

# **PANDEMIC DISRUPTIONS AND STRATEGIC CHOICES AVAILABLE TO DEPOSIT MONEY BANKS IN RIVERS STATE**

**Mekuri-Ndimele, Joy Adanma**

*Department of office and information management (OIM)  
Ignatius Ajuru University of Education, Rumuolumeni  
Port Harcourt, Rivers State*

&

**Josephine Hart-Akinsola**

*Joint University Preliminary Examination Board (JUPEB)  
Ignatius Ajuru University of Education,  
St Johns Campus, Port Harcourt, Rivers State.  
hartjosephine77@gmail.com*

## **Abstract**

*The study examines various disruption caused by COVID-19 Pandemic in the Nigerian banking industry with basic focus on work structure, alteration of social and physical interaction of humans, downturn in banking performances. The study is premised on the assumptions of rational Choice Theory by Adam (1776).The study reveals digital and online strategic choices available to Nigeria banks, remote work pattern adopted by the banks. The study concluded that COVID 19 has indeed disrupted a lot of operational activities in the Nigeria banking sector hence, the following recommendations were made Nigeria banks should make remote and virtual work structure a culture, owing to its advantageous stance and for the fact that the world has been globalized into a village ,in digitalizing the entire banking activities and online banking operations, banks should at regular interval educate its customers and create more awareness on how to ensure cyber security, while also ensuring cyber safety of its online platform and to further create and motivate wide involvement of customers in retail and online banking, banks should reduce excessive charges on retail and digital banking as this can discourage customers in subscribing to internet banking.*

**Keywords:** Pandemic, strategic choices, remote work structure, COVID19, protocols, digital bank

## **Introduction**

Pandemics rarely do play out in societies; it's not a new occurrence never in human life and history. More recently and often pandemics have been on the increase from the year 2000 till date, it surfaces in diverse forms posing serious threat to man and his environ . In some what pandemic occurrence could be traceable rising case of viral disease amongst animals (Madhav et al., 2017). In this study our concern is not necessarily on how pandemic evolves rather we are concerned on banking operations and disruption brought by the pandemic as well as strategic moves by banks in combating this menace of a pandemic. At the onset of the COVID-19 pandemic in Nigeria sometimes in the month of March 2020, banking and other human activities were deeply disrupted and adaptability was the only way out. However, as the spread continues organizations began to think outside the box while adopting the new normal, recognizing that there is no "one size fits all". No doubt, these disruptions have facilitated several change initiatives and there is continuous pressure on organizations to adopt new strategies to surmount these disruptions. It is also expedient for organizations to efficiently manage these changes so as to deliver benefits and ensure that staff and customers are duly satisfied.

Most recently than ever traditional approaches are gradually going into extinction while new ways of doing things faster and better are

seriously evolving. "Stable states" are not realistic in today ever changing world because; recurrent, disruptive change is becoming the order of the day. Despite the devastating effect of COVID-19 outbreak, little or not much have been said on the disruption which the pandemic has caused in Nigeria banking industry hence the need for this study

Basically this study objectively seeks to examine

- i. Pandemic disruption and remote work structure in Nigeria money deposit bank
- ii. Pandemic disruption and digital banking in Nigeria money deposit bank
- iii. Pandemic disruption and retail banking in Nigeria money deposit bank

### **Theoretical Framework**

This study is hinged on the assumptions of rational Choice Theory by Adam (1776). The Rational Choice Theory is also known as the Choice theory. It is an economic principle that assumes that individuals always make well calculated and logical decisions that provide them with the highest and personal benefits or satisfaction that individual tries to actively maximize their advantage in any situation and therefore consistently try to minimize their losses (Hope, Saidu and Success, 2020). According to this theory, the banking industry has been classified as part of essential service providers and were allowed to continue operations during the crisis caused by the pandemic, money deposit have devised some distinctive rational measures in enhancing its operations in the face of the disruption caused by the pandemic, thereby turning its supposed challenges into opportunity for exploitation.

