Analysis of the Major Determinants of Remittances to Nigeria: 1990 – 2019

Dr Victor O. Okoye[1], Kenechukwu J. Nwisienyi.[2]

[1, 2] *School of Financial Studies, Department of Banking and Finance, Federal Polytechnic Oko Anambra State, Nigeria*

***Abstract*— The study investigated the major determinants of remittances to Nigeria from 1990 to 2019. The study adopted the least square method for this purpose. A dummy variable was introduced in the model to represent the effect of the COVID-19 pandemic. The result showed that inflation and real effective exchange rate are statistically insignificant and so have no effect on remittances. The parameter for the COVID-19 pandemic also came out insignificant in the study. This shows that the pandemic hasn't really affected the host countries as at 2019. Broad money supply and unemployment rate were statistically significant with remittances with coefficients of 0.675 and -1.377 respectively. The result showed that, within the period under study, broad money supply and unemployment rate were major determinants of remittance inflows to Nigeria. The study recommends, amongst other things, that more research on the subject matter should be done to determine the extent of influence of the COVID-19 pandemic on remittances as the pandemic is still ravaging the world.**

***Keywords*— Remittances, IMTOs, Altruism, Self-interest, Least Square Method, Migrants**

I. INTRODUCTION

As a relatively new concept, remittances are one of the various indices that form the basis for measuring economic growth (Egbulonu and Chukuezi, 2019). According to Adolfo, Chami, Ebeke and Sampawende (2012) remittances represent one of the largest sources of financial flows to developing countries. It is a very large and competitive industry judging by the volume of transactions that take place in this regard. The World Bank estimated that global remittances grew by 10% to $689 billion in 2018, with developing countries receiving 77% of the total inflows. India, China, Mexico, Philippines and Egypt are among the largest remittance recipients globally, collectively accounting for approximately 36% of total inflows. The volume of remittances that are captured formally, is nothing compared to the amount that pass through informal channels. Freund and Spatafora (2005) estimated informal remittances to amount to between 35% and 75% of officially recorded flows.

The trend of remittances in the Sub-Saharan Africa amounts to a very small share of the global remittances of which Nigeria accounts for over a third of migrant remittance flows in this region (PWC, 2019). With projected remittances of $22.3 billion in 2017, Nigeria became the top recipient of remittances in Sub-Saharan Africa and fifth in the world after India, China, Philippines and Mexico (World Bank Group, 2017). She (Nigeria) however, dropped to 2nd place after Egypt in 2018. The remittance inflow in Nigeria translated to 83% of the Federal Government budget and exceeded both the FDI inflows and the net official development assistance (foreign aid) in 2018 (PWC, 2019).

The volume of remittances in Nigeria translates to the fact that there are a lot of emigrants in diaspora. As at 2017, the UN migration data portal recorded 1.3 million emigrants from Nigeria, which represents 0.6% of the total population. This figure however, lacks concurrence with available literature like Hernandez-Coss and Bun (2007) that claims that from the interviews with money transfer organizations (MTOs), there are five million Nigerians in the United States. Again, PWC (2019), posits that unofficial report has recorded 15 million Nigerians in diaspora. In the same vein, Black, Ammasari, Mousillesseaux and Rajkotia (2004) reports that there are half a million Nigerians in England. Furthermore, a survey conducted by the Pew Research Centre in 2019 shows that 45% of the Nigerian adults have indicated interest to leave the country in the next five years.

Remittances are said to be one of the catalysts for effective economic growth in developing countries. Nigeria has received a fair share of remittances from emigrants in diaspora. The billions of dollars recorded in this regard, gives credence to the afore-mentioned. However, a whole lot of remittances to Nigeria are done through informal channels and as such, they are not accounted for. Contrary to the fact that remittances foster economic growth, Oludare (2021) reports that the impact of the capital flows is barely felt. The country has witnessed a decline in her foreign reserves as well as a deterioration in her exchange rate.

