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Affordability of Financial Services and Organizational Sustainability of Deposit Money Banks in Port Harcourt

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Abstract: *This study investigates the relationship between affordability of financial services and organizational sustainability deposit money banks in Port Harcourt. Cross-sectional survey design was the research strategy for the study. A questionnaire was used to obtained responses from two hundred and thirty nine (239) top level managers and customers of 10 deposit money banks in Port Harcourt. Three hypotheses were formulated and tested using Kendell Coefficient of Concordance (tau_b). Linear regression was then employed to determine the impact of affordability of financial services on organizational sustainability. The results showed that affordability of financial services has a significant association with organizational sustainability. Consequently, it was concluded that affordability of financial services boasts organizational sustainability. Thus providing affordable financial services to new customers would strengthen the financial base of deposit money banks thereby increasing the shareholders' value. Consequently, we recommend that financial service providers and policymakers should: draw policy that would make their products to be affordable by all customers; further come up with strategies of making financial services affordable in their locations since every sub-offices has peculiarities; ensure that people without formal financial services are given the opportunity to own zero bank account as this will give certain group customer a sense of belonging.*

Keywords: *Affordability of Financial Services, Organizational Sustainability, Economic Sustainability, Environmental Sustainability, Social Sustainability.*

Introduction

For many businesses providing essential services, like deposit money banks in Nigeria, sustainability has emerged as a pressing concern. In 2012, the Central Bank of Nigeria brought the sustainable principle home when it unveiled a guideline for the nation's deposit money banks to key into its overarching nine principles, one of which concerned banks' relationships with the local community (environmental sustainability), clients, vendors, and workers (social sustainability), and shareholders (economic sustainability) (Nelson & Orioha, 2015). This prompts the following inquiry: how many deposit money banks, post-declaration, have made sufficient efforts to adopt the sustainability principles? Amadi et al. (2021) noted that mergers and acquisitions would be less of an issue if the owners of financial service companies were also sustainability-minded.

Yet, the incapacity of banks to prioritise the interests of their stakeholders or shareholders over their own is a symptom of the broader issue of social sustainability (Nguavese et al., 2020). Deposit money banks have a lack of economic sustainability, which compels them to earn a profit while also serving the local population. Another take on corporate social responsibility, according to which businesses should work to enhance the quality of life in the places where they operate while still maintaining a focus on profitability. Those businesses that get along well with their local neighbourhoods tend to last longer than their rivals (Adeleye et al., 2018).

Moreover, most service organisations have ignored environmental sustainability, which seeks to minimise adverse effects on the planet by means of careful decision-making (Nguavese et al., 2020). Environmentally favourable attitudes, as described by Ching et al. (2014), including waste management policies, climate change, environmental awareness campaigns, and responsible sustainable operations, are found to increase the lifespan of organisations.

In spite of this, the affordability of financial services was used as a predictor variable to improve the sustainability of deposit money banks in order to address the aforementioned issues. This assumes that if all adults in Nigeria can access low-cost banking services regardless of their location, the industry as a whole would be more socially, environmentally, and economically sustainable. Thus, the purpose of this research is to examine how the affordability of financial services affects the sustainability of Deposit Money Banks in Port Harcourt.

Research Hypotheses

From the above research questions, the following null hypotheses were formulated:

H_{O1}: There is no significant relationship between affordability of financial services and economic sustainability of deposit money banks in Nigeria.

H_{O2}: There is no significant relationship between affordability of financial services and social sustainability of deposit money banks in Nigeria.

H_{O3}: There is no significant relationship between affordability of financial services and environmental sustainability of deposit money banks in Nigeria.

Significance of the Study

This study will be beneficial to students, lecturers, financial institution policymakers as well as managers of deposit money banks in Nigeria in the following ways:

Students/lecturers: This research will be invaluable to management graduate students as a foundational thesis for future academic inquiry. This research is useful for management academics since it explores the conceptual frameworks behind the concepts of affordability of financial services and organisational sustainability.

Financial institution policymakers: This research will be used as a crucial resource by the Central Bank of Nigeria, which is tasked with formulating policies for deposit money banks in Nigeria, to confirm that affordability of financial services will improve the viability of deposit money banks in the country.

Bank managers: The results of this research will help executives at deposit money banks evaluate the effects of broadening access to banking services on their businesses' long-term viability.

