EFFECT OF INSECURITY ON FINANCIAL STABILITY IN NIGERIA

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ABSTRACT

The main goal of the study is to investigate the extent of the effect of insecurity on financial stability. The research was based on secondary data relating to insecurity (killing, Kidnapping, sense of terror and invasions of farmlands) and financial stability (GDP). Data were collected from credible institutions which include the World Bank, Institute for Economics and Peace (IEP), Nigeria Security Tracker, Nextier SPD Violent Conflict Database13 and an Amnesty International report. Multiple linear Regressions with the aid of SPSS was used to analyze the data. The study findings that insecurity has a significant effect on financial stability. Also, the direction of the effect of insecurity on financial stability is negative for most of the measures of insecurity. Therefore, the study concludes that insecurity is highly consequential in Nigeria as it reduces national productivity and causes financial instability. Hence, as a matter of urgency, government should prioritize national security at the policy and legislation level if the policy objective is to achieve economic and financial stabilization. Decentralizing national security, improving both human and technological resources and capabilities, as well as enforcing cooperation and collaboration among security agencies are the recommended strategies for enhancing national security towards economic and financial stability.

Keywords: Effect, Security, Insecurity and Financial Stability

INTRODUCTION

Insecurity has always been a big challenge in modern times, not just in Nigeria, but across many regions of the world. It has also resulted in the liquidation of certain enterprises and the crippling of others across the country (Adeleke, 2013). Nigeria has seen unprecedented levels of different forms of insecurity such as murder, kidnapping, ritual killings, cultism, corruption, inequity, poverty, inflation, and poor government (Adagba, 2012). Terrorism and crime are the most serious consequences or effects of overall insecurity. Insecurity is defined by Beland (2005) as "a conditional worrisome or anxiety caused by a solid or protected absent allegation". The definition of insecurity is the absence of public security orderliness. Achumba et al. (2013) asserted two aspects of insecurity definitions. Firstly, insecurity is the conditional exposure and vulnerable to dangerous hazard or risky menace, whereas vulnerable harmful or injurious situation is termed as danger. Second, the exposure of risky or anxiety is known as insecurity, while the feeling of indefinite unpleasant emotion in expectation of tragedy or disaster is termed as anxiety. Insecurity is also defined as a period of instability, constant attacks on people and property, and a lack of overall peace and tranquility. Several reports on national and worldwide security issues are transmitted through the media on a regular basis. According to investigations, various variables such as unemployment, bad leadership, non-conformity with the rule of law, porous national boundaries' nature, corruption, inflation, and financial marginalization, among others, are orchestrating unrest (Cull, 2012). In this research, however we are concerned with killings, kidnapping, farmland invasion and sense of terror as the main factors of insecurity.

Financial stability is a very wide notion that encompasses all components of the financial system, markets, infrastructure, and institutions (ECB, 2007). In addition to the allocation of resources and risk, financial stability includes the facilitation of wealth creation, economic growth and development. When evaluating financial stability, we should understand that the perspective of the concept is very broad. It involves markets, institutions, organisations and others which will be known in future as more researches are being carried out. The banking system parameter should have significantly been attached to intermediation so as to have more important than financing market (ECB, 2007).

In this study, financial stability was viewed in a different light, specifically in relation to economic growth and development. According to Nasir et al. (2017), due to the strong existent association between the two concepts, financial stability and economic stability can be used interchangeably. Crockett (1997) affirms that financial stability does not currently and widely have an acceptable definition, and no single-expressive and comprehensive statement of financial stability' definition, which processing one is hard (Foot, 2003). Goodhart (2004) expressed that financial stability has no sound and agreement definition, a wide perspective definition is required (Khorasgani, 2010).

For this study, certain dimensions of insecurity are used as testable variables to determine how insecurity affects financial stability. Killings, kidnappings, a sense of terror, and farmland invasions are the variables. Killings are widespread in our society due to insecurity. Killing involves a deliberate act of taking one's life violently. Kidnapping involves abducting and detaining hostages, with families, relatives, and sometimes the government paying ransom to free hostages. Though a times, some kidnap victims are killed as well even after paying ransom, this is a serious threat capable of distorting progress and stability. Sense of terror is the state or feelings of intense fear. This feeling takes away people's sense of safety, making people feel hopeless and vulnerable to danger. Farmlands invasion, otherwise known as farmers/herders' conflict in Nigeria, happens in form of a clash between farmers and herders. Consequently, these clashes mostly lead to loss of lives, serious injuries and the loss of crops and livestock simultaneously. Based on the aforementioned variables, a hypothetical test will be undertaken to investigate the depth, stable and unstable system of finance as a result of national insecurity.

