



Effects of Bank Charges on Bank's Customers Saving and Income in Nigeria

Ridwan Dairo¹ and Tonuchi E. Joseph^{2,3*}

¹*Department of Statistics, Central Bank of Nigeria, Lagos, Nigeria.*

²*Department of Statistics, Central Bank of Nigeria, Abeokuta, Nigeria.*

³*Department of Economics, University of Nigeria, Nsukka, Nigeria.*

Authors' contributions

This work was carried out in collaboration between both authors. Author RD introduced the topic, conducts the literature review and methodology. The author also leads in the data collection and provide review and editing of other sections. Authors TEJ design and conduct the research data analysis. The author provides a critical review of the introduction and literature review. Both authors read and approved the final manuscript.

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ABSTRACT

Effective saving mobilization by the deposit money banks is a prerequisite to achieve the macroeconomic objectives of price stability, full sustainable economic growth, full employment, and exchange rate stability. This study therefore investigates effect of bank charges on saving and income of bank's customers in Nigeria. The study sampled 180 bank customers in Lagos state, and it was revealed that excessive bank charges is not only hindering effective saving mobilization in the country but also the financial inclusion policy of the Central Bank of Nigeria. It was further discovered that excessive bank charges are of greater concern to small savers like students and self-employed customers. The study therefore concludes that excessive and indiscriminate bank charges does not only cause more than 30 percent of Nigerian bank customers to switch to other banks but impacts their saving culture and income.

Keywords: Customers; saving; income; saving culture.

**Corresponding author: E-mail: tonuchijoseph@gmail.com;*

1. INTRODUCTION

Savings and investment are two major intermediate macroeconomic variables with a microeconomics foundation that plays a significant role in household income, price stability, employment generation, and ultimately sustainable growth. The insufficiency of domestic resources in developing countries is a common problem inhibiting domestic investment and economic growth. While most developing countries' policymakers make an effort to attract foreign savings through unrestricted financial inflow, foreign capital's volatile nature has become an issue of concern for such policy [1]. Pravakar and Ranjan [2] have argued that domestic saving mobilization has remained a significant source of investment and income for developing countries.

To this end, banks or Other Depository Corporations (ODCs) are saddled with the responsibility of financial intermediation, which involves mobilizing funds from the surplus units (the savers) to the deficit units - the borrowers [3]. Savings is the proportion of income not spent. Theoretically, saving is equal to investment; therefore, the amount of savings in a certain economy must be relatively high to facilitate investment [4]. And to efficiently mobilize savings, there must be substantial development in the financial sector and an increase in the populace's savings culture. Given the importance of savings to the growth and development of investment and employment generation, there is no gainsaying that there must be a saving culture among the populace for any nation to achieve substantial growth.

One of the hindrances to savings culture among the populace, as identified in the literature, is high and excess bank charges on the bank's customers. It is believed that high bank charges erode the customers' income and discourages the customers from participating in the financial sector and save especially the operators of the informal economy [5]. The high bank charges are one of the major causes of poverty (by inhibiting savings and investment), which leads to the downturn of economic activities [3].

Over the years, there have been various complaints by Nigerian commercial bank customers on indiscriminate and excessive bank charges on their banks' accounts. Oladeinde [6] reported that such excess and indiscriminate charges on bank customers such as withdrawal

limits discourages bank customers from accessing banking services especially people within informal sector and low income earners [6]. These ugly situations have led to the closure/dormant operations of many accounts in Nigeria [6]. Olufemi [7] shared a similar view when the author argued that most commercial bank customers took to social media to declare that they are either closing their bank account or switching to another bank primarily due to excess or unexplained charges. Some informal sector participants noted that they decline to have a formal bank account or have closed their bank account because of banks' high charges without adequate services [6,8].

Despite the social media protest in 2017-2019, indiscriminate bank charges continued in Nigeria commercial banks [9]. This reinvigorates the slogan, "end excess bank charges," in 2020 at the heat of the coronavirus when some bank customers took to social media to complain of excessive banks' charges. According to Nimot [9], bank customers expressed their disappointment and grievances towards Nigerian banks over excessive and *repeated, and doubled charges deducted from their savings accounts.*

Given the importance of customers savings on investment and economic growth and continuous trust in the financial system to handle their finance, policymakers like the Nigeria Senate has overtime waded into the issue [10]. The Nigeria senate noted that such indiscriminate and excessive charge on financial institution customers might hinder the country's financial inclusion strategy that is making significant progress. As such, the chamber set a panel to investigate the issue [10]. The Nigeria Senate is not the only key stakeholder that has made a significant effort to address the situation. The Central Bank of Nigeria, the major regulator of a financial institution in Nigeria, has over the years developed policies and guidelines to curtail excessive bank charges in response to complaints by the customers.

