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A REVIEW OF NIGERIAN MONETARY POLICY REFORMS FROM 2023 TO 2026

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Abstract

This study reviews Nigeria's monetary policy reforms from January 2023 to October 2026, focusing on inflation, foreign-exchange market functioning, interest rates and economic growth. It examines changes in the Monetary Policy Rate (MPR), cash reserve requirements, foreign-exchange arrangements, electronic trading and the move toward inflation targeting. The review draws on published empirical studies, Central Bank of Nigeria (CBN) policy documents, National Bureau of Statistics (NBS) data, and assessments by the International Monetary Fund (IMF) and World Bank. The evidence indicates improvements in the monetary and foreign-exchange policy framework, stronger market transparency arrangements and a decline in inflation from earlier highs. However, inflation remained elevated relative to price-stability objectives, monetary transmission was incomplete, borrowing costs were high for much of the period, and poverty and food insecurity persisted. Economic growth remained positive, but the reviewed evidence does not establish that monetary reforms alone produced the observed outcomes. The study therefore concludes that the reforms represent a partial institutional and operational achievement, not yet a fully achieved outcome in terms of sustainable price stability and broad-based welfare. It recommends stronger policy communication and transmission, consistent foreign-exchange rules, fiscal coordination, supply-side action and improved data comparability.

Keywords: Monetary policy, inflation, exchange rate, monetary policy rate, economic growth, Nigeria, Central Bank of Nigeria.

1. Introduction

Monetary policy refers to the actions a central bank takes to influence interest rates, the amount of money available and the cost of borrowing. Its main aim is to keep prices reasonably stable while supporting a sound economy. A central bank can change its policy rate, require banks to keep reserves, buy or sell financial instruments and manage liquidity. In an open economy such as Nigeria, monetary policy can also be affected by the exchange rate, imported prices and confidence in the economy. How well it works depends on central-bank credibility, the banking system, government finances and how households and businesses respond (Bernanke & Gertler, 1995; Mishkin, 1996; Central Bank of Nigeria [CBN], 2024).

Nigeria entered 2023 with high inflation, uncertainty in the foreign-exchange market and concerns about monetary-policy effectiveness. In June 2023, the Central Bank of Nigeria (CBN) moved toward a willing-buyer, willing-seller foreign-exchange arrangement and brought eligible transactions under the Nigerian Foreign Exchange Market (NFEM) framework. The changes were intended to make exchange-rate pricing more market-based and reduce distortions between official and parallel-market arrangements (CBN, 2024; IMF, 2025, 2026). The CBN also tightened monetary policy to contain inflation and guide expectations, although the effect of policy-rate changes depends on their transmission through money-market and bank lending rates (Darius et al., 2026; Fernandes & Stumphius, 2026).

The CBN increased interest rates several times in 2024. The MPR rose from 18.75 per cent in January 2024 to 22.75 per cent in February, 24.75 per cent in March, 26.25 per cent in May, 26.75 per cent in July

and 27.25 per cent in September. It was raised further to 27.5 per cent in November 2024. The CBN also increased the cash reserve requirement (CRR), which determines the proportion of bank deposits that must be held as reserves rather than made available for lending. These measures were intended to reduce excess liquidity and inflationary pressure, but they also increased concerns about the cost and availability of credit (CBN, 2025b).

The CBN also changed how foreign-exchange transactions were handled. The Electronic Foreign Exchange Matching System (EFEMS), introduced in December 2024, was designed to make interbank foreign-exchange trading more transparent. The Nigerian Foreign Exchange Code, launched in January 2025, set standards for fair and responsible market conduct (CBN, 2024, 2025a).

The MPR remained at 27.5 per cent through July 2025. In September 2025, the CBN reduced it to 27 per cent and adjusted the Standing Facilities Corridor to +250/−250 basis points. The November 2025 meeting retained the MPR at 27 per cent but recalibrated the corridor to +50/−450 basis points. In February 2026, the MPR was reduced to 26.5 per cent and retained at that level in May and July. In September 2026, the CBN reset the MPR to 23 per cent and recalibrated the Standing Facilities Corridor to +50/−300 basis points. The CBN described the September adjustment as an operational realignment and stated that the underlying policy stance was unchanged (CBN, 2026).

