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EFFECT OF THE NAIRA REDESIGN POLICY ON THE ECONOMIC GROWTH OF NIGERIA

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Abstract: The study examined the effect of the Naira Redesign Policy on Nigeria's economic growth. The specific objectives of the study are to; examine the effect of the Inflation Rate on the Gross Domestic Product (GDP) Growth Rate, and evaluate the effect of the Financial Inclusion Rate on the Gross Domestic Product (GDP) Growth Rate in Nigeria. A mixed-methods research design was employed, combining quantitative and qualitative approaches to provide a comprehensive understanding of the policy's impact. The study focused on analyzing existing data to derive insights. The data was collected from Central Bank of Nigeria (CBN) publications, and National Bureau of Statistics (NBS) reports. Reports from banks and international financial organizations (e.g., World Bank, IMF). The data collected was analyzed using multiple regression analysis. The result revealed that the Inflation Rate has a significant effect on the Gross Domestic Product (GDP) Growth Rate with ($\beta_2 = -0.292; p < 0.05$), while the Financial Inclusion Rate has no significant effect on the Gross Domestic Product (GDP) Growth Rate with ($\beta_1 = -0.452; p > 0.05$). in Nigeria. The study concluded that the Naira Redesign Policy has contributed to the dynamics of Nigeria's economy, but its effects are nuanced. The study recommended that the government and the Central Bank of Nigeria (CBN) should implement robust monetary policies aimed at curbing inflation.

Keywords: Economic, Growth, Naira, Policy, Redesign

1.1 Introduction

The redesign of a country's currency is a significant monetary policy decision that can have far-reaching effects on its economic growth. Governments and central banks undertake currency redesign for various reasons, including combating counterfeiting, controlling inflation, promoting financial stability, and transitioning to a more digital-based economy. While such a policy can enhance economic transparency, improve monetary control, and strengthen financial inclusion, it can also lead to short-term disruptions, including cash shortages, reduced business activities, and fluctuations in consumer spending. The impact of currency redesign on economic growth depends on factors such as the effectiveness of implementation, public confidence, and the overall structure of the economy.

The Naira Redesign Policy was introduced by the Central Bank of Nigeria (CBN) in late 2022 as a strategic move to enhance monetary control, curb inflation, reduce counterfeiting, and promote a cashless economy. The policy involved redesigning and replacing high-denomination currency notes, including the ₦200, ₦500, and ₦1,000 bills, to reduce excess cash circulation and encourage digital transactions. While the government justified the policy as a tool to strengthen economic stability and improve financial transparency, its implementation led to widespread cash shortages, economic disruptions, and hardships for businesses and individuals. The policy sparked national debates on its effectiveness, with concerns about its timing, execution, and immediate impact on Nigeria's largely cash-dependent economy.

1.2 **Statement of the Problem**

The Naira Redesign Policy, introduced by the Central Bank of Nigeria (CBN) in late 2022, aimed to curb inflation, tackle counterfeiting, reduce corruption, and promote a cashless economy. However, its implementation led to significant economic disruptions, particularly in a country where a large portion of transactions rely on cash. The sudden withdrawal and redesign of high-denomination currency notes resulted in severe cash shortages, reduced business activities, and increased financial uncertainty, particularly for small and informal sector businesses. While the policy was intended to enhance economic stability and drive digital financial inclusion, its short-term effects raised concerns about its impact on Nigeria's overall economic growth. This study seeks to examine the effects of the Naira Redesign Policy on key economic indicators such as GDP performance, inflation, financial sector stability, and business activities, highlighting both the challenges and potential benefits of the policy.

1.3 Objective of the Study

The study's main objective is to examine the effect of the Naira Redesign Policy on Nigeria's economic growth. The specific objectives of the study are to;

i. Examine the effect of the Inflation Rate on the Gross Domestic Product (GDP) Growth Rate in Nigeria.

ii. Evaluate the effect of the Financial Inclusion Rate on the Gross Domestic Product (GDP) Growth Rate in Nigeria.

1.4 Hypotheses of the Study

i. Inflation Rate has no significant effect on the Gross Domestic Product (GDP) Growth Rate in Nigeria.

ii. Financial Inclusion Rate has no significant effect on the Gross Domestic Product (GDP) Growth Rate in Nigeria.

Review of Related Literature

Conceptual Review

Naira Redesign Policy

The Nigerian Central Bank, in the year 2023, introduced a currency redesign program, along with the revival of a cashless policy first implemented in Lagos in 2012 (Eechi & Rufus, 2016). The currency redesign aims to mitigate the consequences of high inflation due to the excessive money in circulation, which has driven up nationwide prices of essential commodities (Olujobi, 2022). The Naira Redesign Policy, introduced by the Central Bank of Nigeria (CBN) under the leadership of Mr Godwin Emefiele, on October 26, 2022, marked a significant monetary and fiscal policy intervention in Nigeria's economic landscape. This policy aimed to redesign the highest denominations of the Naira, specifically the N200, N500, and N1000 notes, with a deadline of January

31, 2023, to replace old ones with new ones. The rationale provided by the CBN for this redesign encompassed multifaceted objectives, including curbing corruption and currency fraud, addressing the menace of kidnapping for ransom, reducing inflation, and managing the issue of excessive currency circulation. The currency redesign program is expected to control the money supply, reduce inflation, curb hoarding, and mitigate corruption and embezzlement of funds (Iwedi et al., 2023), as studies have shown that currency redesign is an effective approach to managing the money in circulation. Despite the potential benefits of currency redesign as a macroeconomic monetary policy tool to tackle inflation, the implementation of this policy in Nigeria has faced significant challenges.

