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St. MARY'S UNIVERSITY COLLEGE

School of Graduate Studies

**FACTORS AFFECTING DEPOSIT MOBILIZATION PROCESS IN
THE CASE OF DEBUB GLOBAL BANK S.C.**

By

Lidet Belete Asfaw

June, 2021

Addis Ababa, Ethiopia

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ID No: SGS/0018/2012A

**A Thesis Submitted to St. Mary's University College, School of Graduate Studies in
Partial Fulfillment of The Requirements for The Degree of Master of Business
Administration**

June 2021

Addis Ababa, Ethiopia

Declaration

I, Lidet Belete, hereby declare that this thesis entitled; “Factors Affecting Deposit Mobilization process in case of Debu Global Bank S.C” submitted by me for the award of the degree of Master of Business Administration, is my original work and that all sources of materials used for the study have been duly acknowledged. I have carried out independently with the advice and comments of my advisor of the research, Getie Andualem(PhD).

Declared by: Lidet Belete

Signature: _____

Date: _____

Statement of Certification

Here with I State that Lidet Belete has carried out this Research Work On the topic entitled factors affecting deposit mobilization in private commercial banks in Addis Ababa, Ethiopia in the case of Debu global bank S.C. under My Supervision. It Is original and qualifies for submission in partial fulfillment of the requirements for the award of MBA in Business.

Approved by the Board of Examiners:

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Dean, Graduate Studies	Signature & Date

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Advisor	Signature & Date

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External Examiner	Signature & Date

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Internal Examiner	Signature & Date

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ACRONYMS

ATMs	Automated Teller Machines
CAP	Capital adequacy
CBE	Commercial Bank of Ethiopia
CPI	Consumer Price Index
DGB	Debab Global Bank S.C
E.C	Ethiopian Calendar
G.C	Gregorian Calendar
GDP	Gross Domestic Product
HP	Hypotheses
IRL	Interest rate on Loans & Advances
IRM	Interest Rate Margin
LC	Letter of Credit
Mo FED	Ministry of Finance and Economic Development
NBE	National Bank of Ethiopia
NPL	Non-performing loans
S.C	Share Company

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Abstract

Deposit mobilization is one of the major concerns for banks and thus achieving the optimal level of earning deposit is vital. The main objective of this study was to identify factors that affect deposit mobilization in Debub Global Bank S.C. To achieve the research objective, the study adopts mixed approach Method (qualitative and quantitative) through primary and secondary data sources. purposive sampling technique were used in the primary data from Debub Global Bank S.C nine branches and head office staffs located in Addis Ababa city which were selected to response the questionnaire. While the secondary sources of data would extract from annual reports of Debub Global Bank S.C data from the year 2015-2019G.C. The study shows that the factors that effect of deposit movement were the number of branches, deposit mobilization strategy, interest rate, technology, and competition. As a result, the study recommended that, partnering with various economic units to improve deposit mobilization and investment for operational makeover. And the bank ought to persist increased number of branches to mobilize more resources.

Key words: - Deposit mobilization, branch expansion, interest rate, technology, competition, Regression model.

Chapter One

Introduction

1.1. Background of the study

A bank is a financial institution that provides banking and other financial services to their customers. One of the financial institutions in the world which assist financing services is commercial bank. According to (Mohammad, N., Mahdi S., 2010) financial resources of banking system are naturally provided from people's deposit. (Selvaraj & Kumar, 2015) State that, the success of the banking greatly lies on the deposit mobilization. Therefore, we can say that deposits are the most important resource of commercial banks. It is understood that banks deposits pay interests to depositors unless the account opened to be interest free. customers prefer if the rate of interest is higher and stayed being motivated to deposit more resource in the bank.

According to (Varman, 2005) deposits are foundations upon which thrive and grow. Now a day, the banking system in Ethiopia has the largest outreach for delivery of financial services. Commercial banks are the most profitable financial institutions that give financial service to people at large. Debu Global Bank S.C is One of the profitable financial institutions that gives financial service which mobilize resources for collection of loan interests from disbursed money to borrowers. Deposits establish a vital source of funds essential for banking business. There are different types of deposits, with diverse maturity pattern carrying different rates of interests. Debu global Bank mobilizes resource from customer local deposit, foreign currency and loan collection for a major source to resource mobilization of the Bank. Resource mobilization Department of the Bank serves in different types such as demand deposit, fixed time deposit, golden aged deposit, children deposit, youth deposit, normal saving deposit, and noninterest / interest free/ deposit. The bank collects deposits from the depositors and lend it to the debtors. Therefore, even if deposit mobilization is exceedingly difficult task for the sake of lending, there must be reserves more deposits and manage it well. According to (Zeidy, 1996) the low level of domestic saving is a typical feature of low-income economies. National investment can be funded from both national and foreign savings. Low or stagnant national savings usually spurs external borrowing which through the debt service burden constrains future investment.

1.2. Background of the organization

Debab Global Bank S.C is One of commercial bank in Ethiopia. The bank was established in Addis Ababa in August 2009G.C and registered as a share company in accordance with the provisions of the licensing and supervisions of banking business proclamation no. 592/2008 and the commercial code of Ethiopia of 1960.

The bank is engaged in the provision of diverse range of financial products and services to cooperate and retail clients. In the current status (the end of 2019) the bank recorded a net profit after tax birr 210 million, 3.5 billion total deposit, 730 permanent staff, 74 Branch networks, partnership with 11 correspondent banks and 8 money transfer agents, 2.45 billion total loan and advances maintained with only 1.64% of non-performing loan which is lower than the NBE regulatory limit of 5 percent.

Vision

See DGB to be one of the best African banks by 2022.

Mission

Win business by delivering excellent banking services to customers, at the same time focus on maintaining profitability and positive cash flow by employing state of the art technology; and capable and disciplined employees.

Values

- ✓ Quality customer service
- ✓ Shared ownership
- ✓ Common purpose
- ✓ Integrity
- ✓ Accountability
- ✓ Learning
- ✓ Corporate citizen

1.3. Statement of the Problem

Banks stay progressively complying with the liquidity and reserve requirements set by the NBE. Therefore, it needs to give more consideration about improvement of the competence to provide loans and advances facilities to their customers. Currently, they extremely interested to mobilize deposits and the most liquid money reserved in own treasury which is ready to loan. The methods to mobilize deposits sometimes may cause them to incur high cost. According to (Abay, 2010), by sub-Saharan Africa standards, Ethiopia 's rate of domestic saving has been very low. The bank deposit may be affected by different factors. A deposit is relevant Liabilities to find out factors affecting the deposit of a bank and determine the relationship between them. However, most commercial banks were not successful in controlling and managing their deposit as they were not aware of the factors that can affect the deposit.

Therefore, this study intended to identify the major factors challenges in the rehearsal of resource mobilization in Ethiopia and to identify the possible factors that can affect deposit mobilization based on the research problems discuss below. It is becoming very challenging to have more deposit than other Banks in Ethiopia. As the number of Banks previously existed and the new entrant banks increasing. The Deposit mobilization of banks can be shared among banks in Ethiopia. That may lead DGB to lose its deposit. The research intended the most affecting factor to Deposit mobilization in DGB Ethiopian context.

To the researcher knowledge, no research of the same type has not been done in the past at Debus Global Bank S.C. Hence, filling the knowledge gap, this study wants to examine the deposit mobilization in the bank, identifies factors affecting the deposit of the bank and suggests the possible way out.

1.4. Research Questions

- What are the possible variables/factors that can affect deposit mobilization of Debus Global Bank S.C.?
- What are the approaches need to apply to improve the deposit balance of the bank?
- What variables are significantly influencing the deposit mobilization of the bank?

