

RESEARCH ARTICLE

IMPACT OF DIASPORA REMITTANCES INFLOW ON ECONOMIC GROWTH IN NIGERIA:
A FMOLS approach

IORTYER AONDOVER DOMINIC & UCHE ONYEDI

Department of Economics, Federal University Lokoja Kogi State Nigeria

ABSTRACT

This study examines the impact of diaspora remittances inflow on economic growth in Nigeria over the period 1980–2024 using the Fully Modified Ordinary Least Squares (FMOLS) method, the study models gross domestic product (GDP) as a function of diaspora remittances (DREM), exchange rate (EXCHR), trade openness (EXIM), and inflation (INF). The result reveals that GDP maintained a relatively stable growth pattern while remittances exhibited high volatility. Exchange rate also showed significant instability. The Augmented Dickey-Fuller test indicates that all variables are integrated of order one, $I(1)$, while the Johansen cointegration test suggests weak evidence of a long-run relationship. The FMOLS results show that DREM and EXCHR have positive and statistically significant effects on GDP, whereas EXIM and INF coefficient are negative and statistically insignificant. The model exhibits strong explanatory power with an R -squared of 0.9321 and adjusted R -squared of 0.9252. Diagnostic tests confirm model reliability, with normally distributed residuals and parameter stability. The study concludes that remittances and exchange rate are key drivers of economic growth in Nigeria. And recommends for policies that could increase and sustain diaspora remittances to the country.

Keywords: Diaspora remittances, economic growth, FMOLS, exchange rate, trade openness

ARTICLE INFO

Received: [03/07/2026]

Accepted: [14/07/2026]

Published: [30/07/2026]

Issue Period: July – August 2026 (Bi-Monthly)

DOI: <https://doi.org/10.56293/IJMSSSR.2026.6310>

Copyright: © 2026 The Author(s). Published by IJMSSSR. This is an Open Access article distributed under the terms and conditions of the Creative Commons Attribution (CC BY 4.0) License.

1. Introduction

Globally, millions of people live and work outside their countries of origin, and these migrant workers alongside other categories such as embassy staff constitute what is commonly referred to as the diaspora. In the Nigerian context, these individuals frequently send financial and material resources back home to support household welfare and investment activities, a process known as diaspora remittances inflows. According to United Nations (2020), countries such as India (\$69 billion), China (\$64 billion), the Philippines (\$33 billion), Mexico (\$31 billion), Nigeria (\$22 billion), and Egypt (\$20 billion) rank among the largest recipients of remittances globally. These inflows have become a vital and relatively stable source of foreign exchange for developing economies, particularly in Sub-Saharan Africa, where they

contribute significantly to Gross Domestic Product (GDP). Remittances form part of the current account in the Balance of Payments and include both private transfers and official flows, which are recorded by institutions such as the Central Bank of Nigeria (CBN).

In recent decades, diaspora remittances have attracted increasing attention in both academic and policy discussions due to their growing importance in developing economies. In Africa, and particularly in Nigeria, remittance inflows have risen steadily, driven by increased migration and improved access to formal financial transfer channels. Evidence from the World Bank suggests that remittances now surpass foreign direct investment, foreign aid, and other private capital inflows as a major source of external finance. However, official statistics often underestimate the true magnitude of these flows, as informal channels remain widely used. Estimates indicate that remittance inflows to Nigeria grew consistently from 1980 to approximately \$23.24 billion in 2024, making the country the largest recipient in Africa and one of the top globally, with projections showing continued growth (World Bank, 2024). Despite their potential to stimulate investment, enhance consumption, and support economic development, the actual impact of remittances on growth remains debated, with empirical findings yielding mixed results.

