

St. marry University College
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Effectiveness of Deposit Mobilization Strategies in
lion international bank s. c
(in case of city branches)

By

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This is to certify that the thesis prepared by Etalem Kinfe , entitled: Deposit Mobilization Strategies in lion international bank s. c and submitted for partial fulfillment of the requirement for the Degree of Master of Business Administration to complies with the regulations of the university and meets the accepted standards with respect to originally and quality.

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Abstract

Effectiveness of Deposit Mobilization Strategies in lion international bank s.c (in case of city branch)

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The objective of the research is to make an assessment on deposit mobilization strategies of lion international bank s.c .Quantitative non- experimental research design was employed for the study. Non- experimental descriptive survey approach was used for analyzing, describing and for creating a causal relationship between the dependant variable and the independent variables at wider scale thus, to enable the researcher for better description of the strategies used. Both primary and secondary data sources were used for the study. In the study, it was found out that the most commonly used deposit mobilization strategies of lion international bank s.c were branch expansion, promotion and advertizing, door to door marketing and use of banking service technologies. The effect of branch expansion strategy on mobilizing more deposit was found high, while the impact of using banking service technologies is found low in relative term. Since there is a gap in lion international bank s.c on the development and introduction of new deposit products like: children’s savings, school savings, youth saving and health savings. It is therefore, strongly advised that they have to work on the introduction of these product areas. If, they want to expand their customer base and need to increase their deposit amount. lion international bank s.c are recommended to expand their branches through out the country rather than making high concentration only in major rural areas. It was also recommended to develop, introduce and promote their banking service packages to the wider rural society particularly to major pastoralists, big agricultural and cash crop sites.

Since, it helps to increase their customer base, sustain and increase the amount of their deposit level and helps the lion international bank s.cto make their own contribution to economic development of the country in general.

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List of Acronyms

ATM:	Automatic Teller Machine
LIB:	Lion international bank
CDA:	Children Development Account
CRM:	Customer Relation Management
CSA:	Children Saving Account
ESA:	Education Saving Account
FSA:	Farmers Saving Account
IFBS:	Interest Free Banking Service
IT:	Information Technology
IBS:	Internet Banking Service
HSA:	Health Saving Account
MSA:	Medical Saving Account
MBS:	Mobile Banking Service
NBE:	National Bank of Ethiopia
PLS:	Prize Linked Saving
POS:	Point of Sale
SPSS:	Statistical Package for Social science
SBI:	State Bank of India
TQM:	Total Quality Management
YSA:	Youth Saving Accounts
SWOT:	Strength, Weakness, Opportunity, Threat
G.C	Gregorian calendar

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Strategy is all about formulating basic organizational mission, purpose, policy and program to achieve its intended goals. It is a general direction to which an organization follow in performing its end results. Strategy serves as a tool to organize and allocate resources in a viable way based on rigorous analysis of internal and external environment that has impact on its purpose (Mohammad and Mahdi, 2010). Every strategy need to be made based on critical analysis and understanding of strength, weakness, opportunity and threats (SWOT) and environmental scanning thereby acquiring better knowledge about its internal and external environment in general. It is necessary to build up a strategic tool that can enable for effective use of the internal strength, help in minimizing or avoiding the weakness and use the existing opportunity and help in tackling the threats presented to from internal and external environment.

Lion international bank s. c. may have different deposit mobilization strategies as an industry. Deposit is liquid money that collected from individuals, private organizations, etc. Deposit is the most important source of finance for banks that is collected from the public (Mahendra, 2005).

Lion international bank s. c. collects deposits from its customers and lend it to deficit unit of the economy as a financial intermediary between depositor and borrower to generate income for its service. To provide lending and borrowing service intermediaries. Lion international bank s. c. required to collect sufficient amount of deposit in their treasure otherwise they cannot give the

service and generate revenue. Therefore, their survival is highly dependent on the amount of deposit mobilization.

Collecting enough amount of deposit for their lending service requires an effective strategy that enable the organization use internal strength , core competence and capabilities , prevent against each threats presented to it. Banks in Ethiopia currently are using various strategies to attract more customers to their service office through aggressive promotion, some are promoting different product features like mobile banking, visa cards , internet banking, Automatic Teller Machine (ATM) service, Prize-link

saving , branch expansion , point of Sale (POS) and other similar activities are under practice to increase the volume of their deposit.

Lion international bank s. c. compete for deposits in order to become profitable and thus to be able to supply sufficient amount of funds to the public for loan. However, such financial growth is profitable only if the Lion international bank s.c do not incur additional expenses to obtain and retain cash (Davinaga, 2010). That is for Lion international bank s. c. to attain their profit objective. Deposits are one of the most important sources of capital. Moreover, according to Richard (2000) capital structures in banks are made up of shareholders' funds, borrowing and deposits. Therefore, deposits are one of the sources of capital for Lion international bank s.c. However, regardless of the strategy type they have implemented to gain competitive advantage over its competitors, sustain their strength, minimize their weakness, and create awareness to their target customers, change their attitude, create brand image and loyalty of its customers (Gupta and Mittal, 2008).

According to Davinaga, (2010), different banks in general use different strategic tools and marketing communication elements that are important in the pursuit of their service to gain competitive power, to lead the industry group, to create public image, to develop sense of customer's credibility and assurance.

1.2. Statement of the Problem

Deposit is the main source of finance for Lion international bank. Being financial intermediaries, Lion international bank collects money in the form of deposit from surplus unit (depositors) and lend it to deficit unit (borrowers) and collecting interest for the service provided is the core activity of lion international bank. Thus, for lion bank to provide sufficient credit services to its customers there should be enough deposit in the treasury of the bank. Lion international bank provides credit service and collect interest revenues. Both collecting and satisfying the needs of credit customers are impossible without sufficient amount of deposit in the treasury of banks.

Deposit is highly important to identify all important strategic actions that can enable to maximize deposit in branches. Various studies were conducted on the effectiveness of deposit mobilization strategies particularly on commercial banking industry of developed nations. They have identified and proposed different strategic approaches to mobilize deposit. Some of these strategic approaches included: aggressive awareness creation and public education, promotion and advertising, door to door service, personal selling, customers segmentation, improving service excellence and diversifying service package, implementation of banking service technology, branch expansion, and service Convenience and accessibility. The impacts of these strategies were also found high on mobilizing more deposit in developed nation. It was also proposed that, lion international bank needed to deliver high quality service which could be easily accessible and have to continuously develop and introduce different product package and need to implement banking technology that can widen the service accessibility to the customers.

This research has gap on revealing the strategy and strategic approach that can well fit to the lion international bank deposit mobilization. It is obviously visible facts that lion international bank is currently making direct copy of foreign banking deposit mobilization strategic experience even without minor modification. However, the effectiveness of these strategies on mobilizing deposit in the real context of lion international bank is not well investigated.

1.3 Research Questions

Therefore, based on the facts presented above the student researcher forwarded the following basic research questions regarding the deposit mobilization strategy of lion international bank S. Co.

1. What are the major strategies used by lion international bank to mobilize deposit?

2. How effective are the strategies used to increase deposit?
3. What are the major technology and banking service packages used to mobilize deposit?

1.4 Objective of the Study

1.4.1 General Objective

The general objective of the study is to assess and analyze the strategies used and the problems and challenges that the lion international bank is facing to mobilize deposit.

1.4.2 Specific Objectives

- To identify the effectiveness of deposit mobilization strategies lion international bank are using.
 - To examine the effectiveness of deposit mobilization strategies used by the bank in increasing deposit funds..
- To identify and evaluate the marketing strategy used and its effectiveness in mobilizing deposit.
- To evaluate what strategies are used in lion international bank to increase customer bases?
- To identify and analyze what strategies and techniques lion international bank are using for awareness creation and public education.
- To asses and analyze how lion international bank expanding bank service and its accessibility.

1.5. Significance of the Study

The study may provide the following major benefits:

- The result of the study may serve as an input for strategic planning and implementation purpose.
- It may create awareness to on the problem of effectiveness of deposit mobilization strategy in lion bank .
- The study may serve as a reference material for those who intended further research on the area of deposit mobilization strategy.

1.6. Scope of the Study

The scope of the study was delimited only to the assessment of deposit mobilization strategies in lion international bank and it did not assess other problematic areas of the bank. The study further delimited its coverage area on 15 city branches of Lion International bank under provision of service delivery activity and moreover the study was conducted at lower, middle and top level manager.

1.7. Limitation of the Study

Due to time and financial constraints the study did not conduct assessment on all city branches to see the effectiveness of each strategy. The study was being made on strategy which the research faced a problem to easily obtain the strategic documents for its analysis. There was also lack of sufficient and organized data for the deposit performance of all branches

Due to time constraint the researcher did not employ all data analyzing models and test tools exhaustively. However, to maintain the relevance of the research all possible effort was made.

1.8. Organization of the Study

The study was organized in to five chapters. The first chapter deals with the backgrounds of the study, statement of the problem, research questions, and the general and specific objectives of

the study, the significance of the study, scope and limitation of the study and organization of the study. The second chapter deals with the literature review on strategies improving commercial banks deposit. The third chapter deals with the data and methodology of the study, the source of quantitative data and population of the study. The fourth chapter deals with results and discussions of the output. In the last fifth chapter the researcher concludes the findings of the study based on the conclusion and policy implications made.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Literature review is prepared in two parts: The theoretical and empirical review parts. In the theoretical review part the theories that states about the commercial banks deposit strategies and the variables that are claimed to affect are discussed. The empirical literature part discusses previous studies conducted on the area of deposit mobilization strategies in commercial banks of Ethiopia

2.1. Theoretical Review

2.1.1. The Importance of Deposits for Banks

2.1.1.1. Deposits as a source of fund for loan

Deposits are the main source finance for banks to provide loan. Mainly this deposit is provided by people. However, deposits can also be provided by business organizations, NGOs, government and others. Therefore, whether deposits are from individuals, businesses and government is important for financial source. Hence, every effort of financial institution strategy need to make its all focuses toward increasing this important source of finance for financial institutions (Mohammad and Mahdi ,2010).

2.1.1.2. Attracting deposit is cheaper than raising equity

Banks as any other business organizations obtain funds from debt and/or equity in the banks context raising equity is more expensive or costly than attracting deposits and the lending channel plays a role, the deposit growth should lead to an increase in the supply of loans due to the additional source of financing for banks. As demand for loan increases because of the development work done by individuals, businesses and government, banks should extend their deposit base. (Mohammad and Mahdi ,2010).