Different studies on the determinants of remittances and its nexus with economic growth exist with varying outcomes and results and so, calls for more investigations. Again, these studies did not consider the real effective exchange rate and the effect of the COVID-19 pandemic. Akin to this therefore, this study seeks to evaluate the determinants of remittances in Nigeria considering the effect of the COVID-19 pandemic.

II. LITERATURE REVIEW

A. *Conceptual Framework*

According to Ayandibu and Oluwafemi (2014), remittances are connected to migration and have increased remarkably in recent years in such a manner that it has become essential and significant especially for poor and developing countries.

Remittances has been defined by different literature from different disciplines and organizations. Romaldini (2017) has remittance to mean personal money transfers sent from workers in one country back to their country of origin. Similarly, Odozi, Awoyemi and Omonona (2010) defines remittance as a portion of migrant workers' earnings sent to their countries of origin which could be in form of cash or gifts. IMF (1999) maintains that remittance is limited to money sent by migrant workers who have been staying in a foreign country for more than a year to his/her household in his/her country of origin and this does not include migrants that are self-employed. The International Organizations for Migration (2006) defined remittances as the monetary flows connected to migration, that is, cash transfers by migrants or immigrants living abroad to a relation in home countries. According to the International Labour Organization (2000), remittances are part of migrant workers' income remitted back from their employment countries to their countries of origin. Generally speaking, remittances are funds sent from individuals living and working outside their home countries to their household or relations at their home countries. The World Bank defines remittances as the sum of personal transfers (all current transfers in cash or in kind) and compensation of employees between resident and non-resident individuals, independent of the source of income of the sender. By the virtue of these definitions, it is worthy of note that remittances can be financial and non-financial.

Remittances to the country flow through two recognized channels namely the formal and the informal channel. Remittances flow through formal channels like electronic wire and informal channels like money or goods carried across the border etc. The formal channels are known as the International Money Transfer Operators (IMTO). These IMTOs process these remittances due to differences in currency and monetary systems. IMTOs are non-bank entities that use networks of agents and banks to process payments and transfers across borders. IMF (2009) clearly defines IMTOs as financial companies (but usually not banks) engaged in cross border transfer of funds using either their internal system or access to another cross-border banking network. The complexities of different currencies and banking systems means that sending money from one country to another is completely different from a domestic transfer. On the other hand, remittances can also flow through informal channels. These informal channels would include reliance on friends and relatives, travellers, over-the-border exchange and the Hawala system. Although informal remittances vary from region to region, they are more prevalent in areas like Eastern Europe and Sub-Saharan Africa when compared to East Asia or the Pacific region (Express Money, 2020). Surprisingly, the informal channels continue to be an option for remittances due to several reasons of which, lack of knowledge and trust in legal money transfer services is primary.

Operators

According to Cuevas-Mohr (2019), Western Union and a few Nigerian-owned companies served this purpose prior to 2016. By that period also, the informal channels were dominated by Hawala agents. In 2016, the CBN gave approval for only three IMTOs namely; Western Union, MoneyGram, and Ria Money Transfers to process remittances to the country which was met with strong distaste and opposition. It was argued that the decision was not appropriately justified as it was not in line with the CBN's previous move to ban all exclusivity agreements with Western Union (Allison, 2017). The dominant position of Western Union, MoneyGram and Rio was strengthened by this decision (Farid, 2017). According to Guardian Newspaper (2021), Western Union, MoneyGram and Ria Financial controlled the market for a long time, giving them the opportunity to set the condition of service to the detriment of the industry.

