IMPACT OF FINANCIAL INCLUSION ON THE PERFORMANCE OF DEPOSIT MONEY BANK IN NIGERIA

(A CASE STUDY OF ZENITH BANK OF NIGERIA PLC, ILORIN)

By

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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Financial inclusion is the delivery of financial services at affordable costs to disadvantaged and low-income segments of society. It is an essential driver of economic growth and poverty reduction in developing economies like Nigeria. Deposit money banks, such as Zenith Bank PLC, play a critical role in advancing financial inclusion through innovative banking services, digital transformation, and branch network expansion. Hence, accessibility to financial services has increasingly become an area of interest for policymakers for the apparent reason that it has far reaching economic and social implications (Nwanne, 2015). However, the extent to which financial inclusion influences the performance of deposit money banks remains an area of growing interest. This research will examine the impact of financial inclusion on the operational and financial performance of Zenith Bank PLC, focusing on profitability, customer base, and service delivery.

Financial inclusion also refers to the availability and accessibility of financial services to individuals and businesses, particularly underserved populations, at affordable costs. In Nigeria, deposit money banks (DMBs) play a pivotal role in extending financial services that promote savings, investments, and economic growth. Enhanced financial inclusion supports deposit mobilization, improved bank performance, and increased lending capacity (World Bank, 2018). Despite various policies aimed at increasing financial access, a significant proportion of Nigerians remain unbanked or underbanked, which affects both financial stability and the profitability of banks (CBN, 2021). This study seeks to examine the extent to which financial inclusion influences the operational performance of DMBs in Nigeria. The Nigerian banking industry has grown tremendously over the years. This information is based on the number of banks and bank branches, their total income and the value of the company. Ayadi and Ellouze (2015) said that working in banking is above all about improving value for money. It is therefore defined as the ability to achieve a goal while minimizing costs (performance and efficiency). Performance and effectiveness are key words in monitoring and measuring business performance, but the challenge is to correct past performance and effectiveness. The first is linked to the methods used and the results obtained, as the second, it is linked to the objectives and results. Cicea and Hineu (2019) stated that DMB represents the principal or credit for the economy of any country. On the other hand, credit is a mechanism involved in the transfer of money that determines the economic growth and development of a country. For this reason, each work of the DMB project must submit an evaluation plan of the investment work that corresponds to its situation and its needs and this evaluation must be carried out at the same time to ensure the achievement of the objectives of the investment -money. Banking and knowledge of the general structure of banking. The practice of investing in the past and therefore predicting the future (Ngumi, 2023). Profit is one of the most common performance measures (Ahmed, 2019). It provides insight into the bank's ability to take risks and grow its operations. There has been much discussion about the optimal profit margin for financial performance.

1.2 Statement of the Problem

The Nigerian financial system has faced persistent challenges in achieving comprehensive financial inclusion. Despite the proliferation of banks, mobile banking services, and agent networks, a large percentage of the population still lacks access to basic financial services. This exclusion limits deposit mobilization, constrains credit availability, and affects the profitability and efficiency of banks (Adebayo, 2020). There is a need to understand how financial inclusion initiatives impact the performance metrics of deposit money banks, including profitability, customer base expansion, and operational efficiency. Several studies were carried out analyzing and comparing the determinants of financial inclusion among regions (Sarma & Pais, 2011; Gupte et al., 2012; Akudugu, 2013; Hassan, 2015; Park & Mercado, 2015; Lotto, 2016; Hillary, 2016; Uddin et al., 2017; Abel et al., 2018; Hussaini & Chibuzo, 2018; Neaime and Gaysset, 2018; Anyanwu et al, 2018; Mdasha et al, 2018; Ojwang & Otinga, 2019; Kapaya, 2019; Kinyua & Omagwa, 2020; Al-Chahadah et al., 2020; Koomson et al., 2020; Singh, 2020; Anastesia et al., 2020; Kamal, 2021; Eze & Alugbuo, 2021; Johnpaul & Patience, 2021; Maity & Sahu, 2021; Naser & Alabassi, 2022; Al-Eitan et al., 2022; Winful et al., 2022). However, most of the previous studies focused on the determinants of financial inclusion in the developing countries of Asia, South America, Europe, North Africa, Sub-Saharan Africa or in countries such as Bangladesh, India, China and Indonesia. Even in Nigeria, most prior studies focused on financial inclusion and economic development or economic growth. For instance, Naser and Alabassi (2022) result showed that financial inclusion has a positive and moral effect on financial performance, and financial inclusion supports the interaction of (banks, customers) with banks in a way that leads to building long-term relationships with customers. Hence, this study investigates financial inclusion and financial performance of deposit money banks in Nigeria.

1.3 Research Questions

1. What effect does financial inclusion have on the performance of deposit money banks in Nigeria?
2. What are the challenges faced by Zenith Bank in promoting financial inclusion?
3. What are the role of technology and digital financial services in enhancing financial inclusion?
4. What recommendations can be provided on how Zenith Bank Plc can address its challenges be addressed to improve bank performance?

1.4 Research Objectives

The main objectives of this research are:

1. Financial inclusion has on the performance of deposit money banks in Nigeria
2. To determine how financial inclusion affects customer satisfaction and retention in Zenith Bank PLC.
3. To analyze the role of technology and digital financial services in enhancing financial inclusion.
4. To provide recommendations on how Zenith Bank can improve its financial inclusion strategies for better performance.