1.5. Objectives of the Study

The purpose of this study intended to address two distinct objectives namely general objective and specific objectives.

1.5.1. General Objective

The general objective of the study was to examine the factors affecting deposit mobilization practice in Debu Global Bank S.C.

1.5.2. Specific Objectives

- To identify factors affecting deposit mobilization process of Debu Global Bank.
- To identify the basic challenges and opportunities of deposit mobilization in DGB.
- To examine the liquidity fluctuation impacts on deposit mobilization process of the bank.
- To determine the impact of current deposit mobilization competition in the sector.
- To identify the major costs those are incurred by banks in relation with deposit mobilization in DGB.

1.6. Significance of the Study

The outcomes and results of this study will have potential value to financial institutions, particularly banks to understand the challenges and opportunities of resource mobilization. It also has great contribution to the existing knowledge in the area of factors determining deposit mobilization in the case of Debu Global Bank S.C. It helps the management of Debu Global Bank S.C. to know factors affecting deposit mobilization and help them to design and implement effective deposit mobilization strategies and enables them to take proper adjustments to alleviate such problems. In addition, this study expected to help other researchers who will be interested to conduct as an input for further study.

1.7. Scope and limitations

The study was delimited to examine factors affecting deposit mobilization process in case of Debu Global Bank S.C in Addis Ababa branches. Hence, the data were collected from designated area branches opened before two years and above. Methodology of the study applied

a mixed approach (quantitative and qualitative) and explanatory design. Data were mainly gathered with questionnaire.

Geographically, this study was delimited to one organization called Debub Global Bank selected branches located in Addis Ababa.

1.8. Definitions of key terms

Deposit is one of the resources banks highly motivated to mobilize and the most liquid money that is found in the treasury of the bank and which is ready to be borrowed in need of the fund. A deposit of the bank may be affected by different factors. A deposit is most useful Liabilities of the bank and it is relevant to find out factors affecting the deposit of a bank and determine the relationship between them.

Deposit mobilization is the collection of cash or funds by a financial institution from the public through its current, savings, fixed, recurring accounts and other banks specialized schemes.

1.9. Organizations of the thesis

The thesis is organized into five chapters. The first chapter provides the general overview of the study. The second chapter reviews the related literatures on the deposit mobilization and the factors. The third chapter focus on the methodology of the study. In this chapter, source of data, data collection, sample size & sampling techniques and selection of study organizations will be discussed. The fourth chapter contains data presentation, analysis, and interpretation. The final chapter presents m complete with summary, conclusion, recommendations, and references.

Due to the pandemic disease Corona Virus (COVID-19), communications were highly restricted, and the mode changed to Zimbra (internal Software communication line of the bank). According to the Federal Ministry of Health announcement, the Disease spread in a rapid transmission gets out of control unless self-protection helps. Therefore, keep own distance recognized well/ from filling the questionnaire to the fear of interaction.

Chapter Two

Literature Review

2.1. Theoretical review

Literature Review is prepared in two parts, the theoretical part and the empirical part. The theoretical part includes the theoretical background, bank led theory, diffusions of innovations theory as well as factors that affect deposit mobilization. The empirical part contains past studies that were shown on the area of factors determining commercial banks deposits.

2.1.1. Basic terms and terminologies

Deposit mobilization is an integral part of banking activity. Mobilization of Savings through deposit collection has been regarded as the major task of banking industry. Deposit mobilization is an indispensable factor to increase the sources of the banks to serve effectively. Mobilizing deposits play an important role in development of all spares of economy (Shettar, 2014).

Deposit interest rate can be defined as the reward or profit have been paid to depositors with respected to their deposited money. This reward is for sacrificing present consumption for the future consumption (Garo, 2015).

2.1.2. Theoretical Background

A banking system also referred as a system provided by the bank which offers cash management services for customers, reporting the transactions of their accounts and portfolios, throughout the day.

Banking institutions from a significant share of the market and are vital in a modern emerging society. Banking is the soul of modern economy. It may truly be said that modern business is so reliant upon banking that any termination of banking motion, the economic life would not be escaped.

In Ethiopia, the first modern bank named Abyssinia was established in 1905 E.C. with a capital of \$500,000.00. The liquidation of Abyssinia bank in the year 1931 due to inefficiency and poor profit orientation, and it was followed by the establishment of Bank of Ethiopia with a capital of

\$750,000.00 the first indigenous bank in the country. The Bank of Abyssinia was liquidated; a fully government-owned bank, took over management, staff and premises of the ceased bank. The new economic policy introduced in November 1991 G.C. by the transitional government of Ethiopia laid the blueprint for the transition from centrally planned economic system to market economic system in which the critical role of the private sector in development is fully recognized. In the banking industry, the policy was translated into action through the issuance of the licensing and supervision of banking business proclamation No 84/94, which allowed the Ethiopian private sector to establish privately owned banks. Ethiopian policy makers understand the potential importance of financial liberalization, it is widely believed that liberalization may result in loss of control over the economy and may not be economically beneficial (NBE, 2013). Following the Monetary and Banking Proclamation of 1994 a few private banks have been opened in Ethiopia and offering various types of financial services to the public (Alemayehu, 2001).

2.1.3. Bank led theory

The bank led theory is related to the study as it focusses on how financial institution like bank deliver their financial services through a retail agent, where the bank develops financial products and services but distribute them through a retail agent. This can be a way of mobilizing deposits commercial banks use as a new model to increase financial inclusion and facilitate the transaction especially in the areas where the bank is not present. This model facilitates the banks to raise its deposits and lead to financial performance.

2.1.4. Diffusion of innovations theory

Diffusion of innovations is a theory that seeks to explain how, why, and at what rate new ideas and technology spread through cultures. Rogers (2003), argues that diffusion is the process by which an innovation is communicated through certain channels over time among the participants in a social system. The origins of the diffusion of innovations theory are varied and span multiple disciplines. The four main elements of diffusion are the innovation, communication channels, time, and the social system. Diffusion is a special type of communication, in which the messages are concerned with a new idea. It is this newness of the idea in the message content of communication that gives diffusion its special character.

This process consists of a series of actions and choices over time through which an individual or an organization evaluates a new idea and decides whether or not to incorporate the new idea into ongoing practice. This behavior consists essentially of dealing with the uncertainty that is inherently involved in deciding about a new alternative to those previously in existence. It is the perceived newness of the innovation, and the uncertainty associated with this newness, that is a distinctive aspect of innovation decision making (Rogers, 2003). This theory is related to the study as it presents the process of newness and implementation of innovation. Deposits mobilization is a new model of approaching savers through marketing and financial inclusion and come up with new techniques which were not used by traditional banking, it is perceived and communicated through channels and the social system facilitates its adoption. In mobilization of deposits innovation must be applied and make convincing the savers to make deposits.

2.1.5. Deposit mobilization

2.1.5.1. Key Types of Deposit products

There is a different kind of account used to deposit and withdrawal by the account holder. These transactions are recorded on the bank's books, and the resulting balance is recorded as a liability for the bank, and represent the amount owed by the bank to the customer. Major types of deposits are: -

Current accounts: - A deposit account held at a bank or other financial institution, for the purpose of securely and quickly providing frequent access to funds on demand, through a variety of different Channels. Because money is available on demand these accounts are also referred to as demand accounts or demand deposit accounts.

Savings accounts: - Accounts maintained by retail banks that pay interest but cannot be used directly as money (for example, by writing a cheque). Although not as convenient to use as checking accounts, these accounts let customers keep liquid assets while still earning a monetary return.