However, in 2021, in an effort to break the historical dominance of the industry cartel and liberalizing the market, the CBN approved 47 IMTOs, comprising 17 local and 30 foreign-based companies, to process remittance inflows to Nigeria. The CBN would also accompany this with some policy measures to promote transparency, grow diaspora remittances and significantly improve foreign exchange inflows into Nigeria. The measures would include;

- Only licensed IMTOs are permitted to carry on the business of facilitating diaspora remittances into Nigeria;
- All diaspora remittances must be received by beneficiaries in foreign currency only (cash and/or transfers to domiciliary accounts of recipients);
- IMTOs are NOT permitted, under any circumstances, to disburse diaspora remittances in Naira (either in cash or by electronic transfers), be it through naira remittance settlement accounts (which had been earlier directed to be closed), third party accounts or via any other payment platforms within and/or around the Nigerian financial system.

Challenges and Prospects

Inherent in the remittance industry are some challenges which has bedeviled it for quite some time now. As reported earlier, remittances to Nigeria translated to 83% of the Federal Government budget in 2018. It also exceeded both the FDI inflows and the net official development assistance (foreign aid) in the same year. Amidst these feats, the foreign reserves of the country and exchange rate has been dwindling. According to Oludare (2021), data on the volume of remittances to Nigeria is grossly under-reported as it is believed that a major percentage of these remittances flow through informal channels and are therefore not captured. This development could stem from lack of knowledge and trust in legal money transfer services, the socio-economic background and educational status of the recipient's household, laws and migration policies prevalent in the host country, monetary policies prevalent in the home country, financial background of the sender and the recipient, other factors like cost, speed, convenience and security. These afore-mentioned factors influence decisions as to which channel to use (formal or informal) (Express Money, 2020).

Again, International Money Transfer Operators (IMTOs) receive inflows in foreign currencies into offshore bank accounts from where these inflows are disbursed to the recipients in local currency (Naira) at exchange rates determined by the IMTOs which are mostly below parallel market exchange rates. Due to this scenario, most of these remittances are held in the foreign bank accounts of IMTOs and other transfer agents who take commissions on every money transfer and also make significant foreign exchange gains, while beneficiaries in Nigeria receive their funds in naira (Oludare, 2021).

Furthermore, according to Hernandez-Coss and Bun (2007), the official figures of remittances to the country is believed to be under-reported by as much as 50% due to the prevalence of informal transfer mechanism and data collection deficiencies. Apart from unearthing some unlicensed operators, an investigation carried out by CBN in 2020 on the remittance inflow to Nigeria also discovered that some IMTOs resorted to engaging in arbitrage arrangements on the naira-dollar exchange rate instead of improving transaction volumes and creating more efficient ways for more remittances. Such practice led to a significant drop in remittance inflows to the country (Oludare, 2021).

Finally, the COVID-19 pandemic ravaged the world and affected every aspect of life in all ramifications. Economies stood still, businesses were affected, countries and borders were on lockdown. Also, measures like lockdowns, travel bans, physical distancing and other restrictions put in place to contain the health crisis, further exacerbated the situation resulting in major impacts on economic activities and employment availability. The income of most Nigerian emigrants in diaspora were either stalled (job loss) or reduced due to this. Still, remittances became challenging as most payments are still cash-based and some international money transfer operators (IMTOs) have closed or reduced their working hours during lockdowns. All these impacted on the flow of remittances to Nigeria (Food and Agriculture Organizations, 2020).

On the other hand, amidst all these challenges, remittances have the potentials of driving economic growth. Recipients/households use these funds to finance education, service debt, foster new business, fund cash and non-cash investments etc. They generally improve their welfare with these remittances. Studies has shown that 70% of remittances are used for consumption purposes, while 30% of remittance funds go to investment related uses (Sahara Reporters, 2019).

The recent efforts by the CBN to establish policies that would help curb the malpractices in the remittance industry and also help stimulate the potentials of remittances to the country is well noted. The CBN introduced a "Naira for Dollar Scheme" which pays senders and recipients of remittances 5 naira per dollar. The policy is aimed at boosting dollar supply in the country, at a time of foreign exchange crunch that has forced the central bank to devalue the naira more than once in year (Adegboyega, 2021). Ab initio, this policy was meant to last from 8th March to 8th May 2021 but recently, the CBN announced that the scheme has been extended indefinitely. In order to sustain the afore-mentioned policy and to eradicate monopoly and unhealthy competition, the CBN approved and commissioned 47 IMTOs to process remittances to the country.

