DEPARTMENT OF ACCOUNTING AND FINANCE
BUSINESS SCHOOL
AHMADU BELLO UNIVERSITY

COURSE TITLE: ADVANCED ACCOUNTING AND FINANCE WORKSHOP

COURSE CODE: ACCT 902

SEMINAR PRESENTATION

EFFECT OF SUSTAINABILITY DISCLOSURE ON FINANCIAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA

BY

USMAN UMAR
REG.NO:P21BSAC9002

LECTURER
DR. ISAH SHITTU

NOVEMBER, 2024

Abstract

Sustainability reporting requires banks to disclose all their environmental, social, and economic impacts on the environment. This can uplift the reputation of a bank and increase its attractiveness to investors. While sustainability reporting can provide banks with a competitive advantage by demonstrating their commitment to a green environment, it can also potentially decrease their financial performance by imposing additional costs and risks. Yet, very few studies have looked into this problem. It was in response to this concern that this study was carried out to examine the effects of sustainability reporting on the financial performance of the 14 listed deposit money banks in Nigeria, with an additional focus on their role in financing the Nigerian real sector. The research adopted a correlational design and uses secondary data collected from the audited annual report of the banks for a period of 5 years (2018-2022). Diagnostic tests and post-estimation tests were carried out to identify potential issues with the model fit. Multiple regression techniques were used to analyze the data. The results show that social sustainability disclosure index has a positive but insignificant effect on financial performance. Governance sustainability disclosure index also has a positive and insignificant effect on financial performance. However, sustainable development goal reporting adoption has a negative and insignificant effect on financial performance. The study recommends that management should disclose more of governance and social items to strengthen stakeholder relations but not financial performance.

Keywords: Sustainable development goals, social sustainability disclosure index, governance financial performance, Nigerian real sector financing, deposit money banks.

Introduction

Traditionally, the prevailing business philosophy championed the pristine capitalist approach, where firms were seen as existing solely to maximize shareholder wealth (Okerekeoti, 2022). This wealth maximization was predominantly gauged through the lens of financial performance, serving as the primary determinant of a firm's market value. Financial performance, as a consequential outcome of a firm's operations, is influenced by its operational environment, competitive landscape, policies, organizational structure, strategies, and resource allocation. Typically, these outcomes are quantified in monetary terms, allowing for rigorous examination and interpretation through various financial ratios. Arumona et al. (2020) underscored that key financial metrics, such as earnings per share and return on assets, serve as concrete indicators of a company's tangible progress and, consequently, represent valuable yardsticks for evaluating a firm's financial performance. Therefore, this study delves into the assessment of the listed deposit money banks in Nigeria, with a specific focus on their financial performance as measured by return on assets. The choice of return on assets offers a multifaceted perspective, enabling an assessment of both internal and external performance given that assets are reported at their fair market value.

In recent decades, public concern regarding the social and environmental activities of firms has experienced a remarkable upswing, leading to significant advancements in reporting models.

Various entities, including individuals (e.g., Barbier 1987; Elkington 1994), non-profit organizations (e.g., Global Reporting Initiative, 1997), international standard setters (e.g., International Sustainability Standards Board, 2021), international organizations (e.g., United Nations ,Sustainable Development Goals, 2012), and national governments, have contributed to the development of these reporting models. This collective effort has given rise to the concept of sustainability reporting, which acknowledges the critical role of environmental sustainability and social considerations within the business frameworks and reporting systems of firms. Today, there is a plethora of factors motivating banks to engage in sustainability reporting, with accountability and transparency standing as primary drivers. Banks are increasingly expected to integrate green and socially responsible elements into their operations and consider the environmental and social impacts of the projects they finance (Obiosa et al., 2022).

The financial performance of banks in Nigeria is influenced by a myriad of factors, but this study particularly centers on sustainability performance indicators. These include the social sustainability disclosure index, the governance sustainability disclosure index, and the adoption of Sustainable Development Goals (SDG) reporting. When a bank reports its commitments to addressing social and environmental issues, it embraces responsibility toward all stakeholders, consequently enhancing its attractiveness to investors, customers, and other stakeholders. This, in turn, can elevate the bank's market value and share, ultimately bolstering its financial performance (Nobanee & Ellili, 2017).

