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COMPARATIVE IMPACT OF COMMERCIAL PAPERS vs. TREASURY BILLS ON NIGERIA'S ECONOMIC GROWTH (2012-2022): A MONEY MARKET INSTRUMENTS ANALYSIS

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ABSTRACT

This study analyzes the comparative impact of Treasury Bills (T-bills) and Commercial Papers (C_PAPERS) on Nigeria's economic growth from 2012 to 2022, offering insights into the role of money market instruments in emerging economies. The findings challenge conventional macroeconomic theories by revealing a positive and significant relationship between both instruments and economic growth. Contrary to the crowding-out effect typically linked to government borrowing, T-bills serve as liquidity management tools that stabilize financial markets, mobilize savings, and attract investors, aligning with Schumpeterian and endogenous growth theories. Similarly, Commercial Papers, often perceived as short-term liquidity solutions, significantly drive long-term growth by enabling corporate access to working capital, enhancing productivity, and bridging financing gaps in Nigeria's credit-constrained environment. The study underscores T-bills' dual role in deficit financing and economic stimulation, while Commercial Papers emerge as catalysts for innovation and scalability in the private sector. However, substantial unexplained variances (56% for T-bills, 46% for C_PAPERS) highlight the critical need for complementary policies, including infrastructure investment, institutional reforms, and enhanced market transparency. Policymakers are urged to integrate T-bills into growth-oriented monetary strategies and deepen regulatory frameworks for Commercial Papers. This research contributes to fiscal-monetary policy discourse by advocating context-specific strategies that leverage money market instruments while addressing systemic barriers. It calls for scholars to refine theoretical models linking short-term debt to growth and emphasizes evidence-based, holistic approaches to sustainable development in Nigeria's unique financial ecosystem.

Keywords: *Nigeria, economic growth, money market instruments, Treasury Bills, Commercial Papers, financial intermediation, endogenous growth*

INTRODUCTION

The Nigerian economy has seen several obstacles over the last decade, such as volatile oil prices, foreign exchange instability, inflationary pressures, and recessions in 2016 and 2020. Macroeconomic instabilities have restricted conventional bank lending, hindering businesses—particularly small and medium-sized enterprises (SMEs) and major corporations—from obtaining inexpensive loans for expansion and working capital requirements. Consequently, new financing vehicles, such as commercial papers (CPs), have emerged as a significant short-term funding solution. Commercial papers are unsecured, short-term debt instruments issued by enterprises and financial institutions to address immediate liquidity requirements. Commercial papers, with maturities often spanning from 30 to 270 days, offer enterprises a more expedient and frequently less expensive funding alternative than traditional bank loans. The Nigerian commercial paper market has undergone substantial evolution since its formal acknowledgement, shaped by regulatory reforms from the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC). According to Iyiegbuniwe (2015), the Nigerian money market has seen remarkable growth and development since deregulation of the financial system in 1986. And its performance needs to be continuously evaluated in light of how it impacts the country's economic market.

The level of growth and development recorded in an economy cannot be differentiated from the level of growth and development recorded in its financial sector, as this sector helps in mobilization of funds from Surplus Spending Units (SSU) and channel same to Deficit Spending Units (DSU) based on sound pricing and efficient allocation principles. Besides this function, the financial sector also provides mechanism for firms and other economic agents to appraise the value of firms' assets thereby allowing investors to make informed decision as to the allocation of their funds as lenders on the one hand, and the best alternative form of liability instruments to issue, as borrowers, on the other hand (Lawal, 2014).

Commercial papers (CPs) are short-term, unsecured debt instruments issued by enterprises and financial institutions to obtain financing for working capital and other operational requirements. Commercial papers, generally maturing between a few days and 270 days, function as an essential instrument for company finance, providing an alternative to conventional bank loans. The commercial paper market in Nigeria has gained significance over the past decade, mostly due to economic volatility, stringent credit conditions, and the necessity for enterprises to obtain rapid and adaptable funding.

Between 2012 and 2022, Nigeria had substantial economic transformations, characterised by recessions in 2016 and 2020, variable oil prices, foreign exchange instability, and modifications in monetary policy. In this context, commercial papers became a crucial tool for corporate liquidity management, allowing companies to maintain operations, increase investments, and enhance economic activity.

