

# Macroeconomic Determinant of Domestic Savings in Nigeria: A Cointegration Approach

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## Research Article

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# Abstract

The crux of the study is to succinctly identify and examine the macroeconomic determinant of domestic savings in Nigeria. Historical time series data were collated from CBN, NBS, and IMF bulletins for the period 1990 to 2019. The data were tested and analyzed using the unit root test, Johansen co-integration test, and ECM regression technique. The outcome of the ADF unit root test shows that the variables were stationary while the empirical results for Johansen co-integration test conclude that there exists a long-run relationship between the variables. From the ECM regression result, deposit rate and inflation rate in Nigeria negatively and insignificant affect domestic savings in Nigeria. While income level was revealed to have a positive and significant impact on domestic savings in Nigeria. Albeit, financial deepening negatively affect domestic savings in Nigeria but the effect was statistically significant. Conclusively the study shows that the level of income, deposit rate, financial deepening, and inflation rate determines the volume of domestic savings in Nigeria – positively or negatively. It was recommended among others that the government and monetary authorities should set sound policies and a fertile environment to foster domestic savings that will help to increase the level of economic growth in Nigeria. **Keywords:** domestic savings, financial deepening, financial stability, economic growth

## 1. Introduction

The term savings has different connotations peculiar to an economic unit. For the household, it represents the portion of disposable income not spent on current consumption. For the firm, it represents undistributed business profits. Ayanwu & Oaikhenan (1995) defined savings as the amount of income per capita for a period that is not consumed by economic units. It is pertinent to point out that savings are an important resource for financing investments in any country. According to Imoughele & Ismaila (2014), savings serve as the main source of financing investment and related economic activities. Igbatayo & Agbada (2012) noted that a higher level of national savings leads to higher investment and consequently higher output.

In developed and emerging countries, savings are important means of improving well-being, insuring against times of shocks, and providing a buffer to help people cope in times of crisis (Zeller & Sharma, 2000). However, in Nigeria, this is not so (Adelakun, 2015). Her private domestic savings have been at the lowest for several decades. The savings level in Nigeria particularly in rural areas is very low and its patterns and determinants are not empirically identified (Nnanna, 2003). In rural areas in Nigeria, savings is mainly made out of the income from agricultural produces, the flow of the income is irregular and seasonal which reduces the ability to save or poorly responds to the incentives which promote savings (Adelakun, 2015). The negative growth in real GDP in the mid-1980s may be accredited to a multitude of factors of which the decline in investment and savings are the major ones (Nnanna, 2003).

Discussion of the trend of domestic private savings (DPS) in Nigeria using 5 years interval shows that domestic private savings in 1980 were 0.06% and in 1985–1989 it increased to 0.4%, and in 1990–1994 domestic private savings decreased to 0.3%, from 1995–1999 it increased to 1.6%, during the period

2000–2004 domestic private savings increased to 7.6%, in 2005–2009 it declined to 7.2%, during the period 2010–2014 domestic private savings increased to 32.7% but later decline to 25.8% in the period 2015–2019 (Elom-Obed et al., 2016).

With the incessant upsurge in unemployment level, national debt level, and inflation rate, the issue of savings in the country is declining rapidly. This has necessitated the need to put in place a coherent economic policy that will be capable of providing the much-needed enabling environment and also there is an urgent need to encourage Nigerians to change their current attitude toward saving, thereby placing the right saving culture by institutions and regulatory agents who influence the decisions of households, firms and government. With the rate of savings depleting over time since 2015, there is the need to examine the main constituents of growth or fall in savings in Nigeria. As pointed out earlier, national policy- be it macroeconomic or microeconomic- generates variables that could influence the propensity of economic and financial actors to save. This paper would attempt to examine from policy perspectives, the magnitude, and direction of such variables as interest rate, inflation rate, income, growth, urbanization, foreign (aid) sector, fiscal policy, etc. on savings in Nigeria.

## **2. Theoretical Review**

### **2.1.1 Classical Theory**

The Classical Economists were the first group of economists that offered a theoretical explanation of the determinant of savings and its significance. Smith (1776) observed the importance of savings when he stated that, “capital is increased by parsimony and reduced by prodigality and misconduct”. According to Adam Smith (1776), the rate of investment which is an important determinant of economic growth is determined by the rate of savings in an economy. He did not believe in the possibility of any sort of leakage occurring between savings and investment, even though the activities are performed by different sets of people. In his system, savings and investment have been identified with each other and both are determined by the consideration of private profit. However, he also notes that the ability to save is constricted by income. In other words, when no profit can be made from investment, entrepreneurs lose their interest in investment activity and the economy reaches a stationary state. He was of the view that savings equal investments (Smith, 1776).

