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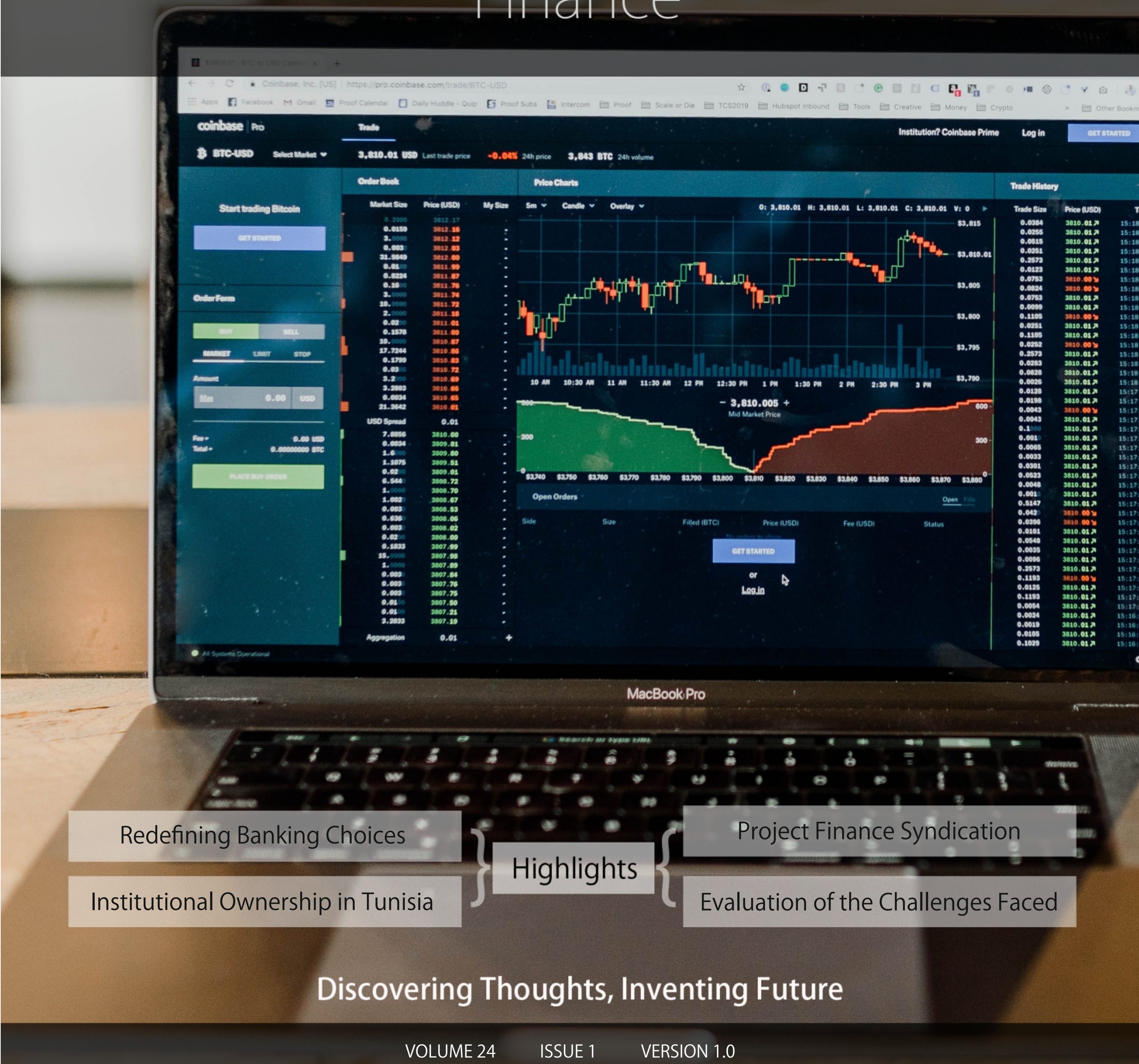

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Discovering Thoughts, Inventing Future

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Project Finance Syndication: An Evaluation of the Challenges Faced by Parastatals in Accessing Project Finance in Developing Countries, a Case of Zambia

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Abstract- The presence of good infrastructure and social amenities not only provides opportunities for employment and a physical beautiful environment but most importantly attracts direct foreign investments which may open a lot of doors for developing countries. It is for this reason that African countries particularly parastatals in Zambia have felt the need to participate actively to build and provide good roads, state of art hospitals, housing, telecommunications infrastructure, schools and shopping malls. However, these parastatals face a myriad of challenges in accessing project finance. Therefore, this study evaluated the challenges faced by parastatals in procuring project finance. Qualitative approach was used in collecting, collating, analyzing and integrating data. The population comprised parastatal's, financial regulators and utility companies and ministry of finance. The sample of Thirty (30) was drawn from boards of directors, officials in charge of finance, investments and regulations using purposive sampling. The samples were drawn using purposive sampling.

Keywords: *Financial syndication, Project finance, debt, sovereign guarantee.*

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Francis Nyirenda [α] & Hanson Chishimba [σ]

Abstract- The presence of good infrastructure and social amenities not only provides opportunities for employment and a physical beautiful environment but most importantly attracts direct foreign investments which may open a lot of doors for developing countries. It is for this reason that African countries particularly parastatals in Zambia have felt the need to participate actively to build and provide good roads, state of art hospitals, housing, telecommunications infrastructure, schools and shopping malls. However, these parastatals face a myriad of challenges in accessing project finance. Therefore, this study evaluated the challenges faced by parastatals in procuring project finance. Qualitative approach was used in collecting, collating, analyzing and integrating data. The population comprised parastatal's, financial regulators and utility companies and ministry of finance. The sample of Thirty (30) was drawn from boards of directors, officials in charge of finance, investments and regulations using purposive sampling. The samples were drawn using purposive sampling. Data was collected using questionnaires. The study found that challenges in procuring project finance by parastatals can be attributed to poor company statement of financial position, high debt equity ratio, challenges of the treasury in terms of lacking adequate space under the Loans and Guarantees regulations resulting into a capping on the debt ceiling of the treasury, delays in obtaining Sovereign Guarantees to support the borrowing on the international financial market, delays in obtaining consents from Attorney Generals, abandoned projects due to failure to acquire financing, and the government's inability to convince multilateral development agencies to support and/or extend financial facilities for key and bankable infrastructure projects. The study has identified various challenges faced by parastatals in Zambia in accessing project finance, such as poor company statement of financial position, high debt equity ratio, lack of space under the Loans and Guarantees regulations leading to a debt ceiling cap, delays in obtaining Sovereign Guarantees, delays in obtaining consents from Attorney Generals, abandoned projects due to lack of financing and the government's inability to secure financing from multilateral development agencies. Arising from these inadequacies, the study recommends the development of specialized financial institutions that can provide project finance and a creation of a streamlined process for parastatals to access project finance. This should include developing a clear set of criteria and requirements for project funding that is easy to understand and implement.

Keywords: Financial syndication, Project finance, debt, sovereign guarantee.

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I. Introduction

Project finance serves as a financing mechanism specifically designed to support projects with substantial capital requirements. Its distinctive advantages encompass enhanced access to capital, heightened flexibility, a more economical cost of capital, diminished risk exposure, improved decision-making processes, heightened operational efficiency, and potential tax benefits. The involvement of multiple investors in project finance contributes to risk mitigation, alleviating the financial burden on the project sponsor.

By actively engaging all stakeholders in the project and its progression, project finance fosters improved decision-making and operational efficiency. Furthermore, it often brings tax advantages to investors, as project-related costs are typically eligible for tax deductions.

However, despite the potential of parastatals to propel economic growth, they encounter impediments in accessing project finance. These challenges stem from factors such as limited access to capital markets, a dearth of financing alternatives, elevated investment risk, and a restricted understanding of the intricacies of project finance.

This research aims to scrutinize the hurdles confronting parastatals in securing project finance in Zambia and propose viable solutions to facilitate their access to funding. The study will delineate the current project finance landscape in Zambia, evaluating both opportunities and risks inherent in the investment climate. Ultimately, the research endeavors to furnish the Zambian government with recommendations aimed at refining the project finance environment, thereby streamlining access to funding for parastatals in the country.

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II. Literature Review

The critical need for infrastructural investment in Africa is underscored by staggering statistics, with estimates reaching US$93 billion annually. However, the current investment levels on the continent are only half of this requirement, creating a substantial infrastructure gap (Dentons, 2013). A more recent report by the African Finance Corporation and Boston Consulting Group indicates an even higher annual infrastructure gap for Sub-Saharan Africa, reaching US$100 billion (African Finance Corporation & Boston Consulting Group, 2017). Alarming figures reveal that up to two-thirds of the continent's population lacks access to power, and only a third of the land is accessible by road (African Finance Corporation & Boston Consulting Group, 2017). This stark reality, coupled with an annual cost of 2.1% of Sub-Saharan Africa's GDP attributed to the infrastructural gap, positions the region as the world's least developed in terms of infrastructure performance (African Finance Corporation & Boston Consulting Group, 2017; World Bank, 2017).

While the World Bank's 'Africa Pulse' notes improvements in telecommunication and water/ sanitation sectors, there are persistent disparities in access to safe water between rural and urban areas (World Bank, 2017). Public investment in infrastructure, as a percentage of GDP, has declined from around 5.8% in 2014 (World Bank, 2017). Severalstudies highlight the general challenges of accessing project finance in developing countries, citing limited access to capital markets, lack of transparency, political risk, and insufficient knowledge of the project finance process as major hurdles (Olomola, 2018; Okorie & Onu, 2017; Sharma & Pandey, 2020; Bhatt & Sharma, 2019).

Zooming in on Zambia, studies point out challenges such as limited access to capital markets, financing options, and a lack of understanding of the project finance process (Lungu, 2015). Addressing the inadequacy of infrastructure is crucial for economic growth, and private capital emerges as a potential solution (Bhattacharya et al., 2012; Helm, 2009). Successful projects in Sub-Saharan Africa are seen as offering higher returns, attracting private capital. However, obstacles such as political will, policy uncertainty, and poor regulatory frameworks hinder private investment (African Finance Corporation & Boston Consulting Group, 2017). Governments must enact legislation, develop policies, and invest in capacity building to create a conducive environment for private investment and foreign direct investment (FDI) (African Finance Corporation & Boston Consulting Group, 2017).

Public-Private Partnerships (PPPs) could bridge the infrastructural funding gap in Sub- Saharan countries, but their prevalence remains limited (World Bank, 2017). The literature emphasizes the importance of private capital in financing infrastructure, citing the need for policies that address shortcomings such as currency risk, long payback periods, and the lack of specific sources of private finance (Rajé, 2017).

To attract private investment and FDI, deliberate policies should include tax incentives, risk guarantees, and project financing. Capacity building is crucial to develop technical skills for successful infrastructure projects. Initiatives like finance investment programs, regulatory reforms, and promoting projects with risk-sharing structures can incentivize local market borrowing. Collaboration between governments and private investors, sharing best practices, and financial innovations like local currency infrastructure finance bonds can further enhance infrastructure development (African Finance Corporation & Boston Consulting Group, 2017).

The shift away from multilateral development banks is attributed to the emergence of private capital markets and increased availability of development finance from other sources. The reduced prominence of multilateral development banks is due to theirconserve-ative lending and slower response compared to other sources. The growing reliance on private finance and a decrease in the share provided by multilateral development banks highlight the changing landscape of infrastructure financing.

III. Methods

a) *Ethics Statement*

Prior to commencing the study, the researchers diligently obtained informed consent from all participants. Each respondent was requested to provide a signed consent form, signifying their willingness to partake in the research. Before the interviews were conducted, interviewees received comprehensive information that the study exclusively served academic purposes. Furthermore, the research team meticulously safeguarded the anonymity and confidentiality of all records. To uphold privacy, respondents were not required to disclose their names; instead, a unique respondent code was assigned to each questionnaire. Importantly, the study adhered to ethical standards by obtaining approval from the University of Zambia's School of Humanities and Social Sciences Research Ethics Clearance Committee (HSSREC) before its commencement.

b) *Study Design*

This research used the qualitative approach in collecting, collating, analyzing and integrating data. By using the qualitative methods, the research gained in understanding and validating the data collected and research findings, while eliminating some limitation intrinsic to using this approach. In parallel, secondary data sources, including scholarly journals, government policy documents, and online resources, were harnessed to augment and contextualize the study's findings. The study was conducted in Zambia. The Country is an ideal study location for this research as it is an emerging market and is classified as a lower-middle income country by the World Bank. This makes it an ideal location to study the challenges faced by parastatals in accessing project finance in developing countries. In this study, the population comprised parastatal's, financial regulators and utility companies and ministry of finance. The sample of Thirty (30) was drawn from boards of directors, officials in charge of finance, investments and regulations using purposive sampling.

IV. Results

a) *Infrastructure Profile of Selected Parastatals*

i. *Zambia Electricity Supply Corporation (ZESCO)*

Zambia Electricity Supply Corporation (ZESCO) is the main power generation and distribution utility in Zambia. The majority of the power distributed by ZESCO is generated at hydro power stations, with the most notable being Kariba, Victoria Falls, and Kafue Gorge. Kariba is notable for being the site of one of the largest man-made lakes in Africa, while Victoria Falls is located to the south of the country. The Kafue Gorge power station is the largest in Zambia and provides a large portion of the country's energyneeds. In addition to hydroelectricity, ZESCO also operates numerous solar, wind, and thermal power plants. These plants provide an additional source of renewable energy to Zambia, helping to reduce the country's reliance on fossil fuels.

- *Eurobond Financed Projects*

The Government of the Republic of Zambia was able to successfully issue a USD750 million Eurobond, and allocated USD69 million of that to ZESCO for the purpose of rehabilitating and expanding the national power grid. This financing gave ZESCO the resources to construct new substations, expand and modernize existing ones, as well as replace any outdated transmission equipment. This enabled ZESCO to improve the infrastructure of the power grid, providing a more reliable and efficient system. Furthermore, this investment helped to create jobs and boost the local economy, as well as improve the quality of life for citizens by providing a reliable energy source.

ii. *National Road Fund Agency*

The National Road Fund Agency is responsible for managing the financing of the road sector. It administers the country's road fund and allocates resources for the construction, rehabilitation, and maintenance of roads. The funds given by the National Road Fund are based on the work plan submitted by the Road Development Agency. The road sectorwas one of the primary recipients of funds from the Government of the Republic of Zambia's issuance of Infrastructural Eurobonds. This allowed for an increase in investment into the road sector, providing resources for the construction, rehabilitation, and maintenance of roads. This, in turn, helped to improve the quality of the roads, providing safer and more efficient transportation for citizens. Additionally, this investment helped to create jobs and stimulate the local economy.

iii. *Lusaka Water and Sewerage Company*

The Lusaka Water and Sewerage Company provides water and sanitation services to Lusaka Province. It is the country's biggest water utility. the construction of new water supply systems in the province, the installation of modern water meters, the expansion of pumping stations and water reservoirs, the installation of new sewerage systems, and the rehabilitation of existing drinking water and sanitation systems. The company also operates a laboratory for water quality testing, as well as a customer service center to provide information and support for customers. In addition, the company hasimplemented a number of initiatives to improve water efficiency, such as the installation of rainwater harvesting systems and the promotion of water conservation measures among the population. The Lusaka Water and Sewerage Company is committed to providing safe and reliable water and sanitation services to the people of Lusaka Province.

Infrastructural projects carried out by the Lusaka Water and Sewerage Company include.

- *Kafue Bulk Water Supply Project*

This project, worth USD150 million, has a scope of works which includes a 150,000m3/day intake structure, a 50,000m3/day water treatment plant complete with a high lift station as well as a booster station in Chilanga, which lies 20km south of Lusaka.

- *Lusaka Sanitation Program*

This project has earmarked the construction of 520km of sewer lines in 26 previously unreached locations. In addition, treatment facilities are slated to be constructed in seven high density neighborhoods. The project also includes the rehabilitation of existing sewerage systems, the installation of pumping stations and water reservoirs, the installation of modern water meters, the upgrading of wastewater treatment plants, and the construction of new water supply systems. In order to further improve the quality of water and sanitation services, the project also plans to implement a number of initiatives such as the promotion of water conservation measures and the installation of rainwater harvesting systems. Furthermore, the project has ensured that the people of LusakaProvince will have access to reliable and safe water and sanitation services by providing training to local staff and technicians on the best maintenance practices.

iv. *Public Service Pensions Fund*

Public Service Pensions Fund (PSPF) is a body corporate that was established under the Public Service

Pensions (PSP) Act Number 35 of 1996. The PSPF has a current membership base of 146,000 (one hundred and forty-six thousand) of which 93,300 are active and contributing members while the remainder are retired and on monthly pension payroll. The Fund presently has an investment portfolio of around K2.3 (Two billion and three hundred million kwacha). This amount is equivalent to about US$191,000,000.00 (One hundred and ninety-one million United States of America dollars using the current average exchange rate. This investment portfolio is expected to continue growing into theforeseeable future.

- *Commercial Projects*

In its quest to continue growing the investments portfolio, the PSPF carefully identifies commercially viable infrastructure projects. Once the projects have been scrutinized, the fund management obtains Board approval before resources can be allocated to such projects in order to actualize the funds' objectives.