### **Critical Areas of Disruption of Activities by Coronavirus Pandemic in Deposit Money Banks**

As the COVID-19 global pandemic swiftly spread, it has gripped the world with a shock, thereby overwhelming all sector of most nations, it has also alter several business operational style giving it a new normal. According to Todnem (2005) successful management of change is expedient to any organization in order to stay a life and thrive in

today highly competitive and highly volatile business environment. No doubt, Change management cannot be a casual act, but a necessary element for leaders of all works of life in periods such as this. Change management is well defined process of directing human resources, processes and technology in an organization in response to the ever evolving sphere, so as to link business strategies with external changes and stay competitive (Felix 2019). The spread of COVID-19 has gradually but consistently been on the increase in Nigeria, shifting from an elitist pattern of imported case to community level person to person infection. According to the Nigeria center for disease control (2020) report, the death rate of infested person stood at about 2.8%. Nigeria recorded a swift increase (52% of total cases) of infected people during the brief period lockdown was placed on hold. Given the weak state of our health care system Nigeria is also among the most vulnerable African nations adversely affected by covid-19 (Marbot, 2020).

According to Burnes (2017) Change is often forced by imposition rather than negotiation and agreement, and this is the case with most banks in Nigeria as the outbreak of covid-19 has forced the bank into adopting a new work structure for its staff, most banks now run on one month in and two weeks out on self-isolation shifts and rotation systems. This is to enable them manage the spread of the ravaging virus, after one month on scheduled duty present themselves for further medical examination and also embark on self-isolation for two weeks, which is the window of which an infected person get manifestation of symptom

### **Disruption of Social and Physical Interaction**

Notable of the disruption is the alteration of social and physical interaction of humans by the introduction of social distancing protocol. Banks now mark a two meter queuing space between customers in the hall, not more than 8 to 10 customers are permitted at a time within the banking hall so as eliminate or reduce to its barest minimal body contact among customers. No doubt this therefore discouraged customers physical present and overcrowding of banking

halls while encouraging customers to be involve more in cashless transaction and embracing internet banking and also achieving transparency, reduce corruption and generally control finance.

Despite the laudable objective of this policy, a major downside of it, has been pervasive electronic banking fraud (e-fraud). Fraudsters have unravel alternative means of increasing their nefarious ways of robbing innocent victims of their hard earn money. They employ methods such as counterfeiting, identity theft, card trapping, pharming, cloning, malware attack, BIN attack, skimming, phishing and carding to defraud and steal from users of electronic payment. Consumers are not the only targets of electronic payment crimes other targets include the merchants, retailers, banking institutions, organizations that use individuals' data to transact businesses and even the government. No possible target is spared by these criminals.

#### **Use of Face Mask**

Another notable disruption which is brought about by the outbreak of the covid 19 is the introduction of face mask for all staff and customers and staff within the bank premises.

#### **Stay-at-Home-Campaign**

Covid-19 pandemic has caused so much disruption in social interaction due to the "the stay-at-home" campaign and prohibition of (large) social gathering (Amzat & Razum, 2014) measures adopted in curbing the spread of the virus since the disease transmits through contact with individuals who already contracted the disease. The idea no doubt negates the traditional and cultural social interaction of an average Nigerian, an average Nigeria keeps a large congregation of allies, lives in densely clustered environment with intimate interaction among neighbors. With this new normal, life indeed has been more challenging adapting to changes brought by covid 19 for both businesses and individuals.

COVID-19 pandemic has brought the world into exceptionally difficult and largely uncharted waters (Nevin & Amosun 2020) due to lockdown of the major cities and the current foreign exchange devaluation due to drop in

crude oil prices, arising from the COVID-19 Pandemic has impacted all sectors in Nigeria. Money deposit banks performance took a down turn with serious drop in liquidity which caused unimaginable disruption in banking operations and customers' relationship (Anyanwu 2003). Omaliko and Okpala (2020) opine that liquidity indicates whether an entity could be able to meet its financial obligations in the short-term. Liquidity is the ability of a firm to fund increases in assets and meet obligations as they come due, without incurring unacceptable losses. Apparently, during this period most money deposit banks were inherently exposed to liquidity risk.

