



ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM

ASSESSMENT OF THE DEPOSIT MOBILIZATION PRACTICES
THE CASE OF BANK OF ABYSSINIA S.C

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ADDIS ABABA, ETHIOPIA

**ASSESSMENT OF THE DEPOSIT MOBILIZATION PRACTICE: THE
CASE OF BANK OF ABYSSINIA S.C**

**BY
ANDENET MEGERSA**

**A THESIS SUBMITTED TO ST. MARY UNIVERSITY, SCHOOL OF
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DECLARATION

I the undersigned, declare that this thesis is my original work which was prepared under the guidance of AsmamawGetie (Asst. Prof.). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor

Signature

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LIST OF ACRONYMS

BOA	Bank of Abyssinia
CBE	Commercial Bank of Ethiopia
NBE	National Bank of Ethiopia
RM	Relationship Managers
BM	Branch Managers
CSO	Customer Service Officer
CSM	Customer Service Manager
ATM	Automated Teller Machine
POS	Point of sale

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ABSTRACT

This study intends to assess the deposit mobilization practice in the case of Bank of Abyssinia S.C. Descriptive analysis techniques approach was adopted for the study. Employees having more experience in city branches and head office were selected for data collection. The research has used 100 questionnaires for employees of BOA and structured interview discussion for the management of Bank of Abyssinia Share Company. The population size of the study is 504 clerical staffs of BOA those in Addis Ababa and Sampling method of the primary data is stratified random sampling, and reviewed five year annual report of Bank of Abyssinia S.C. Excel software was used to analyze the questionnaires and describe the result. The study identifies that BOA is registering a continuous deposit growth for the last few years. From three major types of deposit saving deposit accounts more than half of BOA's total deposit. The findings of the study show that BOA is operating in a dynamic and highly competitive environment, doesn't offer different products to its customers, the bank tries to adopt quality customer service, aggressively promoting its service, sales officers are effective by increasing account number, government law and regulation is the challenge to mobilize deposit. Finally bank of Abyssinia were recommended to provide excellent customer service, evaluate the existing products and develop new product types which customized to the needs of different target groups, to make efforts and awareness creation campaigns to have well informed society, use advanced technology, increase its branch number, to arrange and apply incentive program for new depositors and the bank must be focused in doing with exporters and foreign banking agents to have enough foreign currencies which attracts potential depositors.

Key words: branch expansion, deposit mobilization, service quality,

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Economic growth is the common goal of all nations. Everybody lives with more comfortable, better standard of living than before and holding a better welfare because of the surge in economic growth. Government in each country aims to reduce poverty and increase the level of national income. Therefore, to achieve the main target of economic growth, governments may implement various kinds of policies such as encouraging saving, stimulating investment and production in their countries (Pinchawawee, 2011).

Mobilizing deposits is one of the essential issues in developing countries as domestic funds provide cheap and reliable source of funds for development, which is of great value to these countries, especially when the economy has difficulty raising capital from international donors, investors and markets. Yet, in many developing countries, there is a considerable amount of savings that are not intermediated through the formal sector particularly there exist significant savings potential in the rural (and/or semi-urban) sector of many developing countries.

Selvaraj & Kumar (2015) State that, the success of the banking greatly lies on the deposit mobilization. Performances of the bank depend on deposits, as the deposits are normally considered as a cost effective source of working fund. Mobilization of rural savings is one of the important objectives of the Commercial Banks. It helps to expand banking operations. The successful functioning of commercial banks depends on the extent of funds mobilized. Deposits constitute a vital source of funds required for banking business. There are different types of deposits, with different maturity pattern carrying different rates of interests. Mobilization of deposits for a bank is as essential as oxygen for human being.

Compared to most countries, Ethiopia has taken a cautious approach toward the liberalization of its banking industry. For all intents and purposes, its industry is closed and generally less developed than its regional peers. The industry comprises one state-owned development bank and the financial giant dominant Commercial Bank of Ethiopia (CBE) which embarks on aggressive branch network expansion aimed at mobilization of deposit resources; continued amassing of foreign currency proceeds of import items channeled from China, channeling of savings made for the housing project in the capital city (though it also lends householders at a lower interest rate);

imposition of private banks to purchase NBE-Bills and the sum effect of the above and other factors enable the CBE secure competitive edge over private banks with assets accounting for more than 65 percent of the industry's total holdings. The banking industry's nonperforming loan ratio is commendably low, and profitability is good, but the dominance of public sector banking certainly restricts financial intermediation and economic growth. It contrasts with regional and international peer countries where banking industries have a much higher share of private sector and foreign participation (Dereje, 2017).

According to Nwankwo, (2013) savings mobilization and subsequent investment is the key to economic growth and development at the level of the national economy, high levels of savings increase the amount of national resources and decrease the need to resort to foreign indebtedness in order to cover domestic investment and consumption demand. Numerous countries with low internal savings rates must borrow from abroad, which results in a debt service burden. This clearly underlines the importance of saving mobilization to sustain economic growth with national financial resources (Kibebe, 2016).

According to NBE (2015/2016) Ethiopian financial sector has been resilient and continued to operate under safe and sound environment. Commercial banks have continued to expand their financial intermediation and remained highly profitable. With the opening of 494 new branches in a single year their total branch network increased to 3,187 from 2,693 a year earlier which resulted in improved access to finance. They have also stepped up their deposit mobilization, loan collection and disbursement. Accordingly, deposits depicted a 19.3 percent annual growth while loan collection rose 28.6 percent and new loan disbursement 16.6 percent during the review fiscal year. About 79 percent of the new loan disbursement went to finance was the private sector.

The main business for banks is accepting deposits and granting loans. The more the loans the banks disburse the more profit they make. Also, banks do not have a lot of their own money to give as loans. They depend on customer deposits to generate funds for granting loans to other customer. Therefore, this study is main aim is to assess the existing deposit mobilization practice of bank of Abyssinia and to what extent BOA is exercising deposit mobilization strategies and what tools and techniques are being practiced.

Background of the Company

The present-day Bank of Abyssinia was established on February 15, 1996 (90 years to the day after the first but defunct private bank was established in 1906 during Emperor Menelik II) in accordance with 1960 Ethiopian commercial code and the Licensing and Supervision of Banking Business Proclamation No. 84/1994.

BOA started its operation with an authorized and paid up capital of Birr 50 million, and Birr 17.8 million respectively, and with only 131 shareholders and 32 staff.

In about number years since its establishment Bank of Abyssinia has registered a significant growth in paid up capital and total asset. It also attracted many professional staff members, valuable shareholders and large customers from all walks of life. This performance indicates public confidence in the Bank and reliability and satisfaction in its services.

Currently, employing the state-of-art banking technology, the Bank provides excellence domestic, international and special banking services to its customers. It also strives to serve all economic and services sectors via its ever increasing branch networks throughout the country (BOA, 2016/2017).

Deposits of the Bank

The deposit mobilization efforts of the Bank showed encouraging results in the Fiscal Year 2016/17, thus, the total deposit mobilized has reached Birr 20.70 billion, registering an absolute growth of Birr 7.06 billion or 51.8% as compared to the total deposit balance of the previous Fiscal Year. Deposit growth has been observed in savings and demand deposits registering increase of Birr 3,110 billion (33.3%), and Birr 2,389.1 billion (70.2%), respectively. In addition, time deposit also increased by Birr 1,566.4 billion (178.6%) as compared to the preceding Fiscal Year (BOA, 2016/2017).

Apart from this, the number of deposit account holders of the Bank went up by 164,652(28.1%) and reached 750,387 from its position of 585,735 in June 2017. During the review period, the share of savings, demand and time deposits from total outstanding deposits stood at 60%, 28 % and 12%, respectively (BOA, 2016/2017).

1.2 Statement of the problem

Deposit has been globally acknowledged for their unique role as an engine of growth and development in any economy. Their intermediation role can be said to be a catalyst for economic growth and development as investment funds are mobilized from the surplus units in the economy and made available to the deficit units (Jonathan et al, 2013).

Deposit is one of the resources banks highly motivated to mobilize and the most liquid money that is found in the treasury of the bank and which is ready to be borrowed in need of the fund. Private Banks should mobilize enough deposit to disburse the loan request of the customer. Deposit mobilization is an integral part of banking activity. Mobilization of savings through intensive deposit collection has been regarded as the major task of banking in Ethiopia today (Samuel, 2015).

According to NBE (2016), In Ethiopia, while deposits have been growing rapidly, further mobilization is needed to satisfy the significant demand for financing. Policies that promote the expansion of bank branches, increase financial awareness, and diversify savings instruments will help boost savings. To promote savings, banks were being encouraged to expand their branch network and to develop better-targeted savings instruments (for example for homebuyers and Ethiopia's Diaspora). The NBE agreed with staff that higher interest rates (especially for time deposits) could also promote savings, though they saw greater impact from structural policies. The importance of savings in the development experience of Asian countries may be relevant in this regard (NBE, 2016)

Most importantly, all commercial banks have the needs to mobilize resources without any restrictions in Ethiopia. Deposit is one of the resources banks highly motivated to mobilize and the most liquid money that is found in the treasury of the bank and which is ready to be borrowed in need of the fund. A deposit of the bank may be affected by different factors. A deposit is most useful Liabilities of the bank and it is relevant to find out factors affecting the deposit of a bank and determine the relationship between them. However, most commercial banks were not successful in controlling and managing their deposit as they were not aware of the factors that can affect the deposit (Sisay, 2013).

To the researcher knowledge, no research of the same type has been done in the past at Bank of Abyssinia S.C. Hence, filling the knowledge gap, this study examines;

1. To identify the challenge of deposit mobilization in BOA.
2. What techniques are used BOA managing deposit mobilizations?

3. To examines the deposit mobilization practice of BOA.

1.3 Basic Research Questions;

In order to deal with the issue stated in the above problem statement, the following research questions were addressed:

- ✓ What deposit mobilization strategies and activities performed by the bank?
- ✓ Have the deposit mobilization techniques of the bank successful?
- ✓ What are the challenges of the bank to mobilize deposit?
- ✓ Which bank is the main competitor of the bank?

1.4 Objectives of the study

1.4.1 General objectives

The general objective of the study is to assessment the deposit mobilization practice of bank of Abyssinia.

1.4.2 Specific objectives:

The following were specific research objectives.

- To review the deposit mobilization activities performed by BOA.
- To evaluate the implemented techniques in managing deposit mobilization used by the bank.
- To assess the challenges BOA is facing with respect to deposit mobilization.

1.5 Significance of the study

This study is expected to be important in supporting the deposit mobilization practice of bank of Abyssinia S.C and help bank to design and implement effective deposit mobilization strategies. The findings of this study provide the clear understanding and awareness of deposit mobilization practice and activities for bank managers. This can also give a clue for future amendments of the existing strategies. Hence, relevant and appropriate policies, procedures and frameworks can be developed and implemented for effective deposit mobilization systems for Bank of Abyssinia.

Besides, the study also is helpful to researchers since it may serve as a stepping-stone for them when they want to address issues related to deposit mobilization.

1.6 Scope of the Study

This study was limited to the city branches and different departments of Bank of Abyssinia S.C. Other private banks were not included in the study due to budget and time constraints. Hence, the data was collect from city area branches and head office employees. The study was focused only on one of the area of finance which is the bank of Abyssinia deposit mobilization practices.

1.7 Limitation of the study

Although this study was completed successfully, there were practical difficulties. In its best, this research work should have extended to cover all the commercial banks in Ethiopia to collect facts however, the inadequacy of relevant data and compel the researcher to limit the study to only one commercial banks which is bank of Abyssinia. The main limitation of the study is other private banks would not include in the study due to budget and time constraints.

1.8 Organization of the study

The second chapter focuses on review of literatures in which previous studies were consulted. In this chapter general concepts and definitions, basic issues and empirical evidences and summary and knowledge gap related to deposit mobilization were discussed in detail. The major and results of previous studies will also present.

The third chapter, research design and Methodology, emphasizes on the design of the study and the methodologies used. In this chapter; source of data, data collection, sample size & sampling techniques and selection of study organizations are discussed.

The fourth chapter is devoted to data presentation, analysis and interpretation in which the collected primary and secondary data analyzed and organized in meaningful manner so as to meet the objectives of the study. The fifth and last chapter is concerned with summary, conclusion and recommendations. Here the findings of the study are summarized, conclusions clearly presented and recommendations are provided for the findings of study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Literature Review is prepared in two parts, the theoretical part and the empirical part. In the theoretical review part the theories that states about the commercial banks deposits and the variables that are claimed to affect it will be discussed. The empirical literature part discusses past studies that were conducted on the area of assessment commercial banks deposits.

2.1. Theoretical and Conceptual Literature Review

Financial sector mainly constitute financial markets and financial institutions. A financial market is a market in which financial assets (securities) such as stocks and bonds can be purchased or sold. Financial markets, thus, facilitate the flow of funds and thereby allow financing and investing by households, firms and government agencies (Madura, 2011). Examples include commodity markets, money markets and capital markets. Financial institutions (intermediaries) are institutions that provide financial services for their customers. They play an important role in the economy because they provide liquidity services, promote risk sharing and also solve information problems thereby allowing small savers and borrowers to benefit from the existence of financial markets.

Financial institutions can be divided into:

1. Depository institutions (e.g. commercial banks, savings institutions, credit unions) that obtain funds mainly through deposits from the public; and,
2. Non-depository institutions (e.g. finance companies, mutual funds, securities firms, insurance companies, pension funds) that finance their investment activities from the sale of securities or insurances.

Commercial banks are the most dominant depository institution. They serve investors by offering a wide variety of deposit accounts, and they transfer deposited funds to deficit units by providing direct loans or purchasing debt securities. Commercial banks serve both the private and public sectors, as their deposit and lending services are utilized by households, businesses, and government agencies.

2.1.1 The Role of Banks in Financial Systems

According to Jember (2014) financial sector is broad which consists of the banking sector and other financial institution (such as insurance corporations and pension funds, brokers, public exchange and securities markets etc), however in the context of African continent the banking industry carries the greater share of the financial system (Sheku, 2005). Most of the business

relies on banking sector as a source of financing. Banks have historically been viewed as playing role in financial markets for two reasons. One is that they perform a critical role in facilitating payments. Commercial banks, as well as other intermediaries, provide services in screening and monitoring borrowers; and by developing expertise as well as diversifying across many borrowers, banks reduce the costs of supplying credit (Katherine, 2004). Thus in their role as lenders, banks are often not merely buying someone's debt, rather they are providing significant financial services associated with extending credit to their customers and to the extent that investors want to hold banks liabilities, banks can fund borrowers directly. The main providers of additional financing are domestic commercial banks (Herald and Heiko, 2009). Commercial banks are joint stock financial institutions whose main aim is to make profit for their shareholders. They accept deposit and keep valuable items for their customers and make them available on demand. Commercial banks by accepting deposits provide safe keeping place for their customer's money and at the same time mobilize savings for development. The deposit is made up of three forms; demand, savings and time deposits.

2.1.2 Bank Services

According to Shemsu (2015), it is known that banks are service giving organizations and the service delivery can affect their business undertakings. Baqui et al (2007) stated that there is some empirical evidence demonstrating the positive influence of services rendered to depositors. Baqui further suggested two innovations to be tested to provide incentives to depositors:-

- ✓ Additional benefit like prize bounds could be given to depositors for maintaining deposits for particular period.
- ✓ As recommended by Nathan (2002), one category of deposits might be specifically tied to future loans. Bank customers might be encouraged to participate in a savings program that, for example, provides machinery or housing after a predetermined amount of savings has been accumulated.

According to Shemsu (2015), Services in the bank should be attractive enough for the depositors so as to mobilize deposits. If the banks could offer these services, the savers would be inclined to keep a part of their saving in the form of deposits.

