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Factors affecting Deposit Mobilization: The Case of DashenBank Sc. Addis Abababranches

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FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION**

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DECLARATION

I the undersigned, hereby declare that this research work entitled; “Factors affecting Deposit Mobilization. The case of Dashen Bank Addis Ababa branches” submitted by me for the award of the degree of Master of Art in 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, Dr. Elias Nour(PhD).

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ENDORSEMENT

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

Advisor Elias Nour (PhD) _____

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List of Acronyms and Abbreviations

ATM	Automatic Tellers Machine
POS	Point of Sales Terminal
AIDB	Agricultural and Industrial Development Bank
DB	Dashen Bank
AIB	International Bank S.C
NBE	National Bank of Ethiopia
CBE	Commercial Bank of Ethiopia
GDP	Grass Domestic Product
SERVQUAL	Service Quality
SLA	Service Level Agreement
EFT	Electronic Fund Transfer
24/7	Twenty Four Hours Service by Seven Days
SMS Alert	Sending Information of Banking Transactions through Mobile Phone
CRM	Customer Relationship Management
KYC	Know Your Customer
FTD	Fixed Time Deposits
IMT	International Money Transfer
FDI	Foreign Direct Investment
L/C	Letter of Credit
CAD	Cash against document
TT	Telegramming Transfer
BREXP	Branch Expansion
INT	Interest Payment on Deposits
TECH	Technology
DISIN	Disposable Income
MKT	Market Strategy
DEP	Deposits

Abstract

Banks serve as an intermediary by collecting deposits from depositors and disbursing loan to borrowers. Mobilizing good level of deposits to meet the current demand for loan is critical that determines the level of performance. This paper examines the factors affecting deposit mobilization of Dashen Bank specifically on branches of Addis Ababa. Five years deposit performance of the bank indicates that total deposits of each year increased because the bank worked hard on branch expansion which is identified in this study as one of the independent variables that contributed for deposit mobilization. Six key independent variables, namely: Service Quality, Branch Expansion, Interest Rate, Technology, Disposable Income, and Market Strategy are identified as factor of deposit mobilization for Dashen Bank. The selected branches of Addis Ababa are considered as representatives for Dashen bank deposit performance. Quantitative and qualitative research approach is adopted in this research. Most of the bank work teams do not have clear orientation or guideline when and to what extent to look for deposits, where those deposits are available, how to get those deposits, and how to make cross and /or up sale to attract all deposits. Hence, in this study more emphasis was given to bank specific variables in order to analyze their contribution to deposit mobilization by using the descriptive statistics, correlations and regression models. Different diagnostic like R-squared and adjusted R- squared values are tested and shown as the bank's deposits performance moves in line with the independent variables. Also in ANOVA, the P value indicates $P < 0.05$ that is significance and the error is zero. Hence, there is a relationship between the dependent variable (deposit) and independent variables. Same is confirmed by Chi-square test. The correlation test results reveal that independent variables such as Service Quality, Branch Expansion, Interest Rate, Technology, Disposable Income and Market strategy are positively and statistically significant on the bank deposit growth. Finally, deposit mobilization is very crucial for banking business; Hence, Dashen bank should be vigilant in applying the aforementioned independent variables to attract and retain more deposits and deposit customers.

Keywords: *Independent variables, bank specific variables, Regression model*

CHAPTER ONE

1. INTRODUCTION

This chapter consists of background of the study, statement of the problem, research questions, general and specific objectives, significance of the study, scope of the study and finally organization of the study.

1.1 Background of the Study

Economic development of a nation is mainly supported by financial institutions that mobilize deposits from customers and serve as intermediary by lending it to borrowers. Initially the purpose of investors on commercial banking activities is to maximize profit. And the lion share of revenues in bank is obtained through provision of loan to borrowers. Therefore, deposit mobilization in addition to owner's investment capital is fundamental for financial performance. Immediately after initial investment and establishment of banking business, bank managements continue their effort to attract depositors in various ways.

According to RicharedTuyishime, Dr.Florence, MEMBA and Dr. Zenon MBERA(November 2015), "Mobilization of Deposits is one of the important functions ofs banking business." Since lending is not a onetime activity, commercial banks should strive hard to further mobilize deposits without fail. Although, deposits made by depositors are for safekeeping of their surplus funds, they are more interested for bank deposits due to the following benefits among others. To earn interest on deposits, for safekeeping their fund from theft, to keep money for future need, depositors believe risk of deposit in bank is minimal, and bank facilitates convenient payment system to depositors'.

Deposits, according to Aliyu (2010), are "funds that customers place with a bank and the bank is obligated to repay on demand, after a specific period of time or after expiration of some require." Commercial banks are profitable financial institutions that provide funds to customers who seek financing by collecting from those who have surplus fund.Lending more money is possible if a bank has sufficient loanable fund. Hence, banks give due attention to mobilize more deposits by making use of alternative techniques to attract customers such as providing attractive interest

rates, using good marketing strategy to meet the test & preference of deposit customers, providing quality customer service, adopting latest technology and working on branch expansion.

Deposit Growth

According to Tuyishime, (November 2015), “Mobilization of deposits plays an important role in providing satisfactory service to different sectors of the economy. The success of the bank greatly lies on deposit mobilization.” Commercial banks use different strategies to strengthen the level of deposits and number of customers. One of the strategies is branch expansion at different location of home country as well as opening of multinational banks at host country. Moreover, banks provide different types deposit accounts to mobilize high amount of deposits from different classes of people. Or banks avail various types of deposits to attract customers from all level of the economy. To facilitate the deposits banks classify depositors in to segments and take intensive measure to market the services to customers.

Different work units of a bank like Research & Development and Marketing Departments should play a key role on critical decisions that could contribute to the banks customer attraction, deposit mobilization, product differentiation, quality services, customer relationship management and above all on decisions that bring lucrative profits.

There are several indicators that are used to measure banking performance including the deposit mix and the volume of low cost deposits in the mix among others. In the current competitive environment, focusing only on high interest rate deposits might result to loss of financial performance. To minimize this challenge banks focus on low cost deposits like current account, and saving accounts.

Banks play their pivotal role in the economy. They facilitate financial settlement through the payment system, and provide a means for international payment. These roles of commercial banks are dependent on customers deposit and advance to its clients. Hence, bank deposits and bank loans are closely related.

Since bank deposit is a source of working capital and credit fund, the ability of a bank to attract more customers, retain the existing customers and increasing deposits on the one hand and timely extending credits to borrowers on the other is measured by profit level of the bank. Profit and competitiveness are not only measured by the amount of loan provided, but also by minimization of controllable expenses among others. But the lending activity is the major for generation of income. “Banks, the world over, thrive on their ability to generate income through their lending activities.” Tomola M. Obamuyi (©2004-13)

Commercial Banks, in the world, augment on their ability to generate more income through granting their loanable funds. The lending activity is made possible only if the banks can mobilize enough funds from their customers. “Financial resource attraction is extremely important in the activities of a bank, because success in this area can be a factor for success in other areas.” Ahmad Aftabi, Soroush Deneshvar, Amir Karmbakhsh, Roudabeh Shadab and Fatemeh Wortezaei (2013),

Since commercial banks depend on depositor’s money as a source of funds, they introduce alternative banking services to attract more customers. To cite some; customer attraction through various deposits accounts, application of core banking system, facilitation of alternative payment systems like ATM and POS machines, Internet and Mobile Banking, Agent banking and on line payment systems.

Profile of Dashen Bank S.C.

Following the introduction of Monetary & Banking proclamation No. 83/1994 and Licensing & Supervision of Banking Business proclamation No. 84/1994, Dashen Bank S.C. established on September 20, 1995 and started operation on January 1, 1996 with an initial capital of 50 million. By the end of its first month Dashen Bank had eleven branches opened in Addis Ababa. The number of branches of the Bank at the end of the fiscal year June 30, 2018 reached 374. Dashen Bank is a pioneer on launching of ATM (Automatic Teller Machine) & POS (Point of sale) terminal services in 2006. The bank’s total deposits at the end of the fiscal year June 30, 2018 reached birr 35,986,800,000 and its authorized capital is birr 2,500,000,000 with a paid up capital of birr 2,226,734 (22nd Annual report, (November, 2018).

1.2. Statement of the Problem

Availability of sufficient deposits in banking business is the same as the life blood in human body structure, because, life is impossible without blood circulation. In the same manner deposit mobilization is the primary requirement for banking business to secure their existence. Hence, attraction of more & more customers is crucial for banking business. The more the number of customers, the higher will be the amount of deposits mobilized.

Deposit takes the line share of liquidity management and revenue generation in banking business. Credit provisions to borrowers become possible when the amount of deposits growth is improved in line with the growth of demand for credit.

Hence, customer service is critical to keep competitive position of a bank in the industry. In the past, people choose which companies they did business based on price and brand, but today the overall experience & quality service becomes the driver. When business support and empower its work teams to go above and beyond with customers, it will be easy for them to up-sell or cross-sell relevant services. That can create good customer base as well as deposit mobilization which helps the business stand in the competition.

Therefore, this research is to probe the deposit mobilization of Dashen Bank. The bank is not mobilizing sufficient deposits to meet its budget, and to identify the root cause of the gap between deposit mobilization and the banks budget. Finally, to recommend factors of deposit mobilization that minimizes the gap.

1.3. Research Questions

This study deals with the following research questions:

- a) Why Dashen banks deposits performance is below its target or budget?
- b) What are the factors that affected the deposit mobilization of the bank?
- c) Which significant variables contribute for the increase of the banks deposit performance?

1.4. Objectives of the study

1.4.1. General Objective

The general objective of the study is to determine the factors affecting deposit mobilization of Dashen Bank and to investigate the root cause of the decrease in deposits mobilization below the budget and finally, to give an insight for the management factors of deposit performance for future remedial action.

1.4.2. Specific Objectives

- a) To investigate factors affecting deposits mobilization of Dashen bank.
- b) To explain Dashen bank to which key resource mobilization factors should focus.
- c) To insights Dashen bank to improve deposits through intensifying on important variables, such as branch expansion, periodic implementation of appropriate technology, application of service quality in its all branches, provision of attractive deposit interest rate, conducting regular market study and focus on house hold savings.

1.5. Significance of the Study

The study has great contribution to deposit mobilization practice of Dashen Bank. It helps the bank to design and implement key factors of deposit mobilization that identified by this study. The research explains that the deposit mobilization practice of the Bank is below its budget. According to Kazi (2012), "the main business for banks is accepting deposits and granting loans. The more the loans the banks disburse the more profit they make." Hence the researcher investigate the factors affecting deposit mobilization and give remedial solution to management by suggesting key factors that contribute for growth of deposit and which support the Bank to successfully meet its target or budget by overcoming the challenges that are identified in the study.

The study benefits Dashen Bank's shareholders, management, staff, and other stakeholders that increase in deposit mobilization can satisfy the current demand for financing which contributes to increase the bank's profitability, also support economic growth the country.

It can also be used by the management of the bank to identify factors affecting deposit mobilization that imposes improvement of deposits so that the deposits level of the bank can be as targeted or planned. Moreover this study can serve as source of information to other researchers who will be interested to conduct further study on similar topic in future.