The Public Service Pension Fund (PSPF) is committed to enhancing the financial health and sustainability of the fund. To this end, PSPF has actively sought to diversify its investment portfolio with a focus on increasing the Commercial Property and Real Estate portfolio. Additionally, PSPF has strived to achieve a strong and consistent financial and investment performance, while providing appropriate returns on the members' contributions. All these initiatives are aimed at providing the PSPF members with asecure and stable retirement income. However, due to the need to maintain a balance between the funds needed to be reinvested by PSPF's Investments arm and those needed to pay pension benefits, other sources of financing have been necessary to fund infrastructure projects. This has led to PSPF taking a semi-business approach of raising capital on the open market.

The Public Service Pension Fund (PSPF) has had to resort to capital markets in order to finance infrastructure projects. This has necessitated the implementation of a semi- business approach to raise capital. However, the conditions of the open market for borrowing can be stringent, as demonstrated by the fund's past attempts to develop properties. Furthermore, local banks may impose high lending rates, making viable projects expensive to finance in a developing country.

The Public Service Pension Fund has had to look abroad for project finances due to the unfavorable local lending rates. However, this presents its own challenges such as requiring a sovereign guarantee issued by a Minister of Finance, taking up expensive insurance, and having to adhere to arbitration jurisdictions dictated by the financier. In addition, a country's negative rating by rating agencies can have a detrimental effect on the borrowing entity. Moreover, the schedule of Conditions Precedent can be daunting to fulfil, potentially discouraging the borrowing entity.

Furthermore, the foreign financiers will typically assess the risk of the project by looking at the country's sovereign debt, which can be a challenge for the PSPF. They will also evaluate the bankability of the project by analyzing its positive NPV/IRR and other financial metrics. In addition to the sovereign guarantee, the financers usually require the borrowing entity to take out insurance from their own insurance houses. This can be costly depending on the amount of money being borrowed. Once a financing agreementis in place, the financers will also dictate the arbitration jurisdictions, which can be a challenge for the PSPF. All of these factors must be taken into account when the PSPF is seeking project finance from outside Zambia.

v. *Food Reserve Agency*

The function of the Food Reserve Agency is to ensure the nation's food security by stockpiling food reserves and providing a market for small farmers in far flung areas whomight not otherwise have the capacity to market their crops to large scale millers and other food processors in the value chain. This failure is caused by their individualinability to meet certain minimum quotas. The Food Reserve Agency aggregates the yield purchased from farmers and keeps this in storage for most of the year, before being sold on to millers and other manufacturers up the food value chain. In addition to acting as an aggregate supplier to the food industry, the Food Reserve Agency keeps stores of food in various parts of the country as emergency stock in the event of drought or other reasons for crop failure. In this event, the stored cereal crops are made available where need arises.

The main infrastructural projects carried out by the Food Reserve Agency revolve around building adequate storage facilities throughout the country. In order to successfully carry out its mandate, the Food Reserve Agency seeks to increase its storage capacity in all ten provinces of the country.

b) Challenges Faced by Parastatals in Procuring Project Finance

In a quest to establish challenges faced by parastatals in procuring project finance by ZESCO, the study found that despite Zambia's huge potential to harness its major water resources and develop hydro power generating stations, progress has been slow due to thepoor company statement of financial position, high debt equity ratio, challenges of the treasury in terms of lacking adequate space under the Loans and Guarantees regulations resulting into a capping on the debt ceiling of the treasury, delays in obtaining Sovereign Guarantees to support the borrowing on the international financial market, delays in obtaining consents from Attorney Generals, abandoned projects due to failure to acquire financing, and the government's inability to convince multilateral development agencies to support and/or extend financial facilities for key and bankable infrastructure projects.

In the same vain, NRFA revealed that the Agency faced various challenges. These included the need for a guaranteed source of project financing, as well as the need for upskilling in project formulation and implementation. To achieve this, an Act of parliament was passed which authorized the Agency to construct road tolling facilities as an alternative model for raising finances. However, even with this new strategy, the Agency still faced difficulties in persuading financial institutions to provide funding, as itwas evident that the funds would have no real impact unless a deliberate funding mechanism was set in place to jumpstart the process. This challenge with regards to secure sources of financing is largely due to the fact that a lot of the project financing comes from government and is not always guaranteed or disbursed on time due to budgetary constraints.

In revealing the challenges faced by Lusaka Water and Sewerage Company in procuring project finance, the study found that the water utility company in Lusaka is facing a major challenge of erratic release of project funding, especially when the funding comes from government budgetary allocation. It also takes a long time to secure project financing, resulting in the restructuring and rescheduling of priority projects, and continual revision of the master plan. With the population of Lusaka continuing to grow, the water utility company is in need of expanding its water treatment and supplying facilities but is hindered by the difficulty of accessing affordable financing. To ensure that the water utility company can fulfill its mandate, it is essential that adequate funding is provided, and the government can play a key role in this by providing sovereign guarantees and other forms of support to help the company acquire the financing it needs.

In postulating its challenges, the Food Reserve Agency (FRA), expressed a need for more appropriate levels of funding from the government. They would prefer the government to obtain infrastructure financing on their behalf, as they lack the financial capacity to put up adequate grain storage facilities to prevent food wastage. The Agency has a very weak balance sheet, making it difficult to seek infrastructure funding without the support of the treasury. Even though the Agency exports some of its excess crop, such as non-genetically modified maize, to the sub-region where it can command a good selling price, all the gains are lost due to overdraft facilities, leaving the Agency financially strained. This means that for the FRA to develop its storage capacity, it must rely on the treasury for funding, although this can be very erratic and unreliable. Therefore, the government must take measures to ensure that adequate and reliable funding is provided to the FRA in order to allow it to develop the necessary storage capacity and prevent food wastage.

Adding to the lamentations, the Public Service Pensions Fund bemoaned a high cost of borrowing on the local financial markets, stringent conditions precedent by multilateral financing institutions and inadequate technical capacity to manage large scale projects. It was recommended that the government ensures economic stability through appropriate economic policies and effective adherence to monetary policy. The spiraling sovereign debt by the Zambian Government has also presented its own problems to the Public Service pensions fund in that the financier of its flagship infrastructure project which is being co-financed by the Industrial and Commercial Bank of China has faced challenges when drawdowns are triggered. The author of this dissertation who happens to the Manager responsible for projects has had this firsthand experience. This has resulted in delayed payments of more than 5 months thereby forcing the project completion time to be extended at great cost to the developer.

The Development Bank of Zambia summarized the challenges faced parastatals and private entities in procuring project finance included; limited financing and a need for improved skills in project finance proposal formulation. Under limited financing, it was discovered that despite the well-intended purpose for setting this local development financing institution, the Treasury did not have adequate financial resources to channel to this financial institution for on-lending to the local market parastatals included. Furthermore, even in instances where this local financial institution borrowed on the international market with the same intention of on-lending onto the domestic market, the volatility of the local currency rendered such initiatives ineffective as the borrowers more often than not would still be required to purchase forex currency to service the loan as well as subsequent redemption of the principal debt thereby rendering the whole initiative unattractive and expensive.

To add to the complication, the Development Bank of Zambia makes financing available to private entities. This entails a high level of competition for financing if parastatal bodies are to acquire it on commercial terms. The above scenario further entails that the likelihood of default at repayment is high as sometimes the failure to repay the debt is triggered by the further devaluation of the local functional currency the Zambian kwacha. Furthermore, the Bank revealed that in recent times, it experienced severe cash flow problems mainly due to its failure to recover debt despite it having deployed adequate mechanisms to recover loans. This has arisen from the fact that the principal lenders have also faced challenges to recover funds which the institution itself borrowed. This has resulted into the bank finding itself into a debt trap thus leaving it with no choice but to also raise the interest rates whenever an opportunity arises to lend money to parastatals as well as private bodies thereby further making it impossible for parastatals to access affordable project finances.

V. Discussion

a) Theme 1. Infrastructure Profile of Selected Parastatals

i. Zambia Electricity Supply Corporation (ZESCO)

ZESCO, as Zambia's primary power generation and distribution utility, relies heavily on hydroelectric power stations, including notable ones like Kariba, Victoria Falls, and Kafue Gorge.The Kafue Gorge power station, the largest in Zambia, plays a pivotal role in meeting the country's energy needs. Complementing hydroelectricity, ZESCO operates solar, wind, and thermal power plants, contributing to Zambia's renewable energy goals.

The government's issuance of a USD750 million Eurobond, with USD69 million allocated to ZESCO, fueled infrastructure improvements. This financial injection facilitated the construction of new substations, modernization of existing ones, and the replacement of outdated transmission equipment. The resulting enhanced power grid not only bolstered reliability and efficiency but also spurred economic growth by creating jobs and improving the quality of life for citizens.

ii. National Road Fund Agency

Tasked with managing road sector financing, the National Road Fund Agency allocates resources based on the Road Development Agency's work plan. Infrastructural Eurobonds further boosted investments in the road sector, leading to significant improvements in road quality. This influx of funds facilitated the construction, rehabilitation, and maintenance of roads, ultimately ensuring safer and more efficient transportation for citizens. Additionally, the investment stimulated job creation and contributed to the local economy.

iii. Lusaka Water and Sewerage Company

As Zambia's largest water utility, the Lusaka Water and Sewerage Company undertakes various projects to provide water and sanitation services to Lusaka Province. Notable infrastructural projects, like the Kafue Bulk Water Supply Project and the Lusaka Sanitation Program, involve constructing water treatment plants, sewer lines, and wastewater treatment facilities. These initiatives aim to enhance water quality, expand access to safe water, and improve sanitation services. The company's commitment extends to water efficiency measures, such as rainwater harvesting systems and water conservation initiatives, ensuring reliable services for Lusaka Province residents.

iv. Public Service Pensions Fund (PSPF)

Established under the Public Service Pensions (PSP) Act, PSPF actively manages an investment portfolio to secure stable retirement income for its members. Identifying commercially viable infrastructure projects, PSPF diversifies its portfolio, with a focus on commercial property and real estate. While seeking to grow its investments, PSPF has resorted to raising capital through a semi-business approach in the open market. The fund balances the need for reinvestment with pension benefits, necessitating strategic financial decisions.

v. Food Reserve Agency

The Food Reserve Agency plays a crucial role in ensuring national food security by stockpiling reserves and providing a market for small farmers. The agency's primary infrastructural focus lies in building adequate storage facilities throughout Zambia. By increasing storage capacity in allten provinces, the Food Reserve Agency efficiently aggregates and stores crops, acting as a reliable supplier to the food industry. The stored reserves also serve as emergency stock in times of crop failure, contributing to the nation's resilience against factors like drought.

Each of these companies showcases Zambia's commitment to addressing critical infrastructure needs, spanning power generation, road development, water and sanitation services, pension fund investments, and food security. These initiatives not only enhance the quality of life for citizens but also contribute to economic growth and sustainability.

b) Theme 2. Challenges Faced by Parastatals in Procuring Project Finance

In an exploration of the impediments faced by parastatals, particularly ZESCO, in securing project finance, the investigation unearthed a myriad of challenges. Despite Zambia's abundant water resources and potential for hydro power projects, ZESCO has been hindered by factors such as a weakened financial position, a high debt equity ratio, limitations within the Loans and Guarantees regulations, resulting in a capped debt ceiling for the treasury. Delays in obtaining Sovereign Guarantees, consents from Attorney Generals, abandoned projects due to funding shortfalls, and struggles to persuade multilateral development agencies for crucial infrastructure projects have compounded the hurdles.

Similarly, a study by Mwelwa (2018) reiterated the challenges faced by parastatals in Zambia, mirroring the issues of financial instability, high debt equity ratios, and obstacles in obtaining guarantees and consents. NRFA faced its own set of challenges, emphasizing the necessity for a reliable source of project financing and the imperative need for enhanced capabilities in project formulation and execution. Despite legislative authorizations for constructing road tolling facilities, challenges persisted in convincing financial institutions due to the absence of a deliberate funding mechanism.

Kapungwe (2020) echoed the persistent challenges faced by parastatals, stressing the recurring need for assured project financing and advancements in project formulation and implementation. Lusaka Water and Sewerage Company confronted difficulties, notably the erratic release of project funding, prolonged procurement periods, and the challenge of accessing affordable financing for essential expansions. The Food Reserve Agency sought more government funding to address storage capacity needs and prevent food wastage, emphasizing their reliance on the treasury due to financial limitations.

Public Service Pensions Fund highlighted the high cost of borrowing locally, stringent conditions from multilateral financing institutions, and insufficient technical capacity for managing large-scale projects. Economic stability through appropriate policies and adherence to monetary policies was recommended, particularly in light of the Zambian government's escalating sovereign debt, causing delays and financial strain. The Development Bank of Zambia shed light on challenges shared by both parastatals and private entities, including limited financing and competition for commercial terms.

Currency volatility and cash flow problems further complicated matters, leading to increased interest rates and rendering project finances for parastatals less accessible andaffordable.

VI. Conclusion

This study evaluated the challenges confronted by Zambian parastatals when seeking project finance. These hurdles eminent from a compromised company financial position, elevated debt equity ratios, limitations under the Loans and Guarantees regulations leading to a capped debt ceiling, delays in securing Sovereign Guarantees, consents from Attorney Generals, as well as instances of project abandonment due to insufficient financing.

These shared challenges underscore the crucial need for a guaranteed source of project financing, enhanced skills in project formulation and execution, and the imperative for the government to secure infrastructure financing on their behalf. To ensure the sustained and reliable funding required by these parastatals, it is incumbent upon the government totake proactive measures in providing essential support, including sovereign guarantees and other forms of assistance, to facilitate the acquisition of the necessary financing.

VII. Recommendations

The research has identified inherent challenges in procuring project finance in Zambia. Arising from these inadequacies, the following are the recommendations to make it easier for parastatals to procure project finance;

1. Create a streamlined process for parastatals to access project finance. This should include developing a clear set of criteria and requirements for project funding that is easy to understand and implement.
2. Establish a credit enhancement programme to help parastatals access project finance. This could involve government guarantees or other forms of credit enhancement.
3. Encourage the development of local capital markets and the growth of specialised financial institutions that can provide project finance.
4. Provide technical assistance to parastatals to help them develop sound business plans and project proposals that are attractive to investors.
5. Establish a centralised fund to provide grants or low-interest loans to parastatals for investment in projects.
6. Facilitate the development of public-private partnerships to provide more efficientand effective access to project finance.

Authors Contribution

Francis Nyirenda played a pivotal role in the inception and conceptualization of the research study, lending his expertise to shape the study's overarching framework and research objectives. Furthermore, he made substantial contributions throughout the research process, actively participating in data collection, meticulously analyzing the gathered data, and making significant contributions to the drafting and refinement of the article.

Hanson Chishimba, on the other hand, brought valuable expertise to the project by taking the lead in the development of data collection instruments, demonstrating a keen eye for methodological rigor. In addition to this instrumental role, he played a central part in the meticulous analysis of the acquired data, employing advanced analytical techniques to derive meaningful insights. Moreover, his skillful structuring of the article, coupled with his dedication to the clarity and coherence of the narrative, significantly contributed to the overall quality and readability of the research output. Together, the collaborative efforts of Francis Nyirenda and Hanson Chishimba synergized to produce a well-roundedand rigorously conducted study.

Disclosure of Interest

The authors declare that there are no conflicts of interest pertaining to the research, authorship, or publication of this article. We affirm that the research conducted and the findings presented in this manuscript are devoid of any financial, personal, or professional relationships or affiliations that could potentially bias or

influence our objectivity in the research process, data analysis, or the presentation of results.

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The authors wish to declare that no external funding, grants, or financial support were received for the design, execution, or analysis of the study presented in this article. The research was solely conducted with internal resources, and the authors have not received any financial contributions or incentives from any external entities that could potentially influence the research process or outcomes.

Data Availability Statement

The data supporting the findings of this study is publicly available and can be accessed at the University of Zambia library. Additionally, datasets pertaining to the institutions that were investigated in this research are also accessible through the respective institutions' data repositories or archives. Researchers interested in accessing and utilizing this data for further analysis or validation are encouraged to refer to the University of Zambia library's data repository or contact the relevant institutions directly.

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Ownership Structure and Tax Avoidance: Evidence from Institutional Ownership in Tunisia

By Ben Hamida Safa

Abstract- The ownership structure can influence the policies taken in the company, including those related to tax avoidance. Income tax is one of the most important costs of companies the purpose of this study aims to examine the effect of ownership structure as measured by institutional on tax avoidance. This effect was examined by a sample of firms listed in Tunisian Stock Exchange during the years 2018 to 2022. The findings illustrated that institutional ownership generally had an effect on tax avoidance.

Keywords: ownership institutional, tax avoidance.

GJMBR-C Classification: JEL: G32

OWNERSHIPSTRUCTUREANDTAXAVOIDANCEEVIDENCEFROMINSTITUTIONALOWNERSHIPINTUNISIA

Ownership Structure and Tax Avoidance: Evidence from Institutional Ownership in Tunisia

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Abstract- **The ownership structure can influence the policies taken in the company, including those related to tax avoidance. Income tax is one of the most important costs of companies the purpose of this study aims to examine the effect of ownership structure as measured by institutional on tax avoidance. This effect was examined by a sample of firms listed in Tunisian Stock Exchange during the years 2018 to 2022. The findings illustrated that institutional ownership generally had an effect on tax avoidance.**

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I. Introduction

Taxes are an important element for a country, especially for developing countries. In most countries like Tunisia, a major part of government's revenue sources is financed through taxes. A country will always make efforts to optimize state revenues through the tax sector. However, efforts to optimize tax revenue may have problems, this happens because of the efforts made by companies to avoid paying taxes. In fact, companies undertake tax avoidance to reduce their tax expenses to the desired level. The phenomenon of conflicting interests between taxpayers and countries and the underperformance of average tax rates indicate the existence of significant tax avoidance activity.

