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IMPACT OF EXCHANGE RATE REGIMES ON ECONOMIC DEVELOPMENT IN NIGERIA

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Abstract

Changes in exchange rates have a major effect on the imports and exports of the participating countries because of the relative prices of commodities as production and consumption in Nigeria are largely dependent on imports. The purpose of this study is to examine the exchange rate regime on economic development of the country with a view to making relevant recommendations that could mitigate challenges confronting foreign exchange regime in the country. The study was anchored on dependency theory given the need of the state to protect the country's economy from the vagaries of international capital market. In-depth interviews and a 5-point Likert scale were used to gather primary data. Four hundred (400) questionnaires were distributed in person to respondents selected from the Central Bank of Nigeria (CBN), Nigeria Stock Exchange (NSE), Ministry of Foreign Affairs (MoFA), and Bureau de Change Operators. Based on their professional

Keywords: Exchange rate, fixed exchange regime, floating exchange regime, economic development, monetary policy.

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knowledge of the topics being studied, eight senior staff members with the level of Assistant Director and above were interviewed. Secondary data were generated from the internet, periodicals, and publications of government organizations like the CBN and NSE on the effects of exchange rate regimes and their economic ramifications for Nigerian growth. Simple percentages and absolute frequencies were used in the analysis of personal data of the respondents as well as in the analysis of all data generated from questionnaire, while weighted mean was used in analysing questions and statements related to the research propositions. Data from in-depth interview were analysed using narrative analytic technique, while data from secondary sources were analysed using relational-content analysis. Findings showed, among other things, the poorer the exchange rate regime, the more the level of economic development deteriorates in Nigeria. It is recommended, among other things, given the adverse impact of exchange rate regimes on economic development in Nigeria, the Federal Government and relevant organisations and agencies in Nigeria such as the Central Bank of Nigeria and Nigeria Stock Market should ensure that exchange rate regimes are used as a tool for mitigating the challenges of unemployment, inequality and poverty in Nigeria.

Introduction

Choosing a suitable exchange rate and maintaining its stability are two aspects of exchange rate policy. Efforts have been undertaken throughout the years to accomplish these goals by applying a variety of strategies and choices to increase market efficiency for foreign currency. Nigeria's exchange rate arrangements have changed throughout time, moving from a fixed system in the 1960s to a pegged system in the 1970s to the mid-1980s, and then, starting in 1986, with the deregulation and implementation of the structural adjustment program (SAP), to different forms of a floating regime. Since the SAP, Nigeria's floating exchange rate system has mostly consisted of a managed system with no clear commitment

to maintaining any certain parity. The Dutch Auction System (DAS) was reintroduced on July 22, 2002, in response to the variations of the flexible exchange rate mechanism, Autonomous Foreign Exchange Market (the AFEM), which was adopted in 1995, and the Interbank Foreign Exchange Market (IFEM), which was introduced in 1999, failing to provide exchange rate stability. The DAS was intended to accomplish three goals: lower the premium on the parallel market, protect the diminishing foreign reserves, and provide a reasonable exchange rate for the naira. The DAS reduced the widening premium, minimized authorized dealers' speculative inclinations, preserved external reserves, and stabilized the value of the naira. Since 2003, the foreign exchange market has been comparatively stable (Akpan & Atan, 2012)).

According to Mordi (2006), the following factors made the reintroduction of DAS in 2002 possible: the external reserve position, which allowed the CBN to guarantee adequate market funding; a decrease in inflationary pressures; the CBN's instrument autonomy and quick deployment of monetary control tools in support of the DAS; and the bi-weekly auctions, which replaced the previous fortnightly auctions and ensured a steady supply of foreign exchange. On February 20, 2006, the CBN launched the Wholesale Dutch Auction System (WDAS) with the goals of achieving convergence, further liberalizing the market, and reducing the arbitrage premium between the official interbank and bureau de change parts of the markets. In order to develop a fair exchange rate for the naira, this was intended to broaden the foreign currency market and consolidate the gains of the retail Dutch Auction System. The approved dealers were allowed to deal in foreign exchange on their own accounts under this system, with the intention of selling it to their clients. The economic performance has been impacted in some way by these exchange rate regimes.

