Agent Banking Channels and the Nigerian Banks' Performance: An Empirical Discourse

Oboro Oghenero Godday
Department of Banking and Finance
Delta State Polytechnic, Ozoro

Ukolobi Israel
Department of Accounting
Delta State Polytechnic, Ozoro

Abstract
Scholars have argued that for bank to achieve sustainable bank returns, enjoy economy of scale and scope, they must embrace agent banking. However, scholars have questioned if truly agent banking correlates either positively or negatively with bank performance since agent exhibit some form of neglect. Succinctly, the present study investigated the influence of agent banking channels on bank performance in Nigeria with central focus on three (3) Metropolitan Cities of Delta State: Asaba, Ozoro and Warri. Specifically, four hypotheses were formulated based on the four regressors that were used to proxy agent banking which are: agent branch network expansion, agent account opening, agent withdrawal transactions, and agent deposits transactions while bank turnover/income was used to measure bank performance. The study adopted the multivariate analysis via Statistical Package for Social Sciences version 23.0. Although, 400 research questionnaires were initially distributed across three (3) metropolitan cities of Delta State, only 370 questionnaires accounting for 92.5% were returned and used for the study. Accordingly, findings emanating from the study reported that agent branch network expansion, agent account opening, agent withdrawal transactions, and agent deposits transactions contribute meaningfully to bank profitability. Hence, we recommend that, for Nigerian banks earn more rupees, they must invest in innovative banking strategies and that they must have to increase their customer outlets.

Keywords: *Appraisal, Agent Banking Channels, Bank Performance*

1. Introduction

The quest to transform banking activities from traditional (branch) banking system to non-traditional banking system (agent banking) has been a major issue among individuals in and outside the banking industry. More so, due to globalization, increase in customers taste, and economic openness, all banks are currently searching for possible means to widen their customers' base while ensuring that their profitability objective is sustained with a view to control a major segment of the market. Meanwhile, analysts have over time argued that, for any country to be among the 1st ten (10) leading economies in the world by the 2020 and if the banking industry must increase its customer's reach and profitability, conscious efforts must be made to embrace agent banking holistically.

A way further, outside the banking industry's desire to reduce the rate of those that are financial excluded through agent banking has also propelled the need for agency banking. However, some agent outlets maintain low floatation management costs and this may contribute to them being neglected by the customers due to inconvenience.

More so, though customers have benefited a lot through agent banking, it is not clear whether it affect bank performance or not. On a global footprint, most post offices and some retail outlets in Australia, South America, and France were used to offer financial services in time past. Even in recent time, most post offices and some retail outlets in these countries cited have expanded as well. In retrospect, Brazil was the first country in the world to practice a formalized agent banking. This form of banking took place in Brazil in 2000 and since then other countries of the world have followed suit (Aduda, 2013). Again, even in most African countries (Nigeria inclusive), financial service providers (banks) find it very cumbersome and needless to establish branches in dense populated area hence the need of an agent (third party) to deliver bank services to people living in such areas is germane. Consequently, CBN has recommended Agent banking as one of the possible means of giving greater service delivery to all and sundry. However, it is not yet clear empirically if agent banking improve bank performance or not considering the current demeaning of the Nigerian economy coupled with the low level of computer literacy in the country. Premised on this, this paper examined whether agent banking channels affect the returns of banks located in Asaba, Warri, and Ozoro metropolis or not.

In consonance with major philosophy of this research, following testable (research) questions were raised:

1. To what extent has agent branch network expansion affected bank returns?
2. Do agent accounts opening services affect bank performance?
3. To what magnitude has agent deposit transactions affected bank returns?
4. To what level have agent withdrawal transactions on bank returns?

On a significant note, the study would be of immense contribution to existing studies on agency banking and bank performance. Also, the study would be of immense help to financial institutions (banks specifically) as it would guide them into adopting and managing their agency banking channels efficiently. Meanwhile, policy makers especially the central bank will also gain a lot from this study in that it would assist them to avoid regulations and policies that deter their performance. Lastly, researchers/academicians will use this study as a reference point.

2. Literature Reviews

This section reviews the literature on the contribution of agency banking on the bank performance. Various areas considered include: conceptual clarifications/Conceptual Model, theoretical framework, and empirical studies.

2.1. Conceptual Clarification

Investopedia (2020) conceptualized Agent banking as the process whereby a bank acts in some capacity on behalf of another bank. Kerich (2015) added that an agent is a retail outlet contracted by a financial institution to process client transactions.

Ferdous, Mosharrafa & Farzana (2015) conceptualize agent/agency banking as an arrangement between a bank and authorized agents under a legal binding agency agreement to perform basic banking services. They added that, either the owner of the business (agent) or his/her employee that perform basic banking services in the likes of acceptance of deposits, cash withdrawal, transfer, bill payments, account inquiry, and the like on behalf of the concerned bank (Wanyoike, 2014). More so, agent/agency banking can take place in the pharmacies convenience stores, supermarkets, post offices, bars, lottery outlets, and many more. In Nigeria, these agents are serves as paramount distribution media for various financial and non-financial institutions. The scope of services which they offer may include bill payment, withdrawal, deposit, transfer, sales of utility bills, balance inquiries, bill payments, stock market transaction (as the case may be), stop-payment requests and many others (Mutie, 2015).

Usually, agent banks are equipped with point of sale (POS) machines, mobile phone (apps), card reader, barcode scanner and sometimes personal computers (Wanyoike, 2014). All these gadgets require expertise, time as well as huge capital outlay in acquiring these gadgets which is quite challenging for retail outlets and some entrepreneurs in Nigeria.