Tax avoidance policy is inseparable from the policies of company owners and management where company owners can consist of various ownerships and one of the most noticeable and influential factors in tax avoidance is corporate ownership structure. According to agency theory, ownership structures are control mechanisms to reduce profits between principals and agents (Jensen and Meckling, 1976). The ownership structure mechanism is one factor that narrows the gap between information used by management in the name of opportunistic behavior and the willingness of shareholders to run the company according to their wishes. An ownership structure is the component that a company's network can incorporate into company performance and decision-making. A centralized ownership structure can be a source of tax avoidance. Tax avoidance practices make it a strategic choice for executives to reduce a company's tax burden and improve profitability. Corporate tax avoidance seems to be the biggest problem facing today's generation. This represents a serious loss of revenue for governments in many developed and developing countries. Tax avoidance is therefore defined as any strategy, activity, or decision taken with the aim of lowering a company's effective tax rate. Tax avoidance is the ability of a company to pay less tax than it owes. Shareholders are expected to weigh the benefits of tax avoidance against the company's costs of possible prosecution, penalties and reputational damage if its strategy is compromised by tax (Hanlon and Heitzman, 2010). Corporate managers have a significant individual effect on tax avoidance (Dyreng et al., 2008). (Shackelford and Shevlin, 2001) stated that examining ownership structure is a determinant of potential corporate tax avoidance as it is important for corporate governance. Managers have a significant impact on a company's level of tax avoidance.

A company can be owned by several shareholders where the percentage of ownership can vary. The ownership structure is believed to have the ability to influence the company which in turn can affect the company's performance.

The ownership structure, namely Institutional ownership is ownership of company shares by financial institutions such as insurance companies, banks, pension funds, and investment banking (Veronica and Utama, 2005). The existence of ownership by financial institutions will encourage an increase in more optimal supervision of management performance, because share ownership represents a source of power that is used to support the existence of management. so that

This study aims to empirically examine the effect of institutional ownership on tax avoidance. There is still not much research on the ownership structure of tax avoidance in the Tunisian context. The contribution of this research is to help and provide a new understanding of how the existing ownership structure, which in this study is institutional ownership on tax avoidance.

II. Literature Review and Hypotheses Development

Institutional ownership plays a vital role in monitoring the performance of management because institutional ownership can improve better control. After all, it is considered capable of overseeing management decisions (Yuliawati and Sutrisno 2021). The larger the shares owned by an institution or institution, the higher the level of supervision of the company will be, so that it

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can reduce the occurrence of tax avoidance activities by company management (Andini et al. 2021). Although there have been many studies on tax avoidance, there are many differences from the results of previous studies due to differences like both dependent and independent variables, besides that there are differences in the subjects and objects studied, the research methods chosen, and the use of research methods is of course different.

In this study, we will expose studies that found positive and negative effect of institutional ownership on tax avoidance and those who do not found any effect.

a) Studies that Found an Effect of Institutional Ownership on Tax Avoidance

Institutional ownership plays an important role in overseeing the performance of company management to make it more optimal (Sintyawati & Dewi, 2018). A large percentage of institutional ownership will have a big impact on monitoring company activities in achieving large profits so that companies tend to avoid tax. However, Tehranianet al. (2006) find that supervisory actions carried out by a firm and institutional investors can limit manager behaviour. Shleifer (2009) also proves that institutional ownership plays an important role in monitoring, disciplining, and influencing managers so that it can force managers to minimize tax avoidance. Consistently, Feranika et al. (2016), Wijayani (2016), and Krisna (2019) prove that the greater the institutional ownership, the more likely it is to minimize tax avoidance. Abdillah et al. (2016) prove that the existence of institutional ownership will professionally monitor the development of its investment resulting in a high level of control over management actions so that the potential for fraud can be suppressed.

Institutional controlling shareholders often sacrifice the interests of other shareholders. On the other hand, high executive profits affect the amount of tax the company has to pay, hampering company performance (Darsani and Sukartha, 2021). The high tax rates imposed on businesses, managers are looking for ways to reduce the taxes they pay. The information presented by the manager in the financial statements does not reflect the state of the company due to information asymmetry. Tax avoidance is practiced by management to serve the interests of shareholders and management. Small or great institutional ownership in the company has an effect on the company's tax policy (Khurana and Moser, 2013). (Bird and Karolyi, 2017) found that institutional ownership was positively correlated with tax avoidance. They argue that the involvement of corporates with institutional investors with tax planning skills will lead to better tax planning and greater use of tax relief.

Research conducted by (Ngadiman and Puspitasari, 2014) indicates that the institutional ownership variable has a significant impact on tax avoidance. The higher the institutional ownership, the higher the tax burden the company must pay. This is because companies are less likely to engage in tax avoidance. Institutional owners can force managers to focus on economic performance and avoid opportunities for selfish behaviour through actions of voice and power.

The results of the analysis done by Damayanti and Wulandari (2021) show that institutional ownership has a significance level below 5%. The results of this study are consistent with Feranika et al. (2016), Wijayani (2016), and Krisna (2019). This study proves that the actions taken by institutional shareholders tend to minimize the risk of being detected as tax avoidance which can reduce the company's reputation so that institutional shareholders.

Hoda Eskandar and Poya Ebrahimi (2017) have divided total institutional ownership into active and passive. The findings illustrated that institutional ownership had a positive effect on tax avoidance. It means that firms which institutional owners are their owners are highly likely to avoid form-paying tax. They may be motivated to use their cash in investment projects instead of paying tax. This finding is in line with the results of Hassana et al. (2016) and Khurana and Moser (2013) and contradicts the results of Khan, Srinivasan and Tan (2016), Having also dividing total institutional ownership into active and passive, it became clear that active institutional owners also had a positive effect on tax avoidance and inspired corporates to avoid paying taxes but the effect of passive owners on tax avoidance was negative. According to these findings firms whose institutional owners are active, are highly likely to avoid paying tax. In spite of such firms, those ones whose institutional owners are more passive, are highly likely to pay tax because their owners may not place particular emphasis on profitable projects and better future performance. These results are also in line with the results of Khurana and Moser (2013), Hassana et al. (2016). With regard to obtained results, investors and tax authorities in the country can observe institutional ownership and active institutional ownership as a signal of the company's willingness to further tax avoidance.

Darsani and Sukartha, (2021) find that the greater the institutional ownership, the lower the tax avoidance action taken by the company. The results of this study are in line with the research of Merslythalia & Lasmana (2017), Romadona & Setiyorini (2018) and Maraya & Yendrawati (2016) which state that institutional ownership has a negative effect on tax avoidance. The results of this study also support agency theory which explains that institutional ownership can solve agency problems. This condition can occur because institutional ownership is needed in monitoring the activities of company management.

Institutional investors are investors who come from outside the company and are not affiliated with the company concerned, so that institutional investors tend to obey the rules made by the government. In addition, institutional investors as supervisors who come from external parties will supervise company management in carrying out tax management because basically institutional investors tend to avoid the risk of tax avoidance activities that can damage the company's reputation. Therefore, a high percentage of share ownership by institutional institutions will increase control over company management to comply with tax regulations, so it can be concluded that the existence of institutional ownership can reduce tax avoidance efforts made by company management.

Ratnawati et al. 2018) stated that institutional ownership negatively affects tax avoidance. This statement differs from (Khan et al. 2017) who state that institutional ownership has a significant positive on tax avoidance.

Anwar, Salihu, and Obaid (2014) achieved a positive relation between the state ownership variable and tax avoidance. Khan, Srinivasan and Tan (2016) found that institutional ownership increased corporates tax avoidance

H1: Institutional ownership has a significant effect on tax avoidance.

b) *Studies that not Supported an Effect of Institutional Ownership on Tax Avoidance*

Yusri et al. 2022 stated that institutional ownership does not affect tax avoidance. Institutional ownership helps to oversee administrative policies because it serves to unify the various policies that administrators take to make decisions that bring effectiveness to their organizations.

Research conducted by Vizandra, E, and Mustikasari, E (2021) stated also that institutional ownership does not affect tax avoidance. This result indicates that the presence or absence of institutional ownership has no significant effect on corporate tax avoidance activities. This study obtained results similar to those of Suprimarini and Suprasto (2017), Arianandini and Ramantha (2018), which show that institutional ownership does not affect corporate tax avoidance activities. This is because institutional ownership has the assumption that the fulfilment of high corporate tax obligations will reduce the level of welfare of company owners. High tax obligations will cause a decrease in corporate profits and will cause a decrease in the amount of dividends received by shareholders, therefore institutional owners do not take action to prevent or limit management activities to reduce the company's tax burden.

Ajeng Ayuning Tyas and Bani Binekas (2023) found that the size of institutional ownership cannot influence or oversee the management's policies in carrying out tax avoidance activities. Institutional Ownership delegates oversight and management of the company to the board of commissioners, which is their job, so whether or not there is institutional ownership, tax avoidance activities still occur. The orientation of institutional ownership is how to maximize the welfare (profit) obtained at the end of the period. The company will carry out tax avoidance, or it will not become the authority of the company's management. If this activity can benefit the welfare of institutional ownership, they will continue to support every policy carried out by the company. Institutional owners have incentives to ensure that management makes decisions that can maximize the welfare of institutional shareholders so that they only focus on earnings management. This statement is supported by the results of research by (Andini et al. 2021), who found has no effect of institutional ownership on tax avoidance. But different from (Khan et al. 2017) said that institutional ownership positively affects tax avoidance, and (Ratnawati et al. 2018) said that institutional ownership negatively affects tax avoidance.

H2: Institutional Ownership has no effect on Tax Avoidance.

Established theories and empirical results previously found regarding the impact of institutional ownership on tax avoidance reflect the characteristics of the markets where the studies were carried out, namely European, American and Asian markets. We will test in the next section this impact on the Tunisian context.

III. Research Methods

a) *Types of Research*

This research is included in a quantitative approach, which measures the interaction between variables empirically, objectively, and systematically.

b) *Population and Sample*

The population of this research are companies listed on the Tunisian Stock Exchange. The sample used in this research are the chemical, cement, transportation, telecommunications, Bank, leasing, insurance, agribusiness and trading sector. Those sectors was chosen to variate the percentage of institutional ownership level.

There are several criteria for selecting the sample used show of table 1

- Companies listed on the Tunisian Stock Exchange from 2018 to 2022
- The company should attach complete annual reports and have the necessary information for research.
- All activities most of them are related to aspects of taxation.

Table 1

Criteria	Number of Firms	Number of Data
Listed firms	38	190

The data used in this research is quantitative data. Meanwhile, the data source used is secondary data, namely the annual reports of Tunisian companies from 2018 to 2022 which are obtained from the BVMT website or the official website of each company.

The data collecting method used is documentation method from secondary data through annual reports for the years 2018 until 2022 period listed in Tunisian Stock Exchange.

c) Variables Operational Definition and Measurement

i. *Tax Avoidance (Tax avoidance)*

The dependent variable in this study is tax avoidance, which is a business run by a taxpayer in order to reduce the tax owed by not violating the law and is safe for the company. The ratio used to measure how much tax avoidance is done by a company using Cash Effective Tax Rate (CETR). The Cash Effective Tax Rate (CETR) can be calculated by:

$$\text{CETR} = \frac{\text{Payment of Taxes}}{\text{Earning Before Tax}}$$

This measure is used by Tyas, A and Bani, B. (2023)

ii. *Institutional Ownership (INST)*

The independent variable in this study is institutional ownership. It will be denoted by INST. Institutional ownership is expressed as a percentage by calculating the total shares owned by institutional investors divided by the number of outstanding shares (Utami, 2013).

iii. *Leverage (Leverage)*

Leverage is a control variable. It is a ratio that aims to determine the value of assets financed by debt is. One way to measure it is total debt divided by the company's total assets (Annuar et al., 2014).

iv. *Size (SIZE)*

Company size is a control variable. It is a used for classifying whether a company is large or small based on its nominal size value. The size of the company can be determined by calculating the total Ln of assets owned by the company (De George et al., 2013).

d) Empirical Model

The empirical model proposed to test the hypothesis in this research is as follows:

$$Tax\ Avoidance = \alpha + \beta 1INST + \beta 2LEVERAGE + \beta 3SIZE + e$$

Where:

α= Constant

$\beta1 - \beta3$ = Regression coefficient

e = Error Results

e) Descriptive Statistics

Descriptive statistics can describe the research variable data that has been collected. Following are the results of variable descriptive statistical analysis, see table 2.

Table 2

Variables	MEAN	MEDIAN	SD	MIN	Q1	Q3	max
Tax avoidance	0.178	0.179	0.117	-0.011	0.064	0.283	0.382
inst	13.677	0.000	18.593	0.000	0.000	30.800	61.410
leverage	29.916	26.115	20.008	0.060	11.165	47.350	66.690
size	13.324	13.032	1.314	11.412	12.301	13.952	16.151

Based on table 2, the dependent variable in this study is tax avoidance. This variable has a minimum value of -0.011 and a maximum value of 0.382 it can be said that the level of tax avoidance carried out by the companies in this sample is low and the difference is not that far between those companies. Tax avoidance variable has a mean of 0.178 with a standard deviation of 0.117 It shows that in the sample of this study only a few companies do tax avoidance practices. Thus, there are already many companies that have complied with government regulations and meet their tax obligations.
the independent variable in this study is institutional ownership. This variable has a minimum value of 0 which means that there are companies in this sample that are not owned by institutional investors. Meanwhile, the maximum value of 61.410 means that there are companies that is almost entirely owned by institutional investors. Institutional ownership has a mean of 13.677 with a standard deviation of 18.593. This implies that there is less variability in the data set, and the values are relatively consistent.

Control variables in this study are leverage and company size. Leverage has a minimum value of 0.060 and a maximum value of 66.690. Leverage has a mean of 0.58304 with standard deviation 0.15153. The standard deviation value which is smaller than the mean value indicates that the research data is homogeneous.

The size of the company has a minimum value of 11.412 and a maximum value of 16.151 Company size has a mean of 11.412 with standard deviation 1.314. The standard deviation value which is smaller than the mean value indicates that the research data is homogeneous, so that the data distribution shows normal results. Therefore, it shows that the company in this study has a fairly large company size.

f) The Correlation Matrix

The correlation matrix gives us an idea of a perfect or almost perfect linear relationship between two or more explanatory variables of the model as shown in the following matrix:

Table 3: Correlation Matrix

	Tax Avoidance	Inst	Leverage	Size
Tax avoidance	1.000			
inst	0.255**	1.000		
	(0.019)			
leverage	-0.373***	-0.015	1.000	
	(0.000)	(0.893)		
size	0.165	0.143	-0.175	1.000
	(0.135)	(0.195)	(0.111)	

There is an absence of values that are greater than 0.8 for all explanatory variables.

In summary, it can be seen that the correlation among the current study's variables is generally low; hence, this is an indication that there are no problems arising from the multi-collinearity between the variables used in the regression models.

IV. Regression Analysis

To obtain the final results, the extreme values in the data are removed. This brings us to data where the inst variable is no longer variable over time and therefore impossible to use fixed effect panels. Instead, the MCO method is used while controlling the fixed-year effect. The test results can be seen from the following table 4.

Table 4: Regression Analysis

Constante	0.129
	(0.289)
inst	0.003**
	(0.023)
leverage	-0.002***
	(0.001)
size	0.005
	(0.528)
F test	2.84**
p-value	0.011
R^2 (%)	20.76
Adj. R^2 (%)	13.46

According to table 4 the regression equation can be determined as follows:

$$\text{Tax avoidance} = 0.129 + 0.003\text{INST} - 0.002\text{LEV} + 0.005\text{SIZE}$$

The interpretation of the regression results will be explained as follows:

The constant value (α) is 0.129, which means that if all the independent variables used do not change, the value of tax avoidance will increase 0.971 times due to other variables outside the research. The regression coefficient value (β1) of institutional ownership (INST) is 0.003, which means that when institutional ownership increases 1 time, the value of tax avoidance also increases by 0.003 times, assuming the other variables are constant. The regression coefficient (β2) of leverage (Leverage) is -0.002which means that when the leverage increases 1 time value of tax avoidance decreases by 0.002 times, assuming the other control variables are constant. The regression coefficient value (β3) of company size (SIZE) is 0.005, which means that when the size of the company increases 1 time, the value of tax avoidance also increases by 0.005 times, assuming the other control variables are constant.

According to table 4, the coefficient of determination (R2) is 20.76%. Thus, it can be said that the dependent variable in this study can be explained by the independent variable of 20.76%, and 79.24% is explained by other variables not examined. According to the results in Table 4, it can be seen that the p- value of the institutional ownership variable is 0.023 with a significant value of 0.023< 0.05, so it can be concluded that institutional ownership has an effect on tax avoidance for companies listed on the Tunisian stock exchange for the 2018- 2022 period.

The likelihood ratio (F-statistics), which statistically is significant (p<0.001), indicates that the model is fit to describe the change in the explanatory variables.