Since 1960, the government and its monetary authorities have attempted on multiple occasions to guarantee exchange rate stability and sustainable economic development. Consequently, it is critical to offer empirical

explanations for why the nation's macroeconomic objectives and pursuit of internal and external balances appear to have produced little to no fruitful outcomes over time. Given that previous discussions regarding Nigeria's exchange rate fluctuations and economic development are derived primarily from public discourses on the economy with minimal empirical and theoretical content, it is possible that there exist gaps in the policies that have not been addressed (Odoh, et. al., 2023).

In addition, the research that has already been done on the subject of exchange rate fluctuations' effects in developed and developing nations has demonstrated a strong correlation with growth, trade, exports, employment growth, inflation, and investment (Alagidede & Ibrahim, 2017; Habib et al., 2017; Isola et al., 2016; among many others). Numerous more research that are now in existence, including those by Aliyu (2009), Akpan (2008), Alasha (2020), and others, have produced contradictory results. Therefore, in order to close the theoretical and empirical gaps and strengthen the shortcomings of earlier research from the Nigerian context, this study aims to assess the relationship between exchange rate regimes and Nigeria's economic development.

Conceptual Review

Exchange Rate

The government's economic goals determine the exchange rate policy that is chosen at any particular moment. Nigeria's first task after gaining independence was to move from primary to secondary production, and in order to make this process easier, a fixed exchange rate was implemented. An overvaluation of the national currency was a direct result of the programme. The policy's main goal was to accelerate industrialization by importing large quantities of industrial inputs, which would boost development and growth. Overvaluation, however, also drives up the cost of exports, undermining global competitiveness and forcing export companies to downsize their operations, which has detrimental effects on employment

and worker welfare (Okoye et. al., 2018), but this did not cover the fact that exchange rate has implications for economic development in the country.

According to the Central Bank of Nigeria (2018), exchange rate is the price of one currency in terms of another currency. The exchange rate assumes relevance because of cross-border flows of goods, services, financial assets as well as transfers. Exchange rate makes it possible to convert domestic currencies into foreign currencies and vice versa. Exchange rate is the price of one currency in terms of another currency or the current market price for which one national currency can be exchanged for another. It is usually expressed as the number of units of a domestic currency that will purchase one unit of a foreign currency or a number of units of foreign currency that will purchase one unit of a domestic currency. The exchange rate plays a critical role in an economy because imports and exports constitute a large part of the economy. Exchange rate changes affect the price of imported goods, services and exports. Though Central Bank of Nigeria provided a link between exchange rate and economic development, the definition did not cover the nexus between exchange rate, local and overseas markets for goods and services, which is important in this study.

Changes in exchange rate tends to directly affect domestic prices of imported goods and services. Exchange rate movement can also affect the country's external sector through its impact on foreign trade. The exchange rate affects the cost of servicing principal as well as interest payments on the country's foreign debt (Department of Economic Research, 2020), but this did not extent to the types of exchange rates in Nigeria, which would have helped our understanding of the role of Nigerian government through the CBN in enhancing economic development in Nigeria.

There are two main types of exchange rates in Nigeria: official and market. The official exchange rate is set by the monetary authority/central bank, while the market exchange rate is primarily determined by market forces of supply and demand. When the demand for foreign exchange exceeds supply, the value of the Naira will increase, and when exchange rate supply exceeds

demand, the value of the Naira will decrease. In Nigeria, the central bank maintains the stability of the Naira exchange rate in order to achieve its objective of maintaining price stability due to the country's high degree of responsiveness to fluctuations in the exchange rate (Central Bank of Nigeria Research Department, 2016).

According to Ani & Ude (2021), the absolute worth of a nation's currency in relation to other currencies on an equal basis is referred to as its exchange rate. It is the value of a nation's money on a global level. It often serves as the foundation for cross-border payments. The exchange rate is supposed to appreciate or depreciate in accordance with the direct convention, which is in use in Nigeria, whenever there is a change in the quantity of naira units relative to a foreign currency. Exchange rate regimes are the mechanisms used to determine exchange rates. Exchange rate regimes may be broadly classified into two extreme cases: fixed exchange rate systems and variable exchange rate systems. Though Ani & Ude's idea of exchange rate regime covers the relationship between two countries' currency and another, which can lead to economic development or underdevelopment, but this did not cover impact of changes on exchange rate regimes on economic development, which is needed in this study.