For instance, the CBN released a guideline on bank charges in 2004, 2013, 2017 & 2019 [11]. The 2019 banks charges guideline took effect on 1st, Jan 2020. The banks' charges guide 2019 contained a lot of re-adjustment of the 2017 guide. Worthy of note is the reduction of banks charges on 3rd withdrawal on other banks Automated Teller Machine (ATM) from ₦65 to ₦35. The removal of card maintenance fee for current account holders, since account holders

already pay maintenance charges on their account. The reduction of bank charges on electronic funds transfer, where transactions not exceeding ₦5,000 will attract ₦10 bank charge, transactions from ₦5,001 to ₦50,000 will attract ₦25, and transactions above ₦50,000 will attract ₦50, against the previous charges of ₦50 for transaction below ₦500,000 [11]. Whether the commercial banks have heeded this regulation remains a mirage as most banks still charge more on their customers.

The apex bank has also made a significant effort to resolve banks- customers' disputes regarding excess charges. For instance, the bank noted it had resolved about 16,263 complaints received between 2012 and Nov 30, 2019. The bank also refunded the huge sum of ₦76.75billion and \$20.90million to customers after lodged several complaints [11]. In the new directive (a guide to banks charges, 2020), the CBN stated that any financial institution that breaches the new guide will pay a penalty of ₦2million per infraction or as may be determined by the CBN from time to time. Also, failure to comply with CBN's directive in respect of any infraction shall attract a further penalty ₦2million daily until the directive is complied with or as may be determined by the CBN from time to time [11].

In response to the various complaints by the bank customers and critics, the ODCs have also responded to their customers' complaints by saying that their charges are in line with the directive of the CBN Act, 2007 and the "Bank and other Financial Institution Act, 2020". They maintained that the stamp duties are to be charged on any transaction above ₦10,000, either savings or deposits, as contained in the finance act 2020 [12].

The huge question that remains unanswered in literature is whether the ODCs are complying with the Central Bank of Nigeria directives. Or whether the CBN is punishing banks that default its directive as there is no evidence in literature as to the amount that the apex bank has billed the ODCs over their failure to comply to its policies with regards to bank charges just as there was a record of a huge ₦76.75billion and \$20.90million returned to customers. Secondly, literature is silent as to whether the huge charges on bank customers impede effective saving mobilization in the country and the household income. Thus, this study will make an effort to answer the above question using both secondary and primary data. The rest of the paper is

organized into; Review of literature, methodology, analysis, and conclusion.

1.1 Literature Review

1.1.1 Determinants of savings and investment

In a capitalist or mixed economy, investment is carried out by businesses whose aims are to make a profit. At the same time, the governments also invest not for profit-making but to provide those goods the market cannot efficiently allocate or provide. Government invests just to maximize the welfare of the citizenry [13]. In the capitalist system, private investments are greater than public investment, and the government usually invests in creating public goods, such as health care facilities, good roads, and clean water. Since capitalism's motives are to make a profit, they will only invest when the expected return rate is sufficient to cover its cost [14]. Rate of return implies the difference between the cost of production and revenue from engaging in a venture. At the same time, investment decision by a firm is based on the expected rate of profit from adding extra input in a production process [13]. Investment also depends on different factors like technology, innovations, taxes, government spending, interest rate, and gross domestic product (GDP). Others include government policies, the presence of international organizations, market prospects, capital market, and the movement of the business cycle [15].

Saving complement consumption because it's the forgoing of one's present consumption that leads to savings. Therefore, the marginal propensity to save means the marginal propensity to consume. They both have a negative relationship i.e, if someone consumes more, then he/she saves less, vice-versa. It's important to note that people save for two major reasons: for a specific reason and unspecific reason. The specific reason includes saving to buy a house while saving for unspecific reasons, including saving for unforeseen future circumstances [13].

