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Sustainability Accounting and Financial Performance of Commercial Banks in Cameroon

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Abstract

This study empirically examined the effect of sustainability accounting on the financial performance of commercial banks in Cameroon from 2018 to 2023. The study focused on how economic, environmental and social sustainability accounting dimension influence key financial indicators like Return on Asset and Net Interest Margin. The study adopted ex-post facto research design using purposive sampling to select 10 out of 19 commercial banks. Sustainability accounting indicators were gotten from the Global Reporting Initiative. Economic, environmental and social dimensions were used as the independent variables. They were measured through a scoring index, derived from previous studies, while Return on Asset and Net Interest Margin served as the financial performance metric. Data from the selected banks were obtained from secondary sources (Audited financial statements). The analysis involved panel regression analysis and descriptive analysis using E-views 2025. Results indicated a significant relationship between economic sustainability accounting and Return on Asset and Net Interest Margin. The findings suggest that economic, environmental and social sustainability accounting dimensions have a notable impact on the Return on Asset and Net Interest Margin of commercial banks in Cameroon. The study recommends that commercial banks in Cameroon should formally

integrate economic frameworks into their accounting and reporting systems to continuously monitor their sustainability impact and financial performance.

Keywords: Sustainability accounting, financial performance, Return on Asset, Net Interest Margin

Introduction

The financial performance of banks plays a crucial role in the economic stability and growth of emerging economies (Dagunduro et al., Oluwagbade et al., 2023). Financial performance is also important in increasing a company's market value (Maryam et al. 2021). This is mainly because shareholders are highly focused on a firm's financial performance, as it helps them make informed investment and financial choices to maximize their wealth. With the increase in globalization and increased complexity of the financial system in recent times, there is the need for careful and effective supervision of the banking sector (Menyi et al., 2024). This supervision is essential for ensuring that banks act ethically, safeguard customer interests, and make a positive contribution to sustainable development objectives. Commercial banks in Cameroon operate within a tightly regulated environment primarily under the jurisdiction of COBAC (Commission Bancaire de l'Afrique Centrale), BEAC (Banque des Etats de l'Afrique Centrale), national Financial Institutions Acts including the OHADA Uniform Acts (accounting laws and corporate law), BASEL III regulations, applied with varying degrees of localization, environmental and social regulations imposed indirectly through financial sector reforms (ESG related prudential norms, climate risk disclosures under sustainable finance taxonomies). These institutions set prudential regulations, accounting standards and guidelines for risk management, liquidity, solvency, internal controls and governance. Sustainability accounting in commercial banks involves incorporating environmental, economic and social factors into financial reporting and decision making (Adur et al., 2023).

Sustainability accounting, according to Global Reporting Initiative (GRI) 2013, is the practice of measurement, disclosure and accountability efforts of an organization's performance in achieving sustainable development goals to both internal and external stakeholders. Sustainability accounting involves the disclosure of Environmental, Economic and Social (EES) factors and its impact on financial performance

The incorporation of Sustainability Accounting (SA) practices within the banking industry has attracted considerable global interest, as these practices are thought to enhance both the long-term viability of banks and environmental health. Nevertheless, in Cameroon, the embrace of SA

practices by commercial banks continues to be limited. Despite the growing banking population in Cameroon, traditional financial service providers, like commercial banks, face significant challenges due to intense competition from credit unions, microfinance institutions, and telecommunication firms offering tailored financial services. The recent entry of churches into financial services poses an additional threat as they attract customer deposits away from banks. This competition strains commercial banks, risking their capital sources and liquidity, ultimately affecting their profitability and financial performance. As they grapple with these challenges, it remains uncertain whether they can enhance their results through non-financial reporting while maintaining their market position (Dagunduro et al., 2024).