Notwithstanding their increasing volume, several structural and policy challenges limit the effective utilization of remittances in Nigeria. A major issue is the limited access to formal financial services, which constrains financial deepening and the productive use of remittance inflows. Since the 1980s, the Nigerian government has implemented various economic reforms to strengthen the financial sector, including the bank consolidation policy introduced by the Central Bank of Nigeria in 2004. More recently, reforms such as granting International Money Transfer Operators access to the Nigerian Autonomous Foreign Exchange Market (NAFEM) aim to improve efficiency and transparency in remittance transactions (Cardoso, 2024). With an estimated 17 million Nigerians in the diaspora remitting about \$20 billion annually, there is significant potential to leverage these inflows for financial inclusion, investment, and capital market development. However, key questions remain regarding the extent to which remittances, alongside macroeconomic variables such as exchange rate, trade openness, and inflation, influence Nigeria's economic growth.

This study aims to examine the impact of diaspora remittances inflow and selected macroeconomic variables on Nigeria's Gross Domestic Product (GDP) over the period 1980–2024. Specifically, it investigates the effects of remittances, exchange rate, trade openness, and inflation on economic growth, guided by corresponding research questions and hypotheses that test the significance of these relationships. The study is significant as it contributes to the existing literature by providing empirical evidence on the macroeconomic role of remittances in Nigeria, while also offering policy-relevant insights for enhancing their developmental impact. By adopting a macroeconomic approach and analyzing data across a period characterized by major economic reforms and global shocks including the 2008 financial crisis and the COVID-19 pandemic the study provides a comprehensive understanding of how remittances interact with broader economic dynamics to shape growth outcomes in Nigeria.

2. Literature review

Theoretical Literature

The relationship between diaspora remittances and economic growth is theoretically multifaceted, with different strands of development economics offering varying explanations regarding its nature and magnitude. Broadly, remittances constitute a significant component of international financial flows and have become increasingly important for developing economies such as Nigeria. According to the World Bank, remittance inflows to low- and middle-income countries have surpassed foreign direct investment, official development assistance, and other private capital flows in recent years (Junaid, Indermit & Dilip, 2023). This growing prominence has stimulated theoretical debates on whether remittances primarily drive growth through investment and productivity or whether their effects are limited by consumption patterns

and structural constraints. As such, the remittance growth nexus remains theoretically ambiguous, necessitating a careful consideration of multiple frameworks.

The neoclassical growth framework, particularly the Solow Growth Model developed by Robert Solow (1956), provides a foundational perspective for understanding the role of remittances in economic growth. This model emphasizes capital accumulation, labour, and technological progress as the primary drivers of long-run growth. Within this context, remittances are viewed as an external source of capital that can supplement domestic savings, thereby enhancing investment and productivity. For capital-constrained economies like Nigeria, remittance inflows can ease liquidity constraints, finance small-scale enterprises, and contribute to capital formation (Giuliano & Ruiz-Arranz, 2009). Consequently, the model suggests a positive causal relationship between remittances and economic growth, particularly in environments where access to formal credit markets is limited.

In contrast, the National Accounts Framework offers a macroeconomic perspective by examining how remittances influence aggregate economic indicators such as the balance of payments, exchange rate, and inflation (Kireyev, 2006). This framework highlights both the positive and negative effects of remittances, depending on their utilization. When remittances are directed toward consumption, they may increase import demand and worsen trade balances, potentially exerting pressure on exchange rates and inflation. However, when invested in productive activities, remittances can stimulate domestic production, enhance savings, and improve export performance. Thus, the national accounts perspective stresses the conditional nature of the remittance–growth relationship, where outcomes depend largely on how these inflows are allocated within the economy.

Further insight is provided by the Endogenous Growth Theory advanced by Paul Romer (1990), which emphasizes the role of internal factors such as human capital development, innovation, and technological progress in sustaining long-run growth. Within this framework, remittances can enhance economic performance by financing education, healthcare, research, and entrepreneurial activities, thereby improving total factor productivity. Unlike the neoclassical model, which treats technological progress as exogenous, endogenous growth theory posits that remittances can actively influence the drivers of sustained growth. These theoretical perspectives spanning neoclassical, macroeconomic, and endogenous approaches provide a comprehensive basis for analyzing the impact of diaspora remittances on economic growth, highlighting that their effectiveness depends on the broader economic environment, policy framework, and the channels through which they are utilized.

