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Deposit Money Bank Credit to Small and Medium Scale Enterprises (SMEs): A focus on wholesale and retail trade.

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Abstract

The study investigated the effect of deposit money bank credit to SMEs in Nigeria: focus on wholesale and retail trade, the study used secondary data covering the period 2010 to 2023 and the Central Bank of Nigeria's (CBN) 2023 Statistical Bulletin was the source of the data used in the study. The study applied the dynamic OLS technique for the model, and econometric techniques was used for the data analyses are descriptive statistics, person correlation coefficient, unit root test, post regression test and Q-statistics. The study found that deposit money banks' credit to SMEs exhibit a positive and significant impact on wholesale and retail trade. Result from lending interest rate (LINTR) and inflation rate (INFR) have a negative and significant impact on wholesale and retail trade (WRT) whereas, broad money supply (BMS) exhibit positive significant impact on wholesale and retail trade (WRT), the study concluded that, deposit money bank credit to SMEs has positive significant impact on wholesale and retail trade in Nigeria during the period of study. Therefore, it is recommended that government policy makers should revamp the financial system and the government should prioritize credit creation to wholesale and retail trade in order to improve performance of the SMEs.

Keyword: Bank credit, Deposit money bank, small and medium enterprises, Trade

1. Introduction

Small and medium-sized businesses (SMEs) are widely recognized as being crucial to the long-term economic growth and development of any country. Given the significance of SMEs to Nigeria's economic growth and development, the government has made a concerted effort to support SMEs' expansion as well as the development of entrepreneurship. SMEs play a significant role in a country's industrialization process, and having easy access to loans or financing is a key strategy for SMEs. In any country, loans are crucial to the growth of SMEs.

According to Ghulam, Y., Hakro, A. N., & Naumani, O. (2025). SMEs are the backbone of economic growth globally and contributing significantly to employment creation. Also Khan, (2020), credit availability to SMEs seems to be most important aspect of financing business, because credit is seen as the blood life of any business enterprises, and finance it is needed in the establishment and sustenance of any form of business. Also, Okere, Njoku & Nwosu (2020), argue that credit is important for the take-off and efficient performance of any business enterprises either small or large because it requires availability of funds for its capitalization, working capital as well as sustainability of business investments. However, According to Gololo (2017), the industrial sector must be prepared to address the current challenges of corporate globalization by

providing SMEs with adequate funding, further explained that SMEs can obtain funding from both official and informal sources, including financial institutions, the owner's own funds, and loans or contributions from friends, family, and relatives. Also, Owolabi & Nasiru, (2017), credit from financial institutions such as deposit money banks can be seen as the most sizeable among and credit is the main channel through which savings can be transformed into investment. Also, Khan,(2020) the primary role of banking financial institution is intermediating funds from the surplus units to the deficit units of any economy. Moreover, Obert and Olawale (2010) stated that due to limited resources by Nigeria governments, not all SMEs receive funding from the Nigeria government; therefore, this study intend to investigate the effect of bank credit to wholesale and retail trade in Nigeria.

Statement of the Research Problem

One major problem impeding SME growth worldwide is a lack of capital for SMEs (Wulandary, Jumariah & Alfin, 2021). A World Bank study found that for about 90% of SMEs surveyed, lending facilities represent a major deterrent to future investment. According to Igwe, Ogundana, Egere, and Anigbo (2018), SMEs face limited growth and issues since they have limited access to credit than big businesses. This is due to the fact that small enterprises have limited access to capital because of increased intermediation, informational barriers, and a perception of maximal risk. Also conflicting findings from the previous researchers and the various analytical techniques used by various authors that gave rise to conflict results, it is in the light of the above problems that this study intend to investigate new evidence on the effect of deposit money bank credit to wholesale and retail trade in Nigeria as research gap of the study.

1.1 Objectives of the Study

The broad objective of this study is to examine the effect of deposit money bank credit to SMEs in Nigeria: focus on wholesale and retail trade.

