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COST CONTROL STRATEGY AND ACCOUNTING EARNINGS OF QUOTED DEPOSIT MONEY BANKS IN NIGERIA

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Abstract

Despite the dynamic shocks from the global financial market, Nigerian banking management had to deal with domestic economic challenges like high inflation, a twist in monetary policy, and an industry environment that resulted in high operating costs and a risk profile that required innovative cost control mechanism. Predicated on these, cost control strategy and accounting earnings of quoted deposit money banks in Nigeria was examined. Banking industry cost objects as: Fee and commission expenses, Interest expenses and other operating expenses served as study dimensions while earnings after interest and tax measured accounting earnings. Correlational research design was adopted to obtain secondary data from the banks in the study purview by content analysis for 2013 to 2024 accounting periods. The data analysis involved: Descriptive statistics to ascertain the normal distribution of data series. Unit root test was done by Augmented Dickey Fuller and Phillips Perron Statistic tests to justify stationarity. These analytical tests were also carried out; Johansen Co-integration test to ascertain long-run relationship, Parsimonious Error Correction Model (PECM) to identify the speed at adjustment from short-run deviations. The estimations were done using E-views software. The results indicate that fee and commission expenses negatively but insignificantly related with earnings after interest and tax of quoted deposit money banks in Nigeria. Interest expenses positively and significantly impacts on earnings after interest and tax of quoted deposit money banks in Nigeria. Similarly, other operating expenses related positively and significantly on earnings after interest and tax of quoted deposit money banks in Nigeria. The study concludes that cost control strategy impacts significantly on accounting earnings of quoted deposit money banks in Nigeria. This is leveraging on investment in transforming digital technologies and innovative culture as was portrayed in the ideals of scientific management theory. It recommends that banking firms quoted in Nigeria should integrate and sustain the cost control strategy because it impacts significantly on accounting earnings leveraging on innovative smart technologies.

Keywords: Cost Control, Strategy, Accounting, Earnings, Innovation.

Introduction

Persistent business dynamic patterns have been observed in global economies and financial markets throughout the years; these constantly shifting market pressures are being pushed to emerging economies like Nigeria. After the turmoil of global financial markets, Nigeria's banking sector faced difficult management pressures from the wave of foreign exchange rate volatility, weakening of the country's functional currency, disruptive supply chain, disruptive force of digital advancements, crypto-currency, financial technology, cybercrimes, shifting consumer preferences, competitive edges, and other sustainability environments. While strategically navigating these complexities, the country's high inflationary trend and volatile commodity prices, monetary reforms, industry regulatory guidelines, and stakeholders' expectations confront the business operation with a constant increase in operating costs and the variety of risks that go along with it, causing fluctuations in operating margins. Ononinu, Onwuzulike and Shitu (2024) concluded that the global banking sector is under growing pressure to reduce expenses while preserving competitive services and improving operational effectiveness. Therefore, in this age of digital technology and the information economy, proactive management teams of banking organizations foster the culture of innovative cost control measures. Cook (2025) asserts that cost control is the act of determining, getting rid of or cutting back on wasteful business expenses in order to boost profits. It is a widely held belief that effective administration of business operations leads to proficient outcomes when business costs are under control. Omar and Sam (2017) defined the culture of strategic cost control as utilizing cutting-edge business models and digital technology to unleash new levels of cost savings, cost reduction and financial success. In the past, business managerial personnel employed traditional cost control and cost accounting principles to mitigate unnecessary costs and enhance operation efficiency, employing: Budgetary control, marginal and absorption costing techniques, standard costing and variance analysis. In the course of time, more cost control techniques emerged. Adeniji (2014) identified these classes of cost control techniques as innovative cost accounting methods which include: Activity Based Costing, Back-flush Costing, Throughput Costing, Target Costing, Kaizen Costing, Just-In-Time Production Costing, Life Cycle Costing (Tero-technology) , et cetera. Although some of these techniques are more suitable for production and manufacturing concerns but service operations could employ it. Oluwayemisi, Elkanah, Ademola, Mathew and Mamidu (2022) affirmed that smart technology and innovative approaches to cut unnecessary spending for competitive market advantages are what drive the cost control strategy in today's digitally orientated business environment. Growing banking income, improving cost reductions and increasing accounting profitability are all possible outcomes of implementing a culture of strategic cost control with digital technologies. Njoroge, Anyango and Njoki (2024) pointed that Nigerian deposit money banks had appropriately realized the need to change their business operations and capabilities by investing in digital innovations and technology infrastructures, which led to improvements in service delivery, cost control, operational efficiency, competitiveness, and financial performance. Such include: United Bank for Africa (UBA), First Bank Plc, Access Bank, Zenith Bank Plc, Union Bank, Guaranty Trust Bank (GTB), Fidelity Bank, et cetera.