Furthermore, Watiri (2013) submitted that agent banking is a cost reduction approach given that agent commissions and costs per transactions are significantly higher than that of branch banking system. Various areas agent banking reduces cost include**:**

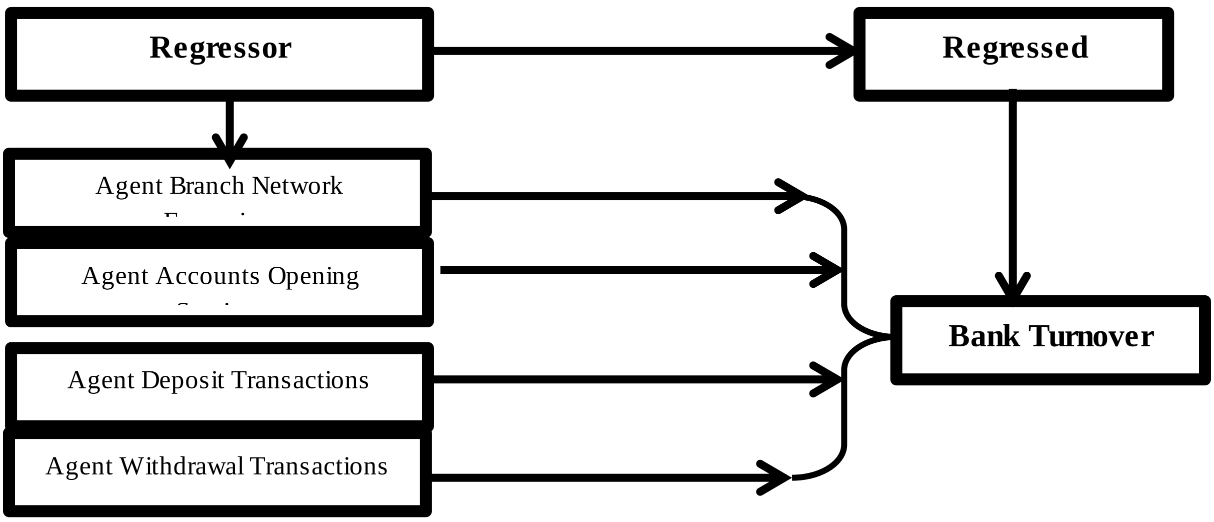
Transaction Costs: Since agency banking is targeted towards financial inclusion, transaction costs related to the financial services have to also reduce considerably. This is because the segments targeted are often customers with low balances but with frequent transactions.

Operating Costs: Operating costs, expenses from employing facilities, equipment, and personnel are reduced to the barest minimum as compared to branch channels, as the agent business' infrastructure, personnel, and possibly the agent's and customers' mobile phones are leveraged (Haas, 2015).

Infrastructure Costs: Some of the benefits that commercial banks gain from agency banking are: it reduces huge savings on cost of construction of bank premises and leasing costs; agent banking reduces human resource expenses alongside the cost of training new staff (if any) to the barest minimum (Chepkulei, 2015; Aduda, 2013).

Jaldesa, Muturi & Sumba (2015) added that agent banking bring about customer growth. The authors explained further that this process begins with customer acquisition and retention. Certainly, agent banking has brought about customers growth in terms of accessibility, convenience and financial inclusion (Mwangi & Wanyoike, 2012; Finacle, 2012). Invariably, agent banking leads to higher bank performance (see figure 1 below):

Figure 1: Linkage between Agent Banking and Bank Performance Proxy



Source: Researcher's Conceptual Model (2020)

2.1.2. Variables Linkages

1. Agent Branch Network and Bank Turnover

The partnership between a concerned bank and its agent has helped banks to take financial services closer to people, more importantly, to areas that lack them. Nigeria changed its banking laws in January 2010, to allow commercial banks offer their services through third-party businesses. The agents operate as satellite branches. Through agency banking, the issue of financial exclusion has reduced over the years (CBN, 2012).

1. Agent Accounts Opening Services and Bank Turnover

As the market place becomes more competitive and customers more likely to shop around for banking services, banks must strive to understand not just the revenue that each customer generates but also the overall cost of selling products to that customer. However, customer value calculations can be difficult to generate because it can be hard to get an accurate measurement of cost per sale. Failing to understand how much it costs to sell a mortgage or credit card to one customer over another and how much it costs to sustain that relationship can result in marketing to the wrong segments, losing valuable customers or even losing money on seemingly profitable customers (Mutie, 2015).

2. Agent Deposit Transactions and Bank Turnover

Depositors are motivated by returns, it is important for banks management to understand the extent that rates of return on deposits influence their customers ‘decision to deposit. For a net saver an increases interest will have an overall effect composed of two partial effects: an income effect leading to an increase in current consumption and a substitution effect leading to a reduction in current consumption (Wanyoike, 2014). As such, the higher the agent deposit transactions, the more the bank returns.

3. Agent Withdrawal Transaction and Bank Turnover

Most agencies banking in Nigeria are also located in places where customers may perceive as high risk and there are issues to do with fraud, which is on the rise in the Niger-Delta. Besides that, charges imposed on customers for using agency services have also made people avoid them. Agencies charge customers who use agents ₦100 per transaction. Comparably, most persons prefer to come to banks than to use agent banking platform since banks services are relatively cheaper. As such, agency withdrawals charges are therefore paramount in the determination of banks’ turnover.

2.2. Theoretical Framework

The study is guided by the Agency theory, competitive advantage and innovation diffusion theory. The agency theory explains their differences in behaviour or decisions by noting that the two parties often have different goals and, independent of their respective goals, may have different attitudes toward risk. Originally, agency theory emerges from the work of Berle and Gardiner Coit Means (1932). Their main focus is on agency problem issues and how these issues can be resolved. They discovered that the interest of managers and corporate directors differs from that of shareholders. Hence, they termed shareholders principal while managers and corporate directors agent. However, this theory was formalized by Jensen and Meckling in the late 1960’s towards early (Murtishaw & Sathaye, 2006).