The followings are services that Bhatt (2007) claims to use to mobilize deposits:-

- ✓ Door-to-door collection of small saving in the form of deposits.
- ✓ Offering land revenue or insurance premium: If the banks offer to pay land revenue or insurance premium out of the interest earned on deposits, some persons may be inclined to put deposits of such amounts as would earn enough interest to meet their land revenue or insurance premium liability. To attract deposits these types of services are worth providing.
- ✓ An investment service: Some savers have neither the inclination nor the time to select an appropriate portfolio of financial investment. Banks can select the portfolio of investments on their behalf, keep the securities in safe custody, collect Interest/dividend income and even fill income-tax forms; with such services offered, some savers would be inclined to keep their liquid funds in the form of deposits.
- ✓ Some persons like farmers get their incomes say once or twice in a year, while their expenditure is spread over the whole year. If banks could collect deposits from them at the harvesting season, and assure them regular withdrawals during the year, farmers may be inclined to keep deposits with the banks. This scheme would ensure safety of their funds, prudence in their management and certainty of regular monthly means to meet their current liabilities. In addition they would earn some interest. With a sympathetic and persuasive approach, farmers could be attracted to such a scheme.
- ✓ While giving loans to farmers and small sector, the banks could provide them with facility of purchases from recognized dealers instead of giving cash. In this case, the dealers could send the bills to the banks, which would debit the accounts of the loan receivers. Some banks have introduced agri-cards with such a purpose in mind. If such facilities are provided to others also, the customers would use bank money rather than currency for making payment and once they form this habit, they would be induced to keep their transaction balances in the form of deposits rather than in the form of currency.

According to Samuel (2015) these are some of the new deposit schemes which, if introduced, could raise the rate of saving as well as the rate of growth of bank deposits. To the extent to which the rate of saving is raised, the growth rate of the economy would be higher. To the

extent to which the deposit growth rate is raised, the community would have more effective control over the allocation of financial resources for Plan purposes (Bhatt, 2008).

2.1.3 Commercial Bank Deposit

Demand for savings services is diverse and robust. A small amount of savings in a secure place can provide resources to manage consumption needs, smooth irregular income, cover expenditures for health and education, or provide the capital necessary to invest in household assets or new tool sand operations that improve productivity and contribute to higher incomes. Savings also help to manage shocks through providing resources during times of crisis. In recent years the volume of demand and consumer preference for safe and convenient savings services has been increasingly acknowledged, outdating a previous, widely held view that the every one saves their money. (Ledgerwoodct, 2013).

In Ethiopia, traditionally customers of banks walk to the banking premises to deposit money. This method of savings mobilization is not able to mop up enough savings. In response to the problem of mobilizing enough savings, many banks have devised mechanisms of generating savings. Among the mechanisms for savings mobilization identified by bank's include, collecting the salary of any company for their employees, trying to reach to the public by increasing branch number, internet banking, the use of the agent banking, sending agents to economic zones to mobilize savings, among others. It is evident that the bank uses a number of mechanisms to mobilize savings.

2.1.4 Innovative Marketing Strategies towards Deposit Mobilization

According to Silvester (2011) the greatest challenge facing the banking industry in recent times is competition among the banks. All the commercial banks have similar products designed to attract the same customers. It is therefore imperative to adopt the best customer care services to attract and retain valuable customers.

The innovative marketing strategies currently used by commercial banks are the use of automated teller machines (ATM) to facilitate cash withdrawals, telephone banking, net working of bank branches to speed up credit deliveries and computerization of banks to encourage interbank transactions.

2.1.5 Saving Mobilization strategy

According to Kibebe (2016), financial institutions are actively pursuing innovations in areas such as mobile technology, information management, and agent distribution systems, which show promise of lowering the costs of servicing mass numbers of low-balance deposit accounts. Over the next several years the microfinance community will likely learn whether lowering transaction costs for both savers and providers not only increases access, but also facilitates greater and more effective use of savings accounts by poor people (Martin, 2013)

2.1.6 Importance of Deposit mobilization

2.1.6.1 Deposits as a Source of Fund for Loan

Herald and Heiko (2009) states deposits are the main source of banks to provide loan. This deposit is mainly provided by people as Mohammad and Mahdi (2010). However deposits can also be provided by business organizations, NGOs, government and so on.

Therefore, whether deposits are from individuals, businesses and government they are important financial source of banks.

2.1.6.2 Low cost

According to Kibebe (2016) the success of the banking greatly lies on the deposit mobilization. Performances of the bank depend on deposits, as the deposits are normally considered as a cost effective source of working fund. (Shettar & Sheshgiri, 2014)

2.1.6.3 A source of profit

According to Varman (2005) the ability of a bank's management and staff to attract checking and saving accounts from business and individuals is an important measure of the bank's acceptance by the public. Deposits provide most of the raw materials for bank loans and thus represent the ultimate source of bank profits and growth.

2.1.6.4 Economic Growth and Development

According to Ongore & Kusa (2013), In addition to resource allocation good bank performance rewards the shareholders with sufficient return for their investment. When there is return there shall be an investment which, in turn, brings about economic growth. On the other hand, poor banking performance has a negative repercussion on the economic growth and development. Poor performance can lead to runs, failures and crises. Banking crisis could entail financial crisis which in turn brings the economic meltdown.

2.1.7 Factors Affecting Banks Deposits

Deposit mobilization is not a simple task of banking activities. It depends up on various factors external to bank as well as bank specific (Desinga, 2005). External factors are the general economic environment of the region, the volume of business transaction of the region, the confidence of the people on the banking system, the banking habit of the people and the saving potential of the region. Even when exogenous factors are more conducive for deposit mobilization, banks may fail because factors related to bank specific factors. As (Desinga, 2005) did the researcher classify the variables which are claimed to have effect on the banks deposits into two, namely exogenous and endogenous factors.

2.1.7.1. Exogenous Factors

Exogenous factors subdivided in to two as country specific and bank specific factors.

2.1.7.1.1. Country specific factors

The past researcher has identified various country specific factors that have effect on the commercial bank's deposits from the literature. These are saving interest rate or deposit rate, inflation, Taxation, Government expenditure, number of customer, reserve requirement, population growth, Discount rate, Special deposit, per capita income of the society, **number** of bank branches and shocks. (Desinga,2005)

Interest rate

One of the most effective factors for deciding to deposit in banking system is the interest rate (Mohammad and Mahdi, 2010). Moreover, this article shows the impact of interest rate on the performance of the banking system to achieve the goals that are expected from the banking system. Herald and Heiko (2009) also mentioned interest as one of the determining factor for commercial banks deposits. Philip (2002), also states that the offering of attractive interest rate on bank deposits may be considered to have had a beneficial effect. Moreover, Mustafa and Sayera (2009) said that low deposit rates are discouraging saving mobilization. V. V. Bhatt (2001) said that the banking system is unlikely to be in a position to meet the demand for bank credit unless concerted policy is pursued to raise the rate of saving generally and the rate of saving in the form of deposits in particular. Interest rate in the banking system is held as investment cost from the investor's point of view and opportunity cost from the depositor's point of view (Mohammad and Mahdi, 2010). Thus, capital market forces balance interest rates.

In other words, the just and correct interest rate should be determined through market mechanism, that is, interest rate is balanced in supply and demand conditions in proportion with the inflation rate. Eustacius and David (2005) states that deposits are more interest rate sensitive and banks may choose to increase investments in interest rate sensitive assets and to decrease investments in loans. That is commercial bank deposits are interest rate sensitive, therefore as the interest rate changes the deposit of the commercial banks will change.

It is known that depositors bring money to the bank which the bank in turn lends it to borrowers. The gross earnings of the bank are determined by the volume and composition of loan able funds and the rates at which they are loaned. After losses and expenses of operation are deducted, the net earnings provide a margin out of which interest on deposits can be paid. Because of the competition for these funds among bankers who desire to loan them at a profit, a bank must pay interest or lose deposits to a competitor.

The payment of interest on deposits is explained in this wise, like any other interest rate. As to Erna and Ekki(2004), Economists, mainly conventional ones, believe that depositors are attracted to deposit their money in banks because of the opportunity cost of holding cash in hand is high when the interest rate is also high(Romer, 2001, p. 346; Athukorala and Sen., 2004, p. 498). This can easily be explained by the utility maximization (cost minimization) premise, as a depositor will choose an action that will maximize their welfare or satisfaction. As to Richard (2001), regulation of the commercial banking industry affects the returns which commercial banks realize on their deposits and capital. That is although deposits are the source for profit of banks it is influenced by regulation of the country. Accordingly, the higher profit rate on demand deposits is to a large extent the result of the prohibition against the payment of interest on these deposits. Therefore, depositors are motivated by returns. Using an Adaptive Expectation Model (AEM), it is founded that depositors are indeed motivated by returns in Malaysia (Erna and Ekki, 2004). On the other hand, Erna and Ekki (2004), states that Ghafur's (2003) shows that the rate of interest does not have influence on the volume of the deposits. However, Rose (2001) said that banks increase their deposits by offering higher deposit rate. These are the articles that contradict to each other in identifying the relationship between the commercial banks deposits and saving interest rates or deposit rate.

Inflation rate

It is a fall in the market value of money (purchasing power) as a result of persistent rise in prices. Real value of money declines resulting in benefit to debtors and loss to creditors (Brealey and

Myers 2003). From the monetarist point of view inflation is demand pull and an exogenous rise in money supply is the causality. In the short run an increase in money supply induces demand above supply of goods and services which causes prices to rise until the market adjusts to the equilibrium. The study undertaken by (Mohammad and Mahdi, 2010) showed that in Latin America the effect of inflation on saving and time deposit to GDP was significantly negative. In this case the classical belief is that, because bank assets and liabilities are expressed in monetary terms and because these assets will normally grow in line with growth in money supply, banks are relatively immune from the effects of inflation (Devinaga, 2010). In brief, monetary policy works by controlling the cost and availability of credit. During inflation, the Central bank can raise the cost of borrowing and reduce the credit creating capacity of banks. According to (Devinaga, 2010), this will make borrowing more costly than before and thereby the demand for funds will be reduced. Similarly with a reduction in their credit creating capacity, the banks will be more cautious in their lending policies. The banks demand for fund decreases obviously the deposits will decrease. High inflation rates reduce the real value of deposits; inflation technically did not decrease deposit; however it decreases the value of deposit (Baqui et al, 2007)

Taxation

Taxation is the main source of government revenue and the effectiveness of which rests on its ability to generate required revenue and support investment (Tanzi,2001). Taxation is often defined as “the levying of compulsory contributions by public authorities having tax jurisdiction, to defray the cost of their activities. Taxes are compulsory statutory payment made to government with no obvious and immediate benefit to the taxpayer but for the benefit of all. Hence, in the short run taxation reduces the deposit of the nation but in the long run if government uses the taxation properly to improve infrastructure facilities, it increases the deposit.

Number of Customer

The twin objectives of commercial banks, i.e. acquiring deposits and advancing credit cannot be attained without good banking habits of the people (Mahindra, 2005). Moreover Mahindra (2005) states that, the number of deposit accounts is more important because it ensures that the probability of account is more important because it ensures that the probability of account holders withdrawing cash at a time decreases as the number of deposit account, thereby creating advantage for banks in terms of increasing the size of the loan able fund. So the higher number of deposit accounts the greater is the advantage to banks. The number of customer deposit accounts depends

on the number of deposit account holders. Therefore to mobilize resource through customer deposit, the higher number of customer deposit accounts have greater advantage to banks.

Number of Bank Branches

As quoted by Desinaga Rasiah (2005), considered number of branches as one of the explanatory variables in their resource mobilization through customer deposit study. They found that the number of branches had a significant effect on Commercial Bank of Ethiopia deposit and also it can be captured by other variables such as the amount of deposit received or the amount of loan provided. Emery (2001), again as quoted by Desinaga Rasiah (2005), studied the relationship between the status of the branch categories namely unit branch, limited branch and state –wide branch. Using analysis of variance, Emery (2001) found that there was a significant difference in terms of returns among these three categories of branches. There is a relationship between Commercial Bank Ethiopia deposits and Commercial Bank Ethiopia branch expansion. Not only are deposits influenced by bank branches, but the expansion of bank branches is also influenced by the level of deposits in any area (Baqui et al, 2007). It is expected that banks make decisions on expanding their facilities by considering factors such as level of competition, deposit potential, regional income and existence of road and vehicles. As deposit potential is one thing that banks consider in expanding its branches, the deposit can also be a reason for branch expansion strategy that the banking sector uses. According to Erna and Ekki (2004), there is a long run relationship between commercial bank branch and commercial banks deposits.

Competitive Rivalry

Now a time Competition in the banking industry operates is fierce; the competitive advantage strategy would be that the bank would be able to compete on deposit mobilization. Differentiation would be viable strategy in this case as there is like hood that the loyal customer would stay with bank. It would also be hard for competitor to cope with the specialist. When bank inaugurated will strive to be the best and to deliver better and quality service through well trained and qualified workforce and win the competition through delivering better and quality service by well trained and qualified workforce and by using differentiation strategy. Banks should win this competition by providing excellent service for its customers to mobilize more resource and use their good will to attract its customers and for those that do not have good will it is recommended that Banks should build goodwill to be acceptable for the society and should win the public confidence Herald and Heiko (2009)

Reserve Requirements

Out of every deposit that commercial banks receive from depositors, a proportion is set aside in accordance with the central bank directives. This reserve neither forms part of the loan able funds nor earns interest and serves as a form of liability to the commercial banks. The central bank is the repository of reserve and uses it to facilitate interbank clearance as well as bailing out banks in time of crises. So the reserve requirements maintained by central banks deteriorated the deposit size of the commercial banks and negatively affect the deposit. (Richard Goode and Richard S. Thom, 1959) said that reserves that are fixed legally can influence the deposits that banks can hold. Reserve requirements also have the effect of limiting the reduction in bank credit and deposits that is forced up on the banking system by a primary decrease in deposits (NBE report 2016).

Discount Rates (prime rate)

Money supply and interest rates which determine deposits can be influenced by the discount rates at which central banks lend to commercial banks. Commercial banks borrow from the central banks when they are in need of excess reserves to buttress their reserve requirements to meet withdrawals and extend more loans. The rate at which central banks charge commercial banks is the discount rate (NBE report 2015).

Special deposit

This is the amount the Commercial Banks are required by law to keep with the Central Bank when the need arises. The Central Bank may reduce or increase it to regulate the money in circulation. When the special deposit is increased by the Central Bank, it reduces the money in circulation and hence, deposits mobilization (NBE report 2015).

Per capita income

According to (Johan, 2010), per capita is the level of GDP divided by the population of the country or region. Changes in real GDP per capita over time are often interpreted as a measure of changes in the average standards of living of a country. The relationship between income and deposit is positive, that is as income of the society increase the same happens for the commercial bank's deposit.

Shocks

Aggregate shocks affect deposits and interest rates during crises, regardless of bank fundamentals and investors' responsiveness to bank risk taking increases in the aftermath crises (Maria and Sergio, 2001). Therefore, given all other variables constant the shocks happened in the economy can affect the banks' deposits negatively.

2.1.7.1.2. Bank specific factors

Liquidity

Liquidity from the banks point of view is “the ability to meet its day to day withdrawals”. Banks by accepting short term deposits (liabilities) and lending them to borrowers by loan commitments (assets) have the obligation to keep part of the deposits to meet daily demands for money. Where the bank has enough cash to meet daily demand for money then it is liquid (Freixas *et. al.* 2008). This is not in any way a measure of soundness of the bank regarding its capital adequacy ratio. The soundness of the bank measured by the ratio of the banks paid up capital and accumulated reserves (adjusted capital) to total asset, less risk free assets plus off balance sheet assets. A bank can be liquid but not necessarily solvent (Basel II). Households and firms who are the bank main depositors are also affected by the concept of liquidity.

Liquidity preference on the part of household/firms is the desire to hold money other than assets. Thus, it is the unwillingness on the part of potential savers to part with money based on three motives; transaction, speculative and precautionary (Keynes, 1964). Keynes identifies that people keep money rather than investing it for the purpose of meeting daily transactions and/or making a purchase of securities they speculate to appreciate in value and/or meeting unforeseen expenditures. Speculation is higher in the developing countries with persistent inflation. In such economies people keep money in assets and these affect deposits banks receive. In an economy of political and future uncertainties lots of precautions have to be taken. People keep money and/or any form of assets rather than deposits with the banks to deal with unexpected situations such as making unplanned journeys, sickness and bereavement. Expenditure affects liquidity and it is inversely related to deposit mobilization.