Theoretically, the classical schools of thought were the first set of economists that proposed the economics explanation on the determinants of savings and its importance. It was Adam Smith – the father of the classical's who was the first to state the significance of savings, when he thought that "capital is accumulated by

parsimony and reduced by prodigality and misconduct" [16]. The classicalists believed that there exists a negative relationship between the interest rate and savings. The supply of capital decreases as there is an increase in interest rate because the supply curve of capital sloped downward [17]. The investment level is determined by the rate of savings in an economy, which will determine economic growth. There are no leakages; thus, savings are equal to the investment in an economy, as Smith argued. To this end, savings and investments are both determined by the private sector profit.

Malthus, [18] shared a different view to that of Smith, he argued that savings lead to the reduction of effective demand by reducing the consumption power of people, which will later bring a reduction in profits and investments. Contrary to Smith, who believed that savings are equal to investment; thus, savings will increase profits and investments [13].

The Keynesian school championed by Keynes argued that savings are the excess of income over consumption, which means savings are part of disposable income that is not yet consumed (Keynes, 1936). The Keynesian are the opinion that in aggregation, savings is not different from investment. Therefore, the decision to invest or to consume determines the amount of GDP over time [13]. He was of the view that savings are a complement of consumption, as an increase in income will lead to an increase in savings. In other words, both consumption and saving is essential for the economy to grow [19]. They also argued that investment and interest rate has an inverse relationship [19]. In a different analogy, bank charges negatively impact bank customers' saving and income, which will literally inhibit informal sector operators' participation in the financial sector [13,17,8].

1.1.2 Empirical literature review

To the extent of the researcher's knowledge, no literature has directly made an attempt to investigate the impact of bank charges on customer decision to save and income. However, there is a great deal of literature which have investigated determinant of savings and investment [20,21,22]. Others focusing on the commercial bank investigated the determinant of a customer choice of banks or bank customer switching effect [23,24,25,26,27]. In particular, empirical literature has established that bank charges (often proxied with interest rates) are

among the major determinants of savings [21]. Similarly, excessive bank charges have been identified as a major determinants of bank choice and decision to switch from one bank to another [28,25,26,15].

While very few studies have downplayed the importance of bank charges on bank customer choice of a bank [29] most other studies found strong evidence to support bank charges are a key determinant of bank customer decision to bank and save. Nyoka, [28] asserted that banks in South Africa are under pressure to make more returns on investment from their respective shareholders. Therefore, the banks had devised other means to complement their interest margins. Thus the bank charges were introduced to satisfy shareholders' returns on investment due to the competitive capital market. He observed that bank charges are not an important threat to banks/clients relationships in South Africa. However, Abratt, & Russell, [30] established that rates, fees, and prices charged are the major factors determining customers' selection of a bank. Their study revealed that superior services alone are not enough to satisfy customers. The study further revealed that the price charged is the major determinant of customers' selection of a bank.

Similarly, Nyarko, [28] investigated the reasons why customers switch from one bank to another in the Ghanaian commercial banking sector. The survey was conducted among 350 purposive selected individual customers, and the logistic regression analysis revealed that high bank charges were a statistically significant measure of why customers switch from one bank to another in Ghana. This statistical method of analysis predicted 82.29% switching rate. The study recommended that banks in Ghana need to review their bank charges because a high transaction fee significantly affected customers switching behaviour. While, Jones, Mothersbaugh, & Beatty, [31] affirmed that both bank charges and the costs related to switching from one bank to another are the major factors influencing bank/client relationship.

Gerrard, & Cunningham, [32] established that 3 factors influenced the switching of bank customers from one bank to another. The factors are service failures, pricing and inconvenience, with pricing been the most significant factor, while 75% of banking switching is caused by pricing. In another related study, Mahapatra, & Kumar, [24] investigated why customers dissolve

their banking relationship in India. The study covered 500 bank customers who reside in the national capital territory. The study revealed that price and communication are one of the most important reasons why bank customers switch banks.

Agarwal, [26] established that price, response to service failure and innovative service products were the 3 major determinants of banks customers switching behaviour. The study further recommended that banks must review their bank charges, similarly to the recommendation of Nyarko [28]. Likewise, Clemes, Gan, & Zheng [33] and Zhang [34] established that price, service quality and distance were the major determinants of customers switching behaviour. However, Davidson [23] revealed that in switching from one bank to another, high transaction cost in banks had the least impact on the decision of bank customers who place much value on time. The study covered 196 respondents residing in Makola community, Ghana and 20 banks were randomly selected using a structured questionnaire method.

