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Effect of Covid-19 Pandemic on Banking Service Delivery in Nigeria

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Abstract: This study investigated the effect of COVID-19 Pandemic on banking service delivery in Nigeria. The specific objectives were to: investigate the effect of COVID-19 on banks credits and advances operations in Nigeria; find out the effect of COVID-19 pandemic on banks' electronic services delivery channel in Nigeria; evaluate the effect of the COVID-19 pandemic on banks deposit base in Nigeria. The ordinary least squares (OLS) technique was employed to estimate the parameters. The findings indicate that: COVID-19 pandemic has significant negative effect on the credit and loan operations of banks in Nigeria; COVID-19 pandemic has significant negative effect on the electronic delivery channels of banks in Nigeria; and the pandemic has negative insignificant effect on the deposit base of banks in Nigeria. Based on the outcome of the various tests carried out and the hypothesis evaluated, the study makes the following recommendations: there is need for banks to deepen electronic service delivery in order to reduce the effect of sudden economic shocks such as those brought by the COVID-19 pandemic; Banks should adopt credit operation mechanism that is not prone to high impact defaults

Keywords: Pandemic, Financial Market, Cashless Policy, Profitability

1. Introduction

At the emergence of the corona virus pandemic, both regulators and financial institutions are steer through hard line in customer service delivery. These hard lines are such difficulties as suggested by Delloitte (2020) ranging from maintaining cash and liquidity to re-adjusting operations. For this, banks will need to navigate complex government support measures in order to safely weather the current crisis.

With global supply chains disrupted and many physical places of business closed, the scope of impact to individuals, small and medium enterprises (SMEs), as well as large corporate organizations is still unknown. What is evident is that all groups are facing a cash flow crunch that threatens economic and financial market stability (Olaniwun 2020).In response to the impacts of the pandemic on banks and other financial institutions, the monetary authorities (CBN) announced a broad range of support measures to maintain financial stability. Various temporary exemptions as well as capital and liquidity management support were announced to enable banks to devote additional resources during a time when they face an unprecedented demand for liquidity.

Olalekan (2020) noted that in the last two decades, policies of government through the Central Bank of Nigeria have made bank services to have increased tremendously. For instance, the cashless policy of the Central Bank of Nigeria has eliminated some of the early challenges of banking services in Nigeria. This brought about service availability, promoted service capacity in general and specific terms, and service delivery. But to observers, banking service delivery which is the extent to which the bank is able to meet with the banking service requests of customers (individuals or organizations) in the most efficient manner is below what is expected by customers. This chapter discuses salient issues to provide background knowledge on the subject before taking positions.

As evidenced by the immediate measures taken by regulators to ease restrictions on liquidity and capital, banks were providing an important social good to economic actors and individuals in the heat of the crisis. Although support measures introduced by regulators have certainly helped banks fill this role, they still face some immediate pressures bearing on effective service delivery.

1.2. Statement of the Problem

The COVID-19 pandemic posed a great challenge for the financial industry in Nigeria leading to an increase of mobile banking services which has become a new normal and necessity for users of financial services (Olalekan 2020). While the banking sector is negatively affected by the pandemic, it is also critical for economic recovery. Although scholars are saying that the crisis will strengthen competitive pressures on banks by accelerating trends towards digitalization of banking service delivery and new financial service providers.

The lockdown to prevent the spread of the Covid-19 has stopped economic activity across many sectors, with important repercussions for firms and households. According to Delloitte (2020) firms relying on direct customer contact such as banks, hospitality and transport are losing revenue sources; and households working in these sectors are losing employment income.

The banking sector is also affected, although mostly indirectly. While banking services can be provided remotely and do not rely on direct customer contact, the linkage of the sector with the real sector as provider of payment, savings, credit and risk management services extends the negative effect of the Pandemic (Eyob 2020).

In addition to the issue of the Covid-19 crisis to banks and other financial institutions, the banking sector has the had difficult times playing its role of supporting firms and households during this period of lower revenues and incomes, which has triggered important policy actions by financial supervisors and governments. The banks are affected by the crisis in many ways which may include first; firms that have stopped working miss out on revenues, and therefore might not be able to repay loans. Similarly, households with members who have lost their jobs or have less income are distressed, and therefore might not be able to repay their loans. This will result not only in lost revenue but also in losses (if repayment capacity is permanently impaired), negatively affecting profits and bank capital.