Empirical Literature

A substantial body of empirical literature has examined the relationship between diaspora remittances and economic growth in Nigeria, with most studies reporting a positive and significant impact. Recent evidence by Irabor, Olofin, and Adebayo (2026), using the Fully Modified Ordinary Least Squares (FMOLS) technique on data from 1990–2022, shows that remittances significantly enhance GDP, confirming their role as a major source of external finance. Similarly, Akpan and Eze (2025) and Suleiman and Ibrahim (2024), applying the Autoregressive Distributed Lag (ARDL) approach, find that remittances exert a strong positive long-run effect on economic growth, although short-run effects tend to be weak. Earlier studies such as Adamu, Ibrahim, and Sani (2021), which employed the Vector Error Correction Model (VECM), and Okon, Effiong, and Udo (2022), using ARDL, also confirm the existence of a long-run equilibrium relationship between remittances and economic growth, with remittances contributing significantly to output expansion. These findings collectively suggest that remittances serve as a stable and growth-enhancing financial inflow in Nigeria.

Beyond aggregate growth, several studies highlight the broader development implications of remittances through their interaction with macroeconomic variables and financial systems. For instance, Rose and Adekunle (2026) employ Dynamic Ordinary Least Squares (DOLS) and find that remittances improve

Nigeria's balance of payments and macroeconomic stability. Similarly, Mustapha-Jaji and Adesina-Uthman (2023) show that remittances significantly promote financial development, thereby indirectly supporting growth through improved access to financial resources. Studies such as Ayewumi and Olaniyan (2025) and Yakubu and Abdullahi (2022) further reveal that remittances enhance income levels, stimulate domestic investment, and complement other external inflows such as foreign direct investment. However, the role of other macroeconomic variables remains mixed, as inflation and exchange rate fluctuations are often found to exert negative or insignificant effects on growth (Ikwuakwu, Onyele, and Onyele, 2024; Adeniyi and Bello, 2020).

Despite the generally positive consensus, some studies provide evidence of mixed or conditional effects of remittances on economic performance. Faruk and Idris (2024), using Vector Autoregression (VAR) and Vector Error Correction Model (VECM) techniques, find that while remittances contribute positively to growth, they may also create dependency effects within the economy. Similarly, studies incorporating trade openness, such as Ogunleye and Fasanya (2024) and Olawale and Olayinka (2021), report that although remittances promote growth, trade openness often exhibits an insignificant relationship, reflecting structural inefficiencies in Nigeria's external sector. Earlier works including Usman and Lawal (2019), Garba and Abdulkadir (2019), and Olayiwola and Okodua (2018) consistently affirm the growth-enhancing role of remittances, but also emphasize the adverse influence of inflation and macroeconomic instability. These mixed findings suggest that the impact of remittances is not uniform but depends on macroeconomic conditions and the channels through which remittances are utilized.

Empirical evidence from cross-country and regional studies further supports the positive role of remittances in economic growth and development. Studies such as Aggarwal, Demirgüç-Kunt, and Peria (2015) demonstrate that remittances significantly enhance financial development in developing countries, which in turn promotes economic growth. Similarly, Gupta, Pattillo, and Wagh (2015) find that remittances contribute to macroeconomic stability and increase foreign exchange earnings in Sub-Saharan Africa. Jongwanich (2015) and Anyanwu (2015) also provide evidence that remittances play a crucial role in reducing poverty and stimulating growth across developing economies. These findings reinforce the argument that remittances serve as a vital development finance tool, particularly in countries with limited access to global capital markets.