This study analyses the effect of commercial papers on Nigeria's economic growth from 2012 to 2022, evaluating how the expansion of the CP market affected critical macroeconomic metrics, including GDP growth, private sector investment, employment, and financial market development. The report examines regulatory improvements by the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC), trends in

corporate issuance, and investor engagement in defining the commercial paper market's contribution to economic growth.

This research assesses empirical data, policy frameworks, and market dynamics to determine whether commercial papers have effectively contributed to Nigeria's economic growth or encountered limitations due to macroeconomic instability, investor confidence challenges, and structural constraints within the financial sector.

REVIEW OF RELATED LITERATURE

Conceptual Review

Commercial Papers (CPs) and Treasury bills (T-bills) are short-term, unsecured promissory notes that corporations and financial institutions issue to secure working capital, generally with maturities that span from 7 to 270 days (SEC Nigeria, 2021; Okafor & Ezeaku, 2018). These instruments function as a substitute for conventional bank financing, granting firms expedited access to capital at competitive rates, while simultaneously offering investors liquid, short-term investment opportunities (CBN, 2022). In this context, Economic Growth is assessed not solely through the expansion of Gross Domestic Product (GDP) but also through additional indicators, including employment generation, industrial productivity, and private sector investment (Nwankwo, 2021; Ujunwa & Salami, 2020). The aggregation of these metrics illustrates the extensive influence of financial instruments such as CPs on the overall performance of the national economy. The development of financial markets involves the intricacies of depth, liquidity, and efficiency in capital markets, which play a crucial role in mobilising savings and directing resources towards productive sectors (Adelegan, 2009). An advanced CP market bolsters financial intermediation, diminishes dependence on bank credit, and elevates overall market stability, thus fostering sustainable economic growth (Onyema & Eze, 2022).

Exploring the Conceptual Connections between Commercial Papers, Treasury Bills and Economic Expansion

This study employs a dual-channel conceptual framework that synthesises financial intermediation theory (Gurley & Shaw, 1960) and liquidity preference theory (Keynes, 1936) to examine the distinct impacts of commercial papers (CPs) and treasury bills (T-Bills) on Nigeria's economic growth. The framework asserts that CPs promote growth chiefly via the private sector liquidity channel, augmenting corporate working capital and diminishing financing costs for enterprises (Nwankwo, 2021; SEC Nigeria, 2021), whereas T-Bills function through the public sector monetary policy channel, influencing liquidity conditions and government borrowing rates (CBN, 2022). A significant moderating aspect is the crowding-out effect (Adelegan, 2009), wherein excessive government T-Bill issuance may redirect investor capital from private CPs. The framework encompasses transmission mechanisms such as: (1) cost-of-capital effects (CPs reducing corporate borrowing costs compared to T-Bills establishing risk-free benchmarks), (2) sectoral allocation efficiency (CPs focusing on productive sectors versus T-Bills' role in fiscal management), and (3) investor base dynamics (CPs appealing to institutional investors while T-Bills attract wider participation). Control variables encompass monetary policy rates, inflation, and oil price shocks that concurrently influence both instruments (Okafor & Ezeaku, 2018). This comparison analysis facilitates the evaluation of which instrument more efficiently transforms short-term financing into sustainable growth within Nigeria's distinct macroeconomic context.

The interplay between commercial papers (CPs) and economic growth unfolds through three fundamental transmission channels. Initially, the Corporate Liquidity Channel illustrates that Commercial Papers afford companies swift access to working capital, thereby improving operational efficiency and production capacity, while simultaneously diminishing dependence on expensive bank loans (Ujunwa & Salami, 2020; CBN, 2022). Furthermore, the Investment Channel elucidates the manner in which CPs enhance capital formation through the financing of business expansion, capital projects, and inventory management, consequently fostering private sector engagement in economic endeavours (Okafor & Ezeaku, 2018; Nwankwo, 2021). Ultimately, the Financial Market Development Channel highlights the significance of CPs in enhancing the depth of money markets through the introduction of alternative investment instruments, the improvement of liquidity, and the promotion of efficient capital allocation (Adelegan, 2009; SEC Nigeria, 2021). Collectively, these channels demonstrate the capacity of a strong CP market to foster wider economic growth through the enhancement of corporate finance, the promotion of investment, and the progression of financial sector development.