The results were mixed. The International Monetary Fund (IMF) reported that annual inflation fell to 15.1 per cent in February 2026 but rose to 15.4 per cent in March, partly as higher global food and fuel prices affected Nigeria. The IMF estimated economic growth at 4.0 per cent in 2025 and projected 4.1 per cent in 2026. It also noted that many households continued to face hardship (IMF, 2026). The World Bank similarly stresses that economic stabilisation needs to lead to stronger growth and better living standards (World Bank, 2025, 2026).

The National Bureau of Statistics (NBS) changed how it measures inflation by updating the Consumer Price Index (CPI), including its reference period, spending weights and basket of goods and services. The new CPI uses 2023 as the weight reference period and 2024 as the price base year (NBS, 2025). This means that figures from the old and new CPI series should not be compared directly unless the NBS provides a consistent series.

Since 2023, Nigeria has made major changes to monetary policy and the foreign-exchange market. The CBN raised interest rates, changed banks' reserve requirements, revised foreign-exchange rules and introduced electronic trading arrangements. These measures were intended to reduce inflation, improve transparency and restore confidence. However, inflation remained a major concern for much of the period, exchange-rate movements increased the naira cost of imports, and high interest rates made borrowing difficult. Economic growth remained positive, but poverty and food insecurity continued to affect many households (IMF, 2026; Oluwaniyi et al., 2026; World Bank, 2025, 2026).

The main issue is therefore to assess how much progress the reforms appear to have made, what costs came with them and what problems remain. It is also important not to assume that monetary policy caused every change in the economy. Inflation and exchange rates are also affected by food supply, insecurity, fuel and transport costs, oil earnings, government policies and international events (Achua et al., 2020; Darius et al., 2026).

The study is guided by three questions: What major monetary-policy and foreign-exchange reforms did Nigeria introduce from 2023 to October 2026? What do the available published indicators show about inflation, foreign-exchange market functioning, interest rates and economic growth during the reform period? What achievements, limitations and policy lessons emerge from the evidence?

The main aim of this study is to assess Nigeria's monetary policy reforms from 2023 to October 2026, focusing on inflation, foreign-exchange market functioning, interest rates and economic growth. The specific objectives are to document the major monetary-policy and foreign-exchange reforms introduced during the period; assess the published evidence on inflation, foreign-exchange market functioning, interest rates and economic growth while recognising data-comparability limitations; and identify the reforms' achievements and limitations and draw evidence-based policy lessons and recommendations.

The article is organised into six sections. Following the introduction, Section 2 reviews the relevant conceptual, theoretical and empirical literature. Section 3 explains the research methodology and documentary-review procedure. Section 4 presents and analyses the findings on inflation, foreign-exchange market reforms, interest rates, monetary transmission and economic growth. Section 5 discusses the findings in relation to existing empirical evidence, while Section 6 presents the conclusion and policy recommendations.

2. Literature Review

Keynesian aggregate-demand and credit-channel theories explain how higher policy rates may reduce borrowing, consumption and investment. The quantity theory highlights sustained monetary expansion, while open-economy theory explains how currency depreciation raises imported-input costs. These are possible, interacting channels rather than automatic outcomes; their strength depends on financial structure, supply conditions and policy credibility (Bernanke & Gertler, 1995; Mishkin, 1996).

Nigerian studies show that monetary-policy transmission is incomplete and uneven. Kure et al. (2012) identify effects of monetary policy on output, inflation and the exchange rate, while Eleam et al. (2021) report slow adjustment of money-market and retail rates. Jibrilla and Balami (2022) find incomplete and asymmetric pass-through to bank rates. Awopegba et al. (2022) show that MPR increases pass through more clearly to short-term and lending rates than MPR reductions. Oyadeyi (2023) also reports incomplete pass-through. Nadani and Isah (2024) find that contractionary MPR and CRR shocks reduce output and private-sector credit, while inflation remains largely positive in their models and the MPR effect on short-term rates is concentrated in the first few months. These findings help explain why monetary tightening can restrain credit and activity without producing an immediate, broad-based decline in inflation.