Term deposit: - A money deposit at a banking institution that cannot be withdrawn for a preset fixed 'term' or period. When the term is over it can be withdrawn, or it can be rolled over for another term. The longer the term the better the yield on the money.

2.1.5.2. The Importance of Deposits & Deposit mobilization

Depositors keep their money in banks for a motive to undertake some activities in the future. Bhatt, (1970) stated that people save money in a bank purposely to buy their own house, provide for old age, for emergency expenditure and other cost.

Bank deposits are major liabilities for commercial banks. Kelvin (2001) said that deposits of commercial banks account for about 75% of commercial bank liabilities. Due to the fact that banks are using this liability to lend it and gain return on it their deposits are using them do their business. Mahendra (2005) had also mentioned deposits as a foundation up on which banks thrive and grow and unique items on a bank's balance sheet that distinguish them from other type of business organizations. Hence, Banks compete for deposits in order to become profitable and thus to be able to supply more funds to their borrowers.

2.1.5.3. Deposit as a source of Investment

Savings can remain on the bank accounts for future use or be actively invested in houses, real estate, bonds, shares and other financial instruments. According to (Ongore & Kusa, 2013), Intermediation function of banks play a vital role in the efficient allocation of resources of countries by mobilizing resources for productive activities. (Nwanko, Ewuim, & Asoya, 2013) States that, savings are resources which one decides to put aside for investment purposes and not for luxury. People may save money for personal savings when they are avoiding consuming all their income, but They transfer funds from those who don't have productive use of it to those with productive venture.

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.

2.1.5.4. Deposit Versus Equity

Banks as any other business organizations funds from debt and/or equity. In the bank's context raising equity is more expensive or costly than attracting deposits. Lorenzo et al (2010) states that, if 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. When a commercial bank creates a deposit by lending to a businessman, it is clearly performing a function for which it is entitled to a return in the form of interest payments (Harold, 1946).

2.1.5.5. Deposit as a source of Profit

Mahendra (2005) said that 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. Maria and Sergio (2001), found that depositors discipline banks by withdrawing deposits and by requiring higher interest rates. For depository corporations mainly deposit money banks, their principal objectives are undertaking financial intermediation to make profit and increase their shareholders value (Sheku, 2005).

Banks make profit by using their deposits; therefore, it is said that depositors can discipline banks. Maria and Sergio (2001). Financial growth is profitable only if the banks do not incur additional expenses to obtain and retain cash.

2.1.5.6. Deposits as a Source of Fund for Loan

Deposits provide most of the raw materials for bank loans Herald and Heiko (2009) states deposits are the main source of banks to provide loan. (Tuyishime, Memba, & Mbera, 2015) also affirmed that, deposits are an indispensable tool commercial banks use to enhance its profitability through advancing deposits mobilized to its customers in form of loans which make in return interest to commercial banks.

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

2.2. Empirical review

This section provides the relevant empirical review related to the study of deposit mobilization. Bank Deposit is money placed into a banking institution for safe keeping, to earn risk free income in the form of interest, or to keep for future use. In the previous time, lack of demand and investment opportunities in Ethiopia discouraged financial intermediaries from mobilizing saving and result in excess liquidity in bank which even limited their ability to maximize the benefits of access to public savings. As a result, banks did target additional top deposit, especially which perceived as long term, stable and less costly. Despite the minimal growth of banking activities in the last ten years, they are currently facing an immense challenge to match the growing demand of loan with deposit mobilization. The challenge to bank's management also became critical since shareholders expectation of sufficient return for their investment.

Banks should maintain their competitive place by deposits mobilization and disposition of same to several term loans which is called financial performance. The more the loans the banks disburse the more profit they earn. Hence, bank managements should develop alternative methods to appeal more customers and inspire their staff to mobilize more deposits, because banks do not have more their own money. 'Banks depend on customer deposits to generate funds for granting loans to other customers' Kazi (2012).

According to Gockel and Brow (2007), Bank Deposit is money placed into a banking institution for safe keeping. Bank deposits are made to deposit accounts at a banking institution, such as savings accounts, checking accounts and time deposit accounts. The account holder has the right to withdraw any deposited funds, as set of terms and conditions of the account. The deposit itself is a liability owed by the bank to the depositor and refers to this liability rather than to the actual funds that are deposited. A Bank Deposit is generally made when opening an account or in the course of routine business or personal transactions that involve placing funds with the bank for future use. Bank deposits can be made in a number of different ways. The most direct way is to walk into a bank or a bank branch in which you hold an account. Bank deposit is done by filling in a Bank Deposit slip with the particulars of your account and the amount of money you wish to deposit. Bank deposits can be made via wire transfer, as well as through a direct deposit plan from employers in many cases.

Mohammed and Mahdi (2010) and Herald and Heiko (2009), states that one of the most effective factors for deciding deposits in banking system is the interest rate. Philip (1968), also states that, offering attractive deposits rates on bank deposits can gain high deposit mobilization.

According to Laura, Alfred, Sylvia (2009), to mobilize more deposits, financial institutions offer a range of savings products that are tailored to their particular clientele. They offer the widest variety of specialized savings products, so that their customers have a choice between immediately accessible, liquid products, or semi-liquid accounts or time deposits with accordingly higher interest rates. Simple and clear design of basic savings products enables depositors to easily select the product that best outfits their needs. The simple and transparent design of the savings products also enables staff to administer them with ease, reducing administrative costs. To mobilize enough deposits, banks should present various kind of deposit schemes to attract customers. Ordinarily customers have various kinds of needs and wants with respect to their gender, age, profession, level of income, type of necessity, tenure, size of business and so many other factors lead to make a discrepancy among customers when they deposit their money in bank.

The empirical results from regression analysis showed that bank branches expansion, deposit mobilization strategy, interest rate, technology and competition affect deposit of the bank positively whereas negatively. This implication show that the feedback of respondents depicted that bank size, managerial efficiency on the strategy creation, interest rate of the bank, technology, and competition affected deposit level of the banks significantly. Thus, management bodies of the bank should strive to strengthen the identified significant factors.

Kibebe, G. (2016) the research tried to determine factors that affect deposit mobilization, the associated costs of deposit mobilization in private banks. Therefore, the study adopts mixed approach to gather the data. The primary data is gathered using questionnaire. Sampling method of the primary data is purposive sampling technique. While the secondary sources of data were extracted from annual reports of Debu Global Bank S.C. Regarding the secondary data, the study used time series data from 2015-2019 for analysis made using linear regression method. The study shows that, interest rate, technology, branch expansion and competition are the most

significant factors of deposit mobilization activity. The other variable such as deposit mobilization strategy of the bank has insignificant power to influence the dependent variable. As a result, the study recommended that, the bank managements shall give more focus on the more significant and effective strategy planning in the attractive way of deposits collection so as to encourage potentials and resources use to mobilize deposits.

2.2.1. Factors Affecting Banks Deposit Mobilization

The performance of commercial banks can be affected by internal and external (Ongore & Kusa, 2013). The internal factors in this study are characteristics basically influenced by the internal decisions of management and board in relation with the following variable.

I. Branches Expansion

There is a relationship between branch expansion of banks and deposit growth of banks (Banqui, 1987). Murthy and Haresh (1991), explains how branch expansion determine the deposit mobilization. Among many factors affecting for deposit mobilization, to deposit money in a bank depositor first take into consider location of branch (whether bank is rural, urban, or semi-rural) and second, they consider the region of bank belongs. This study has been concluded by deciding branch expansion is one of the most effective factors for deposit mobilization.