3. Methodology

Model specification

To empirically examine the relationship between diaspora remittances and economic growth in Nigeria, this study specifies a multivariate functional model in which real gross domestic product (RGDP) is expressed as a function of key macroeconomic variables. The general functional form of the model is given as:

$$GDP = f(DREM, EXCHR, EXIM, INF, U)$$

where GDP represents gross domestic product, DREM denotes diaspora remittances inflow, EXCHR is the exchange rate, EXIM captures trade openness, INF represents inflation rate, and U is the stochastic error term. This specification implies that economic growth is influenced by external financial inflows and prevailing macroeconomic conditions. To capture dynamic adjustments and lagged effects, the model is extended into a distributed lag structure as follows:

$$RGDP_t = \beta_0 + \beta_1 DREM_t + \beta_2 DREM_{t-1} + \beta_3 EXCHR_t + \beta_4 EXCHR_{t-1} + \beta_5 EXIM_t + \beta_6 EXIM_{t-1} + \beta_7 INF_t + \beta_8 INF_{t-1} + U_t$$

where t denotes time, β_0 is the intercept, $\beta_1 \dots \beta_8$ are parameters to be estimated, and U_t is the error term. The inclusion of lagged variables allows for delayed transmission mechanisms, reflecting the fact that

macroeconomic variables may influence output over time rather than instantaneously. The marginal effects of the explanatory variables are derived as the sum of their contemporaneous and lagged coefficients. This is given as:

$$\frac{\partial RGDP}{\partial DREM} = \beta_1 + \beta_2, \frac{\partial RGDP}{\partial EXCHR} = \beta_3 + \beta_4, \frac{\partial RGDP}{\partial EXIM} = \beta_5 + \beta_6, \frac{\partial RGDP}{\partial INF} = \beta_7 + \beta_8$$

These expressions capture the overall short- to medium-term influence of each explanatory variable on economic growth. The a priori expectations of the study are stated as:

$$\frac{\partial RGDP}{\partial DREM} > 0, \frac{\partial RGDP}{\partial EXCHR} > 0, \frac{\partial RGDP}{\partial EXIM} > 0, \frac{\partial RGDP}{\partial INF} < 0$$

This implies that diaspora remittances, exchange rate, and trade openness are expected to have positive effects on economic growth, while inflation is expected to exert a negative effect due to its potential to distort investment decisions and reduce purchasing power.

The study utilizes the fully modified least square (FMOLS) for estimation, given the integration of all the variation after first differentiating, and there exist a co-integrating factors among the variables. The FMOLS estimator modifies the conventional OLS estimator to correct for endogeneity and serial correlation in cointegrated systems. The adjusted FMOLS estimator is expressed as:

$$\hat{\beta}_{FMOLS} = \left(\sum_{t=1}^T X_t X_t' \right)^{-1} \left(\sum_{t=1}^T X_t Y_t^* \right) \quad (8)$$

where X_t is the vector of explanatory variables, and Y_t^* represents the transformed dependent variable adjusted for serial correlation and endogeneity using long-run covariance estimates.

Result presentation

Table 1 ADF Unit root test

Variable	Level I(0)			First differencing I(1)			Order of Integration
	ADF Statistics	t- @5%	Prob.	ADF Statistics	t- @5%	Prob.	
LNGDP	-2.274761	-3.520787	0.4378	-4.306558	-3.515523	0.0073	I(1)
DREM	-1.863899	-3.515523	0.6561	-5.592339	-3.518090	0.0002	I(1)
LNEXIM	-2.771288	-3.518090	0.2152	-4.471123	-3.518090	0.0047	I(1)
EXCHR	3.278171	-3.520787	1.0000	-6.733161	-3.518090	0.0000	I(1)
INF	-2.140681	-2.929734	0.3435	-6.151441	-2.931404	0.0000	I(1)

Source: Author's Computation (EViews output)

The Augmented Dickey-Fuller (ADF) unit root test results presented in Table 2 reveal that all the variables LNGDP, DREM, LNXIM, EXCHR, and INF are non-stationary at level, as their ADF t-statistics are less than the 5% critical values and their probability values are greater than 0.05. This indicates the presence of unit roots in the series, implying that the variables exhibit trends over time and are not stable in their original form. However, upon first differencing, all variables become stationary, as shown by their ADF t-statistics exceeding the critical values in absolute terms and their probability values falling below the 0.05 threshold. Therefore, all variables are integrated of order one, $I(1)$. This common order of integration suggests that the variables may share a long-run equilibrium relationship, thereby justifying the application of cointegration regression techniques to examine both the long-run dynamics and equilibrium relationships among the variables in the model.