Tandoh, [15] evaluated factors consumers consider in choosing a bank in Ghana. The questionnaire covered 300 respondents from Kumasi, Ghana. The study revealed that 5 factors were important considerations for bank consumers. The factors include; availability of Automated Teller Machine (ATM), ease of obtaining a loan, the rates of interest on saving, effective and efficient customer service, and the number of bank branches. Meanwhile, Abbam, Dadson, & Say (2015) found that the most important factors determining customer choice of a bank in Ghana are an extension of working hours by the bank, availability of ATM facility, provision of efficient services, the bank is a private one, the introduction of customers to the bank by friends and relatives, and location of the bank.

Zulfiqar, Arshad, Fareed, Shahzad, & Hussain [35] studied customers' behaviour towards bank selection in Sahiwal Division, Pakistan. The study covered 150 bank customers in Sahiwal, using a structured questionnaire with 5 points Likert scale. The study found that 3 factors, such as convenience, quality of services, price and cost, were determinants of customers' selection of bank in Sahiwal. Furthermore, Fathelrahman [27] found that corporal efficiency, bank marketing efforts, convenience, and service

delivery were the important determinants of bank selection by Sudanese bank customers.

Aliero, Aliero, & Zakariyya'u [25] researched the choice of a bank by its customers. The study covered 350 respondents at Usmanu Danfodiyo University, Sokoto. The data were analysed using the logistic regression model. The study results revealed that low-interest rates, speed of service, higher interest on deposits, and easy ways of obtaining loans were significant determinants of bank choice by the customer. Also, Slassie [36] identified location and proximity, image and reputation, speed and service quality, and technology as the most important determinants of a bank's choice in Addis Ababa, Ethiopia. In all the above studies, it was revealed that bank charges (sometimes referred to as pricing or interest rate) significantly impact customer choice of bank and decision to a bank.

1.1.3 Overview of banking industry in Nigeria

Nigeria's banking sector reforms can be traced to the Structural Adjustment Program (SAP) of the 1980s, which leads to the abolition of interest rate ordinance on deposits and loans, directed credit to priority sectors demolition, and Federal & State Government Ministries (FSGM) departments and parastatals account removal from commercial banks to Central Bank of Nigeria (CBN) [11]. The reform (i.e SAP) is meant to bring competitiveness to all banks in Nigeria and prevent unreasonable advantage to those who hold public money in the loans market. CBN in November 1989 changed the controlled interest rate structure to get rid of market imperfections. The highest spread of 4% points from the prime and maximum lending rates was allowed in the new regulation [11]. To promote competition and efficient distribution of financial assets banks in Nigeria were controlled to connect their lending charges to their average cost of funds in 1991, by maintaining a 4% rise above the average cost of funds subjects to the highest lending rate of 21% and follow a 13.5% limit on savings deposit [11]. CBN adopted the interest rate reform to improve the activities of the money market, in which banks deposit and lending rates will be market-driven. The reform agenda is classified into 3 wide categories: competition and efficiency promotion; more effective bank supervision and careful framework; and development and money market

deepening. This reform promotes banking market competition and structure [11].

As part of domestic economic development objectives, a major reform of the Nigerian banking industry was put forward in July 2004. The CBN put forward a banking reform that led to the merging of then-existing 89 banks with one and another, to bring stronger banking competition and operational capacity of banks in Nigeria to bring back public and global trust to the Nigerian banking industry and Nigerian economy as a whole. The CBN officially state that all banks in Nigeria should increase their capital base to 25billion Naira as of 31st of December 2005. The Nigerian banking consolidation exercise led to a reduction in the number of commercial banks from 89 in 2004-25 in January 2006 and 20 in December 2014 [37]. In the year 2010 the CBN revisited its recapitalization policy by grouping Nigerian banks into international, national, and regional operators, where international operator's capitalization was increased to 50billion naira, the national operators still maintain 25billion capital requirement and the regional operators' capital requirement was reduced to 10billion naira with operations with 5-10 states.

2. RESEARCH METHODOLOGY

The study is guided by its objective, which investigates the effect of bank charges on banks' customer savings and income. The study followed a positivist view as such adopted a questionnaire in collecting the relevant instruments. The researcher designed the questionnaire and distributed it through the respondents' emails and WhatsApp to fill and return.