As a swift recovery becomes less likely, banks can expect further losses, resulting in the need for additional provisions, further undermining their profitability and capital position Vangaurd (2020). Banks are negatively affected as bonds and other traded financial instruments have lost value, resulting in further losses for banks. There might also be losses from open derivative positions that have moved in unexpected directions due to the crisis.

Banks are facing increasing demand for credit, as especially firms require additional cash flow to meet their costs even in times of no or reduced revenues. In some cases, this higher demand has presented itself in the drawdown of credit lines by borrowers. In addition, banks face lower non-interest revenues, as there is lower demand for their different services.

1.3. Objectives of the Study

The broad objective of this study is to investigate the effect of the COVID-19 pandemic on banking service delivery in Nigeria, a study of Zenith Bank Abakaliki Metropolis. The specific objectives are to:

1. Investigate the effect of COVID-19 on banks credits and advances operations in Nigeria (a study of Zenith Bank Abakaliki Metropolis).
2. Find out the effect of COVID-19 pandemic on banks' electronic services delivery channel in Nigeria (a study of Zenith Bank Abakaliki Metropolis).
3. Evaluate the effect of the COVID-19 pandemic on banks deposit base in Nigeria (a study of Zenith Bank Abakaliki Metropolis).

The present research becomes relevant in the light of the reality of the COVID-10 pandemic which has to some extent altered the way banking services are rendered thereby putting the questions of effective customer service systems on banks.

2. Review of Related Literature

2.1.1. The COVID-19 pandemic

The virus is thought to be natural and of an animal origin, through spillover infection. There are several theories about where the first case (the so-called patient zero) originated. Phylogenetics estimates that SARS-CoV-2 arose in October or November 2019. Evidence suggests that it descends from a coronavirus that infects wild bats, and spread to humans through an intermediary wildlife host. The first known human infections were in Wuhan, Hubei, China. A study of the first 41 cases of confirmed COVID-19, published in January 2020 in *The Lancet*, reported the earliest date of onset of symptoms as 1 December 2019. Official publications from the WHO reported the earliest onset of symptoms as 8 December 2019. Human-to-human transmission was confirmed by the WHO and Chinese authorities by 20 January 2020. According to official Chinese sources, these were mostly linked to the Huanan Seafood Wholesale Market, which also sold live animals. In May 2020 George Gao, the director of the CDC, said animal samples collected from the seafood market had tested negative for the virus, indicating that the market was the site of an early super spreading event, but that it was not the site of the initial outbreak. Traces of the virus have been found in wastewater samples that were collected in Milan and Turin, Italy, on 18 December 2019.

By December 2019, the spread of infection was almost entirely driven by human-to-human transmission. The number of coronavirus cases in Hubei gradually increased, reaching sixty by 20 December, and at least 266 by 31 December. On 24 December, Wuhan Central Hospital sent a bronchoalveolar lavagefluid (BAL) sample from an unresolved clinical case to sequencing company Vision Medicals. On 27 and 28 December, Vision Medicals informed the Wuhan Central Hospital and the Chinese CDC of the results of the test, showing a new coronavirus. A pneumonia cluster of unknown cause was observed on 26 December and treated by the doctor Zhang Jixian in Hubei Provincial Hospital, who informed the Wuhan Jianghan CDC on 27 December. On 30 December, a test report addressed to Wuhan Central Hospital, from company Capital Bio Medlab, stated an erroneous positive result for SARS, causing a group of doctors at Wuhan Central Hospital to alert their colleagues and relevant hospital authorities of the result. The Wuhan Municipal Health Commission issued a notice to various medical institutions on “the treatment of pneumonia of unknown cause” that same evening. Eight of these doctors, including Li Wenliang (punished on 3 January), were later admonished by the police for spreading false rumours and another, Ai Fen, was reprimanded by her superiors for raising the alarm. The Wuhan Municipal Health Commission made the first public announcement of a pneumonia outbreak of unknown cause on 31 December, confirming 27 cases– enough to trigger an investigation.

2.1.2. Conceptual of bank service delivery

Babatunde and Olukemi (2012) see bank service delivery as concerned with the provision of quality services to customers. Obviously, one of the factors that separate competitors (banks) from the other (other banks) in the Nigerian banking industry is their level of services delivery. This is because service delivery determines the level of customers' satisfaction and consequently, the customer patronage of any bank. The patronage by customers on the service delivered by a given Bank, no doubt is a function of the satisfaction they so derive from it. Satisfaction in relation to bank service delivery is the customers' evaluation of the service in terms of whether that service met their needs and expectations. Happy and satisfied customers behave in a positive manner.