Changes in exchange rates have an impact on economic activity from both financial and real sources. Net exports are the traditional trade route that has an impact on the actual economy. Standard and well-known in open-economy macro models is this channel. The financial channel, on the other hand, is influenced by fluctuations in exchange rates, which in turn cause adjustments to balance sheets, shifts in risk-taking in relation to both real and financial assets, and effects on the actual economy (Avdjiev et. al., 2018).

Therefore, exchange rate regime is defined, in this study, as exchange rate regime is the use of either floating or fixed system in ensuring that the price of one currency in terms of another currency or the current market price for which one national currency can be exchanged for another. Exchange rate regimes are usually determined by the number of units of a domestic

currency that will purchase one unit of a foreign currency or a number of units of foreign currency that will purchase one unit of a domestic currency. The exchange rate plays a critical role in an economy because imports and exports constitute a large part of the economy. Exchange rate changes affect the price of imported goods, services and exports, which ultimately have implications for economic development of any country.

Economic Development

Economic development, according to Litwinski (2017), is a process of comprehensive change, particularly qualitative, quantitative, and structural changes that result from people's actions that are part of social and economic activity. The types of changes that fall under the category of economic change affect people's material circumstances and their ability to meet requirements related to the consumption of goods and services. This shift has equal bearing on economic expansion, public goods and service accessibility, entrepreneurial activity, the structure of the economy, advancements in healthcare, and enhanced educational opportunities. GDP, life expectancy, literacy rate, and employment level are the metrics used to quantify it in a nation. Although Litwinski's study highlighted the type of change linked to economic growth, which is somewhat relevant to the focus of this study, it did not explicitly highlight the procedures involved in economic development and how it is impacted by exchange rate regimes in the country.

According to Bilgaev et. al. (2020), sustainable development, which calls for the wise use of natural resources, the rise of social and economic indicators, and the maintenance of favorable living conditions for people, is a prerequisite for economic development. They define economic issues as things like poverty, inequality, and worries about the future health of mankind. The study by Bilgaev et. al. effectively incorporated the concept of sustainable development into the definition of economic development by emphasizing the value of development for the elimination of poverty, the wise use of public resources, and the enhancement of future generations'

health, which can be achieved using efficient exchange rate regimes by the government.

More specifically, Dan-Azumi (2018) added to the notion of economic development by speculating that wealth would rise and new employment, business possibilities, and higher salaries would result from both improved economic management and rapid economic growth. Growth intervention in the market place as well as programs that would achieve a fairer distribution of chances and earnings across all social groups are necessary in a heterogeneous state like Nigeria with enormous and entrenched gaps of economic opportunities and incomes. Economic development includes reducing poverty as well as creating jobs, providing social safety, and expanding rural areas. Instead of funding several initiatives that haven't produced results, public monies could be used to construct new schools, retrain instructors, give school lunches, and provide books to underprivileged students. Although Dan-Azumi correctly defined economic development as the proper management of state resources that would allow for social protection, more equitable distribution of the state's resources, and an increase in rural growth, all of which are crucial for this study, though it did not address the factors that influence economic development that can be addressed using exchange rate regimes.

Regarding Migala-Warchol's (2019) findings, the following factors influence economic development: the rate of unemployment, GDP per capita, gross domestic expenditure, participation rate in education, percentage of individuals with lower secondary education, number of people unable to meet unforeseen expenses, number of people struggling to make ends meet, number of people at risk of poverty, and number of people living in urban slums. The necessity of Migala-Warchol's concept of economic development in this study stems from its focus on the inclusion of causes of economic development in the description of changes, both quantitative and qualitative, that occur in a society over time. However, the Migala-Warchol did not define economic development to cover reduction in poverty level, unemployment

and inequality, which are the three indicators of economic development in this study. According to Dudley Seer, economic growth happens when unemployment, inequality, and poverty are reduced or eliminated in a country (Impalure & Dore, 2020). Since poverty, inequality, and unemployment are markers of economic development in this study, the definition of economic development used here is appropriate given that it can be influenced by the prevailing exchange rate regime in the country.

Empirical Review

Ukangwa & Iheukwumere (2023) examined the effects of exchange rate on economic growth of Nigeria. The purpose of the study is to examine the effect of naira value on economic growth in Nigeria. The study is anchored on the power parity, the purchasing power and balance of payment theories. Data for the study were collected from time-series data covering from 1987 to 2018, and were analysed using statistical method of multiple linear regression approach, specifically Ordinary Least Square. Findings from the study showed that naira rate has no significant impact on economic growth in Nigeria, but it has a significant impact on inflation rate in naira. Among other things, strengthening of export base of Nigeria in order to ensure sustainable impact and that local manufacturing is fully encouraged, but this did not focus on one of the variables, economic development, which this study focuses on.