2.1.1.3. Banks make profit using their deposits

Deposits provide most of the raw materials for bank loans and thus represent the ultimate source of the bank's profits and growth. Banks make profit by using their deposits, therefore it is said that depositors can discipline banks. For depository corporations mainly deposit money banks, their principal objective is undertaking financial intermediation to make profit and increase their shareholders value (Sheku, 2005). They achieve their objectives mainly by attracting depositors and investing the money on profitable investment.

2.1.1.4. Fund investment and/or development projects

Debt is largely held by domestic commercial banks which are funded mainly from deposits, the government demand for bank assets enabled banks to continue to expand their deposit base rapidly and profitably (Herald and Heiko, 2009). Individual, investors and government are mainly depending on the deposits of banks to fund their investments and/or development projects. Generally, the banking system can be viable only if it can mobilize deposits at the required rate. The ability of a bank's management and staff to attract checking and savings accounts from business and individuals is an important measure of the bank's acceptance by the public.

2.1.2. Marketing strategy for deposit mobilization

2.1.2.1 Identify Target Population

One of a measuring unit for success of strategic plan is ability to create customer loyalty and the ability to build an organization image. Regardless of the type of industry in which a strategic plan made it is very important to identify and analyze a group of target customers that the organization need to serve and understand their real needs and wants of the target customers and must try to create superior value that can provide the highest satisfaction to them.

A firm operating in the banking industry that needs to identify and group its target customers by segment to serve. Model farmers that are generating significant level of income; Pastoralist earning good income from rising prices of livestock and livestock products ; Small and Micro Enterprises and other financial institutions that have managed to raise their earning capacity; financial that make periodic own savings to meet their plans of expansion, which can temporarily

be placed in the form of bank deposits; Producers cooperatives, consumers cooperatives; associations and unions are another target population that the commercial banks should strive to attract petty traders operating under shades – traditional coffee and tea vendors, fast food vendors, etc. Wholesalers, retail traders and service providers; Civil servants that have already developed some kind of saving habit including through the bond they purchased; Employees of NGOs including lobbying of their employers to pay salary via the commercial banks; NGOs are themselves targeted as an organization to put their fund in banks until they utilize it for the intended purpose; Individuals that self-excluded from banking services or intermittently use limited services of the banks due to various reasons; school children who are the potential savers; employees of large labor intensive permanent/temporary projects; The entire corporate sector, both public and private and other which are more sensitive to service quality and convenience for effective service delivery process. Devinaga Rasiah (2010),

2.1.2.2 Customers Segmentation

The customer segmentation implies regrouping of bank's various services and activities into separate departments for each category of customers depending upon the business handled in each market such strategic approach helps the bank to identify the key needs of customers and their expectations work accordingly . The marketing effort should be directed through segmentation. The rationale of segmentation strategy lays in the fact that banking being a financial services industry focus has to be on customer and their needs instead of organizational convenience. A customer has more than helped us to serve him better. His needs in turn would depend on the activity he is pursuing. The segmentation strategy of customers can be done by taking into account geographical areas, social status, income levels, profession, economic activity, age group etc. Devinaga Rasiah (2010),

2.1.2.3 Aggressive Awareness Creation and Public Education Strategy

The demand for deposits is influenced by education level which in turn increases the awareness of the rural people as a factor of deposit mobilization. It was also found that literacy as a proxy people about banking services. It is taking rural area as its base it is obvious that it considers the awareness about banking that is positively influence deposits.

The Promotion strategy plays a major role in creating public awareness about bank's products and services on a large scale. However, developing advertising campaigns for services are a difficult aspect because of the intangible attribute of service. Promotional strategy of banks should involve front line employees in designing the advertising campaign as service personnel directly interact with customers during the process of marketing. A bank can improve its brand image and brand equity with the help of mass-media and other forms of promotional campaigns. It also helps the bank in differentiating and positioning its services from those of competitors. Modern technology has made customers aware of the developments in the economic environment which includes the financial system. Financial needs of the customers have grown multifold into various forms like quick cash accessibility, money transfer, asset security, increased return on surplus funds, financial advice, deferred payments etc. Worth nothing without effective and efficient promotional strategy that can well address its entire service package. Herald finger and Heikohesse (2009).

i. Develop Publicity and Public Relations program

Banks use publicity campaigns to bring in awareness about their offers among the existing and potential customers .It involves using the information in a way that induces interest towards a company event or person. Public Relations in banking helps in:-1) establishing most effective communication system.2) creating sympathy about relationship between bank and customer.3) giving broadest information about activities of bank. Herald finger and Heikohesse (2009).

ii. Develop Direct Marketing strategy

Direct Marketing involves contacting the existing and potential customers directly through telemarketing, direct mail, and online marketing (e-mail and official websites) without employing any intermediaries in the process. The customers of banking service need some specific information or a customized change in the offering of the bank, so that the bank personnel can best satisfy them while the intermediaries might not be in a position to respond to customer's satisfaction. Herald finger and Heikohesse (2009).

iii. Plan and apply Word of mouth promotion

Very often communication about the banking services activity takes place by word of mouth information which is also known as word of mouth promotion. In the banking industries we find use of different components of promotion and word of mouth is one of the main source of promotion a satisfied group of customers is considered to be the most successful hidden promoters and if the banks keep on moving the process of satisfying the customers, the circle of word of mouth promotion would keep on moving. This component of promotions is found significant to the banking organizations and therefore bank professionals are required to seek the cooperation of opinion leaders for the promotion. State Bank of India (SBI) is the largest nationalized commercial bank in India in terms of assets, number of branches, deposits, profits and workforce. With the liberalization of the Indian banking industry in the mid-1990s, SBI faced stiff competition from the private sector and foreign banks which resulted in significant loss of its market share. To overcome the intense competition from private and foreign banks, SBI planned a major organizational restructuring exercise. The key aspects involved redesigning of branches, providing alternate Channels; focus on a lean structure and Technological up gradation and applied the hidden promotional strategy become successful. Herald finger and Heikohesse (2009).

2.1.2.4 Employees' Sensitization on the Deposit Mobilization

A strategy without well understanding and commitment of employees have to do nothing, hence however, the strategy and strategic plan is a novel one, without an effective achievement of intended strategic objectives and values, strategic implementation gets null. With this regard many researchers have made study on an effective implementation of the organization strategy and also on well understanding and commitment of employees to ward strategic implementation and has made suggestion on the following major points:- Aggressive staff awareness creation in order to deploy these same staff on the public awareness creation; Comprehensive and fundamental awareness creation on the need for deposit mobilization, content & targets of the strategy; Train and coach all bank employees & bring about profound attitudinal change; training to narrow skill gaps including gaps in marketing skills; Creating awareness among staff that low income groups should equally be targeted as is the case with high income groups; Effectively use periodic meetings to share & evaluate performance results; the top management of commercial

banks may arrange regular visits to branches to inspire and encourage branch management and staff Eshetu M.(2009).

In addition to these, staff training is essential to good client relations. It is important that staff members need to behave appropriately relation during all client contacts. First, staff members must be courteous and polite at all times. Second, they must be knowledgeable about the products and services offered by the institution. Third, they should know about marketing programs so they are prepared to answer questions. A lack of staff knowledge about services and programs can hurt the savings institution. Not only providing training to staff members but also they have to get access to product and service information whenever they need it and the product manual provides this kind of information. Staff training should not be a one-time event, but a continuing process. Eshetu M.(2009).

2.1.2.5 Identify Supportive Development Partners

Organization strategy need to be based on a good analysis of its environment at large scale particularly with all of its stake holder in and around the organization and maintain , build and develop a strong relationship among all partners and supportive bodies try to work together .

A good strategy has to create build and maintain a best relation among partners create Synergy and coordination efforts with local administrative organs, influential /personalities such as community and religious leaders, NGOs, etc. for an effective public education ,use various local forums (workshops, conference) and use their influential status and expertise to deliver public education; high public mobilization for local level development activities such as environmental protection can be extended to sensitize the public in promoting saving cultures; periodic training to health extension workers and agricultural development agents in order to gain their support in public education; top management and the deposit mobilization team at top level will have regular discussions with federal administrators and bureaus; Branch managers and deposit mobilization teams will have regular discussions with agricultural and health development agents.

Deposit mobilization teams at branch levels need to visit every school in their domain to share ideas on banking and saving; Branch managers encourage schools to arrange visits to their branches for students & brief them about banking operations; Cooperation with NGOs that are working on areas related with savings promotion and poverty reductions through households' asset buildings. establish synergy with pertinent federal offices such as Closely work with Regional Agriculture & Trade & Industry Bureaus to attract model farmers and Unions, Cooperatives, identifying and establishing strong relationship with Medias that are dedicated to boosting public awareness ;making effective use of local electronic and printed Medias such as TV Programs, FM radios and community radios at regional and local levels in addition to those at the national level; Local Medias operate using vernaculars & specific cultural settings of communities, Produce and supply adequate public education materials

As study shown on various literatures banking industry being a service provider to the general public, the firms in the industry are required to produce and supply a proper public education and awareness creation materials and use different technique which can address its target customers and general public in the form of effective use of promotional materials such as brochures, flyers, posters and other similar promotional tools for communicating the message to those able to read & understand it; making leaflet distribution along a one-to-one or one-to-many close link; use of local languages and flyers with pictures of model savers and community leaders may have high value addition; distributing leaflets to customers is also important as they would be able to show to their neighbors, friends, and relatives; materials for public education should also be prepared and distributed to the branches and outlets in timely manner; always have adequate stock of the required materials; upgrade the website of the banks to serve as a medium of promotion and communication with customers and the general public. Ozdemir T. (2009)

2.1.2.6 Promotion and Advertisement

Advertisement is an eminent part of marketing of bank products. Advertisement should be such that appeals to people. It should not follow the pattern of narrating a product. For effective advertisement, bank should understand people's tastes and choices the bank should embark upon aggressive marketing of its products, particularly at the time of launching a new product, this

will inform the perspective customers regarding product and at the same time relieve staff at branch level from explaining the product to all customers. Advertising is one component of a successful marketing program. Advertising sends an appealing message or set of messages using the mass media. Electronic advertising (via television or radio) and print advertising (via newspapers, magazines, and billboards) can be expensive because of production, broadcasting, or circulation costs. Therefore, it is critical to ensure that the resources spent on advertising buy high quality and targeted messages. The banking sector seems to have displayed a halfhearted approach towards promotion strategies. Lack of commitment to advertising, communication, and personal selling tend to reduce a lot of banks customers. Since, customers are not aware of deposit related schemes except savings accounts and usage of other schemes is quite poor Ozdemir T. (2009).