Jensen and Meckling argued that business corporations are streamlined reduce cost of hiring agents and they must adhere to the instructions of the hirer (the principal). The theory further acknowledged what may motivate an agent is not the same with that which may motivates the principal and these attitudes appears in different ways. This explains that in course of harmonizing this, conflict of interest catalyzed by information asymmetry between the two parties may ensue. In other words, this theory clearly separate effectiveness from efficiency. However, it is sometime permissive to have partial conflict.

Worthy to note, agency theory has gained ground in most of social science and management science disciplines such as finance, economics, political science, sociology, marketing, business administration, accountancy and the likes (Nikkinen & Sahlström, 2004).

The competitive advantage theory was popularized by Porter (1980). Porter (1980) noted that building a competitive strategy is all about building a wide spectrum of organizational formula on how businesses should compete favourably, what its goal and objectives should be as well as the strategies policies the firm should adopt. Differently placed, the central goal of every firm is to build a highly competitive strategy as well as laying that policy measures on how to ensure that the firm stay alive.

Sustainable competitive advantage to a large extent is factored by how a firm positions itself amidst other firms in the same industry. In other words, it is concerned with how a company can gain advantage through a more distinctive approach of competing favourably. It is aimed at establishing and building a profitable, sustainable, and reliable market positioning against the forces that factors industry competition. Additionally, competitive strategy gives a firm an edge over competitors in the same line of business. This is because, the more sustainable and competitive a firm is; it becomes unlikely for others to neutralize such firm.
Furthermore, Barney (1991) emphasized that competitive advantage form the basis on which firm experience superior performance. Understanding the components of competitive advantage is therefore important to the finance managers who are saddled with the responsibility of ensuring long-term survival and success of the firm. He noted an integrative framework called SELECT to help managers analytically examine the facets of management. These are ingredients, locale effect, expression, time span and cause. He further added that, more improved financial performance attained via competitive advantage will bring about market leadership.
By way of application, this theory advocates that firm can experience a more enhanced financial performance should they adopt a more realistic business strategy such as agency banking.

Lastly**,** Dillon and Morris (1996) being one of the major proponents of the innovation diffusion theory explain that innovation diffusion theory attempts to conceptualize and describe the procedures through which embers of a social group learn new knowledge.
Mas & Seidek (2008) added that not all forms of innovations that are adopted even no matter how valid and useful they are. This is because changes and taste may impair innovation diffusion. Factors which affect innovation include relative advantage (the rate at which a new knowledge (technology) brings about improvements over that which exist previously), compatibility (this accounts for consistent is social norms and practices of its end users), complexity (its fastness of learning), trainability (the likely to try a financial innovation before executing it) and observability (the extent to which the technology's output and its gains are clear to see) (Roger, 1983)
Further, agency banking have aid Nigerian banks to position them in a way that they will maximize profit and minimize loss (costs) thus ensuring sound and well improved financial performance.

2.3. Empirical Studies

Painstaking analysis of previous studies reports that only few studies have been conducted on the subject matter. Although, even these few studies may have some form of limitation with respect to geographical scope and methodology adopted as some of them are desk survey, they as well serve as input to the present study. Recently, Mahbub, Dipti, & Diponkar (2020) investigated the impact of agent banking on the financial performance of commercial banks in Bangladesh. This study is quantitative in nature and to get the result 19 commercial banks in Bangladesh has been taken as sample of the study. Secondary data was collected from the central bank of Bangladesh, covering the period of 2016-2019.The multivariate regression are used to analyze data. The study finds that the numbers of agents and volume of deposits have a positive and significant impact on bank returns whereas the volume of withdrawals and volume of loan disbursement negatively impact on bank returns though the loan size is statistically insignificant. Therefore, the study recommends that banks in Bangladesh should invest more resources towards increasing their number of agents to increase bank returns and develop deposit mobilization and loan disbursement strategies through agent banking to ensure that their clients use agency-banking services

Mchembere & Jagongo (2017) examined the effect of agent banking operations on bank profitability in Kenya. Factors used to measure of agency banking operations include agent banking branch network expansion, account opening, withdrawal, and deposits. The study used the descriptive research approach. Findings from the study reported that increase in branch network affect bank profitability adversely and significantly. However, agent banking account opening, withdrawal, and deposits contributed meaningfully to bank profitability. Hence, the study recommends that instead of banks to use traditional means of selling their products, they should cross-sell their products as that can be a more vintage point to get closer to their target market.

Simboley (2017) established that agency banking has positive significant effect on customer growth, reduces cost and transaction costs. However, increase in transaction and infrastructure costs would bring about an increase in the overall cost of agency banking.

Same in Kenya, David (2016) examined the impact of agent banking on banks' ROA, volume of cash transactions and the banks' size from 2013-2015. The researcher used the descriptive research with central focus on 17 commercial banks of Kenya. The result affirmed agent banking affect banks' ROA, volume of cash transactions and the banks' size significantly. The study recommends that regulators should consider reforming the regulatory framework so as to encourage more commercial banks to enhance the adoption of the agency-banking model.

Kamau (2012) undertook a study on the relationship between agency banking and financial performance of banks in Kenya and established a negative and weak correlation between the two.

Mwando (2013) found that agency banking had a positive impact on the financial performance of commercial banks in Kenya.

Based on the reviewed literature, we discovered that only few studies have been conducted in the areas. We also noticed that most of these studies were conducted outside Nigeria. However, these studies findings may not be applicable in the Nigerian context. Hence, we hypothesize:

$H0_1$: There is no positive strong correlation between agent branch network expansion and bank performance.