Table 2 Multicollinearity test using Variance Inflation factor

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
DREM	4.843119	12.66941	6.654773
EXIM	73.69793	21.98012	6.652649
EXCHR	1.84E+15	2.242657	1.579746
INF	3.28E+17	2.983605	1.211918
C	5.89E+20	8.441658	NA

Source: Author's Computation (EViews output)

The Variance Inflation Factor (VIF) results shown in table 3 are used to assess the presence of multicollinearity among the independent variables in the model. The centered VIF values, which are more appropriate for interpretation, show that DREM (6.65) and EXIM (6.65) exhibit moderate levels of multicollinearity but remain below the commonly accepted threshold of 10, indicating that multicollinearity is not severe. EXCHR (1.58) and INF (1.21) have low VIF values, suggesting minimal correlation with other explanatory variables.

Table 4 Johansen cointegration test

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Critical Prob. (Trace)	Max-Eigen Statistic	0.05 Critical Prob. Value (Max-Eigen)	Critical Prob. (Max-Eigen)
None*	0.556261	67.04444	69.81889	0.0157	34.93829	33.87687	0.0372
At most 1*	0.307038	32.10616	47.85613	0.0391	15.77153	27.58434	0.6851
At most 2	0.227449	16.33462	29.79707	0.6885	11.09647	21.13162	0.6377
At most 3	0.109778	5.238156	15.49471	0.7830	5.000250	14.26460	0.7418
At most 4	0.005517	0.237907	3.841465	0.6257	0.237907	3.841465	0.6257

Source: Author's Computation (EViews output)

The Johansen cointegration test results in Table 4 present both the Trace and Maximum Eigenvalue statistics used to determine the existence of long-run relationships among the variables. The Trace test suggests that there is no cointegration at the 5% level overall, despite indicating significance at the “None” and “At most 1” levels, as the trace statistics are generally lower than their critical values. On the other hand, the Maximum Eigenvalue test indicates the presence of at least one cointegrating equation, as the null hypothesis of no cointegration is rejected at the “None” level ($p < 0.05$), but not beyond that point. This mixed outcome implies weak evidence of a long-run relationship among the variables. However, given that at least one cointegrating vector is identified by the Maximum Eigenvalue test, it suggests that a long-run equilibrium relationship may exist, thereby justifying the estimation of a cointegration regression model using fully modified ordinary least squares to capture both long-run dynamics and equilibrium interactions among the variables.

Table 5: Fully Modified Ordinary Least Squares (FMOLS) Estimates

Variable	Coefficient	Std. Error	t-Statistic	Prob.	Significance
DREM	15.49655	2.200709	7.041616	0.0000	Significant
EXIM	-10.50319	8.584750	-1.223471	0.2285	Not Significant
EXCHR	1.31E+08	42857885	3.067872	0.0039	Significant
INF	-2.01E+08	5.73E+08	-0.350244	0.7280	Not Significant
C	1.66E+11	2.43E+10	6.840972	0.0000	Significant
R-squared	0.932115				
Adjusted R-squared	0.925153				
Sum Squared Residual	6.74E+22				
Long-run Variance	3.07E+21				

Source: Author's Computation (EViews output)

The FMOLS results in Table 5 reveal the long-run relationship between economic growth and the explanatory variables diaspora remittances inflow (DREM), exchange rate (EXCHR), trade openness (EXIM), and inflation (INF) in Nigeria. The model demonstrates strong explanatory power, with an R-squared value of 0.932, implying that about 93.2% of the variation in GDP is jointly explained by the included variables. The adjusted R-squared of 0.925 further confirms the robustness and goodness of fit of the model, indicating a strong long-run equilibrium relationship among the variables. The estimated long-run equation derived from the FMOLS results is expressed as:

$$GDP = 1.66E+11 + 15.49655DREM - 10.50319EXIM + 1.31E+08EXCHR - 2.01E+08INF$$

From the equation, diaspora remittances inflow (DREM) has a positive and statistically significant effect on GDP at the 1% level. This implies that increases in remittance inflows significantly stimulate economic growth through enhanced household consumption, investment activities, and foreign exchange availability. This finding is consistent with empirical studies such as Irabor, Olofin, and Adebayo (2026), Akpan and Eze (2025), Ayewumi and Olaniyan (2025), and Yakubu and Abdullahi (2022), which similarly report that remittances serve as a strong driver of economic growth in Nigeria.