However, these Banks deploy a plethora of service charges on customers; downsize business employees, outsource service restructure and reorganize their service products to leverage the impact of the huge operation cost, credit risks, financial crimes, cybercrimes, others risks and related litigation which adversely affect accounting earnings. Some empirical works exist on cost control strategy, cost reduction, cost minimization and cost management in relation to financial performance (Njoroge et al. 2024; Oluwayemisi et al. 2022, Erasmus, 2021). These studies were concerned with the traditional cost control techniques in relation to financial performance of corporate entities, using budgetary controls, standard costing, marginal costing, fixed cost, variable cost etc; Mukayivara and Rusibana (2024), Nkpodot and Emenyi (2023), Nwanyanwu, et al. 2023. Hence, their results were commonly in the positive and significant relations perspective. Others studies were in the negative direction; Akinleye and Oluyori (2023), Suleiman, (2023) Awotomilusi, Isaiah, Esther and Yomi (202), Ayorinde (2021). A further review disclosed studies that addressed cost control strategies in relation to financial performance in difference sectors as Manufacturing, Construction, Telecommunication, Pharmaceutical, Food and Beverages, et cetera; with less emphasis on the financial sector. These empirical scenarios left an obvious gap in literature which this study filled using the cost control strategy model of banking industry operation cost objects as dimensions (fee and commission expenses, interest expenses and other operating expenses) controlled by investment in digital technologies and innovation relating with accounting earnings measured with earnings after interest and tax in Nigeria. The study therefore examined the impact of cost control strategy on accounting earnings of quoted deposit money Banks in Nigeria. The specific objectives are to:

1. Ascertain the impact of fee and commission expenses on earnings after interest and tax of Deposit Money Bank in Nigeria.
2. Assess the impact of interest expenses on earnings after interest and tax of Deposit Money Bank in Nigeria.
3. Examine the impact of other operating expenses on earnings after interest and tax of Deposit Money Bank in Nigeria.

To address the aforementioned objectives, formulated hypotheses were tested to guide the direction of empirical conclusion.

$H0_1$: Fee and commission expenses have no significant impact on earnings after interest and tax of Deposit Money Bank in Nigeria.

$H0_2$: Interest expenses have no significant impact on earnings after interest and tax of Deposit Money Bank in Nigeria.

$H0_3$: there is no significant impact of other operating expenses on earnings after interest and tax of Deposit Money Bank in Nigeria.

LITERATURE REVIEW

The literature reviews were handled around theoretical framework, conceptual framework and empirical reviews.

2.1 **Theoretical Framework:** It dealt with the appropriate theories to anchor the discussions.

2.1.1 **Scientific Management Theory:** Spurred by the setbacks of the traditional approach to business management, Fredrick Winslow Taylor advanced in 1909, the scientific management theory on optimization of work through scientific approach to work which translated to improved productivity and efficiency. In order to improve labour productivity, workplace optimization, managerial efficiency and overall performance, he substituted new scientific approaches for the "rule of thumb" old methods used in the workplace for routine organizational tasks, job schedules, and team operations. Innovative work descriptions, job analyses, appropriate job placement, recruitment, selection, appraisal, promotion, and staff training were introduced, which reduced waste, reduced expenses and improved efficiency, productivity as well as overall performance. This theory was selected as apt for the study because it portrays the current modern paradigm shift in organizational operation towards automation, adoption of innovative technologies and artificial intelligence powered solutions in operations for improvement. This attribute underlie banking operation in digital era.