Key liquidity indicators such as central bank credit to financial institutions, deposits as a share of monetary aggregates, loans to deposits ratios, are important for open market operations and liquidity management (Sheku, 2005). According to (Voon-Choon *et al.*, 2010), the basic need for liquidity, asset, liability, capital adequacy, credit and interest rates risks management are now more challenging than before. The more liquid banks can attract the deposits. When banks fail to pay for its depositors then it faces liquidity risk that makes other depositors not to deposit in that particular bank.

Profitability of the bank

The long run relationship between Commercial bank deposits and the profitability of the banks indicated that higher banks profits would tend to signal increased bank soundness, which could make it easier for these banks to attract deposits (Herald and Heiko, 2009) .However, the effect of bank profitability and bank size are found to be insignificant once controlling for other variables. So, the effect of profitability and banks size on commercial bank deposit is lower as compared with other variables.

Bank size

Among the factors prominently identified as affecting deposit variability, one is bank size. Evidence indicates that the number and diversity of the ownership of individual deposit accounts as well as the distribution of deposits by type vary with bank size (George, 2002). (Herald and Heiko, 2009) find that although insignificant once controlled by other variables bank size have an effect on deposits. A smaller bank has to generate less deposit in absolute terms to achieve the same deposit growth than large banks, thus possibly favoring smaller banks in achieving higher deposit growth.

2.2 Empirical literature

Among the articles written on the subject, the researcher has selected two local and One overseas study made by:-

The study conducted by Silvester, (2011) the article were used data aims to evaluate the design of bank products and services, assess their effectiveness of harnessing domestic deposits and challenges they face in mobilizing deposits. The research is based on relevant books, journals, articles and other publications. In addition, data from commercial banks in Ghana on deposits they received from 2000 to 2004 were studied to make recommendations. Results from the analysis indicated that deposits mobilization of Commercial Banks in Ghana though, has an upward trend, it increases at a decreasing rate hence, the present level of deposits as a ratio of the total amount of money in circulation is woefully inadequate. The study also reveals certain basic facts about commercial banks in Ghana. Their concentration in the cities and a few urban areas as well as their product design and services are targeted to the literate formal sector employees. In addition, unfavorable macroeconomic conditions have resulted in negative real interest rate on deposits while unnecessary government intervention has reduced the

confidence in the banking sector. The effects of these factors are the low deposits that commercial banks receive. The study concluded with recommendations for commercial banks such as; the need to redefine their product target, increase their scope to include the large majority etc. in order to ensure improvements in their operations.

Kibebe (2016), the objective of the study is to assess determinants of deposit mobilization in Ethiopian private commercial banks and the study adopts mixed approach to gather the data. The primary data is gathered using questionnaire. Sampling method of the primary data is purposive sampling technique. While the secondary sources of data were extracted from annual reports of all private commercial banks of Ethiopia, data from National Bank of Ethiopia (NBE) and from Central Statistical Authority (CSA). Regarding the secondary data, the study used time series data from 2000-2014 for analysis made using Classical linear regression method. The study shows that, Age dependency ratio, Investment and money supply, are the most significant factors of deposit mobilization activity. The other variable such as Per capita income has insignificant power to influence the dependent variable. As a result, the study recommended that, Government should increase investment so as to promote economic growth to mobilize deposits since there exists a positive relationship between Deposit and Investment. And private banks ought to increase number of branches to mobilize more resources.

The study conducted by Sisay (2013), examines and assesses factors affecting deposit mobilization of private commercial banks. Those having two years and above experience senior Addis Ababa area branches and head office employee were selected for data collection. The research has used questionnaire and structured interview discussion for employees and the management of Awash International Bank Share Company. The result shows that the reconstruction of Addis Ababa roads, Aggressive branch expansion of CBE, the current condominium house construction program, peoples attitude towards using private banks and poor parking area are strongly influence the deposit mobilization process of Awash International Bank S.C. Opening of additional branches, aggressive promotion and upgrading service deliverance can boost the deposit balance of a bank positively. The study suggested the management of the bank should arrange and apply incentive program such as coupon prizes to

attract more depositors, open additional branches near to the customers, promote excellent services and other mores are discussed in the research.

According to (Daniel, 2005), a deposit holds 63% of commercial bank liabilities. This indicates that factors that affect deposits mobilization have a huge impact on the performance of commercial banks. Developing economies are characterized by unstable macroeconomic environments such as inflation, inappropriate fiscal and monetary policies, interest rate controls. The net effect is the change in liquidity which affects savings and capital formation. Where the macroeconomic environment is favorable to savings then the commercial banks are in a better position to increase savings. On the contrary, where macroeconomic policies erode liquidity from the hands of the people then deposits reduce and may negatively impact on capital growth and investment in the country.

The study conducted by (Haron , 2006) on deposit determinants of commercial banks in Malaysia using co integration techniques they suggest that rates of profit sharing of Islamic banks, rates of interest rate on deposit, base lending rate (BLR), composite index of Malaysian bourse (KLCI), consumer price index (CPI), money supply (M3) and gross domestic product (GDP) have positive effect on deposits of the bank. The higher the rate of interest, the more money will be saved, since at higher interest rates people will be more willing to forgo present consumption. For a net saver an increase in the rate of interest will have an overall effect composed of two partial effects: an income effect leading to an increase in current consumption and a substitution effect leading to a reduction in current consumption.

Net lender (net saver) receives more in investment income than he has to pay to service his debt, high interest rates increases net investment income, thus encouraging present consumption and lessening the need to save in order to finance future consumption. If the substitution effect is strong, an increase in rate of return tends to encourage consumers to postpone consumption and increase savings in the present period in order to achieve higher consumption levels later. BLR represents the lowest interest rate charged for bank loans. Changes in the rate will have a direct relationship with the credit availability to customers. Increase in the rate means higher cost of they can easily obtain financing for their needs as well as their capacity to payback the loans. Composite Index of the Malaysian Bourse or Kuala Lumpur Composite Index (KLCI) is another new variable introduced in this study. This variable represents the future growth in the economy and the confidence level of people toward the economics of the country. Instead of putting their money in the bank accounts, they will buy stocks hoping that they will benefit from higher

dividend rates and capital gain. Therefore it is expected that this variable will have an inverse relationship with deposits. Consumer Price Index (CPI) is used as a proxy for inflation. Inflation may influence saving through several reasons. Theory postulates that greater uncertainty should rise saving since risk-averse consumers set resources aside as a precaution against possible adverse changes in income and other factor. Hence, when inflation raises uncertainty regarding future income growth, risk-adverse consumers may increase their precautionary saving. Secondly, savings may rise in inflationary environment if consumers mistake an increase in the general price level for an increase in some relative prices and refrain from buying (Deaton, 2007). Inflation could also influence saving through its impact on real wealth. If consumers attempt to maintain target level of wealth or liquid assets relative to income, saving will rise with inflation.

The research conducted by (Herald and Heiko, 2009) to examine the demand for commercial banks deposits in Lebanon, a regional financial center classified the variables into two, i.e. macro and micro level variables. At the macro level, they found that domestic factors such as economic activity, prices, and the interest differential between the Lebanese pound and the U.S. dollar are significant in explaining deposit demand, as are external factors such as advanced economic and financial conditions and variables proxying the availability of funds from the Gulf. At the micro level, they found that in addition, bank-specific variables, such as the perceived riskiness of individual banks, their liquidity buffers, loan exposure, and interest margins, bear a significant influence on the demand for deposits. They have used quarterly data from 1993 to 2008.

They have estimated a number of vector error correction model (VECMs) to take account of co integration in the non-stationary time series. They found that both domestic and international factors help explain deposit demand. Among domestic variables, they found that the coincident indicator for real economic activity in Lebanon, consumer prices, and the interest differential between the local currency and the U.S. dollar matter. Among the external variables, advanced economy economic and financial conditions appear significant (especially advanced economy industrial production and the Goldman Sachs Risk Aversion Index), as do so proxying the availability of funds from the Gulf. While both domestic and external variables are significant in explaining deposit demand, impulse response functions and variance decomposition analyses underscore the relative importance of the external variables. Regarding bank specific variables they found that the banks perceived riskiness (z-score), their liquidity buffers, loan exposures and interest margins all bear a significant influence on deposit growth at the bank level, controlling for domestic and external macroeconomic factors. In a similar way investigated a research on deposit

mobilization in Ghana to evaluate the trend of deposit through secondary data from commercial banks in Ghana that received from 2000 to 2004 were studied using nine sample banks out of twenty seven commercial banks and the result from the analysis indicated that deposits mobilization of Commercial Banks in Ghana show increasing trend, that is increases at a decreasing rate. Hence, the present level of deposits as a ratio of the total amount of money in circulation is woefully inadequate.

The study also reveals certain basic facts about commercial banks in Ghana. Their concentration in the cities and a few urban areas as well as their product design and services are targeted to the literate formal sector employees. In addition, unfavorable macroeconomic conditions have resulted in negative real interest rate on deposits while unnecessary government intervention has reduced the confidence in the banking sector. The effects of these factors are the low deposits that commercial banks receive.

The study conducted by (Fadare, 2011) through linear least square model and time series data from 1980 to 2009 examine the determinants of Banking Sector liquidity in Nigeria and assesses the extent to which the recent financial crises affected liquidity in deposit money banks in the country.

The findings indicate that only liquidity ratio, monetary policy rate and lagged loan-to-deposit ratio are significant for predicting Banking Sector liquidity; and that a decrease in monetary policy rates, liquidity ratios, volatility of output in relation to trend output, and the demand for cash, leads to an increase in current loan-to-deposit ratios; while a decrease in currency in circulation in proportion to Banking Sector deposits; and lagged loan-to-deposit ratios leads to a decline in current loan-to-deposit ratios. The result suggests that during periods of economic or financial crises, deposit money banks are significantly illiquid relative to benchmarks, and getting liquidity monetary policies right during these periods is crucial in ensuring the survival of the Banking Sector.

The research study undertaken by (Wubitu, 2012) on factors determining commercial bank deposits in Ethiopia using both primary and secondary data from the year 2000 – 2011 which regressed the dependent variable or total deposit with three independent variables bank branch, deposit rate and inflation rate through multiple regression model indicated that all have positive effect on deposit of the bank, but their significances differ from one variable to others. Hence, the findings depicted that branch expansion had positive and significant effect where as deposit rate and inflation rate have positive and insignificant effect on total deposit of the banks

2.3 Summary and knowledge gap

Theories are well available in various literatures about deposit mobilization. But, they focus on assessment of deposit mobilization. The empirical studies on bank deposit are rarely available especially in Ethiopia. According to the review, all of the empirical studies done on the area of bank deposit and its assessment.

In Ethiopia, an important gap still exists in the theoretical and empirical literature about deposit mobilization practice. All studies cited above suggest that commercial banks deposit is determined both by bank specific factors and macroeconomic factors. Some of the studies given more attentions to the macro determinants rather than bank specific and the significance of the assessment identified by the studies are completely different.

To the knowledge of the researcher there is no theoretical and empirical studies done regarding to deposit mobilization practices in the case of bank of Abyssinia S.C. Although the research made by (Kibebe, 2016) and (Sisay, 2013) focused on determinants and factors affecting deposit mobilization of private commercial banks in Ethiopia. The current deposit mobilization practice and activities of private commercial banks were not analyzed by many researchers. It is an essential of assessing the current practice of deposit mobilization strategies of BOA. And finally, this study is different from previous works done by others; specifically it assesses the deposit mobilization practice of Bank of Abyssinia S.C.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The case study was making to assess the deposit mobilization practice in Bank of Abyssinia. The data was collect from the bank documents and employees of BOA.

From the perspective of this specific objective, the type of research design undertaken in this research study is descriptive type. Therefore, the data collection methodology employed in this study includes both primary and secondary sources of data in order to get adequate and relevant information about the subject matter.

3.2 Data Type and Source

The study uses both primary and secondary data. The primary data was collected from the staffs were direct relationship in deposit mobilization of Bank of Abyssinia S.C. Questionnaires prepared were distributed in order to gather information from employees Bank of Abyssinia S.C. Secondary data was also including from the company's studies and annual reports.

3.3 Target Population and Sampling Design

Currently the bank has the following 233 Branch Managers, 8 Departments, 10 divisions, 3 vice presidents and the president and additionally questionnaires were distributed to the staffs of Bank of Abyssinia from these numbers only 100 employees were selected based on Naresh k. Malhotra. The sample was selected, the staffs that are included in the sample are the once which have more experience in operational and deposit mobilization activities. For this reason, staffs of BOA who were working in Addis Ababa were taken as a target population for the study.

3.3.1 Sample Size

A total of sample size was 100 participants from these employees of BOA as there was time and cost limitation to take the total population, respectively. As described above, the scope of the research was limited to 504 clerical staffs of BOA who were direct relations in deposit

mobilizations found in city branches or working in Addis Ababa. The sample size was determined based on the table shown below Naresh K. Malhotra (2009) and only 100 employees were selected, but to cover defective questioners the researcher distribute. The sample was proportionately distributed and it was comprise of 7 from relationship manager, 3 from different departments and the remaining 90 respondents were managers and customer service managers from city branch of Bank of Abyssinia.

Table 1 sample size determination

Population Size	Sample Size		
	Low	Medium	High
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1200	32	80	100
1201-3200	50	125	200
3201-10000	80	200	315
10001-35000	125	315	500
35001-150000	200	500	800

Naresh K. Malhotra. (2009).

3.3.2 Sampling Technique

In order to obtain representative data, stratified random sampling technique was employee in this study. The respondent of this study have different groups or strata as age, gender, job profile, etc. That is why stratified random sampling technique were selected.

3.3.3 Sampling Procedure

Sampling procedure of the target population was based on those Departments Directors, Branch Managers, Relationship Managers and Customer Service Managers of Bank of Abyssinia S.C. who are believed to have a better exposure and experience to deposit

mobilization activities were selected as a sample for the study. The focuses on employee, those have direct involvement on the deposit mobilization strategy of the bank.

3.4. Sources and Tools of Data Collection

The study was used both primary and secondary source of data. The close ended questionnaire has three parts. The first one being demographic questionnaire, the second one is general information questionnaire and the third one is a five point likert scale questionnaire that were have five different levels of conformity; strongly disagree, disagree, neutral, agree, and strongly agree.

According to Kothary CR(2004), the method of collecting information through personal interviews is usually carried out in a structured way. As such we call the interviews as structured interviews. Such interviews involve the use of a set of predetermined questions and of highly standardized techniques of recording.

In line with this, secondary data was gathered from the company's Studies and annual Reports.

3.5. Procedures of Data Collection

Hard copies of the questionnaire were distributed to city branches with a possible return period of three to six working days. The questionnaires were distributed for employees (Department Directors, Relationship Managers, Branch Managers, and Customer Service Managers) of BOA. A structured interview was also conducted with selected department Directors and Relationship Manager who are believed to have proximity to the issue at hand. Those respondents (participants) who need further explanation on the questionnaire and any other related item were communicated via e-mail, telephone and face to face so as to minimize the risk of misinterpretation and misconceptions.

3.6 Data Analysis and Interpretation

As the study uses descriptive analysis method, the data collected was presented, organized, analyzed and interpreted using descriptive analysis such as frequency, percentages and bar charts as per the convenience to the types of data to use for best interpretation and easy understanding. The questionnaires were analyzed using descriptive analysis techniques. The researcher used Excel software to analyze the questionnaires and describe the result. In order to show the trend of total deposit of BOA, the researcher used deposit figures collected from annual reports of BOA from the year 2013 G.C up to 2017 G.C and interpret.

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

In this chapter an overview of the data obtained in the study are analyzed, presented and discussed. Based on the first section of the questionnaire, it outlines personal information depicted in graphical formats. The descriptive analysis is presented thereafter. In order to clearly show the existing similarity and among demographic and some categorical data, bar charts are widely used.

