

AN EMPIRICAL ASSESSMENT OF NON – PERFORMING LOANS AND NIGERIA’S ECONOMIC PERFORMANCE

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ABSTRACT

The objective of the paper has been to develop a model to empirically investigate the impact of non-performing loans on the level of economic growth in Nigeria. The study covered the period between 1980 and 2011. The co-integration technique was employed. The result shows that non-performing loans have a significant and negative impact on the level of economic growth in Nigeria. The internal debt has a positive and significant impact on economic growth. The result showed a long run relationship among the variables. The result thus recommends that banking sector reforms should be channeled towards reduction of non-performing loans.

KEYWORD: Non-performing loans, economic growth, internal debt, cointegration