Policy-making and implementation in the country have historically been inconsistent, leading to public skepticism and the perception that such policies are intended to make people's lives more vulnerable. The currency redesign program has resulted in a severe shortage of cash, disrupting market transactions and causing broader economic and social problems. However, the policy changes have far-reaching implications for the everyday lives of Nigerian households, particularly in the Sokoto Metropolis, which is the focus of this study. Sokoto, as one of the states in the northern part of Nigeria, is likely to be significantly affected by the currency redesign and cashless policy initiatives, given the state's unique socioeconomic and cultural dynamics (Adekunle & Oladejo, 2021). The adverse effects on local populations prompted the state governments of Kaduna, Kogi, and Zamfara to file a lawsuit against the Central Bank, challenging the "haphazard implementation" of the program. In response, the Supreme Court ruled that the old currency notes should be brought back into circulation and remain legal tender until December 31st, 2023 (Olabimtan, 2023).

Economic policy transformations, such as Nigeria's currency redesign program and the revival of the cashless policy, often bring about significant challenges during the initial implementation stages (Akhalumeh & Ohiokha, 2011). The policies have caused widespread economic hardships, including shortages of currency notes and essential commodities, and difficulties in adapting to e-banking systems, leading to poverty, starvation, and the inability to meet basic needs across many parts of the country. While currency redesign is a macroeconomic tool to tackle inflation, the haphazard implementation has disrupted business transactions and daily life (Olabimtan, 2023). Similarly, the adoption of the cashless policy faces various obstacles, such as poor electronic and networking services, inadequate electricity, and a lack of financial literacy among many Nigerians (Akhalumeh & Ohiokha, 2011). The literature further highlights the multifaceted impacts of the Naira redesign policy in Nigeria.

Olujobi (2022) found that the policy was aimed at reducing excess money supply, improving monetary policy effectiveness, and curbing inflationary pressures, while also enhancing the exchange rate policy. Similarly, Akinleye (2023) observed that the currency redesign can have significant implications for inflation, exchange rate, and monetary policy in the country. Additionally, Pillah's (2023) review of the literature suggests that the policy was implemented for economic reasons, such as reducing inflation, combating counterfeiting, addressing financial insecurity, and controlling the money in circulation. The studies collectively underscore the diverse rationale and potential effects of the Naira redesign, underscoring the need for a comprehensive evaluation of its implementation and impact on Nigeria's economic development.

Inflation Rate

Inflation is defined as a monetary phenomenon that is a consequence of excessive monetary expansion, i.e. an increase in the general price level. Inflation can also be referred to as a critical economic phenomenon that reflects the rate at which the general level of prices for goods and services rises, consequently eroding purchasing power, (Anderson and Chijioke, 2024). Inflation is a pervasive economic phenomenon that affects individuals, businesses, and governments alike. The inflation rate is calculated as the percentage change in these indices over a specific period, usually annually. Understanding inflation is essential for grasping broader economic dynamics, as it reveals insights into consumer behavior, production costs, and overall economic stability. Inflation can be classified into several categories, each arising from different economic conditions. Demand-pull inflation occurs when aggregate demand exceeds aggregate supply, often during periods of economic growth when consumers have increased purchasing power. Conversely, cost-push inflation results from rising production costs, such as increases in wages or raw materials, (Xiong, 2023). When producers face higher costs, they often pass these increases on to consumers in the form of higher prices (Mankiw, 2014).

A historical example of cost-push inflation can be seen during the oil crises of the 1970s, where rising oil prices led to significant increases in transportation and production costs, contributing to widespread inflation. The effects of inflation are multifaceted, influencing various stakeholders differently. For consumers, inflation erodes purchasing power, making it more expensive to acquire goods and services. This can lead to changes in consumer behavior, such as reduced spending or a shift towards lower-priced alternatives. Inflation can disproportionately affect low-income households, which tend to spend a larger share of their income on essential goods and services that may experience price increases. Conversely, individuals with fixed incomes, such as retirees, face challenges in maintaining their standard of living during inflationary periods. For businesses, inflation affects pricing strategies, cost structures, and investment decisions. Companies may pass higher costs onto consumers, potentially leading to decreased demand if prices rise too rapidly. Furthermore, uncertainty about future inflation can deter long-term investment, as businesses may hesitate to commit capital in an unpredictable environment, (Malenković, 2022. In response to the challenges posed by inflation, many central banks have adopted inflation targeting as a monetary policy framework. This approach involves setting explicit inflation rate targets and using interest rate adjustments and other tools to achieve these goals. Research indicates that inflation targeting can effectively reduce inflation rates and stabilize economies.

Financial Inclusion (FI) Rate

The term Financial Inclusion (FI) came into the limelight in the early 2000s, emanating from research findings that emphasized poverty as a direct consequence of financial exclusion. The drive for FI is aimed at ensuring that all adult members of society have easy access to a broad range of financial products designed according to their needs and provided at affordable costs. These products include payments, savings, credit, insurance, and pensions. Nigeria presently operates a dual financial system, with the formal and informal financial sectors operating side by side but with little or no interaction (Babajide, Adegboye, and Omankhanlen, 2015). Financial inclusion is said to be a process that assures the ease of access, availability, and usage of the formal financial system by all members of an economy.