Iheanacho & Ozegbe (2021) investigated the impact of exchange rate fluctuations on Nigeria's economic performance focusing on autoregressive distributed lag approach. The purpose of the study is to examine the impact of persistent exchange rate fluctuations on Nigeria's economic performance. Data were collected from secondary sources and analysed using autoregressive distribution lag technique to determine the short-run and long-run effects of exchange rate fluctuations on economic growth. Findings from the study showed that the exchange rate, net direct foreign investment, and inflation rate had a significant adverse impact on Nigeria's economic growth in the long-run. Among other things, export diversification in

agriculture and agro-investment in Nigeria is recommended, but the foregoing did not cover the impact of exchange rate regime on economic development in Nigeria.

Alasha (2020) examined the impact of exchange rate fluctuations on economic growth in Nigeria. The purpose of the study is to evaluate the relationship between exchange rate fluctuations and its impact on the Nigeria economic growth. Data for the study were collected from secondary data from Central Bank of Nigeria (CBN), while data collected were analysed using classical least regression model and ordinary least square method. Findings from the study showed that exchange rate fluctuations are pivotal to economic growth in Nigeria. Among other things, the need for an effective exchange rate regime and efficient exchange rate would help curtail inflation, improve Nigeria's balance of trade and boost Nigeria's production capacity which are key indicators of positive economic growth, but the foregoing did not cover the impact of exchange rate regime on economic development in Nigeria.

Idris & Shuyari (2023) examined the impact of exchange rate in Nigeria. The purpose of the study is to examine the impact of exchange rate fluctuation on economic growth. Data for the study were collected from secondary sources and analysed using regression analysis. Findings from the study showed that exchange rate has positive impact, but not significant impact on economic growth. Also, interest rate and inflation rate have negative impact on economic growth. It is recommended that government should provide a conducive environment for trade, adequate security, effective fiscal and monetary as well as infrastructural facilities that would attract foreign investments in Nigeria. However, the study did not cover the dependent variable, economic development, which is vital in this study.

Akinbode et. al. (2019) investigated the impact of exchange rate on economic growth in Nigeria from 1981 to 2016. Data for the study were collected from secondary sources and analysed using content analysis. Findings from the study showed that there is a long-run relationship among exchange rate,

government expenditure and interest rate. Among other things, effective exchange rate arrangement system alongside expansionary fiscal policy and enlargement of importation of capital goods are recommended. Though the study by Akinbode et. al. roughly covered the variables being investigated in this study, its findings did not extent to 2023.

Finally, Diai (2022) examined the exchange rate and economic development in Nigeria from 1980 to 2020. The purpose of the study is to determine the impact of exchange rate on economic growth in Nigeria from 1980 to 2020. Data for the study were collected from secondary sources and analysed using Ordinary least square econometric technique. Findings from the study showed that exchange rate stability has an impact on export trade performance. Among other things, it is recommended that an effective policy based on fiscal and monetary policies should be devised with the vision of attaining a sustainable rate of exchange for the naira, but the findings of the study covered only 1980 to 2020, not 2019 to 2023 which this study covers. This shows that gaps exist in the extant literature in the area of identification of the impact of exchange rate regimes on economic development in Nigeria from 2019 to 2023.

Theoretical Framework: Dependency Theory

The dependency theory is also reviewed in this study. Among those who propounded the dependence theory are Samier and Santos. Marxists use the word "dependency" to describe how much a nation's economy is influenced by the economic decisions of another nation, causing internal changes in the nation whose economy is subjected to be driven by outside forces (Akpuru-Aja, 1998). The modernization hypothesis, which contends that developing or undeveloped nations must follow the developed countries' authorized route of growth in order to develop, was flawed, and this led to the emergence of a new theory. Dependency, more precisely, is the state in which the economies of a number of emerging or undeveloped nations are influenced by the growth of the economies of other nations to whom they are subservient.

According to this viewpoint, Nigeria's economic growth is mostly dependent on how the economies of the world's industrialized, capitalist nations are developing.