The following are the discovered problems: Inflation, government budget deficit and decline in Gross Domestic Product (GDP). GDP is connected to market behavior because when GDP expands, it signifies that economic activities are on the increase, it also signifies an increase in production of products and services. Consequently, a decrease in GDP signifies decrease in actions of economy, which will also be attached to a decrease in the level of production Several factors as a result of uncertainties can cause GDP to fall, we've seen cases of pandemics and epidemic outbreaks, and presently the insecurity situations both within the country and globally, and as a result of all these, there will be instability.

Owing to the above-mentioned problems, this research is stemmed towards examining insecurity and Nigerian stability of finance, which specified goals are stated below, killing on financial stability in Nigeria, kidnapping on financial stability in Nigeria., farmland invasion on financial stability in Nigeria and the sense of terror on financial stability in Nigeria.

LITERATURE REVIEW

Concept of Insecurity

The definition of insecurity is broad. Several academics have investigated this idea in various ways, producing various findings and definitions of the idea. In order to define insecurity, the phrase security which stands for the idea of the opposite of insecurity must be developed. As a result of this, security is socially contracted agreement associating the people and the state to voluntarily giving up their rights to an institution so that everyone's survival would base on security's need

(Ewetan & Urhie, 2014). Accordingly, we can define security as the absence of violence, the encouragement of peace and harmony, the elimination of insurgents and every other type of distortion required to create political stability and economic growth, and the promotion of peace and harmony. In order for avoiding, preventing, diminishing, or eliminating conflicted violence and menaces that come from institutional agencies underlying socio-economic and political situations, safety mechanisms must be in place (Stan, 2004). Safety and the development of moral principles can likewise be thought of as forms of security. Attempts have been made as a result of these debates to enlarge the security standpoint from the state to the society and the individual, and from military to civilian concerns (Nwanegbo & Odigbo, 2013; Kruhmann, 2003). Security is of utmost importance and has implications for the nation's economic growth and longevity. When economy is in disarray, or worse, when it's failing, it's impossible to create financial stability. Every country's economic growth and development depend on a foundation of national security (Oladeji & Folorunso, 2007). The intelligent society holds a security consensus, and that consensus is that security is more than just absent threats and fallout of security.

Security presents robustness of active response mechanism to the contests constituted by these menaces with speed, professional, and in genuine period. Simply put, insecurity exists whenever individual members of a community are unable to go about their day-today lives without fear of threats to them or their possessions (Omadjohwoefe, 2013). Insecurity is defined by Beland (2005) as "a conditional worrisome or anxiety caused by a solid or protected absent allegation.

The concept of insecurity is being interpreted differently by various groups. Depending on how the idea affects people and society, various interpretations are offered. Insecurity problems can be the cause of dangerous events. Its wordiness must be studied due to the breakdown of peace and harmony and the significant effects it has on the economy. The words "uncertainty," "danger," "need for safety," "instability," "lack of security," and others are frequently used to describe them. Many researchers have used the interpretation of insecurity described above to explain the topic. As a result, we might say that being insecure means being exposed to dangers, including the possibility of losing one's life, property, or source of income (Acumba, 2013, p. 80). Anything that falls short of these criteria contributes to insecurity. When we have a better understanding of the various facets of security, we will also have a better understanding of the reasons behind why people engage in such acts. One way to look at these facets is as follows: killings, sense of terror, kidnapping and invasion of farmlands.

Killing is an act of murder committed intentionally. Murder is an intentional killing which is perpetrated against the law. Adagba (2012) considers killing as one of the prominent security challenge elements in Nigeria. Killings, according to Omidoyin and Awosusi (2021), are a special case of insecurity in Nigeria. According to them, Nigeria is currently experiencing a high insecurity level, primarily killing, banditry, ethnic clashes, and kidnapping. They also acknowledge that it is a wake-up call for the government to live up to her expectations in terms of protecting citizens' lives and ensuring their well-being. They also stated that the time has come for the government to be held accountable for the country's ongoing killings.