Further evidence on monetary aggregates and interest-rate relationships is provided by Ogbu et al. (2025), who examined Nigerian annual data for 1990–2023 using the autoregressive distributed lag (ARDL) approach and Granger-causality tests. They reported a positive long-run relationship between broad money supply and interest rates, a negative long-run relationship between narrow money and interest rates, and bidirectional Granger causality between interest rates and inflation. These findings are relevant to the liquidity and interest-rate channels considered in the present review. However, the study examines the broader historical relationship among monetary aggregates and interest rates; it does not directly estimate the transmission of the post-2023 MPR decisions to bank lending rates (Ogbu et al., 2025).

Evidence on the sources of Nigerian inflation points to both monetary and structural influences. Achua et al. (2020) find no significant long-run effect of broad money on domestic prices in their model, but identify exchange rates, import prices, global oil prices, inflation expectations and fuel prices as significant inflationary influences. By contrast, Olaoye and Anyanwu (2024), using quarterly data for 1980–2023, report a significant positive relationship between money-supply growth and inflation in both the short and long run. Bello et al. (2024), Adebiyi et al. (2024) and Akande et al. (2024) also identify monetary-policy effects on inflation dynamics. The differing results reflect differences in samples, variables and methods; taken together, they indicate that monetary conditions matter, but cannot be assessed separately from supply and exchange-rate pressures.

Jeremiah et al. (2025) further examined exchange-rate volatility and inflation using quarterly Nigerian data for 2000Q1–2023Q4 and an exponential generalised autoregressive conditional heteroscedasticity (E-GARCH) model. Their results indicate that exchange-rate volatility had a positive and statistically significant effect on inflation, with volatility persistence higher during 2015Q1–2023Q4 than during 2000Q1–2014Q4. They also reported a mixed relationship between money supply and inflation across the two sub-periods. This evidence supports the need to assess exchange-rate movements alongside monetary conditions when interpreting inflation outcomes. Nevertheless, the study's sample ends in 2023 and does not isolate the effects of the subsequent foreign-exchange reforms (Jeremiah et al., 2025).

Research on exchange-rate pass-through also points to effects that are incomplete, asymmetric or dependent on the size and nature of the shock. Bada et al. (2016) find incomplete pass-through from

exchange rates to consumer prices, while Adedokun et al. (2022), Aminu and Adeyemi Afolabi (2024), Ikue et al. (2024) and Oyadeyi et al. (2024) report asymmetric or nonlinear effects. Ozigbu (2021) finds no direct short-run pass-through in his GARCH model. More recently, Fernandes and Stumphius (2026) find that interest-rate transmission strengthened after exchange-rate unification, although key market rates remain incompletely anchored to the MPR and exchange-rate pass-through varies by shock. These findings suggest that more transparent price discovery does not, by itself, guarantee exchange-rate stability or eliminate imported inflation.

The relationship between exchange-rate volatility, inflation and output is also examined by Raymond et al. (2025), using annual Nigerian data for 1986–2023 and the ARDL bounds-testing approach. Their findings indicate a long-run relationship among the variables; inflation had a negative and statistically significant short-run effect on economic growth, while exchange-rate volatility also had an adverse short-run effect, although its long-run effect was largely insignificant. The estimated interest-rate effect was not statistically significant. These results reinforce the importance of evaluating price stability and exchange-rate functioning alongside growth outcomes. Since the sample ends in 2023, however, the study cannot establish the effects of the full reform period assessed in this article (Raymond et al., 2025).