4.1 Data analysis and presentation

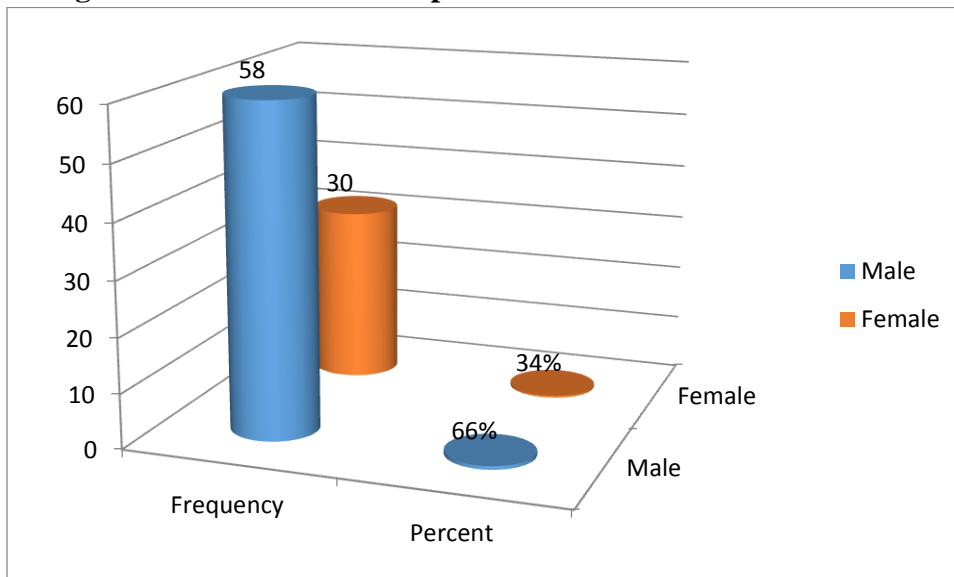
Response Rate One hundred questioners were distributed to the employees and out of these 92 questioners were collected which accounts 92% response rate. Out of 92 questionnaires 4 were discarded due to incomplete response. Accordingly the analysis of this study is based on the number of questionnaire collected correctly response.

4.1.1 Personal information of employee

The first section of the questionnaire demanded personal information from respondents. These questions include: Gender, Age, Academic qualification, work experience and position in the bank. The response of personal information are presented and discussed below.

4.1.1.1 Gender

Figure 4.1 Gender of the respondents

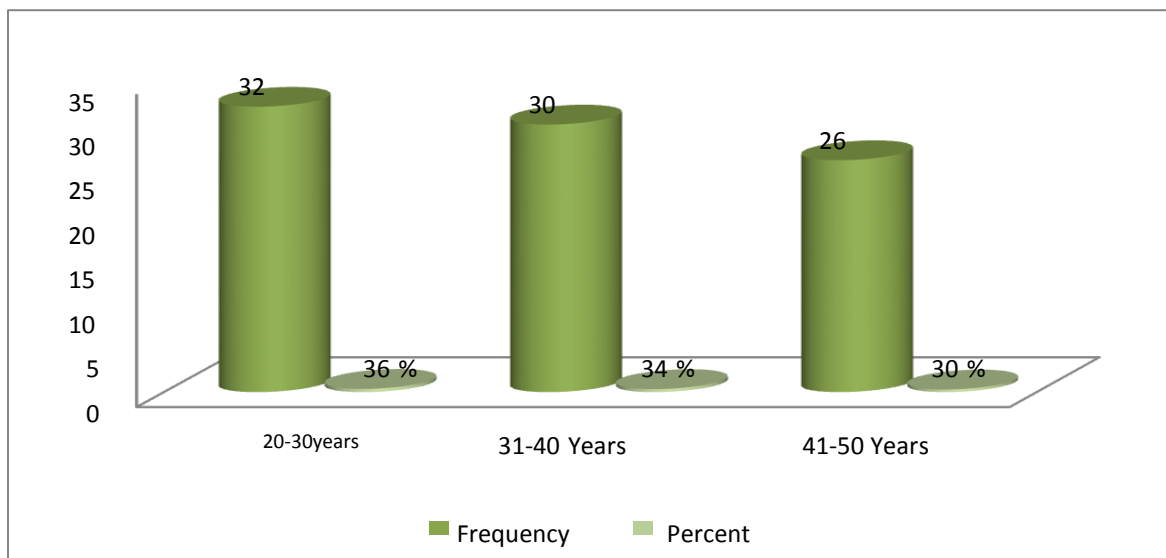


Source: Case study Questionnaire 2018

Figure 4.1 shows that 66% were at the male and the remaining respondents were 34% female. All participants have direct experience at deposit mobilization; it enabled the researcher to get all required data from the participant. According to the above figure from the total questionnaires of 58 distributed to male respondent's 66% participants responded. And also from the total questionnaires of 30 distributed to female respondent's 34% participants responded. This imply that almost 90% of the participants respondent the questionnaires. This shows the majority of the respondents were males. This might be smaller of female employees in the bank as compared to male.

4.1.1.2 Age

Figure 4.2 Age of the respondents

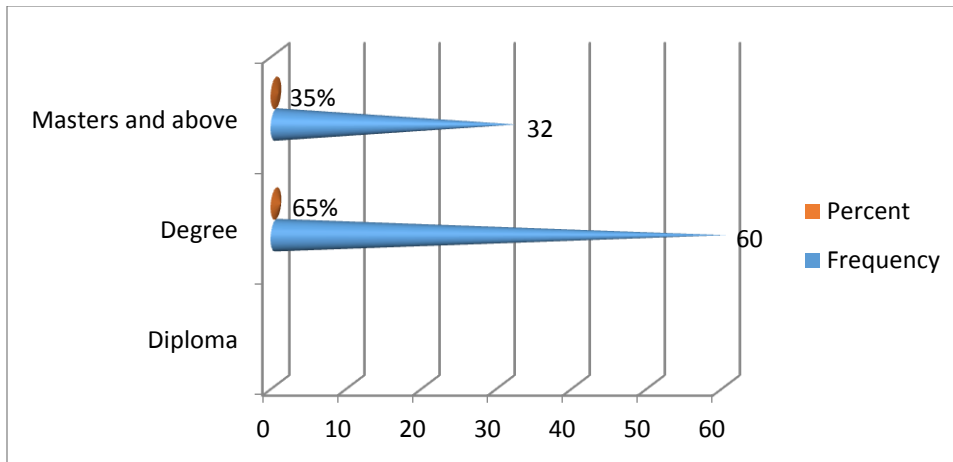


Source: Case study Questionnaire 2018

From the above figure 4.2 ages of the respondents 36% were between the age of 20-30, 34% were between the age of 31-40 and the remaining respondents 30% were between the age of 41-50 .This implies 70% of the employees of the bank between the age of 20-40.It was a good opportunity for the bank for deposit mobilization because they have young employees. All participants have direct experience at deposit mobilization; it enabled the researcher to get all required data from the participant.

4.1.1.3 Academic qualification

Figure 4.3 Academic qualifications of the respondents



From the above figure 4.3 Academic qualifications of the respondents 65% were Degree and the remaining respondents 35% was masters and above. The majority of the respondents were Degree holder would help respondents understand and fill the questioners correctly so that the finding would be viable.

4.1.1.4 Working Position in BOA

Figure 4.4 Working position in BOA

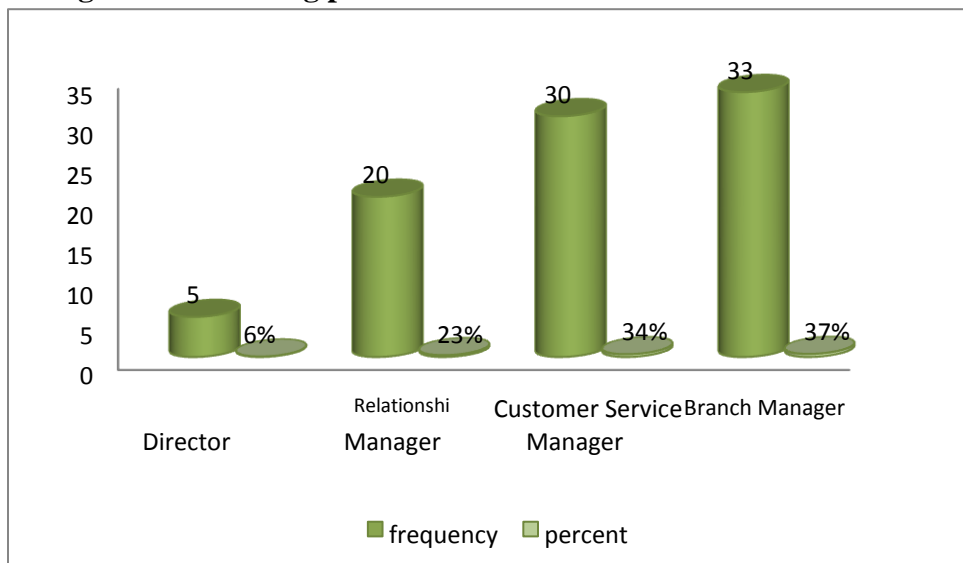
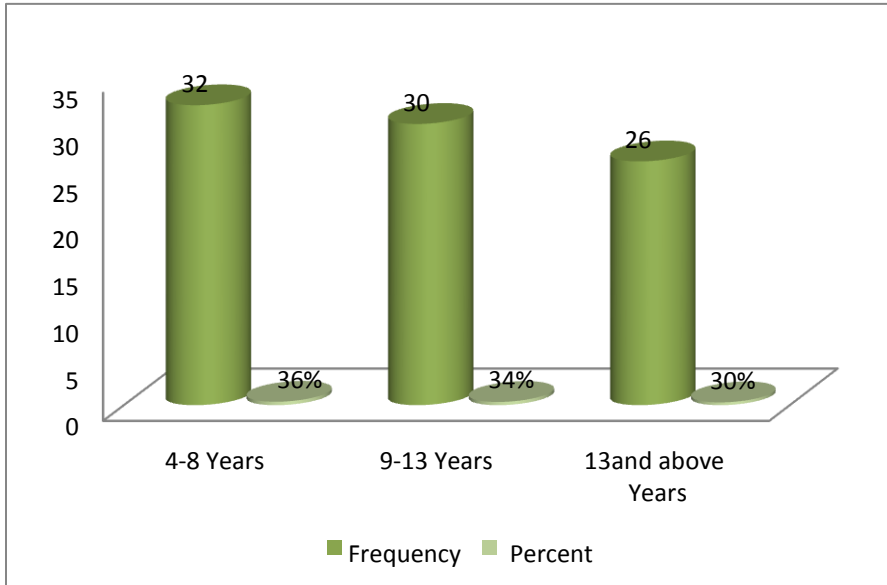


Figure 4.4 shows that 37% were at the Branch Manager, 34% Customer Service Managers, 23% Relationship Managers and 6% were Director. From this, We can understand most of the respondents was a senior and management staffs of the bank. All participants have direct

experience at deposit mobilization; it enabled the researcher to get all required data from the participant.

4.1.1.5 Work experience

Figure 4.5 Working experience in banking industry



Source: Case study Questionnaire 2018

It can be viewed on figure 4.5 that of the 32 respondents (36%) fall in the 4-8 years service category and 30 respondents (34%) fall in the 9-13 years service category. The other group of respondents 26(30%) fall in service category of 13 and above years. According to the above figure the list work experience were four years because employees less than four years experience were not included in the study. 64% of the respondent's service year were 9 and above years which show the majority of the respondents were well experienced. The composition of work experience of the representative samples may have a positive effect on the quality of the finding of the study as it incorporates the views of each group.

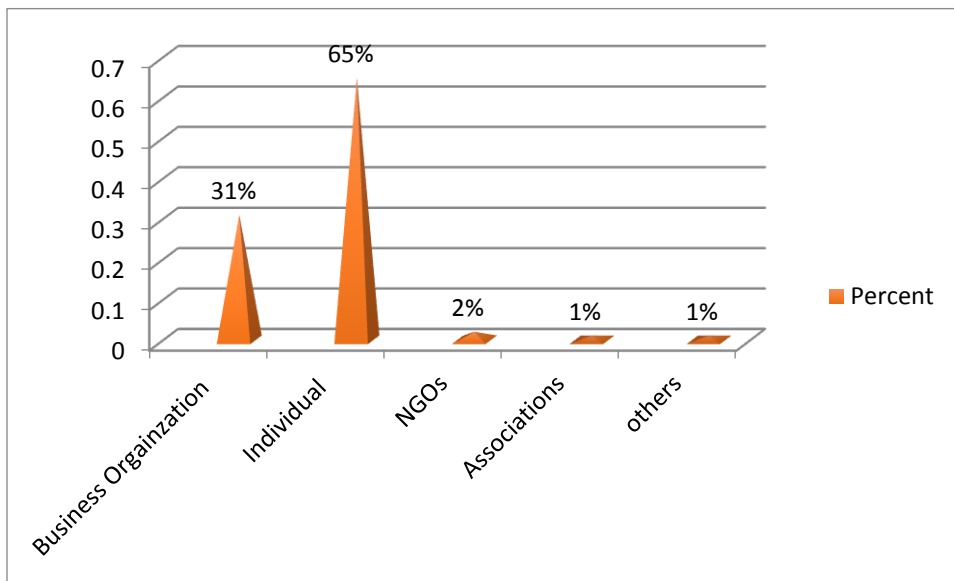
4.2 General Information

Response rate

One hundred questioners were distributed to the respondents' and 92 questioners were collected which accounts 92% response rate. Out of 92 questioners 4 were discarded due to incomplete response.

4.2.1 Main Depositor of the Bank

Figure 4.6 Respondents rate on main depositor of the bank

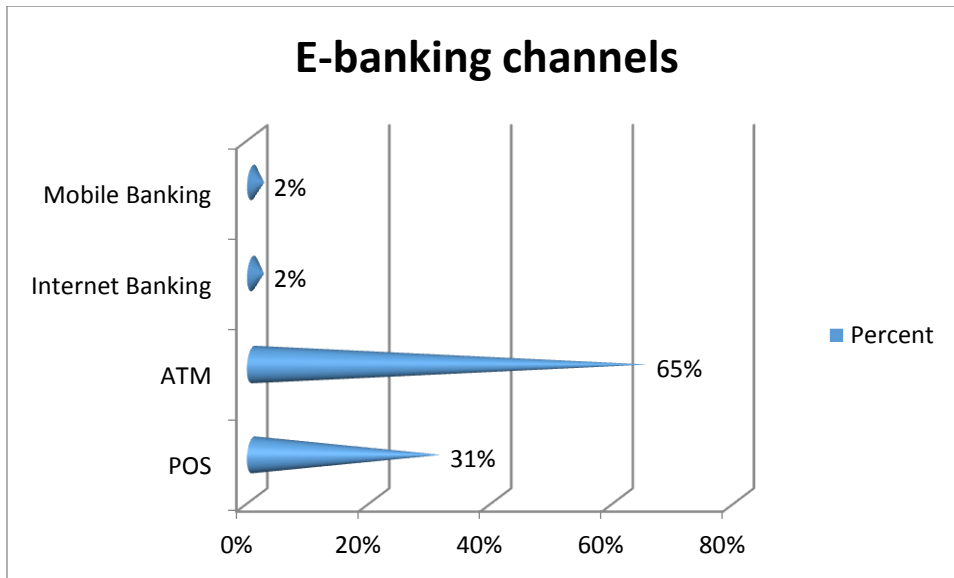


Source: Case study Questionnaire 2018

From figure 4.6 Most of the deposits of the bank was individual and Business organization users with 65% and 31% respectively. Individual includes all residents, individual business man, youth and any others. Most of the deposit of the bank based on individuals. This indicates the deposit of the bank based on by individual, this would have high risk when one of withdrawing their money. Due to this effect the bank will focus and attract other depositors other than individual depositors.