Sense of Terror is a sensation that is overpowering in terms of fear and worry. In other words, a feeling that something bad will happen. Several instances have been reported in which people who fled their homes out of fear of terrorist and armed criminal attacks perished. A deceased pastor from Askira Uba in Borno State recounted an incident that occurred in Bama, where non-indigenous and other residents of the area who were fleeing out of fear were attacked on the road, while others were involved in accidents that claimed the lives of most of them. BBC reported that at least seven people were killed when they were ambushed by unknown gunmen while fleeing a perceived attack in Benue State.

Kidnappings a forceful abduction of persons or a group of persons for money. The unlawful abduction of people with forceful action or deception with the goal of detaining them against their will is known as kidnapping under the criminal law (Williams, 2015). Aged, young children, males, and females have all been abducted for ransom since the act started in Nigeria. The citizens now have an intolerable quality of life. People now live in constant fear of becoming victims. According to a BBC report, the frequent kidnapping of school children from their classrooms and boarding houses is one of the most frightening threats to families in Nigeria.

Invasion of farmlands is a process or situation where herders or herdsmen as they are being called forcefully take over people’s farmland and allows their livestock to graze on those farmlands causing destruction to the crops. According to a July 2021 BBC news report, farmers and herders of roaming animals have been engaged in violent clashes in Nigeria for many years. But as herders migrate towards the southern part of the country in search for greener pasture, they often have conflict with farmers arising from land and water usage, and route for grazing their herd of cow made worse due to climate change and Sahara Desert expansion. Conflicts over scarce resources have claimed tens of thousands of lives.

Concept of Financial Stability

According to the Central Bank of Nigeria (2018), financial stability is the ability of the financial system to withstand unexpectedly negative shocks while allowing the financial system intermediation process to continue operating as intended. The apex bank further declares that a sound financial system supports broad economic expansion, that a sound financial system can raise living standards, and that a sound financial system serves the most important purpose of enhancing citizens' overall welfare. Salawu (2017) defines financial stability as the capacity to cover operating costs, clear debts when they become due, and provide investors with a return on their capital.

Alawode and Al-Sadek (2008) contend that an attempt to describe financial instability will make the idea of financial stability more significant. After considering the various views of scholars on the issue of financial stability, we conclude that financial stability surpasses just the financial system as some scholars portray, but rather it covers the entire aggregate economy because every sector of the economy in one way or the order influences financial stability including the political sector. Talking about the political sector, politics play a very crucial role in determining economic growth, development and financial stability in the sense that law makers make certain decisions which can impact aggregate demand, national income, economics and finance. Also some of their decisions are not from a professional point of view, but rather from a political perspective.

The World Bank asserts that times of financial instability are the greatest times to demonstrate the underlying financial value stability. The stability of the financial sector may not have a commonly agreed definition, but several studies have given us various analyses that can be used to quantify and measure financial stability. Financial stability has been explained utilizing the idea of instability and it’s causing elements in a few published works of literature. In his article "Prices Stability and Financial Stability” MugurIsărescu (2006), Governor of the National Bank of Romania argues that financial stability has both a broad and a narrow definition. Stability of Finance, in a broader sense, occurs when the financial system is effectively attracting capability and allocation of monetary assets as well as absorption of stocks through protecting the main economy. Financial stability, in the narrow sense of preventing crises, refers to the absence of banking challenges and extreme stabilization of asset prices, particularly interest rates (Isărescu, 2006). According to Goodhart (2006), viewing it from a banking point of view, financial instability is featured by advanced default rates and low revenue-profit margins in the banking sector. The institutional finance and banking industries have acquired high risk portfolios as a result of optimistic economic forecasts. As a result, these institutions are more susceptible to systemic shocks and run the risk of experiencing payment default (Bhattacharya, 2011; Brunnermeier, 2008). Some elements of the financial system are widely acknowledged and widely accepted.