2.1.2.7 Door- to door –Marketing

It is a part of marketing strategy used for customer base expansion through the use of different customers accessing techniques like visiting target customers and introducing different service packages developed and on delivery process and inviting those targeted customers to use the service. Door to door marketing activities includes the distribution of brochures, flyers, convincing customers about the service quality, service delivery time, and service giving process and arriving at customer acceptance stage for service usage. Poor people often pay others to collect and to keep their savings. Deposit Collectors visit men and women daily—often at their doorstep or their market stall to pick up a small, fixed amount. In Ghana for example, market women make 30 small Deposits per month (a trickle). After a month, they get back 28 times their daily deposit (a lump). During the month, the collector usually keeps the deposits in a bank or lends them out informally. Poor people are willing to pay to save because deposit collectors almost eliminate transaction costs. Exchanges take a few seconds and occur where savers live or work. Furthermore, the presence of the collector may prompt the saver to find a way to save something, even when difficult or inconvenient. Devinaga Rasiah (2010)

2.1.2.8 Cross-selling Marketing

It is personal selling activities that most banks prefer in expanding selling and usage of their services .It occurs in two ways. First occurs in a way that customer and banker perform face to face interaction with each other at branch office. In this process personnel, bank employees, chief and office manager, take part in selling. Second occurs in a way that bank's representative go to customer's places. Bank's representatives are specialist in bank's services and have update knowledge about the banks services to be offered and they shape the relationship between bank and customers.

The direct contact between the staff members and potential clients (sales) and existing clients (cross-selling) is critical in savings mobilization. The most frequent sales contact in savings institutions between the staff and clients is over-the-counter sales. During this contact, potential and current clients make important financial decisions, including whether to place their savings in the institution. Good client service establishes a rapport and trust between the employees and the clients. If a staff member mishandles an encounter with a client, all product development and marketing efforts are wasted. Staff must be well trained to conduct transactions and inspire confidence in clients. Devinaga Rasiah (2010)

Another environment for offering savings products is the potential client's home or workplace. Selling the idea that having with a particular institution is more advantageous while in the potential client's own territory is not easy. Selling in the field is particularly challenging because field, however, POS support is not available.

2.1.2.9 Money Tracking

Tracking is the activity to hunt source of huge disbursement or collection of money transactions such as composition payment made to farms, disbursement of money to large government projects. Large organizations sometimes disburse big amount of money to purchase goods and

service to their operation or to implement kind of projects. Financial institutions make continuous search for this kind of purchase and lobby the sellers to deposit in the bank.

Money tracking activity includes the process of tracing and accessing projects and programs designed by government and providing the required banking services at sites of the program and projects. Most often project includes (railways, housing project sites and other big projects). Money tracking activity requires the establishment of inter-branch synergy for making effective incoming and outgoing transaction related to projects “deposit mobilization strategy plan” CBE (2012). Devinaga Rasiah (2010)

2.1.2.10 Customer Base Expansion

Supply lock boxes to potential savers particularly petty traders, small shop owners, micro enterprises, etc. Handle all salary payments by the Bank; Use banking technologies to attract more potential customers; introduce door-to-door services for large and regular customers; enhanced cross-selling activities at the counters of branches and Strengthen deposit mobilization teams at the head office and branches Devinaga Rasiah (2010).

2.1.2.11 Customer Attraction.

Due to their significance to numerous industries including technology, entertainment, and communications, the dynamics of network markets have received considerable attention on customer attraction in the past two decades. Many emerging e-commerce companies, especially those focused on business-to-consumer e-commerce, are in an aggressive phase of attracting customers.

Customer retention is a pointless exercise if there are no customers to retain. Hence, the need for customer attraction, understanding the role of attraction in a customer commitment decision is the key issue that has received little attention in the service-marketing area. That is the service provider is giving a service which different from average competitors operating under the same service area.

Many financial institutions offering youth saving and children’s accounts use a range of promotional and incentive techniques to directly encourage use of the account and/or

accumulation of balances. For instance cooperative bank of Kenya uses different techniques to promote their savings. These techniques generally utilize two kinds of incentive: in-kind and financial. In-kind incentives are much more common and can include premiums/ prizes, lotteries/raffles, shopping discounts, promotional events, and even different types of insurance. Co-operative Bank in Kenya, for example, organizes annual holiday parties for youth clients, with prizes for the highest savers. Devinaga Rasiah (2010)

2.1.2.12 Customer Retention

It takes a great deal of time and money to attract every new customer. Yet, surprisingly few companies take equal trouble to retain existing customers. This is also true for firms in commercial banking service as they probably devote most of their resources and energy to attracting new customers, but few take the trouble to retain existing ones. Hence, the organizations need to retain these customers so that these resources would not be a waste on search for new customers.

Customer retention is the activities of maintaining continuous trading relationships with target customers over the long term. Conventionally, customer retention is defined as “the number of customers doing business with a firm at the end of a financial year, expressed as a percentage of those who were active customers at the beginning of the year. Devinaga Rasiah (2010)

2.1.2.13 Promote Banks Service Accessibility

Service giving industry particularly banks expected to approach more and more to its targeted customers to make itself easily accessible to its customers so as to maintain comfortable and risk free or less riskier environment that they can easily make deposit and withdraw their money from daily business activity or any kind of earning or payment they make. Devinaga Rasiah (2010)

2.1.2.14 Branch Expansion

Branch expansion is one of the strategic tools applied in commercial Banks for improving deposit volume and increasing customer base. Different research result shows that as number of branch increases access to customer and securities to customer's increases, it reduces informal saving activities and promote attitude toward formal saving culture and saving. Hence, Branch expansion has been seen as crucial strategic tool to attract more customers and to increase deposit volume.

Theoretical literature on banking regulation that branch banking leads to more stable banking systems by enabling banks to better diversify their assets and widen their deposit base and an argument commonly articulated in the literature is that strategy on branch expansion stabilizes banking systems by reducing their vulnerability to local economic shocks; branching enables banks to diversify their loans and deposits over a wider geographical area or customer base. Restrictions on branching have been linked to the instability of banking systems and inaccessibility to banking services. Lack of widespread branching bank strategy hindered the development of large-scale industrial firms in the economy and the development of financial institutions and their services to society. It is also stated that unit banks become increasingly incapable of receiving deposits from a widespread geographic area. The single office bank is also not able to monitor geographically diffuse debtors as easily as could be done with multiple offices. Moreover, it can be concludes that under branch banking the mobility of capital is almost perfect.

Banks need to make a continuous scan on its environment for a search of deposit potential areas and expand its accessibility to those potentials of surplus agricultural production and cash crop areas; availability of appropriate infrastructures suited for banking operation; areas with minerals, investment potential, tourist attraction sites; large remittances inflows; availability of appropriate premises for banking business operation; availability of other bank branches; and Large project sites that accommodate large number of people residing in the vicinity of relatively permanent projects, etc. and focus on agglomeration of economic activities & ensure that opening a branch is better than other channels newly developed areas in major cities Ozdemir T. (2009).

2.1.2.15 Enhance van-based Mobile Banking Services

Where geographical area and society settlement is very dispersed it may be difficult and costly to have accessible branches of banks. However, Commercial bank's recent experience indicate that viability of mobile van based banking services; retail delivery of financial services at the door steps of customers; consider availability of business potential for such services as, large construction project sites; housing and manufacturing Projects; & temporary military bases, mechanized commercial farms that deploy large labor forces, areas where warehouses of the Commodity Exchange are operating, market days which are weekly held in many rural parts ,can be used to pre-test a market for branch opening, Once started the service should not be terminated so as to maintain accessibility and high public confidence. Ozdemir T. (2009)

2.2 Empirical Review

2.2.1. Development and introduction of new deposit products

Prize-linked savings (“PLS”) is one of banking service package strategy that enables banking service firms to attract more savers a return in the form of the chance to earn large prizes, rather than in more traditional forms of interest or dividend income or capital appreciation. The probability of winning is typically determined by account balances, and the aggregate prize pool can be set to deliver market returns to all savers categorizing savings program on a spectrum from coercive to exciting. Burugadda S. (2012) consider prize-linked savings a program that could make saving exciting, by leveraging the excitement generated by gambling and lotteries. This overlap between prize-linked savings and lotteries is important as survey results show that low income American families believe they are more likely to build wealth by playing the lottery than by traditional saving with compound interest.

One of the most effective strategies 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 strategy for commercial banks deposits and also state 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. 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. 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 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. 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.

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.

Developing and introducing different product and service features is one of strategic tool moves to maintain the ever changing customers' wants and to be competitive enough in the industry. According to different research output commercial banking industries under continuous expansion of its service feature on the area of: - Educational Saving Accounts, Women's saving account, Youth and young saving accounts, Health Saving accounts , Farmers saving accounts

and Children saving accounts and Interest Free Banking (IFBWS) Window service and soon (Thyagarajan J., 2000).

Strategy for Product development and marketing efforts focus on meeting the local demand for savings services. Good product offerings and effective marketing will result in a successful savings mobilization program that will lead to growth in banks. The first step in determining how to meet client demand is to find out what clients and potential clients want in their savings services. Once that information is obtained, savings institution managers should evaluate existing products to see if they meet those demands. Various sources of information can be used to evaluate products and services, including staff observations, client complaints, market research, competitor activities, and national financial market behavior. When existing products do not meet the demand for savings services, new products are developed to fill the void. Staff training should be part of the product development process. In addition, a product manual that contains comprehensive information about all products is essential.

Information about policies and procedures should also be included in the manual. A strategy for marketing plan provides the roadmap for product development and marketing efforts. An institution's marketing plan should be goal oriented and based on sound business principles and the plan should help the savings institution to meet its business targets in a competitive marketplace. Even a small financial institution has many marketing tools it can use in a marketing program including sales and cross-selling, selling in the field, media advertising, point-of-sale advertising, direct marketing, and promotions.

Education saving is a future program designed to accumulate future and current finance for education. Education saving is intended to finance different financial education needs such as:- school tuition, tutoring fees, school fees, purchase of books and other educational materials. Herald and Heiko (2009)

Because education savings accounts give parents many different choices, lawmakers in Arizona and around the country should monitor both the spending flexibility and the academic outcomes to make sure children have access to the tools and services they need, and that they are, in fact, learning, it help students after graduation during job search and to settle themselves for they type job they planned. However various study revealed that families in developing nation and even

some in developed nation are not creating this opportunities for their children most families in developing nations use personal fund financial sources as study shows the situation becoming one problem for sustainable success students in developing nations. In similar manner financial institutions do not well understand the existing deposit potential this type account.