2.1.2. **Constraint Theory:** The theory was advanced by Eliyahu M. Goldratt in his book titled “The Goal” in 1984. It presents an ideal aim that every business system has constraints which limits the business organization from predetermined goal. In his view, the organization's limitations always present opportunities, and their resolution or removal can result in a notable improvement in overall performance, productivity, and efficiency. The study's idea was chosen as its foundation because needless expenses are compared to a business constraint that reduces revenue and negatively impacts the profit margin. Nonetheless, it presents a chance for effective cost reduction, increased revenue, and enhanced profit if it is resolved using the strategic cost control model.

2.2 Conceptual framework: It explicates the contending issues in the study variables.

2.2.1 Cost Dimensions

Conventionally, there are divergent views to the concept of cost. The economists perceive cost as a sacrifice to actualize an objective. It can be observed in both explicit and implicit costs. Expenses for raw materials, utilities, office administrative facilities, salaries, rent for company premise and other expenses are all included in the explicit cost, which refers to actual production factor costs. However, implicit cost describes the cost of production inputs that cannot be quantified in terms of actual money spent as a result of a decision being made. An alternative term for this is opportunity cost. On the other hand, the accountants view cost in terms of the amount of money used to get a value. These opinions, however, highlight a specific fact: what is sacrificed in economics or money in accounting is what is given in order to obtain something or creates value. What is given is cost. Invariably, cost is not just an expense but a function of value creation. Consequently, Akinleye and Fajuyagbe (2022) portrayed cost as the monetary resources used to carry out a specific activity in order to create value. The cost is the function of profit generated. It is used to generate revenues and from revenue it results in profit or loss in business financial performance. Erasmus (2021) noted that businesses choose cost control and management to cut down on unnecessary operating expenses as a result of the competitive market conditions. According to Hartog (2024), the business sector or industry determines the cost dimensions of operating a business. Firms in industry such as: Construction, petroleum, banking, pharmaceutical, insurance, tourism, telecommunication, shipping, education service, health services, aviation, et cetera would not be confronted with similar classes of costs to control. Therefore, costs were grouped in these dimensions: Fixed cost and variables cost as those that changes with volumes of operation and those that remain constant. Direct cost as: Those attributable to production output while those not attributable are indirect cost. More perspectives to the dimensions are: Cost of sales, administrative cost, distribution cost, finance cost or interest cost among other operating cost. Specifically, cost dimensions among banking annual report encompass: Fee and commission expenses, Interest expenses, Personnel expenses, Operating expenses, Depreciation and Amortization cost, et cetera. Consequent on the rapidly evolving financial market landscape, changing business environmental factors and fierce competitive banking operations; innovative cost control strategies are employed to survive and ensure business sustainability. Banking firms invest in digital technologies, Artificial Intelligent powered solutions, financial technology innovations to achieve efficient operation, enhance customers experience and overall performance.