Financial Inclusion is also termed as the process of ensuring access to appropriate financial products and services needed by all sections of society in general and vulnerable groups, such as weaker sections and low-income groups, in particular, should have access to financial services at an affordable cost in a fair and transparent manner, provided by regulated mainstream institutional players (Chakrabarty, 2010). A committee on financial inclusion in India, under the chairmanship of Dr. Rangarajan, defined financial inclusion as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups, such as weaker sections and low-income groups, at an affordable cost (Agarwal, 2010).

Hannig and Jansen (2011) defined financial inclusion as the absence of price or non-price barriers in the use of financial services. They further stated that it aims to improve access to financial services, which entails enhancing the degree to which financial services are available to all at a fair price. These three definitions emphasize the issue of affordability in terms of cost. The target group is defined by the first two definitions, while the first definition mentions the institutional players involved.The financial inclusion rate is a critical metric that measures the extent to which people can access banking services, credit, insurance, and other financial products. As economies become increasingly interconnected and digitalized, financial inclusion has gained prominence as a crucial driver of economic growth, poverty alleviation, and social equity. The financial inclusion rate is typically measured using various indicators that capture access, usage, and quality of financial services. One commonly used framework is the Global Findex database, developed by the World Bank, which provides comprehensive data on individuals' access to and use of financial accounts, credit, and savings across different countries (Demirgüç-Kunt et al., 2018). A well-functioning financial system drives economic growth and creates a platform for financial intermediation by providing savings, credit, payment, and risk management products to people with a wide range of needs.

Financially inclusive systems allow easy, broad-based access to financial services by making customized financial products available at an affordable price without stringent documentation, particularly to the poor or other disadvantaged groups within the economy. Without financially inclusive systems, the poor would rely on their limited savings or future investments, and small enterprises would not be able to pursue promising growth opportunities because they would have to rely on their limited earnings, this is the reason for the persistent income inequality and drag in the economic growth of most developing countries, (Babajide, Adegboye, and Omankhanlen, 2015).

Gross Domestic Product (GDP) Growth Rate in Nigeria.

Gross Domestic Product (GDP) is a critical indicator of economic performance, representing the total value of all goods and services produced within a country during a specific period. The GDP growth rate, which measures the percentage change in GDP from one period to another, is a vital metric for assessing the health and trajectory of an economy. In Nigeria, a country characterized by its vast resources and diverse economy, the GDP growth rate has undergone significant fluctuations due to various internal and external factors. GDP serves as a comprehensive measure of a nation's economic activity. It is calculated using three approaches: the production approach, which sums the value added at each stage of production; the income approach, which aggregates incomes earned by factors of production; and the expenditure approach, which totals consumption, investment, government spending, and net exports (Mankiw, 2014).

A growing GDP is often associated with improved living standards, increased employment opportunities, and enhanced public services. In Nigeria, GDP growth is particularly relevant given the country's aspirations to become one of the top 20 economies in the world by 2020, as outlined in its Vision 20:2020 strategy (Federal Republic of Nigeria, 2010). The growth rate provides insights into the effectiveness of economic policies and the resilience of various sectors, including agriculture, industry, and services. The early 2000s marked a period of robust economic growth, with Nigeria achieving an annual GDP growth rate often exceeding 6%. However, this growth was not evenly distributed, with disparities evident between urban and rural areas and among different socioeconomic groups (World Bank, 2014). The global financial crisis of 2008-2009 and subsequent declines in oil prices posted significant challenges, leading to a recession in 2016, which highlighted the vulnerabilities of an oil-dependent economy (Obi & Uche, 2020).

The Nigerian economy is heavily reliant on oil, which accounts for a substantial portion of government revenue and foreign exchange earnings. Fluctuations in global oil prices have a direct impact on GDP growth rates. For instance, the sharp decline in oil prices in 2014 significantly affected government revenues and led to economic contraction (Ajakaiye & Fakiyesin, 2018). Diversification of the economy is crucial to mitigate the risks associated with oil dependency and stabilize GDP growth. Agriculture remains a vital sector in Nigeria, employing a significant portion of the population and contributing to GDP. The government has implemented various programs aimed at boosting agricultural productivity, such as the Agricultural Transformation Agenda. However, challenges such as inadequate infrastructure, access to credit, and climate change continue to impede growth in this sector (Ogunfowora, 2021). The GDP growth rate has significant implications for various aspects of Nigerian society. High growth rates are often associated with improved living standards, increased employment opportunities, and enhanced public services. Conversely, low or negative growth can lead to rising unemployment, increased poverty levels, and social unrest.