Olorundami-Ayeni (2021) distinguishes between liberalist and structuralist dependency theories as the two primary types of dependency theory; nonetheless, structuralist dependency theory is used in this investigation. Theorists of structuralist dependence, like as V.I. Lenin and Karl Marx, argue that the global economy's structure and character are determined by historical changes or dynamics, resulting in the wealthy and poor countries of the world. The central thesis of the structuralist dependence theory is that rich nations grew richer and poor countries poorer as a result of their integration into the global capitalism system. According to the notion, developed nations whose essential interests are being maintained or secured make the major economic choices in their countries, not developing nations like Nigeria.

Akpru-Aja (1998) and Ugomba (2016) both agreed that underdevelopment and development are two sides of the same coin. A prevalent viewpoint within structuralist dependency theories posits that a global capitalist system is in place, primarily dependent on a worldwide division of labour between affluent core nations and impoverished peripheral countries. The wealthy nations have been abusing their power over the underprivileged and generally marginalized nations for a while now. Because Nigeria is pegged to US dollars, developed countries have very strong economies and exchange rate regimes; this can be used by developed countries to perpetuate economic imperialism. This can be essentially blamed for Nigeria's inability to effectively deploy its exchange rate regimes as a tool for achieving economic development in the country. This also demonstrates how, in underdeveloped nations, developments in one or more of these areas condition the economy, culture, politics, and technology of the underdeveloped nation. Given that wealthy nations have robust exchange rate regimes that dominate the world economy, they can use this authority to devalue Nigeria's currency, which

would have a disastrous effect on the nation's economic development. Nigeria will still have difficulty utilizing its exchange rate system to promote economic growth because it is an impoverished nation.

Research Methodology

In-depth interviews and a 5-point Likert scale were used to gather primary data. Four hundred (400) questionnaires were distributed in person to respondents selected from the Central Bank of Nigeria (CBN), Nigeria Stock Exchange (NSE), Ministry of Foreign Affairs (MoFA), and Bureau de Change Operators in order to gather their thoughts, opinions, and perceptions regarding the influence of foreign exchange regimes on Nigeria's economic growth. Based on their professional knowledge of the topics being studied, eight senior staff members with the level of Assistant Director and above were interviewed in-depth for the study in order to gather data. Secondary data were generated from the internet, periodicals, and publications of government organizations like the CBN and NSE on the effects of exchange rate regimes and their economic ramifications for Nigerian growth. Data from questionnaires were analysed using simple percentages and absolute frequencies. Simple percentages and absolute frequencies were used in the analysis of personal data of the respondents as well as in the analysis of all data generated from questionnaire, while weighted mean was used in analysing questions and statements related to the research propositions. Data from in-depth interview were analysed using narrative analytic technique, while data from secondary sources were analysed using relational-content analysis.

Results and Discussion

Data on the impact of exchange rate regimes on economic development of Nigeria are presented as follows:

Findings on the impact of exchange rate regimes on economic development of Nigeria show that majority, 137 (48.5%) of the respondents strongly

disagree that floating exchange rate regime reduced the level of unemployment in Nigeria, while majority, 129 (36.2%) of the respondents disagree that fixed exchange rate regimes increased the value of imports into Nigeria. Majority, 159 (44.7%) of the respondents strongly disagree that exchange rate regime increased the level of exports from Nigeria, while majority, 126 (35.4%) of the respondents agree that floating exchange rate regime increased the level of inflation in Nigeria. Majority, 121 (34%) of the respondents agree that floating exchange rate regime reduced the level of income inequality in Nigeria, while majority,142 (40%) of the respondents strongly disagree that fixed exchange rate regimes resulted into increase in the standards of living in Nigeria. Majority, 231 (64.9%) of the respondents strongly agree that the poorer the exchange rate regime, the more the level of economic development deteriorates in Nigeria. With weighted mean of 4.374, the statement, the poorer the exchange rate regime, the more the level of economic development deteriorates in Nigeria, is agreeable to the respondents.