Heaster and Zoellner (1966), as quoted by Devinaga Rasiah (2010), considered number of branches as one of the explanatory variables in their resource mobilization through customer deposit study. They found that the number of branches had a significant effect on Banks deposit, and it can be captured by other variables such as the amount of deposit received, or the amount of loan provided.

Now a days, aggressive branch expansion create accessibility that has become more competitive edge. The number of branches can be influenced in the amount of bank deposits and banks are more successful in mobilizing resources. Today, banks play effective role in investment in the economic development and in productive. Increasing the number of branches and the increasing of the volume of the bank turnover nationwide, banking system became as a fundamental goal of economic development. (Alipour, 2014). (Tareq, 2015), also stated that, Expansion of bank facilities increases the amount of aggregate savings in the economy. As volume of economic activities increases in a community the potentiality of establishing bank branches increases,

which ultimately increases the level of voluntary savings of the households. According to (Tegene, 2012) unrestrained access to public goods and services is an essential condition of an open and efficient society.

II. Deposit Mobilization strategy

Financial institutions are actively chasing innovations in areas of strategy, information management, technology and agent distribution systems, which show promise of lowering the costs of servicing mass numbers of low-balance deposit accounts (Martin, 2013). Kumar (2000) stated that, these are some of the more important expected changes in banking industry operations soon. Perform a savings account comparison to take advantage of improved bank rates and terms. Take advantage of the changes and closely examine the new income ideas. Compare once institution with its competitors to learn of the best and most cost-effective offers.

III. Saving Interest Rate

One of the most effective factors for deciding to deposit in banking system is the interest rate (Mohammad and Mahdi, 2010). Moreover, this article shows the impact of interest rate on the performance of the banking system to achieve the goals that are expected from the banking system. Herald and Heiko (2009) also mentioned interest as one of the determining factors for banks deposits. Philip (1968), states that the offering of attractive interest rate on bank deposits may be considered to have had a beneficial effect. Moreover, Mustafa and Sayera (2009) said that low deposit rates are discouraging saving mobilization. Bhatt V. (1970) said that the banking system is unlikely to be in a position to meet the demand for bank credit unless concerted policy is pursued to raise the rate of saving generally and the rate of saving in the form of deposits in particular.

Interest rate in the banking system is held as investment cost from the investor's point of view and opportunity cost from the depositor's point of view (Mohammad and Mahdi, 2010). The 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.

Deposits are more interest rate sensitive and banks may choose to increase investments in interest rate sensitive assets and to decrease investments in loans. That is bank deposits are

interest rate sensitive, therefore as the interest rate changes the deposit of the banks will also change.

Mostly People deposit with the banks to receive interests. Low interest rates discourage savings and have always been an obstacle to savings mobilization According to (Khalai, Ondiek, & Musiega, 2014). The classical theory of interest called the demand and supply theory of interest, maintains that the rate of interest is determined by the demand for and the supply of funds by businessmen and households respectively. The supply of funds is governed by the time preference and the demand for capital by the expected productivity of capital. The common peculiarity of monetary theories of interest is that the interest is a monetary phenomenon. And monetary theorists believed that interest rate varies inversely with supply of money and positively with the purchasing power (value) of money. higher interest rates lead to increased savings and financial intermediation in improving the efficiency of savings and investment. The higher real interest rates increase the extent of financial intermediation which in turn raises the rate of economic growth in developing countries.

IV. Technology

New technology is an essential feature of international banking systems. There is a range of social, political and economic factors that can constrain the uptake and use of advanced technology in developing countries like Ethiopia. Technology has become an intrinsic part of banking, making it easier and cheaper to develop and deliver financial services (Banson, Sey, & Sakoe, 2012). As a consequence of the highly technological environment developed around the world in the banking industry, the expansion of distribution channels for financial services relies on a very complex network of partnerships. There is a tremendous opportunity for banking technology to connect lower-income citizens at reduced costs and bring millions of consumers to the formal financial marketplace through electronic channels.

According to (Alipour, 2014) in recent years, Advances in information technology in the banking industry have radically changed the banking practices and customers can do their banking activities as 24 hours. Internet banking allows customers through bank website have internet banking transactions as extensive and faster and less cost than traditional branches without

restrictions of time and space. The speed of development of informatics industry causing major changes in the form of money and resources transaction systems in the areas of banking and new concept of banking has emerged as electronic banking.

According to (Zillur Rahman, 2015), Information technology (IT) and the internet have emerged as a dynamic medium for channeling transactions between customers and firms in virtual marketplaces. Due to this, bank customers access their bank accounts, transfer funds, review transaction details, pay their bills online, and conduct transactions electronically virtually anytime and anywhere. Additionally, there are several other advantages of this, such as cost savings for banks and convenience for customers in access to their account.

There are different factors that affect the practice and adoption of technological innovation in general. In many cases however, both service employees and customers were averse to adopting new technology. As (Al-Ajam & Nor, 2015), stated that Internet banking provides many benefits not only for banks, but also for customers. Customers can conduct financial activities from anywhere at any time. Ease of transactions and avoidance of queues and restrictive branch operating hours and internet banking is cheaper than traditional banking. At the same time, banks could provide lower cost financial services, and enhance customer satisfaction.

According to (Shereif Mahdi & Dawson, 2007) Worldwide, banks continue to invest heavily in IT, for example in telecommunications networks and SWIFT or Bank 's Automatic Clearing House (ACH). They also link overseas branches with their headquarters in order to enable banks to communicate business effectively across the globe regardless of time and distance. The adoption of Internet banking should appear more attractive to the banks experiencing higher fixed expenses. Thus, the expected sign for Expenses is positive.

V. Competition

The emergence of private banks with the spirit of competition and emphasis on profitability has led to major shift in the focus of public banks towards a more profit-oriented approach. Therefore banks play a key role in improving economic efficiency by channeling funds from resource surplus unit to those with better productive investment opportunities. According to (Zewdu, 2014) the entry of the private sector in the financial sector has created better opportunities for enhanced access to financial services in the country directly through their

operations and indirectly through the spillover effect on public financial institutions. To enhance the role of banks in an economy, competition is an important driving force; without competition, it is improbable to bring about efficiency and foster financial sector development. Although competition has a positive effect on efficiency and economic growth, there are certain characteristics Intensive competition may lead to excessive risk taking by banks, which would result in deterioration of the quality of banks 'lending portfolio and balance sheets. If banks suffer deterioration in their balance sheets and so have a substantial contraction in their capital, they will have fewer resources to lend, hence a decline in investment spending, and slower economic activity. Heightened competition should encourage banks to reduce operating costs and hence eliminate inefficiencies in the banking industry.