The banking sector in Nigeria grapples with sustainability challenges, including environmental risks tied to lending practices, the imperative of offering inclusive financial services as a social responsibility, and corporate governance concerns. Analyzing how Nigerian banks address these challenges through sustainability reporting can provide valuable insights into their financial performance. However, it is essential to acknowledge that sustainability reporting remains voluntary in Nigeria. Therefore, the extent to which banks adopt and report on sustainability initiatives may vary, potentially exerting an influence on their financial performance outcomes. This research endeavors to investigate the intricate relationship between sustainability reporting and the financial performance of listed banks in Nigeria, encompassing a comprehensive analysis of their role in financing the Nigerian real sector:

H01: Social sustainability disclosure, including the financing of the Nigerian real sector, has no effect on the financial performance of listed deposit money banks in Nigeria.

H02: Governance sustainability disclosure, including the financing of the Nigerian real sector, has no significant effect on the financial performance of listed deposit money banks in Nigeria.

H03: SDG reporting adoption, including the financing of the Nigerian real sector, has no significant effect on the financial performance of listed deposit money banks in Nigeria.

The findings of this study are of immense benefit to stakeholders such as bank management, regulatory bodies like the Central Bank of Nigeria (CBN), environmentalists, policymakers, regulators, and the community at large. This research contributes to the literature by examining the effects of sustainability reporting, including its role in financing the Nigerian real sector, on the financial performance of the 14 listed deposit money banks in Nigeria. The study unfolds in five sections: Section 1 introduces the research topic, objectives, and outlines the paper's structure; Section 2 delves into the literature, discussing sustainability reporting, financial performance, and banking's role in financing the real sector, with a focus on newly included variables. Section 3 outlines the research methodology, covering data collection methods, variables, measures, and statistical techniques, acknowledging potential limitations. Section 4 presents the research findings, emphasizing the impact of sustainability reporting variables on financial performance, including those related to financing the Nigerian real sector. The discussion in Section 5 analyzes and interprets these findings, providing practical implications for stakeholders, considering unexpected results, and exploring broader implications for the banking sector and sustainability practices. The study concludes with Section 5, offering conclusive insights and actionable recommendations based on the research findings, addressing the study's objectives, and contributing to the advancement of knowledge in this field.

Literature Review

The literature review within this study delves into the significant realm of sustainability reporting, specifically exploring its influence on the financial performance of listed deposit money banks in Nigeria. Sustainability reporting is an integral facet of corporate social responsibility, entailing the disclosure of environmental, social, and governance (ESG) performance data by companies. In a developing economy such as Nigeria, the mounting concerns surrounding economic, governance, social, and environmental issues have underscored the increasing importance of sustainability reporting (Philip & Preye, 2018). The inception of sustainability reporting within the Nigerian banking sector traces back to 2008 when Access Bank plc. Took the pioneering step of adopting GRI (Global Reporting Initiative) guidelines and becoming a signatory to the United Nations Principles for Responsible Investment (UNPRI).

Notably, this endeavor by Access Bank played a pivotal role in shaping what we now recognize as the Nigerian Sustainable Banking Principles (NSBPs) (Abdullahi & Makama, 2018). A considerable body of research has probed the connection between sustainability reporting and financial performance. As Ifeanyi (2020) contends, sustainability reporting can furnish invaluable insights into a company's environmental and social impacts, with significant implications for its financial performance. This relationship is grounded in the idea that sustainability disclosure can foster stakeholder trust and confidence, thus culminating in improved financial performance over the long term. It is crucial to note that sustainable reporting practices in Nigeria are still in their nascent stages, with a limited number of companies actively reporting on ESG issues.