Many young members have already started to earn extra money babysitting, cutting lawns or delivering newspapers. Others earn a weekly allowance for performing chores around the house or receive cash for their birthday. They are considerable amount of saving of saving source of financial institutions.

On the other hand at the most basic level, this would occur by bringing more people into the formal financial system at an earlier age, and giving them access to more diverse strategies for household economic management as they begin their adult lives. But substantive financial inclusion encompasses more than simple access to financial services; it requires the educated and savvy use of these services, or financial capability, among clients. Promoting savings could enhance this type of substantive financial inclusion by increasing young people's knowledge of and experience with financial services, inculcating good habits when they are relatively easy to form. Yet despite the growing attention to youth savings from the social development and microfinance sectors, there is neither comprehensive information on how and why savings initiatives are being implemented nor conclusive evidence that they actually can achieve both goals. In light of this, a study was made on the existing practice on YSAs to advance a more comprehensive understanding of the actors offering them. The focus youth saving is aimed at those aged 12–18 because this is often a period of pivotal life choices (such as dropping out of school, initiating sexual activity and managing earnings) that emerging evidence indicates savings may be able to affect positively. The next section highlights the findings of this survey, followed by a review of the current limited evidence on the dual development potential of YSAs that found out the huge potential of youth saving on youth future growth and its contribution the two financial deposit amount and study also identified the need for further discussion, research and experimentation before the perceived dual potential of savings for young people can be confirmed, and therefore, achieved Herald and Heiko (2009).

Savings initiatives for young people tend to exist in one of three forms depending on both their purpose and the type of stakeholders sponsoring them. The first and most common type of youth

savings initiative is a product geared to young people. Such savings products are offered by and held at a financial institution, generally on a standalone basis. Such accounts may be offered for a mix of purely commercial and corporate social responsibility reasons, but rarely involve additional support services. Second and increasingly common are programmes to encourage and support savings, YSAs offered as a result of initiatives by a non-profit institution to promote specific social outcomes, often in partnership with a financial institution. This type of savings initiative almost always involves additional support services offered alongside the account. The third and rarest type of savings initiative for young people occurs at the policy level; that is, YSAs offered as a result of an act of government, covering either all youth (in a few developed-country examples) or else, in the case of developing countries, all youth in a certain category. Policies are designed to encourage asset building or other positive behaviors, and typically feature both direct financial incentives/subsidies and restrictions on the withdrawal or use of funds.

The preliminary evidence outlined above suggests that savings initiatives for young people may hold the potential to enhance both their financial inclusion and development outcomes. For this reason and others, including increasing recent attention in the microfinance industry to savings, youth savings are a hot topic. In the face of the increase in and diversity of current practice on YSAs, financial institutions, donors, NGOs and governments have little empirical data upon which to base decisions regarding whether and how to invest resources in savings initiatives for children and youth. The types of question highlighted above – on how to design and deliver sustainable, age-appropriate savings accounts that have a positive impact on young clients – warrant serious attention. An industry-wide commitment to experimentation and rigorous research on these topics, widely shared, would provide an opportunity to promote children and youth savings in a much more effective, systematic way than has been the case with earlier innovations.

Fortunately, the growing interest in children and youth savings is spurring a corresponding increase in the level of intellectual and financial resources devoted to the subject. Deliberate, coordinated learning strategies among practitioners, donors, policy-makers and other stakeholders could go far towards channeling this enthusiasm for the ultimate benefit of disadvantaged young people and deposit mobilization.

Various incentives can be used to encourage farmers to save for bad times. In Canada, for example, the government matches farmer deposits and provides interest rate bonuses. In Australia, a relatively new program allows farmers to defer taxes on savings deposits in good years so they can be withdrawn at lower tax rates in poor years. Although the concept has been debated in Congress since 1996, the United States has not yet implemented a specific farmer savings account program. However, such proposal may emerge in the 2002 Farm Bill debate, or as part of a broader tax package developed by Congress and the Administration. World trade agreements increasingly discourage trade distorting farm policy payments linked to commodity specific prices and production. Farmer savings account incentives represent one approach to potentially meet the emerging criteria. Herald and Heiko (2009)

Farmers in the developing world appear to have many ways they could benefit from a safe place to save. They get much of their income in each year at harvest times and need to save it for the slim times or they want to smooth earning for low productive period. Not only do they need to save their harvest money for day-to-day expenses later on, they also need to save money from harvest to planting season to fund next year's seed, fertilizer, and other productivity enhancing farming investments. The task of saving for the future is made difficult when relatives and friends ask to borrow money and the financial pressures of daily life make immediate expenditures seem more important than future investments. But it's even more difficult without a savings account and easy banking services access which is the situation for most farmers in the developing world Herald and Heike (2009).

Research shows that improved savings options can make a big difference in the lives of farmers. A first wave of results from a new study has shown that giving farmers individual savings accounts and the ability to commit their funds until harvest time can make a major difference in the amounts they save and invest in their farms, increase their harvest profits, and even lift their future consumption levels and provide high contribution to the growth of national economy and deposit opportunity to banks. The researchers output identified about 1,700 farmers to participate in the study, all of whom were members of farmer groups formed to sell their crops collectively. The researchers visited a random sample of one-third of the farmer groups to give members assistance in signing up for their own ordinary savings account and allowed them to stipulate

how much of their harvest proceeds would be transferred into the account. Any remaining proceeds were given to them in cash as usual. The researchers then visited a second third of the groups and gave them the option of having both savings accounts and commitment savings accounts, which allowed the farmers to freeze the funds until a date of their choosing (something like a time deposit), which most farmers set at just before the next planting season all of the options identified the best opportunity to increase their wealth amount.

A growing body of academic research suggests that saving plays an important role in educational attainment, changing aspirations, and breaking the cycle of poverty. Some subjective evidence suggests that a lack of hope is a factor in many of the poor choices made by young people. With nest egg savings, all children may be able to look toward a future in which they have the resources and know –how to invest in them. The saving for education, entrepreneurship and down payment policy and practice initiative is a multi- year national effort in USA to test this idea by implementing a limited number of coordinated savings accounts for children and youth in 12 sites across the country. These demonstration sites an experimenting with a variety of program structures and providing evidence for state and federal policymakers that accounts should be universally available to all children in the United States.

Interest free banking is capable of creating multi-sectorial impacts. Emergence of Interest free banking industry has paved for attracting more Muslim customers to banks. Several studies indicated a rapid growth in this sector. Around 20% growth is reported on this banking service by most of the studies. The value of Interest free banking assets are surge that in the market has opened the door for new avenues of innovations in this form of deposit and currently Middle East and Indian banks under promotion this banking strategy. Apart from Middle East, which is a hub of Interest free banking many new full fledged, Islamic financial entities are coming in the market both at regional and international level creating good opportunity for mobilizing deposit. The conventional banks after realizing the great potential of this market have started Islamic windows parallel to conventional banking for mobilizing more deposit. Interest free banking is becoming a vast source of deposit. Ismael R. (2010) argue that total quality management (TQM) is an important tool, but it cannot create sustainable value unless coupled with more innovative

and forward-looking strategies that often modify and adjust itself with current situation to collect sustainably more deposit. Ismal R. (2010)

Interest free banking is capable of creating multi-secretarial impacts. Emergence of Interest free banking industry has paved the way towards the creation of support institutions, which include IT solution providers, education and training providers, credit rating agencies, and industry associations among others. Newly created opportunities are grabbed by the existing players in similar businesses or new entities. Nations where Interest free banking is trying to make its foot have to facilitate it by support services. Ismal R. (2010)

The most common type of medical savings account (MSA) is the American employer-funded model, which was pioneered by the National Center for Policy Analysis in Dallas, and rose to prominence during America's national debate on health funding in the mid-1990s. The details vary, but in general terms these employers establish MSAs for their workers, and deposit a fixed sum into them each year. On top of this, they arrange a group medical insurance plan that has a high annual excess. Because this sort of policy is much cheaper, the two elements together cost less than the traditional arrangement of the 'first dollar' health insurance coverage. Ismal R. (2010)

Workers can use the money in their MSA to pay for any health care services they deem appropriate, until the fund is exhausted. If they have to make an insurance claim for some serious item, they can use the money in their MSA to pay (or help pay) the policy's excess; but if they have already exhausted their account that year, they would have to pay the excess from their own pockets. From the moment that the company deposits the funds into an MSA, the money — plus any interest that accrues — becomes the property of the employee, though it can be used only on health care services. Any money that still remains in the account after a specified time (usually a year) also belongs to the employee, and can be withdrawn for other purposes (though sometimes there are restrictions on this). Companies that have adopted the MSA idea have been able to save money on their employee health care provision. Employees have also benefited by having greater choice about the range of health care services they can access, and by being able to keep any MSA funds that they do not spend. Ismal R. (2010)

2.2.2. Application of internet banking Technologies

Electronic-banking has its barriers as stated above due to its shortcomings as perceived by adopters and non-adopters from various researches. Though e-banking has its shortcomings, it still provides some benefits. Various authors have researched these benefits and it is identified to be beneficial to both banks and consumers (Shambare W., 2008).

E-banking services presented banks with a more economical substitute for brick and mortar branches. E-banking services are the latest most innovative and most profitable banking services to be offered by the banks. New forms of online communication offer a host of new and promising opportunities for customer retention on the World Wide Web, while at the same time intensifying competition.

Ozdemir T. (2009) identified time savings, fast service, cost savings, instant access, opportunity cost savings (that is, enables more time for work) and convenience as perceived usefulness aspects for internet banking.

The business benefit of the Internet is to generate additional revenue, improve customer service, extend marketing, and increase cost saving. By offering IB services, on one side banks can benefit from having fewer staff and physical branches. It also creates huge cost.

On the Internet, customers serve themselves, negating the need for frontline staff. Banks can derive revenues over and above their offline revenues by charging for online services and value-added services.

On the other side, e-banking can be beneficial to consumers by providing cost and time savings, reduced dependency on time and location, quick responses to complaints, more service variety and improved services quality (Shambare W., 2008).

Customers looking for the flexibility and convenience offered by e-banking will be attracted to banks providing the best services. Existing customers can be sold products that they do not have in their profit such as a second credit card, life insurance and home loans among others. This can lead to improved ability to retain customers. Customer relationship management (CRM) can be facilitated by the data acquired and captured on the corporate database. Products and services can

be customized to suit the needs of the customer or groups of customers, thus breeding customer loyalty.

Owing to the enormous benefits for the bank and for the depositor , e-banking has motivated both banks and consumers to offer and use e-banking services.