1.6. Scope of the study

Although Dashen bank has 374 branches both in Addis Ababa and outside Addis Ababa as at June 30, 2018, the research uses geographic delimitation and focuses on above Grade I branches of Addis Ababa. Regarding subject delimitation, this study is limited to respondents from District managers, District operation managers, Branch managers, Senior Customer Service Officers and front line staffs of Addis Ababa.

Among the various banking services provided by Dashen bank, the study focuses on deposit mobilization which is topic delimitation. Finally, due to time delimitation, the researcher has taken five years data from July 01, 2014 to June 30, 2018. Hence, the study covers deposit mobilization of Dashen Bank S.Co. The data collection to be used is based on minimum cost, time, and level of effort.

Hence, the data collection method will be through administering questionnaire to Dashen Bank's selected District manager, District operation manager, Branch managers, Customer service managers, Senior Customer service manager, and frontline staff that confined with Grade II, III & IV Branches of Addis Ababa.

1.7. Organization of the study

The study will be organized in five chapters. Chapter 1 deals with Introduction, which consists of background study, the research questions and research objectives. It also states the significance, scope and organization of the study. In chapter two review of related literature consists of theoretical literature, empirical literature, and brief description conceptual framework.

In chapter three the Research Methodology is presented. It includes research design which consist set of methods and procedures used in collecting and analyzing measures of the variables specified in the research problem part of a research. In chapter four the result of data analysis and

discussion on finding are included. Here the data analyzing result is determined in answering the research questions, and the specific objectives are conducted. Finally, chapter five includes summary, conclusions and recommendations.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

This chapter consists of theoretical literature and empirical literature. In this literature review major research studies conducted by other researchers and key contributions are discussed. This chapter presents the theoretical review and empirical review in Sections 2.1 and 2.2. Based on these sections a brief conceptual framework is presented in Section 2.3.

2.1 Theoretical Review

Development management discipline offering the ideas about how to manage mobilization of domestic resources for financing economic development is a key endeavor towards creating relevant approaches by commercial banks to further mobilize the financial resource necessary to achieve the desired economic development. As a result, effective and well managed domestic resource mobilization scheme specifically by developing countries would be an essential way to provide important resources improvement for the purpose of sustainable development.

The primary responsibility of Commercial banks is financial intermediation in order to make funds available to all economic agents. The intermediation process involves moving funds from surplus economic units of the economy to deficit economic unit. Financial intermediation is an important activity in the economy because it allows funds to be channeled from people who might otherwise not put to productive use to people who will use it in more productive sector. In this way financial intermediation helps to promote a more efficient and dynamic economy.

Banks more effectively finance industrial expansion than any other form of financing in developing economies. Banks are the largest financial intermediaries in the economy. Financial intermediaries help to bridge the gap between borrowers and lenders by creating a market with two types of securities, one for the lender and the other for the borrower. However, the extent to which the above could be done depends on the level of development of the financial sector as well as the savings habit of the public which is called “deposit mobilization.” As Uremadu (2006) noted, “the availability of investible funds is regarded as a necessary starting point for all

investment in the economy which will eventually translate to economic growth and development”.

The main function of a bank is “accepting deposits and granting loans’ (Kazi, 2012). Commercial banks support economic wellbeing through making initial investment (initial capital) followed by mobilizing surplus funds from the public at large to deploy same to other economic sectors that are in need of financing. Financing mobilized deposits to economic sectors in return bring income to banks. The purpose of bank deposit in the eyes of depositors is one or more of future use, or safety of their money from theft, or to earn interest on idle fund or to be protected from unexpected future shock. Commercial banks on the other hand, attract more customers and mobilize deposits through providing alternative means such as attractive interest rates on deposits, providing service quality, designing lucrative market strategy, crating product differentiation, adopt appropriate technology, and open branches to different locations for proximity to customers. Deposits for commercial banks are a source of their income in the form of loan to customers.

2.1.1 Macro-economic Factors

The macro economic factors affect the growth of commercial banks deposits mobilization. As the name implies, macroeconomics looks at the big picture. Macroeconomics is the study of entire economy with economic systems and specifically considers such broad economic aggregates as gross domestic product (GDP), population growth, economic growth, disposable income, national income, employment, unemployment, inflation, interest rate, and international trade. The macroeconomic determinant variables reflect the economic and legal environment which affects the operation and deposit positions of Banks. Factors that can affect bank’s deposit include but not limited to growth of the population, deposit interest rate, economic growth, and disposable income, among others (Thomas J. Webster,©2003).

a) Economic Growth

Economic growth is an economy that determines the increase or development of production of goods and services from time to time. It is usually measured on the basis Gross Domestic Product (GDP) as stated by Yanne et al. (2007). Some literature generated a mixed view

regarding the relationship between savings and economic growth. Other researches explain that savings cause to economic growth; however some other argue that economic growth are greater causes of savings. Different countries also have different effect of saving; income source of a country play an important role in determining banks financial performance and generation of income.

In the light of life-cycle analysis, GDP growth will result in an increase of aggregate savings, because saving increases the lifetime earnings and savings of younger age groups relative to older age groups (Athukorala and Sen, 2004). Thus, Countries with higher GDP growth rates are expected to have higher savings than countries with lower growth rates. Hence, Gross Domestic Product (GDP) has significant positive contribution to saving rate or deposit rate. However, the size of this effect is likely to decline as GDP growth raises and even become negative for rich countries where high return on investment than deposit interest income are available. (Epaphra, 2014).

b) Population Growth

If banks mobilize significant deposits during the working years of the population to be used during retirement, then population growth contributes towards increase in the number of depositors, and it increases aggregate saving. The relationship between population growth and capital accumulation has the most important link between population policy and economic welfare. The life cycle model of Franco Modigliani (1986) people take on debt when they are young, assuming future income will enable them to pay the debt off. They then save during middle age in order to maintain their level of consumption when they retire.

c) Disposable Income

Although disposable income is considered as income net of tax, it is divided in to three major types by households:- that is tax, consumable, and savings. Income after tax is disposable income. Household disposable income is therefore the income available to households for consumption or saving. The life-cycle hypothesis suggests a positive relationship between saving and income. High incomes improve the per capita income of the households, which will induce them to save more (Epaphra, 2014).

Changes in real disposable income over time are often interpreted as a measure of changes in the average standard of living of a country. If households and firms desire to hold more money, deposits will increase. So the relationship between income and deposits is positive:- that is as the income of the society increases the same happens for the commercial bank' deposits. Income is expected to have a positive effect on deposits (Khaliy, Meyer &Hushak, 1987).

2.1.2 Bank specific Factors of Deposit mobilization

I. Product Differentiation

Tomola M. Obamuyi (2013) said “Banks have used various strategies and most increasingly adopt a marketing approach for deposits mobilization which focuses on the identification of customer needs and offering of product accordingly. “ Financial institutions provide variety of saving products to mobilize deposits through attraction of customers. These deposit accounts are arranged to meet the test and preference of customers. The deposit accounts are, saving deposits, current account or demand deposits account, interest free deposit accounts and fixed time deposits. Although, saving deposit is one the interest bearing accounts to depositors, commercial banks provide alternative savings deposit schemes to attract more customers based on customers' test and preference, because service innovation is considered as a source of competitive advantage. Interest bearing deposits include but not limited to Women saving account, Student saving account, Youth saving account, and Hybrid saving account. Moreover, banks facilitate interest free savings accounts to satisfy the test and preference of Muslims communities or other interested people. Banks further closely study the needs of customers and arrange various interests on deposits based on the volume of deposits.

II. Deposits Interest Rate

One of the deposit attraction techniques used by commercial banks to get more deposits from the surplus sector is by providing attractive interest payment on savings, and which is reasonable and acceptable to the owner of the money. The dynamic economic situation and the shift of depositors to risky investment to earn higher profit derived Commercial banks to device alternative strategies to improve their deposits. Because, the type of bank, type of interest-bearing account and deposit balance can play a significant role in savings rates. Offering higher interest rate on

saving attract customers to return back to banks. Savings account deposits that earn a higher savings interest rate will grow at a faster pace. However, excessive interest rate is a danger to commercial banks than benefits. Hence, banks in some countries require account holders privileged to higher rate to a six-withdrawal limit per month. On the other hand, online savings accounts usually offer higher saving rates because online banks have lower expenses because they do not need to maintain more branches at different customer locations. Savings rates can also differ by account balance. More deposits may qualify for a higher savings rate. Khalayi, Ondiek, and Musiega (2014) said “in order to mobilize savings on large scale, affirms that cooperatives must offer interest rate that is attractive to savers.”

III.Branch Expansion

Commercial banks use different strategies to strengthen the level of deposits and number of customers. One of the strategies is branch expansion at different location of home country as well as opening of multinational banks at host country. Branch expansion is opening new branches or service outlets inside and outside the country. (Carlson and Mitchener, 2005), Commercial banks in Ethiopia expend huge investment budget for branch expansion in and outside Addis Ababa yearly, because branch expansion play significant role for resource mobilization and customer attraction. Opening bank branches at different locations facilitate for proximity to customers, supports the bank mobilize deposit and attract more customers. However, before opening branch at a certain location the marketing department of a bank conducts feasibility study and identify the target market. Then assignment of employees and customer attraction endeavor will take place. Therefore branch expansion to banks is very crucial with regard to deposit mobilization and customer attraction.

IV.Service Quality

Service quality has been viewed as a significant issue in the banking industry, and it becomes imperative for banks to strive for improved service quality if they want to distinguish themselves from the competition. Service quality has five major dimensions that distinct one bank from other. Customers who receive quality service from commercial bank stay longer, spend more, and become loyal. Hence, a bank should implement comprehensive service quality to outshine the competition and attract more deposits. After extensive research, Zeithaml, Parasuraman and

Berry(1988) found five dimensions customers use when evaluating service quality. They named their survey instrument SERVQUAL. In other words if providers or banks get these dimensions right, customers will hand over the keys to their loyalty, because, they are receiving service excellence. According to the researchers what is important to them is, the five SERVQUAL, namely: *reliability, responsiveness, assurance, empathy* and *tangibles*.

a) RELIABILITY

It is the ability to perform the promised service dependably and accurately. Customers want to count on what is actually done by their providers or banks. They value that reliability. Banks want to do what customers value. It is three times more important to be reliable than have shiny new equipment or flashy uniforms.

b) RESPONSIVENESS

Customers of banks deserve prompt. Service providers benefit by establishing internal SLAs for things like returning phone calls, emails and responding on-site.

c) ASSURANCE

It is knowledge and courtesy of employees and their ability to convey trust and confidence. If a service provider is highly skilled, but customers don't see that, their confidence in that provider will be lower. And their assessment of that provider's service quality will be lower. Hence, service providers must communicate their expertise and competencies – before they do the work. By communicating competencies, providers can help manage customer expectations. And influence their service quality assessment in advance.

d) EMPATHY

Banks are expected to give kind, individualized attention to customers, as much as the service. Even where are performed completely as per the specifications, customers may not feel satisfied if the service provider's employees fail to care about them during delivery. And this hurts customers' assessments of providers' service quality. To avoid such misunderstanding bank

employees should be trained how to interact with customers and their end-users. Even a brief session during initial orientation helps.

e) TANGIBLES

The appearance of physical facilities, equipment, personnel, and communication materials of banks matter in customer positive perceptions even though this is the least important dimension, in service quality. Service providers will still want to make certain their employees appearance, uniforms, equipment, and work areas on-site (closets, service offices, etc.) look good. The danger for banks is to make everything look sharp, and then fall short on *reliability* or *responsiveness*.