Vania and Ketut (2018) undertook a study to assess the effect of sustainability reports on financial performance, taking into account the quality of corporate governance as a moderating variable. Their study focused on financial companies that published sustainability reports between 2013 and

2016 and participated in the Corporate Governance Perception Index (CGPI). Their analysis, conducted using moderated regression, yielded intriguing results: environmental and social performance disclosure exhibited a positive and significant impact on financial performance, while economic performance disclosure had a negative and significant effect. Likewise, Simon and Adedio (2018) conducted empirical research on Nigerian banks, scrutinizing annual reports spanning a five-year period from 2012 to 2016. Their findings revealed a positive and significant association between sustainability reporting and the financial performance of Nigerian banks. Furthermore, they posited that sustainability reporting could elevate a bank's reputation, attracting greater investment and enhancing profitability. In contrast, Leonard and Adelowotan (2020) conducted a parallel study on the correlation between sustainability reporting and the financial performance of Nigerian banks.

Their investigation employed panel data regression analysis, encompassing 11 banks over a five-year period from 2014 to 2018. Strikingly, their research unveiled no significant relationship between sustainability reporting and the financial performance of banks in Nigeria. Additionally, Olufemi and Adekunle (2019) conducted a survey aimed at evaluating the extent of sustainability reporting practices among Nigerian banks. Their study drew from a sample of 100 employees across ten banks. The results were unequivocal: the level of sustainability reporting among Nigerian banks was decidedly low. The study postulated that such deficiencies in sustainability reporting could potentially exert adverse long-term effects on their financial performance. Similarly, Nwobue et al. (2016) embarked on an investigation into sustainability reporting within financial institutions. Their analysis encompassed the annual reports of 15 banks over a five-year span from 2009 to 2014. Their findings indicated a progressive growth in the average sustainability reporting scores of banks in Nigeria during this period.

Interestingly, their incidental findings also spotlighted the influence of bank size and sector of operation as significant determinants of sustainability reporting. The study underscored the necessity for regulatory intervention to incentivize banks to adopt sustainable reporting practices. Further broadening our perspective, Nobanee and Ellili (2017) examined the impact of environmental and social sustainability reporting on the financial performance of banks in the United Arab Emirates (UAE), employing panel data analysis. Their findings deviated from earlier studies, indicating that sustainability disclosures had no significant effect on the financial performance of UAE banks. Olusola et al. (2021) shifted the focus to environmental accounting disclosure within transnational companies operating in Nigeria. Their research encompassed descriptive statistics and panel regression analysis, with a particular emphasis on return on assets and earnings per share. The findings unveiled a mixed impact: environmental accounting disclosure exhibited a negative and insignificant effect on return on assets but a positive and significant effect on earnings per share.

Expanding the discourse, Obiosa and Onamariwari (2022) probed the potential ramifications of mandatory environmental sustainability reporting in Nigeria. This study measured environmental sustainability using eight sustainability reporting dimensions, adopting the probability function of

Altman's Z-score to gauge corporate insolvency risk. Remarkably, the study integrated financial performance as a moderating variable. The results, derived from pooled multiple regression techniques, highlighted that environmental sustainability reporting bore a significant negative effect on corporate insolvency risk. Moreover, it suggested the possibility of environmental sustainability reporting yielding a notable positive impact on corporate insolvency risk beyond a certain threshold of negative profitability. This study underscored the need for regulators and policymakers to approach the implementation of sustainability reporting with cautious optimism, notwithstanding any apparent concerns.

This comprehensive literature review underscores the burgeoning importance of sustainability reporting within Nigerian deposit money banks. While previous research has yielded diverse findings regarding its impact on financial performance, the collective body of evidence underscores the potential of sustainability reporting to engender stakeholder trust, attract investments, and enhance long-term profitability. Notably, the current literature appears to lack any exploration of the effects of sustainability reporting on bank financial performance, particularly when incorporating SDG (Sustainable Development Goals) reporting adoption and the social and governance sustainability disclosure index as predictor variables. This gap serves as the foundational rationale for this study, which aims to scrutinize the influence of sustainability reporting on the financial performance of listed deposit money banks in Nigeria, with a specific focus on the newly introduced variables of SDG reporting adoption and the social and governance sustainability disclosure index. This investigation spans a five-year timeframe, commencing from 2018 to 2022.

The theoretical framework underpinning this research is rooted in stakeholders' theory, considering the externalities arising from banks' operational activities within an enabling environment.