E-banking is about using the infrastructure of the digital age to create opportunities, both local and global. E-banking enables the dramatic lowering of transaction costs, and the creation of new types of banking opportunities that address the barriers of time and distance. Banking opportunities are local, global and immediate in e-banking.

E-banking, which involves the provision of information or services by a bank to its customers over the Internet has been one of the major developments in the financial service sector in recent. Online banking has been the fastest growing Internet activity in the United States. Over the last five years. As of November 2004, a total of 53 million Americans (44% of all United States Internet users) use some form of online banking service. In Germany the number of online accounts has increased between 1999 and 2004, with 40% of all accounts now being online (Floh T. 2006, p. 98). Though the evolution of electronic banking is a global one the adoption rate is still low particularly in developing country. For example in Qatar, e-banking is very much in its infancy. The current level of ATM penetration in Qatar is 20 ATMs per 100,000 inhabitants are still low compared to those in the UK and the USA 61 and 114 ATMs per 100,000 inhabitants, respectively.

ATMs are a computer-controlled device that dispenses cash, and may provide other services to customers who identify themselves with a Personal Identification Number. ATM dispenses cash at any time of the day and night, unlike the traditional method where customers have to queue for a very long time in order to withdraw cash or transfer funds.

Banking industry in general, its future success, accessibility and service excellence depends on the use of technologies, reliable technologies help in discourage holding physical cash; E-Payment Services can facilitate purchase and sale of goods without the limit of physical boundaries all over the world with the help of internet. Setting a strategy for search and use of new banking technology is very helpful for increasing accessibility and customer base. Site

selection is important for ATMs & POS expansion, Potential sites may include hospitals, municipalities, immigration office, customs authority, air ports, sub cities, learning centres, supermarkets, etc.; International and regional conferences halls; Industrial establishments with a number of employees; commercial banks branches that have large number of customers and long waiting time (may require more than one ATM Ozdemir T.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

The researcher has Employed both quantitative and qualitative or mixed methods approach.

Non- experimental descriptive survey research was employed for this particular study. Descriptive research enables the researcher for analyzing and describing the effect of each independent variable used on the dependent variable at a wider scale. Using quantitative research approach, the researcher has gathered deposit performance of lion International bank from 15 city branches from the years 2011G.C to 2015G.C. The obtained information was analyzed using tables and percentages.

Some of the qualitative analysis was made on the data obtained through interviews questions made to the top level managers and it was qualitatively analyzed in the form of summarized statements.

Using quantitative non-experimental research methodology, particularly, descriptive survey research approach was used .

3.2. Source and Type of Data

The study used both primary and secondary data. Both questionnaires and interview questions were used to gather information from the top level, middle level and lower level managers of the

bank. Regarding the secondary data, the researcher gathered quantitative data of deposit performance of the 15 branches from the year 20011 G.C to 2015 G.C.

Primary data was collected from all selected branches of lion international bank directores ,vice president and president of lion international bank by distributing 40 both close and open ended questions and an interview was made with top level managers and a total of 30 questionnaires were properly filled and returned for analysis.

3.3 Data Collection Instrument

In order to collect the primary data interview and both open and close ended questionnaires *have been* used. Secondary data was obtained from all relevant sources of information such as annual deposit mobilization performance reports of the banks, deposit strategic document and action plans, periodicals, manuals and policy and procedures of the banks were summarized and used.

3.4 Study Population and Sampling Method

Probability sampling techniques will be employed for the study. There are total of 115 branches of lion international bank. Out of these branches 15 branch were selected elected randomly using random probability sampling technique Both open and close ended questionnaires and interview were distributed used to gather the relevant data. The questionnaires were distributed to each of the 15 branch managers and interview schedule is settled and were accordingly the researcher included the total population for investigation by using quantitative non- experimental research design the study, non- experimental descriptive survey was used to provide an in-depth analysis and description on the effect of independent variables on the dependent variable by creating causal relationship between the variables and analyzed qualitatively.

3.5 Method of Data Analysis and Presentation

After the data has been collected from both primary and secondary sources, it has been edited, coded, analyzed and summarized both quantitatively and qualitatively. Quantitative data analysis

and description was made using tables, and percentages. It was supported with brief description and discussions of the findings were made. In similar manner, qualitative data obtained through interview and questionnaires were qualitatively analyzed and summarized.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

4.1. Result of Qualitative Data

This chapter is concerned with the discussions; interpretation and presentation of data obtained from both open and close ended interview questionnaire and secondary data sources were discussed, and presented using tables and percentage and interpreted and well discussed. Total of 40 questionnaires were distributed to 15 city branches managers, top level managers and middle level managers and total of 40 questionnaires were filled and returned for discussions.

All the discussion was concerned on investigation and identification LIB deposit mobilization strategies. Every information discussed and presented was obtained from questionnaires and interview of president and vice president, directors, departments, head managers and discussions of relevant documents obtained from all relevant sources were included.

Table 1: The trend of total deposit growth of Lion International bank between the year 2011 and 2015

		Total Deposit				
No.	Banks	2011	2012	2013	2014	2015
1	Yeka branch	447,190,822	412,003,026	411,941,819	427,841,777.20	498,639,995.45
2	Arada branch	100,943,550	119,866,224	131,150,260	143,698,634.3	152,632,564.02
3	Gofa branch	90,131,007	109,606,474	118,782,259	129,574,241.56	142,745,895.65
4	Merkato branch	59,368,180	73,997,660	91,825,762	101.369,898.22	147,987,215.04

5	Raguel branch	58,315,570	53,869,494	63,297,217	71,597,217.33	85,214,785.21
6	Gotera branch	83,101,052.96	37,431,163.79	70,597,481.84	81,639,836	92,635,412.36
7	T/haimanot branch	19,456,419	15,596,048	40,630,856.70	58,639,654	66,365,214.99
8	Mesalemiya branch	23,875,707	56,331,164	33,995,176.37	46,558,965.33	54,774,536
9	Sengatera branch	50,936,012.81	21,391,958.84	65,440,136.41	73,254,698	83,654,123.2
10	Atlethaile branch	94,157,126.61	79,031,011.46	85,614,094.72	96,369,852.21	105,214,587.01
11	Gurd shola branch	16,169,163.49	23,106,119.30	43,830,539.91	56,879,456.32	62,654,789.33
12	Kality branch	4,990,786.94	17,346,650.43	25,875,496.03	33,698,562.66	41,456,321.5
13	Cmc branch	1,479,875.00	33,405,506.20	45,725,263.04	54,964,636.87	63,998,745.84
14	Gerji branch	3,882,355.62	18,062,717.51	36,923,146.07	42,654,789	50,265,478.23
15	Bole branch	-	50,597,164.04	68,875,838.35	72,654,789.25	81,659,874.63

Source: Annual deposit mobilization performance report of the bank

Table 1 above clearly revealed the annual deposit mobilization performance report of the selected Addis Ababa city branches of Lion International bank. Accordingly, those having lower deposit mobilization performance branches are that were opened with in the last five years. On the other hand, branches having relatively high deposit mobilization performance were those branches that were opened before five years ago.

Table 2: Total Numbers of customers in the sample branches of the bank between the year 2011 and 2015.

No.	Banks	Total Deposit				2015
		2011	2012	2013	2014	
1	Yeka branch	5987	8596	11562	13236	15,588
2	Arada branch	2874	3652	4023	4987	5,723
3	Gofa branch	4952	5764	6253	7014	7,845
4	Merkato branch	2754	3865	4751	5351	6,247
5	Raguel branch	1421	1985	2987	3587	4,088

6	Gotera branch	2154	3368	4012	4658	5,146
7	t/haimanot branch	1547	2124	2657	3011	3,652
8	Mesalemiya branch	1245	1765	2121	2564	3,188
9	Sengatera branch	1254	1857	2235	2847	3,127
10	Atlethaile branch	254	321	757	1154	1,436
11	Gurd shola branch	325	687	987	1212	1,424
12	Kality branch	1421	1754	2015	2784	3,176
13	Cmc branch	845	1124	1547	1987	2,284
14	Gerji branch	2641	3354	4112	5784	6,673
15	Bole branch	457	876	1065	1458	1,754

Source: five years annual branch report

Total number of customer increase increase through time in all branches

4.1.1. Discussions Based on Data Obtained from Questionnaires

The study used the frequency distribution using SPSS software to analyze items of the questionnaires. There were 40 discussed through SPSS software. Accordingly, the result of the frequency distribution was discussed and interpreted as flows:

Table 3: Position of the respondents in the bank

Position	No of respondents	Percentage
President	1	3.33
v/president	3	10
Directors	9	30
Branch Managers	15	50
Others	2	6.67
Total	30	100

Source: SPSS output of frequency distributions of the respondents

As it is revealed on table above, 30 %(9) of the respondents were Directors of the bank, 10 %

(3) of them were vice-presidents, 3.33% (1) of the respondents were president, 50%(15) of the respondents were branch managers and only 6.67%(2) of the respondents were officers who work on research and planning areas of the bank.

The result of this data in analysis showed majority of the respondents were directors and branch managers who have better understanding on deposit strategic plan and its implementations.

Table 4: Deposit performance level of bank

Item to Measured	No of Respondents	Percentage
Very good	15	50
Good	9	30
Average	6	20
Below average	-	-
Poor	-	-
Total	30	100%

Source: SPSS output of frequency distributions of the respondents

As it is shown in table 4 above, 15 (50%) of the respondents said that the deposit performance of their branch was very good relative to previous years performance of the branch; and 6(20%) of them said that deposit performance level was average. While none of them said their deposit performance level was poor. Therefore, the survey result indicated that greater number of respondents indicated that the bank’s deposit mobilization performance was attractive.

Table 5: interest rate of the bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	2	6.67	6.67	6.67
	Sometimes	5	16.67	16.67	16.67

Often	17	56.66	56.66	56.66
Mostly	6	20	20	20
Total	30	100.0	100.0	

Source: SPSS output of frequency distribution of the respondents

As it is revealed in table 5, 6.67% (2) of the respondents replied that they rarely used increasing deposit interest rate strategy for mobilization of more deposit, 56.66 % (17) of them said that the branch used increasing deposit rate often as a strategy for mobilizing deposit, 16.67%(5) of them replied that the branch used increasing deposit rate sometimes as a strategy. The above survey result indicated that most of the branches did not use increasing deposit rate as a major deposit mobilization strategy. In this regard, a study made by Mohammed & Mahadi (2010) argued that deposit interest rate as the most effective factors for deciding to deposit in banking system. Moreover, this article showed the impact of interest rate on the performance of the banking system to achieve the goals that are expected from the banking system to mobilize more deposit. Study made on deposit mobilization by Commercial Bank of Ethiopia in 2012 had found developing countries have low deposit interest motive.