$H0_2$: There is no positive strong correlation between agent accounts opening services and bank performance.

$H0_3$: There is no positive strong correlation between agent deposit transactions and bank performance.

$H0_4$: There is no positive strong correlation between agent withdrawal transactions and bank performance.

3. Methodology

3.1 Research Design and Target Population

To ensure that the research gathered diversified opinion on the subject matter and allowed precision in the identification of agency banking, we adopted the survey research design in line with the submission of Creswell (2003). Again, it is warranted by the fact that the study, by the nature of its problem, can best be tackled by collecting data from the field. Meanwhile, the target population for this study is bank employees who are in the senior, middle and lower executive categories of ten randomly selected banks in Nigeria. Accordingly our sample was drawn from these banks located in Asaba, Warri, and Ozoro. All the selected banks are located in Delta state Nigeria. A sample size of 400 bank employees was derived by random distribution of questionnaires to employees of each of the banks selected as our target population. The reason for selecting the respondents is due to the proximity and the need to possible proffer lasting solution to the recurring issue high poverty level, low level of human capital, and high unemployment rate in Nigeria.

3.2. Method of Data Collection, Techniques, and Model Specification

The researcher used a well-structured questionnaire as primary data collection instrument. The questionnaire was considered appropriate because it was more convenient to administer and to collect data to enable the achievement of the objective of the study.

The questionnaire contained open-ended questions and had various sections. The first part contained questions on the respondents' bio data while the other sections contained the research questions. Meanwhile, the options ranges from 'Strongly agreed, Agreed, Uncertain, Disagreed to Strongly Disagreed' and were weighted 5, 4, 3, 2 and 1 respectively. Specifically, the questionnaires underwent a test run to ensure effective data capture and reliability before the official roll out. Nevertheless, where it proves difficult for the respondents to complete the questionnaires immediately, the questionnaire was left with the respondents and picked later.

The Multivariate analysis was used to test the research hypotheses. Econometrically, the model adopted for this study is expressed below:

$BATOV = \beta_0 + \beta_1 AGBNEX + \beta_2 AGAOS + b_3 AGDET + \beta_4 AGWIT + ut$---------------------(1)

Where:

BATOV	=	Bank turnover (measure of bank performance)
AGBNEX	=	Agent Branch Network Expansion
AGAOS	=	Agent Account Opening Services
AGDET	=	Agent Deposit Transactions
AGWIT	=	Agent Withdrawal Transactions
β_1- β_4	=	Regression coefficients of the regressors (X_I-X_4)
β_0	=	Constant Value
ut	=	Error Term

4. Results and Discussions

4.1. Questionnaire Retrieval Pattern

Below is the pattern of the retrieval is as presented in table 4.1 below:

Table 1: Questionnaire Distribution and Retrieval Analysis

S/N	Name of Bank	Numbers of Questionnaire Returned	Numbers of Questionnaire Not Returned
1	First	40	38
2	Zenith	40	39
3	Guaranteed Trust	40	35
4	United Bank for Africa	40	38
5	Wema	40	37
6	Union	40	36
7	Eco	40	39
8	Access	40	36
9	Fidelity	40	39
10	Sterling	40	33
Grand Total		**400 (100%)**	**370 (92.5%)**

Source: Field Survey (2020)

Initially, our target population was 400 respondents. To help fasten the data collection process, three (3) research assistants were deployed to each of the study area due to the COVID-19 pandemic. Out of the 400 questionnaires which were disseminated, 370 copies accounting for 92.5% of the total distributed questionnaires were returned for onward analysis.

4.2. Respondents' Bio-Data

The respondents' social demography covers gender, age, academic qualification, years of bank existence in Asaba, Warri, and Ozoro bank asset base rating, and bank experience. Table 2 below show the demographic profile of respondents:

Table 2: Respondents Socio-Demographic Profile

S/N	Variable	Metrics	Frequency	Percentage (%)
1	**Gender**	Male	157	42.24
		Female	213	13.31
TOTAL			**370**	**100**
2	**Age bracket**	21-30 years	92	24.86
		31-40 years	181	48.92
		Over 40 years	97	26.22
TOTAL			**370**	**100**
3	**Academic Qualification**	University degree & above	189	51.08
		Diploma Degree	123	33.24
		Secondary School Certificate	58	15.68
		Primary School Leaving Certificate	0	0
TOTAL			**370**	**100**
4	**Years of Bank Existence in the Study Area**	1-10 Years	15	4.05
		11- 20 years	135	36.49
		21 – 30 years	119	32.16
		Over 30 Years	101	27.30
TOTAL			**370**	**100**
5	**Branch Network:**	Between 51-100	117	31.62
		Over 100	253	68.38
TOTAL			**370**	**100**
6	**Bank Experience**	Less than 2 years	49	13.24
		2-5 years	91	24.59
		5-8 years	110	29.73
		Over 8 years	120	32.43
TOTAL			**370**	**100**

Source: SPSS Output of Author's Field Survey (2020).

Table 2 above indicates that majority of the respondents, that is, 157 representing 42.24% were male, while 213 respondents representing 13.31%, were females. This gives credence to the fact that males dominate the Nigerian banking industry. In terms of age bracket of respondents, the result shows that 92 respondents representing 24.86% were within the age group of 21 – 30 years, while 181 respondents representing 48.92% were within the age group of 31 – 40 years and 97 of the respondents representing 26.22% were above the age of over 40 years. This means that young people between the age group of 31-40 years are more in the Nigerian banking industry compared to their old and younger counterparts.
With respect to educational qualifications of respondents, 189(51.08%) of the respondents had diploma degree highest degree, 123(33.24%) of the respondents had diploma degree

highest degree, 58(15.68%) had Secondary School Certificate has their highest certificates and none of the respondents had Primary School Leaving Certificate as their highest certificate. This suggests that the higher the level of education the higher the tendency for one to work in the banking industry.