In addition, CBN also updated the guidelines/measures to be complied with by the IMTOs while processing remittances. Only licensed IMTOs are allowed to facilitate remittances which must be received in foreign currencies by the beneficiaries. They are not permitted to disburse remittances in naira through any means and for any reason whatsoever.

It is hoped that at the full implementation of these policies, the cost, monopoly and other malpractices inherent in the industry will be reduced as more of the formal channels of transmission will be embraced thus, exploiting the full potentials of remittances.

B. *Theoretical Framework*

There are certain theories that explains migration and remittance. However, the Neo-Classical Theory of Migration and the Modernization Theory of Migration takes center stage.

The neoclassical theory highlights that migration results from interregional wage differentials, distance between origin and destination, and labor market conditions such as the unemployment rate as factors determining migration. According to Lee, Sugiura and Gečienė (2017), the neo-classical theory is borne out of the comparison between relative economic benefits and costs, including financial and psychological. Based on this theory, Sjaastad (1962) and, Harris and Todaro (1970) all acknowledged that high-wage areas attract more workers than the available jobs and so, the desire to migrate is to maximize net economic return on human capital. However, Kurekova (2011) and De Haas (2010) has criticized the neo-classical theory with reason that the theory tends to ignore or disregard migration motives or determinants, market imperfections etc.

On the other hand, the modernization theory of migration which, according to Lee, Sugiura and Gečienė (2017), emerged from the rural-urban continuum model originally formulated by Redfield (1941). The theory proposes two factors of migration as opposed to the neo-classical theory; the push and pull factors. The push factors include extraordinary natural phenomena, poor living standards, mechanized farming, unemployment, conflict, and war whereas, the Pull factors usually mirror push factors, and include higher incomes, better education, well-organized health care, urban facilities, and protection from conflicts or disasters. Again, this theory is not without some criticisms as De Haas (2010) and Brettel (2008) faulted its inability to determine dominant factors and the shortcomings of the equilibrium model of linear development with which modernization theory has been associated.

De, Islamaj, Kose and Yousefi (2016) pointed out that at the individual level, the motives for remittances have direct implications for the amount, timing, and frequency of remittances while at the aggregate level, they may affect the volume of flows and their variability across economic ups and downs, in both the remittances origin and recipient countries.

Lucas and Stark (1985) modified the motives for remittances into two; Altruism and Self-interest. Akinpelu, Ogunbi, Bada and Omojola (2013) expanded these motives to altruism, exchange, insurance, investment and inheritance. The Altruism motive refers to the willingness to help the family back home. The sender is out for the well-being of the family in the home country and so sends money to them to improve their standard of living.

Exchange motive for remittances entails sending money to pay off for services rendered for them at home. Services like taking care of their children or aged parents, taking care of their house or properties, repayment of loan etc.

Investment motive for remittances entails sending money to be invested in real estate or financial assets alike, starting up a business in the home country etc.

Insurance motive for remittances entails a contract between the sender and his household in the home country where the sender agrees to insure his family at the instance of a shortfall in their income. Yan and Choi (2005) encouraged such arrangement since government sponsored social insurance is generally poor and, in most cases, not in existence. It also goes a long way in mitigating against the risk of crop failure, price fluctuation, insecurity of land tenancy, livestock diseases and inadequate availability of agricultural wages (Stark and Levhari, 1982).

Inheritance is another motive for remittances. A person may be motivated to send money home by what he stands to inherit or be bequeathed to. Some studies suggest that it is a condition for future inheritance (Schrieder and Knerr, 2000; De La Briere, Sadourlet, De Jamvry and Lambect., 2002).