The effect of service delivery by banks and the satisfaction derivable by the customers are becoming perceptible. Given that the contemporary customers are more informed than ever before, Leboeuf (1987) posited that meeting their expectation as regards satisfaction is increasingly becoming more difficult. According to Woldie (2003), bank customers in Nigeria have been found to be dissatisfied with the quality, of services provided by banks. This calls for the need to actually investigate how customers behave or get satisfied with regards to the services of commercial banks in Nigeria.

2.1.3. Determinants of Effective Service Delivery and Perspectives of Service quality

Kamalanabhan (2001) identified five factors of service quality as critical from the customers' point of view. These factors are:

1. Core service or service product
2. Human element of service delivery
3. Systematization of service delivery: non-human element
4. Tangibles of service - servicescapes
5. Social responsibilities

Singh (2013) has outlined two perspectives of service quality, which are: Customer perspective Bank perspective.

2.1.4. Bank services delivery in Nigeria

Based on the structure of banks discussed above, bank service is centred on financial intermediaries, that is, deposit collection and lending.

However, in the Nigerian banking industry, different types of services have emerged but can be categorized by Akanji, Berry, Seiders and Grewal (2013).into three major arms, namely, general banking covers account opening, deposit management and cashhandling, credit such as loan disbursement and loan management and foreign exchange such as foreign currency and remittance management. There has been poor and inconsistent bank service delivery in Nigerian banking sector over the years, and that was why a series of reforms had evolved in the sector. However, there are variations in the quality of these banks' service delivery over the years, and this varied with the categories of banks in the country and who the assessor is (local regulator such as the Central Bank of Nigeria, Customers, and International raters such as International Monetary Fund (IMF), and World Bank. As reported IMF (2016), Nigeria has the lowest percentage (14%) in terms of the ratio of broad money supply to gross domestic product (GDP) among selected countries.In the study of other banks like microfinance bank, Ogunsakin, Babalola, and Adedara, (2013) identified diversion of funds, inadequate finance and frequent changes in government policies, heavy transaction costs, huge loan losses, low capacity and low technical skill in the industry as impediments to the growth of this subsector.

Service delivery quality and customer satisfaction in Nigerian banks

As Nigerian banks are venturing on global expansion and many foreign banks are looking at Nigeria, the banking system is all set to further evolve to a higher level. Since the financial sector reforms, banks are functioning increasingly under competitive pressures emanating from within the banking system, from non-banking institutions and from the domestic and international capital markets. In this era of intense competitive pressures, it is imperative that the banks maintain a loyal customer base. In order to achieve this and improve their market and profit positions, many retail banks are directing their strategies towards increasing customers' satisfaction and loyalty through improved service quality.According to Kotler (2003) in a fiercely competitive market, non-price factors like customer service become more important. As a consequence, it is desirable for banks to develop a customer-centric approach for future survival and growth.

2.1.5. Major Effects of the Pandemic on Banks in Nigeria

Currency Risk: Many banks with improperly matched FCY denominated assets and liabilities could experience a significant exposure to currency risk, resulting from the expected defaults on the FCY assets compounded with the recent upward adjustment of the exchange rates.

Profitability and Capital Adequacy Risk: The combined effect of low business activities, higher impairment and possible operational and fair value losses may result in reduced profit levels and capital depletion. CAR may drop below the regulatory threshold as a result of increase in credit exposure.

Cyber Risk: Remote working conditions and adoption of digital channels have expanded the attack surface of banks' IT network with cyber threats trying to exploit any remote access weaknesses with new attack techniques

Operational Risk: Operational risk challenges such as business execution and process management failures as well as system failures and business disruption due to changes in employee working arrangements

Liquidity Risk: Reduced cash inflows from loan repayment may impact banks' liquidity position, increased cash withdrawals by depositors to meet their own funding needs and flight to quality as customers may move their funds from banks expected to be significantly impacted by the pandemic to banks less impacted.

Market Risk: Fair value losses due to increased credit spreads, as well as the impact of FX devaluation varying with the bank's net FX position e.g. a net FX asset position would have a positive impact while a net liability position may incur a translation loss.