1.5 Research Hypotheses

The study will be guided by the following hypotheses:

H_{o1}: Financial inclusion has no significant effect on the performance of deposit money banks in Nigeria.

Hi_1: Financial inclusion significantly affects the performance of deposit money banks in Nigeria.

Ho_2: Financial inclusion does not affect customer satisfaction and retention in Zenith Bank PLC.

Hi_2: Financial inclusion affects customer satisfaction and retention in Zenith Bank PLC.

Ho_3: There are no active role for technology and digital financial services to play in enhancing financial inclusion.

Hi_3: There are no active role for technology and digital financial services to play in enhancing financial inclusion.

1.6 Significance of the Study

This study provides insights into the relationship between financial inclusion and bank performance, offering benefits to various stakeholders:

1. **Policy Makers**: To inform financial sector policies aimed at enhancing access to banking services.
2. **Deposit Money Banks**: To optimize financial inclusion strategies for increased profitability and market share.
3. **Researchers and Academics**: To expand the body of knowledge on financial inclusion and bank performance.
4. **Entrepreneurs and the Public**: To better understand the importance of financial inclusion for economic empowerment.

1.7 Scope and Limitations of the Study

The study focuses on the impact of financial inclusion on the performance of deposit money banks in Nigeria from 2015 to 2025. It will examine metrics such as profitability, deposit growth, and customer base expansion. Limitations include potential data access constraints and varying definitions of financial inclusion across different regions.

1.8 Definition of Key Terms

- **Financial Inclusion**: The provision of financial services at affordable costs to disadvantaged and low-income segments of society (Klapper et al., 2016).
- **Deposit Money Banks (DMBs)**: Financial institutions licensed to accept deposits from the public and provide credit (CBN, 2021).
- **Profitability**: The ability of a bank to generate earnings over a specific period.
- **Digital Financial Services**: Financial services delivered through digital platforms, including mobile banking and internet banking.

1.9 Organization of the Study

The research will be divided into five chapters as follows.

Chapter one contains the background of the study (Introduction), Statement of Problems, Research Questions, Objective of the Study, Research Hypothesis, Significance of the Study, Scope of the Study, Definition of Terms and the Organization of the Study. Chapter two covers the Literature Review. Chapter three discusses about the research methodology, source of data, population of the study, sample size, method of data collection, method of data analysis, limitation to methodology. Chapter four contains data analysis, presentation, and findings. Chapter five covers the summary, conclusion, recommendations.

CHAPTER TWO

2.0 Literature Review

2.1 Conceptual Framework

2.1.1 Concept of Financial Inclusion

The concept of financial inclusion ensures a process that will appropriately market financial products and services, such as payments, savings deposits, insurance, credit facilities and pension to all sectors of the economy, not excluding the vulnerable people in a transparent manner according to their needs and at affordable price when needed without any form of mismatches caused by institutional and regulatory players (Nair, 2014). Financial inclusion covers sustainable, relevant, cost effective and meaningful financial services for the financially underserved population especially rural dwellers (Ibor et al., 2017). Thus, financial inclusion is the ability of individuals to access and use basic financial services like savings, loans and insurance designed in a manner that is reasonably convenient, reliable and flexible. Centre for Financial Inclusion (2013) also described financial inclusion as a state in which all people who can use financial services have access to a complement of quality financial services, provided at affordable prices, in a convenient manner and with dignity for the clients.

Kabakova and Plakenkov (2018) defined financial inclusion as obtaining some form of financial access, for example having an account in a formal financial company that allows individuals to borrow, save and invest. Financial inclusion is defined as the process that includes the delivery of financial services (loans, deposits, insurance) in a timely manner to all segments of society at appropriate costs. Vo et al. (2021) defined financial inclusion as a situation in which companies and individuals can have access to and make use of financial services. Therefore, it does not only reflect financial development, but also financial knowledge, and therefore, financial inclusion can provide the basis for the development of the financial system (Chuc et al., 2022; Emara & El Said, 2021). Mhlanga (2021) defined financial inclusion as the process in which banking services are provided to all segments of society, especially those with low incomes. Lakuma et al. (2019) pointed out the importance of financial inclusion by saying that it helps to alleviate enterprises' growth constraints and increases their access to finance thus leveling the playing field between firms of different sizes. Specifically, financial inclusion connects and avails people the opportunity to interact with banks which yield social and economic benefits both to the individual and the nation.

2.1.2 Dimensions of Financial Inclusion

Financial inclusion is measured in various ways, depending on the aspects and focuses of different studies. The most commonly used indicator is the number of bank accounts (per 1000 adult persons). Some other indicators are number of bank branches (per million people), number of ATMs (per million people), amount of bank credit and amount of bank deposit and the amount of loans and credits granted to micro, small, and medium enterprises (Kabakova & Plakenkov, 2018).