The banking sector in Cameroon plays a vital role in promoting economic growth and development but the sector's financial performance measured using Return on Asset (ROA) and Net Interest Margin (NIM) (Bui et al., 2024), have seen significant changes over the years with ROA having dropped from 1.32% in the year 2000 to 1.1% in 2019, while Net Interest Margin dropped from 3.9% in the year 2000 to 3.13 in 2019 (World Bank, 2020). With the banking sector facing challenges in improving its financial performance metrics, specifically ROA and NIM, and also putting efforts to enhance operational efficiency, reduce costs and increase revenue, many banks are struggling to achieve satisfactory level of ROA and NIM. Empirical studies assessing the impact of sustainability accounting on financial performance of commercial banks in Cameroon are scarce. This study sought to fill this research gap by empirically measuring the impact of sustainability accounting disclosures on key financial indicators such as Return on Asset and Net interest Margin. It focuses on how sustainability accounting related disclosures influences financial performance. This research contributes to the understanding of sustainability accounting as a tool for enhancing financial outcomes and provides insights for policy makers, regulators, and bank managers in Cameroon.

Literature review

Conceptual Review

Sustainability accounting

Ozili (2021) defined sustainability accounting as that branch of accounting that requires organizations to pay attention to environmental, social, and governance matters by disclosing non-financial information about the organisation. Sustainability accounting is defined as the process of collecting, analyzing, and reporting information related to an organization's environmental, social, and governance (ESG) performance, alongside traditional financial data, to inform stakeholder decision-making and promote transparency (GRI, 2021). Sustainability accounting refers to the

deliberate choice made by corporations to reveal and convey their economic, social, environmental, and corporate governance objectives, along with the organization's approach towards disclosing them (Zobolotnyy & Wasilewski, 2019). Sustainability accounting is the practice of integrating non-financial sustainability indicators into corporate reports, allowing stakeholders to assess an organization's contributions to sustainable development and its management of ESG risks (KPMG, 2022). It contributes to integrate reporting by linking financial and non-financial information, showing how organizations create value over time through environmental stewardship, social responsibility, and governance practices (IIRC, 2021). It is also a strategic management tool that supports internal decision-making by providing data on ecological footprint, social impacts, and ethical practices, facilitating the pursuit of long-term sustainable goals (van Zyl, 2023). Sustainability accounting is the systematic process of disclosing material sustainability-related risks and opportunities that could affect enterprise value, in accordance with emerging global sustainability disclosure standards (IFRS Foundation, 2023). Almansoori and Nobanee (2019) define sustainability accounting as the collection of necessary data pertaining to the social, economic, governance performance, and environmental aspects of banking management.

From the above definitions, Sustainability Accounting is summarily considered as a specialized area of accounting focused on the systematic gathering, analysis, and reporting of non-financial information concerning economic, environmental and social disclosures, alongside conventional financial data. This practice allows organizations to openly communicate their sustainability efforts and goals, support stakeholder decision-making, and incorporate these findings into corporate reports to illustrate long-term value creation and the management of sustainability-related risks and opportunities.

Financial Performance

Dagunduro et al. (2024) explain that financial performance pertains to an organization's economic viability and sustainability, evaluating its ability to transform economic resources into value-added outputs while remaining solvent and maintaining a competitive edge over the long term. Odugbemi et al., (2022) defined financial performance as the broad measurement of a company's economic well-being and overall financial health over a period of time. Dada et al. (2023) define financial performance as the outcome of an entity's financial activities during a specific period, reported in accordance with International Financial Reporting Standards (IFRS), which serves as a foundation for stakeholder comparability and decision-making. Financial performance can summarily be seen as the

achievement of a company in terms of revenue generation, profit-making, and wealth maximization (Dagunduro et al., 2022). It is measured by market-based indicators such as stock price, earnings per share (EPS), price-to-earnings ratio (P/E), and market capitalization, reflecting how the market perceives the firm's financial health and prospects (Awotomilusi et al., 2025). Aluko et al. (2022) define financial performance as an organization's capacity to efficiently utilize its assets to generate revenue and profit, as evidenced by financial statements like the income statement, balance sheet, and cash flow statement. It assesses profitability, liquidity, leverage, and efficiency through key ratios such as return on assets (ROA), return on equity (ROE), and net profit margin. Adewara et al. (2023) describe financial performance as a measure of a company's ability to yield returns for investors, whether through dividends, capital gains, or increases in share price, evaluating the firm's potential to build shareholder wealth over time. Asubiojo et al. (2023) holds that, financial performance includes achieving strategic financial objectives such as revenue growth, cost management, asset utilization, and profitability. It acts as a feedback mechanism for evaluating operational efficiency and the effectiveness of strategies (Raji & Dagunduro, 2024; Oluwagbade et al., 2023). Awotomilusi et al. (2023) characterize financial performance as the ability of a borrower to fulfill financial obligations using internal cash flows, assessed through liquidity, solvency, profitability, and coverage ratios.