Years of bank existence in the study area, the result revealed that, 15(4.05) respondents are of the view that, the study bank have been in the study area between the space of 1 to 10 years, 135(36.49) respondents are of the view that, the study bank have been in the study area between the space of 11- 20 years; 119 (32.16) respondents are of the view that, the study bank have been in the study area between the space of 21- 30 years while 101(27.30) of the respondents are of the view that, the study bank have been in the study area over 30 years. This means that most of the banks have been in the study area between the spaces of 11- 20 years.

Lastly, the findings in table 2 above indicates that few of the respondents have been in the banking industry for less than two years accounting for 13.24% (n=49). The findings indicate that 24.59% (n=91) of the respondents have been in the banking industry for 2 to 5 years. More so, 29.73% (n=110) of the respondents have been in the banking industry for 6 to 8 years while the 120 (32.43%) of the respondents have been in the banking industry for over 8 years.

4.3. Responses to Research Questions

Originally, four (4) research questions were raised in section one. The responses to research question 1 was used to test $H0_1$, research question two (2) relating to agent banking deposit transactions and banks' returns was also used to test $H0_2$. Same approach was used for research question 3 and 4 against $H0_3$ and $H0_4$. Each of responses from question one (1) to four (4) are shown in the table 3 to 6 below:

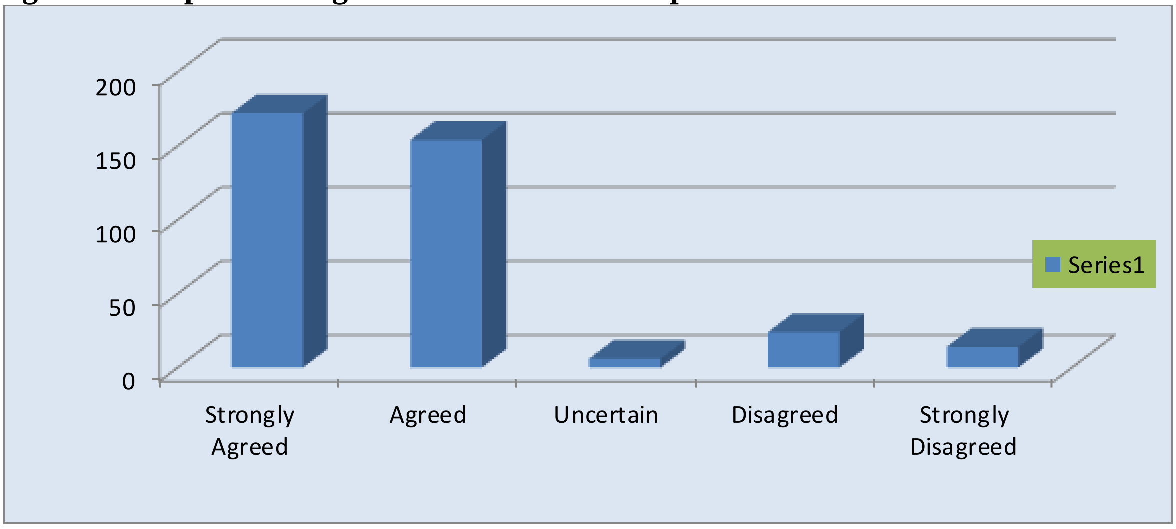
Table 3: Response on Agent Branch Network Expansion and Bank Returns

Item	Strongly Agreed	Agreed	Undecided	Strongly Disagreed	Disagreed
The current numbers of bank branches located in the country are enough to meet the today's highly demanding and dynamic of our customers.	59	54	2	3	4
Increase in branch network increases bank profitability	113	48	1	8	1
Our agency banks branches are more than those of other banks	64	38	2	10	4
Our agency banks branches are located in both local and urban areas	89	14	1	3	5
Aggregate Value	**172**	**154**	**6**	**24**	**14**

Source: Field Survey (2020)

Findings in Table 4.3 illustrate that on the overall, majority of the respondents strongly agreed that branch network expansion through agent banking has increased bank returns in Nigeria since it accounted for 46.62%. Also, 41.62% (n=154) agree to this statement, 6.49% (n=24) disagreed with this statement, 3.78% strongly disagreed with this statement, while only 1.62 % (n=6) fell in the neutral group. These results imply that stakeholders play a very fundamental in organizational management. For clarity sake, the result is further presented in figure 2 below:

Figure 2: Response on Agent Branch Network Expansion and Bank Returns



Source: Field Survey (2020)