4.2.2 E-banking Channels avail to impact to increase deposit mobilization of the bank

Figure 4.7 Respondents rate on E-banking channels

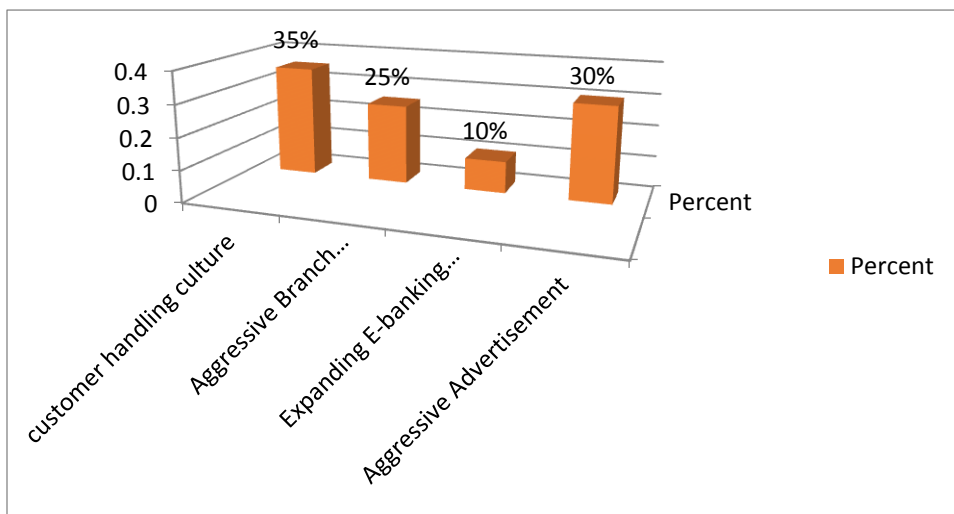


Source: Case study Questionnaire 2018

Figure 4.7 show that 65% and 31% of the respondents ATM and POS were having high impact on deposit mobilization, respectively. The rest 2% and 2% of the respondent said mobile and internet banking have impact in deposit mobilization. This implies that the bank is aggressively increasing in number of ATM and POS and also deployed ATM and POS service in convenient area for the customer to attract and to increase the bank deposit. If the bank avails ATM and POS customers have confidence to get the money at any time and area.

4.2.3 Factors contributing more to Increase the deposit amount of the bank

Figure 4.8 Respondents rate on Factors Which contribute to Increase Deposit

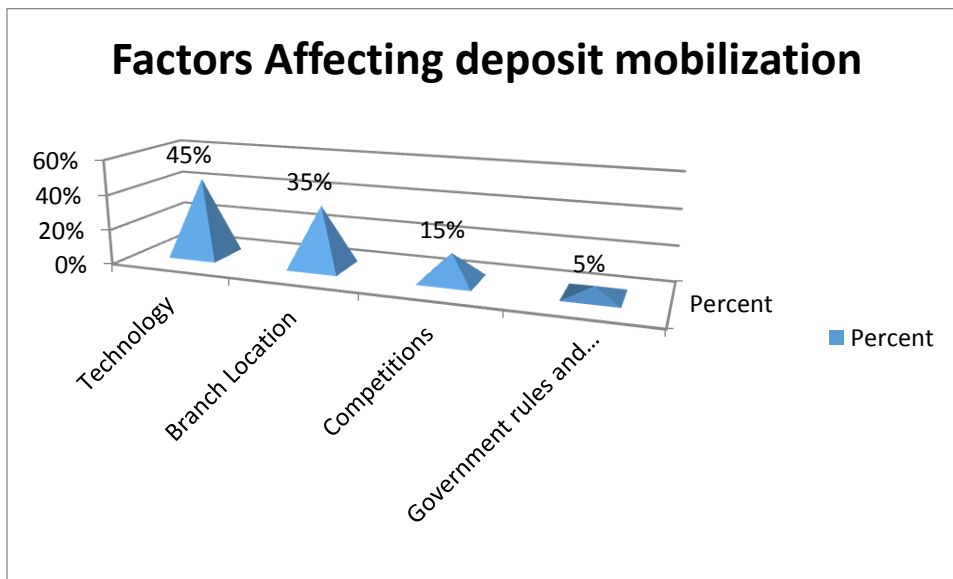


Source: Survey Questionnaire 2018

Figure 4.8 shows that 35% and 30% of the respondent's customer handling culture and aggressive advertisement were high impact deposit mobilization, respectively, that the bank will aggressively increasing its both customers handling culture and using different aggressive advertisement technique to near to a customer to bring more deposit for a bank.

4.2.4 Factors affecting the deposit mobilization of the bank

Figure 4.9 Respondents rate on factors affecting deposit mobilization



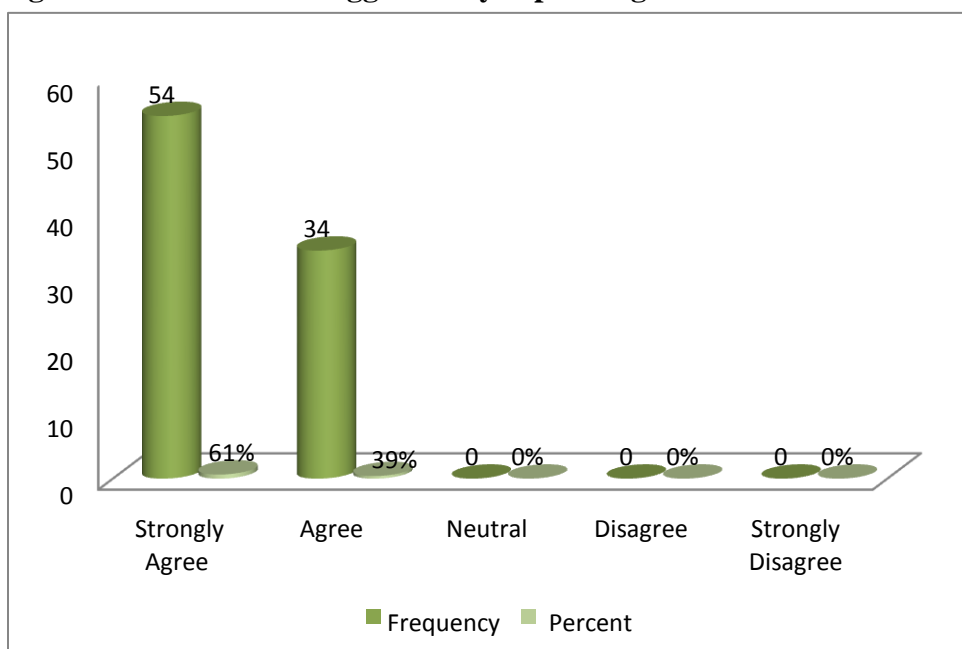
Source: Case study Questionnaire 2018

Figure 4.9 show that 45% and 35% of the respondents' technology and branch location were factors highly affecting deposit mobilization, respectively. The rest 15% and 5% of the respondents' competitions and government rules and regulations have impact for deposit mobilization, respectively. that the bank is invest on technology advancement and select proper and convenience location for a customer before opening the branch to increase its deposit amount and increase customer base.

4.3 Deposit mobilization activities

4.3.1 The bank is aggressively expanding its branch

Figure 4.10 The bank is aggressively expanding its branch



Source: Case study Questionnaire 2018

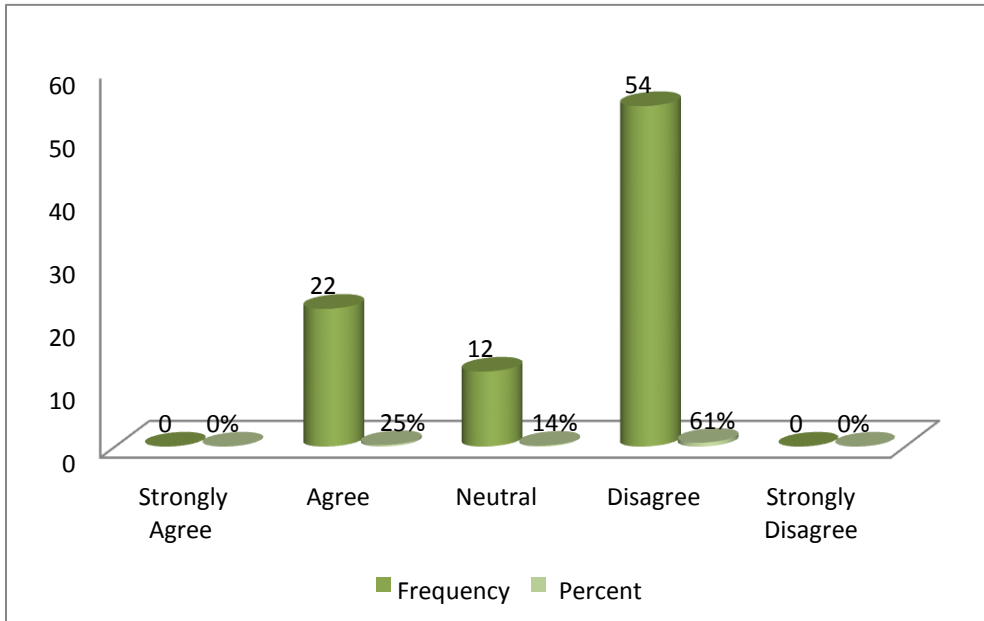
Figure 4.10 shows that 61% and 39% of the respondents strongly agree and agree respectively, that the bank is aggressively increasing its branch; all respondents agree that BOA is aggressively increasing its branch number. During the period ended June 30, 2017, the Bank opened 48 new branches and sub-branches thereby bringing the total number of branches to 233. Out of these new branches, 22 were city branches while the remaining 26 were outlying ones. This indicates that Bank of Abyssinia is increasing its branch number to attract new depositor to the bank and satisfy the existing customer (BOA, 2016/2017).

According to Sisay (2013) as deposit potential is one thing that banks consider in expanding its branches, the deposit can also be a reason for branch expansion strategy that the banking sector uses. As revealed in past studies banks should expand their number of branches in order to

compete moderately with all their capability they have from year to year which is the core factor to mobilize sufficient deposit to the company.

4.3.2 Product type

Figure 4.11 The bank offers different products to mobilize deposit



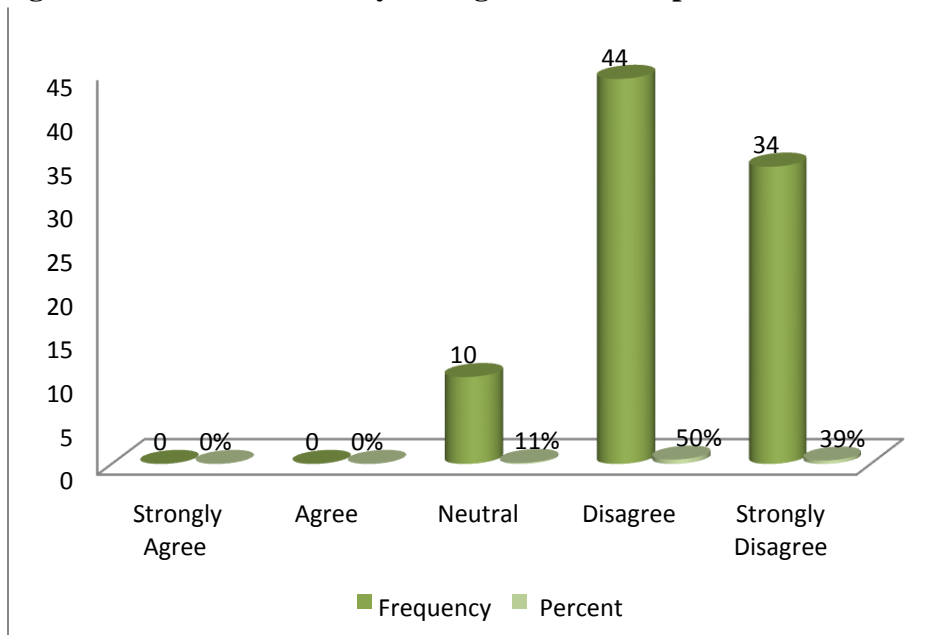
Source: Case study Questionnaire 2018

Figure 4.11 shows, from all respondents majority of the respondents which are 61% disagree that the bank offers different products to its customer. 25% of the respondents agreed that the bank offers different products to its customers; the remaining 14% remained neutral about the availability of different product. As per to the response BOA doesn't offer different product to its customer.

Products are often developed in a top down fashion, rather than customized to the needs of different target group. Product development should be supported by detailed market research. Decisions about product would answer questions about the design of the service offered to suit customer needs, the desirable hour for offering such services, the attractive names of such services and so on.

4.3.3 Gift for the new depositor (customer)

Figure 4.12 The bank mostly offer gift for new depositor



Source: Case study Questionnaire 2018

Figure 4.12 shows, from all respondents majority of the respondents which are 39% and 44 (50%) strongly disagree and disagree respectively, that the bank doesn't offer any gift for new depositors. The remaining 11% remained neutral about the availability of gift for new depositor. According to the respondents the bank doesn't offer any gift for new depositor.

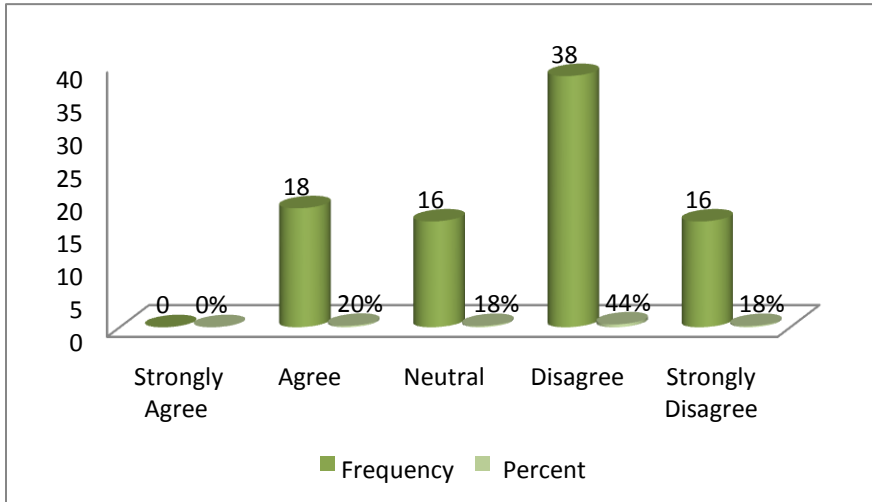
The bank provides incentive only for foreign remittance not for new depositors of the bank.

According to Kumar (2000), create time-limited marketing incentives to attract new deposits.

Offer to pay termination and transfer fees from old banks. Offer cash payments for deposits over a certain amount. According to Sisay (2013) commercial bank of Ethiopia is attracting new depositors in this incentive scheme.

4.3.4 Training about deposit mobilization

Figure 4.13The bank trains its staff to mobilize deposit



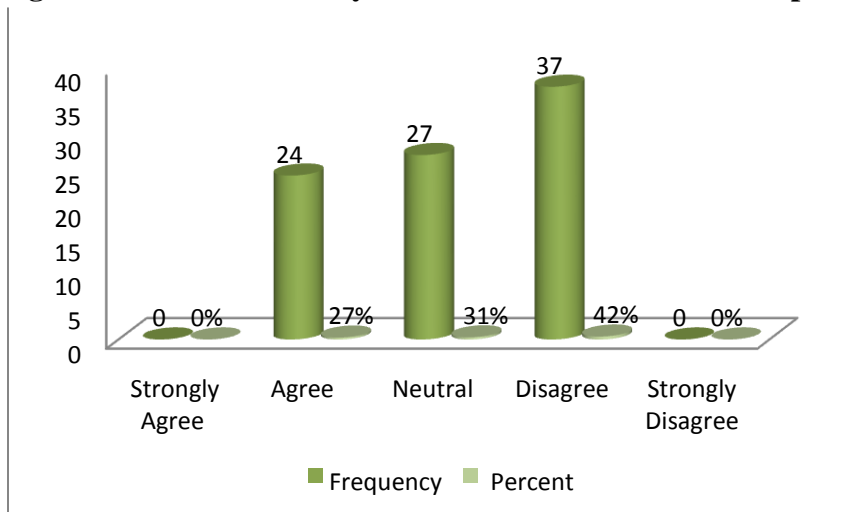
Source: Case study Questionnaire 2018

From the above figure, only 20% of the whole respondents agreed on that the bank gives training about deposit mobilization to its employees; 18% of the respondents were neutral while 44% of the respondents disagreed and 18% of the respondents strongly disagreed.