Literature Review

Theoretical Framework

Contemporary Banking Theory

It was in 1993 when Bhattacharya and Thakor spread the contemporary banking theory that is so widely used today. Contemporary theory rests on the idea that deposit money banks and other financial intermediaries play a crucial role in allocating the economy's capital resources (Oyetoyan et al., 2021). The transaction costs for services are greatly reduced thanks to the efforts of financial intermediaries. Main points of this article's assessment of modern theories of financial intermediation are the contributions they have made over the past decade and the ways in which they have helped us better comprehend the role of financial intermediaries in today's financial systems (Oyetoyan et al., 2021). This research is pertinent to the contemporary theory of banking because of its potential application to the expansion of deposit money bank branches across Nigeria, where customers may have little to no previous experience with managing money. Although deposit money banks are legal to operate out of a single location, most do so over a larger network of locations to better serve their customers and meet the growing demand for access to banking services (Oyetoyan et al., 2021).

Conceptual framework

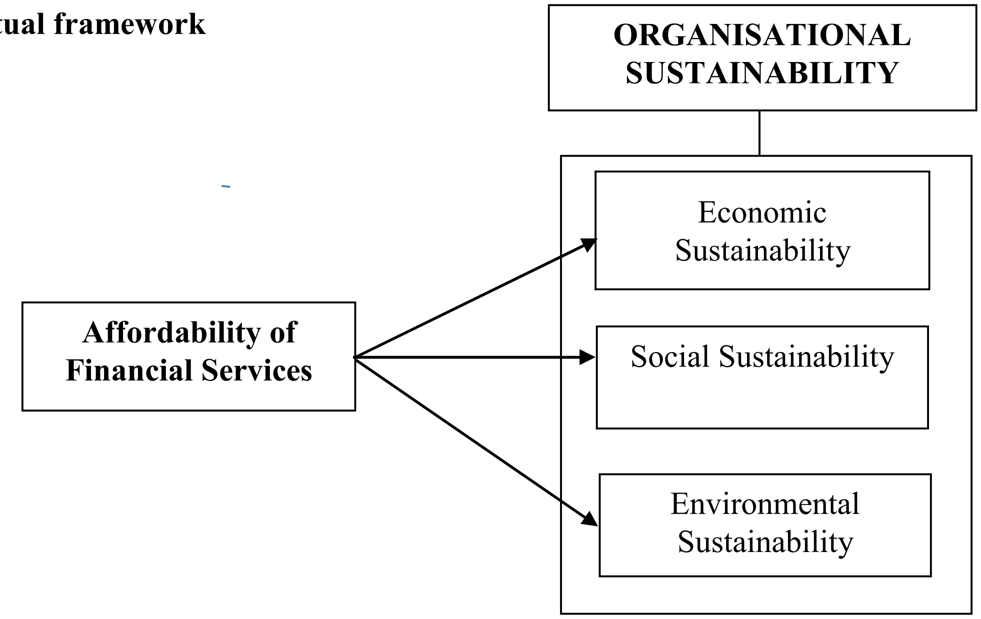

Figure 1: A Conceptual framework showing the relationship between affordability of financial services and measures of organizational sustainability.

Affordability of Financial Services

The interest rates and fees that deposit money banks impose on their customers have a significant impact on how affordable their services are (Gardeva, 2010). The unbanked may have access to a wider range of financial goods than ever before, yet some of them may be out of their price range. Financial inclusion, according to Ene and Inemesit (2015), is hard to attain if customers cannot afford financial services. Customer satisfaction with the fees that deposit money banks impose on all transactions, both online and off, is a key component in determining the affordability of financial services.

Organisational Sustainability

According to Colbert and Kurucz (2007), sustainability is concerned with the company's impact on the environment, society, and the economy. According to Eketu and Edeh (2017), "sustainability" in the context of business is the capacity to keep something extremely real and helpful going strong. Due to shifting attitudes all across the globe, businesses today have to prioritise sustainability and bridge the gap between theory and practise by adopting sustainable methods of operation (Rafi, 2021). To fulfil current demands without compromising the potential of future generations to do the same is one definition of sustainability (Rafi, 2021).

Incorporating sustainability into an organisation has several advantages, including the potential to increase the longevity of a firm and the potential for cost savings from reduced waste and pollution. The use of more energy-efficient lighting and plumbing fixtures, for instance, may help a business cut costs and boost its image (Mollenkamp, 2021).

Economic Sustainability

A comprehensive collection of decision-making principles and corporate practises, economic sustainability aims to achieve economic growth without the adverse environmental trade-offs that have traditionally accompanied expansion (Masterclass, 2022). By "economic sustainability," we mean actions that help a business or country prosper over time while simultaneously safeguarding its natural and cultural resources (Bish, 2021). Although most people are aware of the negative impacts of some business practices—such as burning fossil fuels, wasting food, and using damaging manufacturing methods—very few companies really manage to achieve economic sustainability (Bish, 2021). The term "economic sustainability" refers to the long-term viability of a business or economy, or more recently, to the way an economy is run so that it protects social and environmental aspects (Courtnell, 2019).