Methodology

The chosen research design for this study is a correlational design, which aims to explore the relationships between variables of interest. Data utilized in this research were sourced from the audited financial statements of the deposit money banks in Nigeria, spanning a comprehensive five-year period, commencing from 2018 and concluding in 2022. The research population comprises the fourteen (14) listed deposit money banks on the Nigerian Exchange (NGX) as of December 2022. To ensure a robust and comprehensive analysis, a census sampling technique was employed, encompassing all 14 listed banks within the sample size. The primary analytical approach utilized in this study is multiple regression analysis. The model applied in this research is a modified iteration of the model employed by Mohammed et al. (2021) and Vania & Ketut (2018). This model seeks to establish relationships between sustainability reporting and financial performance, featuring the following key components: This research design and methodology aim to provide a structured and empirical approach to assess the impact of sustainability reporting on the financial performance of listed deposit money banks in Nigeria, incorporating the newly introduced variables related to SDG reporting adoption and the social and governance sustainability disclosure index.

$$ROA_{i,t} = \beta 0 + \beta 1(SSDI_{i,t}) + \beta 2(GSDI_{i,t}) + \beta 3(SDGsRA_{i,t}) + \beta 4(RESDI_{i,t}) + \beta 5(RSDGAC_{i,t}) + \varepsilon_{i,t}$$

Where:

ROA: Return on asset measured as profit after tax divided by total asset (Vania & Ketut 2018; Olusolaet. al. 2021).
SSDI: Social sustainability disclosure index measured as the average of all social disclosure items (%) (Mohammed et. al. 2016)
GSDI: Governance sustainability disclosure index measured as the average of all corporate governance disclosure items (%) (Adapted from Mohammed et. al. 2016)
SDGsRA: Sustainable development goal reporting adoption measured as a dummy variable where "1" is assigned to banks that reference the adoption of SDGs reporting guidelines and "0" otherwise (Adapted from Meftah et.al.2022).
GSDIit: The governance sustainability disclosure index of the i-th bank at time t
SDGsRAit: The adoption of Sustainable Development Goals (SDGs) reporting by the i-th bank at time t.
i: Firm (i=14banks);
t: Time (t=5 years)
β1, β2, β3, β4, β5: Regression Coefficient
ε: Error term
The Social Sustainability Disclosure Index (SSDI), used to gauge social performance in this study, draws upon the Global Reporting Initiatives (GRI) framework, specifically the G3.1 guidelines. Within this framework, there are six critical dimensions that encompass environmental performance, consisting of 30 items; employee practices performance, comprising 14 items; product performance, including 9 items; human rights performance, composed of 9 items; economic performance, with 9 items; and society performance, encapsulating 8 items. This comprehensive framework totals 79 items in all. To compute the SSDI, disclosures are amalgamated across all dimensions and expressed as a percentage of the total requirement. Similarly, the Governance Sustainability Disclosure Index (GSDI) is measured using GRI 102 as its foundation. GRI 102 encompasses fifteen distinct dimensions, each carrying its own set of disclosure requirements. These dimensions encompass critical aspects such as governance structure and composition, executive-level responsibility and delegation, stakeholder consultation on social, environmental, and economic topics, chair of the highest governance body, nomination and selection of the highest governance body, conflicts of interest, the role of the governance body in setting strategy, collective knowledge and skills of the governing body, evaluation of the governance body's performance, identification and management of risks and opportunities, the role of the highest governance body in sustainability reporting, communication of critical concerns, remuneration policies, process of determining remuneration, and annual total compensation ratio. Collectively, these dimensions account for 38 disclosure items. To calculate the GSDI, disclosures are compiled from all dimensions and expressed as a percentage of the total GRI 102 requirement.

These detailed explanations elucidate the specific frameworks and dimensions that underpin the computation of both the Social Sustainability Disclosure Index (SSDI) and the Governance Sustainability Disclosure Index (GSDI). These indices serve as pivotal components in the evaluation of sustainability reporting practices within the context of the study's broader investigation into their impact on the financial performance of listed deposit money banks in Nigeria, as indicated by the study's title.

Result and Discussion

The statistical breakdown of data collected and their interpretation is presented in this section. Table 1 below gives the summary statistics of the variables of the study.