2.2.2 Cost Control Strategies:

In order to enhance operational efficiency and reduce costs, Ononiwu et al.(2024) state that innovative cost control strategies rely significantly on cutting-edge technological solutions like artificial intelligence, operation automation and financial technology advancements. Although, Lewis, Forbes, Rush, Kilpatrick, Herbert, and Sarin (2024) advocate a cost culture mindset to pervade the entire organization as the solution to attaining long-term cost reduction, rather than merely creating quantifiable cost reduction goals that are at odds with their business goals and cost culture mindset. The strategic framework for business organization in Nigeria to manage and control inflation propelled cost clusters around investment in smart technologies and innovation. The strategies are within innovative framework of cost control software, accounting software, artificial intelligence, data analytics and other technologies. Cost control software assists organization to effectively manage and optimize their expenses. It monitors expenses, optimizes it and provides cost saving opportunities. These include: **Coupa Expenditures Management**, a cloud-based program for managing, approving, and controlling costs and **SAP Concur**, a program that automates the expenditures process. Other options are: Invest in a cloud-based manager and **Expensify;** which automates the reporting of expenses; and certify automated procedures to limit spending. Njoroge, Anyango and Njoki (2024), attribute the cost control strategies to budgetary controls but Reimink (2016) emphatically projects technology and automation among other techniques as pivotal cost controlling strategies. In the Nigerian banking experience, the prominent cost objects are clustered around interest expenses, other operating expenses, fee and commission expenses, administration expenses, information technologies, etc.

2.2.3 Dimension of Controlled Cost: Conscious effort on innovative strategies was to mitigate among others banking expenses:

(i) Interest Expenses: It incorporates all finance costs, using the effective interest techniques, all interest-bearing financial instrument expenses in both the consolidated and separate income statements. One way to determine the amortized cost of a financial asset or liability and to allocate interest expenses over the appropriate time is to use the effective interest technique.

(ii) Other Operating Expenses: It originates from banking operations such as: The sale of properties, office premises, intangible assets and all non-current assets, asset management, broking, agency as well as other subsidiary investments. Expenses associated with deferred income tax obligations are included.

(iii) Fee and Commission Expenses: are fees and commissions assessed for services rendered to clients using the bank's alternative channels platform and the different credit and debit cards provided for these transactions. The bank gets billed for services provided through online shopping platforms, bill payment systems, mobile banking, internet banking, et cetera.

2.2.3 **Accounting Earnings**: Earnings entail an income from business outfit. Accounting earnings conventionally measures the financial performance of a business entity. It portrays net income or net profit reported in the statement of profit or loss of any firms within accounting period. Welsch, Williams and Mills (2024), described accounting earnings from income growth. Similarly, Cupic, Todorovic and Benkovic (2022) considered accounting earnings from relevant value created. These diverse views properly link the financial performance of any business operation with the difference between revenue generated and expenses. It presents accounting earnings as the earnings after interest and tax, earnings after tax and retained earnings. In this study, earnings after interest and tax were utilized to measure the dependent variable.

2.2.3.1 **Earnings after interest and tax**: primarily indicates financial performance of a business organization at an extent of charging all product or service costs and period costs to the revenue generated including interest expenses.

2.3 **Empirical Reviews**: The reviewed empirical works were represented in tabular form below.