Table 6: Implementation of additional saving account products

	Frequency	Percent	Valid Percent	Cumulative Percent
Rarely	3	10	10	10
Sometimes	5	16.67	16.67	16.67
Often	10	33.33	33.33	33.33
Mostly	12	40	40	40
Total	76	100	100	

Source: SPSS output of frequency distribution of the respondents

As it is revealed in table 6, 40%(12) of them replied that as they used the introduction of new deposit products mostly and 33.33%(10) of them said that introduction of new deposit products used as a strategy often and 10%(3) of them said that rarely used new deposit products to increasing the amount of deposit.

Table 7: Service improvement strategy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	1	3.33	3.33	3.33
	Sometimes	2	6.67	6.67	6.67
	Often	9	30	30	30
	Mostly	18	60	60	60
	Total	30	100	100	100

Source: SPSS output of frequency distribution of the respondents

As it is revealed in table 7 above, more than average number of the respondents replied that as the branch implemented service improvement strategy mostly, 30% (9) of the respondents replied that the branch used often to improve their service excellence as a strategy to mobilize more deposit, 6.67% (2) of them said that the branch used service excellence some times for mobilization of more deposit.

this study argues on service giving industry particularly bank expected to approach more and more to its targeted customers to make itself easily accessible to its customers so as to maintain comfortable and risk free or less riskier environment that they can easily make deposit and withdraw their money from daily business activity or any kind of earning or payment they make.

Table 8: Customer base expansion techniques in the branch

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	2	6.67	6.67	6.67
	Sometimes	4	13.33	13.33	13.33
	Often	4	13.33	13.33	13.33
	Mostly	20	66.67	66.67	66.67
	Total	30	100	100	100

Source: SPSS output of frequency distribution of the respondents

As it shown in table 8, 66.67%(20) of the respondents have replied that as the banks used customer base expansion strategy mostly, 13.33%(4) of them replied that as the banks often use customer base

expansion strategy to mobilize more deposit and only 6.67% (2) of them said that the banks rarely use customer base expansion strategy for mobilizing deposit.

Study showed customer base expansion make the amount of deposit make sustainable deposit in financial institutions as such its recommended to used different type of customer base expansion techniques like cross-selling ,door to door service, use of referral marketing and track large amount of money from large projects and the like.

Table 9: Advertising and promotion strategy in the bank

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely			
	Sometimes	10	33.33	33.33
	Often	20	66.67	66.67
	Mostly			100
	Total	30	100	100

Source: SPSS output of frequency distribution of the respondents

As it shown in table 9 above, 33.33 % (10) of the respondents replied that as the bank used advertising and promotion strategy in sometimes, 66.67%(20) of them replied that the banks often used advertising and promotion strategy to mobilize more deposit mean.

Advertising and promotion stated as one component of a successful marketing program that can send an appealing message or set of messages using the mass media. Electronic advertising (via television or radio) and print advertising (via newspapers, magazines, and billboards) can be expensive because of production, broadcasting, or circulation costs. Therefore, it is critical to ensure that the resources spent on advertising should contain high quality and targeted messages.

Table 10: Cross-selling marketing the branch

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Rarely	1	3.33	3.33
	Sometimes	3	10	10
	Often	10	33.33	33.33
	Mostly	16	53.34	53.34
	Total	30	100	100

Source: SPSS output of frequency distribution of the respondents

As it is indicated in table 10 above, both 86.67% (26) of the respondents have replied that as the branch used cross-selling marketing strategy mostly and often. 10 % (3) of them responded that the branch used sometimes cross-selling marketing to mobilize more deposit. The survey result revealed that this marketing strategy was well applied by Lion International bank.

As various literatures shows cross-selling is personal selling activities that most banks prefer in expanding selling and usage of their services and their customer base. It occurs in two ways: Firstly, it occurs in a way that customer and banker perform face to face interaction with each other at branch office. In this process personnel, bank employees, chief and office manager, take part in selling. Secondly, it occurs in a way that bank's representative go to customer's places. Bank's representatives are specialist in bank's services and have update knowledge about the banks services to be offered and they shape the relationship between bank and customer.

Table 11: Money tracking marketing in the branch

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all			
	Rarely	9	30	30
	Sometimes	10	33.33	33.33
	Often	11	36.37	36.37
	Mostly			
	Total	30	100	100

Source: SPSS output of frequency distribution of the respondents

In table 11, it is shown that 36.37 % (11) of the respondents replied that the branch used money tracking activity not at all. The above survey result showed that this marketing strategy was well applied by lion international bank at all

Studies on different research output indicates that money tracking is the activity to hunt source of huge disbursement or collection of money transactions such as composition payment made to farms, disbursement of money to large government projects. Large organizations sometimes disburse big amount of money to purchase goods and service to their operation or to implement a kind of projects. Financial institutions make continuous search for this kind of projects, purchase and lobby the sellers to deposit in the bank. Money tracking activity also includes the process of tracing and accessing projects and programs designed by government and providing the required banking services at sites of the program and projects. money tracking activity project includes (railways, housing project sites and other big projects). Money tracking activity requires the establishment of inter-branch synergy for making effective incoming and outgoing transaction of the local and foreign remittances. Hence, the result of the above analysis indicates that lion international bank have good strategy in money tracking activity.

Table 12: Referral marketing in the branches

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all			
	Rarely	2	6.67	6.67
	Sometimes	5	16.67	16.67
	Often	10	33.33	33.33
	Mostly	13	43.33	43.33
	Total	30	100	100

Source: SPSS output of frequency distribution of the respondents

In table 12, it is shown that 43.33% (13) of the respondents have replied that as the branch used referral-marketing strategy for mobilizing deposit in most cases, 33.33 % (10) of them responded that as branches used often referral-marketing activity to mobilize deposit

Table 13: Door-to Door Marketing in the branches

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	2	6.67	6.67
	Rarely	4	13.33	13.33
	Sometimes	10	33.34	33.34
	Often	7	23.33	23.33
	Mostly	7	23.33	23.33
	Total	30	100	100

Source: SPSS output of frequency distribution of the respondents

As it is clearly stipulated in table 13 above, 33.34% (10) of the respondents replied that as the branch sometimes use door to door marketing strategy for mobilizing deposit, both 33.34% (7) of them responded that as branch used referral-marketing activity mostly and often to mobilize more deposit, 13.33% (4) of they indicated their response as the branch used rarely to mobilize deposit and only 6.67% (2) their response was that the bank used not at all door to door marketing to mobilize more deposit.

Door to door marketing is a part of marketing strategy used for customer base expansion through the use of different customers accessing techniques like visiting target customers and introducing different service packages developed and on delivery process and inviting those targeted customers to use the service. As it is seen on some research output door to door marketing activities includes the distribution of brochures, flyers, convincing customers about the service

quality, service delivery time, and service giving process and arriving at customer acceptance stage for service usage and this approach has identified as power full marketing tool to expand the customer base of lion international bank.

Table 14: Public Education materials in the branches

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not at all	25	83.33	83.33	83.33
Rarely	5	16.67	16.67	16.67
Sometimes	-	-	-	-
Often	-	-	-	-
Mostly	-	-	-	-
Total	30	100	100	100

Source: SPSS output of frequency distribution of the respondents

In table 14, it is shown that 83.33% (25) of the respondents replied that as the branches rarely used public education materials (like leaflet, flyers, brochures, pamphlet, etc.) for mobilizing deposit, 16.67%(5) of them responded that as the branch rarely used public education materials to mobilize deposit. The above survey outcome indicated that almost all the branches does not used public education materials to mobilize deposit.

Table 15: Prize linked saving increases deposit in the branch

	Frequency	Percent	Valid Percent	Cumulative Percent
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Valid	Not at all	28	93.33	93.33	93.33
	Rarely	2	6.67	6.67	6.67
	Sometimes	-	-	-	-
	Often	-	-	-	-
	Mostly	-	-	-	-
	Total	30	100	100	100

Source: SPSS output of frequency distribution of the respondents

In table 15, it is shown that 93.33% (28) replied that as the branch used prize linked saving (coupon) technique not at all for mobilizing deposit, 6.67% (2) of them responded the branch rarely used coupon to attract more deposit.

Prize-linked savings (“PLS”) identified as an important customer attracting strategy that enables banking industry to attract more savers in the form of the chance to earn large prizes rather than in more traditional forms of interest or dividend income or capital appreciation. The probability of winning is typically determined by account balances, and the aggregate prize pool can be set to deliver market returns to all savers.

Table 16: Mobile banking service increases deposit in the branches

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	2	6.67	6.67
	Rarely	6	20	20
	Sometimes	8	26.67	26.67
	Often	14	46.67	46.67
	Mostly	-	-	-
	Total	30	100	100

Source: SPSS output of frequency distribution of the respondents

In table 16, it is shown that 20% (6) of the respondents replied that the branch used mobile banking service technology rarely for mobilizing deposit, 26.67%(8) of them responded the branch sometimes used mobile banking service for mobilizing more deposit and only 46.67% (14) of them indicated the branch often used the service to mobilize deposit.

As we can see on the literature part of this study, mobile banking services basically allow customers to operate their accounts with the operating banks from mobile phones to a large extent as long as their phones and network support SMS (short messaging service). This situation helped banking service to make accessible to anybody who have network support and cell phone service and allowed to the banking service access across the globe without the limit of boundary. The user of mobile banking could be able to check account balance up to the customers' two last transactions.

Internet and mobile banking services fundamentally changes the way service is provided and makes transaction easy and decreases cash holding motives. Service excellence and the deposit mobilization effort would be enhanced. However, as we observe from the above survey result lion international bank have not well applied this type of service in their deposit mobilization effort and customer base expansion strategy.

Table 17: Internet banking service increases deposit in the branch

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	30	100	100	100
	Rarely	-	-	-	
	Sometimes	-	-	-	
	Often	-	-	-	
	Mostly	-	-	-	
	Total	30	100	100	100

Source: SPSS output of frequency distribution of the respondents

In table 17, it is denoted that 100% (30) of the respondents replied that as lion international bank used internet banking service technology not at all for mobilizing deposit.

Table 18: Automated Teller Machine (ATM) service increases deposit in the branches

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	30	100	100	100

	Rarely	-	-	-	
	Sometimes	-	-	-	
	Often	-	-	-	
	Total	30	100	100	100

Source: SPSS output of frequency distribution of the respondents

In table 18, it is denoted that 100% (30) of the respondents replied that the branch not at all used ATM for mobilizing deposit.

