

CUSTOMERS' PATRONAGE, EARNINGS OF DEPOSIT MONEY BANKS AND NIGERIA'S SHRINKING ECONOMY

Oliver Ikechukwu Inyiama*

Department of Accounting, Covenant University, Ota-Ogun State, Nigeria, E – mail: oliver.inyiama@covenantuniversity.edu.ng

Ethel Chinakpude Inyiama

Department of Accountancy, Enugu State University of Science and Technology, Nigeria, E-mail: ethelinyiama@yahoo.com

Mary Ifeoma Okwo

Department of Accountancy, Enugu State University of Science and Technology, Nigeria, E – mail: ifeomaokwo@gmail.com

Ernest Chike Nwoha

Department of Accountancy, Enugu State University of Science and Technology, Nigeria, E-mail: chike.nwoha@esut.edu.ng

(Received: September 2021; Accepted: November 2021; Published: December 2021)

Abstract: This study investigates the extent to which customers' patronage has affected, caused and associated with the earnings of deposit money banks in Nigeria in the present Covid-19 era. An ex-post-facto design was adopted leading to data sourced from annual reports and accounts of Deposit Money Banks in Nigeria. A simple regression model was applied in gauging the effect of Customers' patronage on Profit before Tax, Granger Causality Test determined whether Profit before Tax was caused by Customers' Patronage while Correlational Analysis confirmed the relationship between the focal variables. Simple regression result reveals that an increase in Total Deposit will significantly increase Profit Before Tax (87%) in the banking industry. Correlation analysis, which is the anchor tool, shows that Total Deposit has a strong relationship with Profit Before Tax of Deposit Money Banks in Nigeria. Lastly, Granger Causality Test reveals that Total Deposit Granger Causes Profit Before Tax in Deposit Money Banks in Nigeria. The findings imply that Total Deposit is a strong determinant of movements in the level of earnings of Deposit Money Banks in Nigeria. It was observed that a greater percentage of customers, even as the economy shrinks

* Corresponding author: Rapheal Oliver Ikechukwu Inyiama. E-mail: oliver.inyiama@covenantuniversity.edu.ng

Copyright © 2021 The Author(s). Published by VGWU Press

This is an Open Access article distributed under the terms of the Creative Commons BY 4.0 license (Creative Commons — Attribution 4.0 International — CC BY 4.0) which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

Inyiama, O.I., Inyiama, E.C., Okwo, M.I., Nwoha, E.C., (2021)

Customers' Patronage, Earnings of Deposit Money Banks and Nigeria's Shrinking Economy

into recession after recession, prefer keeping their money with the bank as deposits expecting to earn interest on the investment. The study recommends that banks should strive, through enhanced packages, to mobilize deposits in order to enhance their earnings.

Keywords: Deposits, Customers Patronage, Earnings, Banks, Economy.

1. Introduction

The main essence of earnings by deposit money banks in Nigeria and beyond is to be able to absorb business operational losses, recognize the major stakeholders of the and still keep some money aside for investment and other survival strategies (FDIC, 2018). This is why earnings are the frontline safeguards against bank risks, business uncertainties, capital erosion and depletion, asset impairments and adverse government policies.

The banking industry in Nigeria and overseas is the most regulated and most supervised business environment. In Nigeria, the Central Bank of Nigeria (CBN) pursues the regulations of Deposit Money and other Banks vigorously through mandatory policies, corporate governance codes and other devices and strategies. The essence is to put on check some risk-taking incentives in pursuit of earnings (Ceccobelli & Giosi, 2019). IAS-IFRS adoption in the banking industry has further engendered sanity and neutrality in accounting estimates. Through the adoption of a uniform accounting language and standardized accounting policies around the world, IFRS has facilitated very high quality, uniform, comparable and acceptable financial statements.

Banks generally play a pivotal role in the allocation and reallocation of economic resources. They do this through the channeling of financial resources from individual and corporate depositors to the productive sectors through investors in a continuous fashion. This function is executed more comfortably when the banks successfully generate earnings in surplus of operational and administrative costs (Ongore & Kusa, 2013). This explains the need for deposit money banks to adopt cost reduction and other survival strategies in other to stay profitable if they must be alive to their responsibilities of intermediation.

The profitability of banks has a positive multiplier effect on the economy (Ongore & Kusa, 2013). This is because of its diverse stakeholders ranging from shareholders, other investors, government, employees, creditors, debtors, market men and women, organizations, churches, mosques, students, traders to even beggars and fraudsters. When a bank is profitable, it will better serve the needs of genuine stakeholders. Return on investments will be assured to the shareholders, corporate tax will be paid to the government, employees will expect a profit-sharing scheme, soft loans will flow to small and medium scale enterprises, creditors are assured of pay back of interest and capital and so on. Economic activities are catalyzed as money circulates

within the banking industry and beyond; with the attendant growth in the measurement indices.

In the financial statement of deposit money banks, deposits from customers and banks are treated as a liability to the banks where deposits are deposited and it is a financial position statement item. However, earnings of deposit money banks, proxied by Profit Before Tax, is an income statement item. The statement of comprehensive income presents deposit money banks' financial transactions and other activities over a period of time usually one year. On the other hand, the statement of financial position records the company account information and state of affairs on the last day of an accounting period or at any other date.

The persistent economic decay brought about by the Covid-19 pandemic globally and Nigeria in particular, cannot be over-emphasized (Hoban, 2020). The pandemic is still eating deeper into the fabric of our economic well-being. The restrictions that came with it, ranging from the lockdown of markets, schools, local and international businesses, hotels, bars, cinemas, clubs and airlines to the movement of goods and services. Specifically in the banking industry, skeletal services are still being offered in some branches, while full banking services have just commenced in some areas amidst internal restrictions and mandatory observance of Covid-19 protocols (Nevin & Amosun, 2020). These economic units are cost and profit centers which in the normal course of business should need banking services

Nevin & Amosun (2020) identified some government policies necessitated by the Covid-19 pandemic. Some of these policies could affect bank customers' patronage directly or indirectly and by extension, the economic wellbeing of Nigeria.