Overview of Money Market Variables

The money market is affected by various critical factors that dictate the supply and demand for short-term capital. Interest rates function as a principal catalyst, with elevated rates enticing investors in pursuit of superior profits, thereby augmenting the demand for money, whilst diminished rates may deter investment. Inflation significantly diminishes the purchasing power of currency, leading to an increased demand for capital to counteract escalating prices. Monetary policy, executed by central banks, directly influences liquidity and interest rates—expansionary policies (such as an expanded money supply) generally reduce rates and promote borrowing, whereas contractionary policies restrict liquidity. Government policies, encompassing fiscal measures like taxation and public expenditure, influence market dynamics by modifying investment incentives and economic activity. Economic factors, like GDP growth, employment rates, and consumer confidence, affect borrowing and spending patterns, thereby influencing the demand for money. Ultimately, liquidity preferences denote investors' tendency to retain cash or liquid assets, which may vary according to risk appetite and market volatility, hence influencing money market stability. These variables collectively interact to ascertain the cost and accessibility of short-term financing, hence impacting overall economic growth and financial stability. The circumstances in alternative financial markets, such as the equity market or fixed-income market, might affect the money market. If investors recognise elevated dangers in alternative markets, they may reallocate their investments to more secure money market products, hence augmenting the demand for money. These variables interrelate and can significantly influence the supply and demand of money in the money market, ultimately impacting interest rates and general economic activity.

Challenges Confronting Money Market Variables in Nigeria

1. Economic instability: The Nigerian economy is characterized by high inflation rates, currency devaluation, and a volatile exchange rate. These factors affect the money market by making it difficult for investors to predict returns on their investments.
2. Regulatory challenges: The Central Bank of Nigeria (CBN) is responsible for regulating the money market in Nigeria. However, the regulatory framework is often unclear, leading to confusion and uncertainty among investors.

3. Lack of liquidity: The Nigerian money market is relatively small, and there is a limited supply of high-quality, short-term securities. This makes it difficult for investors to find suitable investment opportunities.
4. Political instability: Nigeria has a long range re-occurring history of political instability, arising from multi ethnicity interest and religion, these affects the money market by creating uncertainty and reducing investor confidence.
5. High borrowing costs (interest rate): The cost of borrowing in Nigeria is relatively high, which can make it difficult for companies & business organizations to access funding. This in turn brings about lack of adequate liquidity in the money market
6. Limited investment options: The Nigerian money market is dominated by government securities, which can hinder investment options for investors. This can make it quite hard for investors to diversify their portfolios and manage risk effectively.

Theoretical Review

From a theoretical standpoint, the comparative examination of commercial papers (CPs) and treasury bills (T-bills) in fostering economic growth can be grounded in the financial intermediation theory (Gurley & Shaw, 1960) and the liquidity preference theory (Keynes, 1936). The theory of financial intermediation posits that capital is allocated efficiently via both banking and non-banking avenues, where commercial papers signify direct market financing and Treasury bills embody government borrowing (Adelegan, 2009). The liquidity preference theory elucidates the fluctuations in investors' demand for short-term instruments such as commercial papers and Treasury bills, contingent upon their perceptions of risk and the disparities in yields (Nwankwo, 2021). When corporate commercial papers present yields that surpass those of Treasury bills, they draw investor capital away from government securities, which may inhibit public sector borrowing while simultaneously fostering growth in the private sector (Okafor & Ezeaku, 2018). This capital reallocation, driven by yield considerations, serves as the foundational framework for analysing the competitive dynamics of these instruments in shaping Nigeria's economic path.

The transmission mechanisms by which commercial papers and Treasury notes influence economic growth vary considerably. T-bills serve largely as instruments of monetary policy for liquidity management, exerting an indirect influence on growth via interest rate mechanisms (CBN, 2022). Conversely, CPs provide direct financing for corporate activities, resulting in immediate impacts on output and employment (Ujunwa & Salami, 2020). The endogenous growth theory (Romer, 1990) posits that corporate partnerships (CPs) may facilitate more robust growth connections through technological spillovers and productivity enhancements in the private sector, while the growth influence of Treasury bills is limited due to their application in deficit financing (SEC Nigeria, 2021). This theoretical dichotomy prompts essential enquiries regarding whether Nigeria's money market framework effectively equilibrates these instruments for optimal growth, especially during phases of fiscal dominance (2016-2017) and private sector credit contractions (2020-2021).

Empirical Reviews

The empirical review delves into the various studies conducted by numerous researchers and scholars across different periods and settings, all pertaining to the study of money market activities and their impact on the economic growth of Nigeria.