S/ no	Authors	Aim	Methodology	Results
1.	Mukayivara and Rusibana (2024)	The effect of cost control on financial performance of manufacturing companies in Rwanda.	Primary and secondary data was collected using questionnaire and documentary. The data was analyzed using SPSS.	A substantial positive relationship between standard costs implementation and financial performance ($r = 0.745$, $p < 0.001$), indicating that 74.5% of financial performance variation relates to standard costs implementation variations. This underscores the role of cost standard implementation in effective cost control and financial decision-making.
2.	Nkpodot and Emenyi (2023)	This study examined the influence of cost efficiency on financial performance of listed manufacturing firms in Nigeria.	Ex post facto research design was employed. Secondary data was obtained from financial reports of the listed manufacturing firms. Multiple linear regressions were employed to test the hypotheses with statistical package for social science (SSPS).	It revealed that there was a significant positive effect of raw material efficiency on the financial performance of listed manufacturing firms in Nigeria; also, Labour efficiency has a positive influence on financial performance of listed manufacturing firms in Nigeria.
3.	Nwanyanwu, Jonah and Court (2023	Assessed the association between cost-cutting measures and the financial performance of Nigerian consumer product companies.	Descriptive statistics, multiple regression, and correlation coefficients were used to obtain the results.	There is a moderately positively significant correlation between cost reduction strategies and financial performance. The discovered positive correlation coefficient indicates an increase in financial performance is associated with an increase in cost reduction strategy.
4.	Suleiman, Mustapha, and Agbi (2023).	This study examines how cost management and reduction affect Nigerian manufacturing companies' profitability.	The study's population, and a sample of one of these companies was used for the study throughout a ten-year period (2012–2021). Data for the project was gathered from the chosen company's audited financial filings. Multiple regressions were used to assess the data that had been collected.	The findings showed that administrative costs have a positive impact on profitability. However, Nestle Nig. Plcs profitability is adversely affected by both finance expenses and cost of materials. It therefore concluded that Nestle Nigeria Plc's profitability is significantly impacted by cost control and cost reduction.
5.	Akinleye and Oluyori (2023)	Examined the impact of standard costing practices on the financial performance of listed consumable goods companies in Nigeria	The study employed a quantitative research method using secondary data from financial statements and annual reports of listed consumable goods companies in Nigeria.	The findings suggest that profit margin improvement, achieved through effective cost management using standard costing, leads to higher returns on assets. Also, reducing cost variances through standard costing practices contributes to improved financial performance. The implementation of standard costing also enhances inventory management practices, leading to overall cost reduction and improved financial performance.
6.	Oluwayemisi et al. (2022)	The study examined the link between cost control and the financial performance of selected Nigerian manufacturing firms.	Secondary data were employed through annually financial reports of ten (10) sampled firms through 2011 to 2020. Data were analyzed using descriptive statistics, correlation analysis and panel regression.	It showed that administrative costs exert insignificant negative effect on profit after tax of the sampled firms, while selling and distribution costs exert insignificant positive effect on profit after tax. Therefore, this study concluded that cost control has both positive and negative effect on financial performance of manufacturing firm in Nigeria.
7.	Akinleye and Fajuyagbe (2022).	Cost control and performance of non-financial companies in Nigeria.	Panel Data Analysis was used to ascertain the effect of cost control of performance of non-financial firms in Nigeria.	Administrative cost and firm size exerted positive significant effect on value of firm, Cost of raw materials and cost of sales turnover ratio exerted positive but insignificant effect on value of firm. Selling and Distribution cost failed to exert significant effect on the firm performance.
8.	Ayorinde (2021)	Examined the impact of cost control on financial performance of pharmaceutical firms in Nigeria.	Panel regression analysis was employed to evaluate the impacts of cost control on financial performance of pharmaceuticals firms in Nigeria.	The results revealed that cost control has significant influence on financial performance of pharmaceuticals firms in Nigeria.
9.	Adebawojo, (2023)	investigated the effect of cost management on the financial sustainability and performance of manufacturing companies in Nigeria	An ex-post facto research design was adopted. The study population included all 33 manufacturing companies in Nigeria. Purposive and Judgmental Sampling Techniques. Data was analyzed using Multiple Regression.	Costs of Sales, Distribution and Administrative Expenses and Finance Cost altogether have significant effect on the combined variables of financial performance.
10.	Adesina and Ajibola (2025)	Cost Management and Profitability of Manufacturing Companies in Nigeria	This study uses descriptive statistics and panel regression analysis	Results show that administrative expenditures, marketing and distribution charges, and excessive production costs all cut into profits.

METHODOLOGY

3.1 **Research design:** Correlational research design was employed for the study as it allows the use of historic economic data of the entities in our context to be obtained for establishing the statistical implication in the relations between variables under study. Suitable econometric model that gave rise to estimable equations were used to examine the impact of cost control strategy on accounting earnings of quoted deposit money banks identified in the hypotheses tested. The data employed for the study were obtained from quoted deposit money banks on Nigeria Exchange Group for 2013 to 2024 with content analysis. The analytical procedure involves descriptive statistics of the data as required by the specified model. Unit root test of the data series was done by Augmented Dickey Fuller and Phillips Perron statistic tests. These were succeeded by Johansen Co-integration test to ascertain long-run relationship. Also, Parsimonious Error Correction Model (PECM) was done. The estimation results are summarized in the tables below and the empirical computations were done using E-views software.