- i. One year moratorium and interest rate reduction was introduced on CBN facilities on intervention.
- ii. Introduction of a stimulus package into the banking system in form of soft loans.
- iii. NGN100 billion, NGN2 trillion, NGN1.5 trillion and NGN50 billion support the health sector, the manufacturing sector, impacted industries in the real sector and credit facility targeted at households and MSMEs through NIRSAL Microfinance Bank.
- iv. TraderMoni, FarmerMoni and MarketMoni loans were allowed three month moratorium repayment period. Funded loans by the Federal Government issued by the Bank of Industry, Nigerian Export-Import Bank and Bank of Agriculture were also allowed a three-month moratorium.
- v. For some months into the pandemic, cash transfers were conditionally made for immediate payment to the internally-displaced persons in camps as the most vulnerable.

- vi. Over NGN984 million were approved as Contingency funds and released to Nigeria's Centre for Disease Control (NCDC).
- vii. Suspension of Sale of foreign currency to Bureau De Change Operators Association of Nigeria.
- viii. Grant of NGN15 billion to Lagos State from Federal Government of Nigeria and so on.

This research investigates the extent to which customers' patronage has dwindled the fortunes of deposit money banks in Nigeria in this Covid-19 era and how this scenario might have affected the earnings of banks. This is amidst other cankerworms such as fraud, cut-throat competition, corruption, double digit inflation, sporadic interest and foreign exchange rate regime, policy summersault, worsening crude oil and petrol price, global insecurity, disregard for rule of law, abuse of privileges and general confusion in the polity. Consequently, this study evaluates the interactions between customer's patronage and earnings of Deposit Money Banks in Nigeria. The research adopts Profit Before Tax as dependent variable representing bank earnings; while Deposit from Customers and other Banks is the independent variable, representing customers' patronage.

The rest of the research paper has been organized into four sections as follows to make for a better understanding and deeper perception. Section 2 furnishes an elaborate review of relevant existing literature related to the study and its' key objectives. Section 3 states the methodology adopted for the study and the justification for the research efforts. Section 4 reviews empirical findings from data presentation and in-depth analysis. Section 5 summarizes the findings, provides far-reaching recommendations supported by implications of findings and then concludes.

2. Review of Related Literature

2.1 Conceptual Review

2.1.1 Earnings (Profit Before Tax)

The whole essence of a business, trade and to a large extent, a vocation, is profit which is a product of revenue or income. (Akanni and Akani, 2018) explains that, based on proper accounting standards, the amount of money a business received as revenue/income during an accounting year or any given period of time could be referred to as earnings. The researchers reiterated that profit is a function of earnings and could be used as a measure of profitability; which is the ability of a bank to earn a profit. However, profit was explained to mean that part of the revenue after direct and indirect expenses of the business are paid or adequately provided for. In this context, earnings are proxied by Profit Before Tax which could reasonably and generally be accepted as an index for measuring earnings of deposit money banks in Nigeria.

Inyama, O.I., Inyama, E.C., Okwo, M.I., Nwoha, E.C., (2021)

Customers' Patronage, Earnings of Deposit Money Banks and Nigeria's Shrinking Economy

Khalid (2012) is of the opinion that earnings and the accompanying profits are the first levels of protection against the huge risks of carrying on the banking business in Nigeria. They represent the first line of safeguard against the depletion of capital which results from impairments in the value of assets. Tsai (2010) opines that the level of earnings and quantum of profit should be a source of encouragement for banks to remain competitive as it will provide the necessary resources for the implementation of strategic initiatives of the management (Abubakar, Abuh and Inyada, 2019).

According to Adah (2012), profit is the bottom line that sets the limit of the success of a deposit money bank. However, the aim of every business manager or owner is to make a profit for its' teaming stakeholders and for expansion. The successful application of financial capital without its' depletion over a period of time, is expected to yield profit which is a financial return to the owners and other stakeholders of the business. Profitability catalyzes the growth in corporate financial capital which results from its' application in running the business from the beginning to the end of a period of time usually one year, after taking into consideration additional capital introduced into the business during the accounting year under review.

Osuagwu (2014) opines that an important ingredient of financial development is the level of bank profitability. The value relevance of profitability spreads through the banking firms' performance to the macroeconomic stability of the country. At the level of the firm, a higher return in terms of profit, to a large extent, brings bank fragility under a serious check. At the macroeconomic level, enhanced profitability will be tantamount to an enduring banking sector that is well-positioned to support economic development and speedy growth.

External and Internal Factors that Affect Profitability of Deposit Money Banks in Nigeria

External Factors

In Nigeria and many other developing countries of the world, the external factors that affect banks are principally security, political, religious and economic factors. The new entrant into the list of external factors is the Covid-19 pandemic which has introduced health-related matters as a key factor. In the last two years, the Covid-19 pandemic has affected the activities of banks more than any other external factor. It almost paralyzed the deposit drive and marketing of banks' products which are critical to earnings and profitability as the case may be. The pandemic protocols such as social distancing, wearing of face masks and/or face shields, washing of hands with running water, application of hand sanitizers and so on, target the core operations of the banks.

However, the current security situation in Nigeria is a major source of worry and apprehension. The spate of banditry, kidnapping and abduction for ransom, armed robbery, wanton destruction of assets, unbaiting insurgency attacks, the escapade of unknown gunmen, burning of police stations and killing of cops, massacres from gun-wielding herdsmen, religious war and so on has further worsened and seriously, threatens the smooth operation of banking business in Nigeria.

The economic indices in Nigeria such as rate of inflation, foreign exchange rate, interest rates, gross domestic product, foreign debt profile, external reserves, balance of payment and balance of trade, per capita income, gross national product and so on throw up scary figures that call for urgent attention as the situation looks hopeless. This high level of instability in political and economic factors negatively impacts the profitability of deposit money banks. The present precarious situation discourages deposits and borrowing.

Legal mandates and strict banking regulations as is obtainable in Nigeria are expected to generally have significant impacts on the profitability of deposit money banks. These legal frameworks and regulations most times impinge on the extent of credit the bank management could extend to customers seeking loans. It further restricts the number of liquid assets to keep and the nature of bank facilities to keep (Koch & Macdonald, 2014).

Resources available to deposit money banks are usually scarce and in short supply. Sequel to this, there is a need for serious competition and aggressive marketing. No doubt, this leads to high-interest rates on fixed and term deposits and by extension, savings in a bid to outwit the other banks. Sometimes, bank professional ethics are thrown overboard in this total drive for scarce deposits. Rose (2012) maintains that this situation will always give rise to a very low margin of return which adversely affects the level of Profit Before Tax.