The specific objectives are

i. To determine the effect of inflation rate on wholesale and retail trade

ii. To examine the influence of lending interest rate on wholesale and retail trade

iii. To establish the influence of broad money supply on wholesale and retail trade

iv. To establish the effect of banks' credit to wholesale and retail trade

2. Literature Review

Conceptual review

Small and Medium Enterprises (SMEs)

Depending on the kind of business institution, there is no universally accepted definition of a SME in the global context. SMEs are defined by Abor & Quartey (2010) as micro businesses with 1–9 employees, small businesses with 10–99 employees, and medium-sized businesses with 100–499 employees. Additionally, Sarker et al. (2022) contend that SMEs help create flexible economic structures that encourage relationships between small and large businesses and promote the absorption of productive resources at all levels of the economy. The creation of jobs, value addition to the national gross domestic product (GDP), rapid industrialization, manufacturing value addition, foreign exchange earnings, and poverty alleviation are all examples of the diverse economic growth activities that SMEs generate, either directly or indirectly.

Bank performance.

According to earlier research studies, a variety of factors, including return on equity (ROE) and return on assets (ROA), are used to quantify the earnings of banks. These profitability ratios are used to assess the performance of banks.

Additionally, the difference between interest revenue and interest expense is determined using net interest margin (NIM) (Anbar & Alper, 2011). The rate of return to shareholders on equity is known as ROE, according to Alexiou & Sofoklis (2009). This means that a higher return on assets means that banks will make more funds and perform better. Additionally, Dietrich & Wanzenried (2011) came to the conclusion that monetary policy variables like the base lending rate, inflation rate, interest rate, consumer price index, and broad money supply are external factors that boost banks' profitability, whereas bank-specific variables like capital and liquidity are internal factors. Also see Oghogho, 2025. Another crucial idea and indicator of market value for deposit money institutions is return on equity, or ROE. Net income above average shareholder equity is known as return on equity, or ROE. Additionally, according to Eseosa (2025), return on asset (ROA) is a metric that compares net income to average total assets. The difference between the interest that banks earn and the interest that they pay to their lenders is determined by the net interest margin, or NIM (Dao & Nguyen, 2020).

Deposit Money Bank Credit to SMEs

The credit of deposit money banks is a loan that entails the transfer of financial assets from the lender to the borrower. The amount of money that an individual or business may be able to borrow from one or more banks is known as bank credit.

According to Imoughele & Ismaila (2013), banks extend credit to SMEs in the form of advances and loans with future due dates. Bank credit is the ability to borrow money that a bank extends to a person, business, or small and medium-sized enterprise (SME) in the form of cash loans.

Since bank credit is the greatest asset and source of income for banks, a lender or bank may also take available collateral into account when assessing a borrower's ability to borrow.

The prevailing interest rate, the amount of deposits, the amount of domestic and international investment, the banks' liquidity ratio, the exchange rate, the inflation rate, and the money supply all have an impact on deposit money banks' decisions to make loan payments. Olaoye (2018).

Theoretical review

Numerous significant studies have demonstrated the relationship between the performance of SMEs and bank lending. Below is a review of some of these theories that are significant to this study work:

Keynesian Economic Theory

Abdesamed and Wahab (2014) developed a theory called "information asymmetry." The theory shows how SMEs and macroeconomic factors relate to each other when it comes to bank loan applications. The information asymmetry theory will therefore be used in this study to better understand how businesses or SMEs apply for bank loans. Bank loans are the primary source of official funding for SMEs. Additionally, according to the European Central Bank (2011), over one-third of enterprises have utilized bank loans as their primary source of funding for SMEs, and 40% of respondent firms have used their overdraft facilities or credit lines. Additionally, according to Longenecker (2012), the main source of debt capital for SMEs or businesses is deposit money bank. Therefore, deposit money bank favor businesses with a track record of success and adequate collateral in the form of assets, and SMEs find it challenging to acquire both. Information asymmetry is the reason why SMEs and businesses are unable to obtain bank loans. Also, According to the finance gap hypothesis, information asymmetry is the reason why SMEs struggle to obtain financing (Ed Vos, 2007; Berger & Udll,

1998). Moreover, According to Behr (2011), information asymmetries between borrowers and lenders that is, banks and SMEs have a significant impact on lending in developing nations, particularly lending to micro and small businesses (SMEs). The study intends to find out the effect of bank credit to the wholesale and retail trade in Nigeria, and to also establish the macroeconomic variables that affect bank credit to SMEs.