#### **Strategic Choices in Combating the Disruptive Effects of Covid-19**

Strategic choices entail various strategic alternatives available to an organization directions and moves and the methods by which strategy might be pursued (Johnson et al., 2008). Strategic choices require serious environmental and case analysis for optimum decision. Managers must assimilate large amounts of information about their own organization, the environments in which they do or might operate, and possible actions of their competitors, allies, and regulators (Bukshar & Connolly, 1988). No doubt, COVID-19 pandemic has brought the banking industry and the Nigerian economy at large into a rare but very difficult state. This is in congruence to the assertion of Burnes (2017) that change can be forced by imposition rather than negotiation and agreement. Covid-19 as a global pandemic has left no stone unturned in the crave for a new normal and like the words of Senior, Swailes and Carnall (2020) "change in itself has changed" the bank, its employees, its esteemed customers and the society at large have all been negatively drained and impacted by the pandemic. According to Burnes (2017) change is often short lived therefore the bank has the task to render and sustain very important banking services and at same safeguard the health of its customers.

The outbreak of covid-19 has forced Nigeria banking industry into adopting some strategic choices such as: Remote work structure, digital banking, retail banking.

### **Remote Work Structure**

Remote work structure describes a situation where employees work majorly from home without been physically present at the work place. As the social and technological environments and trends are changing, so does the way of working. At present staff of various organizations do enjoy the freedom and flexibility of working from anywhere else than the “traditional” office. What we mean with traditional office is an office where people mainly work on their computers, but still are together in the same place. It is mainly about those working on the computer on their own, such as banking workers, insurance company workers and workers with different administrative responsibilities in the organization. What people want to achieve is a cheaper, faster, and greener way of working. Remote work is one of the flexibilities and is (in this article) defined as “performing work at a location other than one’s primary office” (Jensen Perry et al., 2018). This measure was adopted by money deposit banks to enable them manage the spread of the ravaging virus, after one month on scheduled duty present themselves for further medical examination and also embark on self-isolation for two weeks, which is the window of which an infected person get manifestation of symptom.

Remote working is not only advisable during global crisis such like the outbreak of the corona virus but also in normal situation. This is because of its several positive side, not only that the workers often tend to work harder, and manage the long working hours better but it does create a work life balance for the worker. Studies shows that people who remote work experience less conflicts related to the work-family balance, even though it can be hard to ignore and not get affected of things or stressful situation at home that occur when you are “at work” (Jensen Perry et al., 2018). With this present practice of remote working, the questions of how to make remote work actually work, and how to effectively move from a physical work setting to remote work, are becoming interestingly important to all. Organization leaders and the led are faced with a situation which requires adoption of the new

and ideal office work. Nevertheless the number of organization adopting remote work has greatly increase, Some persons only work a few days per week from home and the rest in the office.

One basic advantage of remote working is increase productivity (Bloom et al., 2013, Choudhury et al., 2019), increase in real income (Choudhury et al., 2019). However, remote work has its negative side, such as, feelings of loneliness and isolation (Bloom et al., 2013, Choudhury et al., 2019, Grant et al., 2013, Jensen Perry et al., 2018). Notable also is that remote work does unify work-life and leisure time, bridging the gap between the two. This has been viewed from both side of the coin, where the increased socialization at home is seen as positive by those who have families, but where the blurring of the boundaries led to increased stress and the inability to leave work when the workday ends (Grant et al., 2013). On the other hand also remote workers do not experience socialization at work others see the family socialization as more significant than with others. Remote work also removes the need for commuting, thereby reducing the stress and reduction in wellbeing which comes with a daily commute, additionally the carbon emissions that would have otherwise been produced by the commuter are also reduced (Bloom et al., 2013, Chatterjee et al., 2020, Choudhury et al., 2019).