Internal Factors

The banking industry maintains a good level of liquidity to enable it to meet the withdrawal needs of its' customers at the point of demand. Consequently, the liquidity level of deposit money banks and the categorization of customers' deposits are key internal factors that determine the profitability of most banks (Karim, 2001). The CBN regulatory framework on cash reserve ratios, statutory reserve and so on provides a guide to the banks while preparing their annual budgets. A level of liquidity must be maintained to retain the trust of bank customers upon withdrawal demands and to earn revenue through commissions, charges and interests (Saunders, 2014).

Deposits

A deposit could be seen as when a person, institution, or organization, generally referred to as bank customers, makes savings (money) available to a bank for custody but under an agreement to withdraw on demand or at a certain agreed date, at the instance of the customer. This explains why the depositors are creditors and deposits, liability to the bank, to extent of the unwithdrawn/unspent deposits and accrued interest, if any, from accounting and legal point of view. However, the funds generated by the banks through the application of the deposits in investments, loans, provision of services, purchase of stocks and shares and so on, are recognized in the banks' financial statement as assets of the banks.

Consequently, this deposit is also made available to bank customers who might need a loan, investment, trade, vocation and/or occupation. A reasonable amount of deposit is set aside for the advancement of loans to bank customers who then pay back in a certain future date, with a mark-up called interest. These deposits are made and could be withdrawn subject to certain conditions. The customer initiates the withdrawal action while the bank obliges if the extant conditions as stipulated are strictly adhered to. The conditions and terms always specify the procedure to be followed in moving money from one account to the other or withdrawing real cash. Movement or withdrawal of cash could be effected through cheques, internet banking, Automated Teller Machines (ATM), Point of Sale (POS), and so on.

Choudhry (2011) opines that deposits could be restricted to cash kept in the books of the deposit money banks. The value of the deposits could give an idea as to the worth or financial status of the depositors. However, deposit money banks do not abuse insider information which should be a secret and cannot be left in the public domain. Bank customers' deposits are subject to secrecy and confidentiality (Akhter, Akhter & Shahbaz, 2017) and should not be disclosed to third parties in the ordinary course of business. Deposits are the mainstay of every bank and the major source of investing funds and working capital to deposit money banks (Casu & Molyneux, 2006).

Classification of Deposit Money Banks in Nigeria

In Nigeria, Deposit Money Banks (DMB's) are classified into

- i. Savings Deposits,
- ii. Current Deposits and
- iii. Term Deposits.

Current Deposits

Schönhärl (2017) states that when a person, institution, or organization makes this type of deposit, the depositor is free to demand and withdraw the money at any

reasonable time he so desires. Current deposits are also referred to as demand deposits which are obligatory for the banks to pay upon demand by the depositor. Current deposits have high velocity in terms of movements in and out of the deposit money banks (Zopounidis, 2002). To open this class of account, the bank will usually request for a minimum deposit to be opened by the customer to open an account.

Savings Deposits

In this class of deposits, the customer is expected to have a savings agreement with the bank which center's on return on capital/deposit in as much as the customer reserves the right to be paid back his deposit without prior notice from the deposit at any time (Bikker & Gerritsen, 2018). Deposits are fall out from the customer's savings after operating costs, other direct and indirect costs are either paid for or provided for. This class of accounts is easy to open and to operate as money can be deposited and withdrawn at any time in line with the will of the bank customer (Somashekar, 2009).

Time Deposits

This class of deposit allows the banks to apply the deposits on investments such as loans, contract and LPO financing, calls, treasury bills, stock and shares, and so on. This deposit cannot be withdrawn at will by the customer but at a definite future, date to enable the investments to mature and yield returns (Hempel & Simonsom, 1999; Mishkin, 2007). A time deposit is very crucial to the banks as it contributes to fixed capital formation and affords the banks a pool of funds for juicy investments and by extension, interest income. The interest income is also extended to the Time Depositors through enhanced interest on fixed deposits (Bouheni, Ammi & Levy, 2016).

2.2 Theoretical Framework

2.2.1 Theory of Regulation

This theory derives from the need to monitor, checkmate and prevent errors, irregularities and fraud and in addition, regulate volatility and price of products and outputs which can give rise to financial crises, dwindling growth in the economy and distress in Nigeria deposit money banks. Therefore, it becomes noteworthy that regulation is hydra-headed necessitating the construction of regulatory models to address and form the management and risk-taking behavior of nonfinancial and financial institutions which could be achieved through a sound supervisory system expedient to the weaknesses and strength of the measures introduced (Yusuf & Tijani, 2019).

Bank distress and failure are most times a by-product of abuse or total neglect of regulatory frameworks. Disregarding of regulatory framework catalyzes financial

crises and if the CBN or other regulatory bodies are not quick to act, could result in a wider negative effect on the entire economy. This scenario as painted is a major assumption of the Theory of Regulation as developed by Sinkey (1992) and cited in Currie (2005).

The Theory of Regulation derives from the agency theory which dwells on the issues of hidden actions, also called moral hazards and hidden information also referred to as adverse selection. Sinkey (1992) as cited in Currie (2006), opines that the function and necessity of guarantees made by the government are noticed in situations where an organization is distressed. The confidence function establishes the fact that a distressed bank is characterized by very low and negatively skewed net worth as well as fluctuating revenue income, amongst other factors that impact negatively on financial performance. When the agency relationship breaks down, increased financial risks will result.

2.3 Empirical Review

Ikpefan, Olaolu, Omankhanlen, Osuma, & Evbuomwan (2018) suggests that since marketing attracts its target customers through advertising and promotional efforts, an association is definitely created that makes the exchange of goods and services very possible. The researchers are of the opinion that if the gap in communication between the customers and agents of the bank is narrowed, that the patronage and royalty of bank customers will receive a significant boost. This could be achieved by carrying the bank's products and packages to the doorsteps of the bank customers through a deep-rooted marketing strategy. The major aim of the research was to conduct a thorough investigation into the level of influence which marketing of services provided by deposit money banks in Nigeria has on customers' loyalty and patronage. The study randomly chose five (5) banks under the classification of deposit money banks in Nigeria namely United Bank for Africa (UBA), Guarantee Trust Bank (GTB), Eco Bank Plc, First Bank Plc and Skye Bank Plc. The study deployed primary data in its analysis which were collected through structured questionnaires. One hundred and fifteen (115) copies of the good designed questionnaire were shared out to literate selected banks customers with some level of stake. One hundred and thirteen (113) copies out of the one hundred and fifteen questionnaires were returned and deployed for the statistical analysis using the Statistical Package for social science (SPSS 23). The study adopted a linear regression model to enable it measure the effect of marketing strategies adopted by the deposit money banks on customers' patronage and loyalty. Findings reveal that an aggressive and well-packaged marketing strategy has a positive and very significant impact on customer loyalty and patronage. In conclusion, deposit money banks in Nigeria need to market their products in order to remain competitive,

Inyama, O.I., Inyama, E.C., Okwo, M.I., Nwoha, E.C., (2021)

Customers' Patronage, Earnings of Deposit Money Banks and Nigeria's Shrinking Economy

survive and keep their customers abreast of new packages, improved methods of banking, and benefits of keeping their savings with the banks. Therefore, the banks need to adopt a unique marketing strategy to attract more customers.