Sustainability Accounting and financial performance

Sustainability accounting integrates economic, social and environmental factors into traditional financial accounting. Its aim is to provide a comprehensive view of an organisation's performance, reflecting its impact on the society, environment and financial metrics. A growing body of knowledge suggests a positive relationship between sustainability practices and financial performance of commercial banks (Awadzie et al., 2022; Hamad & Osman, 2025). Some of the contributing factors that are often cited are enhanced reputation, improved risk management and increased customer loyalty (Awadzie et al., 2022; Rarang, 2023).

Rarang (2023), explore the relationship between sustainability reporting and financial performance of selected universal and commercial banks in the Philippines for 2017, utilizing the Global Reporting Initiatives (GRI) guidelines to assess sustainability disclosures, which include governance, economic, environmental, and social aspects. Financial performance is evaluated through return on equity (ROE), return on assets (ROA), and net interest margin (NIM). Employing a correlational research design, the study found a significant positive relationship between sustainability reporting disclosure and ROE, but no significant correlations

with ROA or NIM. The findings suggest the need for regulators to establish standardized reporting frameworks and penalties for non-compliance. Further research is recommended to aid business leaders in decision-making.
Jasim (2025) examined the impact of sustainability accounting on the financial performance of Iraqi banks, focusing on how ESG-related disclosures affect return on assets (ROA). Using an ex-post facto research design, the study analyzed data from 10 selected banks over the years 2015 to 2024, employing panel regression to combine cross-sectional and time-series data. The findings revealed a positive and significant relationship between sustainability accounting initiatives, including environmental, social, and governance factors, and ROA. This suggests that banks investing in sustainable practices are likely to enhance profitability. The study recommends that Iraqi banks integrate ESG frameworks into their accounting systems to better assess sustainability impacts and financial performance.

Ramesh & Amitava (2025) studied the influence of Environmental, Social, and Governance (ESG) practices on the performance of Indian banks, focusing on market and operational metrics. Analyzing data from 28 banks (12 public and 16 private) between 2021 and 2023, the researchers employed multiple regression models and robust generalized least squares (GLS) estimation, using Tobin's Q (TQ) and Return on Assets (ROA) as dependent variables. The results indicate that current ESG activities significantly impact financial performance, while the effects of past ESG efforts diminish over time. Furthermore, private banks demonstrated greater initiative in ESG implementation compared to public banks. This study provides insights into sustainable banking practices in India, particularly following the Reserve Bank of India's 2020 mandatory ESG disclosure circular.

Eriqat et al., (2025) explored the effect of corporate governance on the financial performance of banks in the MENA region, analysing a sample of 37 banks listed in Jordan, Palestine, Qatar, and Kuwait from 2016 to 2020. Using static panel estimation methods, the study finds that board size, CEO duality, and transparency positively influence banks' financial performance. Conversely, the presence of women directors on the board and insider ownership negatively affects financial performance. The results support a multi-theory perspective on corporate governance and provide insights for managers, regulators, and policymakers to enhance bank performance through effective governance practices.

Theoretical review and development of hypothesis

This study is grounded in stakeholder and legitimacy theory. Introduced by Freeman (1984), stakeholder theory emphasizes that organizations must consider all stakeholders - customers, employees, and

communities - beyond just shareholders (Dagunduro et al., 2022). Sustainability accounting enhances this accountability, fostering stakeholder relationships, mitigating risks, and improving financial performance (Boluwaji et al., 2024). It aligns with the need to engage stakeholders effectively (Dagunduro et al., 2024). Firms have a duty to create value for all stakeholders (Nnadi & Mutyaba, 2023; Ferrell et al., 2010). Engaging in sustainability accounting is crucial for managing and disclosing sustainability strategies (McElroy & van Engelen, 2012), promoting the maximization of sustainability value (Martirosyan & Vashakmadze, 2013).