V.Appropriate Technology

Commercial banks ensure sustainable financial performance based on resources that are backed by strong stable deposits. However, mobilization of deposits is determined by a number of factors that include adoption of appropriate technology, such as, availability of ATMs with low service fees, Direct deposits (on line service), Debit card purchase, prepaid cards, mobile and internet banking. According to Marganet Kane (2005), “Distribution of excellence drives brings customer choice, loyalty and profitability.”

a. Electronic Banking

Technology is developing faster than ever, and as banking and money management becomes increasingly electronic, it is important to understand new capabilities. Not only convenience, but also help for security. Since, deposit mobilization is an integral part of banking activity promptly adopting Electronic banking is the responsibility of bank management.

Electronic banking, which is also known as electronic fund transfer (EFT), refers to the transfer of funds from one account to another through electronic methods. As electronic banking becomes increasingly widespread, you will likely encounter instances where it is preferable to make payments or transfer money electronically.

Customers understand how electronic banking benefits them and their finances. Using electronic banking to customers' advantage not only will improve convenience, but can also help them track their transfers and payments. Hence, customers prefer to mobilize their deposits to bank that facilitate Electronic banking. There are three key aspects of electronic banking: automated teller machines (ATMs), direct deposits and debit card purchases.

b. ATM

Most people are familiar with ATM as a method for depositing and withdrawing money quickly and easily. ATM gives you the flexibility to withdraw cash at almost any time. What you might not know is that many ATMs will also let you transfer funds between your accounts and make deposits, providing the quick and easy convenience of 24/7 banking.

c. Direct Deposit

One of the most useful features of electronic banking is direct depositing, which allows you to authorize deposits as well as withdrawals from your accounts. If you are paid regularly, your employer may deposit your paychecks directly into your bank account. Similarly, for recurring bills like mortgages or insurance payments, electronic banking enables you to pay the necessary expenses on a regular basis with ease, and without missing payments.

d. Debit Card Purchases

In many ways, debit card purchases are similar to credit card transactions. With electronic banking, you can make debit card purchases in person, online or over the phone. A debit card purchase provides the convenience of a credit card, but the money is taken directly out of your linked account and you can't spend more than you have. Here, you can use your debit card to get cash back when making purchases, to avoid ATM fees, You also receive free, automatic alerts or SMS alerts to protect your account, If you plan on using your debit card across state and international lines, let your bank know ahead of time, to prevent fraud or security alerts and use it.

e. Prepaid Cards

Unlike debit cards, prepaid cards are not tied to a bank account. When you make a purchase with a prepaid card, the amount is subtracted from the balance of the card. Here, what you can do with

it is; Make purchases in person, online or by phone, you can reload the card with additional funds, give gifts to friends and family, withdraw cash from ATM or bank, receive wages or funds by direct deposit to the card and make Pay bills. VISA Inc. (©2018) in its Money 101 Student Workbook confirmed that “From a security standpoint, one of the best qualities of online banking is that it allows you to transfer funds electronically.”

f. Mobile Banking

Recent mobile technology makes easy banking accessible to almost all card and account holders through downloading bank’s app. It will improve convenience and make banking easier for customers to manage their money. With mobile banking, customers can check their balance, track spending, review account history or bank statement, locate ATMs, deposit checks, transfer funds, pay bills and receive text message notifications or SMS alerts about their account. Commercial banks should shift to this technology in order to attract customers and mobilize deposits. VISA Inc.(©2018) in its Money 101 Student Workbook confirmed that “From a security standpoint, one of the best qualities of online banking is that it allows you to transfer funds electronically.”

VI. Bank Liquidity

Liquidity is another factor that determines the level of bank performance. Liquidity refers to the ability of the bank to fulfill its obligations, mainly of depositors. According to (Dang &Uyen, 2011) adequate level of liquidity is positively related with bank profitability. The most common financial ratios that reflect the liquidity position of a bank according to the above author are customer deposit to total asset and total loan to customer deposits. Other scholars use different financial ratio to measure liquidity. For instance (Ilhomovich, 2009) used cash to deposit ratio to measure the liquidity level of banks in Malaysia. However, the study conducted in China and Malaysia found that liquidity level of banks has no relationship with the performances of banks (Said &Mohd, 2011). In the Ethiopian context there seems clear measure of the liquidity: the liquid asset to deposit ratio, which the National Bank of Ethiopia, has set the minimum liquid asset of the Bank not to be less that 15% of the Bank’s net current liability. Out of this the directive obliged banks to hold 5% of them in primary reserve assets (NBE Directives No.SBB/9/95).

VII.Profitability (Financial Performance)

The financial sector is vast field, which comprises of banks, cooperatives, insurance companies, financial companies, stock exchange, foreign exchange markets, mutual funds etc. These institutions collect idle and scattered money from the general public and finally facilitate investment in different enterprises of national economy. Thus, today's concept, the financial institutions and commercial banks have become one of the bases for measuring the level of economic development of nations. (Mitali Gabra,2009-2011).

Commercial Banks should maintain their competitive position by resource mobilization and deployment of same to various shot, medium and long term financing. The more the loans the banks disburse the more profit they could make. Banks do not have a lot of their own money to give as a loan. They depend on customer deposits to generate funds for granting loans to other customers. So a deposit mobilization scheme would encourage customers to deposit more cash into bank and this money in turn will be used by bank to disburse more loans and generate additional revenue. Kazi (2012) also confirmed that "Banks depend on customer deposits to generate funds for granting loans to other customers". Moreover, commercial banks play their pivotal role in the economy through facilitating financial payment system, granting loans to existing and potential investors, facilitating financial and economic integration between different nations through import & export and above all support the economic growth in industrialization, unemployment reduction and inflation regularization. (RichardTuyishime, Dr.Florence, MEMBA and Dr. Zenon MBERA 2015) said "the growth of any economy depends on capital accumulation, which in turn depends on investment and an equivalent amount of saving to match it."

VIII.Market strategy

Deposit is a pillar for bank financial performance, and the major portion of commercial banks assets that used for financing come from customers deposit. To attract these financial assets banks have used various marketing strategies and most increasingly adopt a marketing approach. The marketing strategy focuses on the customer identification, product creation or product differentiation, offering services based on customers' needs and preference, & retains them through maintaining strong customer relationship, and through advertisement & promotion.

These alternative marketing approaches highly contribute for huge deposit mobilization. According to Tomola M. Obamuyi (2013) “The banks were found to have performed credibly well in deposit mobilization, as well as in granting loan and advance.”

Customer service based on priority assist is crucial in retaining profitable customers. To make this effective commercial banks marketing section conduct regular study on the banks customers in terms of the number of transactions, the minimum and maximum amount of deposits, transaction turn over, customer loyalty, stability of deposits and then segment them to provide service on the bases of priority. Also conduct attractive advertisement & promotion to recruit new customers. Ahmed Aftabi, SoroushDeneshvar, Amir Karimbakhsh, RoudabehShadab&FatemehMortezaei (2013) confirmed that “The highest priority in terms of customer service is the most important factor in attracting resources.”

Another marketing approach that banks use to attract deposits is offering of a raffle promotions. Clients are attracted to deposit their surplus funds to bank to get a chance to win prize (usually household appliances, vehicles, or double-your-balance incentive). This can be offered either by opening new account or by making additional deposit in their existing account. This strategy encourages customers to participate on raffle game on one hand, and improve their savings on the other. (Experiences from RBAP-MABS Participating Rural Banks Part 1 of 2, 2012). Explained that “Deposit accounts increased during the promotion (4%), and that the deposit account growth rate was at 11% six months after the promotion.” Hence, to what extent Dashen banks Marketing Department use marketing approach and mobilized the expected level of deposits is a question to be answered?

IX. Market Competition

Banking business performance depends on the size of deposit mobilization since it is the source of working fund as well as a means of credit performance. Survival of banks depends on the magnitude of deposits compared with the demand for loans and advances in the economy as well as on the need of the banks day to day working fund. On the other hand, deposit mobilization is a pillar for banking business that enhances competitive advantage in the industry. Hence, the success of banking greatly lies on deposit mobilization. Deposit mobilization plays an important role in providing satisfactory credit services to different sectors of the economy. Hence, deposit

mobilization for a bank is essential as oxygen for human being. As the number of commercial banks increases, the competition to mobilize high deposits increases significantly. Because the market share previously owned by old banks rapidly reduces by new comers in the economy. In banking the number of new customer attraction and retention of existing customers directly related to the volume of deposit mobilization which contributes for high volume of business transactions and achieve better business performance. DerejeHailemariamAmene (2017) asserted that “Understanding the nature of national savings behavior is critical in designing policies to promote savings & investment which in turn enhance economic growth through capital formation.”

X.Customer Relationship Management

Banks focus should not only to attract new customers, but retaining existing customers is also equally important. Retaining customers includes creating close customer relationship, branch activation i.e. regularly checking inactive or dormant accounts and contact customers to trigger them re-work with the branch as he/she/it was transacting before, the other is card activation i.e. Transaction of credit and debit card users are also need to be investigated and communicated to enable them use their cards that already issued by the bank. The same is true in other banking operations.

The cost of acquiring new retail, small business or commercial customers being greater than five to ten times the cost of retaining an existing one, hence, financial marketers of a bank need to remember that the most efficient investment of marketing funds is to market to customers that already bank customer with you. These services help to ensure the customer will use the products they own more frequently, will significantly improve retention, and will help to improve the overall customer experience. Without customer engagement on the most basic product level, a relationship will have a difficult time growing. This can be smoothening when Customer Relationship Management (CRM) techniques are applied by bank marketers. Jim Marous (2016) said “The easiest sales that can be made to current customers are engagement services that help a customer use an account they already own.”

Most banks think all customers are rate sensitive to mobilize deposits. In fact the more affluent or rich customers more value to exceptionally excellent employees who provide the service that save their time, protect them from risk, minimize risk of their business from cyber-attack, protect them from employee embezzlement practices and offer them valuable structure than deposit interest rate. Only a bank that knows the need of its customers can fulfill their expectations.

How can you meet your customers' needs, if you don't know them? To understand your customer's needs, just listen to the "voice of the customer" and take action accordingly. Customer listening can be done in many ways, for example feedback forms, mystery shopping, and satisfaction surveys. Some companies involve senior employees in customer listening to ensure decisions benefit the customer as much as the company. Roxanne Emmerich (2015) said "most banks do not even know where to start looking because they do not know they are not looking."

XI. Bank Cross-Selling

Commercial banks in order to increase deposit mobilization and improve their financial performance use cross selling and up selling strategies as alternative means through attracting new and existing customers. Jim Marous (2018) published seven ways to increase cross-selling.

Every financial institution needs to generate a stable stream of new customers, yet one of the easiest and most sound sources of new business and related revenue is to reach out to current customers for additional business. The cost of acquiring new retail, small business or commercial customers being five to ten times the cost of retaining an existing one, and with the average repeated spending of existing customer is 50% – 100% more than a new one, financial marketers need to remember that the most efficient investment of marketing funds is to market to customers that already bank with you or existing customer. Published by (Jim Marous, © 2018).