### **2.1.2 Keynesian Theory**

Keynes (1936) defined savings as the surplus of income over expenditure on consumption; this implies that savings are part of disposable income that has not been voted for consumption. He maintained that in the aggregate, the surplus of income over consumption (otherwise called savings) is not different from additional capital equipment (i.e. Gross fixed capital formation or gross domestic investment). Keynes also stated that an increase in income would result in higher savings rates, thereby making savings complementary to the consumption function. In its simplest form, the savings function is derived from the linear consumption function when the autonomous consumption expenditure is separated. Therefore, Keynesian theory draws the equilibrium relations between income, savings, and investment. Savings are

also the difference between income and planned consumption, i.e.  $S = Y - C$  (1). The saving function is derived from the consumption function.

### **2.1.3 Permanent Income Hypothesis**

Friedman (1957) in his Permanent Income Hypothesis (PIH) attempts to elucidate the proportional and non-proportional relationship between consumption and disposable income. In his view, he attributed the causes of the proportional relationship between consumption and disposable income to changes in wealth rather than measured income. He classified actual income and consumption into permanent and temporary components. According to him, the effect of a change is permanent or temporal, if such change affects consumption. His theory described how agents spread consumption over their lifetimes. The hypothesis supposed that a person's consumption at a point in time is determined not just by their current income but also by their expected income in future years, ie, their "permanent income". In the permanent income hypothesis model, the key determinant of consumption is an individual's lifetime income, not his current income. A consumer's permanent income is determined by their assets; physical (shares, bonds, property) and human (education and experience), these influence the consumer's ability to earn income. Permanent income theory is indeed concentrated mainly on long-run dynamics and relations, while Keynes focused primarily on short-run considerations.

### **2.1.4 Life Cycle Income Hypothesis**

The life-cycle hypothesis was formulated by Modigliani (1970) and is the principal theoretical underpinning that has guided the study of savings behavior over the years. Modigliani (1970) propounded theories on life-cycle saving which agreed with Friedman's line of argument. They postulated the Life-Cycle Income Hypothesis (LIH) in which an individual maximizes the present value of labour income over the remaining working life. Hence, the determinants of savings are current income, expected labour income, and non-wealth. The life-cycle hypothesis suggests that individuals plan their consumption and savings behaviour over their life cycle. They intend to level out their consumption in the best possible manner over their entire lifetimes, by accumulating when they earn and dis-saving when they are retired. The assumption is that all individuals choose to maintain stable lifestyles. Thus countries with higher per capita growth rates are expected to have higher saving ratios than countries with lower growth rates.

## **2.2 Empirical review**

Several empirical studies focusing on the determinants of savings have been conducted in both developed and developing countries, Nigeria inclusive.

The CBN (2010) reviewed the various factors influencing the behaviour of interest rates in an economy. Prominent among these factors were savings, investment, inflation, government spending, monetary policy, and taxation. The CBN further maintained that savings constituted the source of credit while investment represented the main demand for credit and as such, the amount of savings by individuals, businesses, and government policy partly determine the level of interest rates. In another study, Nyong

(2000) attempted to identify the critical factors that influence savings for capital formation and growth in Nigeria. The study examined the macroeconomic importance of savings in Nigeria, the rationale for the financial liberalization, and the adjustment programs adopted in Nigeria to correct the perceived distortions in the Nigerian economy. The study found that capital inflows are detrimental to national savings, all things being equal. The study also indicated that taxation on income, expansion of bank branch offices, real interest rates, and financial liberalization, may not lead to an increase in savings mobilization in Nigeria.

Nwachukwu (2010) investigated the determinants of Private Savings in Nigeria and reviewed savings behaviour and policy options to increase domestic savings. The framework for analysis involves the estimation of a savings rate function derived from the Life-Cycle Hypothesis while taking into cognizance the structural characteristics of a developing economy. The study employs the Error-Correction modeling procedure which minimizes the possibility of estimating spurious relations, while at the same time retaining long-run information. The results of the analysis showed that the savings rates rise with both the growth rate of disposable income and the real interest rate on bank deposits. Public savings seem not to crowd out private savings; suggesting that government policies aimed at improving the fiscal balance have the potential of bringing about a substantial increase in the national savings rates. Finally, the degree of financial depth has a negative but insignificant impact on savings behaviour in Nigeria.