Empirical Review

Table 1: Summarized Table of some of the Empirical Literature Discussed

S/N	Author(s)	Year	Country	Methodology	Period of Study	Findings
1	Ogunbiyi & Yusuf	2022	Nigeria	ARDL bounds testing; VECM	2010–2021	DMB credit positively impacts SME output; effects stronger in long-run
2	Mwangi & Njoroge	2023	Kenya	Panel regression; Fixed Effects	2012–2022	DMB credit access correlates with employment in SMEs; interest rate volatility dampens effect
3	Chen et al.	2024	China	Structural VAR (SVAR)	2005–2023	banks credit positively significantly affect SME productivity, especially in eastern regions
4	Mensah & Boateng	2022	Ghana	OLS & Quantile Regression	2010–2020	Positive but non-linear impact of bank credit on SMEs; credit rationing persists for micro enterprises
5	Rodriguez & Alvarez	2023	Colombia	Dynamic panel GMM	2000–2021	DMB lending positively boosts SME exports and innovation when macroeconomic stability is ensured
6	Ahmed & Khan	2024	Pakistan	Cointegration & Error Correction Model	2008–2022	There is Strong long-run equilibrium between DMB credit and SME GDP contribution
7	Santoso, D. & Wijaya, L.	2024	Indonesia	Vector Error Correction Model (VECM)	2010–2023	Credit access positively affects SME asset accumulation and investment
8	Ferreira, T. & Lima, G.	2022	Brazil	ARIMA Model and Co-integration Analysis	2008–2021	There is Strong correlation between targeted SME loan programs and employment growth

9	Wambua, P. & Mutuku, C.	2023	Kenya	OLS Regression and Granger Causality Test	2011–2021	Positive and statistically significant link between credit volumes and SME revenues.
10	Rao, M. & Iyer, S	2022	India	Fixed Effects Panel Regression	2012–2021	There is Positive long-run relationship between DMB loans and MSME productivity.
11	Yusuf, A. & Okonkwo, J.	2023	Nigeria	Autoregressive Distributed Lag (ARDL) model	2010–2022	Bank credit positively affects SME output and employment.

Gaps in the Empirical Literature

From the above empirical literature reviewed on Banks' lending to SMEs in Nigeria.

Gaps in literature include:

i. Lack of current studies on Banks' lending to wholesale and retail trade in Nigeria and this form the primary reason for this study.

ii. Conflicting views among the authors regarding how independent variables affect the dependent variable.

iii. Conflicting findings from the various authors on the Banks' lending to SMEs in Nigeria.

iv. Limited scope of study that affects results obtained.

v. Faulty methodologies used by various authors that lead to varied findings.

Theoretical framework

Financial intermediation theory

This study expands upon the findings of Bencivenga and Smith (1991), who argued that the growth of banks and effective financial intermediation support economic expansion by directing savings toward business expansion and lowering interest rates. They also came to the conclusion that the performance of SMEs is influenced by the creation of credit through financial intermediation. Also, According to Diamond and Rajan (2001), a financial intermediary loans to borrowers on behalf of certain lenders by acting as a delegated agent. In the event of a borrower default, the bank exhibits exceptional ability to keep an eye on the borrowers as well as recover money from the loans. Also, financial intermediation is the process of moving large amounts of money from saving economic agents to spending economic agents. The procedure involves using a third party or agent known as a financial intermediary to successfully match lenders with excess funds to borrowers in need of funding. More so, According to Lo and Thakor (2023), financial intermediaries like traditional banks and other bank-like establishments help SMEs finance their operations by facilitating credit transfers, and as a result, they are crucial to capital allocation. This study intend to improve on the exiting theoretical framework of Bencivenga and Smith (1991), Diamond and Rajan (2001) and Diamond and Rajan (2001).

3. Methodology

Sources of Data

Secondary data spanning the years 2010–2023 were used in the study. The data being used was obtained from the National Bureau of Statistics in 2023, the Central Bank of Nigeria (CBN) Statistical

Bulletin in 2023, as well as CBN Annual Reports.