Olalekan (2011) admits that few studies had been carried out on electronic banking in Nigeria. The researcher maintains that there has not been any study on the effect of differences in gender on e-banking loyalty patronage. The study focused on determining whether gender differences affect patronage of electronic banking in Nigeria. Likert Scale was used in measuring the main characteristics of electronic banking which is subjected to the determining factors and descriptive analysis of data. The researcher surveyed the gender patronage of e-banking by bank customers in Lagos and Abuja. The survey was conducted in December 2008. Results reveal that gender differences in e-banking patronage and satisfaction in Nigeria are low. At this point, the researcher called for improvement in service delivery with respect to consistency in the application of standards and timeliness.

Paulík, Kombo & Ključnikov (2015) concentrated on the effect of Corporate Social Responsibility (CSR) on the loyalty and satisfaction of employees and customers of banks in the Czech Republic. The main objective of the research was to examine the extent the CSR strategy of banks could affect the loyalty and satisfaction of bank employees and customers. Descriptive statistics and Quantitative method of questionnaire survey were adopted for the research and the analysis of collected data. Findings reveal that about 87 % of customers of Czech banks, feel very comfortable and satisfied in terms of customer service delivery by the banks. The outcome of the analysis of data is that the relationship between customer loyalty and customer satisfaction is positive. Customers' perception of CSR does not significantly affect customers' satisfaction.

Rashid, Nurunnabi, Rahman and Masud (2020) opine that continuous innovation is very necessary for this age of information communication technology to enable the banks and the financial sector at large, attract quality and high profile, customers. Therefore, as a survival strategy, banks in the financial sector need to pursue innovations in operational performance and service quality to obtain customers' financial stability and loyalty. The researchers believed that there is a scarcity of studies on the financial performance of Islamic Banks and customer loyalty. This scarcity of studies then served as a morale booster to the researchers who then examined the relationship between financial performance and customer loyalty. An investigation was further carried out to find out if customer loyalty is affected by service qualities. Sources of data for analysis were both secondary and primary. Three hundred and fifty-six (356) questionnaires were deployed in a survey among customers of the sampled Islamic banks of Bangladesh. The questionnaires were used to seek for and obtain information about customer service quality and customer loyalty. Data on Financial performance were obtained from annual reports and

Inyiama, O.I., Inyiama, E.C., Okwo, M.I., Nwoha, E.C., (2021)

Customers' Patronage, Earnings of Deposit Money Banks and Nigeria's Shrinking Economy

accounts. Exploratory factor analysis, regression analysis, reliability testing was adopted in investigating the study hypothesis using, SERVQUAL model's five dimensions (tangibles, empathy, assurance, reliability, and responsiveness) to determine the service quality of Bangladeshi Islamic Banks. The outcome of the analysis reveals that the variables of service quality namely tangibles, empathy, reliability, and responsiveness have a positive and strong relationship with customer loyalty. The variable, assurance reveals an insignificant relationship with customer loyalty. The study could not establish any significant relationship between customer loyalty and the financial performance of Bangladeshi Islamic Banks. The findings imply that there are other financial and non-financial factors not considered in this study but with serious influence on customer loyalty.

Selamat & Abdul-Kadir (2012) states that the study was done in Malaysia to ascertain the bank selection procedure employed by Muslims and non-Muslim in an environment where both parties operate. The researchers took a sample of 200 customers of the banks in Klang Valley. The customers were surveyed in examining the factors that affect the banks' selection process whether Muslim or Non-Muslim. It was found that bank customers place a greater premium on the quality of service delivery in terms of efficiency and effectiveness than on religion. Muslims and Non-Muslims, during the selection of banks, are more interested in the confidentiality of their information, highly reduced waiting time, the reputation of the banks, and corporate image than in religion motivated factors. Therefore, banks have to give more attention to the preferences of old and new customers to retain the old and firmly attract the new whenever they are offering the products of Islamic banks.

Kontota, Hamalib & Abdullah (2015) maintains that, after the crisis in the financial sector, Islamic banking and finance have drawn so much attention. Bank customers had a paradigm shift from their choice of banks and decisions on where to keep their money after the crisis in the financial sector. The researchers collected qualitative data through personal interviews of bank customers on factors that determine their choice of banks for their deposits in Islamic banks. It was found, after a careful analysis of the responses from the face-to-face interview, that sharia compliance, confidence, returns, trust, transparency, security, the flexibility of withdrawal scheme, are the key factors that determine customers' preferences and choice of banks. In addition, it was found that security situations and general safety of lives and property are other important factors for consideration. Human touch and zakat (alms) were not left out as important factors to seriously ponder over.

Okenwa, Agbaeze & Onyejiaku (2020) examined the effects of risk management on accessing credits of development finance banks in Nigeria. A cross-sectional survey design and convenience sampling technique were applied in choosing the 387 respondents. Inferential and Descriptive statistical analytical methods were adopted

Inyiama, O.I., Inyiama, E.C., Okwo, M.I., Nwoha, E.C., (2021)

Customers' Patronage, Earnings of Deposit Money Banks and Nigeria's Shrinking Economy

in data analysis. The hypotheses were tested using Structural Equation Modeling (SEM) technique. Findings revealed that the patronage of credit facility majorly rests on the credit risk management strategy of development finance banks. Therefore, credit patronage could be measured by the number of credit offers by the banks. When banks offer loan facilities to their customers for investment purposes, it was found that customers turn down such facilities if the loan won't be enough for such investment and seek alternative sources. The researchers recommended, in alignment with the findings, that managers of development finance banks in Nigeria should consider factors such as the tenor of the loan, the volume of credit, and technicalities of loan repayment in extending facilities to loan applicants in order to boost patronage.