2.1.3 Loans Granted to Customers

Loans granted to customers refer to the total loans granted by the bank. According to Puspitasari et al. (2021), loans granted to customers compare the size of a bank loan to its deposits to analyze the bank's funding strategy. Funding can come from customer deposits or the wholesale markets (in the form of demand deposits, savings accounts, time deposits, time deposits certificates, and other immediate obligations in the form of credit). Lending is the main activity of the bank, besides collecting funds from customers, because it is the main source of bank income. Banks generally make money by borrowing money from depositors and compensating them with a certain interest rate. The banks will lend the money out to borrowers, charging the borrowers a higher interest rate, and profiting off the interest rate spread. If the loans are one of the important sources of financing, and on the other hand, the loan provides the issuing bank with an opportunity to obtain appropriate returns (interest rate) and thus improves financial performance (Qamruzzaman & Wei, 2019). Al-Hamad et al. (2021) posited that deposit money banks all over the world thrive on their ability to generate income through their lending activities. Since commercial banks depend on depositor's money as a source of funds, it means that there are some relationships between the ability of the banks to mobilize deposits and the amount of credit granted to the customers.

2.1.4 Deposits with Banks:

Deposits with banks refer to the total deposits with the bank (Qamruzzaman & We, 2019). If this money is available, it helps the bank to exploit investment opportunities in an optimal manner, which is reflected positively on the bank's financial performance. Choudhry (2011) stated that due to individuals or institutions, deposits are restricted to cash deposited in the banks' deposit money books. As the value of the deposit may indicate the depositor's financial status, which is a secret that cannot be disclosed, the bank deposits are subjected to strict confidentiality (Akhtar et al., 2017). The deposits are important as they are the lifeblood of banks and the main source of money. They may account for more than 90% of the total opponents which are the lowest cost and are among the most fertile sources of money.

2.1.5 Bank Branches Spread

In the past, most Nigerian banks had limited the spread of their branches to established urban centers. During that period of financial exclusion, few banks had shown interest in the rural areas of the country. According to Onaolapo (2015), some banks recorded reduction in financial performance during that period hence they were discouraged from establishing such branches. However, with the growth in financial inclusion, banks have to open up branches in different parts of the country. The biggest concern is whether the spread of the branches have an effect on financial inclusion and whether it amounts to better financial performance. As banks open up branches to rural areas, the biggest concern is whether the number of branches amounts to higher volumes of transactions. The opening up of branches is aimed at ensuring that the customers gain access to new services, which cannot be provided using agents, representatives, or mobile banking. In the past, banks were reluctant to open up branches due to the element of cost. It is important to study whether proper spread of branches across different geographical location can have an impact on the financial performance of banks. The main areas of concern for this study under the third variable include the number of branches and their spread across the country, the effect in terms of changes in volume of transaction, and the cost incurred in the operations.

2.1.6 Mobile Banking

The advent of mobile banking financial services during the recent 5 years is revolutionizing the landscape of financial services in Nigeria. The rapid increase in service coverage provides proof that the mobile banking channel is an effective way of providing access to people all over Nigeria including the rural areas which were previously excluded. Mobile money allows for any mobile banking subscriber whether banked or unbanked to deposit value into their mobile account, send value via a simple handset to another mobile subscriber, and allow the recipient to turn that value back into cash easily and cheaply. In this way, m-money can be used for both mobile money transfers and mobile payments. The introduction of mobile banking together with enabling technology in alternative delivery channels (mobile bank platforms, ATMs and POS) will rapidly expand financial service providers (FSP) outreach to the underserved and totally excluded population. This is also likely to facilitate services of other financial services including deposit money bank and

SMEs. In Nigeria, SMEs have adopted mobile banking services provided by the financial institutions to enhance financial access which eliminates financing challenges that have been found to limit SMEs financial performance.

2.1.7 Agents Banking

Agent banking is one of the innovative models of delivering banking services to the population. The strategy has brought trained financial service providers within the reach of millions of people in Nigeria. However, there is little knowledge regarding the effect of agents and representatives on financial inclusion and performance of banks (Appah & Tebepah, 2017). The agents and representatives have managed to ensure person-to-person payments and ensuring that there is delivery of credit, savings and other financial products to the poor. The agents perform customer’s services (deposits and drawings), account openings, and customer care services (Appah & Tebepah, 2017). The use of the agents has however not opened up to accessing new financial services other than the ones above. The extent to which such services have influenced the financial performance of banks must be determined through analysis of the different sub variables. The agents have ensured that there is an increase in financial inclusion through serving the part of the population that was underserved (Appah & Tebepah, 2017).

2.1.8 Concept of Financial Performance

Financial performance describes the bank’s ability to use its assets optimally to achieve profits (Hannon et al., 2021). Financial performance represents a tool that depends on knowing the implementation of the bank’s financial resources, as well as being a critical factor for the success of the company’s management (Ichsan et al., 2021). Financial performance is the most important factor as the basic criterion for investment evaluation (Hazaea et al., 2021). Prasetyo et al. (2021) indicated that financial performance is an influential factor in improving the value of the bank.

Financial performance is a concept that reflects the bank's ability to manage its resources in various ways in order to enjoy a competitive advantage. The financial performance of a bank is expressed in quantitative values or measures expressed in monetary units such as the rate of return on equity and the rate of return on investment. Measuring financial performance results in the formulation of rules and mechanisms that help banks improve their strategies, as well as an assessment of achieving goals and rewarding managers (Abdulnafea et al., 2022). Financial performance is defined as the degree to which the bank’s financial goals are achieved (Nguyen et al., 2021). Financial performance is defined as a measure of the bank's ability to manage its assets in an optimal manner to achieve profits (Bag & Omrane, 2022).