XII. Capital Adequacy

Reformation in banking industry is an ongoing phenomenon around the world, but it is more intensified in recent period, because of the impact of globalization which rapidly grows to the economic integration of world wide. Hence, capitalization becomes more crucial component to reform commercial banks to fit with the economic dynamism. A bank with strong capital base has the ability to absorb unforeseen losses arising from non-performing loans, reduced financial performance, and high capital expenditures.

Capital of a bank includes paid up capital, undistributed profit (retained earnings), legal reserve or other reserves and surplus fund which are kept aside for contingencies. Though capital adequacy ratio is measured by the ratio of total capital to risk weight asset, in some literatures it can be also measured by the ratio of capital to total asset. However, in Ethiopia, the proxy or alternative for capital adequacy is the ratio of total capital of the bank to total loan and advance of the bank; because, Bank regulators or state banks care about capital adequacy since, their mandate is to prevent bank from concentration risk and contagions.

Recently, National Bank of Ethiopia laid an order to all commercial banks increase their paid up capital to two billion up to the end of the second Great Transformation Plan (GTP) period. Moreover, in NBE Directive No SBB/29/2002 laid that the single borrower limit or maximum loan amount to a single borrower is not to exceed 25% the total capital of the respective bank. The aim of the regulatory bank in this regard is to keep commercial banks from concentration risk or to save them from unnecessary shock if the disbursed loan defaulted. Currently, the market demand for huge loans in Ethiopia derived banks to improve their paid up capital, otherwise the bank will be thrown out from the competition. Requirement of high capital put down by state bank is also a big challenge to commercial banks either to make additional investment from shareholders or making merge with other commercial banks. Hence, noncompliance to the requirement leads to a bank's sustainability questionable. AragawHailu (2015) said "National Bank of Ethiopia also recommended recognizing to raise the minimum capital requirement for banks". DawitWondifraw (2015) also wrote "It is pertinent for banks worldwide to adopt the Basel 2 Capital Adequacy for it serves as buffer for absorbing losses and it regulate the amount of lending that a bank can do."

2.1.3 Type of Bank Deposit accounts

Banks provide different types deposit accounts to mobilize significant amount of deposits from different classes of people or people from all level of the economy. To enhance deposits mobilization banks classify depositors in to segments and use customer relationship management to avail the products based on the test and preference of customers.

Deposit accounts are savings account, current account or any other type of bank account that attract money to be deposited and withdrawn 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 represents the amount owed by the bank to the customer. Some banks may charge a fee for this service, while others pay customer interest on the funds deposited. The account holder has the right to withdraw any deposited funds, as set forth in the terms and conditions of the account. The following are most common type of bank deposit accounts.

a) Demand Deposit

It consists of funds held in an account from which deposited funds can be withdrawn at any time without any advance notice to the depository institution or bank. Demand deposits can be "demanded" by an account holder at any time. Many checking accounts today are current account or demand deposits accounts and are accessible by the account holder through a variety of banking options, including through tellers window, ATM, online banking, and agent banking.

b) Savings Deposit

It is a deposit account held at bank or other financial institution that provides principal security and a modest interest rate. Depending on the specific type of savings account, the account holder may not be able to write checks from the account or he/she/it access the account without incurring extra fees or expenses like cost of checks and the account is likely to have no limited number of transfers/transactions.

c) Time Deposit

Fixed time deposit or certificate of deposit (FTD) held for a fixed-term, with the understanding that the depositor can make a withdrawal only by giving prior notice. A time deposit is an interest-bearing bank deposit that has a specified date of maturity. Generally speaking, the longer the term, the better interest yield on the deposited money.

d) Wadi'ah Savings Account

It is an interest free deposit account held at a bank or other financial institution that provides principal security without interest. Depending on the specific type of Wadi'ah savings account, the account holder may not be able to write checks from the account or he/she/it access the account without incurring extra fees or expenses and the account is likely to have no limited number of transfers/transactions.

e) Qard Demand Account

It consists of funds held in an account from which deposited funds can be withdrawn at any time without any advance notice to the depository institution. Qard demand deposits can be "demanded" by an account holder at any time. It is similar to Demand Deposit account, but established based on Sheriah compliance or it is Islamic banking scheme. Many quad accounts today are demand deposits and are accessible by the account holder using chequesthrough a variety of banking options, including through tellers window, ATM, online banking and agent banking.

f) Mudarabah Saving Account

It is a deposit account held at a bank or other financial institution that provides principal security and a modest income based on initial agreement with the bank. Depending on the specific type of Mudaraba Saving account, the account holder may not be able to write cheques from the account. He/she/it access the account without incurring extra fees or expenses and the account is likely to have limited time period to free transfers/transactions.

g) Mudaraba Fixed Account

It is a deposit account held at a bank or other financial institution that provides principal security and good or better income based on initial agreement with the bank. Depending on the specific type of Mudaraba Fixed account, the account holder may not be able to write cheques from the account and the account is likely to have limited time period or maturity to free transfers/transactions or withdrawal.

2.1.4. Foreign Currency

Banks play their pivotal role in the development of national economy through both local and foreign currency generation and deployment of same to those who need it. They facilitate financial settlement through the payment system, and provide a means for international payment. Foreign currency is another form of resource mobilization for which commercial banks strongly strive to mobilize acceptable hard currency. Foreign currency can be generated in the form of remittance or International Money Transfer (IMT), Export, Foreign Direct Investment (FDI), acquisition of existing company by foreign company, borrowing in hard currency, and through gift from abroad. Export policy of a country plays its role in attracting foreign companies as well as domestic exporters. Adoption of good market system in the economy also boosts foreign currency generation. However, commercial banks should devise way to attract foreign currency or the scarce resources. Because, financial performance by use of foreign currency equally contribute to the profit of banks mainly through L/C(Letter of Credit), CAD(Cash Against Document), and TT(Telegramming Transfer), Kimberly Amadeo (2013). Commercial banks should facilitate international trade to support countries with comparative advantage and in the meantime generate foreign currency which part and parcel of deposit growth.

2.1.5. Comparative Advantage Theory

International trade has big advantage for generation of foreign currency. The Principle of Comparative Advantage dictates that a country specific advantage is the foundation concept of International Trade that answers the question of how nations can achieve and sustain economic success and prosperity. Comparative advantages are derived either from natural endowments or from deliberate natural policies. Michael Porter has used competitive advantage to refer to the

advantages possessed by both nations and individual firms in international trade and investment. For instance, France has a climate soil superior for producing wine; Saudi Arabia has a natural abundance of oil for the production of petroleum products, Overtime Japan has acquired a superior base of knowledge and experience for production of cars, and Overtime India acquired superior base of Information Technology (IT) workers for producing computer software. Hence, “countries produce with their respective comparative advantages with lower opportunity cost.” Kimberly Amadeo (2013). Commercial banks should facilitate international trade to support countries with comparative advantage and in the meantime generate foreign currency which part and parcel of deposit growth.

2.2 Empirical Review

This section provides the relevant empirical review related to deposit mobilization and financial performance in commercial banks. 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.

Before a decade, lack of investment opportunities and the lesser demand for loan 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 not target additional deposit, especially poor people’s deposits, which perceived as short term, unstable and 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.

Commercial Banks should maintain their competitive position by deposits mobilization and deployment of same to various term loans which is called financial performance. Credit deployment is the lion share of bank’s revenue. The more the loans the banks disburse the more profit they make. Hence, bank managements should devise alternative techniques to attract more customers and influence their staff to mobilize more deposits, because banks do not have a lot of their own money to give as loans. ‘Banks depend on customer deposits to generate funds for granting loans to other customers’ Kazi (2012).

2.2.1 Descriptive Analysis of Independent and dependent Variables

(Ketema, 2017) in his study had found variables that can affect the total deposits of seven selected commercial banks namely, Commercial Bank of Ethiopia, Awash International Bank, Bank of Abyssinia, Wegagen Bank, United Bank, Nib International Bank, and Dashen Bank. Seven variables are identified as related with the dependent variable i.e. total deposit. The explanatory variables are number of bank branches, deposit interest rate, liquid asset to deposit ratio, lagged value of bank deposits, net interest margin, inflation rate and economic growth (GDP). All the tests were valid and eventually regression analysis was performed using E view statistical package. The result from regression analysis showed that number of bank branches, deposit interest rate, net interest margin and GDP were significantly and positively correlated with the explained variable or deposits. Lagged value of bank deposit was significantly and negatively correlated with total deposit. However, liquid asset to deposit ratio and inflation rate were insignificantly and negatively correlated with bank deposit.

2.2.2 Independent variables

The following independent variables are proposed to increase our understanding of the determinant factors of deposit growth in commercial banks. These factors were determined by detailed review of the literatures.

As the study result of (Ketema, 2017) reveals, the mean value of bank deposit growth was around 30.36 percent for sampled commercial banks in Ethiopia. It can be noticed that the bank deposit growth is between -3 and 1.66 percent. The minimum deposit growth is recorded by Wegagen bank in the year 2012 and the maximum deposit growth is recorded by NIB bank after its establishment in 2001. This means, commercial banks achieved 24.3 percent average deposit growth from depositors for the period of 2000-2015.

Theoretically, a growth rate of 32.1% in deposits may be considered sufficient to increase supply of loanable funds (Sylvester, 2011). The standard deviation among banks in terms of bank deposit growth was 21.4 percent; this confirms that there were high variations of deposit growth among commercial banks during the study period. Though the performances of deposit among

commercial banks conform to supply the loanable fund, the trend of deposit is increasing year to year at increasing rate (Ibid.).

a) Interest rate

Real interest rate is nominal interest rate minus inflation rate. Mohammad and Mahdi (2010) said that in “negative real interest rate condition, people withdraw their resources from banking system.” As per the computation result of (Ketema, 2017), the mean value of the bank deposit interest rate over the period under study was 4.2 percent with the maximum and minimum values of 6.0 percent and 3.0 percent respectively. There was little variation of interest rate towards its mean value over the periods under study with the value of standard deviation 1.07 percent. This implies that the stability of deposit interest rate for subsequent years under the study periods in a sense there is a control of minimum and maximum deposit interest rate by the government body. So there was no competition between commercial banks to attract the customers with a motive of return on deposit under the study period.

b) Loan to Deposit Ratio

The average loan to deposit ratio of the studied commercial banks was 76.28 percent. The maximum loan to deposit ratio of 87 percent was registered in the year 2005 and 2006 by Awash International Bank. This indicates that, on average the commercial banks in Ethiopia have higher amount of volatile deposits which are tied up with illiquid loans. On the other hand, the minimum loan to deposit ratio of 49 percent was register in the year 2001 by NIB. The standard deviation of 6% percent shows there was low dispersion of loan to deposit ratio from its mean value (Ibid.).

c) Profitability

Profitability is the likelihood of a business earning the desired level of income within a specific period of time under certain prevailing business conditions. Average return on asset of studied banks for the period from 2000 to 2015 was 2.5 percent. The minimum return on asset of -2.1 percent was registered in the year 2002 by CBE and the maximum return on asset of 4.6 percent was registered on the year 2011 by Wegagen Bank. The standard deviation of 1.1 percent reveals that there was very little dispersion of average return on asset of studied banks towards their mean value.

d) Trend of Sampled Private Commercial Banks of Ethiopia Deposits

In a study by DerejeHailmariam (2017), the trend of deposits is examined in six private commercial banks to determine factors of deposits. They are Awash International Bank, Dashen Bank, Bank of Abyssinia, Wegagen Bank, United Bank and Nib International Bank. The trend analysis result for the sampled banks shows that total deposit amount of the selected six private commercial banks indicated increasing trend from year to year with different rates. Also deposit performance of the selected banks from Year 2002 to year 2006, depicted that deposit of Awash International Bank was increased continuously with increasing rate while other bank's deposit increments rate showed fluctuation from year to year.