Onyeiwu (2012) examined the relationship between government securities (including Treasury Bills) and economic growth in Nigeria. The study found that while TBs provide a risk-free investment avenue, their dominance in the money market crowds out private sector borrowing, potentially stifling economic growth. Adeleke & Olowe (2014) analyzed the effect of Treasury Bills on liquidity management and GDP growth in Nigeria. Their findings indicated that TBs help stabilize the economy in the short run but have limited long-term growth impact due to their low yield and government's crowding-out effect. Okafor & Ezeaku (2016) investigated the role of Commercial Papers in corporate financing and economic expansion. Their study revealed that CPs enhance liquidity for firms, enabling business expansion and employment generation, which indirectly supports GDP growth. Ujunwa & Nwakoby (2018) assessed the efficiency of Nigeria's money market instruments, focusing on Commercial Papers. They found that CPs contribute more to private sector growth than TBs, as they provide firms with flexible short-term funding.

Pavtar (2019) investigated the relationship between the money market and economic growth in Nigeria, specifically analyzing data from the years (1985-2014). In conducting this research, an ex-post-facto design was utilized. The primary source of data for the study was taken from CBN's annual statistical bulletin for relevant years. In order to analyze the data, descriptive statistics and ordinary least square (OLS) multiple regression techniques were employed as the main statistical tools. Upon completion of this analysis, it was found that Treasury bill, Treasury certificate, and Commercial paper did not have a significant impact on Nigeria's gross domestic product (GDP), while Certificate of deposits had a noteworthy influence on Nigeria's GDP. These findings provide valuable insights into the relationship between money market and economic growth in Nigeria and can be used to inform future policy decisions regarding these areas.

Olaleye & Akinlo (2020) conducted a comparative study on the effects of CPs and TBs on Nigeria's GDP. Their regression analysis showed that while TBs help in monetary policy implementation, CPs have a stronger positive correlation with economic growth due to their private sector focus.

Faith, Hakeem, and Samuel (2020) investigated the impact of several Money Market Instruments on economic growth. Specifically, they analyzed data from the Central Bank of Nigeria's Statistical Bulletin and National Bureau of Statistic (NBS) publications covering 38 years from (1981-2019). The selected instruments included Treasury bills, Certificate of Deposit, Commercial Papers, and Development stocks. To analyze this vast amount of data, the researchers employed multiple regression and Granger Causality Test methods. Their findings revealed some interesting insights about the relationship between these instruments and GDP growth over time. Firstly, it was found that Treasury bills and commercial papers had a positive relationship with GDP but did not have any significant impact on it in the long run.

Hoffman (2020) conducted a study that analyzed the influence of money market activities on Ghana's economic growth from 1981 to 2020. According to the research results, the value of Treasury bills as a percentage of GDP in Ghana during the period

examined had a positive and significant impact on GDP. While commercial paper value also had a significant effect on GDP, it did not have an impact on economic growth or banker's value. The acceptance notes also had a significant effect on GDP. As a result, government officials and monetary authorities are urged to take measures to improve and enhance money market development and combat money laundering activities. Specifically, two money market instruments studied - treasury bills and commercial papers - should be maintained as key tools for national economic development via appropriate monetary policy measures.

Eze et al. (2021) used a Vector Error Correction Model (VECM) to analyze the long-run relationship between CPs, TBs, and GDP growth. Their findings indicated that CPs stimulate real sector growth more effectively than TBs, which are more aligned with fiscal and monetary stability.

A Central Bank of Nigeria (CBN, 2020) publication reported that T-bills dominate Nigeria's money market, contributing more to short-term economic stability, whereas CPs remain a minor component due to regulatory and awareness constraints.

In a study by Ezeaku et al. (2018) where they conducted a time-series analysis and concluded that T-bills have a stronger influence on Nigeria's economic stability than commercial papers, but excessive reliance on them can distort interest rates.

Ogbuji (2021) studied on the growth impact of money market in Nigeria. Times series data was sourced from the CBN statistical bulletin spanning a period of 35 years (1981-2016). The findings revealed that treasury bills (TBs), federal government bonds (FGB), and human capital investment (HC) have a positive and significant impact on economic growth in Nigeria. On the other hand, monetary policy rate (MPR) and commercial paper (CP) have a positive but insignificant impact on economic growth in Nigeria. The result further showed that bankers' acceptance (BA) has a negative and insignificant impact on economic growth in Nigeria. Based on these findings, it can be concluded that money market instruments have a positive impact on economic growth in Nigeria except for bankers' acceptance.