Credit Risk: Increased defaults resulting from curtailed economic activities, lower recoveries, higher credit exposures and credit rating downgrade of customers in heavily affected industries. The expected reduction in the value of the loan portfolio from impairment reasons may impact the banks' ability to meet certain ratios such as Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR), non Performing Loan (NPL) ratios.

Banks can expect a large migration of loans to stage 2 and the accompanying sharp increase in ECL and NPL.

It is as Roux-Dufort (2000) also noted that the goal of any crisis response strategy should be to secure and shield the organization or industries weak spots from further damage and as such, effective policies would be such that are structured to provide flexible options for progress or stability despite the turmoil and challenges associated by crisis events (Pollard & Hotho, 2006; Choi, Sung and Kim, (2010).Having established the need for a revisiting of the country's strategic response to the

2.2. Empirical review

Gabriel, Keremah, Okpara, and Isaac (2020) examined the impact of the COVID-19 pandemic on the functionality of organizations in Nigeria. The study is qualitative and adopted a phenomenology design, with primary data collection instrument consisting of interviews and observations. 15 participants were adopted from five organizations each; selected purposively from five notable sectors in the country. Analysis was issued-based and focused on the use of a priori themes such as provided by the research questions of the study. Findings revealed that one of the differentiating impacts of the COVID-19 pandemic on organizations was based on their forms of operation and the level to which their services or functions were digitized or virtual. While some organizations have only been able to operate minimally, others have shifted their focus to their online platforms. This paper concludes by affirming that while most crisis events have adverse effects and damage to the organization, the approach and strategic response of organization is a key factor in determining the level of their loss, and their capacity for resilience and stability in such crisis.

In the works of Olatokun and Igbindion (2009) using diffusion of innovation (DOI) theory to investigate the adoption of Automatic Teller Machines in Nigeria. They found out that the constructs Relative Advantage, Complexity, Observeability, Compatibility, and Trialability were positively related to attitude to the use of ATM cards in Nigeria.

Olorunsegun (2010) used cluster sampling technique to study the impact of electronic banking in Nigerian banking system. He found out that a bank has an effective electronic banking system which has improve its customer's accessibility and profitability.

James (2012) used Statistical Package for Social Sciences (SPSS) to investigate the acceptance of E-banking in Nigeria. The result shows that acceptance of e-banking in Nigeria is significantly influenced by Age, Educational Background, Income, Perceived Benefits, Perceived Ease of Use, Perceived Risk and Perceived Enjoyment.

2.3. Theoretical Framework

2.3.1. Schumpeter's Theory on Innovation

This study is anchored on the technological innovation theory propounded by Joseph Schumpeter in 1934. It states that innovation or technological progress is the only determinant of economic progress and so, once the technology becomes constant, the process of growth stops. Financial technology would ultimately mean technological innovation that seeks to improve and automate the delivery and use of financial services. According to Motsatsi (2016), financial technological innovation has a positive impact on financial development which is used to improve the performance of the financial sector and subsequently the growth of the whole economy. Generally speaking, the level of technology is an important determinant of economic growth. With the emergence of new technology-driven applications and processes, new digital applications that facilitate easier payments, alternative processing networks and increased use of electronic devices to transfer money, the banking and payment sub-sectors has experienced a high level of disruption (PWC Nigeria, 2017). This gives credence to Schumpeter's creative destruction theory of 1942. The creative destruction or what is known as the disruptive force applies to the fact that the introduction of new products displaces the old ones. It results in the obsolescence or failure of these old products.

Research has shown that a shift from cash payments/traditional methods of banking to digital payments/financial technology as occasioned by the COVID19 Pandemic will enhance financial inclusion. Demirguc-kunt, Klapper and Singer, (2017) as well as Scott, Reenen and Zachariadis (2017) agrees that it will improve efficiency (increasing speed of payments and reducing cost), increase transparency and security of payments and have a long-term positive effect on bank performance.

2.3.2. Situational Attribution Theory

The situational attribution theory, offers yet another framework and foundation for this study in its assessment of the nature of impact of the COVID-19 pandemic on organizations, and the basis of such, as well as the unique attributes that define the industry of the organization, in the development of strategic responses. The theory as such, offers explanation on the need for responses which are premised on not only addressing the spread and impact of crisis on the organization, but which are also considerate of the nature and distinct attributes of the organization. This position is captured in Coombs (2007) that while crisis situations may have significant impact on the organization, the decisions and approach towards ameliorating such impacts may, if not effective, further aggravate and amplify the crisis and lead to more grievous situations.