Model Specification

Multiple regression tests were used in this study to evaluate the impact of banks' lending to SMEs in Nigeria, the SMEP (as measured by retail and wholesale). Additionally, since these factors are key determinants of banks' lending to SMEs, deposit money banks' credit to SMEs, lending rate, inflation rate, and broad money supply were added as independent variables. Anyanwu Stella Ugochi and Sunday Aguwamba's (2022) model was employed in this study examined how Nigerian small and medium-sized businesses (SMEs) were affected by the financing offered by deposit money banks, the model for this study is specified below:

Model: WRT

Model in a functional form

WRT = F(CWRT, INFR, LINTR, BMS, ,)..... (i)

With the variables defined as follows

WRT= Wholesale and retail trade

CWRT= Credit to wholesale and retail trade

INFR = Inflation rate

LINTR= Lending Interest Rate

BMS = Broad Money Supply

Equation in linear form

$$WRT = \beta X_{\circ} + X_1 CWRT + X_2 INFR + X_3 LINTR + X_4 BMS + + \mu \ldots\ldots\ldots\ldots\ldots\ldots (ii)$$

According to economic theory, the parameter estimations' expected or presumptive signs are:

$b_1 .< 0, b_2 .< 0, b_3 > 0 , b_4 > 0,$

4. Results and findings

Data presentation

Descriptive Statistics of Variables

Table 4.1

	BMS	CWRT	INFR	LINTR	WRT
Mean	25651016	41.03214	11.75857	15.49429	461.0843
Median	25989424	15.94109	11.62734	16.56625	428.8347
Max	35959199	129.4272	17.02844	18.69063	767.7603
Min	10736405	5.426563	7.76000	11.31125	96.94844
Std. Dev	9707575	36.24416	2.425324	2.098703	204.3030
Skewness	-0.213709	0.902356	0.440404	-0.845872	-0.078493
Kurtosis	1.376783	2.579951	2.978784	2. 232723	1.816418
Jargue-Bera	6.574209	8.011324	1.811304	8.051659	3.326190
Probability	0.037362	0.018212	0.404278	0.017849	0.189551

Source: Author's Computations using E-views 9.0 (2025)

The results of the descriptive statistical analysis include quarterly data from 2010 to 2023. During the review period, the mean to median ratio for all variables (except from CWRT) is roughly one. This demonstrates the symmetrical (low dispersion) nature of these variables.

This low dispersion among variables is further confirmed by their low corresponding standard deviation values that are lower than the mean values. There is significant variation between the minimum and maximum values within the studied period. Only CWRT and INFR have a long tail to the right as indicated by their corresponding positive Skewness values. Other variables have a long tail to the left as shown by their negative Skewness values. Most of the variables (BMS, LINTR and WRT) have a flat distribution property due to their Kurtosis values that is less 3.0; while CWRT and INFR have a relative normal distribution with Kurtosis values that is approximately 3.0. BMS, CWRT and LINTR variables are not normally distributed because their corresponding Jargue-Bera statistics is significant at 5% level while that of INFR and WRT is not significant at 5% level.

Thus, these variables are normally distributed.

Since some variables are normally distributed while others are not. The normality test is conducted by taking the entire variables together.