There are others who believe that a balance may be achieved between business goals and corporate social responsibility (CSR) obligations by incorporating an assessment of the financial viability of sustainability measures related to the environment or society (Jia et al., 2018; Lovarelli et al., 2020). Other economic sustainability analyses, such as utility costs and purchasing expenses, were also emphasised in the research conducted by Tusso-Pinzón et al. (2020). Others have claimed that an organization's economic sustainability include things like CSR spending, material conservation, resource recycling, and life cycle enhancement (Kibert, 2016; Manca, 2015; Yazan et al., 2017; Zhong & Wu, 2015).

Environmental Sustainability

Enhancing human well-being while minimising negative impacts on the planet's ecosystems is what we mean when we talk about environmental sustainability (Evans, 2020). To ensure human health and well-being today and in the future, it is imperative to practise environmental sustainability, which entails the preservation of natural resources and the defence of global ecosystems (Sphere, 2020). To ensure a sustainable environment, we must restore harmony to the planet's two most intricate systems (Evans, 2020). Environmental sustainability is described by the United Nations Global Commission on Environment and Development as "behaviour that keeps natural capital in perpetuity so that succeeding generations can enjoy the same standard of living or a better one" (UNEP, 2020). To maintain natural resources without damaging the environment is the goal of environmental sustainability. By focusing on environmental sustainability, businesses may make sure their current demands will not compromise the ability of future generations to provide for themselves.

Financial institutions and other large businesses also have a significant impact on environmental preservation via their routine activities. Paper shredding is one activity that helps keep the environment healthy. Banks, according to Baraldi (2019), encourage environmental sustainability through sustainable development practises including switching to solar power from gasoline generators, reducing waste, limiting pollution, and ensuring the safety of employees on the job. Banking institutions also contribute to environmental sustainability through measures such as the installation of energy-saving light bulbs, the usage of videoconferencing, and the use of electronic platforms to reduce foot traffic in branch offices. The authors (Luo et al., 2020).

Social Sustainability

Others have claimed that social responsibility extends beyond environmental concerns to include problems such as working conditions, employee satisfaction, diversity in the workplace, and positive interactions with the local community (Mani et al., 2018). So, for enterprises to succeed, it is necessary to strike a balance between commercial incentives and public interests (Sajko et al., 2020). Equal opportunity, positive stakeholder connections, and a work environment that reflects democratic values are all components of a socially sustainable business (Elkington, 2004; Maletic et al., 2012).

Methodology

Cross-sectional research design was employed for this study. The target population of this study covered twenty-four (24) deposit money banks with branches in Port Harcourt, Rivers State. However, ten (10) of these deposit money banks were considered for the study. The reason for selecting ten deposit money banks is that the number represent the heterogeneous of deposit money banks in Nigeria. Secondly, the number also can provide accurate information regarding organizational sustainability. Based on this, one hundred and nine (109) top level managers and one hundred and twenty-three (130) customers were surveyed. The customers provided answers to research questions on affordability of financial services. A questionnaire was used to obtained responses from the respondents. The study satisfied face and content validity and based on a pilot test, the Cronbach Alpha values were above the 0.7 threshold (Nunally, 1994), establishing the reliability of the research instrument. Kendell Coefficient of Concordance (tau_b) was relied on to test the afore-stated hypotheses. Linear regression was also used to ascertain the impact of affordability of financial services on organizational sustainability.

Results and Discussion

Analysis of Hypotheses

Table 1: Kendall's tau_b results

		Affordability	Econ Sust.	Social Sust.	Envi Sust.
Affordability	Correlation Coefficient	1.000	.414**	.495**	.556**
	Sig. (2-tailed)	.	.000	.000	.000
	N	239	239	239	239
Econ Sust.	Correlation Coefficient	.414**	1.000	.700**	.617**
	Sig. (2-tailed)	.000	.	.000	.000
	N	239	239	239	239
Social Sust.	Correlation Coefficient	.495**	.700**	1.000	.662**
	Sig. (2-tailed)	.000	.000	.	.000
	N	239	239	239	239
Envi Sust.	Correlation Coefficient	.556**	.617**	.662**	1.000
	Sig. (2-tailed)	.000	.000	.000	.
	N	239	239	239	239

Correlation matrix between affordability of financial services and measures of organizational sustainability revealed that affordability of financial services has significant positive relationship with organisational sustainability. Affordability of financial services has significant positive relationship with economic sustainability of deposit money banks in Nigeria with a moderate correlation (.000 < .005; .414**). Affordability of financial services has significant positive relationship with social sustainability of deposit money banks in Nigeria with moderate correlation

(.000 < .005; .495**). Affordability of financial services has significant positive relationship with environmental sustainability of deposit money banks in Nigeria with moderate correlation (.000 < .005; .556**).