Bouzgarrou, Joudia & Louhichi (2017) investigate the profitability of domestic and foreign banks before and during the recent financial crisis. The study selected a sample of 170 commercial banks in operation in the French market. The study covered the period 2000–2012. The findings show that domestic banks are not as profitable as foreign banks during the period of crisis in the financial sector. Additional confirmatory tests carried out, further deepened the initial findings that foreign banks from well-advanced economies perform better than foreign banks from emerging economies. Upon investigation of the persistence of profitability in the banks, it was found that during the crisis in the sector, lagged profitability has a positive effect on foreign banks and a negative effect on domestic banks.

Ikpefan, Ibinabo, Osuma & Omojola (2019) carried out a study to ascertain the relationship between marketing strategies and deposit mobilization of deposit money banks in Nigeria. The study took a sample of five (5) deposit money banks selected at random namely, United Bank for Africa plc, Guarantee Trust Bank, Heritage Bank, Ecobank and Access Bank plc. The study conducted a massive review of existing literature in order to establish the nature and magnitude of the relationship between the dependent and independent variables. Primary data were collected, presented and analyzed using a statistical package for social science (SPSS, 23). The researchers administered one hundred and six (106) questionnaires to employees of the sampled banks. A linear regression model was deployed in testing the hypotheses to ascertain the nature and strength of the relationship between the variables. Findings revealed that marketing strategy has a significant effect on deposit money banks' deposit mobilization. It was concluded that the most valued assets of a deposit money bank are the customers whose expectations must be pursued with every sense of responsibility. The study recommends that banks should, as a matter of urgency, build sustainable relationship strategies into its' marketing program that will guarantee long-run business interaction with customers.

Amin (2012) analyzed the probability of Islamic credit card usage intention among Islamic banks' customers. The study examined attitude, knowledge of Islamic credit

Inyama, O.I., Inyama, E.C., Okwo, M.I., Nwoha, E.C., (2021)

Customers' Patronage, Earnings of Deposit Money Banks and Nigeria's Shrinking Economy

card, financial cost, demographic items and financial recommendations in order to ascertain if the factors as listed, affect the Islamic credit card usage intention. Theory of reasoned action (TRA) was adopted and the study designed a conceptual model to ascertain the factors influencing the Islamic credit card usage intention. Survey data were collected from 354 respondents through a structured questionnaire. Findings reveal that knowledge on an Islamic credit card, religion, marital status, financial recommendation, education level and age (young) significantly affect the Islamic credit card usage intention. It concluded that Islamic credit card usage intention is not affected by attitude on the Islamic credit card.

Following a detailed review of existing literature, the researchers decided to capitalize on the gap created by the dearth of scholarly journals on issues bothering on customers' patronage in this era of covid-19 and high level of insecurity in Nigeria banking industry. With this study, circumstantial evidence and reference materials will be made available to the banking sector and research world on the effect of covid-19 and general insecurity on deposit money banks' level of patronage by existing and proposed customers.

3. Methodology

This section is divided into research design, population and sample selection, sources of data, description of variables, model specification and method of data analysis.

The study is an *ex post facto* research design that made use of secondary data sourced from annual reports and accounts of the deposit money banks selected for the study out of the population of banks in Nigeria. The population of the study is the twenty-four banks operating in the Nigerian banking industry which survived the consolidation era and the period after the Central Bank of Nigeria phased out the Universal Banking Model in 2009 and introduced a new commercial banking model. In the selection of the sample, CBN Financial Soundness Metrics which principally applies the CAMELS (Capital Adequacy, Asset Quality, Management Efficiency, Earnings Quality, Liquidity and Sensitivity to Market Risk) Rating in tandem with Bank for International Settlement (BIS) metrics were used in rating Deposit Money Banks in Nigeria as applied in Yusuf & Tijani (2019). Ten banks namely Access, GTB, Zenith, FBN, Fidelity, EcoBank, Diamond, Sterling, FCMB, UBA were selected in order of the ranking.

In the model specification, the correlation coefficient that indicates the strength of the relationship between two variables in line with the research questions and as stated in the hypotheses was adopted as stated:

$$r_{xy} = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum(x_i - \bar{x})^2 \sum(y_i - \bar{y})^2}}$$

r_{xy} is the correlation coefficient of the linear relationship between the variables x and y

Where:

X represents Deposits from Bank Customers

Y represents Earnings (Profit Before Tax)

x_i is the value of deposit from bank customers in the sample

\bar{x} is the mean of the values of deposits from bank customers

y_1 is the value of the profit before tax of banks in the sample

\bar{y} is the mean of the values of profit before tax of banks

The variables in the estimated model are described as follows:

Table 1. Description of Model Variables

S/N	ARIABLES	ACRONYM	DESCRIPTION
1.	Deposits	TDP	Liability owed by the bank to its depositors
2.	Profit Before Tax	PBT	Leftover of the revenue after deducting all directly related expenses.

Source: Researcher's Arrangement.

The following analytical techniques were adopted:

1. The descriptive statistics indicate the values of measures of central tendency as well as the Durbin Watson, Skewness, kurtosis and Jacque Bera Statistic of the Variables.
2. The coefficient of correlations establishes the nature and strength of the relationship between the variables, Deposits and Profit before Tax.

4. Discussion of Findings

This section presents, analyzes and interprets the data sourced from the annual report and accounts of the selected deposit money banks in Nigeria.

4.1 Data Presentation

Where;