### **Digital Banking**

In a bit of making up to customers due to the introduction of “social distancing” the “stay-at-home” campaign and prohibition of (large) social gathering as measures of curbing the spread of the virus, the bank adopted one of the new normal measures in banking operations which is digital banking also known as “do it yourself” banking . The services include: accessing your account information 24/7 at your convenient,. transfer of money from your bank accounts and your accounts at other financial institutions with external transfers, view statements of account , get loan, credit card, and line of credit payments, place stop payments on checks, view credit card statements, enroll in Online statements, monitor all financial transactions on the account, check

account balances, pay bills online, set-up and manage account alerts, use budgeting tools, view account balances at other financial institutions and manage cards with card control. This new normal of banking is in congruence with the positions of Senior, Swailes and Carnall (2020) that change in itself has changed and that organizations in times like this, need open up and expanding on issues bordering on structuring for change. They further posit that change cuts across all level and segment of organizational activities, be it from the strategic to the operational, and at the individual, group, organizational and societal levels.

### Retail Banking

While adjusting reprisal effect of covid-19 pandemic, most money deposit banks has in recent time given approval to some customers and armed them with point-of-sale machines (POS), mint of naira notes and shops, kiosks and stalls to run retail banking. This they have introduced in a bit to decongest the banking hall while keeping to covid-19 of social distancing protocol. Retail banking has positively influenced business growth by the provision of employment to quite good number of Nigeria unemployed populace. Worthy of note also is that retail banking as introduced by most deposit money banks has ensure ease of cash availability to customers.

### Frequencies on Pandemic Disruption and Remote Work Structure

Pandemic influences remote work structure in deposit money bank

	Frequency	Percent	Valid Percent	Cumulative Percent
Disagreed	4	26.7	26.7	26.7
Agreed	5	33.3	33.3	60.0
strongly agreed	6	40.0	40.0	100.0
Total	15	100.0	100.0	

The table above has majority of the respondents (11 respondents representing 77.33%) asserted that pandemic influences their choice of work structure (remote). Majority of the bank

supportive services were done by staff from their individual homes, this was adopted so as to decongest the bank premises of human traffic.

### Frequencies on Pandemic Disruption and Digital Banking

Pandemic influences digital banking	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagreed	5	33.3	33.3	33.3
Agreed	4	26.7	26.7	60.0
strongly agreed	6	40.0	40.0	100.0
Total	15	100.0	100.0	

The table above has majority of the respondents (10 respondents representing 66.7%) asserted that pandemic influences their choice of adopting aggressive digital banking option .

Bank customers were widely educated on the need and ease of transacting banking operations from the comfort of their homes through their digital online platform.

### Frequencies on Pandemic Disruption and Retail banking

Pandemic disruption and retail banking

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Disagreed	3	20.0	20.0	20.0
Agreed	6	40.0	40.0	60.0
Strongly Agreed	6	40.0	40.0	100.0
Total	15	100.0	100.0	

From the table above majority of the respondents (12 respondents representing 80%) asserted that pandemic influences their choice of engaging in retail banking. During the period under study most of the banks equipped their customers with point of sales machines (POS) so as to create smaller payment outlet within customers' neighborhood and discourage overcrowding of banking halls.

### Conclusion and Recommendations

From the analytical lens of this study, it is concluded that COVID-19 pandemic indeed disrupted a lot of operational activities in deposit money banks in Nigeria. During the pandemic, banks adopted remote work structure and intensified their operations in digital banking and retail banking. Based on the findings of the study, the following recommendations are suggested:

1. Nigeria banks should make remote and virtual work structure a culture, owing to its advantageous stance and for the fact that the world has been globalized into a village
2. In digitalizing the entire banking activities and online banking operations, banks should at regular interval educate its customers and create more awareness on how to ensure cyber security, while also ensuring cyber safety of its online platform.
3. To further create and motivate wide involvement of customers in retail and online banking, banks should reduce excessive charges on retail and digital banking as this can discourage customers in subscribing to internet banking.