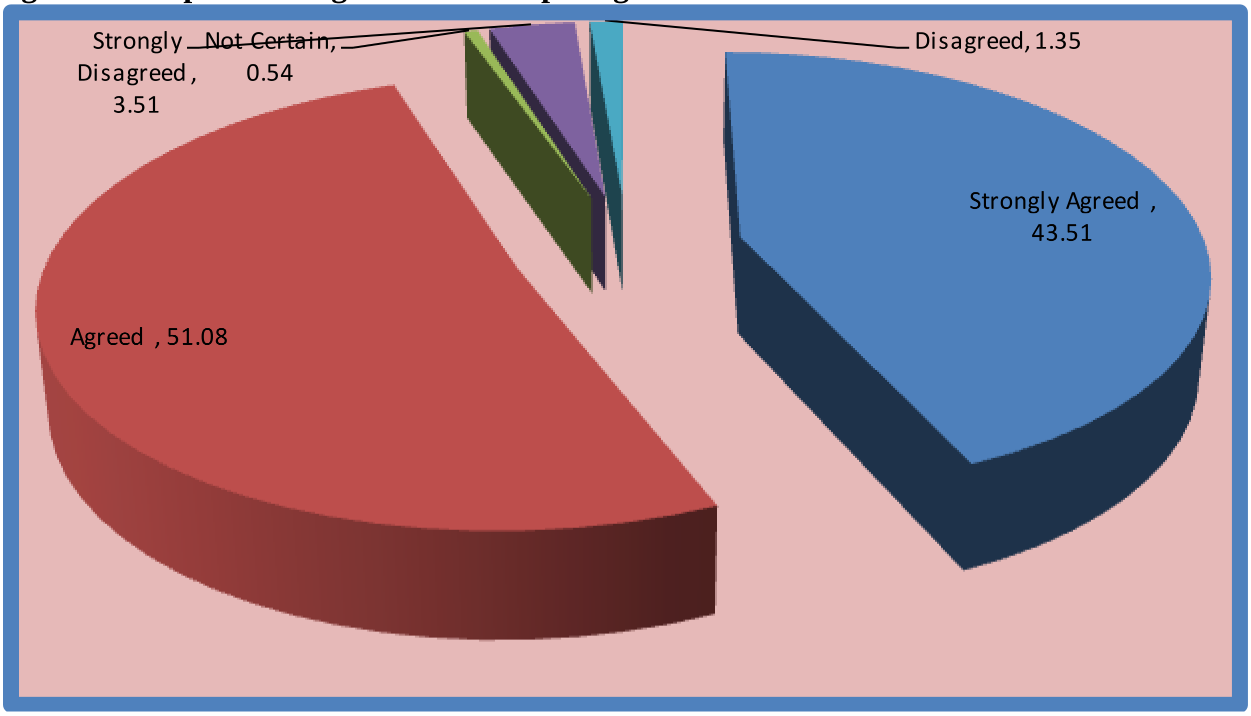
Table 4: Response on Agent Account Opening and Bank Returns

Items	Strongly Agreed	Agreed	Not certain	Strongly Disagreed	Disagreed
Increase in the number of agent accounts opening services has leads to customers satisfaction	68	95	0	0	0
Our agent banks branches accounts opening are more than those of its peers	45	58	0	2	0
Agent banking increased in accounts for women which in turn has increased our profit margin	14	20	1	6	3
Agency banking has led to an increase in accounts for disabled people which intron has increase our returns on asset	34	16	1	5	2
Aggregate Value	161	189	2	13	5

Source: Field Survey (2020)

Findings in Table 4 illustrate that on the overall, majority of the respondents agreed that agency account opening through agent banking has increased bank performance in Nigeria since it accounted for 51.08% with 189 respondents. Also, 43.51% (n=161) strongly agreed to this statement, 3.51% (n=13) disagreed with this statement, 1.35% (n=5) strongly disagreed with this statement, while only 0.54 % (n=2) fell in the neutral group. These results imply that agent account opening play pivotal role in the banking industry. For clarity sake, the result is further presented in figure 3 below:

Figure 3: Response on Agent Account Opening and Bank Returns



Source: Field Survey (2020)

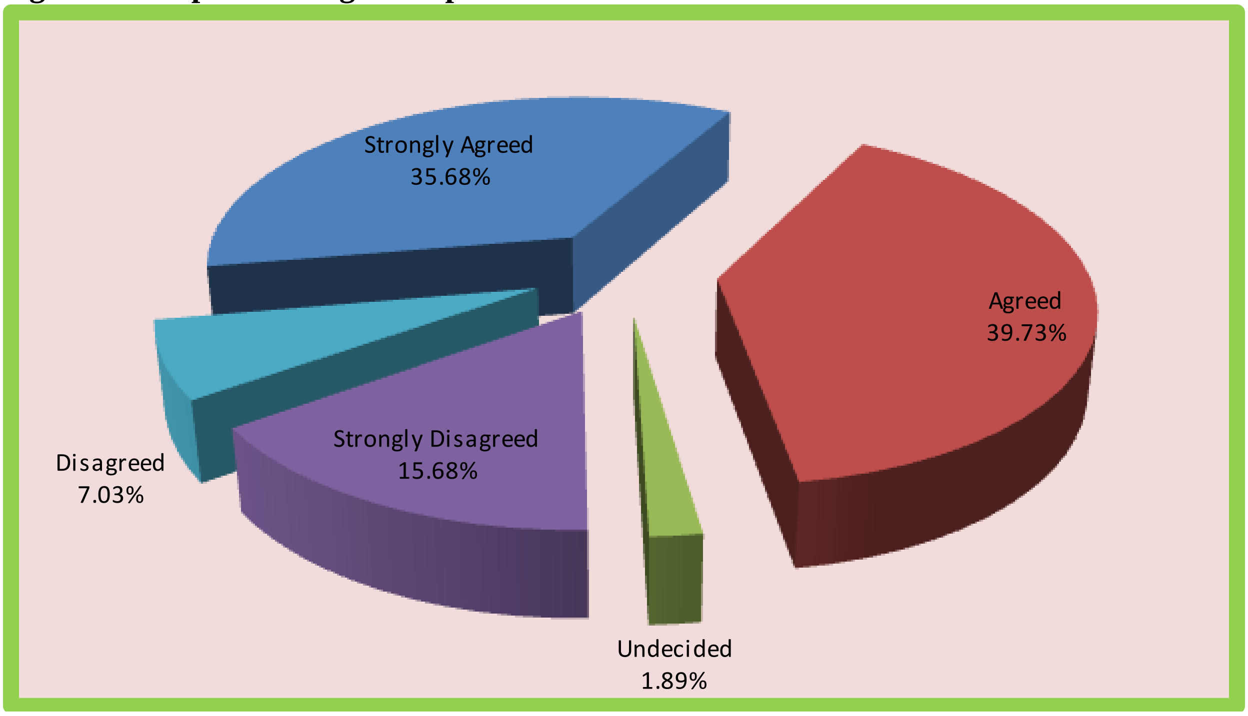
Table 5: Response on Agent Deposit Transactions and Bank Returns