Exchange rate (EXCHR) also shows a positive and statistically significant relationship with GDP, indicating that currency movements particularly depreciation may enhance export competitiveness and support domestic production expansion. This result partially aligns with studies such as Eze, Okeke, and Nwankwo (2021), which report mixed effects of exchange rate on output, but contrasts with findings by Ikwaakwu, Onyele, and Onyele (2024) and Okon, Effiong, and Udo (2022), who documented negative

effects due to exchange rate volatility. The difference suggests that the growth impact of exchange rate depends on the structure of the economy and how external competitiveness translates into production gains. On the other hand, trade openness (EXIM) has a negative coefficient but is statistically insignificant, implying that although increased openness is associated with a reduction in GDP, the effect is not economically meaningful in the long run. This is consistent with studies such as Olawale and Olayinka (2021), Garba and Abdulkadir (2019), and Ogunleye, Ajayi, and Ogunleye (2017), which also found insignificant effects of trade openness in Nigeria, largely due to structural constraints such as import dependence and weak export diversification. Similarly, inflation (INF) has a negative and statistically insignificant effect on GDP, suggesting that while rising prices may reduce output in theory, its long-run effect is not strong in this model. This finding aligns with Adeniyi and Bello (2020) and Usman and Lawal (2019), though it differs from studies reporting significant inflation effects.

The FMOLS results indicate that diaspora remittances and exchange rate are the key long-run drivers of economic growth in Nigeria, while trade openness and inflation exert weak and statistically insignificant effects over the study period. This reinforces the view that external financial inflows, particularly remittances, play a more consistent role in supporting economic performance than some conventional macroeconomic variables in the Nigerian context.

Table 6 Diagnostic Tests

Test	F-Statistics	Prob.	Remarks
Normality Test	Jarque-Bera 0.726214	0.695512	<i>Normally distributed</i>
Hansen parameter stability	IC statistics 1.158579	0.2089	<i>Model is Stable</i>

Source: Author's Computation with E-views 12

As shown in Table 6, the ARDL diagnostic test results indicate that the estimated model satisfies key post-estimation assumptions. The Jarque-Bera statistic for the normality test (0.726214) with a probability value of 0.695512 suggests that the residuals are normally distributed, as the probability exceeds the 5% significance level. This implies that the model's error terms do not violate the assumption of normality, thereby enhancing the reliability of statistical inferences. The Hansen parameter stability test, with an IC statistic of 1.158579 and a probability value of 0.2089, indicates that the model is stable over time since the probability is greater than 0.05.

5.0 Conclusion and Policy Recommendations

This study examined the impact of diaspora remittances inflow on economic growth in Nigeria over the period 1980–2024 using descriptive statistics, pre-estimation diagnostics, and the Fully Modified Ordinary Least Squares (FMOLS) technique. The descriptive results show that GDP exhibited relatively stable growth with low variability, while diaspora remittances were highly volatile over the period, reflecting fluctuations in external financial inflows. Trade openness remained fairly stable, whereas exchange rate and inflation displayed substantial instability, indicating persistent macroeconomic volatility in the Nigerian economy. The trend analysis further revealed an overall upward movement in GDP and a sharp increase in remittance inflows in recent years, alongside structural fluctuations in exchange rate and inflation dynamics.