Oyadeyi et al. (2025) examined the threshold effects of inflation, interest rates and exchange rates on economic growth in Nigeria using quarterly data for 2000–2022 and a threshold regression technique. Their results identified estimated growth-related thresholds of 16.5 per cent for the monetary policy rate, 9 per cent for headline inflation and quarterly depreciation thresholds of 2.4 per cent for the official exchange rate and 2.5 per cent for the unofficial exchange rate. The study provides evidence that the effects of monetary and exchange-rate conditions on economic growth may depend on the levels at which these variables operate. However, because its sample ends in 2022, it does not directly evaluate the monetary policy reforms introduced from 2023 onwards. Its contribution to the present review is therefore to provide historical empirical evidence against which subsequent policy developments can be assessed (Oyadeyi et al., 2025).

Henry and Jibrilla (2024) examined the relationship between money supply and real output in Nigeria using annual data for 1980–2022, the ARDL technique and a discrete threshold regression model. They found evidence of money neutrality in the long run but non-neutrality in the short run. Their results also indicated that inflation reduced real output growth in both the short and long run, while the effect of the real effective exchange rate differed between the short and long run. The authors advocated a more explicit inflation objective, a realistic exchange rate and an appropriate mix of fiscal and monetary policies. The study is relevant to the present assessment because it links monetary conditions with output performance, although its sample ends before the reforms reviewed. (Henry & Jibrilla, 2024).

The IMF's 2025 assessment associated the reform programme with improvements in macroeconomic stability and foreign-exchange market functioning; it reported growth of 3.4 per cent in 2024 and projected 3.4 per cent for 2025 at that time (IMF, 2025). Its 2026 assessment estimated 2025 growth at 4.0 per cent and projected 4.1 per cent for 2026, while noting persistent poverty, food insecurity and the need to strengthen monetary-policy transmission (IMF, 2026). Darius et al. (2026) report that inflation persistence has declined and the economy's responsiveness to monetary policy has improved, while identifying food prices and supply-side pressures as continuing concerns. World Bank assessments similarly emphasise that stabilisation must translate into more inclusive growth and improved living standards (World Bank, 2025, 2026).

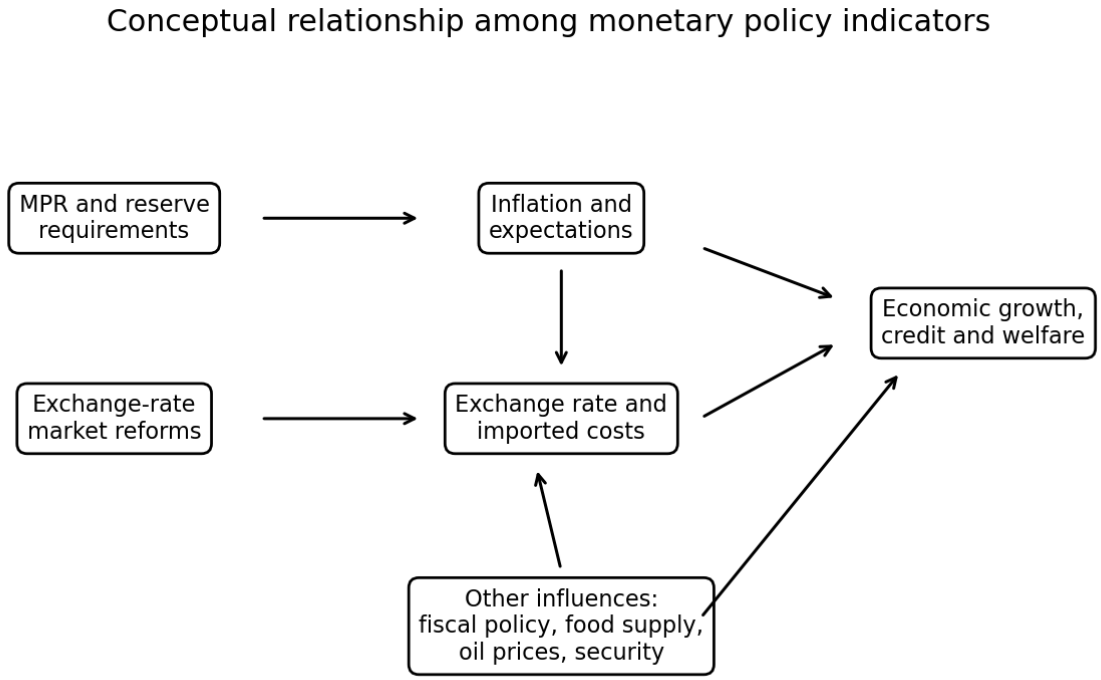

Figure 1. Conceptual channels linking monetary policy, inflation, exchange rates and growth. Source: Author's synthesis based on Bernanke and Gertler (1995), Mishkin (1996), and the reviewed Nigerian evidence.