Nigeria's economic growth

According to John (2022), economic growth is the process by which a country's wealth develops over time. The term, he said, is frequently employed in talks of short-term economic success, but in the context of economic theory, it typically refers to a gain in wealth over a long period. A society's ability to produce more economic goods and services of higher quality and quantity is referred to as economic growth, according to Roser (2021). Economic growth, according to Edeme (2018), is the ability to generate more products and services over time (gross domestic product). According to Amadeo (2021), among other researchers, economic growth is the rise in the value of an economy's goods and services, which increases profits for firms and suggests an increase in per-capita and national income. An increase in a nation's gross domestic product (GDP), which measures the total monetary worth of the products and services generated by the nation over a given period, is typically a sign of economic growth. Therefore, the process through which a nation's actual national and per capita income increases over an extended period can be described as economic growth. In measuring economic growth, Amadeo (2021) notes that the increase in Per-Capita income is the better measure because it is what reflects an increase in the improvement of living standards of the masses, which should also reflect in terms of the increase of output of goods and services.

Economic growth is the increase in the value of an economy's goods and services, which creates more profit for businesses. As a result, stock prices rise. That gives companies capital to invest and hire more employees. As more jobs are created, incomes rise. Consumers have more money to buy additional products and services, and purchases drive higher growth. For this reason, all countries want positive economic growth. This makes economic growth the most-watched economic indicator. Gross domestic product is the best way to measure economic growth because it takes into account the country's entire economic output. GDP includes all goods and services that businesses in the country produce for sale. It doesn't matter whether they are sold domestically or overseas (Amadeo, 2021). The oil sector remains a critical driver of Nigeria's economic growth, contributing significantly to GDP and foreign exchange earnings. The volatility of oil prices, however, has exposed the economy to external shocks. For instance, the drastic fall in oil prices in 2014 led to a recession in 2016, highlighting the risks associated with over-reliance on oil (Obi & Uche, 2020).

2.2 Theoretical review

2.2.1 Quantity Theory of Money (QTM)

Long periods of excessive inflation are typically brought about by lax monetary policy. When the money supply exceeds the size of an economy, a currency loses unit value, which results in a decline in purchasing power and a price increase. One of the earliest theories in economics, the quantity theory of money, describes the connection between the size of the economy and the money supply (IMF, 2017). The importance of the QTM has always been linked to the monetary policy. David Hume proposed the first dynamic explanation for how monetary changes propagate from one sector to the next, altering relative prices and quantities in the process. He also contributed to the "Quantity Theory of Money's" refinement, expansion, and elaboration. Such disequilibrium effects were deemed transitory and insignificant by David Ricardo from 1772 to 1823 in his long-run equilibrium analysis (Totonchi, 2011). One of the very first theoretical foundations of economics is the "Quantity Theory of Money (QTM)". Monetary economists assert that the general level of prices for goods and services is inversely correlated with the amount of money in circulation; in other words, if money in circulation doubles, prices will also double. From this perspective, it's straightforward to conclude that "variations in the quantity of money in circulation are primarily influenced by changes in the level of general prices of goods and services.

2.2.2 Public good theory of financial inclusion

The public good theory of financial inclusion argues that the provision of formal financial services should be treated as a public good. The theory argues that formal financial services are a public good, and should be provided to everyone for the benefit of all. There should be unrestricted access to finance for everyone. As a public good, access to formal financial services to one individual does not reduce its availability to others. This means that all members of the population can be brought into the formal financial sector and everyone will be better off. Under this theory, all members of the population are beneficiaries of financial inclusion and nobody is left out, (Ozili, 2020). Under the public good theory of financial inclusion, an individual or small business that opens a formal bank account can be offered free debit cards. They can use the Automated Teller Machines (ATMs) to perform transactions without being charged a transaction fee. Suppliers of formal financial services, such as financial institutions, will bear the cost of offering formal financial services as a sunk cost of doing business.

The government can grant subsidies to financial institutions to help them cope with any resulting cost problems that arise from offering free formal financial services to citizens. The public good theory of financial inclusion has three merits. Firstly, the public good theory suggests that everyone will benefit from financial inclusion regardless of status, income level, or demographic differences. Secondly, as a public good, the government will subsidize the cost of providing formal financial services to citizens. Thirdly, as a public good, it allows the government to take responsibility for promoting financial inclusion. The public good theory of financial inclusion has three demerits. When the provision of formal financial services is treated as a public good, the level of financial inclusion may not be sustainable in the long term even when supported with public funding if the cost of formal financial services is underpriced, (Ozili, 2020).

2.3 Empirical Review

Gourène and Mendy (2019) conducted a study to analyze financial inclusion and economic growth in WAEMU. The study examines the causal relationship between Financial Inclusion and economic growth in the West African

Economic and Monetary Union (WAEMU) from 2006 to 2015. The study employed the heterogeneity panel causality test with the Maximal Overlap Discrete Wavelet Transform (MODWT) to analyze the bi-directional causality at different time scales. The results revealed that at scale 1 (2 - 4 years), there is no causality between economic growth and Financial Inclusion indicators. However, at scale 2 (4 - 8 years), we found a bi-directional causality between economic growth and Financial Inclusion.

Kryeziu and Durguti (2019) conducted a study to investigate the inflation rate and its impact on the growth rate or GDP growth for Eurozone countries. The study aims to analyze whether the Inflation rate, as an independent variable, has any significant impact on economic growth using panel data for the period 1997-2017. The study utilized a multiple linear regression model with the least squares regression. The results revealed that the Inflation rate has a positive impact on the economic growth rate for the euro area.