Conceptual Framework of the study

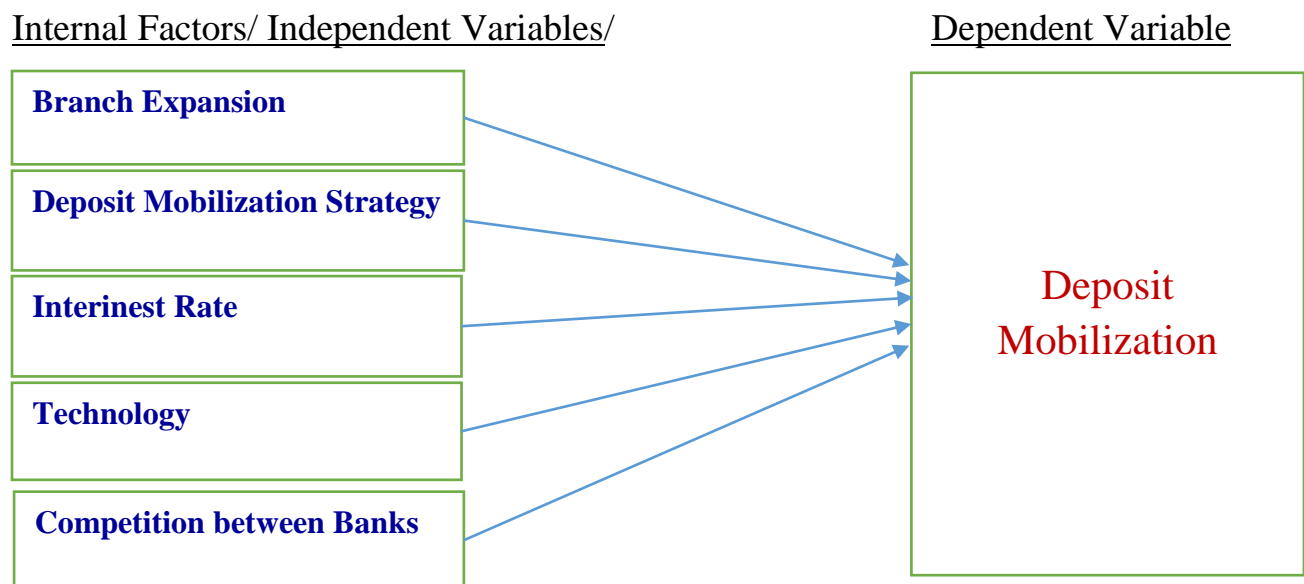


FIGURE 0.1 CONCEPTUAL FRAMEWORK OF THE STUDY

Hypothesis of the study

- (H1):- Branch expansions has positive effect on deposit mobilization of the bank.
- (H2):- Deposit mobilization strategy have positive effect on deposit mobilization of the bank.
- (H3):- Saving interest rate has positive effect on deposit mobilization of the Bank.
- (H4):- Technology has positive effect on deposit mobilization of the bank.
- (H5):- Competition has positive effect on deposit mobilization of the bank.

CHAPTER 3

Research Methodology

This section presents the methodology of the research, research design, research approaches, data collection and data analysis method.

3.1. Research Approach

To rich the research with essential information and comprehensive data, the researcher used both qualitative and quantitative approaches through primary and secondary data sources collection methods. The primary data collected from the bank documents and randomly distributed open and close-ended questionnaire to employees working in the selected DGB branches. For secondary sources, the research utilized mainly the five consecutive years Annual Reports of Debub Global Bank S.C. from 2015/16-2019/20G.C, the reports issued by National Bank of Ethiopia, Articles, journals, books, and previous research works relevant to this topic.

The researcher used SPSS version-23 to analyze, interpret, and recommend output based on the collected data.

3.2. Research Design

The most imperative factor that defines the research design is the nature of the problem at hand, which is done to achieve the envisioned purposes. Due to the fact that; the subject of the study characteristics, integrated approach is look upon as an appropriate methodology. Thus, to generate necessary information and come up with more rich and comprehensive data, both qualitative and quantitative approaches (Mixed approach) were employed. The former approach might be focus on examining the real experiences of the respondents including their own expression and articulation with more subjective views, whereas the latter mostly concentrate on the critical interpretation of quantifiable empirical data. The rational for which selecting the integrated approach is due to the fact that evaluating the challenges and prospects of deposit mobilization require multifaceted patterns.

The research design is also focused on how data sources were collected. In order to come up with optimal solution to the proposed challenges, the researcher put forward to employ both primary

and secondary data source collection methods. The quantitative method uses SPSS software to analyze the data, whereas the qualitative data were illustrated through thematic approach. Hence, considering for generating a clear picture about the subject of the study, the raw data interpretation and analysis laid on descriptive and analytical statistical methods.

3.3. Data sources and data collection instruments

For some research, it is possible to collect data for the entire population as it can be manageable and data is available, while for some other research data is collected on sample base. The sampling technique used in this research a non-probabilistic sampling and among these sampling methods, this research used purposive sampling. As stated by Saunders et al (2009), purposive sampling is often used when working with small samples and when selected cases that are particularly informative. To obtain firsthand sources, the data collected from 9 Addis Ababa city branches of DGB. Hence, 45 questionnaires were distributed to Branch Managers, Customer Service Managers, Accountants and Senior Customer Service Officers. The secondary sources of data were extracted from the five consecutive years Annual Reports of Debu Global Bank S.C. from (2015-2019G.C.)

3.4. Population, sample size and sampling technique

To determine the appropriate sample size the following criteria was considered. ± 5 percent level of precision or sampling error was considered. Degree of variability in the attributes taken by the researcher was less variable or more homogeneous population that obtained a given level of precision. Since, most of clerical staffs have related knowledge on banking operations; the sample size of 45 were used and considered as optimum by the researcher. To determine the appropriate sample size, the researcher used the following formula.

$$n = \frac{N}{1 + N(e)^2}$$

Source: Yemane (1967)

Where: - n = No. of sample

N = Total number of populations

e =Level of precision 1+88(0.03)² Sample size =45

Debab Global Bank has 26 branches in Addis Ababa which started operation before two years until 31st of December 2020. All branches of the Bank are categorized by clusters according to the geographical area and has Grade 1(named premium), Grade2, Grade3 branches based on the performance of measurement numbers of staffs, customer flow and deposit amount. Among these categories, 3 branches from each cluster were selected for the sample. From those selected branches senior clerical staffs such as Branch managers, Customer service managers, accountants, senior customer service officers and customer service officers were assisted for the questionnaire since senior staffs particularly who were actively experienced in deposit mobilization of the bank were believed to have enough knowledge in deposit mobilization. Therefore, the total number of populations participated from all clusters Grade I, II and III branches of Addis Ababa is calculated in tabular way as follows.

No.	Name of selected branches	Branch Grade	Branch Total Population	Sample size of clerical staff from working in each branch
1	Beklobet Branch	I	10	5
2	Stadium Branch	I	10	5
3	Atlas Branch	I	10	5
4	Bole Medhanialem Branch	II	8	4
5	Dir Tera Branch	II	8	4
6	Saris Branch	II	8	4
7	Jemo Branch	III	6	3
8	Kality Branch	III	6	3
9	Jakros Branch	III	6	3
10	Director	H. O	1	1
11	Department Managers	H. O	5	3
12	Senior Officers	H. O	10	5
Total			88	45

TABLE 0.1 SAMPLING TECHNIQUE

3.5. Reliability and Validity of Data Collection Instruments

According to (Koul, L 2006), Consistent and reliable research indicates that research conducted by using appropriate data collection instruments increase the credibility and value of research findings. Data collection is the process of gathering and measuring reliability of source of data that fits the purpose of the study. So, the researcher used data collection methods that considered as vital component of the research which could enable to answer relevant questions and evaluate outcomes. The researcher used questionnaires and financial statements of five consecutive years (annual deposit report of year 2015-2019).

3.6. Method of Data Analysis

Descriptive and inferential techniques were adopted for analysis of data collected from questionnaire respondents.

3.7. Ethical Considerations

After proper arrangements of the questionnaire's responses collected information organized as per the questions designed and combined as per category of the study, quantitative were processed via the data entered to IBM SPSS version-23 Software.

CHAPTER FOUR

4. Data presentation, Analysis and Interpretation

This section presents, analysis and interpreted data gathered from primary and secondary source through linear regression, descriptive statistics, correlation, and ANOVA test to achieve the research objectives.

The study utilized questionnaires as a major tool for data collection. All the questionnaires distributed were properly filled and returned. The composition of respondents is indicated in the table below.