METHODOLOGY

Research Design

This study will use a quantitative research approach with time-series econometric analysis to compare the effects of commercial papers (CPs) and treasury bills (T-bills) on Nigeria's economic growth.

Nature and Sources of Data

The data set for this research was derived from the CBN statistical bulletin. There exists a body of research that has been compiled by various scholars and researchers beyond the individual investigator, readily accessible from multiple sources, encompassing both primary and secondary forms. Secondary data are generally found in data archives or repositories such as the Central Bank of Nigeria (CBN) Statistical Bulletin, the Nigerian Bureau of Statistics (NBS), and the World Development Indicators (WDI), among others. The information for this study was sourced from the statistical bulletin of the Central Bank of Nigeria (CBN) published in 2022. All data will be sourced from publicly available official databases to ensure reliability and credibility.

Model Specification

$$GDP_t = \beta_0 + \beta_1(T_BILLSt) + \beta_2(C_PAPERSt) + \beta_3(C_DPS_t) + \beta_4(MPR_t) + \epsilon_t$$

Where:

GDP = Gross Domestic Product

T_BILLS = Treasury Bills

C_PAPERS = Commercial Papers

C_DPS = Certificates of deposits

MPR= Monetary policy rate

β = constant/intercept

DATA PRESENTATION AND ANALYSIS**Table 1: Transformed series of Money Market Instruments and GDP in Nigeria**

Year	T_BILLS	LC_PAPERS	LC_DPS	LGDP
2012	7.660551	0.049132	3.526361	11.19272
2013	7.856146	2.232677	3.020425	11.30233
2014	7.942904	2.284642	3.930923	11.40909
2015	7.927637	1.839256	4.326816	11.46350
2016	8.094769	-0.712390	NA	11.53835
2017	8.183062	-0.661690	4.085942	11.65181
2018	7.914240	2.288871	4.089204	11.76824
2019	7.882886	1.977951	4.089204	11.88889
2020	7.908548	3.325366	4.299893	11.94634
2021	8.239102	2.808197	4.412349	12.07867
2022	8.394509	3.350255	NA	12.21783

Source: Transformed by author using E-views.

The raw series data was log-transformed by the author and the log transformed series are presented in the table above in order to equalize the bases of the values. A log transformed series is an excellent indicator of elasticity and ultimately, it makes comprehension easier.

Table 2: Summary of Basic Descriptive Statistics

Variables	Mean	Median	Std. Dev.	Skewness	Kurtosis	Jarque-Bera	Prob	CV	Obs
LT_BILLS	8.00	7.92	0.20	0.42	2.54	0.42	0.80	0.02	11
LC_PAPERS	1.70	2.23	1.47	-0.70	2.06	1.29	0.52	0.86	11
LC_DPS	3.97	4.08	0.44	-1.21	3.40	2.26	0.32	0.11	9
LGDP	11.67	11.65	0.33	0.15	1.85	0.64	0.72	0.02	11
MPR	13	13	1.61	0.73	2.94	0.98	0.61	0.12	11

Source: Computed by the author using EViews.

The analysis incorporates key statistical measures, including central tendency (assessing aggregative tendencies), dispersion, symmetry characteristics, and the kurtosis of the distribution. As presented in Table 4.2, the mean value for MPR is the highest, whereas LC_PAPERS exhibits the lowest mean and median values. This suggests that MPR is characterized by a greater dispersion, whereas LC_PAPERS is more tightly clustered around its central values.

Standard deviation serves as a measure of dispersion, quantifying the extent to which data points deviate from the mean. In Table 4.2, MPR demonstrates a higher standard deviation, indicating greater variability within its distribution. Skewness assesses the symmetry of a distribution, while kurtosis evaluates its peakedness. A normal distribution is characterized by a skewness value of zero (0) and a kurtosis of three (3). If kurtosis exceeds three, the distribution is classified as leptokurtic, indicating a sharper peak. Conversely, a kurtosis value below three denotes a platykurtic distribution, characterized by a flatter shape, while a mesokurtic distribution corresponds to a kurtosis value of exactly three.

Based on the analysis, all variables under study exhibit a platykurtic distribution, with LC_DPS and LC_PAPERS displaying negative skewness. The Jarque-Bera test provides a comprehensive assessment of both skewness and kurtosis, further validating these findings. Additionally, the coefficient of variation (CV), also referred to as the relative standard deviation (RSD), is utilized to compare the degree of variation across different data series. As the CV values for all variables are less than 1, this indicates that the distributions are not highly dispersed.