Adi, Ameh, and Ushie (2022) conducted a study to examine the effect of financial inclusion on Nigeria's economic growth. The study aims to identify the long-run relationship existing among Real gross domestic product, Human capital development index (HDI), investment (INV), inflation rate (INF), nominal exchange rate (EXR), and financial inclusion index (FIN), and that 26 percent of short-run deviation of economic growth rate from its long-run path within a year of disequilibrium in the short run is corrected each year. The study utilized annual time series data from 1980 to 2019 by employing an autoregressive distributive lag method (ARDL). The results revealed that financial inclusion, human capital, and Investment have a significant positive impact on economic growth in the short and long run.

Malenković (2022) conducted a study on the effect of the inflation rate on the gross domestic product of the Western Balkans countries. This study aims to analyze the effect of the inflation rate on the gross domestic product in Western Balkans countries for the period 2006-2021, which includes the initial period of the emerging health crisis. Official data from the World Bank was used, and analyzed with multiple regression analysis using the ordinary least squares estimation method.: The results revealed that the impact of inflation measured according to the consumer price index on gross domestic product is not significant.

3. Methodology

A mixed-methods research design was employed, combining quantitative and qualitative approaches to provide a comprehensive understanding of the policy's impact. The study focused on analyzing existing data to derive insights and conclusions relevant to the research questions. The data was collected from Central Bank of Nigeria (CBN) publications, and National Bureau of Statistics (NBS) reports. Reports from banks and international financial organizations (e.g., World Bank, IMF). The data collected was analyzed using multiple regression analysis.

Model Specification

The variables were estimated using the multiple regression model. This entails estimating the model to investigate the globalization economy environment and economic growth in developing countries: Nigeria’s perspective. The goal of linear estimating approaches is to obtain unique parameter estimates that allow us to interpret the regression coefficient and, as a result, provide a better fit. The estimation was conducted using the statistical computer software package (SmartPLS 4.0). The data used for this study was collected from the central bank Nigeria Bulletin (CBN) from 2008-2023. Given the above the mathematical model is presented in equation (1) below

$$\mathrm{GDP} = \mathrm{f}(\mathrm{InfR}; \mathrm{FI}) \ldots\ldots\ldots\ldots\ldots\ldots..(1)$$

Were
GDP = Gross Domestic Product
InfR = Inflation rate
FI = Financial inclusion rate
Equation 1 can be re-written in econometric form as

$$GDP = \beta_0 + \beta_1(InfR) + \beta_2(FI) + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots..(2)$$

$$\beta_1;\ \beta_2 > 0$$

Data Visualization

We presented the below line plot in other to study the trend of the data.

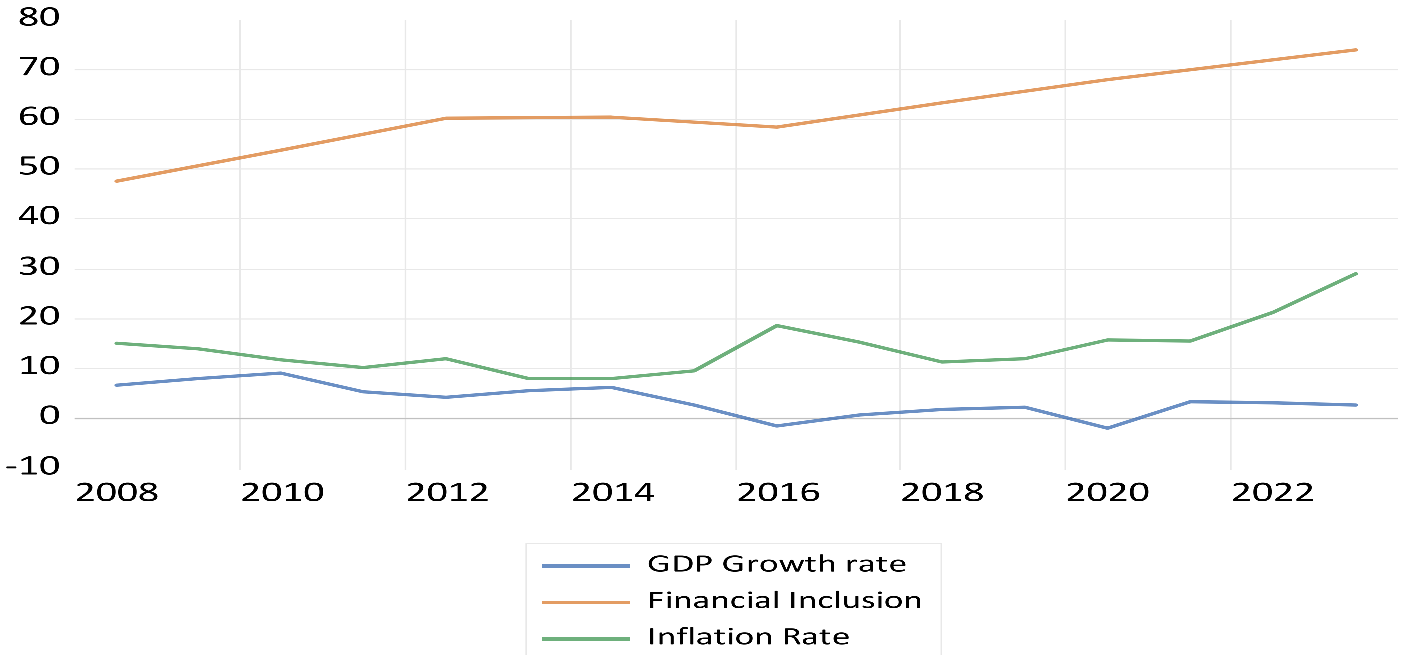


Fig 1: Line plot of the study variables

Descriptive Statistics

The descriptive statistics on table 1 below showed that the average value of the gross domestic product (GDP), Financial Inclusion Rate (FI) is 5.003, -0.103 and 5.769 respectively. The standard deviation shows that Financial Inclusion Rate (FI) and gross domestic product (GDP) are the most volatile while Inflation Rate is the least volatile (InfR). The table also demonstrated that the skewness statistic for Log (GDP) and Log (FI) is adversely skewed while Log (InfR) is positively or favorably skewed.