Financial performance is also known as a general measure of health. The financial performance during a certain period can be used to measure the bank's performance in comparison with the banks operating in the same sector (Ehiedu & Toria, 2022). Financial performance is the product of all the bank's operations and strategies, as the financial performance of banks provides information to develop their strategic plans (Abdulnafea et al., 2022). Kurawa and Shuaibu (2022) defined financial performance as a measure of expressing the general financial productivity of banks over a specific financial period. This study employed return on assets as the indicator for bank financial performance.

2.1.10 Return on Asset

Return on assets (ROA) is an indicator of how profitable a company is relative to its total assets. ROA gives a manager, investor, or analyst an idea as to how efficient a company's management is at using its assets to generate earnings. Return on assets is displayed as a percentage (Bashari & Mohammed, 2019). Return on Assets (ROA) is an indicator of how well a company utilizes its assets, by determining how profitable a company is relative to its total assets; ROA is best used when comparing similar companies or comparing a company to its previous performance. ROA takes into account a company's debt, unlike other metrics, such as Return on Equity (ROE). Return on assets (ROA), in basic terms, explains what earnings were generated from invested capital (assets). ROA for public companies can be different from one company to another dependent on the industry. This is why when using ROA as a comparative measure, it is best to compare it against a company's previous ROA numbers or against a similar company's ROA. The ROA figure gives investors an idea of how effective the company is in converting the money it invests into net income. The higher the ROA number, the better, because the company is earning more money on less investment. ROA is most useful for comparing companies in the same industry, as different industries use assets differently (Ahamed, 2017). Murekefu and Ouma (2012) stated that return on assets is a financial ratio that shows the percentage of profit a company earns in relation to its overall resources. It is commonly defined as net income divided by total assets. Net income is derived from the income statement of the company and is the profit after taxes.

2.3 Theoretical Framework

The study is anchored on the **Financial Intermediation Theory and** Diffusion of new theory

2.3.1 The Theory of Financial Inclusion

The theory posits that improved access to financial services enhances economic stability and the overall performance of financial systems (Klapper et al., 2016). Financial Intermediation Theory explicates the function of commercial banks in intermediating funds through financial inclusion as a social and profitable venture and hence stability. The significance of financial intermediation theories lies in their focus on banks role in efficient apportionment of funds, market frictions minimization, and asymmetric information, which is a vital component of effective financial stability. Goldsmith (1969) posited that the basis of the financial intermediation theory gave wide-ranging facts related to the financial structure and the economic development. It was determined that in the course of economic development of a nation, the financial system develops faster than the wealth of the nation. Determining the size of the financial system in a country is the division of the role of saving and investment among the various units in the economy (Oranga & Ondabu, 2018). The contemporary society has continued to appreciate the role played by financial intermediation in development of the economy (Scholtens & Van Wensveen, 2003).

Theoretical and empirical researchers have shown that financial intermediation plays an important role in the growth of the economy. The banks through financial intermediation ensure that there is financial inclusion. In the process of ensuring that there is access to information, financial literacy and efficient allocation of the resources in the country, there is a risk that the banks take on behalf of the different players in the economy (Oranga & Ondabu, 2018). The risk taken during the financial intermediation process has to cover the financial institution through the charging of the interest rate. This theory is critical to the study because it highlighted the fact that financial institutions can earn through their role of financial intermediation hence improving their financial performance. The elements of financial intermediation have proven critical in ensuring financial inclusion, meaning that research of this nature would want to determine whether the financial inclusion results to profits for the financial institutions that offer intermediation services.

2.3.2 Diffusion of new theory

The Theory was developed by Roger (1962), is a process of how, why, and how quickly new ideas and technologies spread across cultures, making them with everyone level and stable / wealth. According to Rogers (2003), this is based on four factors; innovation, time, communication channels and the role of social systems as a result of specific innovations. Rogers (1995) further explained that the critical factors that determine the acceptance of innovation at a general level are value, compatibility, complexity, experimentation and awareness. Marginal value indicates the extent to which an innovation (the introduction of an ATM) is perceived to provide value over its predecessor. This results in increased productivity, economic benefits and improved quality (Monyoncho, 2015).

Previous studies have concluded that the value of an innovation is closely related to the rate of adoption. When the user perceives the benefits or value of the new technology they adopt (Roberts and Amit, 2003) Consistency refers to the extent to which the activity is considered to be consistent with the values, current and past beliefs, can convert its investment in assets into profit. (Chen et al, 2004). Relevance is an important aspect of innovation because compatibility with customers' lives leads to faster adoption rates (Roger, 2003). The complexity (how easy it is to use) of the technology will also affect its adoption. If the use of technology requires a lot of training, it must be that the user lends himself (Monyoncho, 2015). The objective of the innovation describes the extent to which the innovation is visible to the members of the society (including the bank) and the value (the bank's profit) can be easily seen and communicated (Roger, 2003). Moore and Izak (1991) simplified the first construct by focusing on two constructs: visibility (the number of bank accounts or the number of bank account holders) and visibility (the value and banking wealth). According to Ram, Kagan and Lingam (2008), testability is defined as the extent to which new things can be tried and tested (investment income) before adoption. Beneficiaries who are allowed to try the innovation will be more comfortable with it and more likely to adopt it.