Akpan et al. (2011) examined factors that affect household savings of rural agro-based firm workers in the South-south region of Nigeria. They used the two-stage least squares method of the simultaneous equation model for the analysis. Cross-sectional data were collected from 250 randomly selected workers of five agro-based firms in the study areas. The results of the analysis revealed that income, tax, job experience, education, family size, and membership in a social group influence the savings attitude of workers. To promote household savings among agro-based workers in Nigeria, policies aimed at periodic increases in workers' salaries and reduction in the tax rates in line with the changing pattern of macro-economic variables in the country were advocated. Others include policies that will promote birth control, increase public awareness of the ongoing family planning programmes in the country, and encourage social group formation among workers as well as those aimed at reduction in agricultural production constraints.

Kudaisi (2013) investigated the determinants of domestic savings in West Africa from 1980 to 2006. The theoretical foundation for the study was anchored on Hall's hypothesis of consumption. The Hall hypothesis states that consumption is a function of lifetime "permanent income", rather than income in each period independently. The model assumes that capital markets are perfect and interest rate varies over time across countries and consumers have rational expectations regarding the income-generating process. The result showed that the sizes of the effect of the dependency ratio and interest rate on domestic savings were negative and insignificant, the growth of GDP though positive was statistically insignificant, and only the government budget surplus and inflation rate are found to be statistically significant. The development of the West African financial market has a positive effect on savings, and finally, the real interest rate and terms of trade have an insignificant impact on the level of saving in West

Africa. Ayalew (2013) studied the determinants of domestic savings in Ethiopia using time series annual data from 1970/71 to 2010/11. In the study, he made effort to identify the long-run and short-run determinants of domestic savings in Ethiopia using the ARDL bounds testing Approach and Error correction model (ECM) to capture both short-run and long-run relationships. The Estimated results revealed that growth rate of income (gPCI), budget deficit ratio (BDR), and inflation rate (INF) were statistically significant short-run and long-run determinants of domestic savings in Ethiopia. But, deposit interest rate (IR), current account deficit ratio (CADR), and financial depth (DFD) were found to be statistically insignificant determinants in the long run. However, in the short run, DFD and IR were found to have statistically significant meaning in explaining domestic savings in Ethiopia. The speed of adjustment has a value of 0.63768 with a negative sign, which showed the convergence of the savings model toward long-run equilibrium. The overall findings of the study underlined the importance of raising the level of income sustainably, minimizing the adverse impacts of the budget deficit and inflation rate, and creating a competitive environment in the financial sector.

Chipote & Tsegaye (2014) studied the determinants of household savings in South Africa over the period 1990 to 2011. Based on the life cycle hypothesis upon which the study is based as well as empirical literature, they paid attention to the effects of age dependency ratio, the level of household income, inflation, and real interest rate on household savings. The study employed the Augmented Dickey-Fuller and Phillips Perron unit root tests to test for stationarity in the time series. The Johansen co-integration and the Error Correction Mechanism were employed to identify the long-run and short-run dynamics among the variables. The results of the study revealed that contrary to a theoretical expectation, the level of income and household savings are negatively related, implying that South African households do not only save but increasingly rely on debt to finance their spending. On the other hand age dependency ratio, inflation and real interest rate have positive long run relationships with household savings rate. Jibrin et al. (2014) investigated private domestic savings by commercial banks and economic growth in Nigeria during the period covering 1986–2010. The study employed the classical least squares method with the aid of Error-Correction modelling procedure, co-integration, Granger causality, and stationarity test. The results of the analysis showed that the money supply and per capita income are strong determinants of private domestic savings for the period under study and private domestic savings and commercial banks' credit to private sector turn out to be the leading factors that propel economic growth in Nigeria according to this research results. It was also revealed that unethical banking practices by Nigerian commercial banks have rendered interest rates impotent to drive savings mobilization.

Adelakun (2015) observed the relationship between savings, investment, and economic growth. The outcome of the work was the determination of which of the inputs of production contributes more to economic growth in Nigeria. The study made use of time series data spanning twenty-nine years using an error correction model. The result showed a positive relationship between savings, investment, and economic growth in Nigeria. Of the determinants of savings considered in the study, the inflation rate contributes negatively to savings, while interest rates positively affect savings. All these confirm the economic theory. The striking feature of the study however is the confirmation of the impact of labour on economic growth, which according to the study far outweighs the contribution of capital. Aleemi et al.