Table 1: Descriptive Statistics

Variable	Obs.	Mean	Std. Dev.	Min	Max
ROA	70	0.016	0.011	0.003	0.056
SSDI	70	0.502	0.223	0.177	0.962
GSDI	70	0.593	0.181	0.289	0.921
SDGsRA	70	0.743	0.440	0.000	1.000

Source: Stata-13 Output

Table 1 above reveal the number of observations in the study which is comprises 70 observations gathered from fourteen banks over a five-year period, with key variables exhibiting varying levels of central tendencies and variations. Notably, the standard deviation of Return on Assets (ROA) is lower than its mean, suggesting reduced variability in ROA values. The highest ROA recorded was 0.056 by Guaranty Trust Bank Plc. in 2018, while the lowest was 0.003 by Unity Bank Plc. in 2022. Social Sustainability Disclosure Index (SSDI) has a mean of 0.502 and a standard deviation of 0.223, reflecting diverse levels of disclosure among banks. Governance Sustainability Disclosure Index (GSDI) shows a mean of 0.593 and a standard deviation of 0.181, spanning from 0.289 to 0.921. Sustainable Development Goals Reporting Adoption (SDGsRA) has a mean of 0.743 and a standard deviation of 0.440, indicating varied adoption levels. All mean statistics exceed their standard deviations, suggesting minimal autocorrelation or conditional heteroskedasticity concerns, as further detailed in Table 2.

Table 2: Shapiro Wilk W. Test for Normality

Variable	Obs.	W	V	Z	Prob>z
SSDI	70	0.952	2.968	2.366	0.009
GSDI	70	0.966	2.092	1.605	0.052
SDGsRA	70	0.962	2.358	1.866	0.031
ROA	70	0.793	12.723	5.531	0.000

Source: Stata-13 Output

Table 2, shows that the p-values of all the variables except for GSDI are significant (<0.05) which provides sufficient evidence to conclude that the datasets are not normally distributed. This suggests that heteroskedasticity test and regression analysis be carried out using robust standard errors. For GSDI, since its p value is insignificant, there is no sufficient evidence to conclude that its dataset is not normally distributed. Consequently, the result of heteroskedasticity test is presented in table 3 below.

Table 3: Cameron and Trivedi Imtest Heteroskedasticity Test

Model	ROA
Chi2(1)	16.550
Prob > chi2	0.0351

Source: Stata-13 Output

As shown in table 3, the model reveals the presence of heteroskedasticity with p-value of 0.0351 which is less than 0.05. This indicates the need for using robust standard error in carrying out the regression analysis. Furthermore, the result of Multicollinearity is presented in table 4.

Table 4: Correlation Matrix

Variables	SSDI	GSDI	SDGsRA
SSDI	1		
GSDI	0.111	1	
SDGsRA	-0.019	0.030	1

Source: Stata-13 Output

The correlation coefficients presented in table 4 reveal a mixed relationship where SSDI correlate positively to GSDI with 0.111, similarly GSDI exhibit a positive (0.030) relationship with SDGsRA. On the other flip, SSDI correlate negatively to SDGsRA with 0.019. This association indicates that the independent variables have a linear relationship but the relationship is relatively small since all the correlation values are less than the 0.80 threshold. This indicates the absence of multicollinearity problem among the independent variables. Furthermore, result of variance inflation factor is presented in table 5 to verify the above result.

Table 5: Variance Inflation Factor

Variable	VIF	1/VIF
GSDI	1.01	0.987
SSDI	1.01	0.987
SDGsRA	1	0.999
Mean VIF	1.01	

Source: Stata-13 Output

A VIF value between 1 and 5 is considered acceptable, indicating a low to moderate degree of correlation between the independent variables and VIF value above 10 is seen as cause of concern (Philip, 2021). As shown in table 5, the VIF values of all the predictor variables are less than 5. This confirms the result of correlation matrix in table 4. Hence it is concluded that there is no problem of multicollinearity among the independent variables. Also, the result of Wooldridge test for autocorrelation in panel data is presented in table 6 below.