The general statement of the situational attribution theory follows the view that individuals or groups often base their actions on their judgement and interpretation of causes or events external to them (Coombs & Holladay, 1996; Coombs, 2007). That is to say, decisions and behaviour are explained from the position of the context of the individual or organization. The application of the situational attribution theory varies given its noted flexibility in explaining not only group behaviour but individual choices and decisions (Lalonde, 2004). In applying it in this study, one may argue that decisions of organizations and their choice of methods in dealing with the COVID-19 pandemic should be such that emanates from an understanding of their own context.

That is to say, an effective crisis response strategy against the COVID-19 pandemic should be such that emerges not from borrowed models but rather, solutions or approaches premised on the experiences and shared interpretations of the members of the group. While sometimes organizations may stand to benefit from the availing opportunities within their environment, there are certain times when their environment spews out issues or situations that may possible as considerable crisis and risk to the organization's functionality; one of such is the recent COVID-19 pandemic which has of recent disrupted the functionality and operations of organizations and their relative markets and economies across the world.

A strong and effective response strategy would as such focus first on identifying the unique characteristics of the industry, build on the competencies and strength of the organization, and thereafter develop strategies and response approaches which accommodate the unique characteristics of their industry (Coombs, 2007). According to the situational attribution theory, organizations will be more informed about the requirements and necessary response design for addressing their situations if they understand and have good knowledge of the possible ways such crisis event could affect their organization. In this way, responses would also be channeled towards protecting the vulnerable features and functions of the organization. Lalonde (2004) affirmed that crisis management is a primary function of the leadership of the organization; and the success of which defines their knowledge ability of their organization, functions and their environment.

3. Methodology

3.1. Research Design

The researcher adopted field survey research method as the design to ascertain the effect of COVID-19 Pandemic on banking service delivery in Nigeria (a study of Zenith Bank Abakaliki Metropolis).

3.2. Population of the Study

Population is the group of people or items about which information is being collected. Population is the census of all items or objects that possess the characteristics of that have the knowledge of the phenomenon being studied. The population of this study comprises of Zenith Bank Abakaliki Metropolis branch managers, customer care representatives, Tellers and selected customers. A total of 250 of them were selected for the study. This is made of 10 branch managers, 70 customer care staff and 100 Tellers. The population is thus summarized in the table below.

Category	*No of Staff*
Branch mangers	12
Customer care staff	78
Tellers	100
Selected customers	70
Total	250

Source: Field survey, 2021.

3.3. Source of Data

The conventional made use of conventional Primary sources of data collection and information obtained from structured questionnaires and interviews administered on the respondents (staffs of Zenith Bank Abakaliki Metropolis) by the researcher. Primary data as known are records of events as they are first occurred and they have the benefit of aiding the researcher with unbiased and extensive study on the research problem set out to solve.

4. Presentation and Analysis of Results

In this section of the study, the results from the various tests and data analysis concerning the effect of COVID-19 Pandemic on the performance of banks in Nigeria. The results and data presented include the demographic information on the respondents on whom the questionnaires were administered. The information (dataset) they provided were subjected to relevant analytical procedures following the research objectives earlier set. The goal is to answer the research questions.

4.1. Demographic Characteristics of the Respondents

The demographic data for respondent included gender, age, educational level and position/level. Table 1 presents the reaction of the respondents on customer aggression and workplace behavior based on gender notation.

Researcher's Computation using SPSS

Out of the 250 respondents sampled, 141 or 56.4% were female while 109 or 43.6% are male. The important observation here tallies that job-seeking in the banking industry has greater pull on female gender than male. The age composition of the respondents can also provide some useful insight into the workforce of the banking industry; the industry has an attraction for young people. Table 2 below shows the respondents' age information. From the table above, it is evidently clear that the respondent's composition