Legitimacy theory, developed by Pfeffer and Dowling (1975), posits that organizations must legitimize their existence to society to survive. Sustainability accounting facilitates this legitimacy by aligning disclosures with community expectations. The theory, based on a 'social contract' (Deegan, 2002), suggests that companies must operate within societal norms to be perceived as legitimate. By using disclosure strategies, organizations can shape perceptions and ensure they meet ethical standards. If they fail to justify sustainable practices, it may result in reduced consumer demand and regulatory penalties (Deegan, 2014). Ultimately, businesses must consider the rights of the broader community, not just investors.

According to the stakeholder theory, the primary objective of a bank's sustainability accounting is to enhance information availability as part of its accountability to stakeholders. This responsibility, as outlined by Legitimacy theory, stems from the social contract which requires that a bank's activities be deemed legitimate by external parties. Sustainability accounting measures the extent to which stakeholders, economic systems at local, national and global levels are affected by organization's activities. Sustainability accounting consists of economic, social and environmental aspects. Most of the studies (Bui et al., 2024; Raveena & Deergha, 2014; Caesaria & Basuki, 2017; Nnamani et al., 2017; Aggarwal 2013;AI-Hasnawi, 2024;Amrigan et al., 2023; Othman & Mo'taz, 2019) concluded that sustainability accounting disclosure led to an improvement in the organization's financial performance by improving confidence of potential investors and creditors, thereby enhancing the image of the organization. Based on the literature review and study objectives, the hypothesis h for this study is as follows:

H_0: Sustainability accounting has no significant effect on the financial performance of commercial banks in Cameroon.

Methodology

Definitions and Operationalisation of Variables

The independent variable measures were built on measurements published by the Global Reporting Initiative (GRI) as shown on the table 1:

Table 1: Economic Sustainability Accounting Indicators

Variables	Selected Indicators	Operationalisation (Content Analysis)	References
Economic sustainability accounting	(EC1)	Customers in terms of monetary flow measured by its net sales	GRI, (2013); Bui et al., (2024); Natasha & Putu, (2020); Othman & Mo'taz, (2019).
	(EC2)	Suppliers broken down in terms of the total purchases in the reporting period	
	(EC3)	Obligations relating to payroll, defined benefit plans and different retirement programs: (Employees benefit plans, that is, pension contribution, retirement plans).	
	(EC4)	Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed. This includes all forms of debt and borrowings, not only long-term debt	

Source: Extracted from GRI, standards 2013

Table 2: Environmental Sustainability Accounting Indicators

Variables	Selected Indicators	Operationalisation (Content Analysis)	References
Environmental sustainability accounting	(EN1)	Materials used according to volume or weight: (non-renewable materials used, renewable materials used, recycling, waste management system).	GRI, (2013); Bui et al., (2024); Natasha & Putu, (2020); Othman & Mo'taz, (2019).
	(EN2)	Energy: (Energy saving initiatives for energy renewable energy, consumption,). Or report on electricity	
	(EN3)	Water: (Water saving initiatives; water and noise pollution; recycling water; compensation for air,).	
	(EN4)	Significant environmental impacts of principal products and services	

Source: Extracted from GRI, standards 2013

Table 3: Social Sustainability Accounting Indicators

Variables	Selected Indicators	Operationalisation (Content Analysis)	References
	(SO1)	Employment: Break down of work	

Social sustainability accounting		force where possible by regions, employment type (full time or part time)	GRI, (2013); Bui et al., (2024); Natasha & Putu, (2020); Othman & Mo'taz, (2019).
	(SO2)	Human Right: (orientation, gender, marital status bias No age, religion)	
	(SO3)	Education and training – average hours of training of each category of employee	
	(SO4)	Advertisement – description of policies, procedures/management systems, and compliance mechanisms for adherence to standards and voluntary codes related to advertising	

