distributional processes. The allocation process comprise also includes structure of production consisting of primary products output as % of GDP, industry output as % of GDP, utilities output as % of GDP and services output as % of GDP.

EMPIRICAL REVIEW:

Research interests on this topic have been too few. Bridging the gap in literature is one of the reasons for this study.

Enoma and Isedu (2011) observed that that among other things, the hypothesis of financial liberalization has continued to yield positive results. They researched on the impact of financial sector reforms on non-oil exports in Nigeria, employing the error correction models. They recommended that the financial sector reforms should be improved upon and sustained in order to fully optimize the gains so far.

In the same vein but with a little shift in direction, Gordon (2008) carried out a research on the impact of financial sector reforms on savings, investment and growth in Ghana using regression analysis. He found out that financial intermediation can affect economic growth by acting on the savings rate. Strong policies to stabilize the economy and pursuance of reinvigoration of the private sector were among the recommendations.

The role of small and medium scale enterprises in the growth of non-oil exports cannot be overlooked. It is part of the real sector that increases the performance of non-oil exports.

Kadiri (2012) found out that all the SMEs studied relied on informal sources of finance in generating funds for production investments. He employed the binomial logistic regression, and recommends that government's intervention is needed to cut down on the cost of doing business in Nigeria.

For Enang (2012), the reforms in the banking sector yielded positive results. The observation was contained in his work on macroeconomic reforms, size of government and investment behavior in Nigeria. The method adopted for the study was cointegration and error correction analytical framework.

Financial sector reforms has not only been peculiar to the Nigerian economic climate alone, other African countries has the practice of following every step taking by Nigeria in the drive for output growth.

Ngugi (1998) in his study of financial sector reforms and interest rate liberalization in Kenya showed that although much had been accomplished in the Kenyan reform experience, the sector was still repressed by factors such as inefficiency in financial intermediation and negative real interest rates.

Bakare (2011) looked at financial sector liberalization and growth in Nigeria. The observations from the least squares method indicates in the empirical result that a long run relationship and a negative but significant relationship exist between the variables employed. The need to revisit the structural adjustment programmed was also indicated in the study.

For Odeniran and Udeaja (2010) there is need for attention to be given to realizing complimentary and coordinated financial reforms. This was based on the observed causal relationship between the various measures of financial development and output. The study had employed granger causality and vector auto regression.

As noted earlier, not much research interest has been indicated in this subject area. The observed gap in literature common to all the works reviewed were inconsistency and variations in the methods adopted. In addition, there were not enough attention and theoretical links.

METHODOLOGY:

RESEARCH DESIGN:

The research design adopted is the ex-post factor research design. The reason for adopting this type of design is due to the submission by Baghebo and Atima (2013) that it combines theoretical consideration with empirical observation.

In this research, the area studied is the financial sector and the non-oil export components of the economy with a view to revealing how the reforms in the financial sector has affected the growth of non-oil exports using the period 1981 to 2015, this scope of period allows us to have a considerable degree of freedom suitable enough for prediction, forecasting and policy analysis.

SOURCES OF DATA:

This study utilized time series data obtained from Central Bank of Nigeria statistical bulletin of various issues. The data is also a repository of the National Bureau of Statistics (NBS), World Bank, IMF, Journals, Articles and Textbooks. The independent variables include financial sector GDP output, bank credit to private sectors, bank lending rates and exchange rate, and then the non-oil sector as the dependent variable.

MODEL SPECIFICATION:

In order to estimate the impact, the model below is specified:

$NOXP = b_0 + \beta_1 FSGDP + \beta_2 BCPS + \beta_3 BLR + \beta_4 EXR\ U_t$

Where

NOXP = Non-oil exports

FSGDP= financial sector recapitalization proxy to financial sector output of GDP

EXR = exchange rate

BLR = bank lending rate

B_0 = constant term

$B_{1,}$ $B_2$and B_3 = the coefficients of the parameter estimates

U_t = the error term.

The estimation was carried out using the ordinary least squares (OLS). This technique wildly accepted and regarded as the best linear unbiased estimator (BLUE) that can be used in evaluating models of this nature (Gujarati 2002). It is also best suited for testing specific hypothesis about the nature of economic relationship.

ANALYSIS OF RESULT:

Prior to the estimation, the preliminary tests otherwise called diagnostics tests were carried out to ensure that the data is suitable for the intended analysis. The tests include Augmented Dickey Fuller unit root test of stationary, the Johansen co-integration test of long run relationship.