Table 1: Demographic information of respondents

Factor	*Options*	*Count*	*%*
Staff unit	Marketing	66	26.4
	Teller	104	41.6
	Internal control	37	14.8
	ICT	43	17.2
Education	WASC	10	4.0
	HND/OND/NCE	128	51.2
	BA/B. SC	77	30.8
	MA/MSC/Ph.D	35	14.0
	BA/B. SC	77	30.8
	MA/MSC/Ph.D	35	14.0
Age	25-30yrs	150	60.0
	31-40yrs	49	19.6
	41-50yrs	26	10.4
	Above 50yrs	25	10.0
Gender	Male	109	43.6
	Female	141	56.4
Marital status	Single	93	37.2
	Married	157	62.8

by age tilts so much toward young population. 150 or 60% of the respondents are aged between 25-30yrs. There may be some challenges facing bank managements as to how best to in-built certain work ethics and strategies in contending with customer satisfaction. Emotional management becomes a concern for banks' management if the workforce tends so much toward younger aged workers. Another important factor to consider in evaluating the effect of COVID-19 Pandemic on the performance of banks in Nigeria is education. The table above provides information on the educational qualifications of the respondents pulled from the questionnaire.

The table indicates that people with ordinary level certificate (WASSC) made up the least proportion of the workforce in the banks with 10 (4%) of the respondents falling within this category. They are closely followed by those with higher national diploma, ordinary national diploma and its equivalent (HND/OND/NCE) with 128 or 51.2%. Those with bachelors were 77 in number; Masters or higher degree holders (M. SC/Ph. D.) were 30.8% and 14% respectively. Uncertainty and variability related to the process of providing services to customers requires employees' initiative and positivity, these are better enhanced through acquiring education and or professional training courses

It is also instructive to peer into the staff unit of the respondents. The study had grouped them into marketing department, Teller, Internal control, and ICT staff respectively. Their composition is displayed in the table above. Out of the 250 respondents, 104 or 41.6% are Teller staffs, 66 or 26.4% are marketing staff, 43 or 17.2% are in the ICT unit while 37 or 14.8 belonged to the internal control unit, hence the largest fraction of the staffs are Tellers. The reliability of the outcome of this study is further enhanced by the spread such that those that can be described as the frontline workers (who come in contact with customers recurrently) makeup the highest composition.

4.2. Effect of COVID-19 pandemic on Credit and Advances of Banks in Nigeria

It was observed that the regression coefficient for COVID-19 and banks credit advances is -0.310 and the p-value is 0.000, see below:

Coefficients

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*T*	*Sig.*
		B	*Std. Error*	*Beta*		
1	(Constant)	2.965	.317		9.341	.000
	CVP	-.310	.056	-.284	5.099	.000

a. Dependent Variable: BCA

The result above shows that the pandemic has significant negative effect on the credit operations of banks in Nigeria. The banking sector has the role of supporting firms and households during this period of lower revenues and incomes, which has triggered important policy actions by financial supervisors and governments.

However, firms that have stopped working miss out on revenues, and therefore might not be able to repay loans. Similarly, households with members who have lost their jobs have less income, and therefore might not be able to repay their loans. This will result not only in lost revenue but also in losses (if repayment capacity is permanently impaired), negatively affecting profits and bank capital. And as a swift recovery becomes less likely, banks can expect further losses, resulting in the need for additional provisions, further undermining their profitability and capital position.

Also banks are negatively affected as bonds and other traded financial instruments have lost value, resulting in further losses for banks. There might also be losses from open derivative positions that have moved in unexpected directions due to the crisis. In addition, banks face increasing demand for credit, as especially firms require additional cash flow to meet their costs even in times of no or reduced revenues. In some cases, this higher demand has presented itself in the drawdown of credit lines by borrowers.

4.3. Effect of cOVID-19 pandemic on Electronic Delivery Channels of Banks in Nigeria

As observed (the table below), the regression result showed a coefficient of -0.421 and the p-value is 0.003, hence the pandemic has significant negative effect on the electronic delivery channels of banks in Nigeria.