(2015) studied the determinants of savings: empirical evidence from Pakistan. They analyzed the impact and relationship between national savings rates and some selected determinants of savings namely inflation, real interest rate, real GDP growth rate, and Government current expenditure, by using annual data from 1980 to 2010. The variables in their model are based on well-established economic theory and long-standing relationships. Supplemented in a dynamic regression model with the ARMA specification and well-specified model; it was found that inflation, interest rate, and government expenditures are negatively affecting the national savings rate during the length of this study for the economy of Pakistan.

### 3. Research Methodology

The study employed a historical research design also known as the ex-post -facto method. The main data source for this study was secondary data, which were collated from the Central Bank of Nigeria (CBN) Statistical Bulletin, National Bureau of Statistics (NBS), International Financial Statistics (IFS), and Yearbooks by the International Monetary Fund (IMF). The analytic framework adopted in this study is rooted in the life-cycle and Permanent-Income Hypothesis (PIH) developed by Hall and later modified by Epaphera (2014).

#### Model Specification

To test the hypotheses above, an econometric model was formulated. The life cycle model provides the framework of this study which hypothesizes that individuals spread their lifetime consumption over their lives by accumulating savings during earning years and maintaining consumption levels during retirement. This implies that the economic agent has negative savings during young and old age because he earns a low income but saves during the productive age. The paper follows the footsteps of Life-Cycle Hypothesis (LCH) and Permanent-Income Hypothesis (PIH) developed by Hall and later modified by Epaphera (2014). The model is specified as follows:

$$S_t = \pi + \beta y_t \dots\dots\dots(3.1)$$

Where;

$S_t$  = The real value of savings

$y_t$  = Total disposable income, respectively at time t.

$\beta$  = The Marginal Propensity to Save

$$S_t = \pi + \beta y^p + \beta y^t \dots\dots\dots(3.2)$$

Where;

$y^p$  = Permanent income.

$y^t$  = Transitory income

Equation (3.1) and (3.2) are the life-cycle and permanent-income hypothesis. This theory, also known as the random-walk hypothesis, combines the lifecycle and permanent income variables. Therefore,

$$S_t = \pi_0 + \pi_1 Y_t + \pi_2 DR_t + \pi_3 FD_t + \pi_4 INFR_t + U_t \dots \dots \dots (3.3)$$

Where;

$S_t$  = Gross national Savings

$Y_t$  = Income proxied by real GDP

$DR_t$  = Deposit Interest Rate

$FD_t$  = Financial Deepening defined as the ratio of broad money supply to GDP

$INFR_t$  = Inflation rate,

$t$  = Time

Techniques of data analysis

Data were analyzed using ECM regression. E-view 11.0 econometric software package was used for the regression. Unit Root Test was conducted using Augmented Dicker-Fuller (ADF). The variables were also tested for co-integration, to examine their convergence status.

## 4. Data Analysis And Discussion Of Findings

To analyze the data for the study, data for gross national savings (S) and level of income (Y) were converted to their natural logs to address the problem of large values and eliminate heteroscedasticity.

Descriptive statistics

The result of the descriptive statistics shows that LN\_S stood at an average of 29.1911, for the period 1990 to 2019. The maximum value of LN\_S was observed at 31.1802 while the minimum value was observed at 26.3998. The difference between the maximum and the minimum values informed the range of data. The standard deviation for LN\_S was 1.4219. LN\_Y has a mean value of 9.6013 and a standard deviation of 1.7289 with its minimum and maximum of 6.2139 and 11.8790 respectively. Further analysis of the descriptive statistics revealed that the average value of deposit rate, financial deepening, and inflation rate were 11.8407, 16.4019, and 18.9480 respectively. Their positive values of mean showed that deposit rate, financial deepening, and inflation rate were prevalent in Nigeria. The standard deviation for DR was 5.0130, FD stood at 5.3878 while that of INFR was 17.1863. Finally, the analysis indicated that the measurement of skewness showed that LN\_S, and LN\_Y were found to be leftly skewed (negatively skewed) while DR, FD and INFR were positively skewed. The coefficient of the kurtosis of DR and INFR indicated that the variable were found to be peaked (3.00 and above) (Leptokurtic) relative to

the normal distribution while LN\_S, LN\_Y and FD were found to be below 3.00 (Platykurtic). The Jarque-Bera (JB) test measures the difference of skewness and kurtosis of the series with those from the normal distribution. The JB value of 41.3182 for INFR with corresponding probability of less than or equals to 0.05 percent confirms the normality of the data.