V. Discussion

The results of the analysis show that institutional ownership has a significance level below 5% so that H1 is accepted and H2 is rejected. The results of this study are consistent with (Khurana and Moser, 2013). (Bird and Karolyi, 2017). This study proves that the actions taken by institutional shareholders affect tax avoidance in the Tunisian context. However and by observing the regression coefficient relating to the variable" inst" which is equal to 0.003 we can conclude that the effect of institutional ownership on tax avoidance is minimal. This interpretation is confirmed by the value of R^2 which confirms that 79.24% of the dependent variable in this study is explained by other variables not examined.

The results show also that firm size doesn't affect tax avoidance. In fact, According to the results in Table 4, it can be seen that the p- value of size variable is 0.528> 0.05, so it can be concluded that firm size has no effect on tax avoidance.

The findings of this study have several implications. This finding can help government to add insight into the effect of company size and institutional ownership on tax evasion.

VI. Conclusion

This study assesses the effect of institutional ownership on tax avoidance of listed Tunisian companies.

In this paper, we found a significantly positive relation between institutional ownership and tax avoidance. The effect of institutional ownership on tax avoidance is minimal and Size Company has no effect on tax avoidance. We also found that there is negative relationship between leverage and tax avoidance.

This study proves that tax avoidance tends to be not explained by institutional ownership.

The findings of this study have several implications. This finding can help government to add insight into the effect of company size and institutional ownership on tax evasion.

For future researchers, it is suggested to increase the research period and object of research from various sectors to know more about the development of tax avoidance from year to year. Also is suggested to add other independent variables that are different from this research.

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The Financial Performance's Mediating Role in Environmental, Social, and Governance (ESG) and Firm Value

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Abstract- As corporate practices grow more sustainable due to increased global awareness, one of the key factors in assessing companies is the Environmental, Social, and Governance (ESG) framework. ESG data and other sustainability-related information are thought to have the power to affect company value. The study's objective is to investigate the impact that ESG has on a company's value, using financial performance as a mediating factor. Regression data analysis techniques are used in this study to examine the relationship between the variables. This study made use of secondary data from the OSIRIS and Thomson Reuters databases. 97 businesses that met the purposive sampling requirements made up the sample, and 582 observations were made during the 2018–2023 timeframe. Firm value cannot be impacted by ESG, but financial performance can be impacted by ESG, and financial performance can influence firm value. The whole mediating influence that financial success has on the relationship between ESG and business value is also demonstrated by the results. a study design that explains the relationship between ESG and business value through the mediation of financial performance.

Keywords: *ESG; financial performance; firm value.*

GJMBR-C Classification: *JEL Code: G30*

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Adel Necib α, Hinda Gmati σ & Anis Jarboui ρ

Abstract- As corporate practices grow more sustainable due to increased global awareness, one of the key factors in assessing companies is the Environmental, Social, and Governance (ESG) framework. ESG data and other sustainability-related information are thought to have the power to affect company value. The study's objective is to investigate the impact that ESG has on a company's value, using financial performance as a mediating factor. Regression data analysis techniques are used in this study to examine the relationship between the variables. This study made use of secondary data from the OSIRIS and Thomson Reuters databases. 97 businesses that met the purposive sampling requirements made up the sample, and 582 observations were made during the 2018–2023 timeframe. Firm value cannot be impacted by ESG, but financial performance can be impacted by ESG, and financial performance can influence firm value. The whole mediating influence that financial success has on the relationship between ESG and business value is also demonstrated by the results. a study design that explains the relationship between ESG and business value through the mediation of financial performance.

Keywords: ESG; financial performance; firm value.

I. Introduction

The firm value will be a reflection of the overall evaluation of the company as well as its prospects for future growth. When it comes to actual indicators of a company's financial performance, position in the market, and overall financial health, values can act as a compass or guide for investors and other stakeholders. Market capitalisation and book value, which represent the total worth of a company's assets, liabilities, and earnings potential, are typically used to express a firm's value. (Rosset al. 2010; Heliani et al. 2023). It's crucial to remember that evaluations are frequently dynamic and influenced by a range of internal and external circumstances. This has led to the realisation that comprehending firm value is crucial since it affects the company's ability to survive over the long run, attracts stakeholders, and increases value for shareholders. (Utami and others, 2023).

A number of scandals have impacted company valuations. A number of scandals, including financial manipulation, have damaged the market's trust in corporate governance. Then, the public's trust in the corporation was damaged by the case of product safety test manipulation. Energy World (2022) and Tempo (2021) have identified ftse100 as another controversy involving listed corporations. The company has been under public pressure about environmental issues, including waste management and the effects of resource exploitation. A number of these examples demonstrate how environmental concerns and inadequate corporate governance can cause a company's value to drop in the eyes of stakeholders and the general public. In general, maintaining and improving the market's perception of the firm's value depends on an awareness of these issues and competent management of them.

Environmental, Social, and Governance (ESG) frameworks are becoming more significant in the assessment of firms as a result of the increased awareness of global issues resulting in sustainable business practices. ESG transcends typical financial measures and is embodied in three pillars: environmental, social, and governance. The management of a company's environmental impact is referred to as the "environmental pillar," and it can involve concentrating on issues like carbon emissions, resource management, and ecological preservation. (Adeneye et al. 2022). The social pillar pertains to the domain of social responsibility, wherein a company's interactions with its workforce, local communities, and the broader community are assessed (Liu & Lyu, 2022). The governance pillar, on the other hand, is concerned with the governance structure and looks at things like executive salary, board makeup, and moral business practices (Adeneye et al. 2022). A change in the understanding of business values that encompasses not only financial gains but also wider societal consequences and sustainable practices that include environmental, social, and corporate governance is reflected in the growing importance of ESG in valuations.

It is believed that sustainability data, like ESG, might affect a company's value (Aboud & Diab, 2017). This relationship, wherein ESG-related information is a kind of duty to the firm's stakeholders, can be explained by the theory of stakeholders. ESG is a policy that considers governance, society, and the environment. By

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considering these three areas, a company may perform its commitments to stakeholders in a fair and equitable manner (Fatemi et al. 2018). ESG disclosure will thereby raise public confidence in the company, which will raise the company's worth.

An increasing number of studies is revealing the intriguing relationship between corporate principles and ESG policies. Stronger ESG practices are frequently reflected in a company's greater market valuation and increased stakeholder trust (Cardillo et al. 2023). This phenomena is the result of multiple elements coming together. Businesses with an awareness of ESG practices are thought to be more adaptable to shifts and hazards, like pandemics (Broadstock et al. 2021). Furthermore, companies typically develop closer ties with stakeholders, which fosters consumer trust and brand loyalty (Sarpong et al. 2023). Empirical data paints a vivid picture of how companies that adhere to ESG principles not only surmount obstacles more skilfully but also prosper over the long haul, hence boosting firm value.

The second point to be clarified is the way in which ESG practices can raise the value of a company. Here, financial performance plays a crucial function as an intermediary. A company's operational efficiency may be accurately reflected by financial performance measures including profitability, ROA, and EPS (Wang et al. 2016). In the end, this implies that quantifiable measurements may be made of the effects of ESG practices. ESG practices' measurability can be defined as the process of converting sustainability initiatives into observable, cash-generating advantages. The idea is that financial performance can serve as a proxy for how ESG practices might raise company value; companies that score highly on ESG will find that their customer interactions improve, which will lead to higher profitability (Yunica & Rokhim, 2023). The firm value will rise in response to the improvement in the firm's financial performance (Akhmadi & Januarsi, 2021; Pratiwi, 2020). This mediation offers a crucial analytical framework for comprehending the relationship between firm valuation and sustainable business strategies like ESG. Simplified, financial performance data can be thought of as a signal that a company provides to its stakeholders. The way that stakeholders can interpret financial performance data into decisions that impact corporate value can be explained by signalling theory.

According to earlier studies, ESG may have an impact on a company's value (Wong et al. 2021). Yet, conflicting findings suggest that ESG has no bearing on company value (Rastogi et al. 2023). ESG has an impact on financial performance, according to earlier studies (Maji & Lohia, 2023). Different findings, however, also indicate that there is no connection between financial performance and ESG practices (Junius et al. 2020). Similarly, there are contradictory findings in the relationship between corporate value and financial performance. Numerous scholarly works have demonstrated a correlation between a company's worth and its financial success (Rutin et al. 2019). Nevertheless, a number of studies also present the opposite findings (Kansil et al. 2021). More study is still needed to fully understand how ESG affects business value when financial performance plays a mediating role. This is because the results are inconsistent or have varied conclusions.

Despite the recognised link between ESG and corporate principles, there are compelling arguments to investigate financial performance's mediation function. This is due to the necessity of identifying the precise processes and flow via which ESG practices impact business value. We can comprehend the creation of value and shareholder wealth by looking at how ESG principles translate into financial performance. Additionally, companies looking to integrate sustainable practices with long-term financial well-being must comprehend the significance of this mediation. The goal of this study is to clarify the relationship between ESG, financial performance, and company value in order to improve knowledge of how businesses may create sustainable value. In terms of its theoretical contribution, it is envisaged that this study would validate the theories of signalling and stakeholders and assist in resolving inconsistencies found in the findings of earlier studies. Furthermore, it is anticipated that the study will help stakeholders and investors evaluate a company, assisting them in making decisions.

II. Literature Review

According to Pesqueux and Damak-ayadi (2005), the implicit postulate of the individual-group-society-firm-organization-institution-state continuum forms the basis of the organisational theory known as stakeholder theory. Stakeholders can be categorised into multiple groups: those who have a direct connection to the activities of the company and those who are not, but nonetheless experience the effects. A number of stakeholder groups are explained by Mallin (2019), including communities, environmental organisations, government, suppliers, customers, shareholders, employees, and creditors. According to this idea, businesses can create a solid basis for long-term growth and sustainability by paying attention to the requirements and interests of all parties involved. This is because they will gain the trust of stakeholders, maintain a positive reputation, get support from customers, attract sustainable investors, and more. Ultimately, it will support decision-making for interested parties.

A concept known as "signalling theory" outlines the relationship between two parties, the sender and the recipient of the signal. In this scenario, the sender plays a crucial role in deciding whether and how to transmit information through signals, among other things. In the meantime, the signal sender's signal must be interpreted or understood by the signal receiver (Connelly et al. 2011; Spence, 1973). The signalling theory employed in this study is predicated on the claim that it can account for how businesses communicate with parties outside of their own organisation, including shareholders and investors. The information that managers disclose to different parties outside the company might stifle the information asymmetry that ought to develop between owners and management.

As a sustainability endeavour, ESG aims to strike a balance between the environmental, social, and governance pillars. It is essentially still associated with CSR. ESG can increase a company's value by lowering its capital costs and fostering social and economic advancement, all of which will improve the company's reputation and boost its worth (Liu & Lyu, 2022). Stakeholder theory states that enhanced ESG practices should raise the interest of stakeholders like investors. It also assumes that ESG practices are viewed as a form of corporate responsibility towards these stakeholders, which is reflected in the rise in firm value in the market. ESG has a favourable impact on firm value, according to several research (Wong et al. 2021). These explanations lead to the following theories being put forth:

H1: Firm value is positively impacted by ESG.

A company's potential to increase profitability can be achieved through implementing ESG practices. Businesses that implement ESG practices can lower their cost of capital (Jang et al. 2020); additionally, the positive image these practices generate can draw in investors and clients; and lastly, sustainable practices can lower long-term operating expenses, which in turn can boost business profitability. According to stakeholder theory, the rise in ESG practices gives businesses advice on how to manage their operations for the benefit of all stakeholders. This includes adopting Good Corporate Governance, which has an impact on how efficiently a business manages its costs, which will show up as improved financial performance. ESG has a beneficial impact on financial performance, according to several research (Pulino et al. 2022; Maji & Lohia, 2023). These explanations lead to the following theories being put forth:

H2: ESG has a favourable impact on financial results.

According to Umar et al. (2020), financial performance essentially indicates how well the company is implementing its finances in compliance with current regulations. Profitability indicators, which demonstrate the effectiveness of the company's financial management and its capacity to turn a profit, are typically used to evaluate financial performance (Suryasari & Artini, 2020). The current demand for firm shares will rise in exact proportion to the increase in firm value, as this value rises. Based on the signalling theory, a rise in profitability as a proxy for financial performance will raise market trust, which in turn will raise firm value. Numerous scholarly works elucidate the favourable correlation between financial performance and firm worth (Akhmadi & Januarsi, 2021; Rutin et al. 2019). These explanations lead to the following theories being put forth:

H3: Firm value is positively impacted by financial performance.

More research is still needed to determine how ESG affects company value in the relationship between it and that value. It is believed that financial performance combined with profitability metrics can illustrate how ESG factors can affect company value. This relationship is explained by the theories of signalling and stakeholders. A company that successfully implements ESG practices has proven its accountability to stakeholders, which can reduce capital costs and increase profitability. The market will then receive good signals from the increased firm profitability, which will translate into an increase in the firm's valuation. Prior studies have demonstrated the positive relationship between ESG and financial performance (Maji & Lohia, 2023; Pulino et al. 2022), as well as the relationship between financial performance and business value (Akhmadi & Januarsi, 2021; Rutin et al. 2019). These explanations lead to the following theories being put forth:

H4: The relationship between business value and ESG is mediated by financial performance.

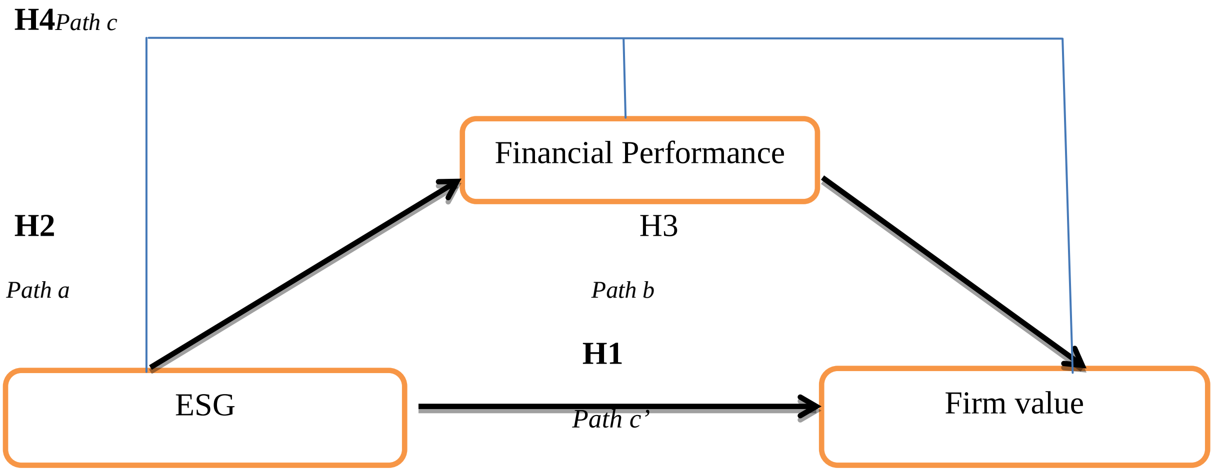

Figure 1: Research Model

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III. Research Methods

A quantitative research approach is used in this study. The Osiris Database provides information on financial performance and corporate worth, whereas the Thomson Reuters Database provides information on environmental, social, and governance (ESG) issues. All of the non-financial companies listed on the FTSE 100 between 2018 and 2023 are part of the research population, and the Thomson Reuters Database contains their data. Purposive sampling is used to determine the sample for this study. The criteria include: (1) being consistently listed on the FTSE 100 between 2018 and 2023; (2) not being registered as a financial firm; and (3) the firm consistently having complete information regarding ESG, financial performance, and firm value between 2018 and 2023. The total number of observations is 582 firm years because, according to this sampling technique, 97 firms were acquired for each year that satisfied the criteria. Next, Table 1 below provides an explanation of how each variable included in this study was measured.

Table 1: Variable Measurement

Variable	Proxy	Measurement	Reference
ESG	Thomson Reuters ESG Score	Environmental Indicator Score + Social Indicator score + Governance Indicator Score	(Thomson Reuters Eikon, 2017)
Financial Performance	ROA	Net Profit/Total Assets× 100%	(Necib et Jarboui, 2023)
Firm value	Price to Book Value (PBV)	Market Value per Share/Book Value per Share	(Ross et al. 2010)

Then, the three steps in the data analysis process used in this study are: (1) a test of descriptive statistics, which is helpful in providing an overview of the data; (2) a test of coefficient of determination, which is helpful in determining the extent to which the independent variable in the research can explain the dependent variable; and (3) hypothesis testing, which is helpful in determining whether to accept or reject the suggested hypothesis. The Hayes PROCESS Macro in the SPSS software was utilised for hypothesis testing in this study. In this instance, the direct relationship between the independent and dependent variables is tested using PROCESS Macro model 4, along with the mediating variable's influence on the relationship between the independent and dependent variables (Hayes, 2022). Because it enables the assessment of any relationship between variables in a single test, including mediation effects, the testing option utilising Hayes' PROCESS Macro was selected (Hayes, 2022).