Table 6: Wooldridge Test for Autocorrelation in Panel Data

Model	ROA
F(3, 62)	5.2400
Prob > F	0.0027

Source: Stata-13 Output

Table 6 above shows that the p-value of ROA is significant given that it is less than 0.05, this indicate the presence of serial auto (correlation) in the model. Hence the Newey-West regression analysis is needed to account for the correlation between successive observations. Presented in table 7 is the result of panel effect test.

Table 7: Breusch-Pagan Lagrangian Multiplier Test for Random Effects

Model	ROA
Chibar2 (01)	26.980
Prob > chibar2	0.000

Source: Stata-13 Output

Table 7 shows that the p-value of ROA is significant which suggest that there is panel effect in the model. This necessitates the need for Hausman specification test in order to determine whether random or fixed effect is appropriate for the regression which is presented in table 8.

Table 8: Hausman Specification Test

Model	ROA
$Chi^2(3)$	10.880
Prob > chi^2	0.012

Source: Stata-13 Output

The result of Hausman specification test in table 8 above shows that the p-value of ROA is significant as it is less than0.05. This suggests that fixed effect is appropriate for the model. Therefore, taking into cognizance the entire tests that were carried out, the result of regression analysis reported in table 9 below is based on Newey-West standard errors robust to heteroskedasticity and first order autocorrelation.

Table 9: Regression Result

ROA	Coef.	Newey-West Std. Err.	t	P>t
SSDI	0.0205	0.0184	1.1200	0.4650
GSDI	0.0162	0.0518	0.3100	0.8070
SDGsRA	-0.0085	0.0076	-1.1100	0.4680
cons	-0.0050	0.0345	-0.1500	0.9080
Number of obs:		70		
F(3, 66):		5.9		
Prob > F:		0.7215		
R-squared:		0.2532		

Source: Stata-13 Output

Table 9 clearly reveals that the overall regression model is statistically insignificant given that the F-statistics, Prob > F is 0.7215 which is way above the level of significance. The results obtained from the regression analysis imply that the disclosure items, encompassing social sustainability, governance sustainability, and SDGs reporting, exhibit statistically insignificant relationships with the financial performance of the listed deposit money banks in Nigeria. The R-squared (R^2) value generated by the regression model stands at 0.2532, indicating that approximately 25.32% of the variation in the financial performance of these listed banks can be accounted for by the variables included in this study. Consequently, the remaining 74.68% of their financial performance is influenced by factors not addressed in this research.

For instance, the analysis reveals that Social Sustainability Disclosure Index (SSDI) demonstrates an insignificant but positive relationship with Return on Assets (ROA). This conclusion is drawn from the p-value of 0.4650, which exceeds the chosen significance level. The regression coefficient associated with SSDI suggests that for every one unit increase in social sustainability disclosure, financial performance (ROA) only increases by 0.0205 (2.05%). This outcome aligns with the findings of Leonard and Adelowotan (2020) but diverges from the results reported by Vania and Ketut (2018). The discrepancy between these studies might be attributed to the different timeframes considered; Vania and Ketut's study spanned from 2013 to 2016, a period marked by numerous economic transitions and sustainability reforms in Nigeria.

Additionally, the results in Table 9 indicate that the p-value associated with Governance Sustainability Disclosure Index (GSDI) is 0.8070, surpassing the significance level of 0.05. Consequently, we fail to reject the second hypothesis, which posits that governance sustainability disclosure has no significant impact on the financial performance of listed deposit money banks in Nigeria. The coefficient corresponding to GSDI suggests that for every one unit increase in governance sustainability disclosure, financial performance increases by 0.0162 (1.62%). This outcome is consistent with the findings of Nobanee and Ellili (2017) but contradicts the results reported by Simon and Adedio (2018). Lastly, the p-value associated with SDGs Reporting Adoption (SDGsRA) stands at an insignificant value of 0.4680, surpassing the selected alpha level of 0.05. Consequently, the third hypothesis, stating that SDGs reporting adoption has no significant effect on the financial performance of listed deposit money banks in Nigeria, is accepted. Furthermore, the regression coefficient for SDGsRA indicates a negative relationship with the financial performance (ROA) of these listed banks. This outcome aligns with the findings of Olusola et al. (2021).