Moreover, from Year 2006 to year 2009, except Wegagen Bank which was increased with 9% in year 2008, deposit of all sampled private commercial Bank increased with minimum of 21%. From year 2009 to year 2010 private Commercial Banks deposit have been increased for more than 23% except Bank of Abyssinia and Wegagen Bank that showed increment of 14% and 5% respectively in year 2010. Deposit of all sampled private commercial banks except Bank of Abyssinia showed increase with declining trend in year 2012 and then showed incremental trend in year 2013. On the other hand, the deposit increment trend of most of sampled commercial banks showed declining trend at high rate in the year 2014. This may be deposit report to National Bank of Ethiopia required against Anti-money laundering policy and partial deposit allowed to be deposited only in CBE for Condominium house projects in 2013. (DerejeHailmariam, 2017),

The dependent variable used in this study in order to measure the sampled commercial banks is bank deposit growth whereas the explanatory variables are: Branch expansion, Disposable income, Economic growth, Capital Adequacy, Deposit rate, Bank's liquidity, Population growth are discussed here under.

Private commercial Bank's deposit growth fluctuates between 2.66 and 167 percent. The minimum deposit growth rate was recorded in the year 2012 by Wgagagen Bank and the maximum deposit growth rate was recorded in the year 2001 by Nib International Bank (after a year of its establishment). The average deposit growth rate of Bank for the last fifteen years was 30 percent. As Sylvester, cited Bahredin (2016) theoretically, a growth rate of 32.1 percent in

deposits may be considered sufficient to increase supply of loanable funds. Though the performance of deposit among commercial banks conforms to supply the loanable fund, the trend of deposit is increasing year to year at increasing rate. The reason of this increasing deposit growth may attribute to increase the users of banking services and or intermediation of commercial banks in the country (Ibid.).

e) Bank branches

According to (DerejeHailmariam, 2017), the mean value of number of bank branches rate was around 19.38 percent. The minimum value of zero percent Bank expansions rate were recorded in the year 2002 and 2010 whereas, the maximum value of 66.67 percent Bank expansion rate was recorded in the year 2002. The standard deviation for Branch expansion rate was 13.57 percent; this implies that high variation Branch expansion rate from its mean value during the period of 2001 to 2015. As shown in the result, there were higher differences among banks regarding branch expansion. This implies that the effort of some banks to expand branching network.

f) Disposable Income

National Disposable Income for a country is in the same way as Personal Disposable Income(Personal Income – Personal taxes) is for an individual .The average Disposable income growth was 19 percent during the last fifteen years. The maximum Disposable income growth rate of 38.27 percent was recorded in the year 2008 and the minimum disposable income rate of -4.10 percent was recorded in the year 2002. The standard deviation for disposable income growth was 12.27 percent (Ibid.).

g) GDP growth

The average GDP growth rate of Ethiopia for the last sixteen years was 9.1 percent. The maximum real GDP growth rate was recorded in the year 2005 (i.e. 12.6 percent) and the minimum GDP which was also negative growth rate was recorded in the year 2003 (i.e. -2.1 percent). The country has recorded on average a double digit (above10 percent) growth rate from 2004 onwards except for the year 2012 & 2013 which was 8.7 percent and 9.9 percent respectively. The standard deviation of 0.04 also indicates that there was little dispersion on the real GDP growth rate towards its mean (Ibid.).

2.2.3 Growth rate analysis of Current, Savings and Term Deposits in Tamil Nadu-India

An examination of (S.Venkatesan Sep-Oct. 2012) shows that the number of current deposit accounts, 1916 thousands in 1999-00 declined to 1957 thousands in next year and then jumped to 1996 thousands in 2001-02; and, 2019 thousands in 2002-03 before declining to 1998 thousands in 2003-04. After reaching at as high as 2082 thousands in 2004-05, it exhibited a declining trend from 2005-06 until the end year. On the average, number of current deposit accounts stood at 1929 thousands in scheduled commercial banks in Tamil Nadu (India) during the period under study. Overall there was a significant decline in number of current deposit accounts at CAGR of 1.35 per cent (t value = -1.98, $p < 0.10$) and LGR of 25 deposit accounts every year on an average (t value = -1.89, $p < 0.10$) during the period under study.

On the other hand, number of saving deposit accounts exhibited a continuous up trend from 19997 thousands in 1999-00 to 21018 thousands in 2002-03. But between 2003-04 and 2008-09, it was suspended between 20759 thousands (2006-07) and 21383 thousands (2005-06) with crisscross movements. On the average, the number of saving deposit accounts was 20725 thousand during the period. The rate of increase in number of saving deposit accounts was significant at 0.60 when compounded (CAGR = 0.60, t value = 3.37, $p < 0.01$) and 123 accounts in absolute value (LGR = 123, t value = 3.35, $p < 0.01$) on an average every year during the period under study.

At the same time, number of term deposits, 8409 thousands on the average, showed a continuous increase from 6985 thousands in 1999-00 to 11251 lakhs in 2008-09 at significant CAGR of 5.58 per cent (t value = 10.45, $p < 0.01$) and LGR of 467 accounts (t-value = 9.07, $p < 0.01$). In sum, it was found that there is a significant increase in the number of current deposits, saving deposits and term deposits over the period under study. Therefore:-

1. There was significant increase in the number of current deposits of commercial banks in Tamil Nadu over the span of ten years.
2. There was significant increase in the number of savings deposits of commercial banks in Tamil Nadu over the span of ten years.
3. There was significant increase in the number of Term deposits of commercial banks in Tamil Nadu over the span of ten years.

As per the trend result, there was a continuous increase in value of current deposits in scheduled commercial banks in Tamil Nadu during the period. The current deposits with Rs.766634.70 on the average, increased from Rs.598741 lakhs in 1999-00 to Rs.1067418 lakhs at significant compound rate of 6.84 per cent

Finally,(S. Venkatesan, 2012) concluded that there was a significant up trend and growth in current deposits in terms of value despite there was a significant decline in number current deposits accounts in scheduled commercial banks in Tamil Nadu during the period from 1999-00 to 2008-09. Regarding saving deposits, he concluded that there was a significant trend and growth both in terms of number of accounts and in value (amount). But the scenario was different in the case of term deposits in scheduled commercial banks. The number of term deposits exhibited a significant growth and trend but there was neither decrease nor increase in it when evaluated by value. On the whole, it is concluded that the scheduled commercial banks in Tamil Nadu performed well in deposit mobilization in ten years from 1999-00 to 2008-09.

2.3 Conceptual Framework and Hypothesis of the study

2.3.1 Conceptual Framework

In developing countries, the rate of saving is quite low and existing banks are half successful in mobilizing such savings as the income of most people is very low, and in effect, current income or disposable income is mostly spent to maintain a subsistence level of consumption. Investment on the other hand is a core for thenational economy. The banking system is the integral part of investment system in the productive sector and a backbone of national economic growth. Investment involves the sacrifice of current birr for future better value birr. Banking therefore, is concerned with encouraging present savings for future reward. When people deposit money, bank must invest the money in new ventures that increase their revenue. Hence, the primary objective of commercial banks is attracting depositors to prefer their bank over others by providing quality services and other variablesto carryon different deposit related transactions.

Quality customer service among others is critical to keep competitive position of a bank in the industry. It is obvious that a sound and profitable bank is able to endure negative shocks and stand to be sustainable in the industry. High interest rates will always motivate most non affluent

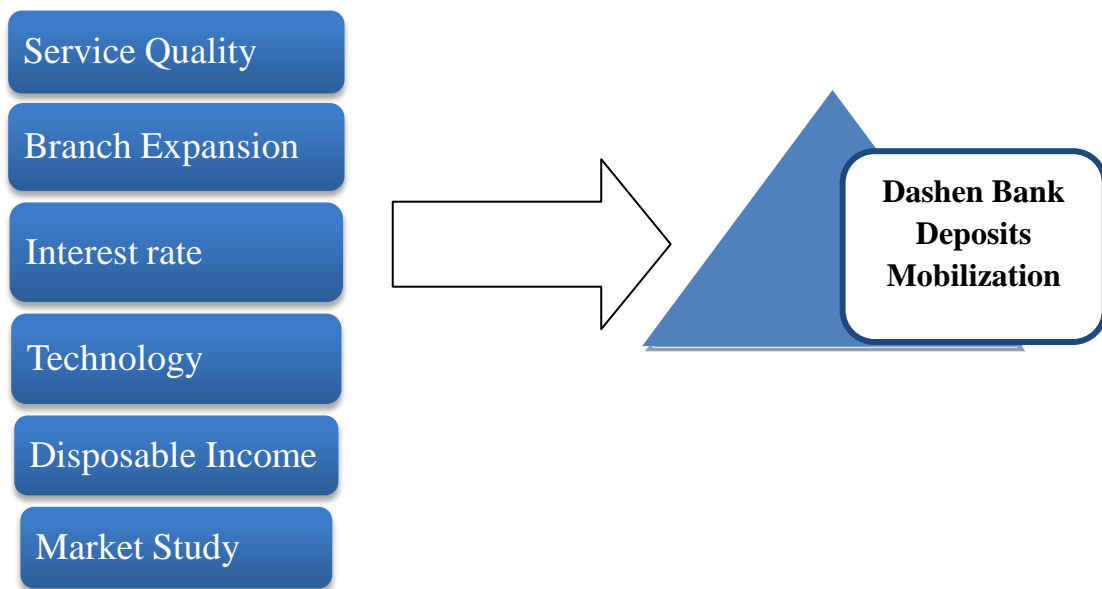
customers to save more while low interest will discourage savings. Hence, parallel to resource mobilization, good bank performance rewards the shareholders with sufficient return for their investment also pay high interest to depositors to encourage further deposits.

The growth of any economy depends on capital accumulation, which in turn depends on investment and an equivalent amount of savings to match the investment. Both private and public banks regularly study how to stimulate investment and increase the level of saving to fund increased investment. Therefore, assessing the deposit mobilization performance of Dashen bank and providing solutions to optimize its functions can make a substantial contribution to the economic development of the country, also rewards shareholders with sufficient return, and prevent the wasteful of resources utilization. In this study the conceptual scheme of the relationship between the dependent variable (Dashen bank's deposits) and independent variables (Service Quality, Branch expansion, Deposit interest rate, Technology, Disposable income and Market Strategy) is depicted as follows.

Figure 2.1 Independent and Dependent Variables

Independent Variables

Dependent Variable



Source :Own survey, 2019

The survey on the strategies and the trends in deposit mobilization of Dashen bank on Grade II, III, and IV branches of Addis Ababa are, assessed and identified weakness along with appropriate remedial solutions are discussed in the data analysis. In chapter five appropriate conclusions and suitable recommendations are drawn for improving the performance of the banks in the area of deposit mobilization.

