

Title of Article: Bank Consolidation And Informal Financial Sector in Nigeria: Analytical Perspective of Linkage Effects

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Abstract: The financial sector plays significant role in the growth of an economy via the process of directing funds from surplus sector to areas of need – real sector. The operations in which the banking sector can undertake depend, to a large extent, on soundness of the capital base. Hence, the need for the bank consolidation policy of the CBN for operators of banks in Nigeria. However, the Nigerian financial sector is highly dualistic in nature, involving the formal and informal. Using the Mckinnon- Shaw analytical framework, the paper examine this policy and explains how it can induce positive influence in the economy, especially by integrating the informal financial sector. Thus, it is expected that bank consolidation will increase the scope of the financial transactions and create public confidence in the system thereby encouraging those in the informal sector to patronise the formal.