PBT - Profit Before Tax

TDP - Total Deposit

4.2 Data Analysis

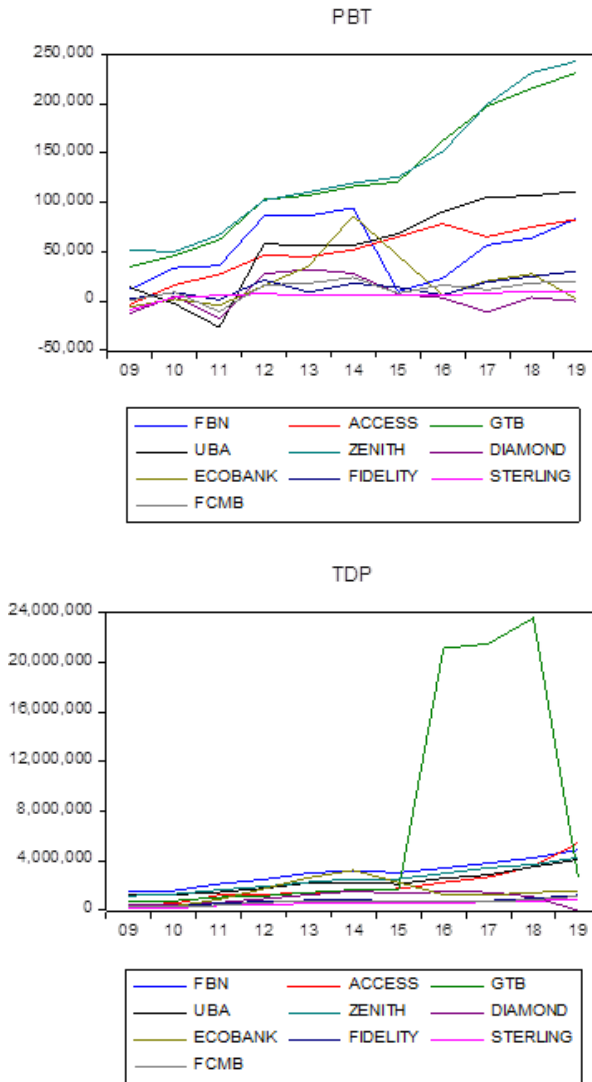


Figure 1. Line Graph Showing the Movement Pattern of the Variables
Source: Computed by Researcher Using Eviews 10.0 Statistical Software.

Table 2. Descriptive Statistic

	LOG(PBT)	LOG(TDP)
Mean	10.24403	14.09462
Median	10.37599	14.07662
Maximum	12.40203	16.97536
Minimum	6.753438	11.98680
Std. Dev.	1.296524	0.894634
Skewness	-0.420787	0.504500
Kurtosis	2.547857	4.178382
Jarque-Bera	4.179076	10.93027
Probability	0.123744	0.004232
Sum	1014.159	1536.313
Sum Sq. Dev.	164.7355	86.43999
Observations	110	110

Source: Computed by Researcher Using Eviews 10.0 Statistical Software.

Table 2 reveals that the asymmetry of the distribution of the series around its mean measured by the value of the skewness is within the zero range for Profit Before Tax (0.420787) and Total Deposit (0.504500). This implies that the distribution for panel data is symmetric(normal). The Kurtosis values for Profit Before Tax (2.447857) which is approximately three confirm that the series has a normal distribution. However, the Total Deposit (4.178382) value suggests that the panel distribution is peaked (leptokurtic) relative to the normal. An insignificant Jarque-Bera Probability for Profit Before Tax (0.123744) confirms that the panel data distribution for Profit Before Tax is normal. On the other hand, Total Deposit has an abnormal distribution because the value of the Jarque-Bera Probability is significant at 0.004232.

Table 3. Granger Causality Test Result

Pairwise Granger Causality Tests

Date: 06/05/21 Time: 17:12

Sample: 2009 2019

Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
TDP does not Granger Cause PBT	90	3.23635	0.0442
PBT does not Granger Cause TDP		4.35838	0.0158

Source: Computed by Researcher Using Eviews 10.0 Statistical Software.

Inyiama, O.I., Inyiama, E.C., Okwo, M.I., Nwoha, E.C., (2021)

Customers' Patronage, Earnings of Deposit Money Banks and Nigeria's Shrinking Economy

The pairwise Granger Causality Test result in Table 3 reveals that the null hypotheses for the two outcomes were rejected because the probability of the F-Statistic is less than 0.05. This implies that Total Deposit Granger Causes Profit Before Tax. In the same way, Profit Before Tax Granger Causes Total Deposit. It is logical for deposit money banks to make more profit as their deposits (patronage) increase. This is because deposits provide them with more capital for investments and other profit-making activities. Hence, Profit Before Tax can be used to predict Total Deposits of deposit money banks in Nigeria.

Table 4. Regression Analysis Result

Dependent Variable: PBT

Method: Panel Least Squares

Date: 06/05/21 Time: 15:18

Sample: 2009 2019

Periods included: 11

Cross-sections included: 10

Total panel (balanced) observations: 110

Variable	Coefficient	Std. Error	t-Statistic	Prob.
TDP	0.874285	0.359791	2.429983	0.0169
C	-1.655647	2.193338	-0.754853	0.4521
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.231142	Mean dependent var	3.647387	
Adjusted R-squared	0.153479	S.D. dependent var	2.501352	
S.E. of regression	2.301408	Akaike info criterion	4.599559	
Sum squared resid	524.3515	Schwarz criterion	4.869607	
Log-likelihood	-241.9757	Hannan-Quinn criter.	4.709092	
F-statistic	2.976237	Durbin-Watson stat	1.818792	
Prob(F-statistic)	0.002566			

Source: Computed by Researcher Using Eviews 10.0 Statistical Software.

The panel simple regression result in Table 4 reveals that the marginal contribution of Total Deposit to Profit Before Tax of deposit money banks in Nigeria is 0.874285. This implies that Total Deposit will increase Profit Before Tax by 0.874285. The P-value of the t-Statistic suggests that Total Deposit has a significant effect on Profit Before Tax in the industry. The variance in Profit Before Tax that can be explained

Inyiama, O.I., Inyiama, E.C., Okwo, M.I., Nwoha, E.C., (2021)

Customers' Patronage, Earnings of Deposit Money Banks and Nigeria's Shrinking Economy

by Total Deposit using the value for Adjusted R-squared is 15%. The probability of the F-statistic suggests that the regression coefficient is equal to zero. The Durbin-Watson statistic of 1.818792 is approximately 2 which suggests the absence of serial correlation.

Table 5 Covariance Analysis Result
 Covariance Analysis: Spearman rank-order
 Date: 06/03/21 Time: 13:30
 Sample: 2009 2019
 Included observations: 110

	PBT	TDP
Covariance		
Correlation		
t-Statistic		
Probability		
Observations		
PBT	1008.250 1.000000 ----- ----- 110	
TDP	791.8955 0.785416 13.18691 0.0000 110	1008.250 1.000000 ----- ----- 110

Source: Computed by Researcher Using Eviews 10.0 Statistical Software.

From the covariance analysis result in Table 5, it was revealed that there exists a strong and positive relationship between the Total Deposit (PBT/TDP 0.785416) and Profit Before Tax. The implication of the finding is that the Total Deposit of deposit money banks has a strong and positive relationship with Profit Before Tax. Therefore, an increase in patronage will result in a positive and significant increase in earnings in the sector and vice versa.