According to the above figure more than 62% of the respondent's think that the bank doesn't give deposit mobilization training to its employees.

4.3.5 Loan distribution to mobilize deposit

Figure 4.14The bank fairly distribute its loan to attract deposit



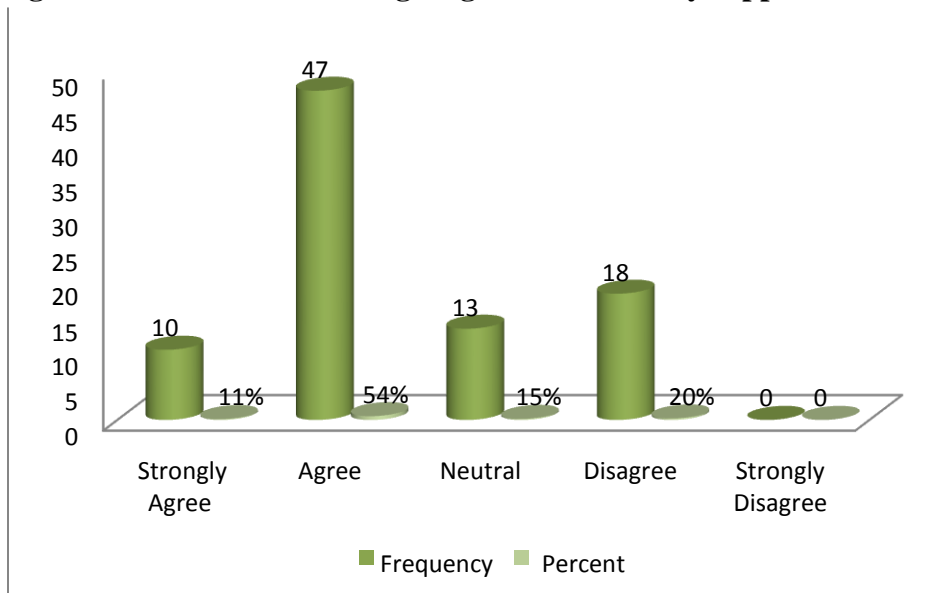
Source: Case study Questionnaire 2018

As we can see from the above figure no respondent strongly agree and 42% of the respondents disagreed; 31% of the respondent was neutral. 27% of the respondents agreed to this premise. This indicates that the majority of respondents believe that the bank distribution method of loan is not fair.

According to Shemsu (2015) one category of deposits might be specifically tied to future loans. Bank customers might be encouraged to participate in a savings program that, for example, provides machinery or housing after a predetermined amount of savings has been accumulated. One of the poor deposit mobilization practice is inability to disburse loans to qualifying members on demand .Fair loan distribution helps the bank to retain the existing and to attract new customers. In order to get the loan Individuals and companies should be the bank customers so they open accounts and deposit their money in the bank.

4.3.6 Support from the Management

Figure 4.15 the branch managers gets the necessary support from the management

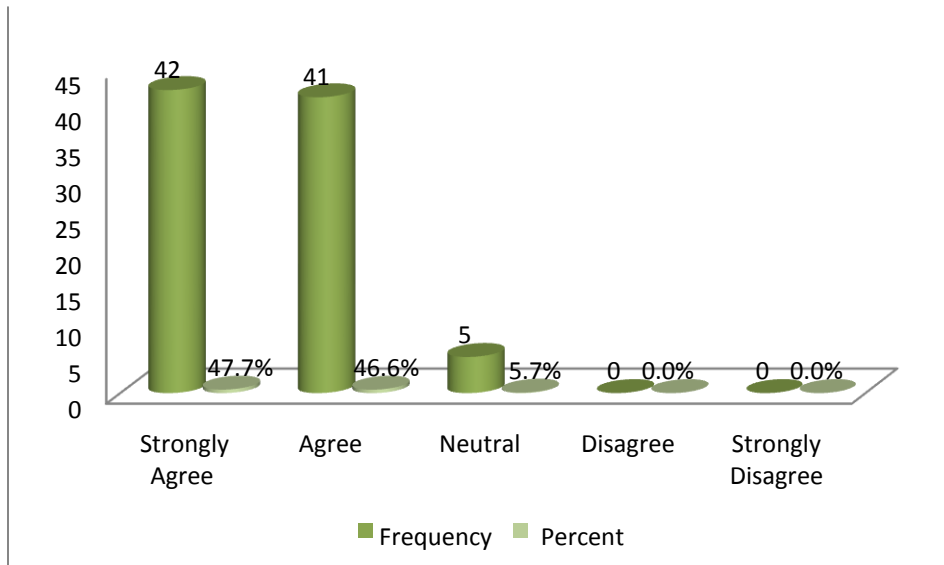


Source: Case study Questionnaire 2018

Figure 4.15 shows that no respondent strongly disagreed to the above premise (The branch managers gets the necessary support from the management). 20% of the respondents disagreed; 15% of the respondent was neutral. 54% of the respondents agreed and 11% of the respondents strongly agreed to this premise. 65% of the respondents responded by saying that they get the necessary management support to mobilize deposit. The management support branch managers by giving foreign currency, granting loan, sales officers and RM communicate individuals (companies) to open new account. The support of a management was have impact for deposit mobilization to the bank.

4.3.7 Visiting customer

Figure 4.16 Relation Managers and Branch Managers visit the selected customers

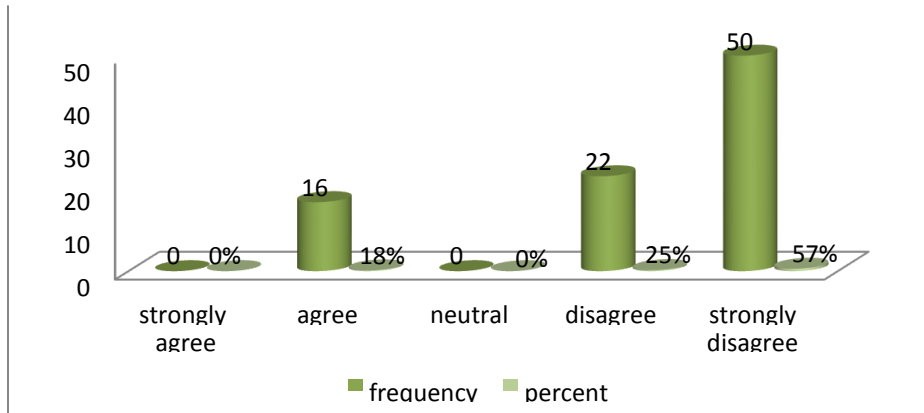


Source: Case study Questionnaire 2018

Figure 4.16, Shows that no respondent disagreed and strongly disagreed on that branch managers and RM visits the selected customers to mobilize deposit; only 5.7% of the respondents were neutral while 47% of the respondents agreed and 48% of the respondents strongly agreed. This indicates that more than 94.3% of the respondent's think that branch managers and RM visits the selected customers to mobilize deposit. Communicating individuals and companies helps the bank to know the needs of the customers which increases the opportunity to the bank to satisfy its customers and the satisfy customer have confidence to deposit their money in the bank.

4.3.8 Cash collection

Figure 4.17The bank collects cash directly from the customer office



Source: Case study Questionnaire 2018

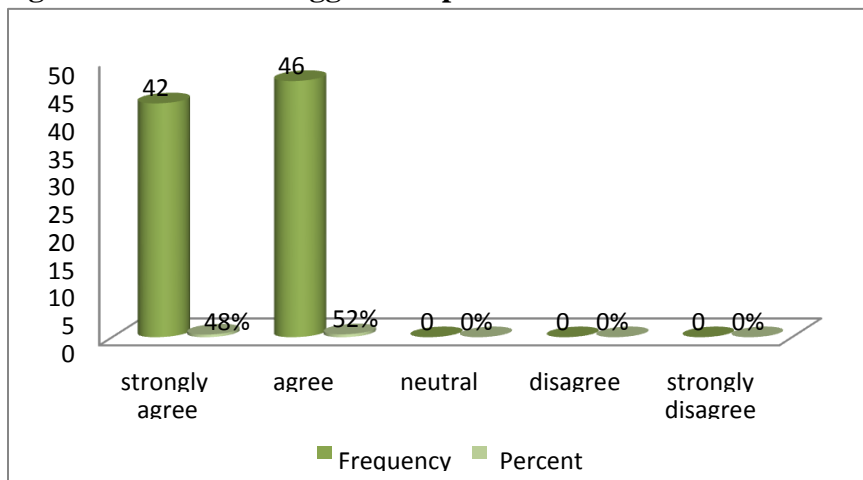
Figure 4.17 shows that no respondent strongly agreed and neutral to the above premise (The bank collects cash directly from the customer office).18% of the respondents agreed, 25% of the respondents disagreed and 57% of the respondents strongly disagreed to this premise. This indicates that more than 82% of the respondents disagreed to this premises.

One of deposit mobilization mechanism is door-to-door collection of small saving in the form of deposits. Bank of Abyssinia collects cash from Idir, Ekub and shops which is one strategy to increase mobilizing deposit for a bank.

4.4 Evaluate the Implemented Techniques

4.4.1 Aggressive promotion to mobilize deposit

Figure 4.18The bank aggressive promotion

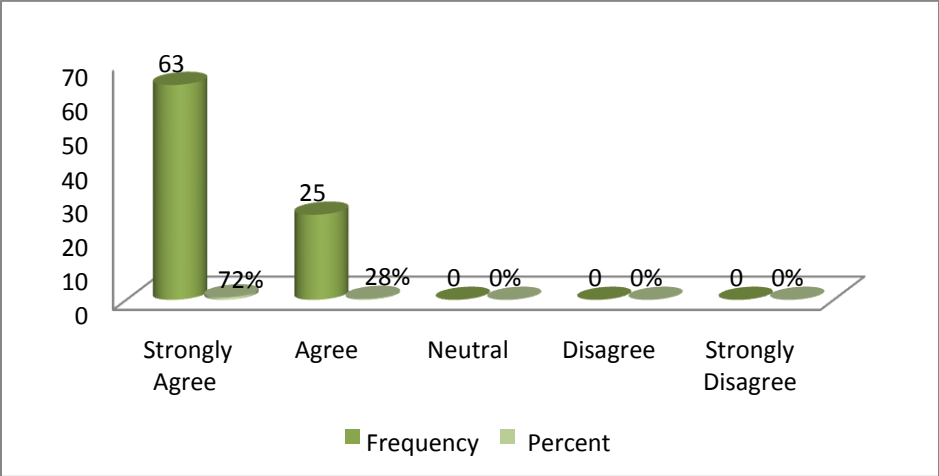


Source: Case study Questionnaire 2018

According to figure 4.18, shows that no respondent were neutral, disagreed and strongly disagreed. 52% of the respondents agreed and 48% of the respondents strongly agreed on the bank aggressive promotion is effective on mobilizing deposit. This indicates that all of the respondent's think that the bank follows effective strategy to mobilize deposit. Promotion plays an important role in today's competitive world by which banks communicate with their customers, both current and potential (Kumar, 2013).

4.4.2 The current deposit mobilization practice

Figure 4.19The current deposit mobilization practice

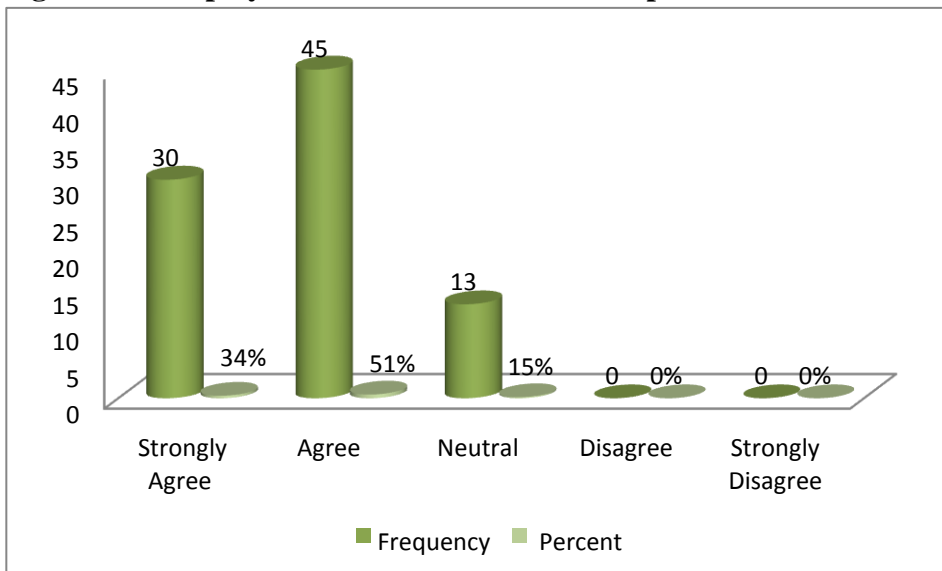


Source: Case study Questionnaire 2018

According to the data presented in figure 4.19, shows that no respondent were neutral, disagreed and strongly disagreed, 28% of the respondents agreed and 72% of the respondents strongly agreed. This indicates that all respondent's think that the bank's current deposit mobilization practices is effective. At 2016 the bank total deposits were 13.65 billion birr but at 2017 the bank total deposit rose to 20.7 billion birr (BOA, 2016/2017).

4.4.3 Employee motivation to mobilize deposit

Figure 4.20 Employee motivation to mobilize deposit

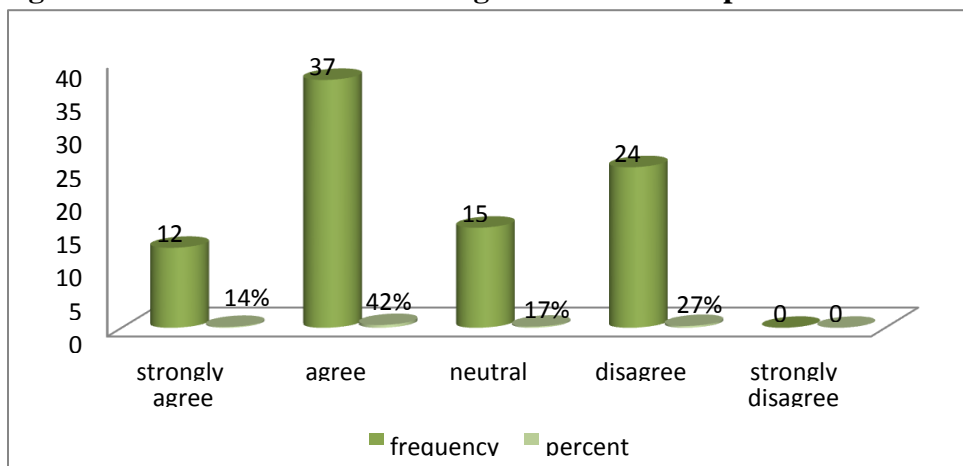


Source: Case study Questionnaire 2018

Most of the respondents in figure 4.20 shows that 34% and 51% were strongly agreed and agreed respectively; believe that branch managers and customer relationship managers are attracting new depositors. While, 15% were neutral and no respondent were disagreed and strongly disagreed. Most of the respondents 85% respondents were agreed that branch managers and customer relationship managers are attracting new depositors.