C. Empirical Review

Laniran and Adeniyi (2015) analysed the determinants of remittances to Nigeria. Key macroeconomic variables with theoretical potentials of influencing the level of remittances received were subjected to econometric model testing using time series data from 1980 to 2013. The results indicate that the level of remittances received is more a function of portfolio motives than other macroeconomic factors.

Olowa and Awoyemi (2012) studied the determinant of migration and receipt of remittances by analysing household data with the use of multinomial logit regression model. The results showed that, most of the human capital variables are statistically insignificant. However, for internal remittances, households with more educated members at the secondary school level, age of household head, number of males over age 15, zones 1, 2, 3 and 5, land size, are positive and significantly associated with internal migration and receiving internal remittances. Likewise, for international remittances, households with more educated members at the university level, age of household head, and land size are positive and significantly associated with receiving international remittances.

Adenutsi and Ahortor (2021) empirically explored the macroeconomic factors that explain remittance inflows to Sub-Saharan Africa. A panel data of 38 countries within the periods of 2000 – 2009 was used. The study adopted the Blundell-Bond system GMM dynamic panel data analytical framework. The study suggests that host-country income, income differential, inflation, institutional quality, interest rate differential and real exchange rate depreciation have consistent positive individual impacts on remittance inflows while home-country income and private sector credit have negative effects on remittances.

Pant (2017) analyzed the determinants of the receipt of remittances and its impact of on household expenditure and child welfare in Nepal using Nepal living standard survey (NLSSIII) data. The study found out that the variables rural/urban region, ecological zone, family size, gender and education of head, the number of children, poverty of households, and migration network have a significant effect on the receipt of remittances. Although the probability of the receiving remittance is higher in rural households, they have received significantly less amount of remittances than the urban households.

Gupta (2006) analyzed the determinants of remittances to India. The study found out that increase in migration, total earnings of migrants and the economic environment in source countries, affect remittances. However, political uncertainty, interest rates or exchange rate depreciation has no significant effect on remittances.

Singogo and Ziramba (2019) analyzed the macroeconomic determinants of remittances in Southern Africa using annual data for the period ranging from 2003-2016. The macroeconomic determinants used include: remittances themselves, inflation rate, GDP growth rate, nominal exchange rate, broad money and age dependency ratio. The countries included in the study were Botswana, Lesotho, Malawi, Mozambique, South Africa, Swaziland and Zambia. It was found that only changes/improvements in the home countries' economic environment and the exchange rate were statistically significant.

III. DATA AND METHODOLOGY

A. Data

The study, which employed an annual time series data from 1990 to 2019, used remittances, real effective exchange rate, unemployment rate, consumer price index, broad money supply and a nominally measured dummy variable for

COVID-19 pandemic effects as variables for the period under study. The data mentioned are secondary and were sourced from World Bank Indicators.

B. Methodology

The study tries to investigate the major determinants of remittances to Nigeria during the period under study. A dummy variable is introduced into the model to represent the effect of the COVID-19 pandemic. This necessitated the use of the least square method. The following model, with recourse to the study, is specified in log form thus;

$$logrem = \beta_0 + \beta_1 logcpi + \beta_2 logm2 + \beta_3 logreer + \beta_4 logunemp + \beta_5 dummy + \varepsilon t \qquad (1)$$

Where logrem = remittances, Logcpi = Consumer Price Index representing Inflation, Logm2 = Broad Money Supply, Logreer = Real Effective Exchange Rate, Logunemp = Unemployment Rate, Dummy = Effects of COVID-19 Pandemic, β0 = the intercept term, β1 – β5 = coefficients of the variables, εt = Error term.