The regression equation utilised in this study is shown below:

$$ROAi,t = \alpha + \beta 1ESGi,t + \varepsilon i,t \qquad (1)$$

$$PBVi,t = \alpha + \beta 2ESGi,t + \beta 3ROAi,t + \varepsilon \qquad (2)$$

Where:

α = Constant

β1-3 = Regression Coefficient 1-3

i,t = sample and year of firm

ε = Error

ROA = Return on Assets (Mediation Variable)

PBV = Price to Book Value (Dependent variable)

ESG = Environmental, Social, and Governance (Independent Variable)

IV. Results and Discussion

a) Statistical Test Results

Table 2: Descriptive Statistical Test Results

Variable	N	Mean	Std.Deviation	Min	Max
PBV	582	5.24	8. 32	0.22	70.11
ESG	582	53.66	21.74	11.37	88.07
ROA	582	9.93	10.49	-14.28	53.79

The results display the mean, standard deviation, greatest and smallest values for each of the variables in this research, as can be seen in the above table of descriptive statistics. 70.11 is the biggest value, while 0.22 is the smallest. PBV average for 2017–2022 is 5.24, with an 8.32 standard deviation. The 2018 GSE had a maximum value of 88.07 and a lowest value of 11.37. Consequently, the ESG average for the years 2018–2023 is 53.66, with a standard deviation of 21.74. The ROA with the biggest value is 53.79, and the one with the smallest value is -14.28. With a standard deviation of 10.49, the average return on assets (ROA) for the years 2018–2023 is 9.93.

Table 3: Coefficient of Determination Test Results

Equation	R	R^2
Equation 1	0.29	0.64
Equation 2	0.64	0.38

Equation 1's R^2 value is 0.64 and Equation 2's R^2 value is 0.38 based on the test results shown in Table 3. This demonstrates that the independent variables in equations 1 and 2 can account for 64% and 38%, respectively, of the dependent variable's variance. Given that there are still a number of external and internal elements that might affect the firm's worth and financial performance, this is still within reasonable bounds. This creates new avenues for future investigation.

Table 4: Regression Test Results

Regression Variables	Coefficient	P
ESG on ROA (path a)	2.6479	0.0000
ROA on PBV (path b)	0.4995	0.0000
ESG on PBV (path c')	0.0245	0.4937
ESG on PBV through ROA (path c)	0.0816	0.0061

Financial performance as a mediator can mediate the relationship between ESG and firm value, which can be included in the full mediation type, according to the regression test results in Table 4. The next part will provide a more thorough explanation of how each variable is related to the others.

i. *The Effect of ESG on Firm Value*

The relationship between company value and ESG has a p-value of 0.4937 and a coefficient of 0.0245, according to the test findings shown in Table 4. This demonstrates that ESG cannot positively impact business value as measured by PBV ($p > 0.05$), leading to the rejection of H1. These findings show that a higher ESG score does not translate into a higher firm value. In the UK, ESG-related information is still unable to raise firm value. This may be due to a lack of interest from stakeholders in ESG-related matters, which keeps its impact on firm value minimal.

The study's findings refute the stakeholder theory, which holds that because stakeholders do not fully embrace ESG information as a form of corporate responsibility, it does not improve the company's reputation in the marketplace and does not significantly raise its value. Since ESG is essentially thought to be unable to raise firm worth in situations where they have the same market value, companies that have ESG information are likewise terrible and, more or less, have the same value. (Atan and colleagues, 2018). The outcome or conclusion of this study is consistent with earlier research by Atan et al. (2018), and Rastogi et al. (2023), which found that ESG had no bearing on company value.

ii. *The Effect of ESG on Financial Performance*

The relationship between ESG and financial success has a coefficient of 2.6479 and a p-value of 0.0000, according to the test results in Table 4. H2 is acceptable since this demonstrates how ESG can have a beneficial impact on financial performance as measured by ROA ($p < 0.05$). These findings show that financial performance can be enhanced by raising the ESG score. Financial performance will increase by 2.6479 when ESG rises by 1. The positive value found in the coefficient of correlation between ESG and financial performance, as measured by ROA, may be attributed to various variables, including the company's emphasis on social and corporate governance. This is frequently linked to improved financial performance that arises from adopting environmentally conscious activities (Pulino et al. 2022).

Investing in ESG practices may be costly initially, but these will be outweighed by the long-term advantages. Even though it requires a relatively large initial investment, a significant increase in return on assets (ROA) can be realised over the long run (Nguyen et al. 2022). This is demonstrated by the sample firms in this research, which are companies that continuously implemented ESG practices between 2018 and 2023.

Our findings are consistent with the notion of stakeholder relations; the rise in ESG practices suggests that companies have an obligation to account for all of their stakeholders through both business operations and potentially excellent governance. This will have an impact on how efficiently the company uses its operating resources, which will enhance its financial performance and ultimately lead to lower operational expenses. The outcome or conclusion of this investigation is consistent with earlier studies conducted by Maji & Lohia (2023) and Pulino et al. (2022).

iii. *The Effect of Financial Performance on Firm Value*

The relationship between business value and financial performance has a p-value of 0.0000 and a coefficient of 0.4995, according to the test findings shown in Table 4. This demonstrates that company value as measured by PBV is positively impacted by financial success as measured by ROA ($p < 0.05$), supporting the acceptance of H3. These findings show that business value can rise in response to an increase in financial performance value. Firm value will improve by 0.4995 for every unit increase in financial performance of 1. The relationship between financial performance and firm value, as measured by PBV, can have a positive coefficient because, in general, as business profitability rises and financial performance improves, so does the firm's market valuation. The profitability of the firm is determined by the amount of nett profit it can generate from its operations. As a result, high nett profits can influence the amount of profits distributed to investors and add value to their investment (Rutin et al. 2019).

According to Mudjijah et al. (2019), our research bolsters the signalling theory: a firm's ability to generate profits through effective asset management is indicated by increased financial performance, which is reflected in profitability as measured by ROA. This signal is then picked up by outside parties like investors and has a positive impact. An growth in the firm's worth can be interpreted by external parties as a signal from ROA. The outcome or conclusion of this investigation is consistent with earlier studies conducted by Supriyadi & Setyorini (2020), Murni & Sabijono (2018), and Kansil et al. (2021).

iv. *The Effect of ESG on Firm Value Through Financial Performance*

With a coefficient value of 0.0816 and a p-value of 0.0061, financial performance can mediate the relationship between ESG and business value, according to the test results in Table 4, supporting the acceptance of H4. According to Baron & Kenny (1986), there is a mediating function played by financial success in the relationship between ESG and business value because Path A and Path B exist and are relevant. Since Path A and B have considerable value and Path C' is not significant, the financial performance can be considered to play a full mediation role.

The relationship between business value and ESG can be better understood in terms of financial performance. An improvement in ESG does not always translate into a rise in company value. The improvement in the firm's financial performance value as measured by ROA is indicative of how ESG will assist the company create profits through sound corporate governance and will be a form of corporate responsibility towards its stakeholders (Pulino et al. 2022). Then, as a result of investing in ESG practices, a company's financial performance (ROA) will rise, which will boost the company's market evaluation. A rising profit margin is a positive indicator for outside parties like investors. This signal will be captured by investors and then reflected in increasing firm value (Murni & Sabijono, 2018).

The research findings demonstrate that financial performance acts as a complete mediating factor. The outcome is corroborated by earlier study findings. Prior studies have indicated that financial performance and ESG have the potential to impact business value (Kansil et al., 2021; Murni & Sabijono, 2018; Supriyadi & Setyorini, 2020; Maji & Lohia, 2023; Nguyen et al., 2022; Pulino et al., 2022).

b) *Theoretical Implications and Practical Implications*

The research's findings provide empirical support for the stakeholder theory. Investors and other stakeholders place a high value on ESG, which demonstrates that businesses must practice good governance in order to conduct their operations as efficiently as possible. In addition, the signalling hypothesis is supported by actual data in this study. A firm's ability to turn a profit is shown by an improvement in financial performance, which is subsequently picked up by outside parties like investors and has a beneficial effect. The research findings further contribute to the abundance of scholarly literature on the relationship between financial performance and effective ESG practices and how ESG mechanisms might raise firm value.

When considering the practical ramifications, this study shows how ESG improves financial performance to raise firm value. When trying to maximise the value of their company, managers should take environmental, social, and governance (ESG) principles into account. This will help them gain the trust of stakeholders and investors by managing assets in an optimal manner. Furthermore, the outcomes provide enhanced comprehension of the pertinent data taken into account by stakeholders and investors when evaluating a company. Investors can evaluate the firm's responsibility and commitment through the financial performance's mediating role in the relationship between ESG and firm value, which gives these parties greater confidence to invest in the firm. It is envisaged that the research findings mentioned above will enable stakeholders to have a comprehensive understanding of sustainability practices in UK businesses, enhancing their evaluation during the decision-making process.

V. Conclusion

The test results demonstrate that business value cannot be directly impacted by ESG. Financial performance has a favourable impact on company value, and ESG has a positive impact on both. These results suggest that business value and ESG can be mediated by financial performance, with full mediation being the resultant mediation effect. These findings demonstrate that a rise in ESG practices will lead to an increase in firm efficiency, which can raise nett profit made by the company. This, in turn, will improve the firm's market evaluation, as evidenced by the rise in firm value.

This study makes a contribution by offering empirical proof of how sustainability practices, like ESG, affect firm valuation through an examination of the moderating role played by firm financial performance. The study's findings also support signalling theory, which holds that business value is influenced by financial success, and stakeholder theory, which links ESG to financial performance. In addition, the study's findings help investors and other stakeholders evaluate businesses so they can make decisions.

This study has a number of flaws, including a small sample size because there is currently a dearth of information about ESG practices in the UK, even though the research used balanced data. The second drawback has to do with calculating company value, which is primarily concerned with evaluating past expenses and hence does not accurately represent present worth. As recommendations, future studies can use panel data that is both balanced and imbalanced, as well as other ESG datasets that contain a wider range of data. Further studies might also take into account utilising alternative firm value metrics that account for both past and present values. The relationship between ESG and business value can then be explained by mediating variables other than financial success in future study, such as environmentally friendly innovation, financial crisis, and so on.

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Digital Dividends: Redefining Banking Choices of Women in Bangladesh

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Abstract- Different perceptions shape different banking choices. This study investigates women's perceptions of banking channels in Bangladesh. It also explores the diverse catalysts influencing banking choices and women's challenges in shaping their preferences. We used a qualitative interview method to understand female perceptions of banking channels. We did a thematic analysis of interviews with thirty female banking system users as the sample. Using the purposive sampling method, we selected the respondents for the interviews. To analyze the coded interviews, we employed an atlas. ti 2023, a qualitative data analysis software. The study found that quick and convenient access, efficient financial management, cost-effectiveness and high security play a significant role in shaping women's banking behaviours. The study also found that women encounter challenges related to digital literacy, security and complex banking systems. Moreover, the study found that the benefits of time-saving mechanisms are replaced by the burden of high transaction costs, challenging low-income thresholds. Therefore, the authors of this article recommend digital literacy initiatives, security enhancements, and cost mitigation strategies. The study emphasized the need for policy interventions to promote women's financial inclusion.

Keywords: sustainability, women, bangladesh, financial inclusion, digital banking.

GJMBR-C Classification: *JEL Code: G21*

DIGITALDIVIDENDSREDEFININGBANKINGCHOICESOFWOMENINBANGLADESH

Strictly as per the compliance and regulations of:

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Fatema Tuz Zuhora [α] & Mohammad Robaitur Rahat [σ]

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I. Introduction

The role played by the financial system in Bangladesh is significant for the country's development and the achievement of its goals. The government has executed various measures to improve public finance management, such as using New Public Management principles and innovative tools for financial management in the public sector (Das et al., 2023). Furthermore, the banking institutions and financial entities in Bangladesh actively contribute to promoting sustainable economic growth and environmental preservation through green financing, as per the guidelines set by the Bangladesh Bank (BB)(Shil & Chowdhury, 2021). Additionally, there is a growing interest in implementing Financial Supply Chain Management (FSCM) practices in Bangladesh, with specific banks and financial institutions already embracing these concepts to benefit buyers, suppliers, and the overall financial supply chain (Moon & Hasan, 2022).

Banking alternatives accessible for financial services in Bangladesh encompass mobile banking, short messaging service (SMS) banking, agent banking, internet banking, and mobile money accounts (Akash et al., 2022). Mobile banking refers to engaging in finance-related activities on a mobile device such as a smartphone or tablet (Kabir et al., 2021). It represents a straightforward and cost-effective choice for customers, having experienced a surge in popularity within Bangladesh due to the inadequacy of conventional banking facilities (Bhowmik et al., 2023). Conversely, agent banking has emerged as a robust mechanism for facilitating financial inclusion, predominantly in rural regions (M. T. Hasan, 2020). The purpose of these banking options is to enhance financial inclusion and furnish convenient services to the populace of Bangladesh.

Microelectronic payment systems, mobile banking, and trade receivable exchange (TRX) represent a selection of transaction options found within Bangladesh's financial systems (Akash et al., 2022; Moniruzzaman et al., 2023). In Bangladesh, mobile financial services (MFS) have played a significant role in serving online business activities and other financial services (Rohanifar et al., 2022). Clients can opt for mobile banking as a convenient and cost-effective method using smartphones or tablets (Islam et al., 2022). TRX, on the other hand, presents a financing solution that unlocks the funds tied up in trade receivables, benefiting small and medium enterprises operating in Bangladesh. These various transaction choices have been developed to enhance service delivery, increase consumer awareness, and address working capital challenges within the country. However, the widespread adoption of cashless transaction services in Bangladesh faces obstacles such as intermediaries, the potential for terrorist activities, and the need to re-skill existing employees. Consequently, concerted efforts are being made to integrate cashless systems into the societal context of Bangladesh and the wider Global South.

In recent years, considerable growth in digital financial services in Bangladesh has been witnessed. The banking sector has fully embraced digital technologies, transforming government practices and banking models (Hoque, 2023). Mobile financial

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services (MFS) have seen tremendous growth, with a significant increase in the number of mobile accounts and a rise in the frequency of transactions conducted through the mobile network (Uddin & Begum, 2023). The healthcare sector has also observed an increase in the adoption of FinTech services, influenced by factors such as perceived ease of use, social influence, and trust (Moudud-Ul-Huq & Perhiar, 2023). The outbreak of the COVID-19 pandemic is one of the reasons for the increase in the adoption of MFS, with social influence, trust, perceived benefit, and facilitating conditions playing a significant role in the intention to adopt (Hassan et al., 2023). Overall, the growth of digital financial services in Bangladesh has provided opportunities for the government, businesses, and financial institutions to offer various payment options and has the potential to contribute to financial inclusion. The participation rate of women and men in Bangladesh's financial system varies across different sectors. In the agricultural industry, the female workforce comprises 18.3%, while the male workforce comprises 22.3% (Biswas et al., 2022). In the banking industry, there is a higher representation of male employees, with males accounting for 85% and females accounting for 15% (Rahman & Khan, 2020). Moreover, women's empowerment and economic engagement in Bangladesh have improved by increasing female labour force participation and reducing the gender wage gap. Gender diversity and inclusion should be promoted by addressing the societal and maker barriers, as women still face challenges regarding their economic preferences and control (Solotaroff et al., 2019).

Although digital banking services are becoming increasingly popular globally, there still needs to be more knowledge regarding the specific reasons, challenges, and expectations related to female clients in Bangladesh. Many studies (Babbar et al., 2023; Bhuiyan et al., 2022; Chakraborty & Abraham, 2023; Hayat & Hossain, n.d.; Kumari, 2023; Lee et al., 2022; Siek & Rukma, 2022; Singh & Singh, 2023; Toyon, 2023) have examined the adoption of digital banking services, but they typically fail to consider the specific gender-related factors that can impact women's choices, experiences, and expectations in this area. Addressing the vacuum, this study aims to fill the gap three-fold. First, it will investigate the catalysts of females' use of banking systems, namely mobile banking, app or internet-based banking, branch banking, and agent banking for their transactions. Second, it also finds out the challenges faced by the females while completing the transactions using these systems. Third, it will gather the participants' recommendations for improving the banking systems. To facilitate the study, the paper interviews 30 female users of banking systems and uses thematic analysis to understand the perception of females towards all banking systems. We use purposive sampling in this regard and adopt atlas.ti 2023 to analyze the coded interviews. This paper contributes to existing literature by emphasizing the status quo and challenges of different banking systems and investigating the expectations of females for the regulators and policymakers.

This paper is organized as follows: Chapter 2 reviews the relevant literature of the study. Chapter 3 entails the data and methodology followed throughout the study. Chapter 3 facilitates the findings and discussion, which includes the catalysts for adopting digital banking services, challenges faced by females, and recommendations by the participants for banking services in Bangladesh. Finally, chapter 4 concludes with recommendations for stakeholders and concluding remarks.