3.2 Model Specification:

The hypothesized relationship between Accounting Earnings and Cost Control Strategy were expressed with a functional equation of the model. From empirical literature, the direction of relation between Accounting Earnings (AE) and Cost Control Strategy (CCS) is expressed. A priori, Accounting Earnings is hypothesized to be a positive function of Cost Control Strategy. Therefore,

$AE_t = f(CCS_t)$…………equ.1

The Accounting Earnings was measured with Earnings after Interest and Tax (EAIT) while Cost Control Strategy (CCS) was proxy with the cost objects in deposit money banking operation which are Fee and Commission Expenses (FCEXP), Interest Expenses (IEXP) and Other Operating Expenses (OPEXP). The functional equation was modified as:

$EAIT_t = f(FCEXP_t, IEXPt, OPEXP_t)$…………equ.2

The functional equation 2, is expressed in linear regression form as:

$EAIT_t = \beta_0 + \beta_1 FCEXP_t + \beta_2 IEXP_t + \beta_3 OPEXPt + e_t$ …………equ.3

Where: $EAIT_t$ = Earnings after interest and tax, β_0 = intercept, β_{1-3} = Variable coefficients, e_t = Stochastic error term.

RESULTS AND DISCUSSION

4.1 **DESCRIPTIVE STATISTICS OF VARIABLES**

Table 4.1 Descriptive statistics of FCEXP, IEXP, OPEXP and EAIT

	FCEXP	IEXP	OPEXP	EAIT
Mean	58485.25	123365.7	189497.7	159926.8
Median	28317.50	62608.50	161424.5	69866.00
Maximum	928052.0	809590.0	584794.0	861974.0
Minimum	1491.000	40.00000	2251.000	3078.000
Std. Dev.	145940.8	181438.8	153022.2	231188.6
Skewness	5.498738	2.111577	0.857828	1.942488
Kurtosis	33.17366	7.292046	2.986164	5.645858
Jarque-Bera	1718.991	60.42783	4.906108	36.82266
Probability	0.000000	0.000000	0.086030	0.000000
Sum	2339410.	4934628.	7579909.	6397073.
Sum Sq. Dev.	8.31E+11	1.28E+12	9.13E+11	2.08E+12
Observations	40	40	40	40

Result Interpretation: Table 4.1 shows the results of time series descriptive statistics. To test time series normality based on Jarque-Bera Probability value compared against 5% level of significance. It was revealed that Fee and Commission expenses (FCEXP), Interest expenses (IEXP) and Earnings after interest and tax (EAIT) were normally distributed as Jarque-Bera Probability values (FCEXP=0.000000, IEXP=0.000000 and EAIT=0.000000) are less than 0.05 level of significance. Consequently, a further check is done by unit root test to ascertain normally of distribution.

4.2 **UNIT ROOT TEST OF DATA SERIES**

Data Series	Augmented DF @ 5%	Phillips-Peron @ 5%	Remarks
FCEXP	0.0000 at 2nd difference	**0.0001 at 1st difference**	Use Phillips-P results
IEXP	0.0000 at 2nd difference	**0.0001 at 1st difference**	Use Phillips-P results
OPEXP	0.0000 at 2nd difference	**0.0001 at 1st difference**	Use Phillips-P results
EAIT	0.0083 at 2nd difference	**0.0001 at 1st difference**	Use Phillips-P results

Result Interpretation: Table 4.1 reveals Unit root test outcome using Phillips-Peron statistics test result to show that FCEXP, IEXP OPEXP and EAIT series were non-stationary at level (0(1)) but stationary at first difference (1(1)) at 5% level of significance.