Between 1981 and 2000 both financial sector output and non-oil exports exhibited an increasing trend but non-oil export lagged far behind. However, a sharp upward trend in financial sector output variable began from 2006 and maintained the tempo before finally shooting up to an all-time high in 2015.

The trend was not the same with non-oil export which only attained a significant figure close to that of FSO (1273.4 in 2008) in 2013.

Unit Root Test:

Table 2.0: Unit root test result

Variables	ADF @ level	1st Diff	Critical value	Order of int	Remarks
BCPS	-1.340613	-4.600439	-3.552973	1(1)	stationary
BLR	-3.073161	-7.373374	-3.552973	1(1)	stationary
NOXP	-1.661517	-4.215383	-3.552973	1(1)	stationary
FSO	-0.659046	-6.354225	-3.552973	1(1)	stationary
EXR	-1.821238	-6.153750	-3.552973	1(1)	stationary

Source: author's computation (E-views 8.0)

The Unit root test is conducted to ensure that the data for analysis does not have unstable character. An unstable data makes a model not suitable for forecasting and policy formulations. The data are considered stable when the Augmented Dickey Fuller (ADF) value is greater than the 5% critical value. Initially at level, the data were not stationary because the ADF statistic were less than the critical value, but after differencing the first time they all became stationary as can be seen in the table above. Therefore, we can now proceed to use the data for our OLS analysis.

From the Johansen co-integration test result, we therefore conclude the existence of co-integration because the trace statistic is greater than the 5% critical value at none*. This also implies the existence of a long-run relationship among the variables (BCPS, BLR, EXR, FSGDP and NOXP).

The OLS regression indicate that a unit increase financial sector growth performance will decrease non-oil export by ₦0.294086 billion, a unit increase in bank lending rate will decrease non-oil export growth by ₦2.031113 billion, and a unit increase in exchange rate and bank credit to private sector increases non-oil export growth by ₦1.183201 billion and ₦0.091925 billion respectively.

The joint influence of the explanatory variables (BCPS, BLR, EXR and FSGDP) on the explained variable (NOXP), was confirmed from the F-statistic.

The calculated f-value is 100.2343 is greater than f-tabulated which 2.69, for which reason we conclude that the three is joint influence of financial sector performance, bank credit extension to private sector, bank lending rate and exchange rate on the growth of non-oil exports in Nigeria within the sample period.

CONCLUSION, SUMMARY OR FINDINGS AND RECOMMENDATIONS:

Our interest in this research was to examine the impact of financial sector reforms on non-oil exports in Nigeria within the period (1981-2015). To achieve this, data were sourced from reliable outlets, and diagnostic tests were carried out on it. The co-integration test confirmed the existence of a long-run relationship between bank credit to private sector, bank lending rate, exchange rate and financial sector output. From the unit root test, all the variables became stationary at first difference 1(1). The significant probability value of the F-statistic (0.00000) implies that the entire regression plane is statistically significant, and also indicates joint influence of bank credit extension to the private sector, bank lending rate, exchange rate and financial sector recapitalization proxy to financial sector output of GDP variables on the growth performance of non-oil exports in Nigeria.

The test results and analysis so far leads us to the conclusion that financial sector reforms within the sample period considered had positive and significant impact on the growth performance of non-oil exports in Nigeria. The implications of the findings of this study are obvious; the mobilization and transfer of credit to the export unit by the financial sector proves a solution to the desired increase in non-oil related export growth performance, and future growth lies with government's export promotion policy and more reform efforts in critical aspects of the financial sector of the economy. The implementation of recommended actions in the sector will further increase performance output of the sector especially in inter-facing between export goods producer and sources of fund and monitoring activities of the regulated bodies of the sector will ensure sustainability of all previous efforts. We also observed an inverse relationship between bank lending rate variable and non-oil export indices. A suitable explanation for this could be traced to the fact that borrowers are naturally put off by high lending rate as is currently obtainable in Nigeria. We recommend creation and expansion of linkages between the financial service providers and exporters I order to improve on or create incentives that drive export goods production. Additionally, government through the monetary authorities should tinker the bank lending rate to reduce it to a threshold that will favour export of goods and services, and also Government should backup all adopted recommendations on financial sector regulations with legislative acts to make for compliance by the relevant stakeholders especially with emphases in ensuring that all bottleneck in the sourcing of funds for export promotion are removed

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