Test of Hypothesis

Statement of Decision Rule: Reject H_0 if the correlation coefficient is > 0.50 and accept the null hypothesis if reverse becomes the case.

Hypothesis: Profit Before Income Tax does not interact significantly with Deposits from customers and banks in Deposit Money Banks in Nigeria.

Inyiama, O.I., Inyiama, E.C., Okwo, M.I., Nwoha, E.C., (2021)

Customers' Patronage, Earnings of Deposit Money Banks and Nigeria's Shrinking Economy

Decision: From the covariance analysis in Table 4.2.4, the correlation coefficient for PBT/TDP is 0.785416 (apprx.79%) which is > 0.50 (50%). Therefore, the null hypothesis is rejected in this instance. This implies that total deposit has a strong relationship with profit before tax of Deposit Money Banks in Nigeria.

In the test of Hypothesis, the correlation result revealed that total deposit has a positive and strong relationship ((apprx.79%) with profit before tax of deposit money banks in Nigeria. This implies that as the total deposit increases, profit before tax will also increase. This is in tandem with the researcher's expectations. This is in tandem with the outcome of the research conducted by Tuyishime, Memba and Mbera (2015) which indicates that a positive change in deposits interest rate affects the level of deposits received and later on the profitability of the bank. The study also reveals that the introduction of innovative banking technology has led to an increase in deposits. The study done by Prasantha (1997), Das and Ghosh (2006) and Idowu and Awoyemi (2014) found that there is a gradual increase in the percentage of profit on the working funds due to deposit mobilization, also support the position of this study.

5. Conclusions

The data analysis conducted shows that total deposits have a strong and positive relationship with profit before tax of deposit money banks in Nigeria. This is in line with the a priori expectations of the researcher since the major revenue income of deposit money banks is interest income which flows naturally from facilities made available to customers from accumulated deposits. This implies that the quantum of facilities extended to the bank customers is a function of and tied to the total deposit liability of deposit money banks. Hence, to a very large extent, the profitability of a deposit money bank in Nigeria is a function of total deposits.

The researchers, therefore, recommend, among other things, that deposit money banks in Nigeria should strive to mobilize more deposits, even in this covid-19 era, through well-articulated marketing and promotional strategies. The banks should make the interest on deposits more competitive and offer enhanced incentives and packages to their numerous customers. This implies that deposit money banks must closely watch the movements and fluctuations of its' deposits from customers and other banks as this will ultimately assist the managers in making performance projections for the years to come.

Acknowledgments

The authors, Prof Oliver Ike Inyiama, Dr. Ethel Chinakpude Inyiama Prof. Mary Ifeoma Okwo and Prof. Ernest Chike Nwoha, immensely thank the anonymous

reviewers and the journal editor for their valuable contributions. The contributions made the work appear better and publishable.

Funding

There was no receipt of a specific grant from any not-for-profit organizations, funding agency in the public sector of the economy, or from the commercial sector.

Author Contributions

Dr. Ethel Chinakpude Inyiama, Prof. Ernest Chike Nwoha and Prof Mary Ifeoma Okwo conceived the study and formulated the research title. Prof. Oliver Ike Inyiama and Dr. Ethel Chinakpude Inyiama were responsible for the design and development of the research method which included data collection and analysis. Prof. Ernest Chike Nwoha did the interpretation of data analysis, while Prof Mary Ifeoma Okwo was responsible for the literature review section of the study.

Disclosure Statement

The authors, Prof Oliver Ike Inyiama, Dr. Ethel Chinakpude Inyiama, Prof. Mary Ifeoma Okwo, and Prof. Ernest Chike Nwoha, have not any competing financial, professional, or personal interests from other parties.

References

1. Abiola, I., Olausi, A. S., (2014). The impact of credit risk management on the Commercial Banks performance in Nigeria. *International Journal of Management and Sustainability*, 3(5), 295-306.
2. Abubakar, A.U. Abuh, A., Inyada, J. S., (2019). Banks' characteristics and earnings of Deposits Money Banks in Nigeria, *European Journal of Accounting, Auditing and Finance Research* 7(2), 48-59.
3. Abubakar, M.Y., Ezeji, M.O., Shaba, Y., Ahmad, S.S., (2016). Impact of credit risk management on earnings per share and profit after tax: the case of Nigerian listed Banks. *IOSR Journal of Economics and Finance*, 7(6), 61-68.
4. Accounting Tools, (2018). *Accounting CPE Courses and Books*, Financial Position, 2018.
5. Adah, A., (2012). An appraisal of CAMEL as parameters to predict distress in Nigerian banks. *Standardizer of the Nigerian Academics*. 5(1), 96-101.
6. Agbeja, O., Adelakun, O., Olufemi, F., (2015). Capital Adequacy Ratio and bank profitability in Nigeria: A Linear Approach. *International Journal of Novel Research in Marketing Management and Economics*. 2(3), 91-99.
7. Akani, H. W., Akani, V., (2018). Theoretical perspectives of earnings, profitability and asset quality in banking: Descriptive evidence from Nigeria economy. *World Journal of Finance and Investment Research*, 3(1), 1-24.

Inyiama, O.I., Inyiama, E.C., Okwo, M.I., Nwoha, E.C., (2021)

Customers' Patronage, Earnings of Deposit Money Banks and Nigeria's Shrinking Economy