4.4.4 Technologies to mobilize deposit

Figure 4.21 The bank uses technologies to mobilize deposit



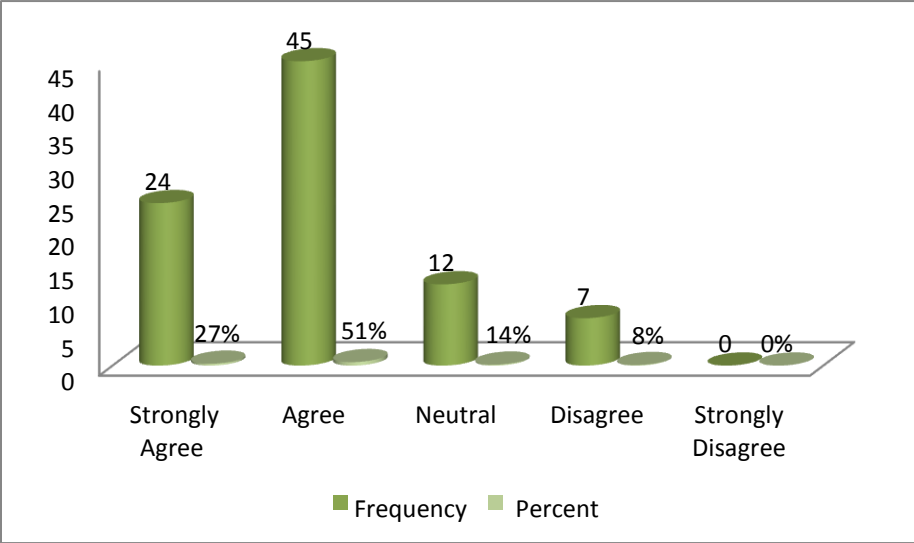
Source: Case study Questionnaire 2018

As we can see from the above figure 4.21, there was no respondent who strongly disagreed but still 27% of the respondents disagreed while, 17% of the respondents were neutral; 42% of the respondents agreed and 14% of the respondents strongly agreed. These shows that majority of the respondents (58%) agreed that BOA uses the necessary technology which helps the bank to mobilize deposit.

Introduction of information communication technology enhances deposit status of the bank. BOA adopts IT based banking which modifies the way in which customers have accesses to banks and increase customer access to funds by expanding ATM networks and improving online banking services (Kumar, 2013).

4.4.5 Sales officer Activities on Deposit Mobilization

Figure 4.22 Sales officers are increasing the number of account



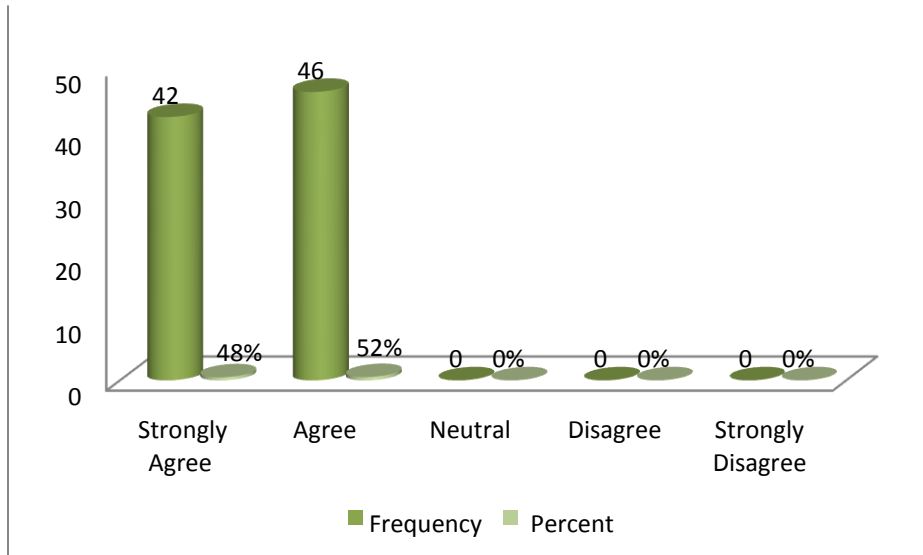
Source: Case study Questionnaire 2018

According to figure 4.22 shows, 27% strongly agreed, 51% agreed that sales officers are increasing the number of account. The remaining 8% respondents disagree and 14% respondents were neutral. Majority of the respondents believe that sales officers are increasing account number.

Sales officers are actively participating in deposit mobilization and according to the bank managers and RM report they are attracting new customer in the bank (BOA, 2016/2017).

4.5 The competition from other bank

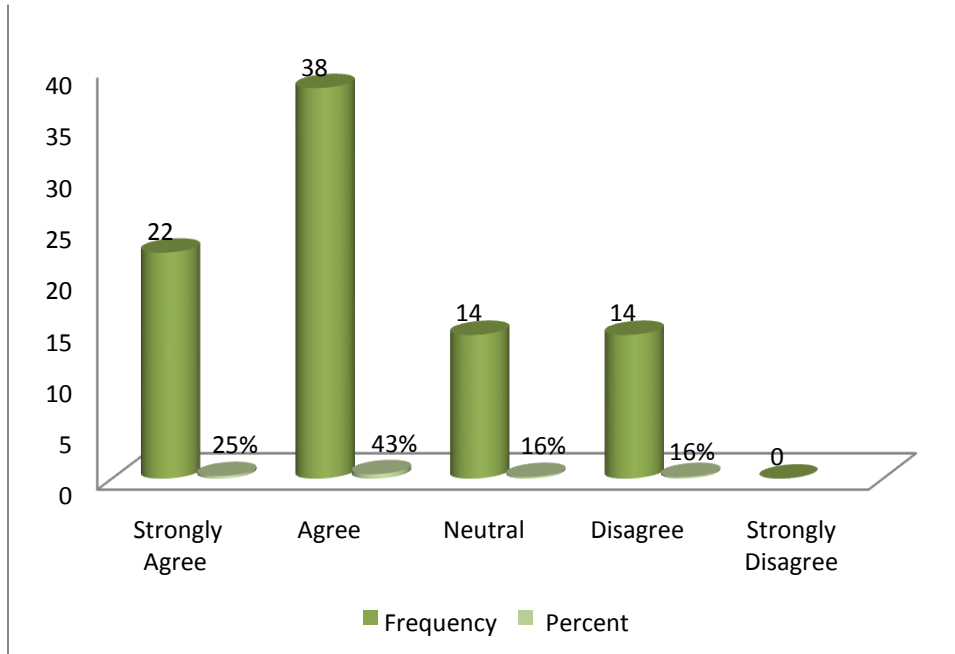
Figure 4.23The competition from other bank is the main challenge to mobilize deposit



Source: Case study Questionnaire 2018

According to figure 4.23, 48% and 52% of the respondents strongly agree and agree respectively, no respondents in neutral, disagree and strong disagree that the bank is facing the main challenge from the other bank, all respondents agree that BOA challenged by other banks. Currently all private and government banks are actively working to mobilize deposit (NBE, 2016/2017).

Figure 4.24 The government law and regulation is the challenge to mobilize deposit

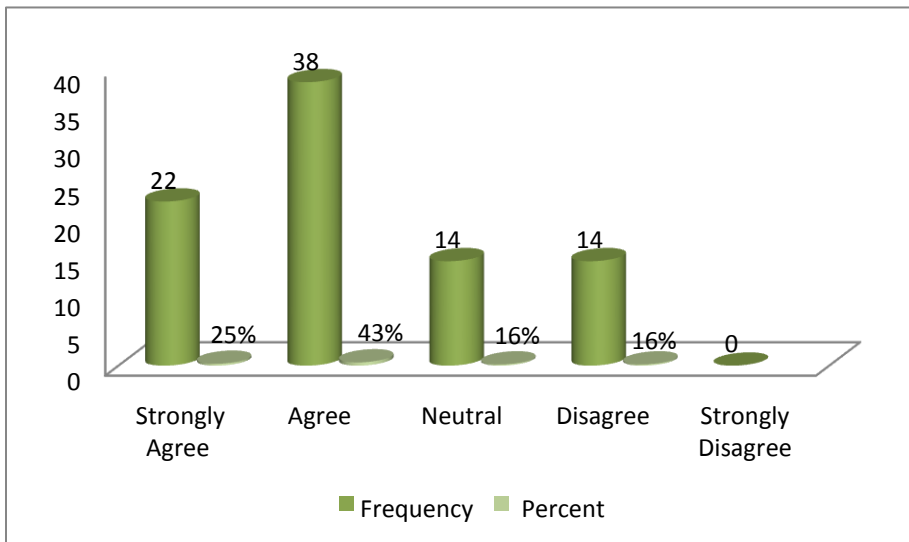


Source: Case study Questionnaire 2018

As we can see from the above figure 4.24, there was no respondent who strongly disagreed but still 16% of the respondents disagreed while, 16% of the respondents were neutral; 43% of the respondents agreed and 25% of the respondents strongly agreed. These shows that majority of the respondents (68%) agreed that the government law and regulation is the challenge to mobilize deposit.

Almost all government intuitions, office and popular exporter was worked to government bank that is Commercial bank of Ethiopia, this is one of the challenge of bank of Abyssinia. The bank should be focused and attract potential customer especially known exporter start relations and work with the bank get deposit for the bank.

Figure 4.25 The deposit habit society in private bank is the challenge to mobilize deposit



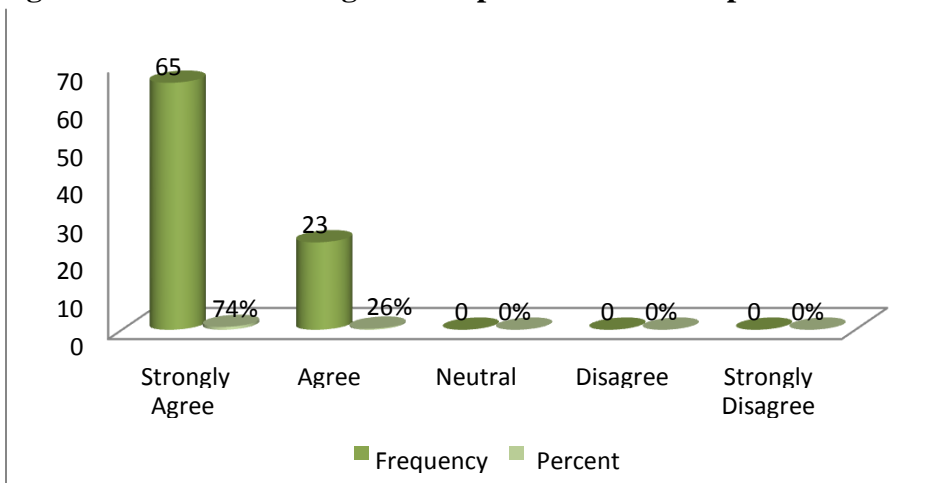
Source: Survey Questionnaire 2018

According to figure 4.25, shows that no respondent were strongly disagree but 16% respondents neutral, 16% respondents disagreed ,while 43% of the respondents agreed and 25% of the respondents strongly agreed that the deposit habit of the society is the challenge to mobilize deposit. This indicates that all of the respondent’s think that the societies deposit habit in private bank is not good.

According to Wubitu (2012) deposit influenced by education level which in turn increases the awareness of the rural people about banking service. The bank should be focus on awareness creation in the society by promoting very well to develop people using BOA.

4.5.4 Competition from government bank

Figure 4.26 CBE is the highest competitor more than private banks to mobilize deposit



Source: Case study Questionnaire 2018

According to figure 4.26, shows that no respondent were neutral, disagreed and strongly disagreed; while 26% of the respondents agreed and 74% of the respondents strongly agreed that the CBE is the major competitor more than private banks to mobilize deposit. This indicates that all of the respondent's think that CBE is the main challenge for BOA to mobilize deposit. It is not surprising that, since the government is supporting its own banks and opening new branches in the different parts of the country and the policy restrictions imposed on private banks (Sisay, 2013).

4.6 Other comments

At the end part of the questionnaire, respondents were asked to write their comments on some issues, which were not addressed in other part of the questions. As a result some of them expressed their concern as far as BOA's deposit Success is concerned. The researcher, found the following comment,

- The bank products didn't motivate women and younger individuals, ,
- Branch managers didn't recognized by the management when they achieve the deposit goal. But, they punished when they didn't meet the deposit goal this experience demotivate the branch managers.
- Appropriate deposit mobilization strategies, goal and objective need to be developed and be accessible to staff.
- The management deposit goal for each branch is very bulky and unachievable this makes the branch managers stressed from the beginning.
- BOA branch expansion focuses around the city and should expand its branch in rural area.
- BOA doesn't offer incentive for new depositors,
- BOA doesn't start internet banking and agent banking; the bank immediately should start both internet banking and agent banking to give full fledged service.
- The current foreign currency devaluation has high impact on deposit mobilization.
- The current NBE amendment of increase interest rate is relatively attracting new depositors.

This comment is very clear and straight forward and the researcher believes it would be a good input for the management of the bank to improve its deposit mobilization strategies.

4.7 Interview about deposit mobilization

Results concerning the deposit of the bank, current deposit mobilization activities, and challenges for deposit mobilization were obtained through interview with ten Branch Managers, one Director and three Relationship Managers of BOA. And the summary of the interviews are presented here below.

According to their explanations, bank of Abyssinia is currently mobilizing deposit by expanding its branch, giving quality service, when money transfer to a customer communicating the customer to open new account, contacting companies to open new account in the bank, extending working hour, BOA is currently on the expansion of agent banking and internet banking to enable customer to deposit or withdraw their money at any time.

Currently the bank announces the new five year strategic plan; this strategic plan gives more emphasis for deposit mobilization by developing the marketing and deposit mobilization team. This team only follows the deposit mobilization activities of the bank. And this strategy is significantly increasing the deposit amount.

Most of the time, National Bank of Ethiopia rules and regulations are hurting the private banks, if the government continues this unfair treatment the private banks can't compete with CBE.

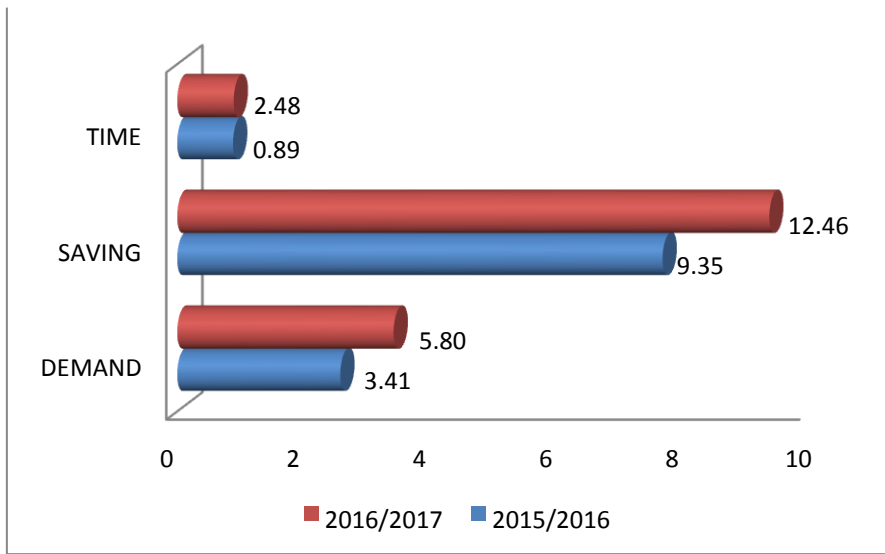
At this time competing with CBE is the difficult task. Because, CBE have many advantage over private banks. Reasons CBE's advantage over private banks is the government regulation, branch number; people's awareness towards private bank is not good. And competing with other private banks is also another challenge of BOA.

4.8 Presentation of Data from Secondary Source

Branch expansion is an important strategy for deposit mobilization; BOA has been aggressively expanding its branch networks. To this effect, during the period ended June 30, 2016, the Bank opened 48 new branches and sub-branches thereby bringing the total number of branches to 233. Of these new branches, 22 were city branches while the remaining 26 were outlying ones. All branches were able to provide on-line banking services.