Source: Extracted from GRI, standards 2013

Table 4: Dependent variables

Variable	Aspect	Measures
ROA	Return on Asset	$\frac{Net\ Income}{Total\ Assets}$
NIM	Net Income Margin	$\frac{Net\ Interest\ Income}{Total\ Interest\ Earning\ Assets}$

Table 5: Control Variables

Variable	Aspect	Measures
NPL	Non-performing loan	$\frac{Non-performing\ loans}{Total\ loans}$
DAR	Debt to Asset ratio	$\frac{Total\ Equity}{Total\ Assets}$
SIZE	Size	$Total\ income$

This study, uses the 4th version of GRI guidelines which were obtained in 2013. There are a total of 91 items that must be disclosed out of which 9 items are economic sustainability accounting measures, 34 items of social sustainability accounting measures and 48 items of sustainability accounting measures. These three variables in the sustainability report were measured through the Sustainability Disclosure Index (SDI). The calculation is carried out utilizing a dummy, which is assigned a value of 1 if an item is disclosed and 0 if it remains undisclosed. If the bank does not disclose the item of sustainability disclosure because it does not occur in the bank, it will be given the code N/A. Once all items in the sustainability report have been scored, the scores are aggregated to derive the bank's total score. The SDI calculation formula for each dimension of the sustainability accounting is:

$$SDI = \frac{The\ amount\ of\ items\ disclosed}{The\ amount\ of\ items\ must\ be\ disclosed} \text{ or } \frac{Yes}{Yes+No}$$

SDI calculation formula for each aspect of sustainability accounting which contains economic disclosure (EcDI), environmental disclosure (EnDI) and social disclosure (SoDI):

$$EcDI = V_{ECDI}/M_{EC};$$
$$EnDI = V_{ENDI}/M_{EN};$$
$$SoDI = V_{SODI}/M_{SO}$$

V is number of items disclosed of every aspect, and M is number of items stated in GRI. Data collection procedures used are documentation and literature study.

The tables above show the measurability of independent variables which include economic sustainability accounting disclosures (Economic disclosure index), environmental sustainability accounting disclosures (Environmental disclosure) and social sustainability accounting disclosures (Social disclosure index) which have been adopted based on measurements published by Global Reporting Initiative (GRI, 2002)

Sources of Data and instruments

Secondary data were obtained from the audited financial statements of commercial banks in Cameroon which form the main source of data used in the study. The secondary data specifically relates to both the dependent and independent variables. Secondary data for the dependent variable financial performance as proxy by Return on Asset (ROA) and Net Interest Margin (NIM) were generated from audited statements of comprehensive income and statement of financial position obtained from the directorate of taxation Cameroon. Data for the independent variables economic sustainability accounting, social sustainability accounting and environmental sustainability accounting were gotten same from the audited financial statements by using the Global Reporting Initiative (GRI, checklist 2021) which empirically has been adopted by Ramesh & Amitava (2025), Bui et al., (2024, Nathasha & Putu, (2020).

Model specification and instruments of data analysis

To examine the impact of sustainability accounting disclosures on the financial performance of commercial banks in Cameroon, the following models was developed.

$$ROA_{it} = \beta_0 + \beta_1 EcDi_{it} + \beta_2 SoDi_{it} + \beta_3 EnDi_{it} + \beta_4 DAR_{it} + \beta_5 NPL_{it} + \beta_6 SIZE_{it} + \varepsilon_{it} \quad \ldots\ldots\ldots 1$$

$$NIM_{it} = \beta_0 + \beta_1 EcDi_{it} + \beta_2 SoDi_{it} + \beta_3 EnDi_{it} + \beta_4 DAR_{it} + \beta_5 NPL_{it} + \beta_6 SIZE_{it} + \varepsilon_{it} \quad \ldots\ldots\ldots 2$$