Taken together, the literature points to a partial achievement. The CBN strengthened the monetary and foreign-exchange operating frameworks, and institutional assessments report better market functioning and improved macroeconomic resilience. At the same time, empirical studies identify incomplete interest-rate transmission, persistent exchange-rate pass-through and significant adjustment costs. Oluwaniyi et al. (2026), using data for 1986–2024, find that their measure of exchange-rate unification is associated with higher poverty in both the short and long run. Because that sample covers several exchange-rate regimes, the result should not be interpreted as an isolated estimate of the June 2023 reform. The present review therefore brings together the full 2023–October 2026 policy timeline while distinguishing observed outcomes, estimates, projections and historical relationships.

3. Methodology

This study adopted a descriptive documentary-review method to assess Nigeria's monetary policy reforms from January 2023 to October 2026. The review purposively examined published Central Bank of Nigeria (CBN) monetary policy communiqués, circulars and foreign-exchange guidelines; National Bureau of Statistics (NBS) inflation and GDP releases; International Monetary Fund (IMF) and World Bank country assessments; and peer-reviewed empirical studies on monetary transmission, inflation and exchange-rate pass-through.

The documentary search was conducted through official institutional websites, journal and publisher platforms, and DOI-indexed publication records. The final search and source-verification date for this revision was 22 November 2026. Search terms included combinations of "Nigeria monetary policy reforms", "monetary policy transmission in Nigeria", "interest rate pass-through", "exchange-rate pass-through", "inflation dynamics", and "exchange-rate unification and economic growth". Empirical studies were selected based on their relevance to the research objectives, their focus on Nigeria, availability of identifiable research methods and findings, and publication in recognised academic journals or institutional research series. Studies addressing monetary transmission, inflation determinants, exchange-rate pass-through and the relationship between monetary conditions and economic growth were included. Duplicate records, publications without identifiable research evidence and materials unrelated to the study's assessment indicators were excluded. The selection was purposive rather than a systematic review with a statistical screening protocol.

Relevant materials were synthesised thematically under inflation, foreign-exchange market functioning, interest rates, monetary transmission and economic growth. Policy decisions were arranged chronologically and compared with corresponding published indicators and empirical findings. The assessment of achievement was based on four criteria: evidence of sustained moderation in inflation; improvements in foreign-exchange market transparency and functioning; effective transmission of policy decisions to market and lending rates; and improvements in economic growth and household welfare. A finding of partial achievement was reached where institutional and operational improvements were evident but the published outcomes remained mixed or insufficient to demonstrate sustainable progress across all four criteria. No numerical weighting or composite achievement score was imposed. Differences in publication vintages, Consumer Price Index (CPI) rebasing, estimates and projections were explicitly recognised when comparing the evidence. The method is descriptive and does not involve original econometric estimation; consequently, it identifies patterns and reported associations but does not attribute observed macroeconomic changes exclusively to the reforms.

4. Analysis and Result

This section brings together policy documents, official statistics, institutional assessments and published empirical studies to assess Nigeria's monetary policy reforms from 2023 to October 2026. It considers what changed, what appears to have improved, where the limitations remain and what further action is warranted. The findings are descriptive: they identify patterns and reported relationships but do not establish that monetary policy alone caused the observed macroeconomic outcomes.

For clarity, Table 1 summarises the principal policy decisions and selected outcome indicators. The stated purposes of the decisions are distinguished from subsequent observed outcomes; the latter are not treated as proof that the reforms alone caused the changes.