The FMOLS long-run estimation confirms that diaspora remittances inflow (DREM) and exchange rate (EXCHR) have positive and statistically significant effects on economic growth in Nigeria. Specifically, remittances enhance economic performance through increased household income, consumption, and investment activities, while exchange rate movements appear to stimulate growth possibly through export competitiveness effects. In contrast, trade openness (EXIM) and inflation (INF) exhibit negative but

statistically insignificant effects on GDP, suggesting that their long-run influence on economic growth is weak within the period under review. The model demonstrates strong explanatory power, with about 93% of the variation in GDP explained by the included variables, indicating a robust model fit and reliable long-run relationships.

Diagnostic tests further validate the reliability of the model. The unit root and cointegration tests confirm that the variables are integrated of order one and exhibit a weak long-run equilibrium relationship, thereby justifying the FMOLS approach. Post-estimation tests also confirm that the residuals are normally distributed and that the model is stable over time, reinforcing the credibility of the estimated results. The findings establish that diaspora remittances and exchange rate are the most important drivers of economic growth in Nigeria, while trade openness and inflation do not exert statistically meaningful long-run effects during the study period.

The results suggest that Nigeria should prioritize policies that enhance the volume and productive utilization of diaspora remittances. This includes reducing transfer costs, strengthening formal remittance channels, and creating investment-friendly frameworks that encourage diaspora participation in productive sectors such as infrastructure, SMEs, and human capital development. In addition, exchange rate management should focus on maintaining a stable and competitive environment that supports export expansion without inducing excessive volatility.

Trade policy reforms are necessary to ensure that openness translates into real economic gains. This requires strengthening domestic productive capacity, promoting export diversification, and reducing overdependence on imports. Similarly, inflation control should remain a key macroeconomic priority, as price instability can erode the real value of remittances and weaken economic performance. Effective monetary and fiscal coordination will therefore be essential in sustaining macroeconomic stability.

The study concludes that diaspora remittances constitute a critical external financial resource for Nigeria's economic growth process. When properly harnessed and supported by stable macroeconomic conditions, remittances can significantly contribute to sustainable and inclusive development in the country.

REFERENCES

1. Adeniyi, O., & Bello, A. (2020). Inflation dynamics and economic growth in Nigeria. *Journal of Economic Studies and Policy*, 12(3), 45–62.
2. Adamu, S., Ibrahim, H., & Sani, M. (2021). Remittances and economic growth nexus in Nigeria: A vector error correction approach. *African Journal of Development Studies*, 9(2), 88–103.
3. Aggarwal, R., Demirgüç-Kunt, A., & Pería, M. S. M. (2015). Do remittances promote financial development? *Journal of Development Economics*, 96(2), 255–264. <https://doi.org/10.1016/j.jdeveco.2010.10.005>
4. Akpan, E., & Eze, C. (2025). Diaspora remittances and long-run economic growth in Nigeria: An ARDL approach. *International Journal of Economics and Finance*, 17(1), 55–74.
5. Anyawu, J. C. (2015). Home and destination country effects of remittances on economic growth in Africa. *African Development Review*, 27(1), 1–18.
6. Ari, I., & Koc, M. (2024). Exchange rate volatility and economic performance in emerging economies. *Journal of International Economics and Finance*, 31(4), 112–129.
7. Ayewumi, T., & Olaniyan, O. (2025). Remittances, investment and economic growth in developing economies. *Journal of African Economics and Policy*, 14(2), 77–95.
8. Central Bank of Nigeria. (2024). Statistical bulletin. CBN.
9. Dickey, D. A., & Fuller, W. A. (1979). Distribution of the estimators for autoregressive time series with a unit root. *Journal of the American Statistical Association*, 74(366), 427–431.
10. Eze, J., Okeke, P., & Nwankwo, I. (2021). Exchange rate fluctuations and output growth in Nigeria. *Journal of Monetary Economics and Development*, 10(1), 33–49.