To reach the sampled population, the researcher targets only residents of Lagos state. Again, given that Lagos state is densely populated, the researcher focused only on Lagos Mainland and Island Local Government Areas. Ultimately, because of the nature of the population of bank's customers, the researcher, therefore, employed accidental sampling to sample only 180 bank customers targeting the customers of the five biggest banks in Nigeria by the capital base. The researchers simply visit the five banks' offices within Lagos mainland and Island to sample customers visiting the banks. There is no scientific method used in arriving at the sample size. The reason is that it was difficult arriving at the population size of bank customers in Lagos

state because of the nature of the population. As such, the researcher rather sampled 180 bank customers. The sample size is considered sufficient to enable generalization of the data.

To sample each of the respondents, the researcher simply approaches the customers randomly, introduces the topic, and asks for customer consent to participate in the survey. Once the customers agree to participate in the survey, the researcher simply reads the questions to the researcher and fills their responses or simply sends the questionnaire link to the customer's email or WhatsApp, whichever the customer prefers.

To ensure the instrument's reliability in achieving the objectives, the researchers first conducted a pilot study with a Cronbach Alfa test of 0.76, and based on the feedback from the pilot study, the researchers modified the research instrument before conducting the study. Lastly, the researchers did not collect personal information and assure the respondents that every data collected will be aggregated such that nobody will know their financial worth or any other information concerning them.

3. RESULTS AND DISCUSSION

The data collected revealed that of the one hundred and eighty (180) questionnaires distributed or sampled, only about one hundred and thirty-seven (137) filled and returned the questionnaire accurately, representing 76.11 percent. The sample revealed that bank customers within the age range of 26 to 40 years dominate the sample representing 41 percent as captured in Table 1. This was closely followed by those within 18 to 25 years, representing 35 percent. At the same time, individuals within the age group of 60 years and above represent the least sampled population. The data also revealed that 71 percent of the population are male while the remaining is 29 percent are female.

It was also revealed that students and those that are self-employed, which represent 37 and 36 percent dominate the survey. While individuals who are privately and publicly employed represent 11 percent each. The result is particularly interesting, giving students and self-employed people (informal sector participants) to complain more of bank charges in Nigeria. The data further revealed that people with a monthly average income of 0 to N19800 dominates the survey which is consistent with the fact that

students and self-employed dominate the survey. Individuals with a monthly average income of N19800 to N50,000 and N50,000 to N150,000 represent 21 and 26 percent, respectively. One clear fact is that bulk of the sample, about 89 percent are people with a monthly income of N150,000 or less. This means that bulk of the sampled population are those within the informal sector or those with low income.

It was also revealed that as with the monthly income, about 46 percent of the sampled population saves less than N19,800 monthly, with 37 and 12 percent saving about N19,800 to N50,000 and N51, 000 to N150, 000 monthly. The data also revealed that about 82 percent of the sampled population have savings accounts, which is relatively good in Nigeria's performance on financial inclusion if our data is inclusive. The fact that the bulk of the sampled population is those within the informal sector makes the data a compelling one on the trend of Nigeria financial inclusion. The researcher enquired from the respondents if bank charges affect their income and savings, about 74 percent said bank charges affect their saving level and habit while only 66 percent said bank charges affect their income. Again, 72 percent of the sampled population said they do not always agree with the bank charges but rarely know what they can do. By this sample, the incidence of bank charges on customers' savings and income can be regarded as high and should be a concern for the regulators of the financial system which is supposed to protect the consumer. While the banks must charge their customers in some areas to remain in business, but when it becomes a burden on customers' savings and income, then the objectives of achieving a high financial inclusion rate will be very difficult.

The data also revealed that 84 percent of the population revealed that the banks charge them less than N5000 monthly, while about 10 percent noted they are charged more than N5000 but less than N10,000 monthly. Only about 3 percent are charged more than N11,000 monthly. Given that the average monthly income in Nigeria and the sampled population is low, one would not expect the banks to charge their customer so much except when necessary. Secondly, some bank customers who make multiple low transactions and transfers monthly might increase their charges regardless of their level of income.

Therefore, the researcher made further effort to inquire from the respondents if they have ever

complained to their banks about the charges; 55 percent said they had complained before while 44 percent noted they have not complained to their banks. Again, 51 percent of the customers sampled noted that they have at one time switched bank because of indiscriminate bank charge, while 49 percent have never switched bank because of bank charges. If the sample is representative of the Nigerians opinion, then the finding should concern the management of the Nigeria commercial banks. The finding prompted the researcher to ask the customers on the different items the bank charges them with. It was revealed that 52 percent of the sampled population are charged with SMS, 49 percent by transaction charge, 46 percent indicated stamp duty, while about 13 percent said they do not know the basis of the charges, as revealed in Fig. 1.