Where, ROA_{it} = represents Return on Assets of Commercial banks, i = entity, t= time, $EcDi_{it}$ = Economic sustainability disclosure, $SoDi_{it}$ = Social sustainability disclosure, $EnDi_{it}$ = Environmental sustainability disclosure, DAR_{it} = Debt to Asset ratio of the banks, NPL_{it} = Non-Performing loans of the banks, $SIZE_{it}$ = level of income of the banks, βo is the constant term, β_1, β_2, β_3, and β_4 = Beta Coefficients, Ɛ = Error term. The dependent variables are ROA and NIM while the independent variables are Economic sustainability accounting (Economic disclosures), Social sustainability accounting (social disclosures) and Environmental sustainability accounting (Environmental disclosures). Control variables are Non-Performing loans, debt to asset ratio and size of the banks

Data analysis and hypothesis testing

Descriptive statistics

Table 6: Descriptive Statistics

Name	Mean	Median	Standard deviation	Excess kurtosis	Skewness
ROA	0.052	0.107	0.405	0.285	1.945
NIM	0.028	0.212	0.373	0.897	1.565
EcDi	0.189	0.716	0.721	0.201	1.825
EnDi	0.125	0.016	0.751	0.914	1.707
SoDi	0.261	0.226	0.791	0.126	1.212
DAR	0.208	0.509	0.132	0.424	1.754
BSIZE	0.416	0.163	0.138	0.658	1.202
NPL	0.623	0.213	1.607	0.555	1.416

Source: Author's computation using E-views (2025)

Table 6 shows a mean value of 0.052 and 0.028 for return on assets and net interest margin respectively. The Table 6 standard deviation indicates acceptable variation from the mean and also acceptable heterogeneity in the data collection. The normality test values for all variables met the test of normality as all the critical ratios of both kurtosis and skewness fell within the bench mark of -1 to +1, and -2 to +2 for both skewness and kurtosis respectively (Hair et al, 2022: p66)

Model 1: Effect of sustainability accounting on Return on Asset

Table 7: Effect of sustainability accounting on Return on asset

Fixed effect

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.057554	0.012888	4.465704	0.0000
EcDi	0.032222	0.006677	4.825819	0.0000
SoDi	0.033452	0.009501	3.520892	0.0000
EnDi	0.035455	0.014733	2.402914	0.0000
DAR	0.036987	0.016472	2.245447	0.0000

NPL	0.038878	0.017422	2.231546	0.0000
SIZE	0.038899	0.016811	2.313902	0.0000

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.443928	Mean dependent var	0.024611
Adjusted R-squared	0.383674	S.D. dependent var	0.045012
S.E. of regression	0.037911	Akaike info criterion	-3.641361
Sum squared resid	0.298822	Schwarz criterion	-3.426084
Log likelihood	416.3677	Hannan-Quinn criter.	-3.554359
F-statistic	17.55445	Durbin-Watson stat	1.843023
Prob(F-statistic)	0.000000		

Hausman test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	8.721304	1	0.0122

Source: Author's computation (2025) E-View output extracted from Appendix

To enable the study, chose between the fixed effect model and the random effect model, a Hausman test is conducted with the comparable results placed in appendix A. The result of the Hausman correlation test in table 7 shows a cross sectional random probability value of 0.0122 with a Chi-square statistic of 8.721304 which is significant, thus informing the study decision to choose the fixed effect model, given that there's proof that variations in the explained variable are accounted for by the explanatory variable sustainability accounting.

The fixed effect result, in table 7, presents the regression result on the effect of sustainability accounting on return on asset. From the model summary table above, the following information can be extracted. The R^2 which measures the level of variation of the dependent variable caused by the independent variables stood at 0.443928. The R^2, otherwise known as the coefficient of determination shows the per cent of the total variation of the dependent variable that can be explained by the independent or explanatory variable sustainability accounting. Thus, the R^2 value of approximately 0.444 indicates that 44 per cent of the variation in the ROA of banks can be explained by a variation in auditor's independence sustainability accounting while the remaining 56 per cent could be accounted for by other factors not included in this model. The adjusted R^2 of approximately 0.384 indicates that if other factors are considered in the model, this result will deviate from it by only 0.060 (i.e., 0.444 – 0.384). This result shows that there will be a further

deviation of the variation caused by the independent factors to be included by 0.060 (6 per cent).