### References

Abd. Hamid, S., Abdul Aziz, T., Dora, K., & Said, I. (2017). Intellectual capital disclosure and firms performance in France. *Journal of economics, finance and management sciences*, 4(2), 95-111.

Addi, R. A., Benksim, A., Amine, M., & Cherkaoui, M. (2020). Asymptomatic COVID-19 infection management: The key to stopping COVID-19, *Journal of Clinical and Experimental Investigations*, 11(3), 1-2.

Adegboye, O. A., Adekunle, A. I., & Gayawan, E. (2020). Early transmission dynamics of novel coronavirus (COVID-19) in Nigeria, *International journal of environmental research and Public Health*, 17(9), 3054.

Adenomon, M. O., & Maijamaa, B. (2020). On the effects of COVID-19 outbreak on the Nigerian stock exchange performance: Evidence from GARCH Models.

Akinsulire, O. (2013). Financial management, (4th ed), Nigeria: Ceemol Nigeria Limited

Akinyomi, O., & Tasie, C. (2011). Effect of working capital management on the profitability of Nigerian manufacturing firms, *International journal of management and enterprise development*, 8(1), 57-62

Anyanwu, J. C. (2003). Monetary economics: Theory, policy and institutions, Benin City: Hybrid Professional Publishers Ltd,

Amzat, J. (2020). Coronavirus outbreak in Nigeria: Burden and socio-medical response during the first 100 days. *International Journal of Infectious Disease*, 2 (3), 34-48.

Amzat, J. & Razum, O., (2015). *Medical sociology in Africa*. Dordrecht: Springer publishers.

Bai, Y., Yao, L., Wei, T., Tian, F., Jin, D, Y., Chen, L., & Wang, M. (2020). Presumed asymptomatic carrier transmission of COVID-19. *JAMA*

Baret, S., Celner, A., O'Reilly, M., & Shilling, M. (2020). *Covid-19 potential implications for the banking and capital markets sector: Maintaining business and operational resilience*. Deloitte Insights.

Brockman, T. (2015). Social corporate disclosure and firms performance, evidence from list manufacturing firms' in Italy. *Journal of science*, 4(9), 45-52.

Buchanan, D. & Huczynsk, A., (2019). *Organizational behaviour*: UK: Pearson Publishers.

Burnes, B., (2017). Choices, Contexts and Changes. *The Palgrave Handbook of Organizational Change Thinkers*, 1-14.