It is stated on literature part that ATM service is a computer-controlled device that dispenses cash, and may provide other services to customers who identify themselves with a Personal Identification Number without working time limit and it identified as one important technological invention on improving service excellence and reduce cash carrying of customer for their immediate need and improve service convenience. ATM dispenses cash at any time of the day and night, unlike the traditional method where customers have to queue for a very long time in order to withdraw cash or transfer funds. As this study indicates not at all respondents replied that lion international bank use to mobilize deposit therefore, this implies that effort has to be made widely to implement and use the technology if service excellence, expansion of customer base and mobilization of more deposit is required.

Table 19: Point of Sale (POS) service increase deposit in the branches

		Frequency	Percent	Valid Percent	Cumulative Percent
	Not at all	30	100	100	100
Valid	Rarely	-	-	-	
	Sometimes	-	-	-	
	Often	-	-	-	
	Total	30	100	100	100

Source: SPSS output of frequency distribution of the respondents

In table 19, reveals that 100% (30) of the respondents replied that the branch use not at all POS for mobilizing deposit. The survey result indicated that it was not much has been done on this regard.

However, this type banking technology much applied in many countries widely used on market sites such as super market and shops etc.

Table 20: Interest free banking service in the branches

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not at all	30	100	100	100
	Rarely	-	-	-	
	Sometimes	-	-	-	
	Total	30	100	100	100

Source: SPSS output of frequency distribution of the respondents

In table 20, it is depicted that, 100% (30) of the respondents replied that the branch used interest free banking not at all for mobilizing deposit.

On the literature part it has been seen interest free banking was capable of creating multi-sectorial impacts. Emergence of Interest free banking industry has paved for attracting more Muslim customers to banks. Several studies indicated a rapid growth in this sector. Around 20% growth is reported on this banking service by most of the studies. Moreover, the conventional banks after realizing the great potential of this market have started Islamic windows parallel to conventional banking for mobilizing more deposit from Muslim customers and currently banks introducing this type in service package. However the above survey result indicated the type product is has not widely implemented.

According to McKinsey study, this surge in the market has opened the door for new avenues of innovations in this form of deposit and currently Middle East and Indian banks under promotion this banking strategy. Apart from Middle East, which is hub of Interest free banking many new full fledge, Islamic financial entities are coming in the market both at regional and international level creating good opportunity for mobilizing deposit.

Table 21: Office convenience of the branches

Statement for comment	Respondent's comments on:- office location , setup, convenience and accessibility of the bank					
		Strongly agree	Agree	Somewhat agree	Disagree	Total
The bank office setup, location, convenience and accessibility are good to customers.	Number of respondents	22	5	5	-	30
	%	73.34	13.33	13.33	-	100%

Source: SPSS output of frequency distribution of the respondents

As table 21 clearly depicted, 73.34% (22) of the respondents strongly agree with the statement the bank had very good office location and set up, convenience and accessibility of the bank, which may implies that there may not have be some gap on the office location and set up, convenience and accessibility of the bank to its customers and only 13.33% (5) provided agree to the statement ,the bank had very good office location and set up, convenience and accessibility to its customers and 13.33%(5) of the respondents agreed to the above stated statement.

Table 22: Customer satisfaction level survey in the branches

Statement for comment	Respondent's comment on: -customer satisfaction level survey for service improvement of the bank.

		Strongly agree	Agree	Somewhat agree	Disagree	Total
The bank continuously make customer satisfaction survey to improve its service.	Number of respondents	22	8			30
	%	73.33	26.67			100%

Source: SPSS output of frequency distribution of the respondents

In table 23, it is depicted that, 73.33% (22) of the respondents indicated that they strongly agree with the statement, the bank perform customer satisfaction level survey continuously to take it as an input for its customers service improvement, the analysis of this survey result may implies that, it indicates that the banks did make customer satisfaction survey to improve their service excellence and only 26.67%(6) of respondents have provided agree to the statement, the bank make customer satisfaction survey continuously to improve its service to its customers.

Table 23: Research based marketing and promotion strategy in the branches

Statement for comment	Respondent's comment on: - using research based marketing and promotion strategy of the bank.					
		Strongly agree	Agree	Somewhat agree	Disagree	Total
The bank use research based marketing and promotion strategy.	Number of respondents	24	6			30
	%	80	20			100%

Source: SPSS output of frequency distribution of the respondents

In table 23, it is portrayed that, 80% (24) which is the greatest share of the respondents indicated that they strongly agree with the statement, the banks use research based marketing and promotion strategy, the banks use research based marketing and promotion strategy to mobilize more deposit and 20% (6) of the respondent has agreed to the above stated statement.

Table 24: High concentration area of the bank

Question	Respondent's comment on: -branch concentration area of the bank				
		Major Cities	Rural Areas	Small Towns	Total
Where do you think your bank's branch is the most concentrate area?	Number of respondents	11	19	-	30
	%	36.67%	63.33%	-	100%

Source: SPSS output of frequency distribution of the respondents

In table 24, it is shown that, 36.67% (11) majority of the respondents indicated that branch concentrated on major city areas, while 63.33% (19) of them replied that the branch concentrated on rural areas. This survey result indicated that more lion international bank have made their branch expansion strategy on major rural areas of the country to mobilize deposit. However, some study made on Indian commercial banks have identified the existence of huge amount of deposit potential on rural areas particularly, cash crop farmers, pastoralists and livestock producers and farm association were recommended.

4.2. Discussions

The research titled deposit mobilization strategies of lion international bank. The research was conducted using quantitative non- experimental research design with a particular emphasis on non- experimental descriptive survey. The following findings were made based on the information obtained through questionnaire and interview.

- The common deposit mobilization strategies used in lion international bank are found to be branch expansion, application of new banking technology, introduction of new saving account products, expanding customer base, door to door marketing, mass-media advertising and promotion.

- lion international bank are using branch expansion as a major deposit mobilization strategy. Findings of various researches on branch expansion strategies had recommended that it is one of the best strategic tools to increase customer base, accessibility and securities. It also helps to reduce informal saving and promote formal saving in banks and play a good role on changing the attitude of society toward the benefit of deposit.
- On the other hand the effectiveness of using different banking technologies and increasing deposit interest rate are found to have low positive correlation with the amount of deposit.
- It was argued on various research output that deposit interest rate was proposed as one of the most important factor for customer deposit choice of financial institutions , particularly in the country where there is high inflation rate exist if the saving interest rate is below inflation rate depositor are exposed to loss. Since, reduction in the purchasing power of money cannot fully offset by deposit interest rate. Even if, the deposit interest rate is below inflation rate the impact of deposit interest rate on mobilizing more deposit are found low in the case of lion international bank. While the question of why deposit interest rate and use of sophisticated banking technologies are not highly affecting the amount of deposit is left for further research findings currently the impact of these variables have low contribution to the amount of deposit.
- It is identified that lion international bank is not aggressively using new saving account products such as women's saving account, youth and young saving account, interest free banking, children's saving account , health /medical saving account and farmer's saving account in their effort of mobilizing more deposit.
- Lion international bank is using banking technology like Mobile banking, but not using other technology like Internet banking, Automated Teller Machine (ATM) and Point of Sale (POS) as a strategic move for attracting more deposit customers. But its relationship to the increment of deposit amount is found to be low.
- It is discussed on various literatures that the use of banking technology application like ATM service, Visa Card, internet banking, mobile and other e-banking services have been identified as center of quality service and promising opportunity for customer

attraction and retention , save time for making deposit, help to reduce cost of service provision. Therefore, the impact of banking technology on attracting more deposit customers were concluded to be high particularly, it is proposed on the study made on the contribution of banking technology is high in developed nations like India to bank service.

- Similarly, study made on effect of technology in banking industry in Nigeria has found that internet and mobile banking services fundamentally changes the way the services are provided and make transaction easy. Moreover, it reduces the cost of transaction and specially the emergency of ATM service helped on reducing cash holding motives of customers and promoted the saving interest of customers dramatically.
- More than half of the respondents showed that lion international bank used deposit it incentive techniques such as provision of gift, welcoming letter and prize link saving (coupon). The effort of deposit mobilization although these incentives had been recommended on various research as an effective strategic means for attracting deposit particularly saving account customers.
- More than average number of respondent's response had shown that lion international bank considered service improvement as an important strategy to attract more customers and collect deposit. Argument on various literatures revealed that service giving industry particularly, the banking industry, should undertake a continuous improvement towards their service delivery process and customer need satisfaction.
- Lion international bank is not undertaking interest free banking service as a strategic means to attract more deposit customers. Even if, the emergency of interest free banking service has paved for attracting more Muslim customers segment to financial institutions.
- The study has identified that Lion international bank are using most commonly mass-media advertising for creating awareness to ward deposit and its benefit. .On the other hand they are widely using promotional and marketing strategies such as word of mouth promotion, door to door marketing, referral marketing, money tracking and cross selling activity for mobilizing of more deposit and it is identified that these awareness creation and marketing strategies have positive impact on the amount of deposit of lion bank.
- The researcher is found that Lion bank did perform customer satisfaction survey for improving its service and they did undertake research based marketing promotion to

mobilize more deposit. Study made on developing marketing intelligence argued that to improve customer satisfaction and develop and maintain best service, delivery process organization are required accurately to identify the needs and wants of the customers and develop and deliver advertising and promotion based on their marketing and promotion research.

- In the study, it is found that Lion international bank branch is mainly concentrated in rural areas and distribution of branches in city and small town areas have been found low

CHAPTER FIVE

CONCLUSIONS AND POLICY IMPLICATIONS

5.1. Conclusions

The major deposit mobilization strategies used by lion international bank are: branch expansion, application of new banking technology, introduction of new deposit product; door to door marketing and mass-media advertising and promotion are among the major strategies implemented. In this study it is found that not all strategies have similar effect on increasing the amount deposit. The effect of branch expansion is found high on mobilizing more deposit. Even if, it is not widely implemented strategies like: core banking service, door to door marketing, referral marketing, word of mouth promotion were provided high positive effect on mobilizing more deposit. Conversely, the effect of banking technologies like mobile banking and the use of similar technology contribution towards mobilizing more deposit were identified relatively low.