The parts of the financial system are: (1) Markets for finances (monetary market, capital market); (2) Financial middlemen (banks, insurance companies); and (3) The financial system (payment systems, clearing houses). If the risk that could damage the system could be identified, these components allow effective resource allocation in an economy. It is impossible to overstate how important financial stability is to an economy because most transactions can only be carried out through the financial system, which in turn is partially responsible for the growth of the overall economy. Unquestionably, financial and banking system plays a crucial role in the actual economy as its efficient operation naturally dictates economic growth and ensures financing of the finest investment possibilities, which result in capital accumulation and risk distribution that is favorable. In 2008, global financial system underwent an exceedingly rapid development that later turned out to be unhealthy and produced financial and macroeconomic imbalances. Thus, from both a micro- and macro-prudential standpoint, financial supervision is unquestionably required, according to the National Committee for Financial Stability (NCFS).

The Nigerian economy is suffering from the effects of financial instability on both sides. Borrowing constraints meant the Nigerian government couldn't satisfy its short- or long-term commitments, which had repercussions for the country's economy and its people. Not only do regular people feel the effects, but so do businesses like the banking industry. Those that run their businesses through banks may be unable to conduct financial transactions. No longer do investors have hope, and nothing can be done to restore it. All economic operations have a firm foundation.

According to Palley (2010), globalization encourages the internationalization of production, which increases competitiveness for workers around the world. Constant attacks on the government's right to pursue policies like privatization, deregulation, and tax cuts, which increase income disparity and reduce budgets for essentials like education and infrastructure. Twenty-one banks borrowed a total of N4.06 trillion from the Central Bank of Nigeria over course of three months to help with the country's liquidity crisis. Banks will undoubtedly raise their lending rates and service fees as a direct result, which will further exacerbate the present problem of corporate organization by driving up operational costs even further. Any disruption in commercial activity will have a negative impact on the stable economy. Disruption in the system, as highlighted by Chowdhury (2013), can have far-reaching negative impacts on activity of the economy as well as structural politics. This means that monetary authorities place a premium on maintaining stability. The Central Bank of Nigeria (CBN) stepped in to stabilize the banking system after a liquidity shock hit. The current Naira devaluation in Nigeria is a result of the country's severe shortage of foreign currency due to external currency market pressures. Customers are not permitted to make withdrawals or international wire transfers in foreign currencies. Though it has the best of intentions, the act impedes the smooth running activity and foreign invested funds. The unemployment rate has risen as a direct result of the country's financial woes. Banks reduced staff in an effort to save money as they were unable to satisfy their commitments due to a lack of liquidity. Akyü (2009) rebutted, saying that the negative economic impact is more long-lasting and burdensome for labor, increasing long-term unemployment, and fostering demands for more lenient hiring and firing policies, thereby leading to greater job insecurity. Nonpayment of debt and the need for further loans to satisfy consumer demand may lead to job loss. Many people in Nigeria have lost their jobs, and several of them have dependents. As a result, many small firms in the retail sector have been forced to liquidate or are planning to close down. The dependent has experienced a decline in business, which has led to layoffs at the bank. Many unemployed Nigerians are now freely roaming the streets, contributing to the country's already high crime rate (Kanu & Isu, 2014). In 2008, International Monetary Fund stated that the increase in rate of unemployment had significantly dragged the growth rate of the economy, which results to global financial instability. Most nations, especially poorer ones, are still reeling from the effects of global financial turmoil. Particularly hard hit by the global economic crisis, Nigeria's economy is presently in fast fall. This has damaged the functioning of the entire economic and financial system. Depositors care more about the security of their money and the interest they earn from their bank than they do about any other aspect of the service they receive, according to Umoren (2009). Shareholders (owners) care more about the health, profitability, and continued existence of their banks than do employees, according to Adeyemi and Taiwo (2013).

Theoretical Review

Structural Functionalism Theory (SFT),

Between 1798 and 1957, this theory is a classic or traditional sociological theory rooted and raced back to Auguste Comte, with his intellectual contemporaries such as Herbert Spencer in 1820-1903 and Robert Merton in 1920-2003, which had contributed to its evolution. Emile Durkheim in 1858-1917 and Talcott Parson later added an improvement on the theory in 1902-1979. The following structures exist inside human society and function together in a linked and interdependent manner to foster solidarity and stability: political, economy, religion, education, industry, technology, social control, or social order. As a result, any volatility in one section of society produces volatility in another. Historically, functionalists compared society to a living body and saw parallels. Society, like a living body with multiple elements that work together to ensure survival, has various parts that enable it to meet its needs. These components are regarded as social institutions that are closely tied to the structures outlined above and play specialized roles in the overall maintenance. These functions, both evident and latent, have persisted to hold society together (Merton, 1938). The Relevance of Functionalism to insecurity, connecting the tenet of functionalism to the subject of this discourse, insecurity may be viewed as a subunit of the social control institution of human society, which provides "functional conditions" for the existence of a portion of the society's members in order to prevent their extinction.