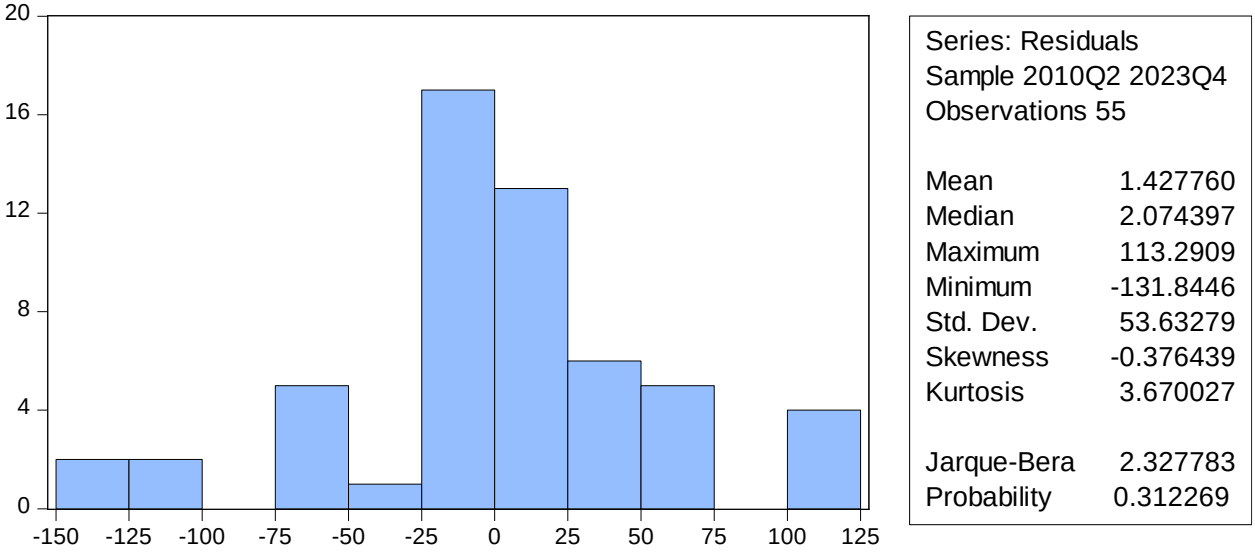

Figure 1: Normality Test

Source: *Source: Author's Computations using E-views 9.0 (2025)*

The normality test histogram in figure 1 shows that the variables when taken together are normally distributed as indicated by the Jarque-Bera statistics of 2.33 approximately that is highly not significant at 5% level when compared to its corresponding probability value of 0.31 that is > 0.05. This implies that the parametric estimation technique is preferred in scenario like this; thus, the dynamic OLS technique is employed in this study.

4.2 CORRELATION RESULTS

The Person Correlation Coefficient has been calculated after the descriptive statistics analysis, and the findings are shown in the table below.

Table 4.2
Covariance analysis: ordinary
Date:3/20/25 Time:23:12
Sample: 2010Q1 to 2023Q4
Included observation: 56

Correlation t-statistic Probability	BMS	CWRT	INFR	LINTR	WRT
BMS	1.00000				
CWRT	0.782141 9.224070	1.000000			
INFR	0.148953 1.105408 0.2739	-0.0096952 -0.715825 0.4722	1.000000		
LINTR	-0.649234 -6.272614 0.0000	-0.720587 -7.636987 0.0000	0.161525 1.202758 0.2343	1.000000	
WRT	0.914293 16.58703 0.0000	0.862027 12.49764 0.0000	-0.111641 -0.825553 0.4127	-0.774130 -8.986455 0.0000	1.000000

Source: Author's E-views 9.0 (2025) computations

Table 4.2 indicates the correlation matrix test. Broad money supply (BMS) results indicate a positive correlation with the performance of small and medium-sized businesses (WRT).
and deposit money banks' credit to (CWRT) are found to be positively related to (WRT). Whereas inflation rate (INFR), lending interest rate (LINTR) shows negative relationship to (WRT) during the period of study.

Unit Root Result

With an emphasis on wholesale and retail trade, the study looks at how deposit money banks' operations affect the performance of SMEs in Nigeria. Both dependent and independent variables were subjected to a unit root test. For this investigation, a modified Dickey Fuller (ADF) test unit root test was utilized. The tests' outcomes are shown in Table 4.3 below.

Table 4.3 STATIONARITY TEST

Augmented Dickey-Fuller Test			
Variables	ADF Stat	Order	Remark
BMS	-5.121767*	I(2)	Stationary
CWRT	-7.084001*	I(2)	"'
INFR	-3.916263**	I(1)	"'
LINTR	-4.045940*	I(1)	""
WRT	-7.541405*	I(2)	""

** and ** = 1% and 5% level of Significance*
Source: Author's E-views 9.0 (2025) computations

From the unit root result in the table 4.3 above, inflation rate (INFR) and lending

interest rate (LINTR) are all stationary at first difference, while SME performance (WRT) and deposit money bank credit to (CWRT) and Broad money supply (BMS) are stationary at second difference.