2.3.2 Hypothesis of the study

(H1):- Service quality has significant effect on deposit mobilization of Dashen bank.

(H2):- Branch expansions have significant effect on deposit mobilization of Dashen bank.

(H3):- Deposit interest rate has significant effect on deposit mobilization of Dashen Bank.

(H4):- Implementation of appropriate technology has significant effect on deposit mobilization of Dashen bank.

(H5):- Attraction of disposable income has significant effect on deposit mobilization of Dashen bank.

(H6):- Market study has significant effect on deposit mobilization of Dashen bank.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

This chapter briefly presents the research methodology that is used in this study. The sections under the chapter state the approach and design that are used in the research, sampling methods and data gathering tools. It also describes the variables that are used in the study.

3.1. Research Methodology, Approach & Design

Research method is the process used to collect information and data for the purpose of making business decisions. The methodology may include interviews, questionnaires, surveys and other research techniques. The research methodology can be qualitative, quantitative or mixed approach in nature that will provide solutions for research questions and /or research problem. Also help management to insight on existing problems and to devise ways to overcome the problems. The researcher in this study used authentic or genuine sources to collect data that are helpful to complete the research successfully. As said by (Nelson, D.L. (2011), ORGB.US: Cengage Learning.)

Research design is the set of methods and procedures used in collecting and analyzing measures of the variables specified in the research problem part of the research. The researcher selected the research design based on purpose for the study; because it is very comprehensive and that helps to explain the research plan more clearly. In this study descriptive research approach for valid representation of Independent & dependent variables were analyzed using statistical analysis. A framework that had been created to find answers to research questions was made. The researcher used SPSS version-20 to analyze, interpret, and recommend output based on the collected data.

The descriptive research design used in this study provides accurate and valid representation of the factors or variables that are relevant to research questions; such as factors contribute to deposit mobilization of Dashen bank were explained well.

The research approach used in this study was quantitative data that provided solutions of the research questions as description of the problem requires quantitative data or information. Since,

the data collected by the researcher are quantitative in nature; the appropriate research approach was used for the study. Both primary and secondary data were used in the research to provide better solution through analysis. (Nelson, D.L. (2011), ORGB.US: Cengage Learning).The main objective of the study was to assess the deposit mobilization performance of Dashen bank; the case of branches of Addis Ababa. To meet the objectives of the study, five years panel or portion of data were taken for the study.

3.2. Population, Sample size and Sampling

Sampling is the process of selecting a small number of elements from a larger target group of population. The information gathered from the small group allows judgments to the larger groups. While making sampling analysis, the researcher had taken maximum care to save time, to avoid high cost of collecting the data, and also the cost of an incorrect inference or conclusion resulting from the data. However, the researcher used optimum number of sampling to make representative sample size and which minimizes the sampling error.

Dashen bank has the following above grade I branches that is 21 Grade II, 9 Grade III, and 9 Grade IV branches all over the country. Among these 9 Grade II, 6 Grade III and 8 Grade IV branches are available in Addis Ababa. Hence, the research was designed to work on all Grade II, III, & Grade IV branches of Addis Ababa.

Table 3.1

List of selected branches with Grade

Name of Branch	Grade	Name of Branch	Grade
Dashen Main Branch	IV	GerjiMazoria Branch	III
Tana Branch	IV	Bole Medhanialem Branch	III
Kera Branch	IV	Kolfe Branch	II
Golla Branch	IV	Lebu Branch	II
Megenagna Branch	IV	WuhaLimat Branch	II
Bole Branch	IV	GurdSholla Branch	II
Mexico Branch	IV	Lagar Branch	II
Africa Andinet Branch	IV	Goffa Branch	II
Messalemia Branch	III	Gullele Branch	II
Kality Branch	III	TikurAnbessa Branch	II
Piazza Branch	III	Abakoran Branch	II
Saris Branch	III		

For the study optimum sample size which fulfills the requirements of efficiency, representativeness, reliability and flexibility was used. Accordingly, the number of clerical staff as per the structure of Dashen Bank is fixed as follows. Each Grade IV has 19 staff, Grade III has 17 staff and Grade II has 14 clerical staff. Hence, total number of population for all Grade II, III, and Grade IV branches of Addis Ababa is calculated as follows.

Table 3.2

No of Grade II, III.& IV Branches of Addis Ababa

No	Grades of Branches	Total No of Branches by Grade in Addis Ababa	Total No of clerical staff in each branch	Total clerical staff in the respective grades
1	IV	8	19	152
2	III	6	17	102
3	II	9	14	126
	Total	23		380

In the sampling process the researcher verified characteristics of a good sample design that include the true representative sample, which resulted in a small sampling error, it was viable in the context of funds available for the research study, also systematic bias could be controlled in a better way. For the research simple random sampling was used.

Hence, the researcher used a more feasible approach by selecting a small group from the population as a sample size; because Dashen Bank has 374 branches all over the country as of June 30, 2018. Among all 141 Branches t are available in Addis Ababa. All branches are classified by grade that ranges from grade 1 to grade 4. The classification of branches is made based on the record of the total amount of deposits mobilized, number depositors, loan portfolio, number of digital Banking users, number of international Banking Service users and by the total number of transactions. On the other hand, the bank has a total of 23 grade II, grade III & grade IV branches in Addis Ababa and clerical staffs in these twenty three branches are treated as population. (Dashen Bank Office of Strategic Management 2018).

In order to determine the number of **sampling units** the researcher focused in Addis Ababa and **the source list** of the population used was based on their job classification to get completed data that composed of District & Branch Managers, Customer Service Managers, Senior Customer Service Officers, Customer Service Officers and Internal Control Officers in the sampling.

3.3 Sample size determination

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 195 was used and considered as optimum by the researcher. The researcher used a formula to calculate sample size as follows:-

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

Source : Yemane (1967)

Where:- n = No. of sample

N = Total number of population

e = Level of precision

$$\text{Sample size} = \frac{380}{1 + 380(0.05)^2} = 195$$

3.4. Data Sources & Data Collection Method

Data collection is the process of gathering and measuring reliability of source of data that fits the purpose of the study. So data collection methods used by the researcher was considered as vital component of the research which could enable to answer relevant questions and evaluate outcomes. The researcher used questionnaires that were **randomly** distributed to different positions and staffs as every staff of the population has equal probability of being chosen. Also observation of secondary data for five years is used (**annual report year 2014-2018**). The researcher exerted maximum effort to use authentic sources of data to enable the study answer all research question accurately and dependably. Hence, eighty questionnaires were distributed to District Managers, Branch Managers; Customer Service Managers; Senior Customer Service Officers; Customer Service Officers and Internal Control Officers of different branches.

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.

3.5. Data Analysis Method difficult of the Research

The difficulties of the researcher, while conducting the research, was not much significant but some time constraint, cost, lack of quick accessibility of some information sources, and delay in collection of distributed questionnaires were observed.

3.6. Description of the Study variables

The following is description of variables with their respective symbols and the relationship between independent and dependent variables.

Table 3.3

Description of the variables and their expected relationship

VARIABLES	SYMBOL	DISCRIPTION	RELATIONSHIP WITH DEPOSITS
Service quality	SERVQUAL	Quality of customer services provided by the bank	POSITIVE
Branch expansion	BREXP	Branch expansion to facilitate proximity to customer	POSITIVE
Interest rate	INT	Interest payment to deposits savers	POSITIVE
Technology	TECH	Use of appropriate technology for convenience and less cost to customers	POSITIVE
Disposable income	DISIN	Increase or size of disposable income of population	POSITIVE
Market strategy	MKT	Alternate market strategy to fill the test and preference of customers	POSITIVE
Deposits	DEP	Bank deposits mobilization	N/A

Source: own survey, 2019

CHAPTER FOUR

4. DATA ANALYSIS AND DISCUSSION OF FINDINGS

This chapter deals with the analysis, discussion and presentation of quantitative data identified in chapter three. The data were analyzed based on SPSS version-20 software; in the analysis descriptive statistics, correlation, linear regression, and ANOVA analysis was used. Moreover, the average results of each explanatory variable in the responses are analyzed using “Transform” in SPSS to check the average result of the independent variables, also to see correlation and regression of explanatory variable with explained variable. Appropriate interpretation of results and tables are included for better presentation and to show the result.

Primarily, five years deposit growths of the bank are presented by table based on Dashen Bank’s Annual Report. In order to carry out completed research activity; data are gathered from proper or relevant sources. According to (Yuqi, 2006), secondary data has its own advantages. Secondary data sometimes give higher quality data, compared to primary data to conduct longitudinal studies and the permanence of data. Secondary data provides a source of data of both permanently available and feasible that can be checked easily by others. Therefore, in this study the researcher used secondary data which increases the dependability and it is five years audited financial statements of the bank which are readily available in the hands of National Bank of Ethiopia, A.A. Bromhead & Co. Chartered Accountants and in Dashen Bank archives.

Table 4.1

Five years Trend of Deposit Growth of Dashen Bank

‘000

Year	Deposits	Variance	%age increase
2014	17,681		
2015	19,814	2,133	12
2016	22,759	2,945	15
2017	27,783	5,024	22
2018	35,987	8,204	30

Source: Five years Annual Report of Dashen Bank

Hence, as per the annual report of Dashen Bank, total deposits are growing at increasing rate as shown on the table 4.1 above. The increasing percentage of deposits in the fiscal year ending June 30, 2015 over the fiscal year ending June 30, 2014 is 12%, whereas the increase in the fiscal year ending June 30, 2016 over June 30, 2015 is 15%, the deposits increase in fiscal year ending June 30, 2017 over June 30, 2016 is 22%, and the percentage increase on June 30, 2018 over June 30, 2017 is 30%. The improvement in deposits of all financial years is increased at increasing rate. This is because the bank worked hard on one of the independent variables such as branch expansion both in Addis Ababa city and other administrative rejoin as shown in the table below.

Table 4.2.

Branch Expansion per year

June 30 of the fiscal years	2014	2015	2016	2017	2018	Total
No of newly opened branches	30	23	64	83	70	270

Source: Five years Annual Report of Dashen Bank

DashenBank hasproved as the bank committed to providing customers with accessible, convenient and reliable banking products and services. To this effect sizable growth in footprint of branches was witnessed to attract sizable customers and deposits. As perDashen Bank Annual Report(November 30, 2018).

4.1 Descriptive Analysis of Demographic, Independent Variables and dependent Variable

In this part of the study, brief discussions of the statistics of each demographic, independent and dependent variables gathered from primary data are presented. The independent variables such as Service Quality, Branch Expansion, Interest Rate, Technology, Disposable Income, and Market Strategyused in this study were assessed,analyzed, and interpreted to show their effect on deposits mobilization of Dashen Bank. The demography and other variables are alsoanalyzed based on SPSSandresults are interpreted in the underneath.

4.2 Interpretation of Frequency Distribution of Demographic Variables

Table 4.3.