2.2 Empirical Review

Several studies explore the link between financial inclusion and bank performance.

Naser and Alabassi (2022) analyzed the impact of financial inclusion on financial performance. The study adopted the quantitative approach, and (4) banks listed in the Iraqi Stock Exchange were selected as a sample for the study. The study used multiple linear regression analysis to test the hypotheses of the study. Financial inclusion has a positive and moral effect on financial performance, and financial inclusion supports the interaction of (banks, customers) with banks in a way that leads to building long-term relationships with customers. The study suggested that the necessity of adopting financial inclusion by commercial banks as a strategy to improve financial performance. This is done by spreading a culture of financial inclusion and striving to deliver financial services to multiple regions. Al-Eitan et al. (2022) determined financial inclusion indicators that affect Profitability of Jordanian commercial banks: Panel data analysis. 13 Jordanian banks' data from 2009 to 2019 were examined to determine the above issue. The study applied fixed effects on a panel data regression model. The findings indicated that the number of loan accounts and size of deposits negatively and significantly impacted the profitability of the commercial banks in Jordan.

The work of Shidadeh, Hannon, Guan, Haq and Wang (2018) found the relationship between the activities of FIs and banks in the Jordanian economy using annual data from 13 depository banks from 2009 to 2014. To see and the power of reason, The research has used the number of ATMs, the number of ATM services and credit cards that represent the FI while the performance is measured by the amount of money and the return on assets growing the bank. The study reveals the significant impact of FI on the performance of trust funds in Jordan.

Obiekwe and Anyanwaokoro (2017) specifically studied the impact of automated teller machines (ATM, point of sale (POS) and mobile payment (MPAY)) on the profitability of deposit banks in Nigeria. A total sample of five (5) banks was Consider it. period from 2009 to 2015 and the entire research adopted the Panel Least Square (PLS) analysis method as its research tool. The banks used in the study, the results showed that the automatic teller machine (ATM) and mobile phones had a significant effect. and profitability of deposit banks in Nigeria. However, Point of Sale (POS) has an insignificant effect on the profitability of deposit banks in Nigeria. profitability of depository banks in Nigeria) Nigeria.

Aliabadi, Gheysari and Ahmadian (2016) analyzed the effect of different e-banking systems such as ATMs, POS and return on assets (ROA) using a panel model (data of we mix and time). The results of the study show that the effect of the cost of ATMs, POS and ROA of the selected banks is positive and significant. India in the period 2006-2014. The results of the study show a positive effect of the increase in the number of ATMs and profitability with no significant relationship between the number of branches and profitability of the bank.

Winful et al. (2022) investigated financial inclusion and economic development in Africa. To corroborate a panel, data were collected from 2000 to 2017 for 41 countries in

Africa. Using a GMM estimation technique, the article corroborates the reviewed literature, which asserts appositive relation of the three attributes (financial access, financial stability, and financial efficiency) of financial inclusion considered in this article, financial access turned out to be significant in explaining economic development in Africa. Even though Africa is far behind the rest of the world in financial inclusiveness, some countries like South Africa and Seychelles have financially inclusive societies in terms of financial access. If Africa can build a financially inclusive society, the continent would block financial linkages in commercial banks' ability to create money for economic development.

Jungo et al. (2022) assessed the effect of financial inclusion and competitiveness on banks' financial stability, considering the moderating role of financial regulation. The study employed a time period of 2005–2018 and collected data from 46 SSA countries and 31 LACs adopting descriptive statistics. The result suggested that inclusion enhances bank stability in SSA and LAC countries, and financial regulation contributes to increasing financial stability in LAC countries, while we find no statistical significant in the effect of financial regulation on financial stability in SSA countries. Moreover, competitiveness negatively impacts financial stability, and financial regulation moderates the negative effect of competitiveness on financial stability in SSA and LAC countries. Regarding the practical implications, this study shows that fostering financial inclusion in the countries under study contributes significantly to improving the welfare of households and especially to the stability of the financial system.

Maity and Sahu (2021) examined financial inclusion in the north-eastern region: An investigation in the state of Assam. The study covers a period of 12 years from 2007–08 to 2018–19. Both the parametric and non-parametric statistical tools have been used to analyze the various dimensions of financial inclusion. The study result indicated that there is a significant difference between Assam and aggregate Indian financial inclusion and the status of Assam is somewhat lower as compared to the aggregate financial inclusion status of India. To achieve a satisfactory level of financial inclusion, it is not enough to open a bank account for the excluded people, but banks must look at flexibility and timeliness in services to offer a complete package to this segment of the population.

Eze and Alugbuo (2021) determined the effect of financial inclusion on poverty reduction in Nigeria. Data were sourced from the World Bank Global Findex survey 2017 conducted in Nigeria. The survey collects data on indicators of financial inclusion summarized for all adults and disaggregated by key demographic characteristics gender, age, education, income, employment status and rural residence. The indicators of financial inclusion measure how people save, borrow, make payments and manage risk. The survey covers a time period of 2017: A Logit model and an instrumental variable model were employed. The study result established that financial inclusion reduces household poverty in Nigeria even after controlling for endogeneity in the explanatory variables. The study also established that self-employment is crucial in poverty reduction in Nigeria in the period under review. The study suggested that adoption of policies that strengthen the rule of law, particularly contract enforcement and financial regulatory oversight, thereby increasing financial inclusion and contributing to poverty reduction and income disparity reduction.