II. Literature Review

a) *Digital Dividends and Financial Inclusion*

The concept of digital dividend arising from financial inclusion denotes the advantageous economic outcomes and prospects that ensue from the expansion of digital financial services and the enhanced availability of formal financial services for populations that have been excluded or underserved (Shen, 2022). This phenomenon is improbable to result in economic growth, improved living conditions, and poverty alleviation (Buteau et al., 2021). In addition, the incorporation of digital financial services plays an essential role in the achievement of financial inclusion and the stimulation of economic development. Moreover, digital inclusive finance, which amalgamates digital technology and inclusive finance, holds the capacity to mitigate credit constraints, diminish information uncertainty, and enhance agricultural productivity. By reducing the costs associated with financial institutions and the expenses incurred by utilizing financial services, digital inclusive finance can contribute to the process of alleviating multidimensional poverty. Furthermore, it demonstrates the potential for susceptible and disadvantaged groups, like females, small-business owners, and internal migrants, to enhance their access to various financial services.

b) *Gender Inclusive Financial Services*

Financial inclusion has been observed to exert a favourable influence on women's empowerment at a global level, including within the context of Bangladesh. Research studies (Chakraborty & Abraham, 2023; Kumari, 2023; Singh & Singh, 2023) have indicated that the notion of financial inclusion, which involves offering savings accounts to individuals who lack access to traditional banking services, leads to greater involvement of women in making financial decisions within households, as well as elevated levels of savings and income. In Bangladesh, women's financial inclusion obstructions have been attributed to religious limitations and gender-based discrepancies within the labour market (Chakraborty & Abraham, 2023; Uddin & Begum, 2023). Nevertheless, it has been found that nations that possess legislation and regulations aimed at promoting gender equality, along with adequate mechanisms for regulation, tend to exhibit a more fabulous presence of financially active women (M. Z. Hoque et al., 2024). However, it is vital to recognize that although financial technology (FinTech) can enhance financial inclusion, it may not be adequate to eliminate the gender gap in financial inclusion (Moghadam & Karami, 2023). Additional policy initiatives may thus be necessary to address gender inequality and foster the financial empowerment of women (Aziz et al., 2022; Chakraborty & Abraham, 2023; Moghadam & Karami, 2023).

c) Banking: What Shapes our Choices?

Mobile banking, agent banking, branch banking, and app-based banking are all choices available to consumers. Meanwhile, the determinants of these options differ depending on factors like perceived usefulness, ease of use, technology readiness, customer loyalty, and consumer preferences (Uddin & Begum, 2023). Research studies (Akash et al., 2022; Kabir et al., 2021) have indicated that implementing mobile banking necessitates a substantial investment; however, more is needed to guarantee success (Fitriati et al., 2022). The publication of reports on digital transformation and artificial intelligence in the financial sector has resulted in changes in the competitive dynamics and operating models of banking sectors, creating opportunities for app-based banking and cross-selling strategies (Shrivastava & Shah, 2021). Various factors impact the acceptance of mobile banking, such as client loyalty, alternate channels, and the efficient coordination of diverse technologies and business processes (Alonso-Dos-Santos et al., 2020). Consumer preferences for mobile banking apps are shaped by the banking services' compatibility, lenience, and utility (Giovanis et al., 2019).

d) Landscape of Different Banking Systems

i. Agent Banking

Agent banking is a financial service that facilitates banking services through alternative means, such as retail outlets, utilizing technology (Chakrobortty & Sultana, 2023). It acts as a mechanism for financial inclusion by incorporating the unbanked population into the formal financial system (Khanam, 2022). The adoption of agent banking has proven successful in regions facing challenges related to geographic accessibility, such as Latin America and Africa (Siddiquie, 2014). Moreover, developed nations like the United Kingdom and Australia have gradually begun implementing agent banking due to its ability to reduce financial institution costs (Ahmed & Ahmed, 2018). In Bangladesh, it has emerged as the most influential avenue for financial inclusion, offering financial transactions to rural individuals without access to banking services through conveniently located agents (Nawrin et al., 2020). By bringing the banking channel closer to clients, agent banking presents flexibility and convenient access to a wide range of individuals who are currently unbanked or have limited access to banking services, facilitating effective financial inclusion.

ii. Branch Banking

Branch banking refers to the traditional banking model in which customers interact with bank branches for financial transactions and services. It encompasses physical establishments where customers can avail themselves of services such as deposits, withdrawals, loans, and customer support. The existence of tangible branches, direct interactions with bank personnel, and using physical currency for transactions distinguish branch banking. Nonetheless, there is an emerging tendency towards branchless banking, particularly in nations like Bangladesh, where the economy is experiencing rapid growth (Akoil, 2022). Nevertheless, there is an acknowledgement of the imperative to enhance rural branch penetration, financial literacy, confidence in the banking industry, and digital financial services to augment financial inclusion (Ashraf, 2023).

iii. Mobile Banking

Mobile banking is a technological application that allows clientele to carry out financial transactions using their portable devices. It is a widely embraced method of service provision within the banking sector, offering convenience and accessibility to patrons (Budiarti et al., 2023). The present inclination indicates a burgeoning predilection for mobile banking among the millennial cohort, enticed by its contemporary and instantaneous attributes (Hasan & Habib, 2022). Mobile banking facilitates non-monetary or cashless dealings, empowering customers to effectuate smartphone payments and transfers (A. & Subramanian, 2022). A network of interconnected computers buttresses it and can be availed around the clock, allowing clients to carry out financial transactions at any time and from any location (Herawati et al., 2021). Mobile banking also proffers advantages such as decreased cash management, heightened effectiveness, and fiscal savings for enterprises. Nonetheless, obstacles still exist that necessitate surmounting, encompassing restricted functionalities, disturbances in network connectivity, and the imperative to ensure the security and privacy of mobile banking transactions.

iv. App-based Banking

The term "app-based banking" pertains to the utilization of mobile banking applications for the execution of financial transactions. It is a technological application devised to furnish convenience and immediate accessibility to banking services, mainly catering to the preferences of the millennial generation, who favour contemporary and digital solutions (Budiarti et al., 2023). App-based banking falls within the broader digital banking domain, encompassing many electronic payment systems, including online credit card payments, electronic cash, electronic checks, and minor payments (Sharma et al., 2022). The employment of app-based banking has experienced a gradual upsurge owing to its advantageous characteristics such as convenience, timeliness, and efficiency, thus rendering it a promising means of payment today (Prasetyaningrum et al., 2022). Gamification, which is the application of game elements within a non-game context, has also been embraced by numerous app-based banking companies to augment user engagement and loyalty (Siek & Rukma, 2022). Overall, app-based banking signifies a disruptive innovation that has profoundly revolutionized the conventional banking industry, presenting personalized and commercialized banking transactions through innovative digital applications.

III. Data and Methodology

a) Approach

The interview method is applied in this study as it is qualitative. It allows us to comprehensively understand the underlying issues in the research and elucidate novel theoretical aspects (Adeoye-Olatunde & Olenik, 2021; Edwards & Holland, 2020). The study's main objective is to understand the perception of females towards different banking channels for making transactions, which still needs to be explored by the existing studies. This kind of research gap can be effectively addressed through a qualitative approach (Thakkar et al., 2022). All interviews are conducted skillfully by the authors to delve into the rationales behind the selection of various banking options, the challenges faced by the women, and the proposed recommendations for enhancing the status quo for them in Bangladesh.

b) Interview

In-depth qualitative interviews can yield profound insights into a particular matter while mitigating the risk of researchers imposing their perspectives and limiting the scope of discussion (Edwards & Holland, 2020). To conduct these interviews, the authors adhered to a predefined protocol. A semi-structured interview format allowed flexibility in exploring participants' experiences, perceptions, and suggestions regarding banking channels. The interviews covered reasons for choosing a specific banking channel, challenges encountered during banking transactions, and recommendations for enhancing banking services in Bangladesh. It was ensured that the interviewees willingly disengaged from answering the questions at any point. The questions ranged from straightforward to crucial. Each interview lasted 5 to 10 minutes, minimizing the time and inconvenience for the respondents. This investigation has concentrated explicitly on females who demonstrated sufficient seriousness and enthusiasm towards providing their responses.

c) Data Collection

We conducted a qualitative research study to understand the banking channel preferences, challenges faced, and recommendations for improvement among female users in Bangladesh. The study involved interviews with 30 female participants selected through purposive sampling. The participants were chosen based on their uses of banking channels, including branch banking, agent banking, mobile banking, and Internet or app-based banking services. The participants represented diverse ages and socioeconomic backgrounds within Bangladesh.

d) Data Analysis

We employed atlas.ti 2023, a qualitative data analysis software, to analyze the interview transcripts. Before the analysis, all interview sessions were coded to ensure accuracy and consistency in data representation. Then, the transcripts were coded systematically to identify recurring themes, patterns, and categories related to banking channel preferences, challenges, and recommendations. Through iterative coding and analysis, emergent themes and sub-themes were identified based on the content of the interviews. The coded data were interpreted to extract meaningful insights, understand participant perspectives, and identify commonalities and differences among responses.

e) Ethical Considerations

Participants' identities and personal information were kept confidential throughout the study. In addition, participant identifiers were removed from transcripts to maintain anonymity during that analysis and reporting. Adequate measures were taken to ensure the secure storage and handling of interview recordings and transcripts in compliance with ethical guidelines and data protection regulations.

IV. Findings and Discussions

In Bangladesh, people can transact through branch banking, mobile banking (i.e., bKash, Nagad, Tap), internet or app-based banking backed by formal banks (i.e., Trust Money, Cell fin, etc.), and agent banking. To understand the catalysts influencing their choices, the challenges they face, and the things they seek from those options are presented and discussed. The data is organized based on preferences for agent banking, branch banking, mobile banking, and app-based banking systems.

a) Catalysts of Adopting Banking Systems

In this dynamic financial landscape, women increasingly attach thinking systems to commenter needs and preferences. Each avenue of banking systems, including agent banking, Internet or app-based banking, mobile banking, and traditional branch banking, presents distinct prospects and factors for the users, especially females. Figure 1 shows the catalysts, summarized through the following themes, for women's choice of banking systems.

i. *Convenience and Accessibility*

Women's banking preferences show a strong inclination towards convenient and accessible services. Agent banking, Internet or app-based banking, mobile banking, and branch banking all allow females to efficiently conduct financial transactions and manage their accounts. The ability to quickly and conveniently access banking services plays a significant role in shaping their banking behaviours. Alongside, women prefer banking services that utilize technology to provide convenient connectivity and advanced features, such as Internet or app-based and mobile banking platforms that allow them to manage their finances on their smartphones or computers. Both systems offer data tracking, auto-statement generation, and enhanced security measures for a secure and user-friendly experience.

ii. *Financial Management and Insights*

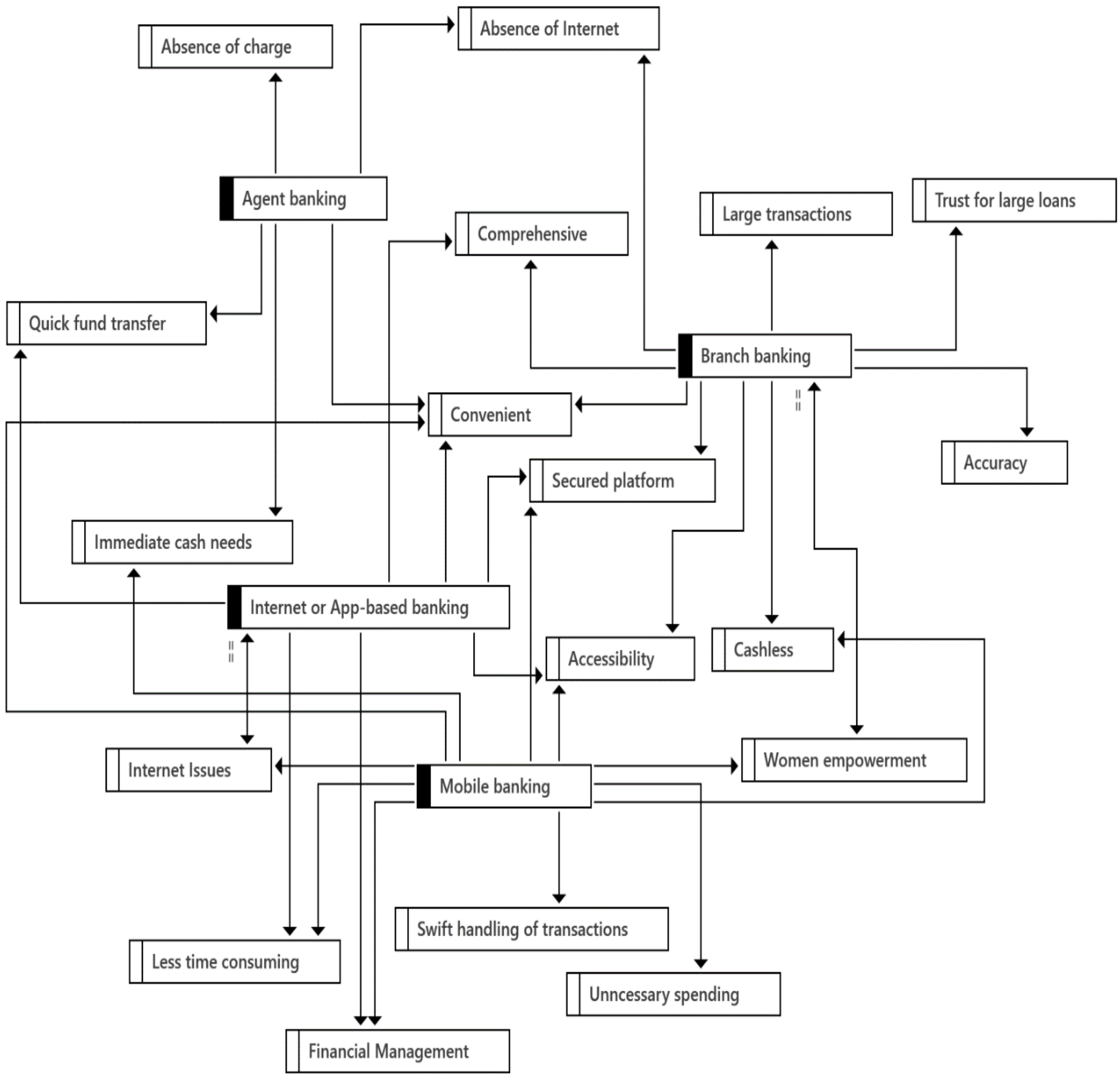
The quest for efficient financial management and insights propels women towards banking services that provide tools and resources for monitoring and analyzing their finances. Internet or app-based banking and mobile banking platforms equip women with comprehensive insights into their expenditure patterns, budgeting tools, and tailored financial guidance, enabling them to make well-informed decisions regarding their monetary affairs. In addition, when making choices, females meticulously assess their expenses and fees linked to the banking services. While opting for banking systems, most participants prefer app-based banking and agent banking more because of the cost-effectiveness and absence of additional charges, such as transportation costs, transaction charges, and the costs incurred due to inconveniences. However, some women feel mobile banking can be feasible, although it has some transaction costs.

iii. *Transaction Efficiency and Comprehensive Services*

Efficiency in making transactions is one of the significant considerations when choosing banking services. The ability to transfer funds swiftly and securely, regardless of the platform used, is highly valued. From this perspective, females use mobile banking and app or internet-based banking due to the advantages of immediate fund transfer and swift transaction handling. In addition, they use mobile banking for its diversified range of services. Internet or app-based banking is preferred for transferring money from one account to another bank account within the shortest possible time.

iv. *Security and Empowerment*

Although all banking systems are highly secured, mobile banking and app-based banking systems are affected by hackers. From this viewpoint, agent banking and branch banking serve as fully secured and more accurate platforms. However, things are improving as they offer updated security systems to users, thus instilling confidence in female users against the odds. Moreover, these services contribute to women's empowerment by giving them greater control over their finances and access to essential banking services.