Fisher's statistics 17.55445 at a probability value of 0.000 means the model as a whole is statistically significant at 5per cent level (P = 0.000 < 0.05). This implied that sustainability accounting does have a significant effect on return on assets. To test for autocorrelation, the Durbin Watson statistics value of 1.843023 falls within the acceptable range of 1.50 to 2.5 meaning there exist no autocorrelation.

Model 2: Effect of Sustainability Accounting on Net Interest Margin

Table 8: Effect of sustainability accounting on net interest margin

Fixed effect

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.047077	0.009700	4.853127	0.0000
EcDi	0.035161	0.014104	2.492981	0.0123
SoDi	0.056174	0.024524	2.290572	0.0168
EnDi	0.033323	0.011987	2.779928	0.0027
DAR	0.036167	0.015109	2.393765	0.0122
NPL	0.048444	0.022289	2.173449	0.0232
SIZE	0.046167	0.015109	3.055596	0.0011
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.324754	Mean dependent var		0.024677
Adjusted R-squared	0.265987	S.D. dependent var		0.045021
S.E. of regression	0.037985	Akaike info criterion		-3.641316
Sum squared resid	0.298877	Schwarz criterion		-3.426048
Log likelihood	416.3655	Hannan-Quinn criter.		-3.554395
F-statistic	16.84311	Durbin-Watson stat		1.930324
Prob(F-statistic)	0.000000			
Hausman test				
Test Summary		Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random		7.233442	1	0.0327

Source: Author's computation (2025) E-View output extracted from Appendix

To enable the study chose between the fixed effect model and the random effect model, a Hausman test is conducted with the comparable results placed in appendix A. The result of the Hausman correlation test in

table 8 shows a cross sectional random probability value of 0.0327 with a Chi-square statistic of 7.233442 which is significant thus informs the study decision to choose the fixed effect model, given that there's proof that variations in the explained variable are accounted for by the explanatory variable sustainability accounting.

The fixed effect result, in table 8, presents the regression result on the effect of sustainability accounting on net interest margin. From the model summary table above, the following information can be extracted. The R^2 which measures the level of variation of the dependent variable caused by the independent variables stood at 0.324754. The R^2 otherwise known as the coefficient of determination shows the per cent of the total variation of the dependent variable that can be explained by the independent or explanatory variable sustainability accounting. Thus, the R^2 value of approximately 0.325 indicates that 32.5 per cent of the variation in the ROA of banks can be explained by a variation in auditor's independence sustainability accounting while the remaining 67.5 per cent could be accounted for by other factors not included in this model. The adjusted R^2 of approximately 0.266 indicates that if other factors are considered in the model, this result will deviate from it by only 0.059 (i.e., 0.325 – 0.266). This result shows that there will be a further deviation of the variation caused by the independent factors to be included by 0.059 (5.9 per cent).

Fisher's statistics 16.84311 at a probability value of 0.000 means the model as a whole is statistically significant at 5per cent level ($P = 0.000 < 0.05$). This implied that sustainability accounting does have a significant effect on net interest margin. To test for autocorrelation, the Durbin Watson statistics value of 1.930324 falls within the acceptable range of 1.50 to 2.5 meaning there exist no autocorrelation.

Test of Hypotheses

Effect of sustainability accounting on return on assets and net interest margin banks Hypothesis 1a

H_0: Sustainability accounting has no significant effect on return on assets of banks in Cameroon.

H_A: Sustainability accounting has a significant effect on return on assets of banks in Cameroon.