11. Faruk, M., & Idris, S. (2024). Remittance dependency and economic growth in developing countries. *Journal of International Development Studies*, 15(3), 101–118.
12. Garba, S., & Abdulkadir, M. (2019). Trade openness and economic growth in Nigeria. *Nigerian Journal of Economics*, 7(2), 55–70.
13. Giuliano, P., & Ruiz-Arranz, M. (2009). Remittances, financial development, and growth. *Journal of Development Economics*, 90(1), 144–152. <https://doi.org/10.1016/j.jdeveco.2008.10.005>
14. Gujarati, D. N., & Porter, D. C. (2009). *Basic econometrics* (5th ed.). McGraw-Hill.
15. Gupta, S., Pattillo, C., & Wagh, S. (2015). Impact of remittances on poverty and financial development. *World Development*, 63, 1–13.
16. Hansen, B. E. (1992). Tests for parameter instability in regressions with I(1) processes. *Journal of Business & Economic Statistics*, 10(3), 321–335.
17. Ikwaakwu, J., Onyele, K., & Onyele, D. (2024). Exchange rate volatility and economic growth in Nigeria. *Journal of African Macroeconomic Studies*, 11(2), 90–108.
18. IMF. (2024). *World economic outlook database*. International Monetary Fund.
19. Irabor, K., Olofin, S., & Adebayo, T. (2026). Diaspora remittances and economic growth in Nigeria: FMOLS evidence. *Journal of African Economic Development*, 18(1), 25–44.
20. Jarque, C. M., & Bera, A. K. (1987). A test for normality of observations and regression residuals. *International Statistical Review*, 55(2), 163–172.
21. Johansen, S. (1988). Statistical analysis of cointegration vectors. *Journal of Economic Dynamics and Control*, 12(2–3), 231–254.
22. Johansen, S., & Juselius, K. (1990). Maximum likelihood estimation and inference on cointegration. *Oxford Bulletin of Economics and Statistics*, 52(2), 169–210.
23. Jongwanich, J. (2015). Remittances, financial development, and growth in developing Asia. *World Economy*, 38(1), 1–22.
24. Junaid, A., Indermit, G., & Dilip, R. (2023). *Global remittance trends and development impact*. World Bank Policy Research Working Paper.
25. Kireyev, A. (2006). *The macroeconomic impact of remittances*. IMF Working Paper.
26. Mustapha-Jaji, B., & Adesina-Uthman, G. (2023). Remittances and financial development in Sub-Saharan Africa. *African Finance Journal*, 25(2), 66–84.
27. Ogunleye, E., Ajayi, T., & Ogunleye, O. (2017). Trade openness and economic growth in Nigeria. *Journal of Economics and Sustainable Development*, 8(5), 44–60.
28. Olawale, A., & Olayinka, O. (2021). Trade liberalization and growth in Nigeria. *African Journal of Economic Review*, 9(3), 101–119.
29. Okon, E., Effiong, U., & Udo, S. (2022). Remittances and economic performance in Nigeria. *Journal of Development Studies*, 14(2), 55–73.
30. Olayiwola, K., & Okodua, H. (2018). Remittances and economic growth in Nigeria. *Economic and Financial Review*, 56(1), 23–41.
31. Romer, P. M. (1990). Endogenous technological change. *Journal of Political Economy*, 98(5), S71–S102.
32. Rose, T., & Adekunle, A. (2026). Remittances and macroeconomic stability in Nigeria. *Journal of African Economic Policy*, 16(1), 88–104.
33. Solow, R. M. (1956). A contribution to the theory of economic growth. *Quarterly Journal of Economics*, 70(1), 65–94.
34. Suleiman, A., & Ibrahim, H. (2024). Remittance inflows and economic growth in Nigeria: Evidence from ARDL. *Journal of Economic Modelling*, 12(2), 90–110.
35. Usman, S., & Lawal, T. (2019). Inflation and growth nexus in Nigeria. *Nigerian Journal of Monetary Economics*, 6(1), 12–28.
36. World Bank. (2024). *Migration and remittances data*. World Bank Group.
37. Yakubu, A., & Abdullahi, M. (2022). Diaspora remittances and investment in Nigeria. *Journal of African Economic Studies*, 13(2), 45–63.