Table 1

Chronology of selected monetary policy decisions and reported outcomes, 2023–2026

Date / period	Policy decision or reform	Announced purpose	Selected published outcome / assessment
January–July 2023	MPR increased from 16.5% to 17.5% in January, 18.0% in March, 18.5% in May and 18.75% in July; willing-buyer, willing-seller FX arrangement introduced in June.	Tighten monetary conditions and improve FX price discovery.	Inflationary pressure and FX-market distortions remained significant. The CBN policy record documents the rate increases; IMF assessments subsequently described continuing adjustment challenges (CBN, 2026; IMF, 2025).
February–November 2024	MPR rose from 18.75% to 27.5%; DMB CRR increased to 45% in February and 50% in September; merchant-bank CRR rose to 16%.	Reduce excess liquidity and contain inflation.	Inflation remained elevated and financing conditions tightened. The CBN maintained a restrictive policy setting through the end of 2024 (CBN, 2026; CBN, 2025b).
December 2024–January 2025	EFEMS introduced for interbank FX transactions; Nigerian FX Code launched in January 2025.	Improve transparency, price discovery and market conduct.	These were institutional and operational reforms. Their effectiveness should be judged by market liquidity, orderly price discovery and reduced fragmentation, not by the announcement alone (CBN, 2025a; CBN, 2024; IMF, 2026).
February–July 2025	MPR retained at 27.5%; DMB CRR at 50% and merchant-bank CRR at 16%.	Maintain restrictive monetary conditions while assessing disinflation.	The CBN retained the policy settings during these meetings; this demonstrates policy continuity but does not itself establish sustained price stability (CBN, 2026).
September–November 2025	In September, MPR reduced to 27%; corridor adjusted to +250/−250 basis points; DMB CRR set at 45%, merchant-bank CRR at 16%, and 75% CRR introduced on non-TSA public-sector deposits. In November, MPR remained 27% and corridor changed to +50/−450 basis points.	Make a cautious adjustment while managing liquidity and preserving monetary control.	The CBN reported continuing disinflation but maintained that inflation remained elevated; the policy adjustments were incremental rather than a full shift to an accommodative stance (CBN, 2026).
February–July 2026	MPR reduced to 26.5% in February and retained in May and July; corridor remained +50/−450 basis points.	Respond to changing inflation conditions while maintaining the policy framework.	The IMF reported headline inflation of 15.1% in February 2026 and 15.4% in March 2026; it estimated 2025 growth at 4.0% and projected 4.1% for 2026 (IMF, 2026).
September 2026	MPR reset to 23%; corridor recalibrated to +50/−300 basis points; CRR retained at 45% for DMBs, 16% for merchant banks and 75% for non-TSA public-sector deposits.	Operational realignment to strengthen transmission and reinforce the MPR as the principal policy signal; the CBN stated that the underlying stance was unchanged.	The CBN reported headline inflation of 15.43% in July and 15.39% in August 2026, and real GDP growth of 4.43% in Q2 2026. These are contemporaneous indicators, not causal estimates of the September decision (CBN, 2026).

Source: Compiled from CBN monetary policy decisions and communiqués; CBN (2024, 2025a, 2025b, 2026); IMF (2025, 2026); and NBS (2026). Note: Policy purposes are the CBN's stated objectives. Outcome indicators are reported

observations or institutional assessments and should not be interpreted as causal effects of individual policy decisions.

The chronology shows that the CBN progressively tightened monetary conditions from 2023 through 2024, maintained restrictive settings through much of 2025 and subsequently made measured adjustments. The September 2026 decision requires particular clarification. At its September 21–22 meeting, the MPC reset the MPR from 26.5 per cent to 23 per cent and recalibrated the Standing Facilities Corridor from +50/−450 basis points to +50/−300 basis points. Under the previous arrangement, the upper and lower corridor rates were 27.0 per cent and 22.0 per cent, respectively. Under the revised arrangement, they became 23.5 per cent and 20.0 per cent, respectively. The total corridor width therefore narrowed from 500 to 350 basis points. The CBN explained that the adjustment was an operational realignment intended to strengthen monetary-policy transmission and reinforce the MPR as the principal policy signal, rather than a change in the underlying monetary-policy stance. Accordingly, the reduction in the headline MPR should not, on its own, be interpreted as a conventional easing of the policy stance. Its effectiveness will depend on subsequent movements in money-market, deposit and lending rates (CBN, 2026).