Table 4.1 Gender Composition of respondents

		Gender			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	29	64.4	64.4	64.4
	Female	16	35.6	35.6	100.0
	Total	45	100.0	100.0	

As shown in table 4.1, (64%) of the DGB respondents were Male and 35.6% female. Even though the company gives equal opportunity for both gender categories, the sex distribution revealed that male employees dominate from the total staff of the bank.

Table 4.2 Academic background Structure of respondents

		Education			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	First Degree	32	71.1	71.1	71.1
	Master's Degree	13	28.9	28.9	100.0
	Total	45	100.0	100.0	

Regarding their educational background, it was found that (71%) of the respondents have University Degree and the rest of the respondents that is 28.9% of them are master's Degree

holders. This gave us confidence that the respondents were educated enough such that their views and opinions based on the questionnaire will not be out of place.

Table 4.3 Job Title of the respondents

Position					
	Position (Job Title)	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	CSO	7	15.6	15.6	15.6
	SCSO	7	15.6	15.6	31.1
	Accountant	7	15.6	15.6	46.7
	Officer	5	11.1	11.1	57.8
	CSM	6	13.3	13.3	71.1
	Branch Manager	9	20.0	20.0	91.1
	Division Manager	3	6.7	6.7	97.8
	Department Director	1	2.2	2.2	100.0
	Total	45	100.0	100.0	

Among the respondents CSO, SCSO and Accountants are 15.6% each.11.1% of the respondents are Department Officers ,13.3% and 20% of the respondents were branch Assistant manager and branch manager, respectively.2.2% of the respondent have a position of Director of the Department.

Table 4.4 The respondent’s Work experience in the organization

Experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2-5 Years	26	57.8	57.8	57.8
	6-10 Years	18	40.0	40.0	97.8
	above 10 Years	1	2.2	2.2	100.0
	Total	45	100.0	100.0	

FIGURE 0.1 FREQUENCY VS EXPERIENCE



As shown in the above table, Among the respondents the experience of the work was 57.8% of the respondents have (2-5) years of experience and 40% of the respondents have 96-10) years of work experiences and there are only 2.2% of the respondents has experience more than 10Years.That shows Majority of respondents had not enough work experience within the bank.

The sequential five years deposit performance of Debu global bank are presented from the secondary data source which is financial statements reported in the annual reports of the bank.

Table 4.5 Five years Annual Report of DGB

(In millions of Birr)

Annual Report Year	Total Deposit	Variance	% Variance
2015	871.76		
2016	2,153.32	1,281.56	59.52%
2017	3,165.45	1,012.13	31.97%
2018	3,523.44	357.99	10.16%
2019	5,289.29	1,765.85	33.39%

Source: (DGB Annual Report)

Consequently, the total deposits were grown-up consequently as an indicated in the table 4.5. The deposits of the selected financial years suggest improvement, while the percentage of

deposits augmentation shown as the fiscal year ending June 30, 2016 over the fiscal year ending June 30, 2015,2017,2018 and 2019 exposed 59.52 %,31.97%,10.16% and 33.39% sequentially.

4.1. Descriptive Analysis of dependent and Independent Variables

In this segment, the study exhibited the results of data collected from measurements of Dependent variables (Branch Expansion, Deposit mobilization strategy of the bank, Interest Rate, Technology, and competition) and independent variable (Deposit Mobilization) in linear regression model.

TABLE 0.1 DESCRIPTIVE MEASUREMENTS OF DEPENDENT AND INDEPENDENT VARIABLES

Descriptive Statistics					
	N	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Std. Error
BEX1	45	2.71	0.968	0.31	0.354
BEX2	45	2.91	0.973	0.184	0.354
BEX3	45	2.44	0.918	0.632	0.354
BEX4	45	2.27	0.837	1.158	0.354
BEX5	45	2.42	0.965	0.786	0.354

i. Branch Expansion

The above table shows the positive effect of branch expansion with a mean value 2.55 which means there is significant variation between deposit mobilization. The cause of branch expansion effects development in deposit mobilization.

Descriptive Statistics					
	N	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Std. Error
DMS1	45	2.29	1.079	0.861	0.354
DMS2	45	2.44	1.078	0.834	0.354
DMS3	45	2.89	0.959	0.231	0.354
DMS4	45	2.44	0.893	0.375	0.354
DMS5	45	2.22	0.735	0.698	0.354

ii. **Deposit Mobilization Strategy**

The above table shows the approached level of deposit mobilization progress of the bank results in the deposit mobilization process, which a mean value 2.45.

Descriptive Statistics

	N	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Std. Error
INTR1	45	2.38	0.936	0.546	0.354
INTR2	45	2.47	0.944	0.609	0.354
INTR3	45	2.27	0.837	1.158	0.354
INTR4	45	2.93	1.009	0.277	0.354
INTR5	45	2.47	0.944	0.609	0.354

iii. **Interest Rate**

When interest rates increase the extent of the bank which in turn raises the level of deposit mobilization shown in which a mean value 2.50. A prior significant effect in this study results escalating deposit mobilization.

Descriptive Statistics

	N	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Std. Error
TEC1	45	2.29	0.757	0.768	0.354
TEC2	45	2.49	0.92	0.492	0.354
TEC3	45	2.22	0.997	1.254	0.354
TEC4	45	2.29	0.843	0.351	0.354
TEC5	45	2.22	1.02	1.143	0.354

iv. **Technology**

The table displayed a mean value 2.30. Which is technology causing major changes to resources transaction systems in the areas of banking it is an intrinsic part of the bank.

4.3. Testing for correlation

The Correlation Analysis is the statistical tool used to study the closeness of the relationship between two or more variables. The variables are said to be correlated when the movement of one variable is accompanied by the movement of another variable. In the correlation analysis, there are two types of variables Dependent and Independent. The purpose of such analysis is to find out if any change in the independent variable results in the change in the dependent variable or not by using the regression analysis.

Positive and Negative Correlation: Whether the correlation between the variables is positive or negative depends on its direction of change. i.e. The value of r ranges between any real number in correlation are from -1 to 1. The correlation is positive if both the variables move in the same direction, i.e. Values of r close to 1 implies that there is a positive linear relationship between the data. When one independent variable increases the other dependent variable on average also increases and if one independent variable decreases the other dependent variable also decreases. The correlation is said to be negative when both the variables move in the opposite direction, i.e. Values of r close to -1 implies that there is a negative linear relationship between the data. When one variable increases the other decreases and vice versa. But if the Values of r close to 0 imply that there is little to no linear relationship between the data. Hence, in this study the Correlation is measured between five independent variables and one dependent variable that is deposit mobilization.

TABLE 0.2 TESTING FOR CORRELATION

Correlations

		BEX	DMS	INTR	TEC	COM	DM
DM	Pearson Correlation	.930**	.835**	.951**	.742**	.768**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	45	45	45	45	45	45

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS 23 outputs

As it can be seen from the table, there is a strong statistically significant relationship between the deposit mobilization factors that is interest rate and the increase in Deposit at a confidence level of 99% ($r=0.951$). There is a statistically significant relationship between deposit mobilization

and the rest of factors like branch expansion at 99% level of confidence ($r=0.930$), Deposit mobilization strategy has a relationship with the deposit mobilization at the confidence level of 99% ($r=0.835$), Technology 99% level of confidence ($r=0.742$) and competition has also strong relation with the deposit mobilization at a confidence level of 99% ($r=0.768$). these shows all the independent variable have for strong relationship with the deposit mobilization.in the Pearson correlation table. The Pearson coefficient of all the variables are all positive that shows that they have positive relationship with the Deposit mobilization.