Table 1: Descriptive Statistics

	Mean	Median	Std.Dev	Kurtosis	Skewness	Jarque-Bera	P-value
GDP	3.4336	3.473	3.938	1.832	-0.099	0.468	0.7914
InfR	15.196	13.550	6.409	3.747	1.2333	2.214	0.3306
FI	60.700	60.400	8.152	2.476	0.0287	0.092	0.9546

GDP=Gross domestic product; InfR= Inflation rate; FI=Financial inclusion rate.

4.3 Correlation

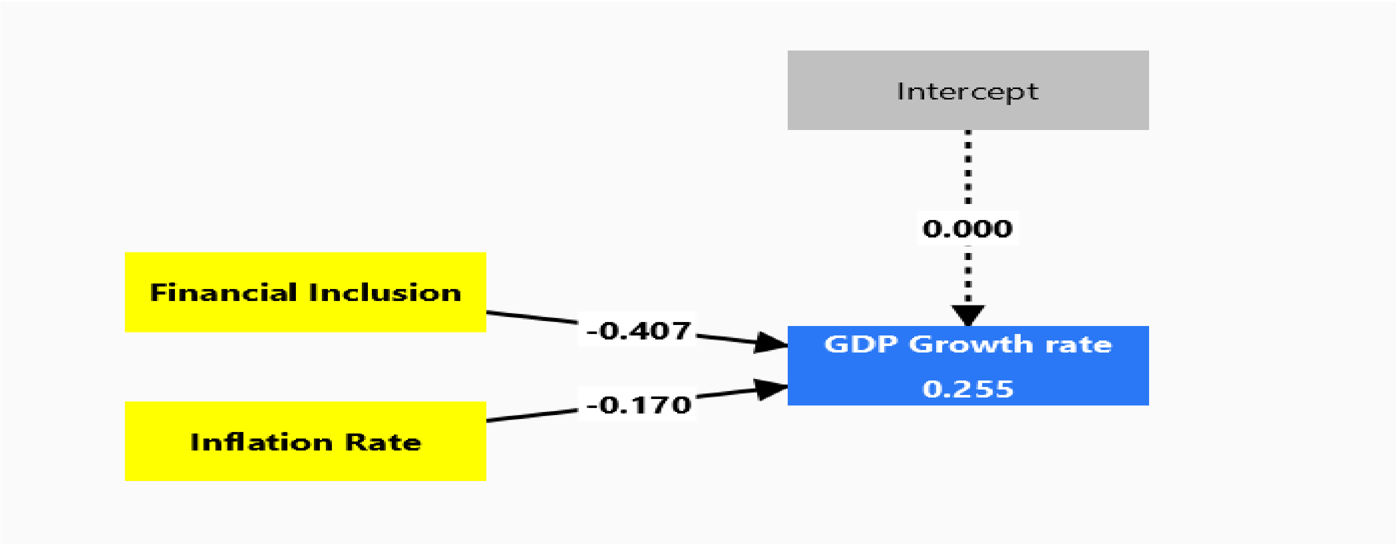
The result of the correlation analysis in table 2, suggest that there is a relationship between the predictors and outcome variables, such that gross domestic product has a negative relationship (-0.737, -0.694) with both Inflation rate and Financial Inclusion Rate respectively.

Table 2: Correlation

	GDP Growth rate	Financial Inclusion rate	Inflation Rate
GDP Growth rate	1.000		
Financial Inclusion rate	-0.5574	1.000	
Inflation Rate	-0.3724	0.5394	1.000

Table 3: Coefficient

	Unstandardized Coefficient	Standard Coefficient	SE	T value	P value	2.5%	97.5%
Financial Inclusion	-0.227	-0.407	0.149	1.525	0.149	-0.547	0.092
Inflation Rate	-0.099	-0.170	0.155	0.637	0.534	-0.431	0.234
Intercept	18.874	0.000	8.344	2.262	0.040	0.978	36.77



Model Goodness of Fit

Tables 4 (representing the Anova table) and 5 (R-Square) were used to assess the goodness of fit of the model. The result shows that at a 5% level of significance, the regression model is a good fit having the (F-Statistic = 10.077; $p<0.05$). Also, table 5, is the R-Square table, the result indicates that 69.1% of variation caused in the gross domestic product (GDP) was influenced by the predictor variables (Inflation Rate and Financial Inclusion Rate).