2.4 Gap Identified

Prior research has studied the relationship between financial inclusion and performance. Based on the empirical studies reviewed in term of concepts, years, scope, methodology adopted, variable employed, findings, conclusion and recommendations. The following gap were identified; To the best of our knowledge, when analysing the literature, it seems to highlight that still there is no consensus with regards to therelationship between the level of financial inclusion dimensions and performance of deposit money banks. Some studies had directed towards positive relationship while others had linked the financial inclusion to negative performance and some researchers had still found no relationship at all. (2) To the best of our knowledge none of the previous studies used the time frame of 2014 to 2023 on the listed deposits money banks in Nigeria. Therefore, this study is designed to bridge this knowledge gap that existed in the literature of financial inclusion and financial performance of listed deposit money banks in Nigeria.

Several studies were carried out analyzing and comparing the determinants of financial inclusion among regions (Sarma & Pais, 2011; Gupte et al., 2012; Akudugu, 2013; Hassan, 2015; Park & Mercado, 2015; Lotto, 2016; Hillary, 2016; Uddin et al., 2017; Abel et al., 2018; Hussaini & Chibuzo, 2018; Neaime and Gaysset, 2018; Anyanwu et al, 2018; Mdasha et al, 2018; Ojwang & Otinga, 2019; Kapaya, 2019; Kinyua & Omagwa, 2020; Al-Chahadah et al., 2020; Koomson et al., 2020; Singh, 2020; Anastesia et al., 2020; Kamal, 2021; Eze & Alugbuo, 2021; Johnpaul & Patience, 2021; Maity & Sahu, 2021; Naser & Alabassi, 2022; Al-Eitan et al., 2022; Winful et al., 2022). However, most of the previous studies focused on the determinants of financial inclusion in the developing countries of Asia, South America, Europe, North Africa, Sub-Saharan Africa or in countries such as Bangladesh, India, China and Indonesia. Even in Nigeria, most prior studies focused on financial inclusion and economic development or economic growth. For instance, Naser and Alabassi (2022) result showed that financial inclusion has a positive and moral effect on financial performance, and financial inclusion supports the interaction of (banks, customers) with banks in a way that leads to building long-term relationships with customers.

CHAPTER THREE

3.0 Research Methodology

3.1 Introduction to Methodology

In order to carry out a detailed research on the topic "impact of financial inclusion on the performance of deposit money banks in Nigeria" with a focus to Zenith Bank, Nigeria. The chapter will give details on the manner at which the study is been carried out, the size of the respondents and the method employed for the analyses and presentations of the data.

3.2 Research Design

Both primary and secondary data were used to gather relevant data needed for this research work. The primary sources include personal observation and well structure questionnaire which are administered to the respondents

The secondary sources of data was the several reference books, journal, textbooks as well as notebook which are related to the topic of study.

3.3 Population of the Study

Population of the study is said to be the set of person(s) who are being used to carry out study, the set of persons in a geographical area of place and as in this Zenith Bank, Plc is being used to carry out the study. For the purpose of this study the staff of Zenith Bank, Plc, Nigeria, Ilorin branch were the basic population of study since Zenith Bank, Plc , Nigeria, Ilorin was used as the case study. The total population for the study is sixty (60) i.e sixty members of staff are being used to represent the total population of banks.

3.4 Sample Size and Sampling Technique

The sample size of this study is fifty (50) which is as a result of the total questionnaires which were returned during the questionnaire distribution to the members of staff of Zenith Bank, Plc, Nigeria, Ilorin. This size has been chosen so as to have fair representation of the entire population.

3.5 Methods of Data Collection Instruments

The research was administered by using questionnaires on the topic "Impact of financial inclusion on the performance of deposit money banks in Nigeria".

3.6 Method of Data Analysis

Following the responses gotten from the questionnaires that were distributed. The data collected will be analyzed by using table percentages representing in a sample bar chart and chi-square method for easy illustration of the data.

3.7 Limitation of the Methodology

The research is an historical and case study research which has been constrained by a lot of factors such as:

Time factor: the time given to the research in carrying it out is very limited and as well clash with the lecture timing which brings in challenges during the interview precisely.

Finance: finance being the bedrock of everything also proves to be another challenge in the gathering of information necessary for the research, such as transportation, printing and so on.

However, effort has been made to ensure that the above limitation do not have another effect on the completion and quality of the research work.

CHAPTER FOUR

4.0 DATA ANALYSIS AND PRESENTATION

This chapter deals with the presentation and analysis of data obtained through the use of questionnaire administered to staffs of Zenith Bank plc, Ilorin. Section 'A' focus on the background information of the respondents while section 'B' dealt with relevant questions on the research study.

4.1 PRESENTATION OF DATA

The data presentation are divided into two sections where Section A asked about the personal information of the respondent such as sex, age, qualification and the likes and the Section B request of response regarding the research topic.