Foreign-exchange reforms—including the willing-buyer, willing-seller arrangement, NFEM, EFEMS and the Nigerian FX Code—strengthened formal market rules and transparency. The CBN and IMF report improvements in market functioning and external buffers. The IMF's later analysis also finds that exchange-rate pass-through has become more responsive to external shocks since unification. These are important institutional gains, but they do not mean that exchange-rate volatility, market liquidity problems or the inflationary effects of depreciation have been eliminated (CBN, 2024, 2025a, 2025b; Fernandes & Stumphius, 2026; IMF, 2025, 2026).

Inflation remains a major limitation. It eased to 15.1 per cent year-on-year in February 2026 but rose to 15.4 per cent in March. Food, fuel, exchange-rate and other supply shocks continued to affect the price outlook. Achua et al. (2020) identify several non-monetary drivers of inflation, while Olaoye and Anyanwu (2024) find a significant long-run relationship between money-supply growth and inflation. Darius et al. (2026) report lower inflation persistence but stress the continuing importance of food and other supply-side pressures. CPI rebasing also requires care when comparing inflation rates across different series (IMF, 2026; NBS, 2025).

The published indicators also show why the assessment must remain balanced. The CBN reported that headline inflation moderated from 15.43 per cent in July 2026 to 15.39 per cent in August 2026, while real GDP growth increased to 4.43 per cent in the second quarter of 2026 from 3.89 per cent in the preceding quarter. The IMF estimated economic growth at 4.0 per cent in 2025 and projected 4.1 per cent for 2026. These figures indicate improvement in selected indicators, but they do not establish that monetary policy reforms caused the changes. Food-supply conditions, exchange-rate developments, oil-sector performance, fiscal actions and other domestic and international factors also influenced macroeconomic outcomes (CBN, 2026; IMF, 2026).

High MPR and CRR settings can raise borrowing costs and constrain credit. Nigerian studies report incomplete or asymmetric pass-through from policy rates to market rates (Awopegba et al., 2022; Jibrilla & Balami, 2022; Oyadeyi, 2023). Nadani and Isah (2024) find that contractionary MPR and CRR shocks reduce output and private-sector credit in their model. Fernandes and Stumphius (2026) find stronger transmission after exchange-rate unification, but note that key market rates are not yet firmly anchored to the MPR. Growth estimates improved during the review period, but cannot be attributed to monetary reforms alone; poverty and food insecurity remained serious concerns (IMF, 2026; World Bank, 2025, 2026).

Further action should clarify the inflation objective, strengthen transmission from the MPR to lending rates, preserve transparent foreign-exchange rules and improve sustainable foreign-exchange supply. Monetary and fiscal decisions should be better coordinated, while wider government measures address food production and distribution, energy, transport and security constraints. Targeted support is also needed to cushion vulnerable households from adjustment costs. The NBS should explain CPI rebasing clearly and provide comparable historical series where feasible (IMF, 2026; Oluwaniyi et al., 2026; World Bank, 2025, 2026).

5. Discussion of Findings

The CBN tightened monetary policy through MPR and CRR changes and revised foreign-exchange arrangements through NFEM, EFEMS and the Nigerian FX Code. CBN and IMF assessments report better market functioning and resilience. Darius et al. (2026) also find lower inflation persistence and improving policy responsiveness.

Evidence on monetary transmission from Jibrilla and Balami (2022) and Oyadeyi (2023) indicates incomplete pass-through to bank interest rates. Awopegba et al. (2022) further find that increases in the policy rate are transmitted more clearly than reductions. Nadani and Isah (2024) report that contractionary MPR and CRR shocks reduce output and private credit, while inflation remains largely positive in their model. Fernandes and Stumphius (2026) find stronger, but still incomplete, post-unification transmission.