Source: Authors' analysis

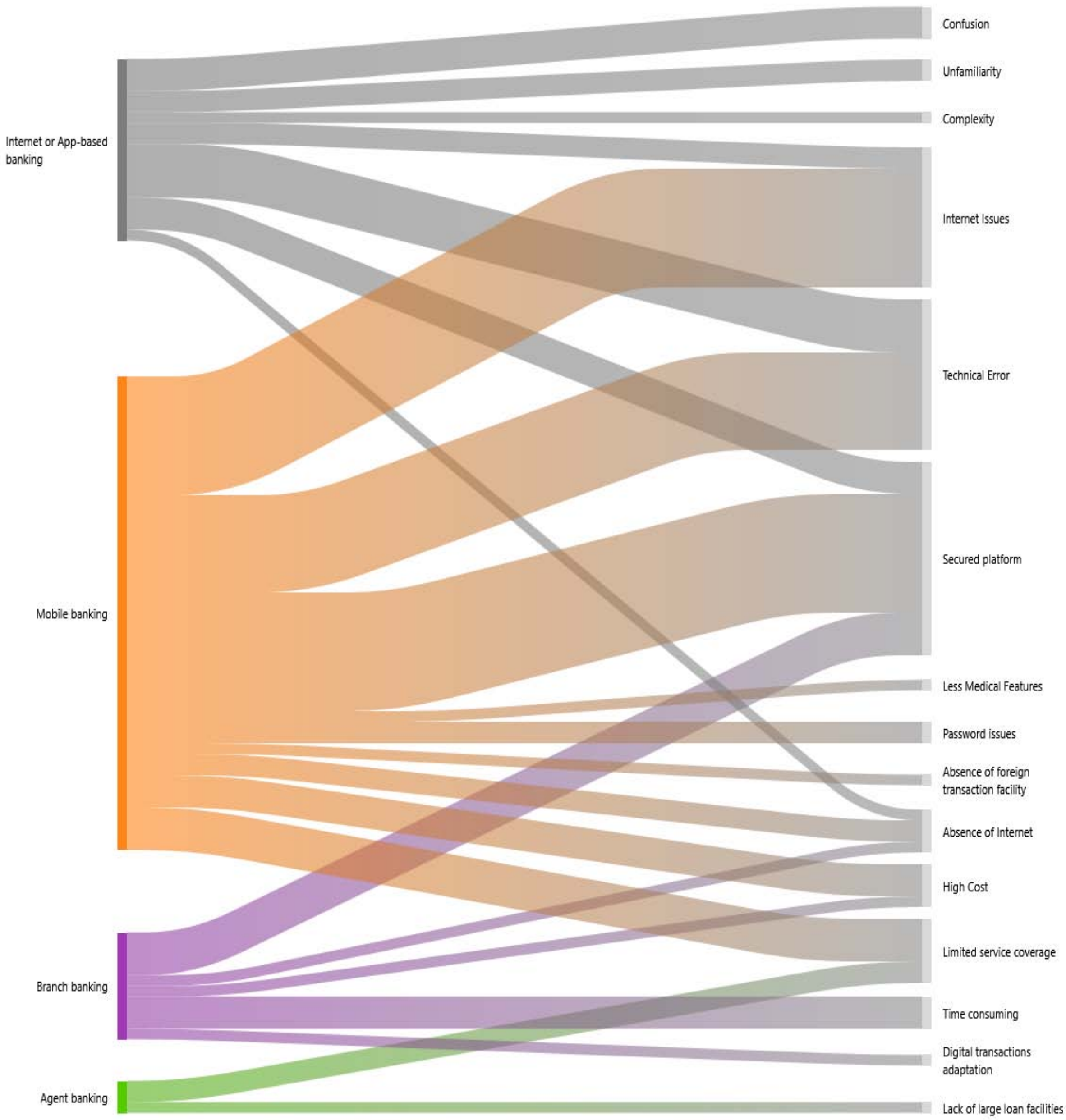
Figure 1: Catalysts for choosing different systems.

b) Challenges faced by the females

This paper delves into women's challenges in accessing banking services across systems. We explore the following five key themes, which encapsulate the multiple barriers shown in figure 2.

i. *Digital Literacy and Accessibility*

Navigating the Internet or app-based banking systems can be confusing, unfamiliar, and complex for women. Issues such as Internet errors, technical errors, and security problems add to this complexity. The absence of the Internet in certain areas further limits accessibility to digital banking services, impacting women disproportionately.



Source: Authors' analysis

Figure 2: Challenges encountered by female users

ii. *Security and Trust*

Security concerns, including password issues and potential security breaches, are significant barriers to women's adoption of Internet or app-based and mobile banking. Women may be more cautious about engaging in digital transactions due to concerns about data privacy and online security.

iii. *Service Coverage and Features*

Across various banking systems, women encounter challenges related to limited service coverage, especially in rural or underprivileged areas. The absence of essential features like medical facilities in mobile banking apps highlights a gap in addressing women's specific needs. The lack of foreign transactions and extensive loan facilities further restricts the utility of banking services for women, limiting their financial empowerment and mobility.

iv. *Cost and Time Constraints*

High transaction costs associated with mobile banking services and the opportunity cost of time spent in branch banking pose significant challenges for women, particularly those from low-income thresholds. Time-consuming processes and limited service availability in agent banking further compound women's financial burdens, constraining their ability to access and utilize banking services effectively.

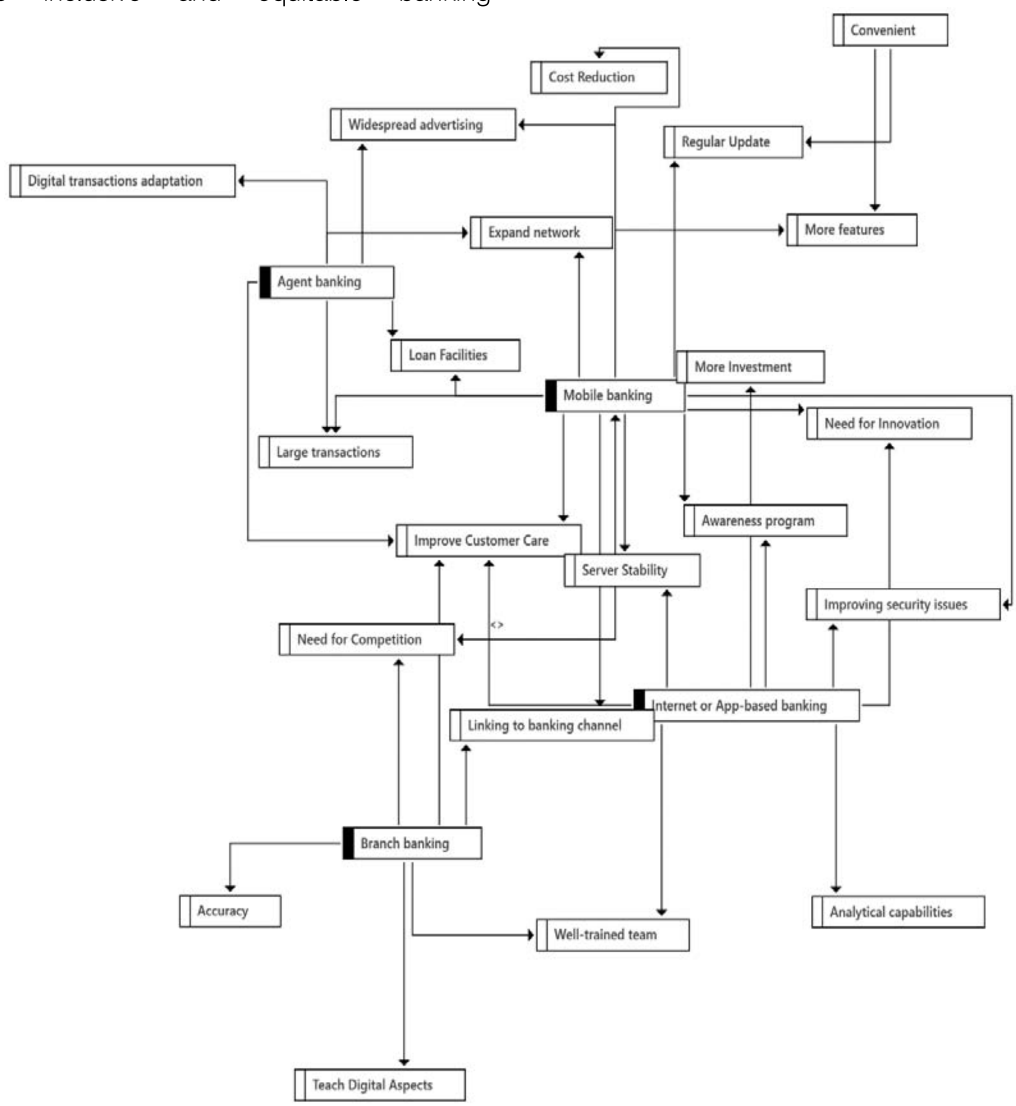
v. *Adaptation and Support*

Women encounter difficulties adapting to digital technologies and navigating complex banking systems, reflecting broader socio-cultural barriers and systemic inequalities. Insufficient support mechanisms and a lack of trained service agents exacerbate these challenges, hindering women's capacity to engage in formal financial transactions and decision-making processes. Enhancing financial literacy programs and providing targeted support services are essential to fostering women's financial autonomy and promoting inclusive banking practices.

Through this analysis, this paper underscores the need for comprehensive policy interventions and institutional reforms to address systemic barriers and promote women's financial inclusion. By introducing digital literacy initiatives, enhancing security protocols, expanding service coverage, and mitigating cost constraints, policymakers and financial institutions can create more inclusive and equitable banking environments that empower women and advance socioeconomic development globally.

c) *Expectations of Females*

The agent banking system needs to adapt to digital transactions by implementing user-friendly methods, such as mobile wallets, QR code payments, etc. They may also offer incentives for customers and agents to promote digital transactions. They must also expand the network by identifying underserved areas and incentivising agents to establish in rural areas. Moreover, they may adopt multiple channels for widespread advertisement of the benefits of agent banking. As women nowadays get used to doing business, they need large transactions and loan facilities from the banks. Therefore, this system is expected to offer these facilities by implementing a robust verification process, clear guidelines, collaboration with financial institutions, and streamlining loan application and approval processes.



Source: Authors' analysis

Figure 3: Expectations of females

Branch banking encompasses a wide range of aspects within its operational framework. It requires an inclusive effort to educate the stakeholders on digital components to ensure the seamless integration of digital services alongside conventional banking activities. Moreover, the agents need to be well-informed about the policies and guidelines of the banks. Meanwhile, it is seen that male agents dominate this system, although a proficient female team has the potential to make a significant contribution to a diverse and inclusive work environment. The escalating competition stimulates innovation, urging branches to enhance their services and offerings continuously. Branches must prioritize improved customer care, foster robust relationships, and address concerns promptly.

Internet or app-based banking systems need more analytical capabilities to provide insights into customer behaviour and preferences. A well-trained and technologically proficient team is required to ensure seamless online operation and protect customer information. Investment in infrastructure and technology is crucial for keeping servers stable and optimizing user experience, especially for banks that have yet to introduce their software for banking from home. Like other banking systems, an awareness program is required to inform customers about the existence of this banking system, the benefits of digital banking, and data protection. In addition, continuous innovation is vital to develop new features and functionalities to make this banking system modern and popular.

Mobile banking allows users to engage in a multitude of financial transactions on the go, facilitating convenience and accessibility. Although several mobile banking companies offer diversified features throughout the country, they are expected to enable extensive transaction facilities, expand their network, and reduce costs while sending money and cashing out digital money. In addition, more investment in innovation and security grounds is necessary as the likelihood of fraud and scams exists. Further, as mobile banking users are from diverse backgrounds and areas, educating all users about the proper use of services and ways of avoiding scams is essential. The emphasis on server stability, improved customer care, and healthy competition is indispensable to deliver a seamless and secure banking experience for modern financial management.

V. Conclusions

In conclusion, this study sheds light on Bangladesh's financial and banking systems, which have been influenced by different factors that shape the choices of its users. Through this study, we have examined women's perceptions of defining their banking choices. We have investigated and found different significant factors that catalyze their banking preferences. It was discovered in this research that both the benefits and challenges of financial systems work behind shaping the banking behaviours of women. The study identifies that quick and easy accessibility was one of the most significant factors besides efficient economic management, transaction efficiency, security and empowerment.

Additionally, the challenges faced by women in using banking systems were highlighted here as lack of digital literacy, time and cost constraints, limited service coverage, adaptation complexity and support. The study uncovered women's expectations of their preferred banking choices through the qualitative interview method, such as enhancing widespread advertisement, improving security issues, establishing server stability, reducing cost, expanding networks, adding more features, etc. For a more inclusive financial landscape, this study emphasizes the need for an accelerated effort to redesign a banking system that will work for all women of Bangladesh and will be a catalyst for worthwhile financial inclusion.

Our findings suggest that regulators must encourage using agent banking systems for digital transactions by providing user-friendly incentives such as mobile wallets and QR code payments. Additionally, expanding the networks to reach underserved areas and motivating agents to operate in rural locations is paramount. Well-defined protocols and close cooperation with financial institutions are essential to streamline significant transactions and loan provisions, especially for female entrepreneurs. Alongside, banking professionals should prioritise teaching stakeholders about digital components, guaranteeing adherence to regulations and procedures. Besides, they need to promote diversity by actively supporting female involvement.

Moreover, sustained innovation is crucial for improving services and maintaining competitiveness. Internet and app-based banking systems necessitate investment in analytical skills, infrastructure, and technology to enhance user experience and safeguard client information. Customer education programs are crucial for raising awareness about the advantages and safety measures of digital banking. Mobile banking service providers need to prioritize the facilitation of substantial transactions, the expansion of their networks, the reduction of costs, and the investment in innovation and security measures to limit the dangers of fraud. It is crucial to provide education on correct usage and avoidance of scams, as well as to ensure the reliability of servers, enhance customer support, and foster healthy competition to create a banking experience that is smooth and secure for all users. While this study aimed to investigate the banking choices of females based on the status quo and challenges, it is essential to acknowledge the limitation regarding the sample's representativeness. The sample consisted of

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purposively selecting 30 females from diversified backgrounds, which might result in inadequate expression of banking experience of women. Future research could address this limitation by employing more diversified sampling to ensure higher representativeness.

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Appendix 1: Background of Respondents

	Agent banking Gr=9	Branch banking Gr=17	Internet or App-based banking Gr=48	Mobile banking Gr=92
Banker Gr=4	0	2	2	1
Businessman Gr=1	0	0	1	0
Doctor Gr=2	0	1	1	1
Economist Gr=1	0	0	1	0
Government Official Gr=1	0	0	0	1
Graduate Student Gr=5	0	0	0	5
Journalist Gr=1	0	0	0	1
NGO Official Gr=2	1	1	2	0
Post-graduate Student Gr=8	0	0	5	8
Teacher Gr=6	1	1	4	2

Appendix 2: Questions

1. What is your name and profession?
2. Do you use digital banking services?
3. Which service you usually use for transactions among branch banking, mobile banking, agent banking, app or internet-based banking?
4. What are the catalysts behind adopting this service?
5. What kind of challenges you usually face while using this service?
6. What is your expectation from the service providers?

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Career | Credibility | Reputation

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We typeset manuscripts using advanced typesetting tools like Adobe In Design, CorelDraw, TeXnicCenter, and TeXStudio. We usually recommend authors submit their research using any standard format they are comfortable with, and let Global Journals do the rest.

Alternatively, you can download our basic template from https://globaljournals.org/Template.zip

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Acknowledgments

Contributors to the research other than authors credited should be mentioned in Acknowledgments. The source of funding for the research can be included. Suppliers of resources may be mentioned along with their addresses.

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Authors can submit papers and articles in an acceptable file format: MS Word (doc, docx), LaTeX (.tex, .zip or .rar including all of your files), Adobe PDF (.pdf), rich text format (.rtf), simple text document (.txt), Open Document Text (.odt), and Apple Pages (.pages). Our professional layout editors will format the entire paper according to our official guidelines. This is one of the highlights of publishing with Global Journals—authors should not be concerned about the formatting of their paper. Global Journals accepts articles and manuscripts in every major language, be it Spanish, Chinese, Japanese, Portuguese, Russian, French, German, Dutch, Italian, Greek, or any other national language, but the title, subtitle, and abstract should be in English. This will facilitate indexing and the pre-peer review process.

The following is the official style and template developed for publication of a research paper. Authors are not required to follow this style during the submission of the paper. It is just for reference purposes.

Manuscript Style Instruction (Optional)

- Microsoft Word Document Setting Instructions.
- Font type of all text should be Swis721 Lt BT.
- Page size: 8.27" x 11'", left margin: 0.65, right margin: 0.65, bottom margin: 0.75.
- Paper title should be in one column of font size 24.
- Author name in font size of 11 in one column.
- Abstract: font size 9 with the word "Abstract" in bold italics.
- Main text: font size 10 with two justified columns.
- Two columns with equal column width of 3.38 and spacing of 0.2.
- First character must be three lines drop-capped.
- The paragraph before spacing of 1 pt and after of 0 pt.
- Line spacing of 1 pt.
- Large images must be in one column.
- The names of first main headings (Heading 1) must be in Roman font, capital letters, and font size of 10.
- The names of second main headings (Heading 2) must not include numbers and must be in italics with a font size of 10.

Structure and Format of Manuscript

The recommended size of an original research paper is under 15,000 words and review papers under 7,000 words. Research articles should be less than 10,000 words. Research papers are usually longer than review papers. Review papers are reports of significant research (typically less than 7,000 words, including tables, figures, and references)

A research paper must include:

a) A title which should be relevant to the theme of the paper.
b) A summary, known as an abstract (less than 150 words), containing the major results and conclusions.
c) Up to 10 keywords that precisely identify the paper's subject, purpose, and focus.
d) An introduction, giving fundamental background objectives.
e) Resources and techniques with sufficient complete experimental details (wherever possible by reference) to permit repetition, sources of information must be given, and numerical methods must be specified by reference.
f) Results which should be presented concisely by well-designed tables and figures.
g) Suitable statistical data should also be given.
h) All data must have been gathered with attention to numerical detail in the planning stage.

Design has been recognized to be essential to experiments for a considerable time, and the editor has decided that any paper that appears not to have adequate numerical treatments of the data will be returned unrefereed.

i) Discussion should cover implications and consequences and not just recapitulate the results; conclusions should also be summarized.
j) There should be brief acknowledgments.
k) There ought to be references in the conventional format. Global Journals recommends APA format.

Authors should carefully consider the preparation of papers to ensure that they communicate effectively. Papers are much more likely to be accepted if they are carefully designed and laid out, contain few or no errors, are summarizing, and follow instructions. They will also be published with much fewer delays than those that require much technical and editorial correction.

The Editorial Board reserves the right to make literary corrections and suggestions to improve brevity.

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It is necessary that authors take care in submitting a manuscript that is written in simple language and adheres to published guidelines.

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The title page must carry an informative title that reflects the content, a running title (less than 45 characters together with spaces), names of the authors and co-authors, and the place(s) where the work was carried out.

Author details

The full postal address of any related author(s) must be specified.

Abstract

The abstract is the foundation of the research paper. It should be clear and concise and must contain the objective of the paper and inferences drawn. It is advised to not include big mathematical equations or complicated jargon.