8. Alshatti, A. S., (2015). The effect of the liquidity management on profitability in the Jordanian Commercial Banks. *International Journal of Business & Management*, 10(1), 62-72.
9. Ani, W. U., Ugwunta, D. O., Ezeudu, I. J., Ugwuanyi, G. O., (2012): An empirical assessment of the determinants of bank profitability in Nigeria: Bank characteristics panel evidence, *Journal of Accounting and Taxation*, 4(3), 38-43.
10. Aremu, M.A., Ekpo I.C., Mustapha A.M., (2013). Determinants of banks' profitability in a developing economy: evidence from Nigerian banking industry. *Interdisciplinary Journal of Contemporary Research in Business*, 4(9), 12 - 28.
11. Babatunde R. Y., Jamiu O.T., (2019). An evaluation of financial health of Nigerian deposit money banks using CAMELS Rating Model, *Annals of "Dunarea de Jos" University of Galati Fascicle I. Economics and Applied Informatics*, 25(1), 19 - 31.
12. Ceccobelli, G., Giosi, A., (2019). Earnings management practices in the banking industry: The role of bank regulation and supervision. *Corporate Governance: Search for the Advanced Practices*, 193-214. <https://doi.org/10.22495/cpr19p10>.
13. Olokoyo, F.O., (2011). Determinant of commercial bank's lending behavior in Nigeria. *International Journal of Financial Research*, 2(2), 61 – 72.
14. Currie, C. V., (2005), Towards a general theory of financial regulation: predicting, measuring and preventing financial crises (May 2005)", UTS Working Paper No. 142. Available at SSRN: <https://ssrn.com/abstract=877035> or <http://dx.doi.org/10.2139/ssrn.877035>.
15. Das, A., Ghosh, S., (2006). Financial deregulation and efficiency: An empirical analysis of Indian banks during the post-reform period, *Review of Financial Economics*, 15(3), 193-221.
16. Ebenezer, O. O., Omar, W. A. W., (2016). The empirical effects of credit risk on profitability of commercial banks: Evidence from Nigeria. *International Journal of Science and Research*, 5(8), 16 - 28.
17. Ghorbani, S. A, Nazmy A., Ardekani, M., (2011). The impact of actual management of interest on future operating cash flows. *Journal of Empirical Research in Financial Accounting*, 4(1), 314-353.
18. Gizaw, M., Kebede, M., Selvaraj, S., (2015). The impact of credit risk management on profitability performance of commercial banks in Ethiopia. *African Journal of Business Management*, 9(2), 59-66.
19. Idowu, A., Awoyemi, S. O., (2014). The impact of credit risk management on the commercial banks performance in Nigeria. *International Journal of Management & Sustainability*, 3(15): 295-306.
20. Ikpefan, O. A., (2012). Bank capitalization and performance in Nigeria banking industry (1986-2006): Empirical evidence. *European Journal of Accounting Auditing and Finance Research*, 1(4), 12-32.
21. Inyiama, O., (2014). Interactions between retained earnings and provision for depreciation in Nigeria brewery industry", *International Journal of Finance and Accounting*, 3(5), 316-326. doi: 10.5923/j.ijfa.20140305.06.

Inyiama, O.I., Inyiama, E.C., Okwo, M.I., Nwoha, E.C., (2021)

Customers' Patronage, Earnings of Deposit Money Banks and Nigeria's Shrinking Economy

22. Kaaya, I., Pastory, D., (2013). Credit risk and commercial banks performance in Tanzania: A panel data analysis. *Research Journal of Finance and Accounting*, 4(16), 55-62.
23. Khalid, A. C., (2012). The impact of asset quality on profitability of private banks in India: A case study of JK, ICICI, HDFC & YES Banks, *Journal of African Macroeconomic Review*, 2(1), 1-22.
24. Kolapo, T. F., Ayeni, R. K., Oke. M. O. (2012). Credit risk and commercial banks' performance in Nigeria: A panel model approach. *Australian Journal of Business & Management Research*, 2(2): 31-38.
25. Marco D. A., Luciano M., (2015). Stakeholder management and performance measurement systems in banks, Retrieved on 25 February 2019, from <https://www.researchgate.net/publication/280227347>, Stakeholder Management and Performance Measurement in Banks.
26. Mashayekhi B., Mehrani S., Mehrani K., Karami G.H., (2005). The role of discretionary accruals in earnings management of listed companies in the Tehran Stock Exchange. *J. Iran. Account. Audit. Rev*; 42:61-74
27. Mengistu, M.M., (2015). Evaluation of the financial performance of banking sector in Ethiopia: The case of Zemen Bank. *Global Journal of Management and Business Research & Finance*, 15(9), version 1.0 year 2015, USA.
28. Merrit, C., (2019). Assets vs. Liabilities & Revenue vs. Expenses, *Small Business, Accounting & Bookkeeping, Expenses.*, Updated March 09, 2019.
29. Nabil, B.A., Hassan I.A. (2014). The impact of applying financial performance indicators on earnings management in manufacturing companies. *European Journal of Business and Management*; 6924, 80-86.
30. Naila, T., Ahmad, K., Mian S.N., (2014). Real earnings management and future performance. *Journal of International Management Institute*; 1(2), 356-397.
31. Olalekan, A., Adeyinka, S., (2013). Capital adequacy and banks' profitability: An empirical evidence from Nigeria", *American International Journal of Contemporary Research*, 87-93.
32. Olokoyo, F.O., (2011). Determinants of commercial banks' lending behavior in Nigeria. *International Journal of Financial Research*, 2(2), 61 – 72.
33. Olowolaju, P.S., (2018). Effect of non-interest income on profitability of deposit money banks in Nigeria, *Journal of Banking and Financial Dynamics* 2, 1-8.
34. Ongore, V. O., Kusa, G. B., (2013). Determinants of financial performance of commercial banks in Kenya, *International Journal of Economics and Financial Issues*, 3(1), 237-252.
35. Osuagwu, E.S., (2014). Determinants of bank profitability in Nigeria. *International Journal of Economics and Finance*, 6(12): 1916-9728. Available at: <https://doi.org/10.5539/ijef.v6n12p46>.
36. Ozgur, O., Gorus, M. S., (2016). Determinants of deposit bank profitability: Evidence from Turkey. *Journal of Applied Economics and Business Research*, 6(3), 218-231.
37. Prasantha, A., (1997). Performance of public sector commercial banks, A case study of state bank of Hyderabad, abstract of doctoral dissertation, Finance India.
38. Saidi, A.H, Hamed, N.R., (2013). The relationship between real earnings management activities and future performance of firms listed in Tehran Stock Exchange. *Journal of Management Accounting*; 5(2), 218-298.

Inyiama, O.I., Inyiama, E.C., Okwo, M.I., Nwoha, E.C., (2021)

Customers' Patronage, Earnings of Deposit Money Banks and Nigeria's Shrinking Economy

-
39. Sinkey, J.F., (1992). Commercial bank financial management. Maxwell: MacMillian.
40. Taylor, G. K., Xu, R. Z., (2010). Real earnings management and subsequent operating performance. SSRN Electronic Journal. 4(2), 546-589.
41. Tsai, Y. C., (2010). The current situations, problems and countermeasures of Taiwan's Banking system, sinopac finance quarterly. 8(24): 77-102.
42. Tuyishime, R., Memba, F., Mbera, Z., (2015). The effects of deposits mobilization on financial performance in commercial banks in Rwanda. A case of equity bank Rwanda Ltd, International Journal of Small Business and Entrepreneurship Research, 3(6), 44-71.