Demographic Variable Gender (Sex)				
	Frequency	Percent	Valid Percent	Cumulative Percent
Male	56	70.0	70.0	70.0
Valid Female	24	30.0	30.0	100.0
Total	80	100.0	100.0	

Source: Own survey, 2019

Table 4.3 shows the gender or sex of the respondents. All distributed questionnaires were returned with responses. The observations from different bank branches are randomly selected and the gender profile of the respondents that responded to the questionnaires are male (56 respondents) and they constituted 70% whereas female respondents (24 respondents) covered 30% of the total.

Table 4. 4.

Level of Education				
	Frequency	Percent	Valid Percent	Cumulative Percent
Master's Degree	23	28.8	28.8	28.8
Valid First Degree	55	68.8	68.8	97.5
Diploma	2	2.5	2.5	100.0
Total	80	100.0	100.0	

Source: Own survey, 2019

Table 4.4 above shows the education level of the respondents. The highest number of respondents from the total observation were first degree graduates and their frequency is 55 which constituted 68.8% whereas the lowest number of respondents falls to the group of Diploma graduates who are two in number and that constituted 2.5%. This is because the bank changed its policy for entry level which requires first degree since the last eleven years. The other 28.8% of the respondents

are graduates of Master’s Degree and their frequency is 23. The frequency is not same for each age group because the respondents are being selected randomly.

Table 4.5.

Work Experience				
Year of service	Frequency	Percent	Valid Percent	Cumulative Percent
Oneto Three years	31	38.8	38.8	38.8
Four to Six years	21	26.3	26.3	65.0
Valid Seven to Ten years	12	15.0	15.0	80.0
Above 10 years	16	20.0	20.0	100.0
Total	80	100.0	100.0	

Source: Own survey, 2019

Table 4.5 shows the work experience status of the respondents. Thirty one (31) respondents have one to three years of work experience which constitutes 38.8%; the other 21 respondents have four to six years’ experience that constitutes 26.3%. Respondents that have seven to ten years work experience are 12 in number which constitutes 15%. In addition, there are 16 respondents who have work experience above ten years and their percentage is 20%. Here, we learnt that respondents with higher the number of work experience have better knowledge about the key factors of deposit mobilization. The respondents are randomly selected from different branches.

Table 4.6

Work position				
	Frequency	Percent	Valid Percent	Cumulative Percent
Branch Manager	9	11.3	11.3	11.3
Customer Service Manager	8	10.0	10.0	21.3
Valid Senior Customer Service Officer	13	16.3	16.3	37.5
Customer Service Officer	46	57.5	57.5	95.0
Internal Control Officer	4	5.0	5.0	100.0
Total	80	100.0	100.0	

Source: Own survey, 2019

Table 4.6 shows the work position of the observations who assigned at different Dashen Bank branches and District Offices. 9 branch Managers who constituted 11.3% of respondents have very good banking experience; 8 respondents who covered 10% of respondents are Customer Service Managers, who have good banking operation experience; thirteen respondents that constituted 16.3% are Senior Customer Service Officers who have more than five years work experience and they are well aware of factors of deposits mobilization; 57.5% of the respondents who consisted 46 number are Customer Service Officers who have less than five years work experience; however, they directly serve to customers at front line and are well understand the test and preference of customers. Finally, 5% of the respondents are Internal Control Officers who monitor the day to day business activities of their respective branches.

Table 4.7

4.3 Descriptive Statistics of Dependent and Independent Variables

	SEQUAL	BRANCHEXPA	INTEREST	TECHNOLOGY	DISPOSINCOM	MKTSTRATGY	DEPOSITMOB
Valid N	80	80	80	80	80	80	80
Missing	0	0	0	0	0	0	0
Mean	2.6326	2.5516	2.4927	2.5001	2.5189	2.5272	2.9278
Median	2.6500	2.5800	2.4750	2.4100	2.4100	2.3400	2.8889
Std. Deviation	.38256	.41035	.39487	.42898	.45661	.41285	.38209
Minimum	1.89	1.30	1.85	1.75	1.81	1.74	2.22
Maximum	3.51	3.34	3.24	3.51	3.55	3.36	3.89

Source: Own survey, 2019

a) Deposit Mobilization or Deposit Growth

As can be seen from the table above the mean value of Dashen Banks average deposits growth rate is 2.92. If all explanatory variables appropriately applied, deposits will grow significantly as shown the test result. It is also noted that branches annual deposit growth stay between 2.22 and 3.89 or the minimum deposit growth is 2.22 while the maximum deposit growth rate is 3.89.

b) Service Quality

As can be seen from the table 4.7 above, the mean of service quality is 2.63 with a maximum of 3.51 and a minimum 1.89. This indicates that, service quality contributes on average 2.63 Birr of deposits for a single birr invested in application of service quality. More specifically, the highest service quality applying sampled branches can mobilize 3.51 birr of deposits for a single Birr invested in service quality whereas the least service quality applied branches mobilize Birr 1.89 for each Birr invested in the service quality. The standard deviation result for Service quality is 0.382 which indicates that the deposit mobilization variation between branches based on service quality is high.

c) Branch Expansion

Branch expansion from the table 4.7 shows the mean value of 2.55. The average deposit growth as a result of branch expansion in Dashen Bank is 2.55. The highest contribution of branch expansions obtained from observations is 3.34 and the lowest contribution of branch expansion is 1.30. The standard deviation is 0.41 and it showed there is big variation between branches deposit mobilization as a result of branch expansion. One of the reasons for such variation is that the location of branches, proximity to customers, and availability of disposable cash in the area.

d) Interest Rate

The mean value of interest showed 2.49. The maximum interest rate contribution for deposit mobilization is 3.24 and the minimum interest contribution is 1.85. This indicates that the explanatory variable interest rate on average contribute birr 2.49 to deposit mobilization for a single birr invested on attractive deposit interest. The standard deviation of 0.39 indicates that interest contribution on deposits has significant deviation between branches. This is because; better interest to branches located at affluent customer's area might not attract better deposits.

e) Technology

As shown from the table 4.7 above, the mean value of 2.5 is exhibited as a result of the assessment of technology contribution to deposit mobilization. This indicates that birr 2.50 deposits can be mobilized with one birr investment on technology. The maximum contribution of technology to the banks deposit mobilization is 3.51. On the other hand, the minimum technology contribution towards deposit mobilization could be 1.75. It indicates that application of alternative technology in the contemporary period attracts many business men; because, technology eases the customers effort, time and cost of transactions.

f) Disposable income

The practice of National Disposable Income for a country is the same way as Personal Disposable Income that is Personal Income minus Personal taxes is for an individual. The mean value of 2.52 indicates growth in Disposable income has good contribution to deposit growth. The maximum Disposable income growth that contributes to deposits is 3.55 and the minimum Disposable income contribution to deposits as per the result of the observations is 1.81.

Household disposable income is therefore the income available to households for consumption or saving. The life-cycle hypothesis suggests a positive relationship between saving and income. High incomes improve the per capita income of the households, which will induce them to save more (Epaphra, 2014).

Changes in real disposable income over time are often interpreted as a measure of changes in the average standard of living of a country. If households and firms desire to hold more money, deposits will increase. So the relationship between income and deposits is positive:- that is as the income of the society increases the same happens for the bank' deposits. Income is expected to have a positive effect on deposits (Khaliy, Meyer & Hushak, 1987).

g) Market Study

Deposit is a pillar for banks existence. Among various techniques used to attract deposits is market strategy. There are various marketing strategies used by banks in attracting more customers and improving the deposits level. The marketing strategy focuses among other on the customer identification, product creation or product differentiation, offering services based on

customers' needs and preference, &retains them through maintaining strong customer relationship, facilitating cross –selling and up-selling and through advertisement & promotion etc.

The above table 4.7 indicates the mean of market strategy is 2.53. The maximum contribution of market strategy 3.36 and the minimum contribution is 1.74.

4.4 Testing for correlation

The Correlation Analysis is the statistical tool used to study the closeness of the relationship between two or more variables. The correlation analysis is the most widely used method. 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. Once the closeness of variables is determined, we can estimate the value of unknown variable provided the value of another variable is given. This can be done 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 six independent variables and one dependent variable that is deposit mobilization.

The correlation is said to be linear when the amount of change in one variable is the same as the amount of change in another variable or the tends to bear a constant ratio; Whereas the

correlation is called as non-linear or curvilinear when the amount of change in one variable does not bear a constant ratio to the amount of change in the other variable. Thus this study falls on non-linear or curvilinear correlation. The researcher studied these carefully to determine the correlation used to identify the extent to which the variables are correlated.

Table 4.8

Correlations Table for Testing Relations between Dependent and Independent Variable

	DEPOSITMOB	INTEREST	SEVQUAL	BRANCHEXPA	TECHNOLOGY	DISPOSINCOM	MKTSTRATGY
DEPOSITMOB							
INTEREST	.829						
SEVQUAL	.915	.773					
BRANCHEXPA	.767	.662	.728				
TECHNOLOGY	.812	.678	.763	.630			
DISPOSINCOM	.815	.668	.784	.587	.645		
MKTSTRATGY	.864	.766	.816	.680	.714	.743	

Source: Own survey, 2019

In the above table 4.8, the calculated correlation showed there is relationship between dependent variable (deposit) and the other six independent variables. As per the table, all explanatory variables have positive correlation with Deposit mobilization. That means when any of the independent variable perfect implementation increases, the deposit mobilization performance of the bank also increases. The vice versa is also true.

Although the independent variables (service quality, branch expansion, interest Rate, technology, disposable income, and technology) have positive relationship with the dependent variable (deposits), their correlation is Non-Linear (Curvilinear); because, the amount of change in one of independent variables does not bear a constant ratio to the amount of change in the dependent variable or deposits.

4.5 Reliability Test

Reliability defined as the degree of consistency that the instrument or procedure demonstrates (Best & Kahn, 2006). Reliability test indicates that how the item in a test does positively related to each other in the reliability coefficient. According to the result all the result of the reliability test, the closer the cronbache's Alpha is to the higher internal consistency reliability. If the reliability is less than 0.60 then it is considered as poor. If, it is in the range of 0.70, it is considered as acceptable. As for those which are more than 0.80, it is considered as good (Sekaran, 2007).

Table 4.9

Cronbach's Alpha test result of the study

Variables	No of items	Cronbache's Alpha Values
Overall Variables	31	0.953
Service Quality	5	0.955
Branch Expansion	5	0.868
Interest Rate	6	0.907
Technology	6	0.896
Disposable Income	4	0.898
Market Study	5	0.927

Source : Own survey, 2019

As table 4.9 above depicted the overall variables cronbache's Alpha value showed 0.953 which is good reliability internal consistency of thirty one questions. From the variables data service quality showed the highest cronbache's Alpha value of 0.955 which means the data are at acceptable range of reliability in internal consistency. On the other hand, the branch expansion variable cronbache's Alpha value of 0.868 is the lowest value; which is still good and acceptable range of reliability in internal consistency of the five questions. The other variables cronbache's Alpha values are also good with varying degree means the data are at acceptable range of reliability in internal consistency.

4.6 Discussion of the Regression Analysis Result

Regression is an extension of the simple correlation. The Regression Analysis is a statistical tool used to determine the **probable change in one variable** for the given amount of **change in**

another. This means, the value of the unknown variable can be estimated from the known value of another variable. It shows cause-and-effect relationship between the variables. The degree to which the variables are correlated to each other depends on the Regression Line.