These results, considered within the context of the study's title, highlight that the examined disclosure items, while demonstrating varying degrees of influence, do not significantly impact the financial performance of listed deposit money banks in Nigeria. Factors beyond the scope of this research likely play a substantial role in shaping their financial outcomes.

Conclusion and Recommendation

In conclusion, this study has meticulously examined the impact of sustainability reporting on the financial performance of listed deposit money banks in Nigeria, scrutinizing data spanning a five-year period from 2018 to 2022. The findings reveal nuanced relationships between sustainability disclosure and financial performance.

Firstly, the study discerns that social sustainability disclosure, encompassing aspects like employee practices, product performance, human rights, economic performance, and societal responsibilities, demonstrates a positive correlation with Return on Assets (ROA), albeit this relationship is statistically insignificant. This implies that while these social sustainability aspects are crucial for transparency and stakeholder relations, they do not exert a significant influence on the banks' financial performance.

Secondly, the analysis indicates that governance sustainability disclosure exhibits a positive yet insignificant connection with the financial performance of the banks. This implies that corporate governance practices, despite being commendable in some dimensions, do not substantially contribute to improved financial performance.

Thirdly, the study uncovers a negative and statistically insignificant relationship between Sustainable Development Goals (SDGs) reporting adoption and the financial performance of these listed deposit money banks. This suggests that the full adoption of SDGs may have an adverse impact on financial performance, cautioning against an overemphasis on such reporting practices. In light of these findings, several recommendations emerge:

1. **Caution in SDGs Reporting Adoption**: Management should exercise prudence in adopting and disclosing full compliance with SDGs, as this study suggests that it may not lead to improved financial performance.
2. **Enhanced Social Sustainability Disclosure**: To strengthen stakeholder relationships and transparency, banks should consider improving their disclosure of social sustainability items, particularly in areas such as employee practices, product performance, human rights, economic performance, and societal responsibilities.
3. **Emphasis on Governance Sustainability**: While corporate governance practices in some dimensions may be commendable, the study suggests that there is room for further enhancement. Management should prioritize disclosure in governance sustainability aspects to bolster stakeholder relations.

In summary, this study underscores the complex interplay between sustainability reporting and financial performance in the context of Nigerian deposit money banks. While certain aspects of sustainability reporting demonstrate positive associations, their impact on financial performance remains statistically insignificant. These insights provide valuable guidance for banks and stakeholders aiming to strike a balance between sustainability efforts and financial outcomes.

References

Abdullahi, A. and Makama, U. (2021). Sustainability reporting in Nigeria. *Al-Hikmah Journal of Arts & Social Sciences Education.* Vol. 3 (1), 143-151.

Ali, Z. A. and Simon, S. G. (2011). Narrative disclosure of corporate social responsibility in Islamic financial institutions. *Managerial Auditing Journal.* Vol. 27(2), 199-222.

Barbier, E. B. (1987).The Concept of Sustainable Economic Development. Cambridge University Press.

Chinedu, U. O. (2022). Effect of profitability on sustainability reporting of listed oil and gas firms in Nigeria. *Research Journal of Management Practice.* Vol. 2(4). 1-12.

Elkington, J. (1994) Towards the Sustainable Corporation: Win-Win-Win Business Strategies for Sustainable Development. *California Management Review*, Vol. 36(1), 90-100. Available at SSRN: http://dx.doi.org/10.2307/41165746

Global Reporting Initiative (2019). Item 04 – Draft GRI 102 Governance disclosures. Available at http://www.globalreporting.org.

Global Reporting Initiative (1997). Toward Sustainable Development. Available at https://www.globalreporting.org/-gri/

Ifeanyi, C. A., Joseph, U. and Jacob, A. I. (2020). Effect of triple bottom line reporting on the financial performance of listed oil and gas firms in Nigeria. *International Journal of Management Studies and Social Science Research.* Vol. 2(2), 9-18.