The above discussion provides insight on the role of bank charges on customer savings and income. As revealed above, more than 70 percent noted that bank charges affect their savings and income. The researcher interacted customer's savings with responses on whether bank charges impact their saving and income. It was revealed that 94.5 percent of those whose income is less than N50,000 argued that banks charges impact their level of saving and income. This means that the burden of bank charges is more on the poor or those within the informal sector than those within the formal sector. While individuals within the formal sector are charged more arguably because of their transaction level, the impact of the charges on their income is not always much.

The researcher further made an effort to statistically confirm whether bank charges impact customer saving and income using regression. The result revealed that a one percent increase in bank charges reduces customer savings by 49 percent. The p-value (0.013) revealed that bank charges have significant impact on customers savings. Similarly, the data revealed that a one percent increase in bank charges negatively impacted bank customers' income by at least 9 percent with a p-value of 0.06. This means that bank charges have significant impact on customer savings and income. As a confirmatory analysis, the researcher further conducted a Pearson correlation test to check if there exist a correlation between bank charges and customer savings. The Pearson correlation test result revealed that about 46.41 percent correlation exist between bank charges and customers savings and income.

Table 1. Presentation of data

Age	Freq.	Per.(%)	Gender	Freq.	Per.(%)	Occupation	Freq.	Per.(%)
18-25 years	48	0.35	Male	97	0.713	Student	50	0.37
26-40 years	56	0.41	Female	39	0.287	unemployed	7	0.05
41-60 years	27	0.20	More	0	0.000	Self-employed	49	0.36
60 years & above	5	0.04				Govt/public employed	15	0.11
						private sec employed	15	0.11
Monthly Income	Freq.	Per.(%)	Monthly Saving	Freq.	Per.(%)	Have Savings	Freq.	Per.(%)
0- 19,800	51	0.38	0- 19,800	58	0.457	Yes	111	0.82
19,800 - 50,000	29	0.21	19,800 - 50,000	47	0.370	No	19	0.14
50,000- 150, 000	36	0.26	50,000- 150, 000	16	0.126	More	2	0.01
150,100- 500,000	10	0.07	150,100- 500,000	1	0.008			
500,000 & Above	6	0.04	500,000 & Above	5	0.039			
Bank charge & Saving	Freq.	Per.(%)	Bank charge & income	Freq.	Per.(%)	Agree with charge	Freq.	Per.(%)
Yes	101	0.743	Yes	95	0.699	Yes	27	0.199
No	29	0.213	No	29	0.213	No	98	0.721
	2	0.015	Don't know	7	0.051	Don't know	8	0.059
Monthly Charge	Freq.	Per.(%)	Customer complaints	Freq.	Per.(%)	Customer switching	Freq.	Per.(%)
0-5000	115	0.846	Yes	76	0.559	Yes	68	0.5
5001-10,000	13	0.096	No	57	0.419	No	62	0.456
11,000-50,000	2	0.015	Don't Know	1	0.007	Don't know	4	0.029
51,000 & above	1	0.007						

Source: Authors

Table 2. Regression analysis result

	N	Mean	SD	b	t crit	Sig. (2-tailed)
Savings	137	27,367	1.157	-.4932	3.186	0.013***
Income	137	63,086	1.018	-.0922	1.572	0.060*

Where ***, **, * represent 1, 5, & 10 percent level of significance.