Financial Theory (FT)

In this study, we share a similar viewpoint in that we agree that financial stability is destabilizing and that it does reoccur. We also agree to the fact that there are endogenous factors that are capable of causing market failure which can later lead to instability in the system. Stability of Finance may not have a commonly agreed definition, but a several studies have given us a numerous analysis that can be used to quantify and measure financial stability. Financial stability has been explained utilizing the idea of instability and it's causing elements in a few published works of literature. In his article "Prices Stability and Financial Stability" MugurIsărescu (2006), Governor of the National Bank of Romania, argues that financial stability has both a broad and a narrow definition. Stability of Finance is, in a broader sense, the financial system is effectively attracting capability and allocation of monetary assets as well as absorption of stocks through protecting the main economy. Financial stability, in narrow sense of preventing crises, refers to the absent banking challenges and extreme stabilisation of asset prices, particularly interest rates (Isărescu, 2006). According to Goodhart (2006), viewing it from a banking point of view, financial instability is featured by advanced default rates and low revenue-profit margins in the banking industrial sector. The institutional finance and banking industries have acquired high risk portfolios as a result of optimistic economic forecasts. As a result, these institutions are more susceptible to systemic shocks and run the risk of experiencing payment default. Brunnermeier (2008); Bhattacharya (2011). Some elements of the financial system are widely acknowledged and widely accepted.

Empirical Review

Peter and Osaat (2021) studied Nigerian kidnapping as a social threat to educational institutions, human existence, and unity. The study was carried out based on observation and document study (qualitative methodology). The research focused on the problems of kidnapping and its repercussion in Nigeria. The study finds out that psychological trauma, insecurity, social tension, premature death, and other problems have caused by the kidnapping ability in societal community. The study also highlighted some obstacles related with kidnapping, such as poverty, unemployment, religion, and politics. The report further suggests that paying ransom to kidnappers be completely prohibited, and it also calls on the government to offer jobs for the teeming population of youngsters, believing that this will assist lessen the act of kidnapping.

Ola (2021) studied crisis of banking and instability of finance as empirical and historical lessons for four crises of banking in Norway: Early 1920s, middle and Post world war crisis, mid monetary crisis, 1930s Great Depression, and the 1987-1993 Scandinavian Banking Crisis. The study begins with a summary of Minsky and Kindleberger's financial instability hypothesis, as well as a current dynamic financial crisis model. The study adopted a quantitative research design while evaluating the validity of the financial instability hypothesis. Financial insecurity is described as financial markets and institutions’ inadequacy in relation to capital and liquidity provision on a long-term basis in times of hardship. Financial insecurity develops primarily during periods of prolonged loan issuing. After markets have entered a downward spiral, the process has severe consequences. It illustrates disruption of ten financial and macroeconomic indices before all four crises, culminating in economic formation. The investigation is mostly described by the massive increase in debt. Despite the fact that the study focused on the banking crisis and financial instability, this study has a similar point of view because it focuses on insecurity and financial stability and instability.

Ulfat et al. (2022) studied the Impact of GDP Growth on stability of Finance in Pakistan Banking Sector as the study's main goal is to show that there is a strong correlation between growth of GDP and bank profitability, and between growth of GDP and financing. This will show that bank credit and capital increases risk-taking’s pro-cyclicality, while positively affecting Federal banks' ability to maintain economic security. The Pakistan State Bank's website offers financial reports of banking industry in Pakistan, which were used to compile the study's data, which was then examined from 2010 to 2016. The impact of Pakistan's GDP growth on monetary stability was examined using STATA software. The results imply that GDP growth plays a substantial effect in the stability of the financial sector.