Section A: Personal Information

4.1.1 Distributing of respondents by Sex

Sex	No of respondents	Percentage %
Female	30	60
Male	20	40
Total	50	100

Source: Field Survey, 2025

4.1.2 Distribution of the Respondent By Age

Age	No of respondents	Percentage %
21-30 years	15	30
31-40 years	25	50
41 and above	10	20
Total	50	100

Source: Field Survey, 2025

4.1.3 Distribution of Respondent By religion.

Religion	No of respondents	Percentage %
Christian	25	50
Muslim	25	50
Other	-	-
Total	50	100

Source: Field Survey, 2025

4.1.4 Distribution of Respondent By Marital Status.

Status	No of respondents	Percentage %

Married	27	54
Single	23	46
Divorce		
Total	50	100

Source: Field Survey, 2025

4.1.5 Distribution of Respondent By Qualification.

Qualification	No of respondents	Percentage %
HND/B.sc	35	70
OND/NCE	10	20
WAEC/NECO	5	10
Total	50	100

Source: Field Survey, 2025

4.1.6 Distribution of Respondent By years of experience

Years	No of respondents	Percentage %
Below 10 years	20	40
10-20 years	10	20
21 years and above	20	40
Total	50	100

Source: Field Survey, 2025

Section B

4.1.7. Does the banking institution contributes to the growth of the economy?

Option	No. of Respondents	Percentage %
Yes	50	100
No		
No idea		
Total	50	100

Source: Field Survey, 2025

4.1.8. Does Financial Inclusion have any impact on bank performance?

Option	No. of Respondents	Percentage %
Yes	45	90
No		
No idea	5	10
Total	50	100

Source: Field Survey, 2025

4.1.9 Is there a significant relationship between financial inclusion and performance of banking sector?

Option	No. of Respondents	Percentage %
Yes	40	80
No	10	20
Total	50	100

Source: Field Survey, 2025

4.1.10. To what extent does the inability of the populace to save due to the double digit inflation in the economy stands a challenges to the banking sector?

Option	No. of Respondents	Percentage %
Great extent	30	60
Little extent	10	20
No impact at all	5	10
No opinion	5	10
Total	50	100

Source: Field Survey, 2025

4.1.11. Financial access and governance structure affect investment

Option	No. of Respondents	Percentage %
Strongly agreed	30	60
Agreed	10	20
Neutral	10	20
Disagree		
Strongly disagree	-	-
Total	50	100

Source: Field Survey, 2025

4.1.12 Access to formal financial services or financial inclusion in Nigeria is critical to economic growth and reduction in inequality among citizens of a nation.

Option	No. of Respondents	Percentage %
Strongly agreed	30	60
Agreed	5	10
Neutral	10	20
Disagree	3	6
Strongly disagree	2	4
Total	50	100

Source: Field Survey, 2025

4.1.13: Will the widening of financial inclusion in Nigeria enable transactions to be done using different financial products, services and platforms in different sectors of the economy improve the performance of banking sector?

Option	No. of Respondents	Percentage %
Yes	45	90
No	5	10
Total	50	100

Source: Field Survey, 2025

4.1.14. Will the widening of financial inclusion in Nigeria improve the performance of Nigeria Banks?

Option	No. of Respondents	Percentage %
Yes	40	80
No	10	20
Total	50	100

Source: Field Survey, 2025

4.1.15. Financial inclusion reduce poverty in the nation herby increasing the ability to save of the citizenry.

Option	No. of Respondents	Percentage %
Strongly agreed	40	80
Agreed	10	20
Neutral	-	-
Disagree	-	-
Strongly disagree	-	-
Total	50	100

Source: Field Survey, 2025

4.1.16. Does the challenges and happenings in a country affects the banking operations?

Option	No. of Respondents	Percentage %
Yes	50	100
No	-	-
Neutral	-	-
Total	50	100

Source: Field Survey, 2025

4.2 Analysis of Data

According to the response gotten in regarding the sex of the respondent in table 4.1.1, 30 respondent representing 60% were female, while 20 respondents representing 40% of the sample where male hence more female staffs were sampled in the research.

The response from table 4.1.2 showed that 30% of the respondents were between 21-30years, 50%, were 31-40years while 20% fall between 41 and above. This indicated that the sample respondents were of the average age staffs

The response from table 4.1.3 revealed that 50% of the total population were Christians as well as the remaining 50% who appears to be Muslim. It indicated that the respondents are both Christian and Muslim alone.

The response from table 4.1.4 above shows that 54% of the respondents were married, where the remaining 46% are single. This implies that there basically either married or single in the bank at which the study sampled.

The table 4.1.5 above shows that 70% of the respondents have HND/B.sc in their education level, 20% have OND/NCE/, 5% have WAEC/NECO.

The table 4.1.6 showed that 40%, of the staff members have been working for below 10years, 20% of the respondents have 10-20years of working experience, while the remaining 40% have working experience of 21 years and above.

The table 4.1.7 shows that the total percentage of the respondents believes that banking institution contributes to the growth of the economy.

The table 4.1.8 shows that 90% of the respondents believed that financial inclusion have any impact on bank performance while the remaining 10% were undecided as they have no idea whether it does have an effect or not.

The table 4.1.9 above showed that 80% of the respondents believe that there is a significant relationship between financial inclusion and banks performance, while the remaining 20% of the respondent did not believe the same.

The table 4.1.0 shows that 60% of the respondents think that the inability of the populace to save due to the double digit inflation in the economy stands as a challenge to the banking sector, while 20% of the respondent sees it on a little extent, 10% sees it that it has no impact at all and the remaining the 10% has no opinion at all.