Many researchers searching for information online will use search engines such as Google, Yahoo or others. By optimizing your paper for search engines, you will amplify the chance of someone finding it. In turn, this will make it more likely to be viewed and cited in further works. Global Journals has compiled these guidelines to facilitate you to maximize the web-friendliness of the most public part of your paper.

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A major lynchpin of research work for the writing of research papers is the keyword search, which one will employ to find both library and internet resources. Up to eleven keywords or very brief phrases have to be given to help data retrieval, mining, and indexing.

One must be persistent and creative in using keywords. An effective keyword search requires a strategy: planning of a list of possible keywords and phrases to try.

Choice of the main keywords is the first tool of writing a research paper. Research paper writing is an art. Keyword search should be as strategic as possible.

One should start brainstorming lists of potential keywords before even beginning searching. Think about the most important concepts related to research work. Ask, "What words would a source have to include to be truly valuable in a research paper?" Then consider synonyms for the important words.

It may take the discovery of only one important paper to steer in the right keyword direction because, in most databases, the keywords under which a research paper is abstracted are listed with the paper.

Numerical Methods

Numerical methods used should be transparent and, where appropriate, supported by references.

Abbreviations

Authors must list all the abbreviations used in the paper at the end of the paper or in a separate table before using them.

Formulas and equations

Authors are advised to submit any mathematical equation using either MathJax, KaTeX, or LaTeX, or in a very high-quality image.

Tables, Figures, and Figure Legends

Tables: Tables should be cautiously designed, uncrowned, and include only essential data. Each must have an Arabic number, e.g., Table 4, a self-explanatory caption, and be on a separate sheet. Authors must submit tables in an editable format and not as images. References to these tables (if any) must be mentioned accurately.

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Figures are supposed to be submitted as separate files. Always include a citation in the text for each figure using Arabic numbers, e.g., Fig. 4. Artwork must be submitted online in vector electronic form or by emailing it.

Preparation of Eletronic Figures for Publication

Although low-quality images are sufficient for review purposes, print publication requires high-quality images to prevent the final product being blurred or fuzzy. Submit (possibly by e-mail) EPS (line art) or TIFF (halftone/ photographs) files only. MS PowerPoint and Word Graphics are unsuitable for printed pictures. Avoid using pixel-oriented software. Scans (TIFF only) should have a resolution of at least 350 dpi (halftone) or 700 to 1100 dpi (line drawings). Please give the data for figures in black and white or submit a Color Work Agreement form. EPS files must be saved with fonts embedded (and with a TIFF preview, if possible).

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Tips for writing a good quality Management Research Paper

Techniques for writing a good quality management and business research paper:

1. Choosing the topic: In most cases, the topic is selected by the interests of the author, but it can also be suggested by the guides. You can have several topics, and then judge which you are most comfortable with. This may be done by asking several questions of yourself, like "Will I be able to carry out a search in this area? Will I find all necessary resources to accomplish the search? Will I be able to find all information in this field area?" If the answer to this type of question is "yes," then you ought to choose that topic. In most cases, you may have to conduct surveys and visit several places. Also, you might have to do a lot of work to find all the rises and falls of the various data on that subject. Sometimes, detailed information plays a vital role, instead of short information. Evaluators are human: The first thing to remember is that evaluators are also human beings. They are not only meant for rejecting a paper. They are here to evaluate your paper. So present your best aspect.

2. Think like evaluators: If you are in confusion or getting demotivated because your paper may not be accepted by the evaluators, then think, and try to evaluate your paper like an evaluator. Try to understand what an evaluator wants in your research paper, and you will automatically have your answer. Make blueprints of paper: The outline is the plan or framework that will help you to arrange your thoughts. It will make your paper logical. But remember that all points of your outline must be related to the topic you have chosen.

3. Ask your guides: If you are having any difficulty with your research, then do not hesitate to share your difficulty with your guide (if you have one). They will surely help you out and resolve your doubts. If you can't clarify what exactly you require for your work, then ask your supervisor to help you with an alternative. He or she might also provide you with a list of essential readings.

4. Use of computer is recommended: As you are doing research in the field of management and business then this point is quite obvious. Use right software: Always use good quality software packages. If you are not capable of judging good software, then you can lose the quality of your paper unknowingly. There are various programs available to help you which you can get through the internet.

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6. Bookmarks are useful: When you read any book or magazine, you generally use bookmarks, right? It is a good habit which helps to not lose your continuity. You should always use bookmarks while searching on the internet also, which will make your search easier.

7. Revise what you wrote: When you write anything, always read it, summarize it, and then finalize it.

8. Make every effort: Make every effort to mention what you are going to write in your paper. That means always have a good start. Try to mention everything in the introduction—what is the need for a particular research paper. Polish your work with good writing skills and always give an evaluator what he wants. Make backups: When you are going to do any important thing like making a research paper, you should always have backup copies of it either on your computer or on paper. This protects you from losing any portion of your important data.

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Verbs have to be in agreement with their subjects. In a research paper, do not start sentences with conjunctions or finish them with prepositions. When writing formally, it is advisable to never split an infinitive because someone will (wrongly) complain. Avoid clichés like a disease. Always shun irritating alliteration. Use language which is simple and straightforward. Put together a neat summary.

14. Arrangement of information: Each section of the main body should start with an opening sentence, and there should be a changeover at the end of the section. Give only valid and powerful arguments for your topic. You may also maintain your arguments with records.

15. Never start at the last minute: Always allow enough time for research work. Leaving everything to the last minute will degrade your paper and spoil your work.

16. Multitasking in research is not good: Doing several things at the same time is a bad habit in the case of research activity. Research is an area where everything has a particular time slot. Divide your research work into parts, and do a particular part in a particular time slot.

17. Never copy others' work: Never copy others' work and give it your name because if the evaluator has seen it anywhere, you will be in trouble. Take proper rest and food: No matter how many hours you spend on your research activity, if you are not taking care of your health, then all your efforts will have been in vain. For quality research, take proper rest and food.

18. Go to seminars: Attend seminars if the topic is relevant to your research area. Utilize all your resources.

19. Refresh your mind after intervals: Try to give your mind a rest by listening to soft music or sleeping in intervals. This will also improve your memory. Acquire colleagues: Always try to acquire colleagues. No matter how sharp you are, if you acquire colleagues, they can give you ideas which will be helpful to your research.

20. Think technically: Always think technically. If anything happens, search for its reasons, benefits, and demerits. Think and then print: When you go to print your paper, check that tables are not split, headings are not detached from their descriptions, and page sequence is maintained.

21. Adding unnecessary information: Do not add unnecessary information like "I have used MS Excel to draw graphs." Irrelevant and inappropriate material is superfluous. Foreign terminology and phrases are not apropos. One should never take a broad view. Analogy is like feathers on a snake. Use words properly, regardless of how others use them. Remove quotations. Puns are for kids, not grunt readers. Never oversimplify: When adding material to your research paper, never go for oversimplification; this will definitely irritate the evaluator. Be specific. Never use rhythmic redundancies. Contractions shouldn't be used in a research paper. Comparisons are as terrible as clichés. Give up ampersands, abbreviations, and so on. Remove commas that are not necessary. Parenthetical words should be between brackets or commas. Understatement is always the best way to put forward earth-shaking thoughts. Give a detailed literary review.

22. Report concluded results: Use concluded results. From raw data, filter the results, and then conclude your studies based on measurements and observations taken. An appropriate number of decimal places should be used. Parenthetical remarks are prohibited here. Proofread carefully at the final stage. At the end, give an outline to your arguments. Spot perspectives of further study of the subject. Justify your conclusion at the bottom sufficiently, which will probably include examples.

23. Upon conclusion: Once you have concluded your research, the next most important step is to present your findings. Presentation is extremely important as it is the definite medium though which your research is going to be in print for the rest of the crowd. Care should be taken to categorize your thoughts well and present them in a logical and neat manner. A good quality research paper format is essential because it serves to highlight your research paper and bring to light all necessary aspects of your research.

Informal Guidelines of Research Paper Writing

Key points to remember:

- Submit all work in its final form.
- Write your paper in the form which is presented in the guidelines using the template.
- Please note the criteria peer reviewers will use for grading the final paper.

Final points:

One purpose of organizing a research paper is to let people interpret your efforts selectively. The journal requires the following sections, submitted in the order listed, with each section starting on a new page:

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The discussion section:

This will provide understanding of the data and projections as to the implications of the results. The use of good quality references throughout the paper will give the effort trustworthiness by representing an alertness to prior workings.

Writing a research paper is not an easy job, no matter how trouble-free the actual research or concept. Practice, excellent preparation, and controlled record-keeping are the only means to make straightforward progression.

General style:

Specific editorial column necessities for compliance of a manuscript will always take over from directions in these general guidelines.

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Mistakes to avoid:

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- Keep paying attention to the topic of the paper.

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- Align the primary line of each section.
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- Avoid use of extra pictures—include only those figures essential to presenting results.

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Choose a revealing title. It should be short and include the name(s) and address(es) of all authors. It should not have acronyms or abbreviations or exceed two printed lines.

Abstract: This summary should be two hundred words or less. It should clearly and briefly explain the key findings reported in the manuscript and must have precise statistics. It should not have acronyms or abbreviations. It should be logical in itself. Do not cite references at this point.

An abstract is a brief, distinct paragraph summary of finished work or work in development. In a minute or less, a reviewer can be taught the foundation behind the study, common approaches to the problem, relevant results, and significant conclusions or new questions.

Write your summary when your paper is completed because how can you write the summary of anything which is not yet written? Wealth of terminology is very essential in abstract. Use comprehensive sentences, and do not sacrifice readability for brevity; you can maintain it succinctly by phrasing sentences so that they provide more than a lone rationale. The author can at this moment go straight to shortening the outcome. Sum up the study with the subsequent elements in any summary. Try to limit the initial two items to no more than one line each.

Reason for writing the article—theory, overall issue, purpose.

- Fundamental goal.
- To-the-point depiction of the research.
- Consequences, including definite statistics—if the consequences are quantitative in nature, account for this; results of any numerical analysis should be reported. Significant conclusions or questions that emerge from the research.

Approach:

- o Single section and succinct.
- o An outline of the job done is always written in past tense.
- o Concentrate on shortening results—limit background information to a verdict or two.
- o Exact spelling, clarity of sentences and phrases, and appropriate reporting of quantities (proper units, important statistics) are just as significant in an abstract as they are anywhere else.

Introduction:

The introduction should "introduce" the manuscript. The reviewer should be presented with sufficient background information to be capable of comprehending and calculating the purpose of your study without having to refer to other works. The basis for the study should be offered. Give the most important references, but avoid making a comprehensive appraisal of the topic. Describe the problem visibly. If the problem is not acknowledged in a logical, reasonable way, the reviewer will give no attention to your results. Speak in common terms about techniques used to explain the problem, if needed, but do not present any particulars about the protocols here.

The following approach can create a valuable beginning:

- o Explain the value (significance) of the study.
- o Defend the model—why did you employ this particular system or method? What is its compensation? Remark upon its appropriateness from an abstract point of view as well as pointing out sensible reasons for using it.
- o Present a justification. State your particular theory(-ies) or aim(s), and describe the logic that led you to choose them.
- o Briefly explain the study's tentative purpose and how it meets the declared objectives.

Approach:

Use past tense except for when referring to recognized facts. After all, the manuscript will be submitted after the entire job is done. Sort out your thoughts; manufacture one key point for every section. If you make the four points listed above, you will need at least four paragraphs. Present surrounding information only when it is necessary to support a situation. The reviewer does not desire to read everything you know about a topic. Shape the theory specifically—do not take a broad view.

As always, give awareness to spelling, simplicity, and correctness of sentences and phrases.

Procedures (methods and materials):

This part is supposed to be the easiest to carve if you have good skills. A soundly written procedures segment allows a capable scientist to replicate your results. Present precise information about your supplies. The suppliers and clarity of reagents can be helpful bits of information. Present methods in sequential order, but linked methodologies can be grouped as a segment. Be concise when relating the protocols. Attempt to give the least amount of information that would permit another capable scientist to replicate your outcome, but be cautious that vital information is integrated. The use of subheadings is suggested and ought to be synchronized with the results section.

When a technique is used that has been well-described in another section, mention the specific item describing the way, but draw the basic principle while stating the situation. The purpose is to show all particular resources and broad procedures so that another person may use some or all of the methods in one more study or referee the scientific value of your work. It is not to be a step-by-step report of the whole thing you did, nor is a methods section a set of orders.

Materials:

Materials may be reported in part of a section or else they may be recognized along with your measures.

Methods:

- Report the method and not the particulars of each process that engaged the same methodology.
- Describe the method entirely.
- To be succinct, present methods under headings dedicated to specific dealings or groups of measures.
- Simplify—detail how procedures were completed, not how they were performed on a particular day.
- If well-known procedures were used, account for the procedure by name, possibly with a reference, and that's all.

Approach:

It is embarrassing to use vigorous voice when documenting methods without using first person, which would focus the reviewer's interest on the researcher rather than the job. As a result, when writing up the methods, most authors use third person passive voice.

Use standard style in this and every other part of the paper—avoid familiar lists, and use full sentences.

What to keep away from:

- Resources and methods are not a set of information.
- Skip all descriptive information and surroundings—save it for the argument.
- Leave out information that is immaterial to a third party.

Results:

The principle of a results segment is to present and demonstrate your conclusion. Create this part as entirely objective details of the outcome, and save all understanding for the discussion.

The page length of this segment is set by the sum and types of data to be reported. Use statistics and tables, if suitable, to present consequences most efficiently.

You must clearly differentiate material which would usually be incorporated in a study editorial from any unprocessed data or additional appendix matter that would not be available. In fact, such matters should not be submitted at all except if requested by the instructor.

Content:

- Sum up your conclusions in text and demonstrate them, if suitable, with figures and tables.
- In the manuscript, explain each of your consequences, and point the reader to remarks that are most appropriate.
- Present a background, such as by describing the question that was addressed by creation of an exacting study.
- Explain results of control experiments and give remarks that are not accessible in a prescribed figure or table, if appropriate.
- Examine your data, then prepare the analyzed (transformed) data in the form of a figure (graph), table, or manuscript.

What to stay away from:

- Do not discuss or infer your outcome, report surrounding information, or try to explain anything.
- Do not include raw data or intermediate calculations in a research manuscript.
- Do not present similar data more than once.
- A manuscript should complement any figures or tables, not duplicate information.
- Never confuse figures with tables—there is a difference.

Approach:

As always, use past tense when you submit your results, and put the whole thing in a reasonable order.

Put figures and tables, appropriately numbered, in order at the end of the report.

If you desire, you may place your figures and tables properly within the text of your results section.

Figures and tables:

If you put figures and tables at the end of some details, make certain that they are visibly distinguished from any attached appendix materials, such as raw facts. Whatever the position, each table must be titled, numbered one after the other, and include a heading. All figures and tables must be divided from the text.

Discussion:

The discussion is expected to be the trickiest segment to write. A lot of papers submitted to the journal are discarded based on problems with the discussion. There is no rule for how long an argument should be.

Position your understanding of the outcome visibly to lead the reviewer through your conclusions, and then finish the paper with a summing up of the implications of the study. The purpose here is to offer an understanding of your results and support all of your conclusions, using facts from your research and generally accepted information, if suitable. The implication of results should be fully described.

Infer your data in the conversation in suitable depth. This means that when you clarify an observable fact, you must explain mechanisms that may account for the observation. If your results vary from your prospect, make clear why that may have happened. If your results agree, then explain the theory that the proof supported. It is never suitable to just state that the data approved the prospect, and let it drop at that. Make a decision as to whether each premise is supported or discarded or if you cannot make a conclusion with assurance. Do not just dismiss a study or part of a study as "uncertain."

Research papers are not acknowledged if the work is imperfect. Draw what conclusions you can based upon the results that you have, and take care of the study as a finished work.

- You may propose future guidelines, such as how an experiment might be personalized to accomplish a new idea.
- Give details of all of your remarks as much as possible, focusing on mechanisms.
- Make a decision as to whether the tentative design sufficiently addressed the theory and whether or not it was correctly restricted. Try to present substitute explanations if they are sensible alternatives.
- One piece of research will not counter an overall question, so maintain the large picture in mind. Where do you go next? The best studies unlock new avenues of study. What questions remain?
- Recommendations for detailed papers will offer supplementary suggestions.

Approach:

When you refer to information, differentiate data generated by your own studies from other available information. Present work done by specific persons (including you) in past tense.

Describe generally acknowledged facts and main beliefs in present tense.

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Methods and Procedures	Clear and to the point with well arranged paragraph, precision and accuracy of facts and figures, well organized subheads	Difficult to comprehend with embarrassed text, too much explanation but completed	Incorrect and unorganized structure with hazy meaning
Result	Well organized, Clear and specific, Correct units with precision, correct data, well structuring of paragraph, no grammar and spelling mistake	Complete and embarrassed text, difficult to comprehend	Irregular format with wrong facts and figures
Discussion	Well organized, meaningful specification, sound conclusion, logical and concise explanation, highly structured paragraph reference cited	Wordy, unclear conclusion, spurious	Conclusion is not cited, unorganized, difficult to comprehend
References	Complete and correct format, well organized	Beside the point, Incomplete	Wrong format and structuring

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