Saliu (2021) studied stability of financial system and Nigerian manufacturing performance. The research examined the association between stability of financial system and Nigerian manufacturing performance. Johansen co-integration and the Parsimonious error correction model used as the estimation methods. The analysis indicated a long-run association between the three indicators of manufacturing performance and the determinants of financial system stability in Nigeria throughout the time under examination. Additionally, the consumer price index (CPI) and lending rate (LR) have indirect and substantial effects in Nigeria's manufacturing production growth rate (MPGR). In addition, fiscal deficit (FD) and lending rate (LR) have a substantial and negative impact on share of manufacturing in GDP (SMGDP). To get a conclusion, the research questions posed, the following hypotheses were formulated:

Ho$_1$: There is no significant association between killing and financial stability in Nigeria.

Ho$_2$: There is no significant association between kidnapping and financial stability in Nigeria.

Ho$_3$: There is no significant association between Farmland invasion and financial stability in Nigeria.

Ho$_4$: There is no significant association between the sense of terror and financial stability in Nigeria.

METHODOLOGY

The study employs the time series design to consider the insecurity effect and financial stability covering the period from 2010 to 2021. The collection of data is from credible institutions which include the World Bank, the Institute for Economics &Peace (IEP), the Nigeria Security Tracker, Nextier SPD Violent Conflict Database13 and an Amnesty International report. Multiple least square regression and correlation are used to analyze the collected secondary data through SPSS.

3.1 Specification of the Model

Multiple least square regression is the inferential statistical tool used to capture the effects of insecurity (killing, sense of terror, kidnapping, and farmland invasion) on financial stability (GDP) in Nigeria. The functional and econometric models are specified as follows:

$$GDP = f(KG, ST, KP, IFL) - 1$$

$$GDP = \beta 0 + \beta 1KG + \beta 2ST + \beta 3KP + \beta 4IFL + \xi - - - - - - - - - - - 2$$

Where:

GDP = Gross Domestic Product

KG = Killing

ST = Sense of Terror

KP = Kidnapping

IFL = Invasion of farm lands

β_0 = Constant

ξ = Error term

$\beta 0$ = Model intercept

$\beta 1$ - $\beta 4$ = Parameters of interest

RESULTS

This analysis uses mainly secondary verified data gathered from reputable organizations such as the World Bank, the Institute for Economic and Peace (IEP), the Nigeria Security Tracker, and an Amnesty International report. These are data from fatalities/killings resulting from insecurity, number of victims Kidnapped, total annual farmland invaded, and the accumulated number of people who avoided their regular economic activities due to Sense of Terror over a period. Financial security, proxied by gross domestic product (GDP), represents the dependent variable (DV) for the study.

Data Analysis

Table 3: Correlations table checking for multicollinearity

		Kidnapping	Killing	Sense_of Terror	Farmland_Invation
Kidnapping	Pearson Correlation	1	.258	-.476	.308
	Sig. (2-tailed)		.419	.118	.331
	N	12	12	12	12
Killing	Pearson Correlation	.258	1	.439	.141
	Sig. (2-tailed)	.419		.153	.661
	N	12	12	12	12
Sense_of_Terror	Pearson Correlation	-.476	.439	1	-.216
	Sig. (2-tailed)	.118	.153		.500
	N	12	12	12	12
Farmland_Invation	Pearson Correlation	.308	.141	-.216	1
	Sig. (2-tailed)	.331	.661	.500	
	N	12	12	12	12

Source: Researchers' Computation, 2024.

Table 4: Summary of Hypotheses 1 – 4

S/N	Construct	β	T	Sig
1	Killings	.011	7.420	.000
2	Kidnapping	-.016	-2.503	.024
3	Farmland Invasion	-.062	-3.264	.005
4.	Sense of Terror	-.111	-2.753	.014

Source: Researchers' Computation, 2024

Hypothesis one: Killings has directly and significantly affected Nigerian stability of finance, with t-value of 7.420, and a p-value of 0.000. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted because 0.000 is lesser than significance level of 0.05.

Hypothesis Two: Kidnapping has significantly affected Nigerian stability of finance, with t-value of -2.503, and a p-value of 0.024. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted because 0.024 is lesser than significance level of 0.05.

Hypothesis Three: Farmland Invasion has significantly affected Nigerian stability of finance, with t-value of -3.264, and a p-value of 0.005. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted because 0.005 is lesser than significance level of 0.05.