The table 4.1.11 shows that 60% of the respondents believes that Financial access and governance structure affect investment as they strongly agreed, while 20% of the respondent agreed to the fact, another 20% of the respondent stands neutral as not being sure if it is while the remaining 10% disagree.

Table 4.1.12 shows that 30 respondents with 60% strongly agreed that access to formal financial services or financial inclusion in Nigeria is critical to economic growth and reduction in inequality among citizens of a nation, 5 respondents with 10% agreed, and 10 respondent with 20% were neutral in their view, while 3 respondents with 6% disagree and the remaining 2 respondents with 4% strongly disagreed

The table 4.1.13 showed that 90% of the respondents believed that the widening of financial inclusion in Nigeria enable transactions to be done using different financial products, services and platforms in different sectors of the economy, will improve the performance of banking sector while the remaining 10% of the respondent disagreed with a "no".

The table 4.1.14 shows that 80% of the total respondent percentage agreed with a no that the widening of financial inclusion in Nigeria improve the performance of Nigeria Banks, and the remaining 20% disagree.

The table 4.1.15 shows that 80% of the respondents strongly agreed that government should consider the growth of the economy in the process of budget planning, 20% of the respondents agreed as well.

The table 4.1.16 shows that 100% of the respondents accepted that the challenges and happening in a country affected the banking operation

4.3 Data Interpretation

The findings from the data gotten shows relationship existing between Financial inclusion and the performance of Deposit money bank. It was found out that believed that financial inclusion had impact on bank performance and also financial access and governance structure affect investment. It was also found out that that the inability of the populace to save due to the double digit inflation in the economy stands as a challenge to the banking sector. The findings also show that access to financial inclusion in Nigeria is critical to economic growth and reduction in inequality among citizens of a nation

CHAPTER FIVE

5.1 SUMMARY

This study is determined and carried out to find the effect of financial inclusion on performance of Nigeria Banking Sector focusing on the problems and challenges that comes across the bank used as the case of study which is Zenith Bank, Plc, Plc. The study was carried out through the use of questionnaire distribution, which was directed to the staffs at Zenith Bank, Plc, Ilorin.

The study considered the recent development in financial inclusion and governance in Nigeria. It also made references to some theoretical review of author in relationship with the topic. The study made use of simple percentage table in presenting and analyzing the findings of the research work.

5.2 CONCLUSION

Based on the findings of the study, the researcher therefore comes to conclusions that provision of banking services in the rural areas will contribute positively to the economic growth in Nigeria. Such services mainly including accepting deposits and granting loans. The researcher also concludes that has not affected economic growth in Nigeria the way it ought to; showing lapses in the allocation of credit to private sector in Nigeria. Currency in circulation, one part of the narrow money supply, has positively affected Nigeria's economic growth.

The flow of currency through banking transactions has actually promoted economic activities and has led to improvement in the Nigerian economic development. However, currency outside banks which is the other component of narrow money supply has no effect on economic growth. Surprising, commercial bank branches have also had a negative relationship on economic growth though not significantly.

Economic growth is influenced largely by equal sharing of benefits and opportunities, of which financial inclusion is just one of such opportunities that must be fairly distributed in the country in order to realize inclusive growth. Undoubtedly, issues overwhelming financial inclusion such as financial literacy and awareness continued to remain a matter of concern with regard to usage of financial services or products. This therefore calls for a concerted effort by all the stakeholders such as banks, governments, civil societies, NGOs, etc. to put heads to achieving the objective of financial inclusion.

Unquestionably, the issue of enlarging the geographical and demographic reach creates challenges from the viability or sustainability perspectives and suitable business models are still developing and various delivery mechanisms are being tested with by the numerous government agencies at the central & state level. But, it is felt that the efforts taken are not good enough to meet this overwhelming issue of Financial Inclusion.

Financial Literacy and Awareness appeals for harmonization of all the participants like Banks, Governments, Civil Societies, and NGOs etc. to reach the objective of Financial Inclusion.

5.3 RECOMMENDATIONS

Based on the empirical findings drawn from the study, it shows that in order to strengthen and sustain prospect of financial inclusion, while equally reducing its challenges, the study recommends

i. The need to create deposit and borrowing windows at affordable cost to the poor and to the income group erstwhile tagged the 'not bankable', financial awareness should be well tailored in all local languages and across suitable platforms.

ii. Strengthening of Microfinance Institutions which can give easy access to banking services to the grassroots and unbanked also increase in the number of rural bank outlets and cash centers to cater for the financial needs of the excluded populace.

iii. Rural bank branches should be enabled to provide incentives to depositors and savers. So as to encourage deposits and positively improve economic growth.

iv. Banks are encouraged to maintain their commitment to sustainability in designing their business models to enable them to cope with disruptions and make a positive environmental and social impact in their quest to deliver value to their stakeholders.

v. Banks and other financial institutions can only survive disruptive events if they fully embrace sustainability principles stressing that this had become even more critical during periods of significant disruptions such as the coronavirus pandemic (COVID-19) ravaging the world.

vi. The government and monetary authorities should ensure the promotion of banking service and the establishment of bank branches deeper in the rural areas and equally support these banks to meet the demands of these areas efficiently

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