Stationarity Test

To avoid the risk of spurious regression, a stationarity test was conducted to assess the stability of the variables under examination. The Augmented Dickey-Fuller (ADF) test, which follows the conventional unit root testing approach and the breakpoint-consistent method, was employed. The decision criteria were based on a 5% significance level.

The table below presents the results of both the traditional unit root test and the breakpoint unit root tests (innovation and additive). The inclusion of the latter was essential, as the traditional unit root test does not account for the presence of outliers. In contrast, the breakpoint unit root tests are more robust, as they incorporate structural breaks, making them a superior alternative in cases where structural shifts in the data are present.

Table 3: Unit Root Test Results

VARIABLES	TRADITIONAL UNIT ROOT			INNOVATION OUTLIER				ADDITIVE OUTLIER			
	ADF STAT	TCV@ 5%	ORDER OF INT	ADF STAT	TCV@ 5%	ORDER OF INT	BREAK DATE	ADF STAT	TCV@ 5%	ORDER OF INT	BREAK DATE
LT_BILLS	-3.23	-3.32	1	-13.40	-5.17	1	2020	-5.29	-5.17	1	2020
LC_PAPERS	-3.82	3.32	1	-15.87	-5.17	1	2017	-5.72	-5.17	1	2018
LC_DPS	-16.73	-5.33	0	-25.20	-5.17	1	2019	-48.88	-5.17	0	2019
LGDP	-3.82	-3.32	1	-15.87	-5.17	1	2017	-5.72	-5.17	1	2018
MPR	-3.37	-3.32	1	-11.22	-5.17	1	1999	-5.48	-5.17	0	2020

Source: Extracted from E-views 10

From the table above, in the traditional unit root tests, all variables achieved stationarity at the first order of integration, except for LC_DPS, which was found to be stationary at levels. Under the innovation outlier test, all variables were determined to be stationary at the first order of integration. Similarly, in the additive outlier test, all variables attained stationarity at the first order of integration, except for LC_DPS and MPR, which were found to be stationary at levels.

Test of the Variables of Interest

Test for Treasury Bills

H₀: Treasury bills had no impact on the economic growth of Nigeria.

Decision Rule: Reject H₀ if p-value < 0.05, otherwise do not reject H₀

The tables below summarize the results of the Ordinary Least Squares (OLS) regression, a method used to examine long-term relationships among variables. The tables present key OLS outputs, including coefficient estimates, statistical significance, and the implications of the variables within the model. These findings serve as the basis for a more in-depth discussion, providing insights into the relationships between variables and their relevance to the research objectives. The tests were conducted using the Ordinary Least Squares (OLS) technique.

Method: Least Squares

Date: 08/21/24 Time: 07:16

Sample: 2012 2022

Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.666024	3.012227	0.885068	0.3991
LT_BILLS	1.126439	0.376395	2.992703	0.0151
R-squared	0.498782	Mean dependent var		
Adjusted R-squared	0.443092	S.D. dependent var		
S.E. of regression	0.246574	Akaike info criterion		
Sum squared resid	0.547189	Schwarz criterion		
Log likelihood	0.896384	Hannan-Quinn criter.		
F-statistic	8.956273	Durbin-Watson stat		
Prob(F-statistic)	0.015134			

Source: computed by author using EViews

The results indicate a positive and statistically significant relationship between treasury bills and economic growth in Nigeria, based on the 5% significance level. Consequently, the null hypothesis is rejected in favor of the alternative hypothesis.

Furthermore, the R² value suggests that 49% of the variation in the dependent variable is explained by the independent variables. However, after accounting for errors and necessary adjustments, the adjusted R² indicates that 44% of the variation in the dependent variable can be explained. The F-statistic confirms the overall statistical significance of the model. Additionally, the Durbin-Watson statistic is approximately 2, suggesting the absence of autocorrelation. Therefore, the findings conclude that treasury bills have a positive and significant impact on economic growth in Nigeria.

Test for Commercial Papers

H₀: Commercial papers had no significant impact on the economic growth of Nigeria.