4.3.1. Linear Regression Analysis

$$\text{Deposit mobilization} = \beta_0 + \beta_1 (\text{branch Expansion}) + \beta_2 (\text{deposit mobilization}) + \beta_3 (\text{interest rate}) + \beta_4 (\text{Technology}) + \beta_5 (\text{competition})$$

β_0 is the intercept term- constant which would be equal to growth if all slope coefficients are 0. $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$, are the coefficients associated with each independent variable which measures the change in the mean value, change in their respective independent variables (Constraints).

Based on the assumptions of the linear regression analysis, the linear regression result of the factors constraining growth in Deposit mobilization of 45 respondents is presented below.

TABLE 0.3 LINEAR REGRESSION ANALYSIS MODEL SUMMARY

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.971 ^a	.942	.935	.650

a. Predictors: (Constant), COM, TEC, INTR, DMS, BEX

b. Dependent Variable: DM

93.5% of the variance change in Deposit mobilization can be predicted by the factors or independent variables from the model summary above

TABLE 0.4 LINEAR REGRESSION ANALYSIS COEFFICIENTS

Model		Coefficients				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.458	.480		5.116	.000
	BEX	.213	.102	.247	2.081	.044
	DMS	-.010	.065	-.012	-.148	.883
	INTR	.408	.075	.570	5.462	.000
	TEC	.149	.048	.193	3.117	.003
	COM	.039	.065	.049	.600	.552

. Dependent Variable: DM

Regression is significant at the 0.05 level (95% confidence level)

Source: SPSS 23 outputs based on Field survey, 2021

As shown in the table above, among the independent variables interest rate fit of the regression model has a significance level of 0.000 which is less than the level of significance of 0.05(95% confidence level); this indicates the existence of a relationship between the interest rate in the bank and the deposit mobilization.

$$\text{(Deposit mobilization)} = 2.458 + 0.213 \text{ (Branch Expansion)} + 0.408 \text{ (Interest rate increment)} + 0.149 \text{ (Technology)} + 0.039 \text{ (competition)}$$

TABLE 0.5 LINEAR REGRESSION ANALYSIS CHANGE PREDICT

Moreover, Branch expansion has a positive significant effect on deposit mobilization ($\beta=0.213$, $p < 0.05$), Technology has also has positively and significantly affected deposit mobilization ($\beta=0.149$, $p < 0.05$). However, the competition has positive effect but statistically not have significant effect on deposit mobilization ($\beta=0.039$, $p < 0.05$). Like competition Deposit mobilization strategy has not significant effect on deposit mobilization ($\beta=0.010$, $p < 0.05$).

It is possible to formulate the linear equation that can predict change the deposit of the Dehub Global Bank S.C.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter deals with conclusions and recommendations constructed from the data analysis findings discussed in the preceding section.

5.1. Summary of Major Findings

Findings of the study showed that the Bank's five years from 2015 to 2019 deposits practice was displayed slight enhancement.

The descriptive regression statistics result shows the relationship between independent variables (the number of branches, saving interest rate, the technology that the bank employing, and the competition capabilities) and dependent variable (deposit mobilization) is positive.

Since the Branch expansion is a vital approach to deposit mobilization through large customer base and various depositors, it substantially increases deposit.

The existing Deposit mobilization strategy weak performance of the bank show insignificant effect with the deposits. The marketing strategy needs special assessment attached with another variable that could contribute for deposit mobilization. Lack of resources and facilities cause low performance in the working process. Lack of resources and facilities cause low performance in the working process.

The findings tell that recently the saving deposit interest rate of the bank is greater in some product types such as normal saving with 7.25% interest rate and 9% in the Golden Age saving products. while the other banks pay 7% only for normal saving accounts.

The study reviewed that the deposit mobilization performance must also supported with technology. Hence, the Bank used flex cube software version 10 good but necessary to update with the latest versions. The bank delivers ATM services by providing Debit Global Card (Debit Card), Liyu card and POS Card. It has also contribution to increase deposits as well as new customer attraction.

Though, the bank line at the back from a queue industry competition in deposit mobilization performance, it surpasses the internal target set as a short-term plan. The five years financial

report also support its continuous improvement in the deposit. In regards with a stiff competition between banks. It requires substantial capacity for the continuity.

Findings of the study confirmed the degree to which the correlation of the independent variables to the dependent variable along with each other. Almost all listed variables have a positive effect to the variable deposit mobilization except competition which has got the negative effect on Deposit mobilization.

5.2. Conclusion

The study concludes that, most of the employees are agree with Debu Global Bank provides good service for their customers but not mobilizing sufficient deposits to the current loan demand as well as to achieve the deposit target of the bank. in this regard, the number of branches, saving interest rate and the technology that the bank employing is recognized to be highly related that the bank achieves from efforts that can be done to mobilize more deposits rather than the low presentation of deposit mobilization strategy. Philip (1968), states that the offering of attractive interest rate on bank deposits may be considered to have had a beneficial effect.

The current situation of Political instability, NBE directives and Ethiopian birr note changes puts negative impact on the business transactions. Therefore, there is no other preference rather than detecting sources of obstacles in deposit mobilization and tackling them with superior strategies. in this case, when Branch expansion take the third place, perseverance to the technology take a lion's share followed by effective balancing of interest rate management an important strategy for resource mobilization through customer deposit, it significantly increases deposit.

5.3. Recommendation

The pandemic of corona virus which has been affecting the overall movement of banking industry. Sustaining the dedication in mobilizing resources from various economic units through the industry would allow the Bank to realize its strategies there by to stay ahead of other competitors in the industry. Intensifying the volume of deposit is one of the main objectives of the banks. Therefore, the Bank needs to contemplate superlative strategies that would consent the Bank to win competition towards resource mobilization to segment superior market share.

In conclusion, the following scenarios are recommendation to way of deposit mobilization progress.

The overall effort in expanding capital exposures must be enhanced thereby incisive new source of income basis.

- Since the deposit resource means everything to the bank. It needs additional emphasis to the areas of deposit mobilization and strive to improve the current performance. Strengthen better capacity for investment in the direction of deposit mobilization areas are anticipated.
- Making simplify the regulatory environment help to adopt fetching better and more successful way of customer attraction and retention.
- The bank should expand new branches to increase the deposit by fetching suitable locations after conducting a feasibility study for the deposit mobilization process.
- Partnering with various economic units (like cooperatives, unions, etc.) there by improving resource mobilization and investment for operational makeover. Increase the considerable customer number by supplying Incentives such as prizes and mobile cards for new customer attraction progress.
- To increase the customer satisfaction Debu Global Bank shall improve its service quality Which is supported by new and recent banking technology.
- NBE penalizes banks which cannot obey the directives given that may appear indirect negative effect on the diminishing of mobilized deposits as well as the profit. Therefore, the bank managements must follow weather the policies, regulations and directives are comply with the process of banking operational activities.
- Fluctuations in interest rates affect banking industry earnings by changing its net interest income and the level of other income including changes in non-interest incomes/expenses.
- Interest rate had positive effect on deposit mobilization. Since the unique product of the bank named Golden Edge attracts customers, promoting this product widely will enhance deposits with an average interest rate.