International Financial Reporting Standard Foundation (2004). IFRS 6 Exploration for and Evaluation of Mineral Resources. Available at https://www.ifrs.org/issued-standards/list-of-standards/ifrs-6-exploration-for-and-evaluation-of-mineral-resources/

International Sustainability Standards Board (2021). Inaugural global sustainability disclosure standards. Available at https://www.ifrs.org/news-and-events/news/2023/06/issb-issues-ifrs-s1-ifrs-s2/

Kabir, Y. I., Mohammed, N. A., Eniola, A. S., Abdussalam K. N. and Farouk, U. (2021). Sustainability reporting and financial performance of listed oil and gas firms in Nigeria. *Gusau Journal of Accounting and Finance.* Vol. 2(3), 1-16.

Kola, A. E. and Kuyoro, M. (2020). Nigeria's banking sector: Thriving in the face of crisis. Available at https://www.mckinsey.com/featured-insights/middle-east-and-africa/nigerias-banking-sector-thriving-in-the-face-of-crisis

Leonard and Adelowotan (2020). Sustainability reporting and financial performance of Nigerian banks. *Arid Zone Journal of Basic and Applied Research.* Vol. 1(2). 78-92

Meftah, A. G. and Tariq A. (2022). Corporate adoption of SDG reporting in a non-enabling institutional environment: Insights from Libyan oil industries. https://doi.org/10.1016/j.resourpol.2021.102240

Mohammed, F. A., Yazis M. A. B., and Faizal, K. K. (2016). The level of corporate social responsibility disclosure in Jordan. *International Journal of Accounting Research.* Vol. 2(12), 50-64.

Mohammed, M. U., Olumide, L. M., and Adabenege, O. Y. (2021). Sustainability reporting and financial performance of listed consumer goods firms in Nigeria. *Journal of Advance Research in Business Management and Accounting.* Vol. 7(3), 1-8.

Nobanee, H., and Ellili, N., (2017). Impact of economic, environmental, and social sustainability reporting on financial performance of UAE banks. Available at SSRN: http://dx.doi.org/10.2139/ssrn.2971484

Nwobu, O. A., Owolabi, A. A. and Iyoha, F. O. (2016). Sustainability reporting in financial institutions: a study of the nigerian banking sector. Journal of Internet Banking and Commerce.

Obiosa, R. L. and Onamariwari, B. O. (2022). Prospect of mandatory environmental sustainability reporting in Nigeria: A note of caution. *Proceedings of the 7th Annual International Academic Conference on Accounting and Finance Disruptive Technology: Accounting Practices, Financial and Sustainability Reporting. 1-18.*

Olusola, E. I., Taiwo, F. S., Amos, S. A., Ezekiel, M. A., and Henry, W. A. (2021). Environmental accounting disclosure and financialperformance of listed multinational firms in Nigeria. *Global Journal of Management and Business Research: Accounting and Auditing.* Vol. 21 (2), 17-28.

Olufemi and Adekunle (2019). Sustainability reporting among Nigerian banks. *Journal of internet banking and commerce.*

Philip, O. O. and Preye. S. (2018). Corporate social responsibility disclosures in Nigerian commercial banks. *Business, Management and Economics Research.* Vol. 4(7), 96-105.

Simon, M. L. and AdedioS. (2018). Sustainability reporting and financial performance of Nigerian banks. *Journal of Accounting and Finanace.* Vol. 4(2), 85-99.

United Nation (2011). Corporate governance disclosure in emerging markets. Available at https://unctad.org/system/files/official-document/diaeed2011d3_en.pdf

United Nation (2012). The SDGs in Action. Available at https://www.undp.org/sustainable-development-goals?gclid=CjwKCAjwkeqkBhAnEiwA5U-uM8fQhRg-uPoYq4VDO_gMcPnUoj3qE5wSKnJ-TGlYehQHYln0KY-pBBoCXZUQAvD_BwE

Uz-Zaman, H. K., Mohammad, A. I., Johra, F. and Ahmed K. (2011). Corporate sustainability reporting of major commercial banks in line with GRI: Bangladesh evidence. *Social Responsibility Journal.* Available at SSRN: DOI: 10.1108/17471111111154509 or: https://www.researchgate.net/publication/227430326.

Vania, S. C. and Ketut, N. R. (2018). The effect of sustainability report on financial performance with good corporate governance quality as a moderating variable. *International Journal of Sciences: Basic and Applied Research.* Vol. 40(2), 139-149.