Table 9: Sustainability accounting and ROA

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.057554	0.012888	4.465704	0.0000
EcDi	0.032222	0.006677	4.825819	0.0000
SoDi	0.033452	0.009501	3.520892	0.0000
EnDi	0.035455	0.014733	2.402914	0.0000

DAR	0.036987	0.016472	2.245447	0.0000
NPL	0.038878	0.017422	2.231546	0.0000
SIZE	0.038899	0.016811	2.313902	0.0000

Source: Extracted from table 7 above

Results in table 9 indicate that the t-statistic for dependent and control variables of EcDi = 4.8258, SoDi = 3.5209, EnDi = 2.4029, DAR = 2.2454, NPL = 2.2315 and SIZE = 2.314 is statistically significant at 5per cent level (P = 0.0000 < 0.05). This result signifies that the null hypothesis (H_O) is rejected and the alternate (H_A) is accepted and therefore concluded that sustainability accounting has a significant effect on return on assets of banks in Cameroon.

Hypothesis 1b

H_0: Sustainability accounting has no significant effect on net interest margin of banks in Cameroon.

H_A: Sustainability accounting has a significant effect on net interest margin of banks in Cameroon.

Table 10: Sustainability accounting and NIM

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.047077	0.009700	4.853127	0.0000
EcDi	0.035161	0.014104	2.492981	0.0123
SoDi	0.056174	0.024524	2.290572	0.0168
EnDi	0.033323	0.011987	2.779928	0.0027
DAR	0.036167	0.015109	2.393765	0.0122
NPL	0.048444	0.022289	2.173449	0.0232
SIZE	0.046167	0.015109	3.055596	0.0011

Source: Extracted from table 8

Results in table 10 indicate that the t-statistic for EcDi = 2.4929, SoDi = 2.2906, EnDi = 2.7799, DAR = 2.3938, NPL = 2.1734 and SIZE = 3.0556 is statistically significant at 5per cent level (P = 0.0123, 0.0168, 0.0027, 0.0122, 0.0232, 0.0011 < 0.05). This result signifies that the null hypothesis (H_O) is rejected and the alternate (H_A) is accepted and it is concluded that sustainability accounting has a significant effect on net interest margin of banks in Cameroon.

The analysis of the effects of sustainability accounting and financial performance (ROA and NIM) revealed positive and significant impacts, consistent with findings from previous studies (Jasim, 2025; Bui et al., 2024; Raveena & Deergha, 2014; Caesaria & Basuki, 2017; nnamani et al., 2017; Aggarwal 2013;AI-Hasnawi, 2024;Amrigan et al., 2023; Othman & Mo'taz,

2019). The research hypothesis, which posited that sustainability accounting positively and significantly influences financial performance , is supported by sufficient evidence. Disclosing sustainability accounting enhances the organization's financial performance by boosting the confidence of potential investors and creditors, thereby improving the company's image.

Conclusion

The study's findings indicate that sustainability accounting significantly impact the financial performance of banks in Cameroon. Economic dimensions tend to attract more investment, as investors are more likely to allocate their capital to companies engaging in such disclosures, thereby enhancing financial performance. The research shows that sustainability accounting in economic, environmental and social aspects positively affect the financial performance of commercial banks from 2018 to 2023. This aligns with stakeholder theory, which views the disclosure of financial, social, and environmental information as a dialogue between companies and stakeholders, aimed at satisfying information needs to improve company performance and achieve anticipated profits.

Overall, the results confirm that EcDi has a significant positive coefficient and this indicates that economic disclosures are associated with substantial improvements in performance metrics. This highlights the need for clear and open financial reporting. Also, SoDi has a positive and significant effect and this suggests that social responsibility initiatives play a crucial role in enhancing financial performance. As such, tyey highlight the impact of corporate social responsibility. EnDi contributes positively to performance, reinforcing the notion that environmental initiatives are vital for financial success. DAR has a positive relationship indicating that higher leverage may be associated with improved performance, suggesting that banks can effectively utilize debt to enhance returns. NPL shows that an increase in non-performing loans correlates positively with the dependent variable (ROA and NIM), which may imply that banks with better overall performance can better absorb the impact of NPLs.

To conclude, these findings suggest that banks focusing on economic, social, and environmental disclosures, while managing their asset structures effectively, are likely to see improvements in financial performance. The statistical significance of all variables reinforces the importance of integrating sustainability accounting into banking practices to drive positive outcomes. This will only add value to the banking operations of those financial institutions, given the competition entertained from most informal financial houses.

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