

## **Impact of Interest and Foreign Exchange Rates Liberalization on Investment Decision in Nigeria**

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**Abstract :** This paper was carried out in order to empirically, and descriptively analyze how interest rate and foreign exchange rate liberalization influence investment decision in Nigeria. The study spanned through the period of 1985 - 2014, secondary data were restricted to relevant variables such as investment (Proxy by Gross Fixed Capital Formation) saving rate, interest rate and foreign exchange rate. Theories and empirical literature from various scholars were reviewed in the paper. Ordinary Least Square regression method was used for the analysis of data collection. The result of the regression was critically interpreted and discussed. It was discovered for empirical finding that tax investment decision in Nigeria is highly sensitive to interest rate. Hence, all the alternative hypotheses were accepted while the respective null hypotheses were rejected as a result of interest rate and foreign exchange rate having significant effect on investment in Nigeria. Therefore, the impact of interest rate and foreign exchange rate on the state of investment in the economy cannot be over-emphasized.

**Keywords :** interest rate, foreign exchange liberalization, investment decision, economic growth

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