Coefficients

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*T*	*Sig.*
		B	*Std. Error*	*Beta*		
2	(Constant)	3.893	.422		9.225	.000
	CVP	-.421	.066	-421	-.314	.003

a. Dependent Variable: BECD

Researchers computation using SPSS

Covid-19 has significantly transformed our lifestyle on multiple fronts. From the way we do our professional work, go about our daily responsibilities to planning or managing finances, we all have been pushed to adopt digital technologies. As a result of the pandemic, ATM cash withdrawals and footfall at physical bank branches are down, whereas e-commerce and contactless payments have increased significantly. Recent publications have pointed out that the ATM usage in recent months has plunged by about 40% in volume compared with the year before the surge of the pandemic, while branch traffic has also fallen due to adoption of electronic delivery channels. While the data shows a substantial increase in digital adoption, the financial institutions will need to continuously review the needs of retail customers and make it easy for their customers to adopt the digital technologies. Banks can look at the digital adoption across segments and device means to increase the adoption rate. The Essential Banking needs such as viewing accounts and transactions, making payments, availing loan and credits, remain similar for different segments despite the pandemic. The pandemic has primarily impacted the amount of traffic to branches, and cash withdrawals from ATMs. It has also resulted in a surge in demand to use digital channels to do essential banking, seek virtual support if there are issues and also have online tutorials to help users understand how to use online banking tools. Additionally, the pandemic has impacted the financial well-being of the retail customer segment, driving demand for hardship assistance, additional credit, and everyday money management tools online. The following highlights the digital banking needs of the retail customer segment, which the banks must address.

4.4. Effect of COVID-19 pandemic on the Deposit Base of Banks in Nigeria

In this study, the regression result (see table below) of the effect of the pandemic on the deposit base of banks is negatively signed.

Coefficients

Model		*Unstandardized Coefficients*		*Standardized Coefficients*	*t*	*Sig.*
		B	*Std. Error*	*Beta*		
1	(Constant)	4.749	.400		11.875	.000
	CVP	-.372	.062	-.371	-1.166	.245

a. Dependent Variable: BDB

Researchers computation using SPSS

As observed, the regression result showed a coefficient of -0.372 and the p-value is 0.245; it is therefore implied that COVID-19 pandemic has significant negative effect on the deposit base of banks in Nigeria. There are certain views of why deposits surged during the first months of the COVID-19 pandemic.

The precautionary savings view suggests that as the pandemic deepened concerns about economic disruptions and layoffs, households boosted savings as a precaution against declines in future income and some of those additional savings flowed into bank deposits. This view also offers cross-county predictions about the relation between COVID-19 and both bank deposits and deposit interest rates. Following concerns about future income, the precautionary savings view suggests a positive relation between COVID-19 cases and bank deposits at some level. Furthermore, the COVID-19 driven increase in local deposits will reduce local deposit interest rates, as long as there is some segmentation of banking markets. Although past research provides mixed evidence on the importance of precautionary savings. Moreover, the “flight-to-safety” view stresses that adverse financial market shocks induce people to flee from risky investments and into the safety of bank deposits while stock market booms are associated with a reduction in households’ demand for deposits.

When applied to the COVID-19 pandemic, this flight-to-safety view suggests that COVID-19 triggered financial market panic that prompted investors to allocate more of their savings to deposits. The COVID-19 crisis, however, is qualitatively different from the crises underlying past flight-to-safety studies, because the COVID-19 crisis did not originate as a shock to the financial sector.

A third view stress that COVID-19 may have induced an increase in the demand for deposits. If businesses drawdown their lines of credit with banks in response to the economic disruptions triggered by the pandemic, then banks may increase rates to attract deposits in order to satisfy those draw-downs. Consistent with this demand-side effect, findings show that banks are facing greater liquidity risks during the financial crisis and offer higher deposit interest rates. From this perspective, the pandemic-induced surge in bank deposits is driven by a demand shock.

5. Summary, Conlusion and Recommendation

The study examined the effect of the COVID-19 pandemic on the performance of banks in Nigeria. The summary of the findings is based on the results obtained from the analysis carried out in the study. Below is the summary of the research findings:

1. The COVID-19 pandemic has significant negative effect on the credit and loan operations of banks in Nigeria
2. The study found that the COVID-19 pandemic has significant negative effect on the electronic delivery channels of banks in Nigeria
3. The study also found that the pandemic has negative insignificant effect on the deposit base of banks in Nigeria

The study examined the effect of the COVID-19 pandemics on the performance of banks in Nigeria. Relying on the findings from the empirical results the study concludes that COVID-19 pandemic has negative significant effect on the performance of banks in Nigeria.

Based on the research findings and the conclusions drawn thereof, the following recommendations were made:

1. There is need for banks to deepen electronic service delivery in order to reduce the effect of sudden economic shocks such as those brought by the COVID-19 pandemic.
2. Banks should adopt credit operation mechanism that is not prone to high impact defaults

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