These obviously, lead to the conclusion that strategies like: aggressive branch expansion and increased accessibility of the banking service, improve security, create convenience and enable to attract more deposit customers. Likewise, the use of door to door marketing, referral marketing and word of mouth promotion are found very effective in city areas. However, the effectiveness of the use of banking service technology is found relatively low. In the country like Ethiopia, spatial distribution and its settlement are more scattered, not less than 80% of its population live in rural areas relatively low proportion to the society who are educated and low exposures to IT and technology, the effect of these marketing and promotion approach is high in

relative to the use of banking technology. On the other hand, study made on the contribution of banking technology on banks service and accessibility was argued that it has high impact on attracting more customers and increase high amount of deposit. Particularly, the introduction and promotion of banking technology such as ATM, POS, Internet banking and mobile banking service bring high improvement on accessibility and convenience of banks service to customers at low cost and reduce risk associated with caring large amount of cash. However, the real context of lion international bank may not fully allow the implementation of banking technologies like ATM, POS, IB, MB, where, the proportion of educated population are low and low level urbanization, the contribution of implementing these type of technologies had low contribution to deposit currently .

On the other hand even if, the use of mass-media promotion and advertising is good for wider promotional coverage across national boundary. Its effectiveness and understanding to each and every regional states of the country identified low. Therefore, mass-media advertising and promotion is not equally understandable to all regional states on effectively addressing the service package of lion bank.

The result of the study identified that lion international bank are not using deposit interest rate increment to attract more deposit customers. Even if, the national bank of Ethiopia has allowed commercial banks the right to increase the deposit interest rate in the margin between 5% and 7.9% and it is proposed on various research as one of deposit mobilization incentive strategy. However, the effectiveness of increasing deposit interest rate for attracting more deposit is found low in lion bank.

It is identified that lion international bank are not aggressively using new deposit products such as women's saving account, children's saving account, school 's saving account, youth and young saving account, interest free account, farmer's saving account, health and medical saving account are not widely introduced and practiced . The development and introduction new banking service product as a strategic tool to mobilize more deposit help banks to expand its customer base and enable to attain sustainable level of deposit as study result of various search had shown.

On average deposit attraction incentives like provision of gift and welcoming letter, introduction of prize linked saving practice have not been widely applied. However, an investigation designated that these incentives techniques were proposed as an effective strategic means particularly on attracting saving customers. Therefore, it is a visible fact that these incentive strategies can bring material effect on mobilizing more deposit.

Accordingly, this survey result showed most of lion bank branch is mainly concentrated on rural areas. Strategy that focuses on opening of branches on few areas has risk of losing customers in rural pastoralist and large farm sites and also reduce customer base. As we seen from the literature part, a study made on branch distribution strategy of Indian commercial banks exposed the existence of huge deposit potential in rural and farm sites. This indicates that, the existence of gap on development and use of a strategy that can accommodate the wider share of rural and small towns deposit potential.

5.2. Policy Implications

Based on the research findings and conclusions the following recommendations are provided: -

- All the strategies implemented in lion international bank are not equally effective in mobilizing more deposit. Some of the strategies like, referral marketing, door to door service, and core banking service have shown high contribution on mobilizing more deposit. This indicates that, each and every strategies implemented in lion bank are not well evaluated to understand the real context of the strategies to be implemented. It is therefore, important to develop the strategy that can well address the problem of the context it is to be deposit mobilization strategy implemented . Otherwise its effectiveness on addressing the intended objective of the strategy can be low or ineffective.
- The use of banking technology on banks service excellence, accessibility, more customer attraction and customer expansion were brought high effect and dramatically changed the service in the industry particularly, for banks in developed nations. The introduction and promotion of banking technology such as mobile banking service brought high improvement on accessibility and convenience of banks service to customers at low cost

and reduce risk associated with caring large amount of cash. However, the real context of lion bank may not fully allow the implementation of banking technologies like ATM, POS, IB and MB where, low proportion of educated population are found, low level urbanization and low level infrastructural facilities implementing these type of technologies had brought low contribution to deposit. Therefore, the Lion bank needs to effectively analyze its own real situation to develop and implement accurate strategy that can best fit to its own banking industries. Because, the strategies that are very noble in one country may not be effective on other country. Even if, the right cause of low performance on implementing these technologies left for further research. As the proportion of educated society increases and the level of infrastructural facilities improved lion bank are strongly recommended to introduce and promote the different banking service technologies. Since, it brings a dramatic change on the service improvement and accessibility of lion bank customers.

- The contribution of branch expansion is high on mobilizing more deposit; hence, lion bank have to expand its branch throughout the country, rather than making high concentration only on rural areas.
- Lion international bank are not widely and effectively used door to door marketing strategies, referral marketing, money tracking and van-based mobile banking activity in their deposit mobilization strategic action plan and implementation effort. However, these approaches for mobilizing deposit becoming very attractive and sustain deposit amount particularly in the city areas of developing nations. Therefore, lion international bank are recommended to make assessment on each of those strategic approaches and have to use effectively in their deposit mobilization effort..
- There has been visible gap observed on the study in the development and introduction of new type of saving account products in lion bank deposit strategy. As it is seen on the literature part of commercial banks in both developing and developed nation of the world enabled to build sustainable deposit source through development and introduction of new products like children's saving, school saving, youth saving, and health and medical saving accounts which enable them expand their customer base and deposit. It is therefore, essential to introduce and promote these new service products in the lion

international bank. The introduction and promotion of these new deposit products have multi-beneficial to commercial and economic development of the country. Ethiopia is now in the process of becoming the member of the world trade organization which may open the national door to foreign banks competition. Therefore, introduction and promotion of these new service products can well buildup our bank service base, improve deposit amount and make strong in the case when competition arises.

- Lion international branch expansion strategy has made its focus on the major rural areas specially in Tigray region. The situation has made narrow its customer base and deposit amount since in Ethiopia not less than 80% of the society engaged in agricultural activity and live in small town areas. The bank branch and service expansion to large farm and pastoralist site and to small town areas are not well developed in proportion to branch expansion in cities. Hence, lion bank have to re-evaluate their branch expansion and deposit mobilization strategies and they have to expand their branches and service access to these sites.
- Even if, mass-media advertising and promotion is good for wider promotional coverage across national boundaries of Ethiopia. Its effectiveness is found low on addressing the message to each and every region. Therefore, Mass-media advertising and promotion have to be developed and transmitted with the consideration and understanding of the language and other factors that can affect the promotion to each region.

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Appendices

Appendix 1

St Mary's University

School of Graduate Studies

Master of Business Administration

Interview questions

1. Would you explain the deposit mobilization strategies that are used in your bank?
And how effective are they?
2. What are the major problems that encountered during the implementation of these strategies?
3. What are the major banking service technologies that your bank has implemented?
4. How is the effectiveness of these technologies on increasing the bank customer base and on increasing the amount of deposit volume?
5. What are the service packages that the developed and introduced to increase customer base and deposit amount?

Appendix 2

St. Mary's University

School of Graduate Studies

Master of Business Administration

This questionnaire is prepared to gather data from top level managers, directors and branch managers of lion international bank to be used as an input for the accomplishment of MBA thesis on the title of deposit Mobilization strategies in lion international bank

1. Position in your organization:

- | | | | |
|----------------|--------------------------|------------------|--------------------------|
| A. President | <input type="checkbox"/> | D. Branch manger | <input type="checkbox"/> |
| B. V/President | <input type="checkbox"/> | E. Other | <input type="checkbox"/> |
| C. Director | <input type="checkbox"/> | | |

2. How do you rate your bank in terms of its deposit mobilization performance as compared to other banks

- | | | | |
|--------------|--------------------------|------------------|--------------------------|
| A. Very good | <input type="checkbox"/> | D. Below average | <input type="checkbox"/> |
| B. Good | <input type="checkbox"/> | E. Poor | <input type="checkbox"/> |
| C. Average | <input type="checkbox"/> | | |

Instruction: rate your choice by putting tick mark (✓) if your choice is mostly (5), often (4), sometimes (3), rarely (2), not at all (1)

3. Which deposit mobilization strategy does your bank use to mobilize deposit?

S/N	STRATEGY USED	RATELEVEL				
		1	2	3	4	5
1	Branch expansion					
2	Interest rate differentiation					
3	Introduction of new deposit products					
4	Application of technology					
5	Service excellences					
6	Customer base expansion					
7	Emphasize on high value deposition only					
8	Use of advertising and promotion					

4. Which marketing strategy does your bank use to mobilize deposit?

S/N	MARKETING STRATEGY USED	RATELEVEL				
		1	2	3	4	5

1	Agent banking					
2	Cross- selling					
3	Money tracking					
4	Referral marketing					
5	Door to door marking					

5. Which promotion and advertising strategy does your bank use to mobilize deposit?

S/N	PROMOTION AND ADVERTISING USED	RATELEVEL				
		1	2	3	4	5
1	Word of mouth promotion					
2	Mass advertising and publicity (mass- media)					
3	Using different types of public education materials (e.g pump let)					

6. Which deposit mobilization incentive strategy does your bank use to mobilize deposit?

S/N	INCENTIVE USED	RATELEVEL				
		1	2	3	4	5
1	Providing well – coming letter					
2	Providing gift					
3	Prize- linked saving (coupon)					

7. Which deposit mobilization banking service technology does your bank use to mobilize deposit?

S/N	TECHNOLOGY USED	RATELEVEL				
		1	2	3	4	5
1	Mobile banking					
2	Internet banking					
3	Automated teller machine (ATM)					
4	Point of sale (POS)					

8. Which deposit mobilization new product type does your bank use to mobilize deposit?

S/N	NEW PRODUCTIVE ACCOUNT IMPLEMENTED	RATELEVEL				
		1	2	3	4	5
1	Women's saving					
2	Children's saving					
3	Youth and young saving					
4	Farmer's saving					
5	Health/medical saving					
6	Interest free banking service					

9. Our bank has very attractive deposit mobilization strategy I _____ with the statement

A. strongly agree B. Agree C. Disagree

10. Our bank location, office set up, continece, and accessibility is very good to customer:

I _____ with the statement

A. Strongly agree B. Agree C. Disagree

11. Our bank most often performs customer satisfaction level survey for continuous improvement of its service Excellency: I _____with the statement.

A. Strongly agree B. Agree C. Disagree

12. How do you rate the bank on using research based marketing and promotion strategy?

A Very good D. Below average

B. Good E. Poor

C. Average

13. How is your bank on expanding its branches across the country?

A. Very good D. Below average

B. Good E. Poor

C. Average

14. Where do you think the bank's branch is the most concentrate area?

A. Major cities B. Rural areas C. Small towns

15. From your professional experience if you have any comment/suggestion that may help for the future improvement of the existing deposits mobilization strategy of lion international bank . State some key one, if any _____