4.3 **JOHANSON COINTEGRATION RESULTS**

Table 4.3: Reveal Johanson Cointegration Result of FCEXP, IEXP, OPEXP and EAIT

Date: 04/03/25 Time: 12:44
Sample (adjusted): 1986 2023
Included observations: 38 after adjustments
Trend assumption: Linear deterministic trend
Series: EAIT FCEXP IEXP OPEXP
Lags interval (in first differences): 1 to 1

Unrestricted Cointegration Rank Test (Trace)

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	0.05 Critical Value	Prob.**
None *	0.441445	60.25030	47.85613	0.0023
At most 1 *	0.377089	38.11904	29.79707	0.0044
At most 2 *	0.268938	20.13168	15.49471	0.0093
At most 3 *	0.194687	8.227934	3.841466	0.0041

Trace test indicates 4 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Result Interpretation: Table 4.3 result shows that four cointegrating equation exist. We reject the first hypothesis as trace statistic value (60.25030) is higher than critical value (47.85613) to show that long run relationship exists in the model. The second indicate existence of at most one long run relationship as trace statistic value (38.11904) exceed the critical value (29.79707). Also, the third hypothetical test of existence of at most two long run relationships as trace statistic value (20.13168) is higher than critical value (15.49471). The last hypothetical test also indicates the existence of long run relationship as trace statistic value (8.227934) is higher than critical value (3.841466).

4.4: **PARSIMONIOUS ERROR CORRECTION MODEL**

Table 4.4 indicates the Parsimonious Error Correction of the model

Dependent Variable: D(EAIT)
Method: Least Squares
Date: 04/03/25 Time: 14:37
Sample (adjusted): 1987 2023
Included observations: 37 after adjustments

Variable	Coefficient	Std. Error	t-Statistic	Prob.
D(EAIT(-1))	0.043987	0.157430	0.279407	0.7820
D(FCEXP)	-0.389692	0.144037	-2.705496	0.0115
D(FCEXP(-1))	0.064817	0.152972	0.423716	0.6750
D(IEXP)	0.457803	0.128946	3.550350	0.0014
D(IEXP(-1))	0.109955	0.158150	0.695258	0.4926
D(OPEXP)	0.907473	0.151990	5.970614	0.0000
D(OPEXP(-1))	-0.301089	0.198083	-1.520009	0.1397
D(OPEXP(-2))	-0.233599	0.127719	-1.829003	0.0781
ECM(-1)	-0.571234	0.193698	-2.949092	0.0064

R-squared	0.797472	Mean dependent var	-3736.189
Adjusted R-squared	0.739607	S.D. dependent var	265997.8
S.E. of regression	135735.3	Akaike info criterion	26.68257
Sum squared resid	5.16E+11	Schwarz criterion	27.07442
Log likelihood	-484.6276	Hannan-Quinn criter.	26.82072
Durbin-Watson stat	2.005448		

Result Interpretation: Table 4.4 indicates the result of parsimonious error correction model. By Error correction model (ECM (-1)) at coefficient -0.571234, it shows that every deviation of variables from the model equilibrium, it takes the speed pace of 57% to adjust back to the equation. The observation is significant at 0.0064 approximately (0.01) compared to 5% levels of significance. The derived coefficient of determination (i.e.R2=0.797472 of the estimated model) indicates that 79% of the variations in Earnings after interest and tax are explained by the dynamic of the Fee and commission expenses, Interest expenses, other operating expenses. Durbin-Watson statistic result (2.005448) indicates there is no suggestion of serial correlation problems in the model.