Inflation studies identify monetary and structural influences. Achua et al. (2020) find that exchange rates, import and oil prices, expectations and fuel prices matter, while broad money has no significant long-run effect in their model. Olaoye and Anyanwu (2024), however, find a positive money-supply/inflation relationship in the short and long run. Darius et al. (2026) report lower persistence but continuing food and supply pressures.

Foreign-exchange reforms improved the formal market framework, but depreciation-related price pressures remain. Bada et al. (2016) find incomplete pass-through to consumer prices; Oyadeyi et al. (2024) report nonlinear effects, while Ozigbu (2021) finds no direct short-run pass-through in his GARCH model.

Welfare costs also matter. Using data for 1986–2024, Oluwaniyi et al. (2026) find that their measure of exchange-rate unification is associated with higher poverty in both the short and long run. Since the sample covers several exchange-rate regimes, this is not an isolated estimate of the June 2023 reform.

The threshold analysis by Oyadeyi et al. (2025) also suggests that inflation, interest rates and exchange-rate depreciation can have growth effects that depend on their levels. Their pre-reform sample provides useful historical context, but it cannot establish the effects of the 2023–2026 reforms.

These findings require caution. Monetary policy works with lags; fiscal, fuel-price, oil-sector and global developments occurred alongside the reforms; and CPI rebasing affects comparisons. This review identifies patterns, not causal effects attributable solely to monetary policy. Further assessment should track inflation expectations, lending rates, private credit, FX liquidity, real incomes and household welfare using consistent data.

6. Conclusion and Recommendations

Conclusion

The study concludes that Nigeria's monetary policy reforms from 2023 to October 2026 constitute a partial achievement. The CBN strengthened its monetary-policy framework and introduced changes intended to improve foreign-exchange market transparency and price discovery. Institutional assessments report better market functioning and improved macroeconomic resilience, while recent IMF analysis finds lower inflation persistence and improving monetary-policy responsiveness (CBN, 2025a, 2025b; Darius et al., 2026; IMF, 2025, 2026). However, persistent price pressures, incomplete monetary transmission, high borrowing costs and continuing household hardship mean that sustainable price stability and broadly shared welfare gains have not yet been secured. The reforms should therefore be consolidated rather than treated as a completed success (Fernandes & Stumphius, 2026; Nadani & Isah, 2024; World Bank, 2025, 2026).

Therefore, the next phase of the policy reform should consolidate the gains already made while reducing the economic and social costs of adjustment. This requires credible policy communication, stronger transmission from the MPR to market lending rates, consistent foreign-exchange rules, prudent fiscal coordination and complementary measures to expand food and energy supply and address transport and security constraints. Progress should be judged not only by policy announcements or headline indicators, but also by lending conditions, market liquidity, inflation expectations, real incomes and household

welfare (Darius et al., 2026; IMF, 2026; World Bank, 2025, 2026).

Recommendations

Clarify the inflation objective and policy outlook. The CBN should publish its target, forecasts and key risks, and explain major policy decisions (IMF, 2026).

Strengthen monetary transmission. Monitor interbank, deposit and lending rates and private credit, and address barriers preventing MPR changes from reaching borrowers (IMF, 2026).

Preserve transparent FX rules. Apply NFEM, EFEMS and the Nigerian FX Code consistently, while supporting sustainable FX earnings and reducing market fragmentation (CBN, 2025a, 2025b; IMF, 2026).

Improve monetary–fiscal coordination. Align public borrowing and cash management with monetary policy, and address food, transport, energy and security constraints (IMF, 2026; World Bank, 2025, 2026).

Protect vulnerable households and improve data quality. Government should strengthen targeted support for vulnerable households affected by the economic adjustment process. The NBS should improve public understanding of CPI rebasing and publish comparable historical inflation and GDP series where feasible to support reliable policy assessment (NBS, 2025, 2026; World Bank, 2025, 2026).

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