Fig. 4.27: Deposits Mobilized

(In Billions of Birr)

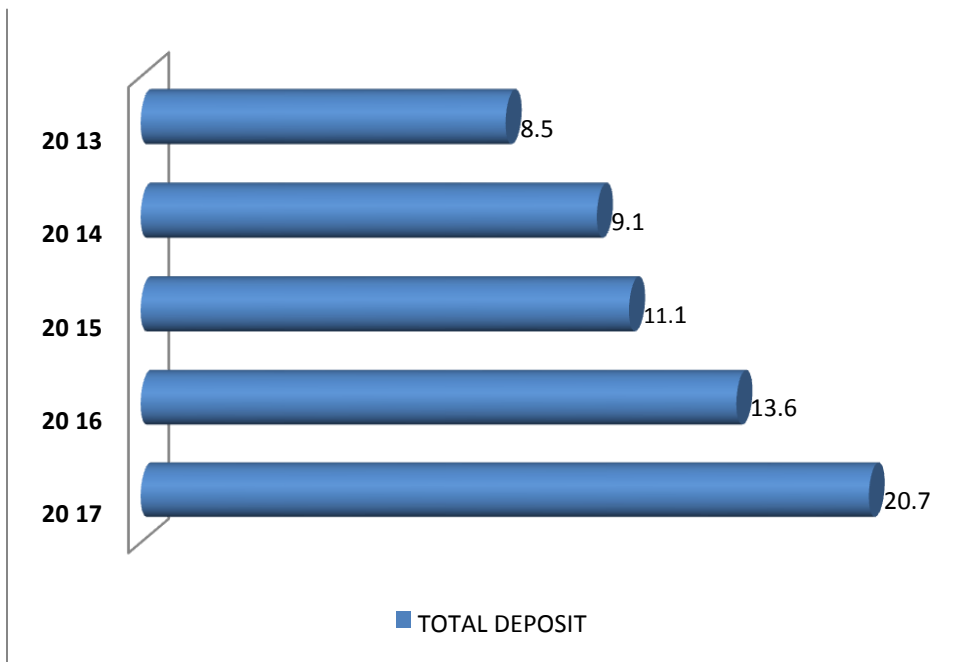


Source: BOA annual report 2016/2017

As we can see from figure 4.27, the total deposit of the bank rose to birr 20.7 billion in 2016/17 higher than those of last year's total deposit birr 13.63 billion. Both demand and saving deposit rose 2.39 and 3.11 billion birr from a year earlier and also time deposit which rose 1.59 billion birr at the same time. This is mainly due to the aggressive deposit mobilization efforts and its widespread of branch network and expansion. As indicated above saving deposit is greater than demand deposit almost three fold. Because, saving deposit is less probability of withdrawal than demand deposit (BOA, 2016/2017).

Figure 4.28 Growths in Total Deposits

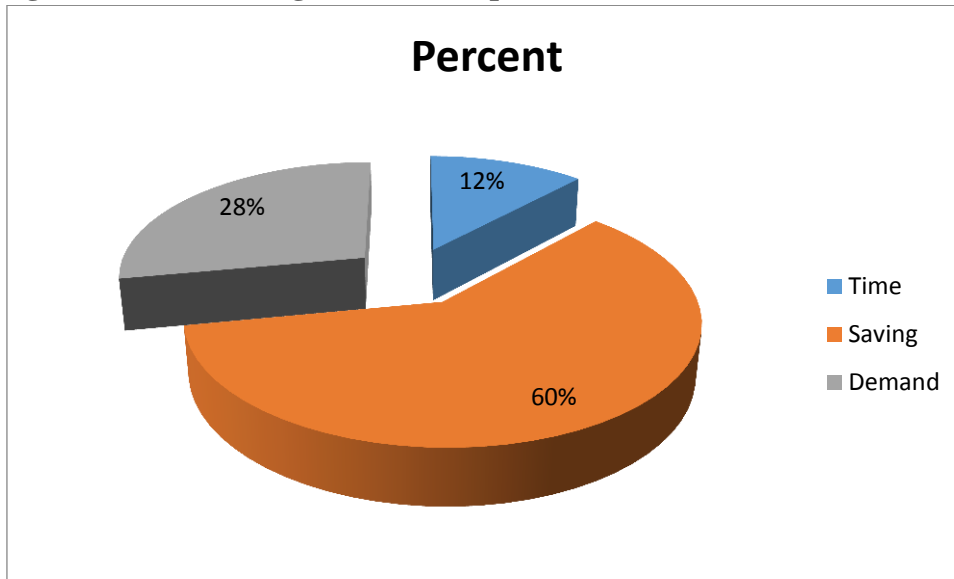
(In Billions of Birr)



Source: BOA annual report 2016/2017

As per figure 4.28, deposit of bank of Abyssinia has been growing during the last five years. For example, the total deposit of BOA has increases by 12.2 billion birr by the end June of 2017 compared with same period 2013. BOA believed that the growth reflects the effect of concerted efforts of deposit mobilization. This is because of the aggressive branch expansion, promotion, quality customer service and the management and employees of the bank aggressively working on deposit mobilization (BOA, 2016/2017).

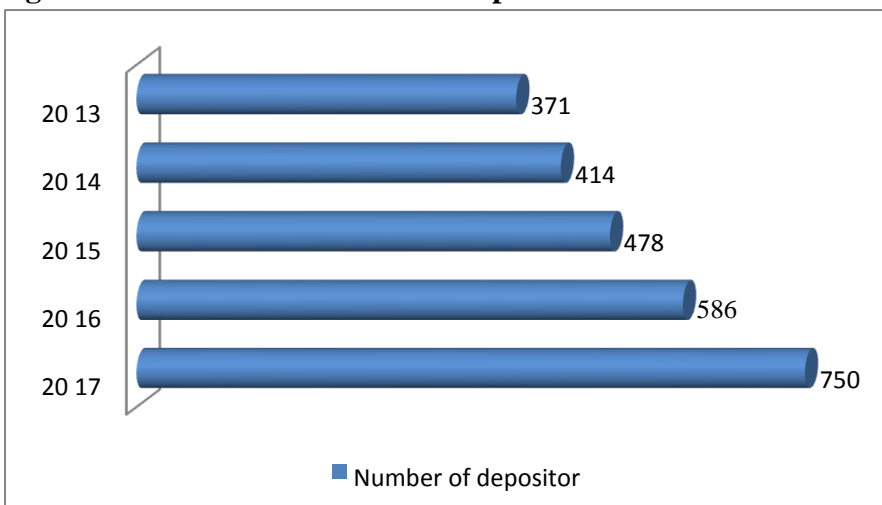
Figure 4.29: Percentage Share of Deposits



Source: BOA annual report 2016/2017

The above figure shows that, the largest portion of deposit is saving deposit accounts 60%, and followed by demand deposit 28% and time deposit accounts only 12% of the total deposit.

Figure 4.30 Growth in number of depositor (in thousands)



Source: BOA annual report 2016/2017

As indicated by figure 4.30, the bank depositor number exhibited substantial improvement over the corresponding period of five years. Aggressive promotion and branch expansion helps the bank attract new depositors. Additionally, bank of Abyssinia mobile and card banking users significantly increases, within short period of time, the number of POS and ATM machines also increasing.

CHAPTER FIVE

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter is concerned with the highlights of the study findings and conclusions that are derived from the data analyses and discussions. Recommendations are provided at the end based on the findings and conclusions drawn from the study.

5.1 Summary of findings

All respondents believe that bank of Abyssinia is aggressively expanding its branch. Most of the respondents believe that BOA doesn't offer different products to its customers. Almost all respondents disagreed that bank of Abyssinia doesn't offer any incentive to new depositors. Most of the respondent's think that the bank doesn't give deposit mobilization training to its employees. Majority of respondents believe that the bank distribution method of loan is not fair. Most of the respondents believe that they get the necessary management support to mobilize deposit. Almost all of the respondent's think that branch managers and RM visits the selected customers to mobilize deposit. Most of the respondents don't believe the bank collects cash from the customer. All respondents believe on the bank aggressive promotion is effective on mobilizing deposit.

Almost all respondents believe branch managers and relationship managers are attracting new depositors. Majority of the respondents believe that the employees of BOA are eager to mobilize deposit. Most of the respondents believe that BOA uses the necessary technology which helps the bank to mobilize deposit. Majority of the respondents believe that sales officers are increasing account number. All respondents believe that BOA is facing the tough competition from other banks. Majority of the respondents think that the government law and regulation is the challenge to mobilize deposit.

All of the respondent's think that the societies deposit habit in private bank is not good. All of the respondent's think that CBE is the main challenge for BOA to mobilize deposit. Most of the respondent's think that BOA staffs are work hard to mobilize deposit. Majority of the respondents think the product variety of the bank doesn't satisfy the bank customer. Majority of respondent's think that BOA branches are convenient to the customer of the bank. Most of the respondent's think the bank has many branches which are near to its customer. The bank

does not have different account for women and young individual. The management deposit goal for each branch is very bulky and unachievable this makes the branch managers stressed from the beginning. BOA branch expansion focuses around the city and should expand its branch in rural area. BOA internet banking and agent banking are not expanded, Appropriate deposit mobilization strategies, goal and objective need to be developed and be accessible to staff. The deposit of the bank increasing for five continues years. The total deposit of the bank rose to birr 20.7 billion in 2016/17 higher than those of last year's total deposit birr 13.65 billion. All deposits types i.e. saving demand and time deposit increases from the last same year. The bank depositor number exhibited substantial improvement over the corresponding period of five years.

5.2 Conclusions

Based on the above research finding and summary, the study has finally forwarded the following conclusion. The primary objective of this study was to assessment of the deposit mobilization practices of Bank of Abyssinia i.e. deposit mobilization activities, techniques in managing deposit mobilization and challenges of deposit mobilization.

The result of the study shows that bank of Abyssinia's deposit mobilization strategy is successful and the bank mobilizes its deposit in different strategies. Such as, aggressively expanding branch, give support to branch managers, attracting depositors by visit customers in their office, through advancing technology and enhancing banking service. But, BOA fails to offer different products for women and youth, incentive for new customers, enough training for staffs about deposit mobilization, unfair loan distribution for its branch and customer.

From the findings of the study, it can be concluded that the bank deposit mobilization strategies which contribute to the growth of deposit of bank of Abyssinia's are aggressive branch expansion, aggressive promotion, RM and BMs bringing new customers to the bank, the motivation of employees, updated technologies, efforts of sales officers, branch location, service quality, the bank has many branches and customer are motivated to give their feedback that help the bank to increase its service quality. Despite, continues improvement in deposit aspect of the bank there are limitations which reduces the deposit performance of BOA such as the bank doesn't collecting deposit from the customer office which other competitor banks are good, the product variety of the bank is less than customer expectation, internet and agent banking is not active, deposit mobilization strategies, goal and objective is not communicated to employees which reduces the motivation of employees in the long run.

The main challenges of BOA is stiff competition, government participation in banking industry, government laws and regulation and the deposit habit of the society in private bank. The main competitor of bank of Abyssinia is commercial bank of Ethiopia in the government bank and Awash and Dashen banks were the main competitor in the private banks.

5.3 Recommendations

In connection with the summary of finding and conclusions drawn above, the following recommendations are provided to address the gaps identified by the study.

- Since deposit is the main source of funds for commercial banks, therefore due emphasis should be given by all the concerned bodies of the bank to enhance its deposit mobilization level.
- The bank should provide excellent service for its customers to mobilize more deposits through giving various incentives such as coupon prizes for the potential customers.
- The bank should be flexible, transparent and have strong relationship to handle the existing in sustainable way and to encourage others.
- The bank should arrange enough and secured parking areas for their customers to maintain the potential depositors.
- The bank should provide advanced technology connected service like ATM, Mobile banking, internet banking...etc to attract new customers and hold the existing one in a sustainable ways to have enough deposits.
- The government should have free and fair policies among the state and private owned banks to have liberalized economy to achieve welfare of the societies.
- To improve management efficiency the bank should give due attention in providing training packages consistently for their employees to update their knowledge and skills.
- The bank must be focused in doing with exporters and foreign banking agents to have enough foreign currencies which attracts potential depositors.
- BOA should meet its customers demand by evaluating the existing product and determine in which stage of its life cycle each product falls. The bank can use various sources of information to evaluate products, including client complaints, staff observations, market research, and competitive activities.

- Bank of Abyssinia should offer well designed new products so that customers of all types can customize their use of these products to meet their own need which help the bank to mobilize more deposit.
- The bank should be watch the bank loan policy to provides smooth loan distribution to attract new potential customers.

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**St. Mary's University School of Graduate
Studies MBAAF Program**

Questionnaire to be filled by Bank of Abyssinia Employees

Dear respondent, The purpose of this questionnaire is to collect first hand information for a study being conducted on the topic, "**Assessment of The Deposit Mobilization Practice The Case Bank Of Abyssinia S.C.**" as partial fulfillment of Master's of Business Administration in Accounting and Finance (MBAAF) program at St Mary's University. To this end, I kindly request you to provide me genuine information, to the best of your knowledge, so that the findings of the study would be legitimate. The study is purely academic research.

Therefore, for sure, all your responses will be kept confidential. I would like to thank you for your willingness, effort and sharing precious time to fill the questionnaire and returning it the earliest possible.

Instruction: Please use tick mark (✓) or mark (X) in the boxes provided to choose from the options given and answer in writing where appropriate. You don't have to write your name.

Part I: Respondent's Profile

1. Gender: Male Female

2. Age: 23-30 31-40 41-50

3. Academic Qualification:

Diploma Degree Master's and above

4. Position In the bank

Director Relationship Manager
 Branch Manager Customer Service Manager

5. Working experience in the bank?

4-8 years 9-13 Years Above 13 years

Part II: General Information

1. Who is the main depositor of the bank?

- Business Organization NGOs
- Individual Associations Others_____

2. Which E-banking channels avail to impact to increase deposit mobilization in your bank?

- ATM Internet banking
- POS Mobile banking

3. Which factors contribute more to increase the deposit amount of the bank?

- Focus on customer handling culture Expanding E-banking channels
- Aggressive branch Expansion Aggressive advertisement

4. Which factors are affecting the deposit mobilization of your bank?

- The Infrastructures of technology Computation of peers groups banks
- The bank branch location Government rules and regulations

5. In your bank do you think they have different interest rates they attract for new customer?

- Yes No

6. The current foreign currency devaluation they have impact for your bank deposit mobilization?

- Yes No

7. Do you think NBE the amendment of increase interest rate is attracting new depositor of your bank? Yes No

8. Do you think the branch distribution in city and outlying fairly opened?

- Yes No

9. If your answer is no, what is a possible solution you are recommend?

10. The current aggressive branch expansion and advertisement of other private banks affect your bank deposit mobilization? Yes No

11. If your answer for question no. 10 yes, what is a possible solution you are suggest

PART III-Please read each statement in this part carefully and show the extent of your agreement on the statement by putting “ ✓ ” or “ X ” mark in the boxes using the following rating scales (like scales);Strong disagree(SD), disagree (D),Natural (N), Agree(A), and Strong agree (SA)

1. Question related deposit mobilization activate performed by the bank

S.No	Questions	SD	D	N	A	SA
1	The bank is aggressively expanding its branch					
2	The bank offers different products to mobilize deposit					
3	The bank mostly offer gift for new depositor					
4	The bank trains its staff to mobilize deposit					
5	The bank fairly distribute its loan to attract deposit					
6	The branch manger gets the necessary support from the management					
7	Relation manager and branch mangers visit the selected customer					
8	The bank collects cash directly from the customer office					

Pleas indicate any additional suggestion that you think important with question 1

2. Questions related to evaluate the implemented in managing deposit mobilization Used by the bank

9	The bank aggressive promotion to increase the bank depositor number and deposit amount					
10	The current deposit mobilization practice of the bank effective					
11	The bank staffs are eager to mobilize deposit					
12	The bank uses different technologies to mobilize deposit					
13	Sales officers are increasing the number of account					

Pleas indicate any additional suggestion that you think important with question 2

3. Questions related to the challenges of deposit mobilization

14	The competition from other bank is the main challenge to mobilize					
15	The government law and regulation is the challenge to mobilize deposit					
16	The deposit habit of the society in private bank is the challenge mobilize deposit					
17	CBE is the highest competitor more than private bank mobilize deposit					

Pleas indicate any additional suggestion that you think important with question

St. Mary's University School of Graduate Studies

MBA Program

Interview Questions

1. Would you explain the practice of deposit mobilization of BOA in relation with other private and governmental banks, what techniques does the bank use? What is the difference from other banks?
2. Do your bank have deposit mobilization plan and work unit?
3. How do you rate the government intervention to your deposit mobilization effort?