

## THE ROLE OF INSTITUTIONAL QUALITIES ON REMITTANCE-INVESTMENT NEXUS IN NIGERIA: AN INTERACTIVE EFFECT APPROACH

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### ABSTRACT

*Institutional development unlocks growth potential and does not intrinsically suffer from diminishing returns. Improved institutional framework increases investment over the long-term. The present study adopted Autoregressive distributed Lag model with econometric interactive approach to investigate the role of institutional qualities on remittance-investment nexus in Nigeria. Annual secondary data covering the periods of 1981Q1 to 2020Q4, and were obtained from the World Development Indicators (WDI) published by the World Bank, Statistical Bulletin published by the Central Bank of Nigeria (CBN) and International Country Risk Guide. The current research produced mixed results. It shows that government stability and religious tensions (two proxies for institutional qualities) dampen the effect of international remittances on private investment, while control of corruption enhances the effect of international remittances on private investment in Nigeria. The positive coefficient of the interaction term indicates that the impact of remittances on investment can be enhanced in Nigeria. It is therefore recommended that the government improve the quality of their institutions since high quality institutions helps a nation to continue on her long-term trajectory of progress.*

**KEYWORDS:** *Institutional Qualities, Control of Corruption, Religious Tension, Government Stability, International Remittances, Private Domestic Investment*