Table 4.1: Result of descriptive statistics

	<b>LN_S</b>	<b>LN_Y</b>	<b>DR</b>	<b>FD</b>	<b>INFR</b>
Mean	29.19111	9.601308	11.84070	16.40196	18.94800
Median	29.54269	9.885343	10.76276	13.98554	12.21000
Maximum	31.1802	11.87903	23.99000	25.15527	76.76000
Minimum	26.39989	6.213962	4.704871	9.151674	3.610000
Std. Dev.	1.421938	1.728963	5.013002	5.387899	17.18635
Skewness	-0.518664	-0.432603	0.915876	0.276870	2.188879
Kurtosis	2.034225	1.991031	3.230696	1.455677	6.726910
Jarque-Bera	2.510965	2.208252	4.260667	3.364451	41.31828
Probability	0.284938	0.331501	0.118798	0.185960	0.000000
Source: E-views 11.0 statistical software					

#### Unit Root Test

Unit root test were conducted to ensure that the series were stationary and check the problem of having a spurious regression. For this study, test of stationarity of the variables was conducted using the augmented Dickey-Fuller (ADF) unit-root test.

Table 4.2  
Augmented Dickey-Fuller – Unit Root Test

Variables	ADF at Level		ADF at First Difference		Order of integration
	Test Stat	Prob	Test Stat	Prob	
LN_S	-1.605812	0.4667	-6.604429	0.0000*	I(1)
LN_Y	-2.448133	0.1392	-3.798721	0.0513*	I(1)
DR	-2.586069	0.1072	-5.418179	0.0001*	I(1)
FD	-0.909208	0.7708	-5.087876	0.0003*	I(1)
INFR	-1.993941	0.2877	-3.709359	0.0095*	I(1)
Source: E-views 11.0 statistical software					

The Augmented Dickey Fuller (ADF) test presented in table 4 reveal that all variables are stationary at first differences. This means that the hypothesis of unit root is not rejected for all variables at the 5% level of significance in level. Hence, gross national savings and the selected independent variables are integrated of the same 1(1) order.

#### Co-integration Test

The results of stationarity analysis presented in the Table 4.3 show that all the modeled variables are integrated of same order. Therefore, the study then applies the Johansen cointegration tests to explore the long-run relationships among the variables. The results for Trace statistic tests are reported in Table 4.5.

#### Table 4.3: Johansen Co-integration Test

Series: LN\_S LN\_Y DR FD INFR

Lags interval (in first diference): 1 to 1

Unrestricted Co-integration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	0.05 Critical Value	t-statistics	Prob**
None*	0.790962	105.9721	69.81889	0.0000
At most 1*	0.647656	62.14542	47.85613	0.0013
At most 2*	0.493100	32.93726	29.79707	0.0210
At most 3	0.279274	13.91287	15.49471	0.0854
At most 4*	0.155822	4.742964	3.841465	0.0294
Source: E-views 11.0 statistical software				

The results for trace rank tests indicate the presence of at least four co-integration vector at 5% level of significance. This result suggests that at least four co-integration vector exists among the dependent variables (S) and all the independent variables (Y, DR, FD and INFR). Therefore, the null hypothesis which states that there is no long run equilibrium relationship between the variables is rejected.

#### Regression analysis

The ECM regression analysis in table 4.5 presents the regression results for determinants of domestic savings in Nigeria.

**Table 4.4: ECM regression result**

Dependent Variable: D(LN\_S)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	21.32595	0.540119	39.48380	0.0000
D(LN_Y)	0.873426	0.061278	14.25340	0.0002
D(DR)	-0.002470	0.012313	-0.200571	0.8427
D(FD)	-0.027875	0.014235	-1.958123	0.0415
D(INFR)	-0.001817	0.002529	-0.718589	0.4791
ECM(-1)	-1.018432	0.189396	-5.377261	0.0000
R-squared	0.984886	Mean dependent var		29.19111
Adjusted R-squared	0.982468	Durbin-Watson stat		1.836013
Source: E-views 11.0 statistical software				

#### *Discussion of findings*

This study examined the determinants of domestic savings in Nigeria using annual data for a period of 30 years (1999-2019). To achieve the stated objectives of the study, the data were analysed using the descriptive statistics, unit root test, Johansen co-integration test, and ECM regression technique. The descriptive result shows that the JB values for INFR with a corresponding probability of less than or equal to 0.05 percent confirms the normality of the data. This implies that the data are suitable for generalization.