Items	Strongly Agreed	Agreed	Not Certain	Strongly Disagreed	Disagreed
Increase in the number of deposit transaction has also increased our net income	54	56	2	13	2
The value of deposit transaction through agency banking has increased which in turn has increased our turnover	57	35	1	12	1
The number of deposit through agency banking are more than those of its of peers	8	32	2	18	12
The deposit are available to all customer both corporate and retail which in turn has increased our profit base	13	24	2	43	11
Aggregate Values	132	147	7	58	26

Source: Field Survey (2020)

Findings in Table 5 illustrate that on the overall, majority of the respondents agreed that agent deposit transactions has increased banks' returns in Nigeria since it accounted for 39.73% with 147 respondents. Also, 35.68% (n=132) strongly agreed to this statement, 15.68% (n=58) disagreed with this statement, 7.03% (n=26) strongly disagreed with this statement, while only 01.89% (n=7) fell in the neutral group. These results imply that agent account opening play pivotal role in the banking industry. For clarity sake, the result is further presented in figure 4 below:

Figure 4: Response on Agent Deposit Transactions and Bank Returns



Source: Field Survey (2020)

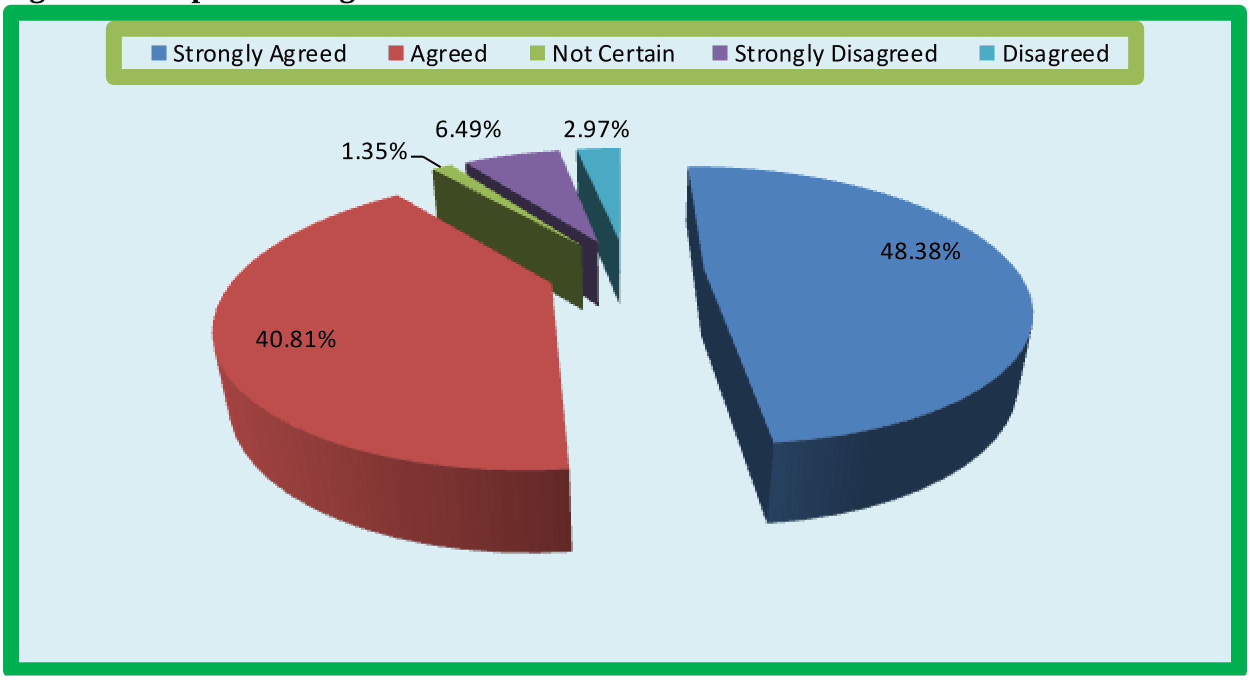
Table 6: Response on Agent Withdrawal Transactions and Bank Returns

Items	Strongly Agreed	Agreed	Not Certain	Strongly Disagreed	Disagreed
Increase in the value of agency withdrawal transactions have increased your bank returns	42	34	4	7	4
Increase in the value of agency withdrawal transactions have increased your bank returns your bank returns	29	27	0	5	5
Increase in the value of agency withdrawal transactions have increased your return on asset	51	34	1	8	1
Increase in the value of agency withdrawal transactions have increased your net income margin	57	56	0	4	1
Aggregate Values	179	151	5	24	11

Source: Field Survey (2020)

Findings in Table 6 illustrate that on the overall, majority of the respondents strongly agreed that agent withdrawal transactions has increased banks' returns in Nigeria since it accounted for 48.38% with 179 respondents. Also, 40.81% (n=151) strongly agreed to this statement, 6.49% (n=24) disagreed with this statement, 2.97% (n=11) strongly disagreed with this statement, while only 01.35% (n=5) fell in the neutral group. These results imply that agent account opening play pivotal role in the banking industry. For clarity sake, the result is further presented in figure 5 below:

Figure 5: Response on Agent Withdrawal Transactions and Banks' Returns



Source: Field Survey (2020)

4.3. Regression Results: Hypotheses Testing

The data for the study was tested using multiple regressions. The results are therefore presented below:

