

BANKING LENDING POLICY AND PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN NIGERIA

Soetan, T. A.

Department of Business Administration and Marketing, Babcock University, Ilishan-Remo, Ogun, Nigeria

Received: 16 Mar 2018

Accepted: 28 Mar 2018

Published: 04 Apr 2018

ABSTRACT

This study examined the effect of banking, lending policy on the SMEs' performance in Nigeria. The SMEs sector in Nigeria has been facing many difficulties in having access to the needed funds to run its business activities successfully. The commercial banks are reluctant to grant loans to the SMEs because they believe that giving loans to the SMEs is a risky business. Twenty four years macroeconomic data, from 1992 to 2015, were collected from the CBN Statistical Bulletin for this study. The findings indicate that SMEs sector is facing problem in accessing the needed loans from the commercial banks; while the commercial banks loans granting to the private sector are increasing, the commercial banks loans to the SMEs are declining; interest rate, commercial banks loans to the private sector have significant effects on SMEs' performance, but commercial banks loans to the SMEs, exchange rate, and inflation rate do not have significant effect on SMEs performance.

KEYWORDS: *Commercial Bank, Loan, SMEs, Nigeria, Macroeconomic*