Table 4: ANOVA

	SS	DF	MS	F-Statistic	P value
Total	145.280	15	0.000		
Error	108.17	13	8.322		
Regression	37.093	2	18.547	2.229	0.000

Table 5: R-Square

	GDP
R-Square	0.255
R-Square Adjusted	0.141
Durbin-Waston test	0.837

Diagnostics Checks

Diagnostic tests are conducted in Table 8 below to determine the appropriateness and robustness of the estimate. This study conducted a Collinearity test, plot of predicted vs residuals, and Breuch Pagan Test. The results of Breuch Pagan tests showed that the residual is Homoskedasticity, while the variance inflator factor (VIF) shows that multicollinearity does not exist in the variable.

Table 6: Collinearity Statistics

	VIF
Financial inclusion	1.307
Inflation Rate	1.307

Table 7: Breusch Pagan Test

	Test-statistic	DF	P value
Breusch Pagan Test	1.498	2	0.473

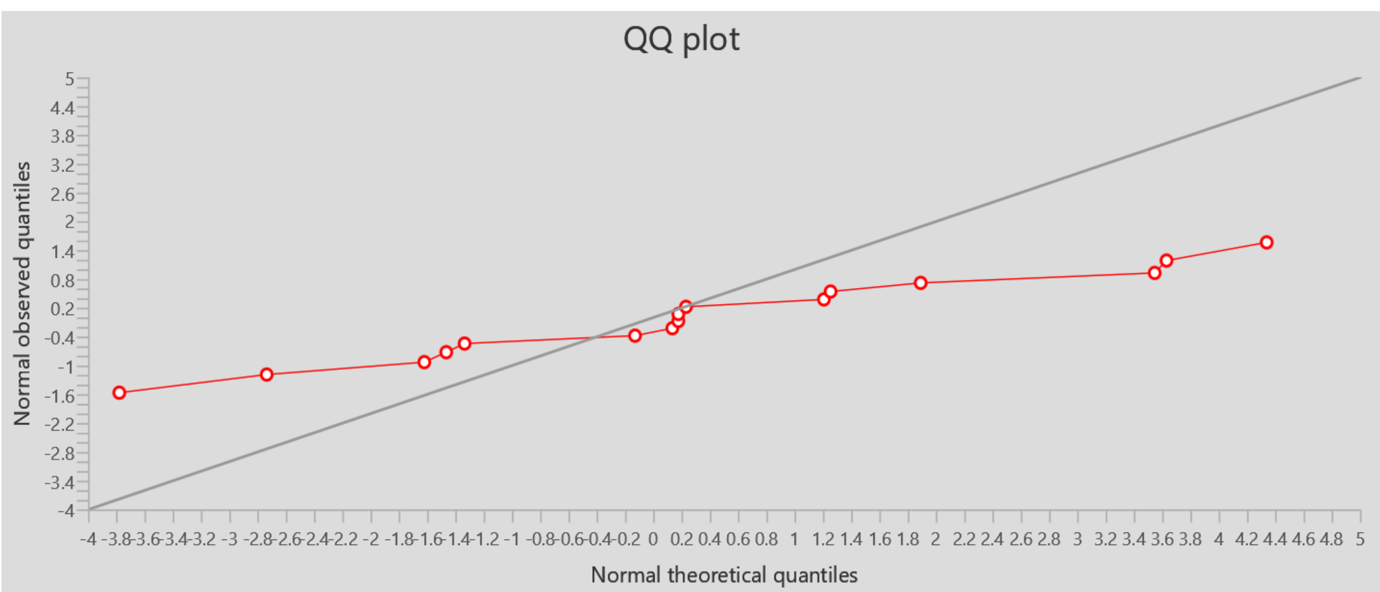


Fig 1: QQ plot

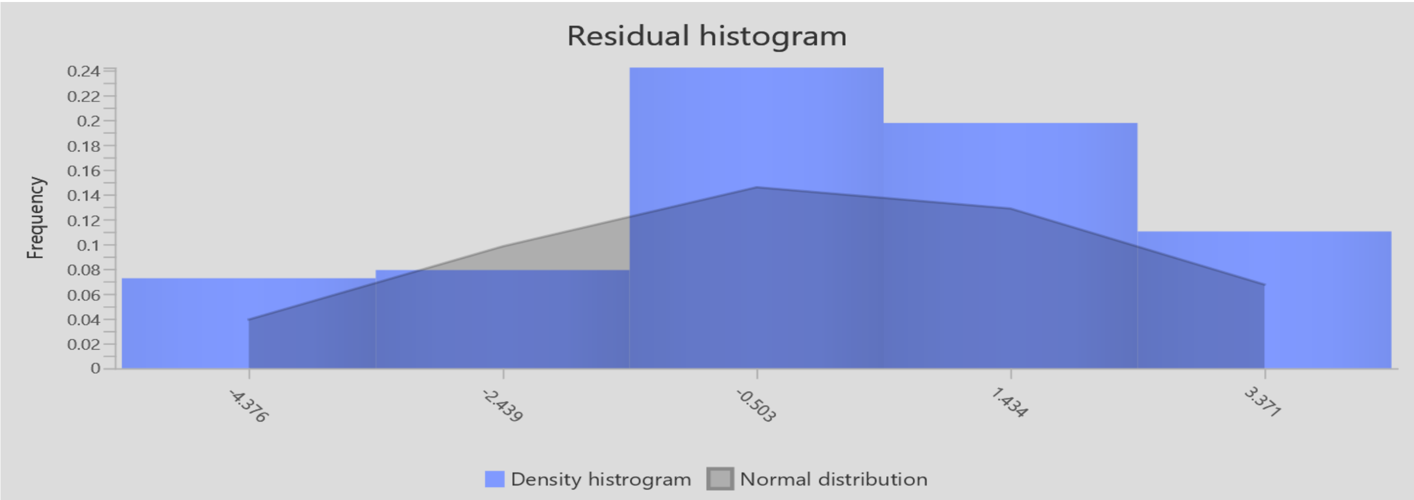


Fig 2: Residual Histogram

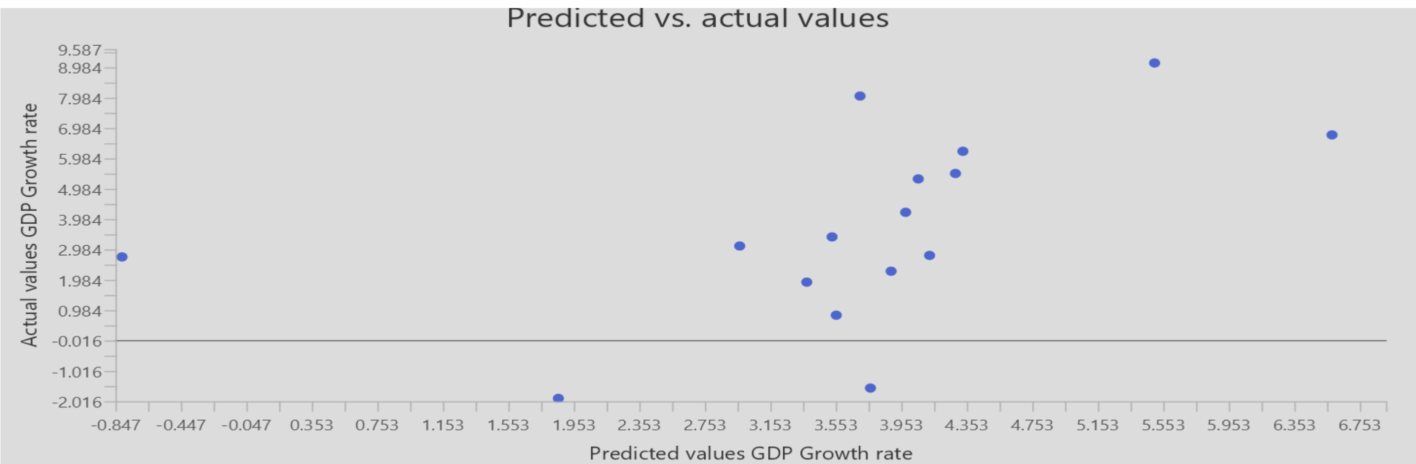


Fig 3: Plot of predicted vs actual values

Discussion of Results

This study focuses on the globalization economy environment and economic growth in developing countries: Nigeria's perspective. The globalization economy proxy adopted for this research work was limited to Inflation Rate (InfR) and Financial Inclusion Rate (FI), while the proxy for economic growth was limited to gross domestic product (GDP). The analysis was conducted using multiple regression analysis and the results obtained suggest that at a 5% level of significance, the Inflation Rate has a significant effect on the gross domestic product in Nigeria with $(\beta_2 = -0.292; p < 0.05)$. However, at a 5% level of significance, the Financial Inclusion Rate does not have a statistically significant effect on the gross domestic product in Nigeria $(\beta_1 = -0.452; p > 0.05)$. The 69.1% variation observed in the gross domestic product was influenced by the Inflation Rate and Financial Inclusion Rate accordingly.

Conclusion