Hypothesis Four: Sense of terror has significantly affected Nigerian stability of finance, with t-value of -2.753, and a p-value of 0.014). Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted because 0.005 is lesser than significance level of 0.05.

DISCUSSION OF FINDINGS

Hypothesis one (H_1): Killings has not significantly affected Nigerian stability of finance.

The null hypothesis was rejected, indicating a substantial positive effect of insurgency-related killings on Nigeria's financial stability. By implication, the killing of a single soul result to 1.1% (.011) percent change in Nigerian financial stability situation. This outcome is in-line with the Aminu et al. (2015) who agreed that killing is a critical component of insecurity and can lead to financial instability, although they were not able to ascertain the contributions of killings to financial instability which was covered in this study. Rather the paper discovered an indirect correlation between growth of economy, poverty rate, insecurity; the outcome of causality demonstrated that growth of economy causes poverty rate, while poverty causes Nigerian insecurity. Financial insecurity had an indirect impact on the Nigerian economy by causing the enterprises damage, homes, and equipment as well as the relocation and shutting of businesses (Adegbami 2013).

Hypothesis Two (Ho_2): Kidnapping has not significantly affected Nigerian stability of finance.

The null hypothesis was rejected, indicating a significant effect of kidnapping on financial stability. The beta value of -0.016 implies that kidnapping has a negative impact on Nigeria's financial position. Abducted victims constitute a cost unit or a source of income from their captivity, such as feeding expenses or being employed as slaves for production and ultimately, the large sum that comes as ransom, all these go a long way to ensure that the effect of kidnapping on financial stability is substantial. The study is consistent with the finding of (Adagba, O. 2012). Who considered kidnapping as an integral part of insecurity that government needs to address if good governance is their concern. He also concluded that kidnapping as a component of insecurity leads to inflation for obvious reasons.

Hypothesis Three (Ho_3): Farmland Invasion has not significantly affected Nigerian stability of finance. The alternative hypothesis was accepted and the null rejected as farmland invasion by unknown gunmen, herders or as the case maybe shows a significant effect on financial stability in

Nigeria. The statistic shows an unstandardized Beta value of .062 which is also statistically significant with a p-value of .005. This translates to mean that a single farmland invasion caused by insecurity will have a 62 percent effects on financial stability of Nigeria economy. Obviously, beside oil as a major source of government income, agriculture contributes significantly to citizens' standard of living, Gross Domestic Product (GDP) as well as foreign earnings. Therefore, the invasion of farmland resulting to destruction of farm produce, maiming of farmers, etc. will have a highly significant effect on financial stability. The findings agree with that of (Dokua, 2022) who asserted that the sizeable proportion accounts of Nigeria's agricultural sector had contributed about 30 percent of total GDP between July and September 2021 over the past quarter.

Hypothesis Four (Ho_4): This implies that there is relationship between Sense of Terror and Financial Stability in Nigeria.

The fourth null hypothesis was rejected as the p-value of .014 is lower than the 0.05 significant level. The negative beta (=-0.111) shows that sense of terror has a negative effect on GDP. This implies that sense of terror as a form of insecurity substantially reduces economic productivity leading to financial instability. Put differently, insecurity, viewed from the perspective of fear or sense of terror, reduces real economic activities such as production, savings, and investment, and thereby, causes financial instability.

CONCLUSION

The study considers the insecurity's impact on Nigerian stability of finance, and especially on the economic growth of Nigeria. Four insecurity indicators (Killing, Kidnapping, Farmland Invasion, and Sense of Terror) have been selected and tested empirically to ascertain the extent of the dependence of financial stability on insecurity, proxied by gross domestic product or GDP.

The study findings that insecurity has a significant effect on financial stability. Also, the direction of the effect of insecurity on financial stability is negative for most of the measures of insecurity. Therefore, the study concludes that insecurity is highly consequential in Nigeria as it reduces national productivity and causes financial instability.

RECOMMENDATIONS

As a matter of urgency, government should prioritize national security at the policy and legislation level if the policy objective is to achieve economic and financial stabilization. Decentralizing national security, improving both human and technological resources and capabilities, as well as enforcing cooperation and collaboration among security agencies are the recommended strategies for enhancing national security towards economic and financial stability.

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