Table 2: Regression Results

R	R^2	Adjusted R^2	T-stat.	Beta (β)	df	N	F stat.	Std. error	Sig.
.622[a]	.387	.383	9.102	.622	3.91	239	82.842	.062	.000
.686[a]	.470	.466	10.782	.686	3.91	239	116.246	.059	.000
.746[a]	.556	.553	12.810	.746	3.91	239	164.106	.059	.000

Predictor: Affordability of Financial Services
Criterion: Organisational Sustainability

Table 2 above shows regression results between affordability of financial services and measures of organizational sustainability. From the results, it was found that affordability of financial services has significant positive impact on organizational sustainability. The first hypothesis result shows that affordability of financial services has significant positive impact on economic sustainability (.000<.005). Sample error was not recorded in the result because the difference between R^2 and adjusted R^2 are less than 5%. R^2 of the model shows that 39% of the total variation in affordability of financial services can be explained by economic sustainability. F-stat (82.842 > 3.90) calculated is greater than tabulated (3.90). Based on the above assumption, alternate hypothesis is accepted and null hypothesis rejected.

Second hypothesis result revealed that affordability of financial services has significant positive impact on social sustainability (.000<.005). Sample error was not recorded in the result because the difference between R^2 and adjusted R^2 are less than 5%. R^2 of the model shows that 47% of the total variation in affordability of financial services can be explained by social sustainability. F-stat (116.246 > 3.90) calculated is greater than tabulated (3.90) implying that the null hypothesis is rejected and alternate hypothesis accepted.

Third hypothesis result shows that affordability of financial services has significant positive impact on environmental sustainability (.000<.005). Sample error was not recorded in the result because the difference between R^2 and adjusted R^2 are less than 5%. R^2 of the model shows that 56% of the total variation in affordability of financial services can be explained by environmental sustainability. F-stat (164.106 > 3.90) calculated is greater than tabulated (3.90) indicating that the null hypothesis is rejected and alternate hypothesis accepted.

Discussion of Findings

Based on the hypotheses results, it was found that affordability of financial services has significant impact on organizational sustainability. Specifically, the results of the study revealed the following findings.

Hypothesis one findings revealed that affordability of financial services has significant positive impact on economic sustainability. To back up this conclusion, Chima et al. (2021) used static and dynamic estimate methods to examine the importance of financial inclusion for the economic growth of sub-Saharan African countries. Their research proved that the current level of financial inclusion is correlated positively with economic development in Sub-Saharan Africa. To promote greater prospects for sustainable economic growth, they suggested tailoring programmes with the intention of comprehensive finance to the agricultural sector.

Hypothesis two findings shows that affordability of financial services has significant positive impact on social sustainability. Kim et al.'s (2018) study of the connection between financial inclusion and economic development in 55 OIC nations from 1990 to 2013 lends credence to this theory. The report of the commission. Using a panel of studies, we discovered that financial inclusion has substantial positive effects on economic growth and that financial inclusion and economic growth have reciprocal causal relationships. Inferring causation via Granger tests.

Hypothesis three findings indicated that affordability of financial services has significant positive impact on environmental sustainability. Girón et al.'s (2021) research on the causes of financial inclusion in Asia's poorest nations corroborate this view. Their research showed that women and young people are disproportionately affected by the lack of access to financial services, and that higher levels of education and income are necessary to close this gap. They also discovered that development is aided by countries with higher levels of financial inclusion, which leads to more formal savings.

Conclusion and Recommendations

Based on the findings of this research, this study concludes that affordability of financial services boast organizational sustainability of deposit money banks in Port Harcourt. Thus providing affordable financial services to new customers would strengthen the financial base of deposit money banks thereby increasing the shareholders' value. Consequently, we recommend that financial service providers and policymakers should:

i. Draw policy that would make their products to be affordable by all customers.
ii. Further come up with strategies of making financial services affordable in their locations since every sub-offices has peculiarities.
iii. Ensure that people without formal financial services are given the opportunity to own zero bank account as this will give certain group customer a sense of belonging.

Limitations of the Study

i. One of the manifested limitations of the study is the use of cross sectional design which support collection of data from participants within a short period of time. Thus, conclusions about the directions of association between predictor and criterion variable implied in the study may not be drawn as a result of the short time frame.
ii. Another limitation could be the method of data collection which is confined to deposit money banks within Port Harcourt which does not represent the totality of deposit money banks in Nigeria. Hence, the further investigation on the study in other cities in Nigeria would enable better generalization of the findings.
iii. The total population for the present study may also be a limitation as other investigations with a higher population may likely give a better representation.

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