4.4 REGRESSION RESULT

Table 4.4 Dynamic OLS Regression Result

Variable	Coefficient	t-Statistic	Prob.
D(CWRT(-2))	2.745223*	5.561016	0.0000
D(BMS(-2))	-4.02E-06	-0.550852	0.5854
D(INFR(-1))	-6.368725	-1.101769	0.2785
D(LINTR(-1))	-6.363853	-0.409431	0.6849
C	9.216439	1.723516	0.0942
R-squared	0.873287		
Adjusted R-squared	0.811850		
Wald Test (F-statistics)	7.71*	Df = 3, 33	0.0000

Source: Author's Computations using E-views 9.0 (2025)

An analysis of the econometric findings in the preceding table reveals that, with an Adjusted R-squared of 0.827424, the overall fit was quite strong. The individual coefficients of CWRT had positive impact on WRT in Nigeria. The estimated coefficient of CWRT entailed that commercial banks' credit to WRT show positive impact on WRT This implied that increase in CWRT led to approximately 2.6 per cent increase in (WRT). A percentage increase in LINTR, INFR, and BMS, however, was found to reflect a negative coefficient of the constant. Additionally, the Durbin-Watson (DW) statistic of 0.657185 indicated first order serial correlation, and the F-statistic of 50.86343 was significant at the 5% level. Therefore, The autocorrelation was corrected using the Concrate-Ocult Autoregressive order one AR(1). Covergence was achieved after 12 iteration with 56 observation included. The result is shown in the General Least Square (GLS) result in table 4.3 below.

The averted root (AR) test value of 0.738826 is correctly signed and statistically significant at the 95% confidence level, according to the regression result. WRT is positively impacted by variables like CWRT and BMS. However, the lending interest rate (LINTR) and inflation rate (INFR) have a major detrimental impact on the performance of SMEs. Additionally, the Durbin-Watson (DW) statistic of 2.128988 demonstrated the absence of second order serial correlation, and the F-statistic of 77.41755 was significant at the five percent level. This outcome supports the findings of Anyanwu Stella Ugochi and Sunday Aguwamba (2022), who found that loans from aggregate deposit money banks and credit to SMEs have a favorable and noteworthy impact over the long and short terms.

Post Regression Test

To validate the regression result, the variance inflation factor and Q-statistics test becomes imperative.

Table 4.5 Variance Inflation Factors

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
D(CWRT(-2))	0.243695	1.129531	1.099126
D(BMS(-2))	5.32E-11	2.561567	1.341489
D(INFR(-1))	33.41366	1.232657	1.231513
D(LINTR(-1))	241.5902	1.424619	1.236914
C	28.59537	2.662548	NA

Source: Author's E-views 9.0 (2025) computations

For every variable, the Centered and Uncentered values in table 4.5 are less than 10. Thus, the model output does not exhibit multi-colinearity.

Table 4.6 Q-Statistics

Autocorrelation	Partial Correlation		AC	PAC	Q-Stat	Prob*
. |***** |	. |***** |	1	0.627	0.627	20.851	0.1134
. |*** |	. | . |	2	0.375	-0.029	28.48	0.1621
. |*. |	.*| . |	3	0.148	-0.124	29.699	0.2150
. | . |	. | . |	4	0.073	0.061	29.998	0.1523
. |*. |	. |*. |	5	0.156	0.21	31.407	0.0812
. |*. |	. | . |	6	0.207	0.043	33.945	0.0931
. |*. |	.*| . |	7	0.169	-0.081	35.669	0.1821
. | . |	**| . |	8	-0.034	-0.248	35.741	0.2162
.*| . |	. |*. |	9	-0.073	0.132	36.08	0.1321
.*| . |	. | . |	10	-0.117	-0.033	36.962	0.3212
.*| . |	. | . |	11	-0.066	-0.025	37.249	0.2631
.*| . |	.*| . |	12	-0.098	-0.194	37.912	0.1451

Source: Author's E-views 9.0 (2025) computations

The Q-statistics values up to order 12 in table 4.6 have high probability values (>0.05) and are therefore highly insignificant. This suggests that the model output does not contain higher order serial correlation. Without re-specification, this result can be used to recommend policies.

Discussion of Findings

The objective of this research was to determine how bank credit affected small and medium-sized businesses in Nigeria. It focused on retail and wholesale trade, and it used quarterly data for analysis from 2010 to 2023.

From the findings,

1. According to the findings, wholesale and retail trade is positively and significantly impacted by deposit money banks' lending to SMEs. The results of this study is consistent with result of Yusuf & Okonkwo (2023) Found that credit access by SMEs in retail trade improved turnover by 18% and employment by 12% over three years, and credit was used to restock fast-moving goods and improving daily cash flow.

