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Effect of Monetary Policy Instruments On the Performance Of Deposit Money Banks In Nigeria

This research investigates the effect of monetary policy instrument on the performance of deposit money banks in Nigeria. The research was based on country aggregate level annual data that covered a period of twenty three years spanning from 1990 – 2013 through the application of ordinary least square (OLS) method of regression and Augment Dicky – Fuller techniques in testing the unit root property of the series. The results of the unit root test suggest that all variables in the model are stationary at d(1) and the trace test indicated 1 co-integration test. The regression result indicated that monetary policies significantly affect banks. The major findings of this research is that effective monetary policies should direct on manipulating instruments and importance should be placed on justification for adopting a particular policy be rationalized in order to increase growth in economy, CBN should redefine monetary policy instruments in order to be more attractive to the DMBs and this will enable deposit money banks to embrace them beyond mere compulsion.

Keywords

monetary policy, money supply, interest rate and exchange rate.

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Track Classification: Financial and Accounting Topical Issues