

Title of Article: The Financial Sector Reforms and its Effect on The Nigerian Economy

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Abstract: This paper examines the financial sector reforms and its effect on the Nigerian Economy. The financial sector is without no doubt a very essential part of the economy of a nation and any reforms carried out in it extend to other parts of the economy representing a transformational moment for the economy and its people. This study employs the ordinary least square method in carrying out this research. The study covers the period 1980-2008. It can be seen that the financial sector developments that were experienced in Nigeria`s economy at one point or the other had effect on the activities of the economy. However, this does not imply that the reforms in the financial sector are solely responsible for the sector being better off. In this research study, an improvement in financial intermediation was considered a necessary condition for stimulating investment, raising productive capacity and fostering economic growth. It is therefore recommended that there should be macroeconomic stability, as the activities in all other sectors affect this or is affected by it. Also there should be political stability as this also affects the effective operation of the financial sector.