Decision rule: Reject H₀ if p-value < 0.05, otherwise do not reject H₀

Dependent Variable: LGDP

Method: Least Squares

Date: 08/21/24 Time: 07:16

Sample: 2012 2022

Included observations: 11

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	89521.11	12755.08	7.018465	0.0001
LC_PAPERS	3226.632	894.7851	3.606041	0.0057
R-squared	0.590975	Mean dependent var		123983.4
Adjusted R-squared	0.545527	S.D. dependent var		41559.20
S.E. of regression	28016.96	Akaike info criterion		23.48197
Sum squared resid	7.06E+09	Schwarz criterion		23.55432
Log likelihood	-127.1509	Hannan-Quinn criter.		23.43637
F-statistic	13.00353	Durbin-Watson stat		2.307327
Prob(F-statistic)	0.005694			

Source: Computed by the author using E-views

The results indicate a positive and statistically significant relationship between commercial papers (C_PAPERS) and economic growth (GDP) in Nigeria, based on the 5% significance level. Therefore, the null hypothesis is rejected in favor of the alternative hypothesis.

Furthermore, the R^2 value suggests that 59% of the variation in the dependent variable (GDP) is explained by the independent variable (C_PAPERS). However, after accounting for errors and making necessary adjustments, the adjusted R^2 indicates that 54% of the variation in GDP can be explained. The F-statistic confirms the overall statistical significance of the model. Additionally, the Durbin-Watson statistic is approximately 2, suggesting no presence of autocorrelation. Thus, the findings conclude that commercial papers have a significant impact on Nigeria's economic growth.

DISCUSSION OF RESULTS

Comparative Impact of Commercial Papers vs. Treasury Bills on Nigeria's Economic Growth (2012-2022): A Money Market Instruments Analysis

The findings of this study carry several significant academic implications. The positive and significant relationship between treasury bills (T-bills) and economic growth challenges conventional macroeconomic theories that often associate high government borrowing with crowding out private investment. This outcome suggests that, in Nigeria's context, T-bills may act as a liquidity management tool that stabilizes financial markets, enabling productive public spending or private-sector intermediation. The results also supports theories linking financial market development (via instruments like T-bills) to economic growth by mobilizing savings, deepening capital markets, and enabling efficient allocation of resources. This aligns with Schumpeterian and endogenous growth frameworks emphasizing financial intermediation's role in growth. The findings highlight Nigeria's unique financial ecosystem, where T-bills may serve dual purposes: (1) financing government deficits without stifling growth and (2) offering risk-free assets that attract domestic/international investors, indirectly stimulating economic activity. It further provides empirical backing for policymakers to leverage T-bills as part of a growth-oriented monetary strategy. However,

caution is required given the non-trivial unexplained variance (56%), suggesting that complementary policies (e.g., infrastructure investment, institutional reforms) are critical.

Secondly, the positive and significant relationship between commercial papers (C_PAPERS) and economic growth challenges traditional views that short-term corporate debt instruments primarily serve liquidity needs without contributing meaningfully to long-term growth. This finding aligns with financial intermediation theories, where efficient short-term capital markets enable firms to access working capital, fund investments, and stimulate productivity. The results reinforce endogenous growth theories that emphasize financial market sophistication as a driver of economic expansion. Commercial papers, by facilitating corporate financing, may enhance resource allocation, innovation, and business scalability, indirectly boosting GDP. We therefore suggest that Nigeria's commercial paper market plays a critical role in bridging corporate financing gaps, particularly in a developing economy where access to long-term credit is limited. This liquidity may enable firms to expand operations, hire labor, and contribute to GDP growth. Policymakers could leverage these results to promote regulatory frameworks that deepen the commercial paper market (e.g., improving investor confidence, enhancing transparency). However, the unexplained variance (46%) implies complementary reforms (e.g., infrastructure development, anti-corruption measures) are necessary to maximize growth outcomes.

CONCLUSION

This study contributes to the discourse on fiscal-monetary policy interactions in emerging economies, demonstrating that T-bills can be growth-enhancing under specific institutional and market conditions. It further demonstrates that commercial papers are not merely liquidity tools but potential catalysts for GDP expansion. However, methodological caveats (e.g., adjusted R^2 discrepancies) and contextual factors (e.g., Nigeria's unique financial ecosystem) necessitate cautious interpretation. This work invites scholars to refine theoretical models linking short-term debt instruments to growth and encourages policymakers to bolster Nigeria's corporate debt market while addressing systemic barriers to sustainable development and also adopt evidence-based debt management strategies tailored to Nigeria's unique socioeconomic landscape.

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