- Secure the foreign currency /remittances/ is very essential in the international business transactions for mobilizing deposit as well as decrease the scarce of FCY observed in the country.
- Additional swiftness in improvement of fund mobilization effort is required from the Bank. Diverge the resource mobilization department from any of others and strengthen with support of promotion materials and facilities, provide appropriate trainings for the staffs and other necessary activities.
- Offering exceptional service for the top depositors of the bank than the current competitors service to sustain deposits on hand and to make sure the bank has free from losing stress.
- Strong follow up and care requires to balance among deposit generation with average cost, liquidity management and loan disbursement and collection process.
- The liquidity stress test based on withdrawals by top depositors proves to show that situation the Bank's risk of facing financial resources crisis due to high withdrawals remain less possibility. This is an indication of the Bank's effort in expanding the customer base to minimize concentration risk and needs to be strengthened.
- The Bank has consistently complied with reserve, liquidity, capital adequacy and net foreign currency position regulatory requirements.
- The Bank has assuming the effect of funds, liquidity performance, loan collections and other such factors to measure the liquidity stress of the bank. Improvement of loan granting capacity is also increasing of profit in some way. It is also having a significant effect for the total deposit of the bank.
- High deposit holding from small number of top depositors must be discouraged in the case of reducing risks. To this regard, the Bank has needed to collect deposits from diverse number of deposit holders.
- Deploying resources through new products and working with new additional attracted community.

5.4. Limitation and Direction for Future Research

Debut Global Bank shall improve some other research's that can broadly identify dependent and independent variable the overall effort in expanding capital exposures that must be enhanced thereby incisive new source of income basis, Broad range of studies could find other factors or variables that affect deposit mobilization activities of the bank.

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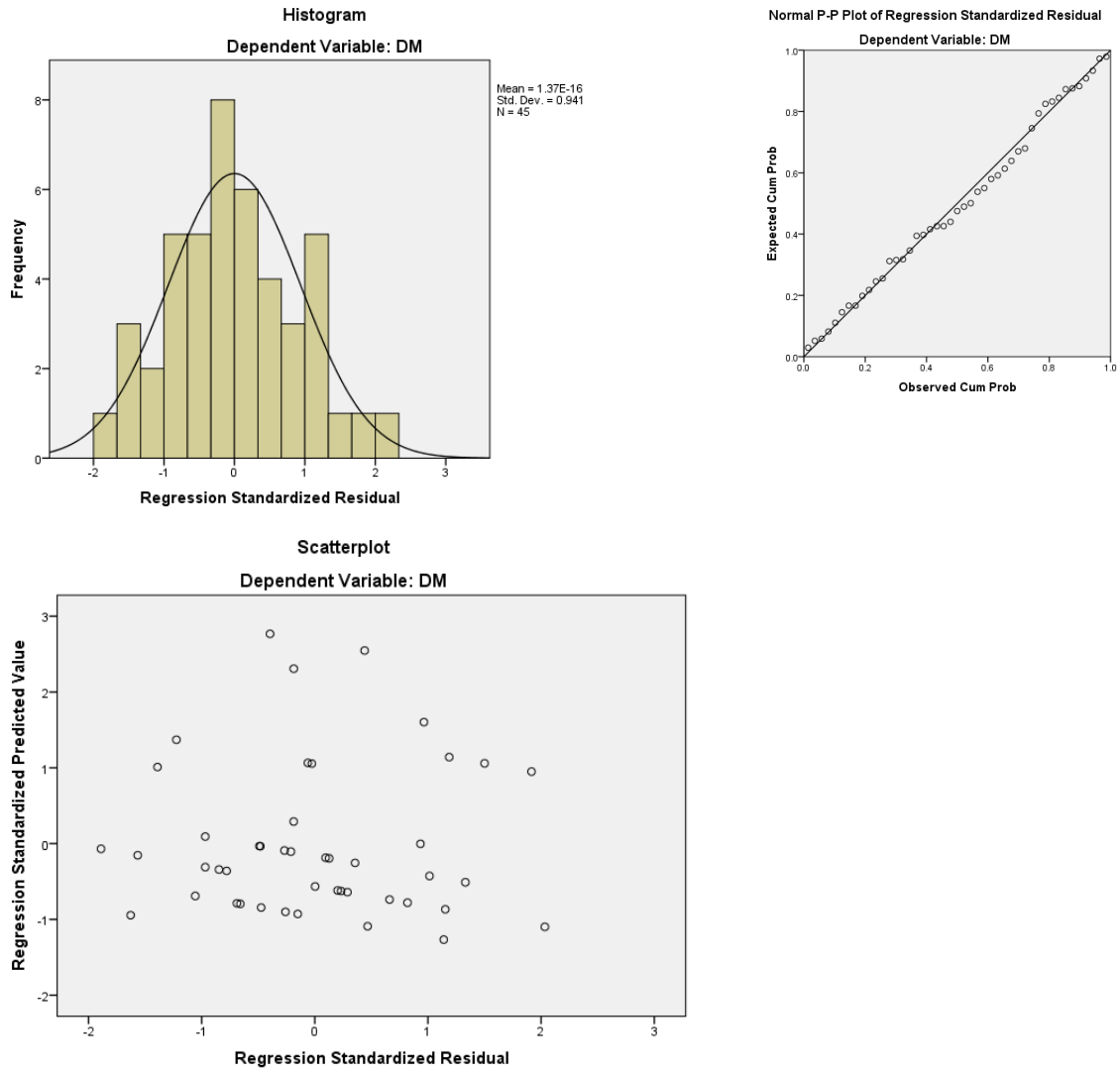
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VII. APPENDIX FOR REGRATION

FIGURE 2 APPENDIX FOR REGRATION



	Questionnaires
1	Branch Expansion (Independent variable)
BEX 1	Within the past five years Debut Global Bank has expanded its branches alarmingly.
BEX 2	The bank has adequate branches to address customers.
BEX 3	The performance in deposit mobilization among branches resulted by where the branch opened and proximity to customer.
BEX 4	The existed number of branches are sufficient to meet the banks internal deposit target.
BEX 5	The bank has enough capacity to expand extra branches
2	Deposit Mobilization Strategy (Independent variable)
DMS1	The bank designed by linking the overall strategic plan with its target to meet deposit mobilization
DMS2	The deposit mobilization strategy makes the performance of the bank increasing every year.
DMS 3	Saving interest rate handling affects to the bank's volume of deposit performance.
DMS 4	The bank launches new strategies every year.
DMS 5	The customer service quality strategy of the bank is good and appreciable.
3	Interest Rate (Independent variable)
INTR1	The bank has attractive interest rate for the customer.
INTR 2	The interest rate added value to the deposit mobilization of the bank.
INTR 3	The interest rate of the bank is not well promoted to the society.
INTR 4	The bank mobilized deposits with the higher cost of interest rate.
INTR 5	The interest rate of the bank makes it more advantageous with a great payback.
4	Technology (Independent variable)
TEC1	The bank emphasis to apply an appropriate technology.
TEC 2	The bank used an appropriate technology that fits to the current conditions of the business.
TEC 3	Mobile Banking, internet banking and card systems are applied very well in the bank.
TEC 4	The core banking system of the bank is suitable to customers.
TEC 5	The bank competes to use updated technology early than the competitors.

5	Competition (Independent variable)
COM1	The bank competes enough in the industry very well.
COM 2	The competition level of the bank is strong than other competitors.
COM 3	The bank often releases s new products to win the market share competition.
COM 4	The bank customers are loyal to the bank more than other competitors banks. .
COM 5	The bank has service and products which are unique to customers in the industry.
6	Deposit Mobilization (Dependent variable)
DEP 1	The Bank has consistently managed the deposit mobilization progression.
DEP 2	The bank has continuous inspection to regulate factors of deposits from the commencement by detecting sources of obstacles in deposit mobilization.
DEP 3	The effectiveness of deposit mobilization plan is properly evaluated in terms of improvements in performance.
DEP 4	The deposit balance augmentation and deterioration of the bank is relay on the branch's effort on deposit mobilization.
DEP 5	The deposit status of the bank can be alleged on a virtuous position.