Table 1: Test of Significance Using Correlation Output

Study Variables	P-Values	Tolerance Value	Variance Inflation Factor
Agent Branch Network Expansion	.039	.988	1.053
Agent Accounts Opening Services	.010	.974	1.027
Agent Deposit Transactions	.008	.995	1.005
Agent Withdrawal Transactions	.013	.963	1.039

***Notes:* Dependent Variable: Bank Turnover.**
Source: Statistical Package for Social Sciences Version 23.0. (2020)

According to the regression output Table 5, all the variables examined in this study are relevant since all their VIF (Variance Inflation Factor) are all below benchmark value (10). These benchmarks under statistics clarifies that there is no multi-collinearity among variables examined. Accordingly, the individual hypotheses are tested below:

4.15: Summary of Test of Hypothesis:

Study Variables	P-Values	Decision Rule	Conclusion
Agent Branch Network Expansion	.039	Reject HO if the P-value is <5% Otherwise Accept the HO if the p-value is g> 5%	Reject HO_1
Agent Accounts Opening Services	.010	Reject HO if the P-value is <5% Otherwise Accept the HO if the p-value is g> 5%	Reject HO_2
Agent Deposit Transactions	.008	Reject HO if the P-value is <5% Otherwise Accept the HO if the p-value is g> 5%	Reject HO_3
Agent Withdrawal Transactions	.013	Reject HO if the P-value is <5% Otherwise Accept the HO if the p-value is g> 5%	Reject HO_4

Source: Statistical Package for Social Sciences Version 23.0. (2020)

In line with the summary of hypothesis, the findings of this study are discussed below**:**
The first HO states that there is no positive strong correlation between agent branch network expansion and banks' performance. The regression result revealed that agent branch network expansion stood (.039) which is less than 5% significant level. Hence, we reject the $H0_1$ and accept the HI_1 in its stead. This connotes that, there is enough evidence to conclude that there is significant linear relationship between agent branch network expansion and bank turnover in Nigeria. This implies that, the more agent open new branches, the more bank turnovers since that has been seen as one of the determining factor of their performance.
Also, the result reaffirmed that agent accounts opening services positively correlates with bank turnover and that such correlation is strong. This is based on the low p-value (.010) reported by agent accounts opening services in the regression result above. This implies that agent accounts opening services is fit for formulating regulatory policies on financial and non-financial performance of DMBs in Nigeria.
Further, the regression result evidenced that deposit transactions stood (.008) which is less than 5% significant level. Hence, we reject the $H0_3$ and accept the HI_3 in its stead. This connotes that, there is enough evidence to conclude that there is significant linear relationship between agent deposit transactions and bank performance in Nigeria. This implies that, volume of agent deposit transactions determines the success of the bank. It may also infer that, the agents must ensure that they attend to their customers as fast as possible.
Lastly, the result evidenced that agent withdrawal transactions and bank turnover are positively correlated and that such relationship is strong. This implies that agent withdrawal transactions are one of the most efficient tool DMBS uses to increase their turnover.
On the overall, our result forms with the aprioiri expectation of this study. The result is also in tandem with the various theories which were used to underpin the study. Most importantly, the result is in tandem with the findings of David (2016), Simboley, (2017), Mchembere and Jagongo (2017), Mahbub, Dipti, and Diponkar (2020).

5. Conclusion and Recommendations

The main objective of this study is to examine the correlation between agency banking and bank performance in Nigeria. Specifically, five hypotheses were formulated based on the five independent variables used to proxy agency banking which agent are banking branch network expansion, account opening, withdrawal, and deposits while bank turnover were used to measure bank profitability. Findings emanating from the study reported that agent banking branch network expansion, account opening, withdrawal, and deposits contribute meaningfully to bank profitability. Hence, we conclude that for bank to achieve their profitability objective, enjoy economy of scale and scope, Premised on both the findings of the study and the conclusion drawn, the following recommendations were made:

1. For Nigerian banks earn more rupees, they must invest in innovative banking strategies and must have to must have to increase their customer outlet.
2. The study also recommends that instead of banks to use traditional means of selling their products, they should cross-sell their products as that can be a more vintage point to get closer to their target market.

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REGRESSION RESULTS

Case Processing Summary

		N	%
Cases	Valid	370	100.0
	Excluded[a]	0	.0
	Total	370	100.0

a. Listwise deletion based on all variables in the procedure.

Agent Branch Network Expansion

Agent Accounts Opening Services

Agent Deposit Transactions

Agent Withdrawal Transactions

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	**VIF**
1	AGBNEX	.988	1.053
	AGAOS	.974	1.027
	AGDET	.995	1.005
	AGWIT	.963	1.039

a. Dependent Variable: BATOV

Correlation

BATOV	Pearson Correlation	1	.836*	.935**	.942**	.922*
	Sig. (1-tailed)		.039	.010	.008	.013
	N	370	370	370	370	370
AGBNEX	Pearson Correlation	.836*	1	.897*	.847*	.777
	Sig. (1-tailed)	.039		.020	.035	.061
	N	370	370	370	370	370
AGAOS	Pearson Correlation	.935**	.897*	1	.975**	.892*
	Sig. (1-tailed)	.010	.020		.002	.021
	N	370	370	370	370	370
AGDET	Pearson Correlation	.942**	.847*	.975**	1	.821*
	Sig. (1-tailed)	.008	.035	.002		.044
	N	370	370	370	370	370
AGWIT	Pearson Correlation	.922*	.777	.892*	.821*	1
	Sig. (1-tailed)	.013	.061	.021	.044	
	N	370	370	370	370	370

*. Correlation is significant at the 0.05 level (1-tailed).

**. Correlation is significant at the 0.01 level (1-tailed).