The unit root test was carried out on the data collected using Augmented Dickey-Fuller (ADF) to find out the stationarity of the time series data use and avoids spurious results. The ADF test reveals that all the variables become stationary after the first difference, due to the low p-value of the test statistics. Similarly, the cointegration analysis reveals, evidence of a long-run relationship between gross national savings (S) and all the independent variables (LN\_Y, DR, FD and INFR). This finding implies that LN\_Y, DR, FD, and INFR have long-term policy implications on domestic savings in Nigeria. These findings are in line with the study of Musa and Ibrahim (2014).

The Error Correction Model (ECM) was also used to tie the short-run dynamics of the co-integrating equations to their long-run statics dispositions. The ECM was properly and appropriately signed with a coefficient of -1.018432 thus indicating that about 10.18% of disequilibrium is corrected yearly by changes in savings determinants. The ECM results, further revealed that the coefficient of LN\_Y was 0.8734 with a probability value of 0.0000. This signified that the level of income positively and significantly affects domestic savings in Nigeria. The result demonstrated that changes in LN\_Y will over time lead to a significant increase in domestic savings in Nigeria. These findings corroborate those of Friedman (1957), Modigliani (1970), Edwards (1996), Kavatiri (2005), and Koko Morou (2007) who support the hypothesis. Further the results revealed that the coefficient of DR was -0.002 with a probability value of 0.8427 signifying that deposit rate negatively affects domestic savings in Nigeria and is statistically insignificant. This indicates that a decrease in deposit rate leads to an increase in domestic savings in Nigeria. The result is contrary to Otiwu, Okere, and Uzowuru (2018) who found that a high deposit interest rate will encourage people to save more since they will earn a higher return in the future.

Furthermore, the coefficient of FD was - 0.0278 with a probability value of 0.0415. This implies that financial deepening affects domestic savings in Nigeria negatively but was found to be statistically significant. The results conform to Pagano (1993) who states that financial deepening reduces the rate of savings but contradicts the findings of McKinnon and Shaw (1973); Athukorala and Sen (2004) who confirm a positive relationship between the financial deepening and the domestic savings.

Finally, the study deduced that inflation rate (INFR) negatively and insignificantly affects domestic savings in Nigeria. That is, a percentage change in INFR will cause a corresponding percent decrease in gross national savings in Nigeria. The results agree with Imoughele and Ismaila (2014); Nwachukwu and Egwaikhide (2007) who found that the impact of inflation on domestic savings is negative and insignificant.

## 5. Conclusion And Recommendations

This study examines the determinant of domestic savings in Nigeria for the period 1990-2019. Historical data was collated and estimated employing the unit root test, Johansen co-integration test, and ECM regression technique. The outcome of the ADF unit root test shows that the variables were stationary while the empirical results for Johansen co-integration test conclude that there exists a long-run relationship between the variables. From the ECM regression results, the study concluded that deposit rate and inflation rate in Nigeria negatively and insignificant affect domestic savings in Nigeria. While the level of income reveals to positively and significantly impact on domestic savings in Nigeria. Although financial deepening negatively affect domestic savings in Nigeria, the effect was significant. Overall, the study concludes that the level of income, deposit rate, financial deepening, and inflation rate are key determinants of domestic savings in Nigeria.

From the findings, the study makes the following recommendations for policy and practice:

1. Government should continue to develop policies that will improve the level of income of the citizenry to increase the stock of domestic savings and in turn promote economic development through sustainable investments.
2. Economic policies that will encourage savings through subsidized deposit rates should be formulated by monetary authorities.
3. Monetary authorities should improve the financial sector through financial deepening as it leads to increased private domestic savings mobilization which is needed for investment that will encourage economic development
4. Government and Monetary authorities should deploy measures to combat the current economic fluctuations of inflation and exchange rate, to resolve the problem of the high cost of living.

## Declarations

Competing interests: The author declare no competing interests

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