Findings from in-depth interview reinforce the findings from questionnaire. Findings from in-depth interview showed that majority of the respondents were of the view that exchange rate regime impacts on economic development in Nigeria as it influences the level of poverty, inequality and unemployment in the country. Majority of the respondents opined that the fixed exchange rate regime led to overvaluation of naira and discouragement of foreign investors to invest in Nigerian economy. They were of the view that with reduction in the level of investment into the country, the level of job opportunities reduced and with increase in youth population, there is increase in the level of crime and poverty in Nigeria. Also, the level of poverty increased because of increase in the level of unemployment as the available jobs cannot accommodate the large number of people that are qualified and willing to work. Floating exchange rate regime, especially when it is trade-weighted affected the level of economic development in Nigeria. When this exchange rate is based on dominant currency paradigm, especially when

bilateral exchange rate of a Nigeria's currency in relation to dollar, exchange rate regime affected Nigeria's net exports, which also influenced the volume of imports and prices of goods and services as well as credit demand from domestic borrowers. The foregoing increased value-at-risk constraints, which further reduced the volume of credit from foreign banks. Majority of the respondents opined that floating exchange rate regime enhanced capital inflow into the country, but this triggered decline in relative cost of imported goods and services. According to majority of the respondents, steady capital inflows increased exchange rate and made the country less competitive relative to what was obtainable under fixed exchange rate regime (Field work, October 2024).

Findings from previous studies are slightly related to the findings of this study. While Ewa (2019) found that exchange rate fluctuations have a significant impact on real output growth and expansion in both the short and long terms in Zimbabwe, Akinbonolo (2012) found that exchange rate and money supply had a substantial negative impact on inflationary pressure over a long time in Nigeria, which are slightly different from the findings of this study in terms of focus. Findings by Ukangwa & Iheukwumere (2023) that naira rate has no significant impact on economic growth in Nigeria, but it has significant impact on inflation rate in naira is not directly related to the findings of this study. The finding by Iheanacho & Ozegbe (2021) that exchange rate, net direct foreign investment and inflation rate had a significant impact on Nigeria's economic growth in the long run is not significantly related to the findings of this study. However, findings by Alasha (2020) that exchange rate fluctuations are pivotal to economic growth in Nigeria as well as the finding that exchange rate has positive impact, but not significant impact on economic growth are slightly related to the findings of this study in terms of diverse impact of exchange rate on economic development in Nigeria. The foregoing is reinforced by findings in Table 1.

Table 1: Youth Unemployment and Poverty Level in Nigeria from 2014 to 2024

Year	Exchange Rate (Official) Naira to Dollar	Unemployment Rate	Poverty level (%)
2019	N590/ $1	27.1%	40.1%
2020	N550/ $1	33.3%	42.0%
2021	N550/$1	35%	63%
2022	N550/$1	17.3%	63%
2023	N543/$1	18.7%	38.9%
2024	N1,338.21/$1	4.3%	40.7%

Source: Compiled by the Researcher from NBS Data, CBN Data (2024)

Findings from Table 1 support our findings that exchange rate has not enhanced economic development in Nigeria in terms of reduction in unemployment rate and poverty level in the country. Therefore, findings from our in-depth interview and questionnaire largely support the acceptance of the statement that the poorer the exchange rate regime, the more the level of economic development deteriorates in Nigeria.

Conclusion and Recommendations

Conclusion

This study has been an attempt to examine the impact of exchange rate regimes on economic development in Nigeria from 2019 to 2023. The major finding of the study include that the poorer the exchange rate regime, the more the level of economic development deteriorates in Nigeria. In view of the foregoing, the study concludes that inadequate implementation of exchange rate regimes is largely responsible for lack of significant economic development in Nigeria. Though the government has adopted many strategies to enhance the economic development using floating and fixed exchange rate regimes, such methods have not been adequately implemented to achieve economic development in the country. The findings of the study support the acceptance of the finding that the poorer the exchange rate regime, the more the level of economic development deteriorates in Nigeria. Nevertheless, the findings of this study are difference

from many of the previous studies in terms of depth of issues covered and focus of the study regarding the challenges hindering the use of exchange rate regimes to achieve economic development in the country. Therefore, it is concluded that unless the challenge political interference, corruption, hording of dollars, undue speculations in the capital market, among others, are addressed, using the exchange rate regimes to achieve economic would remain a mirage in the country.

Recommendations

Given the findings and conclusion of this study, the following recommendations are made in order to realise the objectives of this study:

i. Given the adverse impact of exchange rate regimes on economic development in Nigeria, the Federal Government and relevant organisations and agencies in Nigeria such as the Central Bank of Nigeria and Nigeria Stock Market should ensure that exchange rate regimes are used as a tool for mitigating the challenges of unemployment, inequality and poverty in Nigeria. This would ensure that only a system that favours the growth of Nigeria economy is adopted

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