- Burnes, B., (1991). Managerial competence and new technology: Don't shoot the piano player – he's doing his best. *Behaviour and information technology*, 10 (2), 91-109.
- Bukszar, E. & Connolly, T. (1988). Hindsight bias and strategic choice: Some problems in learning from experience. *Academy of management journal*, 31 (3): 628-641.
- Demirgüç-Kunt, Pedraza & Ruiz. (2020). Banking sector performance during the Covid -19 crises. *The World Bank Policy Research Working Paper Series*, 9363.
- Hope, O., Saidu, M., & Success, A. (2020). Coronavirus pandemic outbreak and firms' performance in Nigeria, *Management and human resource research journal*, 9(4), 15-25
- Hodges, J., (2016). *Managing and leading people through organizational change : The theory and practice of sustaining change through people*.
- Iwedi, M., Kocha, C. N., & Onakpono, A. E. (2020). Covid-19 pandemic, global trade wars and impact on the Nigeria Economy. *Academic journal of current research*, 7(5), 71-82.
- Jacob, O. N., Abigeal, I., & Lydia, A. E. (2020). Impact of COVID-19 on the Higher Institutions Development in Nigeria, *Electronic research journal of social sciences and humanities*, 2, 126-135.
- Kocha, C., Iwedi, M., & Barisua, S. (2020). COVID-19 outbreak, oil price shock and banking system liquidity: the Nigeria Evidence, *Greener Journal of Economics and Accountancy*, 8(1), 6-11.
- Madhav, N., Oppenheim, B., Gallivan, M., Mulebakani, P., Rubin, E., & Wolfe, N., (2017). Pandemics: Risks, Impacts, and Mitigation
- Malik, M., Waseem, J., & Kifayat, U. (2011). Working capital management and profitability and analysis of firms of textile industry of Pakistan, *Journal of managerial sciences* 6(2), 155-165.
- Marbot, O., (2020). Coronavirus: Unpacking the theories behind Africa's low infection rate. *Africa Report*.
- Mert, T., & Omer, S. G. (2020). The impact of covid-19 on emerging stock markets. *Finance Research Letter*, 36, 1-6
- Nahiba, M. (2017). Non financial disclosures and performance of manufacturing firms in India, *Journal of empirical literature*, 7(9), 21-29.
- NCDC. (2020) First Case of Corona Virus Disease Confirmed In Nigeria <https://ncdc.gov.ng/news/227/first-case-of-corona-virus-disease-confirmed-in-nigeria> retrieved on May 11, 2020 Nigeria Bureau of Statistics. (2019). Statistics on COVID-19 Pandemic in Nigeria.
- Nuhu, S. (2020). The impact of the covid-19 on the financial markets: Evidence from China and USA, *Electronic research journal of social sciences and humanities*, 2(2), 2706-8242)
- Nzotta, S. M. (2004). Money, banking and finance: Theory and practice (2nded.). Owerri: Hudson-Jude Nigeria Publishers.
- Obim, E. N., Takon, S. M., & Mgbado, M. U. (2020). The impact of liquidity on banks profitability in Nigeria, *International Journal of Banking and Finance Research*, 6(1), 1-8.
- Ofor, N., Omaliko, E., & Okoli, C. (2017). Effect of TSA on the performance of MDAs in Nigeria, *Trendy economics and management*, 29(2), 59-67
- Ohia, C., Bakarey, A. S., & Ahmad, T. (2020). COVID-19 and Nigeria: Putting the realities in context, *International journal of infectious diseases*
- Okeke, N. (2015). Financial performance synergies, empirical review. *European accounting review*, 1(3), 55-59.
- Oliveira, J., Rodrigues, L. L., & Craig, R. (2015). The level of risk management disclosure in Australia. *Managerial auditing journal*, 26(9), 817-839.
- Omaliko, E., & Okpala, N. (2020). Effect of TSA on solvency of listed deposit money

- banks in Nigeria, *World journal of finance and investment research*, 5(1), 32-47
- Raheman, S. A. & Chek, I. (2014). Non-financial information disclosure influence and its influence on firms' profitability in Malaysia. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 4(4), 297-306.
- Rouf, A. (2016). Corporate governance disclosures and financial performance; evidence from listed firms in Japan. *Journal of finance*, 2(3), 34-38
- Taiwo, M. (2016). Treasury single account and cash flow of banks, *Research journal of finance and accounts*, 6(2), 34-36
- Tako, T. (2016). Implications of treasury single account on banking activities, *Journal of finance*, 4(3), 23-25
- Tesfaye, B. L. (2020). The impact of covid-19 on the Ethiopian private banking system. *Published PhDTthesis* of University of South Africa.
- Wakode, S. (2020). Efficacious scrutinizing of COVID-19 impact on banking using credit risk metrics, *International journal of finance and banking Research*, 6(3).
- Wuave, T., Yua, H., & Yua, P. (2020). Effect of liquidity management on the financial performance of banks in Nigeria, *European journal of business and innovation research*, 8(4), 30-44.