2. Lending interest rate (LINTR) had a negative and significant impact on wholesale and retail trade (WRT). this finding is conform with the finding of Santoso & Wijaya (2024)concluded that "Retail and trade SMEs showed a negative investment response to high interest rate environments, with many shifting to informal credit sources."

3. The result from inflation rate (INFR) reveals a negative significant effect on wholesale and retail trade (WRT). The

finding conforms to Ferreira & Lima (2022) argued that "Retailers faced reduced consumer traffic and higher operating costs due to inflation, limiting business expansion."

4. Broad money supply (BMS) significantly improves wholesale and retail trade (WRT); this finding is consistent with that of Wambua & Mutuku (2023) BMS expansion correlated with growth in mobile banking credit and retail trade volumes and concluded that Informal retailers benefitted most from the liquidity increase through digital channels.

Summary of Findings

The study investigated at how Nigerian SMEs were influenced by deposit money banks' lending between 2010 and 2023. The results show that Nigerian wholesale and retail business is significantly impacted by deposit money banks' lending to SMEs.

1. It was found that Nigerian wholesale and retail trade was greatly and favorably impacted by the credit offered by deposit money institutions. This implied that increasing loans to SMEs would contribute to the growth of retail and wholesale trade.
2. According to the study, lending rates significantly and negatively affected Nigerian wholesale and retail businesses. This suggested that SMEs decreased when lending rates increased.
3. The study establish inflation rate negatively and significant effect on wholesale and retail trade in Nigeria, this mean during inflation SMEs will be discourage to startup business due to high capital required.
4. According to the study's findings, wholesale and retail trade were significantly and favorably impacted by the broad money supply (BMS) over the study period. This suggests that as banks' liquidity increases, so will their lending to SMEs.

5. Conclusion and Recommendation

Conclusion

The following conclusion can be drawn from the study's empirical findings:

1.It is concluded that, deposit money banks' credit to SMEs has significant impact on wholesale and retail trade in Nigeria. This means that, increase in bank credit to SMEs and money supply is expected to increase SMEs performance.

2. Lending interest rate (LINTR) has a negative influence on wholesale and retail trade, the Central Bank of Nigeria (CBN) should formulate sound policies that will ensure a favourable lending rate to wholesale and retail trade in Nigeria.

3. Inflation rate (INFR) exhibits a negative significant effect on wholesale and retail trade. This implies that, high inflation can make it difficult for businesses to plan and predict future costs and revenues, leading to reduced investment and discourage wholesale and retail trade.

4. Broad money supply (BMS) has positive significant impact on wholesale and retail trade, it is concluded that there is enough liquidity in the banks' to finance wholesale and retail trade in Nigeria during the period of study. Also, increase in money supply can stimulate economic growth by lowering interest rates, boosting investment, and encouraging SMEs.

Recommendations

The study's conclusions demonstrated that deposit money bank lending had a favorable impact on Nigerian wholesale and retail trade. Consequently, the following recommendations are offered:

1. In order to facilitate SMEs' access to bank loans, the report advises government policymakers to completely reform the financial sector.
2. The Central Bank of Nigeria (CBN) should implement and maintain a monetary policy framework that ensures low and stable interest rates, particularly

for priority sectors like wholesale and retail trade.

3. The Central Bank of Nigeria (CBN) and fiscal authorities should work together to implement coordinated monetary and fiscal policies aimed at: controlling inflation and stabilizing exchange rates. And government should monitor and regulate prices of critical commodities (e.g., fuel, electricity, food) that directly impact the cost structures of wholesale and retail businesses.

4. And the government and CBN should ensure that growth in money supply translates into increased access to productive credit for SMEs in the wholesale and retail sectors. This can be achieved by: mandating lending quotas to trade-related SMEs and supporting SME-focused credit programs.

Contributions to knowledge

The following contributed to academic knowledge:

1. This study adds to the body of knowledge that exists on the effects of bank lending to Nigerian wholesale and retail trade, which advances the knowledge of the study.

2. According to the study, Nigerian wholesale and retail trade are significantly impacted negatively by bank lending rates.

3. It also demonstrated that inflation rate has negative significant impact on wholesale and retail trade in Nigeria.

4. The study reveals that money supply has positive significant impact on wholesale and retail trade in Nigeria.

The study develops and contributes a model on bank credit to wholesale and retail trade in Nigeria.

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