The composition of the dummy variable is as follows;

Years affected by COVID-19 = 1

Years not affected by COVID-19 = 0

In considering the properties of time series, it is imperative that a unit root test for stationarity is conducted. Unit roots can cause unpredictable and or spurious regression results in time series analysis and so, a unit root test is conducted in order to prevent such. This test is to establish whether the variables are integrated of order I(0) or I(1) or both. It is conventional that a unit root test is first performed in an econometric analysis (Shrestha & Bhatta, 2018). For this purpose, the study employed the Augmented Dickey-Fuller Unit Root test. The Augmented Dickey-Fuller Unit Root Test is a powerful test which can be used with serial correlation and more complex models. It is the most commonly used unit root test as it is fundamentally a statistical significance test. This means that it involves a null and alternate hypothesis of which test static and p-values are computed. From the test statistic and the p-value, one can make an inference as to whether a given series is stationary or not.

IV. ANALYSIS AND RESULTS

The analysis for the study was run with Eviews 10. As required, the variables were tested for stationarity using the Augmented Dickey-Fuller unit root test. Table I shows the result of the ADF unit root test.

Table I. Augmented Dickey-Fuller Unit Root Test

Variables	Test statistics (levels)	Test Statistics (1st Difference)	Order of Integration
Logrem	-3.174	-6.351	I(1)
logcpi	-3.491	-4.388	I(1)
Logm2	-1.751	-3.904	I(1)
logreer	-2.258	-5.958	I(1)
logunemp	-3.284	-0.891	I(0)
5% Critical Value			

Source: Authors' computation using Eviews 10

The test reveals that at levels, only logunemp is stationary while others are stationary at first difference.

Equation 1 was applied and the result of the least square method is shown in Table II;

Table II. Least Square Method

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.751350	8.060604	0.465393	0.6458
LOGCPI	0.779763	0.490769	1.588860	0.1252
LOGM2	0.674643	0.309339	2.180922	0.0392
LOGREER	-0.477842	0.386901	-1.235050	0.2288
LOGUNEMP	-1.376758	0.614582	-2.240153	0.0346
DUMMY	-0.003526	0.780275	-0.004519	0.9964
R-squared	0.926508	Mean dependent var		21.77957
Adjusted R-squared	0.911198	S.D. dependent var		2.223296
S.E. of regression	0.662536	Akaike info criterion		2.191373
Sum squared resid	10.53489	Schwarz criterion		2.471612
Log likelihood	-26.87059	Hannan-Quinn criter.		2.281024
F-statistic	60.51362	Durbin-Watson stat		1.274191
Prob(F-statistic)	0.000000			

Source: Authors' computation using Eviews 10

The Durbin Watson (DW) statistic is a test for autocorrelation in the residuals from a statistical model or regression analysis which will always have a value ranging between 0 and 4. Values from 0 to less than 2 point to positive autocorrelation and values from 2 to 4 means negative autocorrelation. From Table II, the Durbin-Watson statistic is 1.274.

The R-square is a goodness-of-fit measure for linear regression models which indicates the percentage of the variance in the dependent variable that the independent variables explain collectively. R-squared measures the strength of the relationship between a model and the dependent variable on a convenient 0 – 100% scale. So, from Table II, it can be seen that the R-square is 0.927 which indicates that 92.7% of the variance in remittances (logrem) which is the dependent variable can be explained by inflation (logcpi), broad money supply (logm2), real effective exchange rate (logreer), unemployment rate (logunemp) and the effects of COVID-19 pandemic dummy) which are the independent variables.

Granger and Newbold (1974) suggested, as a rule of thumb, that if the value of R-square is greater than the value of the Durbin-Watson statistic in a time series regression, then the regression is a spurious one. From the Table II, the Durbin-

Watson statistic of 1.274 is greater than the R-square of 0.927. This is an indication that the regression is not spurious.

More so, the Adjusted R-squared is a corrected goodness-of-fit (model accuracy) measure for linear models which identifies the percentage of variance in the target field that is explained by the input or inputs. An Adjusted R-square of 0.911 from Table II shows that the model accounts for 91.1% of the total variability. All these indications are evidence that the model is well fit.