Table 4.5 **IMPACTS OF COST COSTROL ON DEPENDENT VARIABLES EARNINGS**

VARIABLES	COEFFICIENT	PROB VALUE@5%	REMARKS
D(FCEXP)	-0.389692	0.0115	insignificantly negative
D(IEXP)	0.457803	0.0014	Significantly positive
D(OPEXP)	0.907473	0.0000	Significantly positive

Result Interpretation: Table 4.5 reveals the impacts of various controlled expenses on Earnings after interest and tax (EAIT). Fee and commission expenses: D(FCEXP) affects negatively (-0.389692) on the Earnings after interest and tax (EAIT) and significantly (0.0115). It implies that 1% corporate expenses on fee and commission contribute negatively to 38% decrease in Earnings after interest and tax. Interest expenses: D(IEXP) demonstrated positive (0.457803) impact on Earnings after interest and tax (EAIT) and significantly (0.0014). It justifies that 1% corporate expenses on finance cost contribute significantly to 45% increase in Earnings after interest and tax. Other operating expenses: D(OPEXP) results indicate a significantly positive effects on Earnings after interest and tax (EAIT). The outcome of other operating expenses discloses that deposit money bank expenses on administrative cost, marketing, securities and other activities contributes significantly positive (0.907473) in generating revenue and income that culminates in Earning after interest and tax. It implies that every 1% input on other operating expenses results in 90% increase in Earnings after interest and tax.

4.6 **FULLY MODIFIED ORDINARY LEAST SQUARES MODEL (FMOLS)**

Dependent Variable: EAIT
Method: Fully Modified Least Squares (FMOLS)
Date: 04/04/25 Time: 11:12
Sample (adjusted): 1985 2023
Included observations: 39 after adjustments
Cointegrating equation deterministics: C
Long-run covariance estimate (Bartlett kernel, Newey-West fixed bandwidth
= 4.0000)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
FCEXP	-0.227773	0.237787	-0.957883	0.3447
IEXP	0.531463	0.189721	2.801292	0.0082
OPEXP	0.790885	0.240021	3.295065	0.0023
C	-45451.57	51509.98	-0.882384	0.3836

R-squared	0.538801	Mean dependent var	157136.3
Adjusted R-squared	0.499270	S.D. dependent var	233527.3
S.E. of regression	165249.2	Sum squared resid	9.56E+11
Long-run variance	3.97E+10		

Result Interpretation: Table 4.6 reveals the results of fully modified least squares model. The hypothetical result of fee and commission expenses (FCEXP) on Earnings after interest and tax (EAIT) indicates an insignificant effect as probability value was 0.3447 at 5% level of significance. The hypothetical result of interest expenses (IEXP) on Earnings after interest and tax (EAIT) indicates a significant impact as probability value was 0.0082 (approx. 0.01) at 5% level of significance. Similarly, the hypothetical result of other operating expenses (OPEXP) on Earnings after interest and tax (EAIT) shows significant impacts on Earnings after Interest and tax (EAIT) as probability value was 0.0023 at 5% level of significance.

SUMMARY, CONCLUSION AND RECOMMENDATION

From the observed empirical results, it is pertinent to state that cost incurred on fee and commission had negative implication on the level of earning after interest and tax of the quoted deposit money banks in Nigeria. It explains the burden of inflationary force in spite of innovative control mechanism that integrates digital solutions. Conversely, the cost attributable to interest impacts positively and significantly on earnings after interest and tax of the companies. This dimension demonstrates the effectiveness of the control strategies despite inflationary pressures. Similarly, the other operating expenses contributed significantly to the level of earnings after interest and tax of the banks in Nigeria. The observation lent credence to an empirical conclusion that integrated cost control approach impacts significantly on accounting earnings of quoted deposit money banks in Nigeria. The perspective justifies the ideals of scientific management theory that innovative scientific methods to routine organizational tasks, job schedules and team operation enhances labour productivity, work place optimization and overall performance. It portrays costs as not just expenses as wasteful sacrifice but a necessary expenditure to achieve an objective and create value. Several deposit money banks in Nigeria incurred cost by investing in smart technologies to enhance operational performance and profit margin. Based on the conclusion, it is recommended that the managerial team of the corporate entities should sustain innovative strategies of cost control as it impacts significantly on accounting earnings of the banks under study. The strategy requires performance beyond automation of business operation, it demands continuous investment in new technological solutions leveraging on innovative trends

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