The Naira Redesign Policy has had a complex and multifaceted impact on Nigeria's economic growth, particularly in the context of inflation and financial inclusion. This study reveals that the inflation rate plays a significant role in influencing the Gross Domestic Product (GDP) growth rate in Nigeria. As inflation rises, it erodes purchasing power and creates uncertainty in the economy, which can stifle investment and consumer spending—key drivers of economic growth. The findings suggest that controlling inflation should be a priority for policymakers to foster a stable economic environment conducive to growth.

Conversely, the analysis indicates that the financial inclusion rate does not have a significant effect on GDP growth in Nigeria. While increasing financial inclusion is generally seen as beneficial for economic development, the findings suggest that other factors may play a more critical role in driving economic growth. This could imply that merely improving access to financial services is insufficient without addressing underlying economic conditions, such as inflation control, regulatory frameworks, and the overall stability of the financial system.

In summary, while the Naira Redesign Policy has contributed to the dynamics of Nigeria's economy, its effects are nuanced. Policymakers must prioritize strategies to manage inflation effectively while also recognizing that enhancing financial inclusion alone may not directly translate into significant economic growth.

Recommendation

Based on the findings regarding the effect of the Naira Redesign Policy on Nigeria's economic growth, the following recommendations are proposed:

i. The government and the Central Bank of Nigeria (CBN) should implement robust monetary policies aimed at curbing inflation. This may include adjusting interest rates strategically and managing the money supply to stabilize prices. A focus on inflation control is crucial for fostering a conducive environment for economic growth.

ii. Financial inclusion has not shown a significant direct impact on GDP growth, it remains an important component of economic development. The government should continue to promote initiatives that expand access to financial services, particularly for underserved populations. This includes leveraging technology to enhance digital banking and financial literacy programs.

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