According to the least square analysis, inflation (logcpi) and real effective exchange rate (logreer) are statistically insignificant, judging from their p-values that are above 10% significance level, and so have no causal effect/relationship with remittances. This implies that one does not consider these economic indicators before remitting money to his/her home country. This result is in tandem with Gupta (2016) and, Singogo and Ziramba (2019) as they also found inflation to be statistically insignificant. However, it still didn’t concur with Singogo and Ziramba (2019) and, Adenutsi and Ahortor (2021) as they found exchange rate to be significant.

The analysis showed that with a p-value of more than 10% significance level, dummy which represents the COVID-19 pandemic also does not have any casual effect/relationship with remittances as it is statistically insignificant. This implies that the pandemic did not disrupt the flow of remittances as at 2019. This is expected as economies in the US, UK and other European countries, which are the main source of remittances, were still active by then. There wasn’t any restrictions or lockdown as the pandemic had not spread to those countries then.

Broad money supply showed a significant and positive relationship with remittances at 5% significance level with a coefficient of 0.675. This connotes that a 1% increase in the money in circulation brings about a 67.5% increase in remittances. This result conforms with the self-interest motive for remittances to the country. However, this result did not concur with Singogo and Ziramba (2019) which showed that Broad money were statistically insignificant and so, had no effect on remittances.

Finally, unemployment rate showed a significantly negative relationship also at 5% significance level with remittances with a coefficient of -1.377. This connotes that a 1% increase in the unemployment rate brings about a 137.7% decrease in remittances. This is not expected as one of the tendencies to send money back home is to help take care of family members and relations without jobs or any source of livelihood which tends to reduce once the beneficiaries back home get jobs or get involved in one entrepreneurial or business activities or the other. The outcome of the analysis could be attributed to the fear that remittances meant to take care of the personal needs of the sender back home may be diverted to another purpose since the person receiving the money doesn’t have any source of livelihood.

V. CONCLUSIONS

Emigrants in diaspora find a plethora of reasons to send money back home. These reasons, which are two broad categories of altruism and self-interest, range from taking care of the family needs to making investments. Though fraught with challenges, remittances to the country have the potentials of driving the economy as it will amongst other things, create more foreign reserves and increase multiplier effect. The CBN has taken the center stage by approving 47 IMTOs to process remittances. They have also gone ahead to establish new schemes and policies that is believed will help in boosting the inflow of remittances to the country and eradicate malpractices, monopoly and unhealthy competition that were prevalent in the industry.

The study set out to investigate the major determinants of remittances to the country from 1990 to 2019. The outcome of the least square analysis shows that broad money supply and unemployment rate are statistically significant at 5% significance level with a positive and negative relationship with remittances respectively. Inflation and real exchange rate are statistically insignificant which implied that they have no effect on remittances. The menace of the COVID-19 pandemic did not obstruct the inflow of remittances to the country as at 2019 because the economies of the host countries where these remittances come from were still thriving by then. The result showed that, within the period under study, broad money supply and unemployment rate were major determinants of remittance inflows to Nigeria.

VI. RECOMMENDATIONS

Based on the findings and conclusion, this paper finds it imperative to proffer the following recommendations;

I. Efforts should be made by the regulatory authorities to curb malpractices and sharp practices which discourage the use of formal channels in the Nigerian remittance industry.

II. More inclusive reforms should be made on the policies and the framework on remittances in the country. It is hoped that these reforms will help bring about more exposure on remittances on the part of the citizens. Other factors like cost, speed, convenience and security which influence the decisions as to whether to use the informal or formal channel, will also be taken care of.

III. Mechanisms for effective and sustained implementation of the reforms and policies on remittances should be put in place. It is not about forming policies and reforms, implementing them is also very important in order to achieve the desirable results.

IV. More investigations should be made in order to ascertain more on the influence of the COVID-19 pandemic on remittances as it is still ravaging the world. In the same vein, the study also recommends that more research be done on unemployment rate in relation to remittance inflows to Nigeria.

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