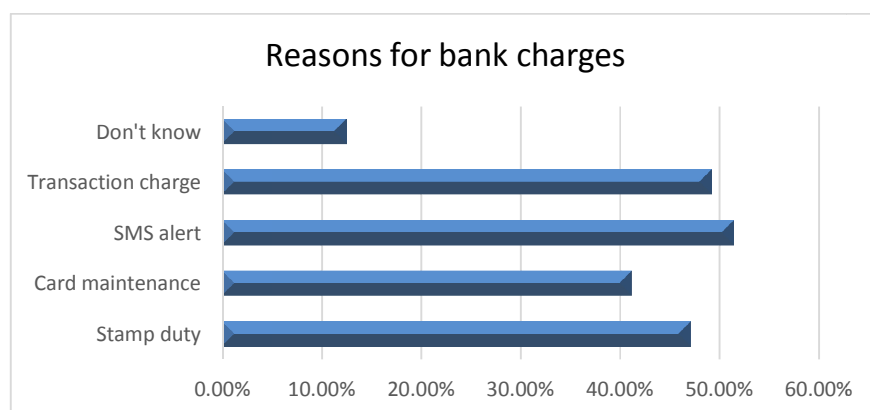


Fig. 1. Reasons for bank charges

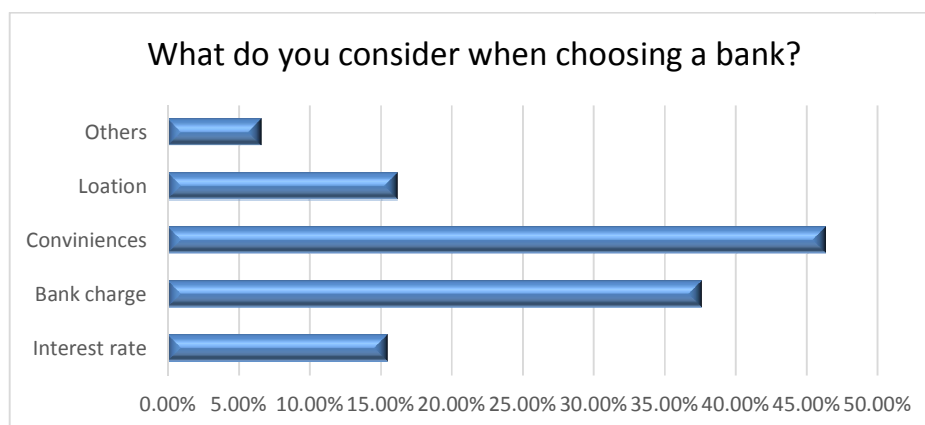


Fig. 2. What customers consider when choosing banks

Given the findings, the researcher then enquires what is the most important factors customers consider when choosing a bank. The finding as contained in Fig. 2 revealed that majority of the bank customers chose convenience as the most significant factor influencing their choice of bank with about 46.32 percent choosing convenience as a paramount factor. This was closely followed by bank charges, where as much as 37.64 percent indicated that bank charges influence their choice of bank. Again, if we consider the fact that Kuda Microfinance banks build their marketing and promotion strategy around 'no bank charge', it signifies that Nigerians are reactive to bank charges.

4. CONCLUSION AND POLICY IMPLICATION

The study investigated the impact of bank charges on customer savings and income. Interest rate (bank charges in this scenario) plays

an important role in how effective the bank will be in mobilizing funds from surplus sector to the deficit sector of the economy. Our findings revealed that bank charges play an important role in banks' customers' saving culture, impacting Nigeria's monetary policy framework. It is difficult to achieve macroeconomic objectives of price stability, full employment, economic growth, and stable exchange rate if the mobilization role of the deposit money bank is defeated due to high customer charges.

This study, therefore, concludes that bank charges have a significant negative impact on the savings and income of bank customers. Bank customers are willing to switch between banks because of indiscriminate or high bank charges. Also, bank charges impact more on those with low income compared to those with high income. This means that high or indiscriminate bank charges will hinder the financial inclusion strategy that largely targets the informal sector

participants. The informal sector participants are dominated by the students, artisans, and self-employed who, at every opportunity, will boycott the banking system because of regulation, convenience, knowledge, and charges [8,38]. This means that if the government of Nigeria's objective of achieving at least 90 percent financial inclusive by 2025 will be feasible, then addressing indiscriminate charges on the bank customers should be a concern to policymakers.

The central bank of Nigeria has made significant progress through its consumer protection department in controlling and reducing bank charges. Still, more can be achieved by disciplining offending banks and making more publicity of its actions against excessive charges to gain more public trust who knows the bank is protecting their interest.

DISCLAIMER

The products used for this research are commonly and predominantly use products in our area of research and country. There is absolutely no conflict of interest between the authors and producers of the products because we do not intend to use these products as an avenue for any litigation but for the advancement of knowledge. Also, the research was not funded by the producing company rather it was funded by personal efforts of the authors.

CONSENT

As per international standard or university standard, respondents' written consent has been collected and preserved by the author(s).

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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