The regression also tells about the relationship between the two or more variables. However, there are two important points of differences between Correlation and Regression. These are: The Correlation Coefficient measures the “**degree of relationship**” between variables, say X and Y whereas the Regression Analysis studies the “**nature of relationship**” between the variables.

Correlation coefficient does not clearly indicate the **cause-and-effect relationship** between the variables, i.e. it cannot be said with certainty that one variable is the cause, and the other is the effect; **whereas, the Regression Analysis clearly indicates the cause-and-effect relationship between the variables.** The regression analysis is widely used in all the scientific disciplines. In this study, it plays a significant role in measuring or estimating the relationship among the independent and dependent variables.

The multiple linear regression equation is as follows:

$$\hat{Y} = b_0 + b_1X_1 + b_2X_2 + \dots + b_pX_p$$

where \hat{Y} is the predicted or expected value of the dependent variable, X_1 through X_p are p distinct independent or predictor variables, b_0 is the value of Y when all of the independent variables (X_1 through X_p) are equal to zero, and b_1 through b_p are the estimated regression coefficients. Each regression coefficient represents the change in Y relative to a one unit change in the respective independent variable. In the multiple regression situations, b_1 , for example, is the change in Y relative to a one unit change in X_1 , holding all other independent variables constant (i.e., when the remaining independent variables are held at the same value or are fixed). Again, statistical tests can be performed to assess whether each regression coefficient is significantly different from zero.

Accordingly, the estimated regression coefficients for the value of dependent variable (deposits) in this study is determined by the constant value $0.332 + 0.321$ of service quality $+ 0.121$ of

branch expansion + 0.159 of interest rate + 0.164 of technology + 0.160 of disposable income + 0.162 of Market study.

Table4.10

Regression Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.960 ^a	.922	.915	.11122	.922	143.232	6	73	.000

a. Predictors: (Constant), MARKETSTUDY, BRANCHEXPANSION, TECHNOLOGY, DISPOSABLEINCOME, INTEREST, SEVICEQUALITY

Source: Own survey, 2019

In this section, the relationship between the independent variables and dependent variable will be discussed on the basis of the findings on this study. The nature of growth of dependent variable i.e. deposit mobilization is measured by the independent variables. On the above regression outputs, the cause on independent variables has an effect on dependent variable. P-value indicates at what precession level of each variable is significant. Hence, P-value is $p < 0.05$ means that there is a relationship between the dependent variable (deposit) and independent variables (service quality, branch expansion, interest rate, technology, disposable income, and market strategy).

The R-squared value measures how well the regression model explains the actual variations in the dependent variable. R-squared values range from 0 to 1 and are commonly stated as percentages from 0% to 100%. An R-squared of 100% means all movements of dependent variable are completely explained by movements in the independent variable. A high R-squared, between 85% and 100%, indicates the dependent variable performance moves relatively in line with the independent variables. (Brooks,2008). As per the result of the Regression analysis

model shown on table 4.10 above, R-squared statistics and the adjusted-R squared statistics results are 92% and 91% respectively. The adjusted R squared value of 91 % indicates the bank's deposits performance moves in line with the independent variables. Thus these variables collectively, are good explanatory variables to identify the factors of the banks deposit mobilization.

The regression of F-statistic 143.232 and the p-value of zero in the above table 4.10 reveal that the null hypothesis that all of the coefficients are jointly zero should be rejected. Thus, it implies that the independent variables shown under the table 4.10 above are able to explain variations in the dependent variable that is deposit mobilization.

4.7 Testing ANOVA

Performing ANOVA is to see whether any difference exists between the groups on variables. Today researchers are using ANOVA in many ways. The usage of ANOVA totally depends on the research design. Research can use t-test to compare the means of two samples but when there are more than two samples to be compared then ANOVA is the best method to be used.

ANOVA compares the mean difference between groups that have been split in more than two factors. The main objective of more than one way ANOVA is to find out if there is any interaction between the more than one way independent variables on the dependent variables. Six Independent variables used in this study are Service Quality, Branch Expansion, Interest Rate, Technology, Disposable Income, and Market Strategy whereas the dependent variable is Deposit Mobilization. It also lets us know whether the effect of one of the independent variables on the dependent variable or deposits is same for all the values of your other independent variables.

The differences between independent variables exist due to the differences in quality of the independent variable or owing to whether independent variables are able to meet the test and preference of customers. But this difference may also be the result of certain other factors which are attributed to chance and which are beyond human control. This factor is termed as "error". Thus, the differences or variations that exist within deposit mobilization may be attributed to error. Hence, estimates of the amount of variation due to assignable causes (or variance between

the samples) as well as due to chance causes (or variance within the samples) are obtained separately and compared using an F-test and conclusions are drawn using the value of F.

Table 4.11

Regression ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10.630	6	1.772	143.232	.000 ^b
Residual	.903	73	.012		
Total	11.533	79			

a. Dependent Variable: DEPOSITMOBILIZATION

b. Predictors: (Constant), MARKETSTUDY, BRANCHEXPANSION, TECHNOLOGY, DISPOSABLE INCOME, INTEREST, SEVICE QUALITY

Source: Own survey, 2019

The table 4.9 above shows the overall significance on the research model. According to David (1996), it is significance when $p < 0.05$, while any value which is greater than this will be defined as non-significance effects. Besides, David (1996) also stated that the F value is measurement of how different the means are relative to variability within the variables.

Accordingly in table 4.9, the F result for this study model is 143.232. Besides, it also shows that the significance value is 0.000, which is $p < 0.05$; it means that there is a relationship (significant variation) between the dependent variable (deposit) and independent variables (service quality, branch expansion, interest rate, technology, disposable income, and market strategy). The test statistic reveals that the null hypothesis that all of the coefficients are jointly zero and should be rejected. Thus, we can conclude that service quality, proximity to customers, interest rate comparable with inflation rate, provision of appropriate technology, economic growth, and alternative market strategy have variable relationship or variable significant effect towards their contribution to customer attraction and deposit mobilization.

4.8 Hypothesis testing

Table 4.12

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.332	.091		3.639	.001
	SEVICE QUALITY	.321	.075	.321	4.295	.000
	BRANCHEXPANSION	.113	.046	.121	2.422	.018
	INTEREST RATE	.154	.055	.159	2.805	.006
	TECHNOLOGY	.146	.047	.164	3.090	.003
	DISPOSABLE INCOME	.134	.046	.160	2.892	.005
	MARKETSTUDY	.150	.060	.162	2.511	.014

a. Dependent Variable: DEPOSITMOBILIZATION

Source: Own survey, 2019

(H1):- Service quality has significant effect on deposit mobilization of Dashen bank.

According to the coefficient table 4.12 above statistically stated P-value of 0.000 with corresponding Beta value of 0.321. Which is significant that is service quality has significant as well as positive effect for deposit growth; hence the null hypothesis(H₀) is rejected.

(H2):- Branch expansions have significant effect on deposit mobilization of Dashen bank.

According to the coefficients table 4.12 above statistically stated P-value of 0.018 with corresponding Beta value of 0.121 which means significant that is branch expansion has significant as well as positive effect for deposit growth; hence the null hypothesis(H0) is rejected

(H3):- Deposit interest rate has significant effect on deposit mobilization of Dashen Bank.

According to the coefficients table 4.12 above statistically stated P-value of 0.006 with corresponding Beta value of 0.159 which means significant that is deposit interest rate has significant as well as positive effect for deposit growth; hence the null hypothesis(H0) is rejected.

(H4):- Implementation of appropriate technology has significant effect on deposit mobilization of Dashen bank.

According to the coefficients table 4.12 above statistically stated P-value of 0.003 with corresponding Beta value of 0.164 which means significant that is implementation of appropriate technology has significant contribution for deposit growth; hence the null hypothesis (H0) is rejected.

(H5):- Attraction of disposable income has significant effect on deposit mobilization of Dashen bank.

According to the coefficients table 4.12 above statistically stated P-value of 0.005 with corresponding Beta value of 0.160 which means significant that is attraction of disposable income has significant contribution or effect for the deposit growth; hence the null hypothesis (H0) is rejected.

(H6):- Market study has significant effect on deposit mobilization of Dashen bank.

According to the coefficients table 4.12 above statistically stated P-value of 0.014 with corresponding Beta value of 0.162 which means significant that is market study has significant as well as positive effect for deposit growth; hence the null hypothesis (H0) is rejected.

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

This chapter deals with summary, conclusions and recommendations that are drawn based on the findings of data analysis and discussion in the fourth chapter of the study. The chapter is classified into three sections. The first section deals with the general summary, the second section deals with the conclusion of the study and the third section deals with possible recommendations.

5.1. Summary of Findings

The aim of this study is to assess the deposit mobilization performance of Dashen Bank. The bank is not mobilizing sufficient deposits to meet its current demand for loan disbursement, and in effect mobilizing non-sufficient level of deposits has led the bank to lose its premium position among private commercial banks in Ethiopia. In the same manner, deposit mobilization is the primary requirement for banking business to secure their existence. Moreover, mobilizing sufficient level of deposits enables the bank to disburse high amount of loans which in turn enable the bank to earn high revenue and also regain its premium position. The other objective of the study is to assess and identify the root cause of the gap between deposit mobilization and the demand for credit; finally, to give insights regarding ways to minimize the gap or improve deposit mobilization.

As per the assessment of the study, the difference between expected level of deposits and the actual performance of Dashen Bank is affected by both internal and external factors. The internal factors that affect deposit mobilization are mainly the gap in the pace and magnitude of periodic investment on technology, service quality, market study, and other research and development activities. On the other hand there is weak engagement of employees towards provision of quality customer service and weak initiation to introduce and implement new products. External factors have also contributed to the poor performance of the bank. That is poor public awareness about the strength and reliability of private banks, government intervention and support to

the Commercial Bank of Ethiopia, weak infrastructure of the country and poor exposure of citizens to technology.

The economic development of a nation is supported by financial institutions that mobilize deposits from customers and serve as intermediary by lending same to borrowers. Dashen Bank's provision of loans to customer is not limited to specific sectors and to specific organizations; but the loan disbursement policy is inclusive to all private as well as public organization which have legal and renewed trade or business license. Such financial support has great contribution to economic development of the country. Hence, the primary objective of Dashen Bank is to enhance its profit and through which support the economic development of the country. Deposit mobilization in addition to owner's investment capital is thus fundamental for financial performance.

Therefore, deposits mobilization is the major and crucial function of banking business. Since lending is not a onetime activity, the bank should strive hard to continuous mobilization of deposits without fail.

5.2. Conclusion

Nowadays, mobilizing deposits is becoming the challenging duty of the banks in Ethiopia compared with the growing need of loans. The growing need for finances indicates that there is a sign of economic growth of a country. Both new as well as existing businesspersons are approaching commercial banks seeking for credit to their business. The profit desire of the bank's shareholders also influence the banks management to mobilize more deposits for further use them for loan disbursement. As already cited earlier, the main objective of this study was to assess the deposit mobilization performance of Dashen Bank. The bank is not mobilizing sufficient deposits to meet its current demand for loan disbursement. Data were analyzed based on SPSS version-20 software; in the analysis descriptive statistics, correlation, regression, ANOVA analysis and Chi Square analysis were used. The five years (2014-2018) deposit growths of the bank are also checked. The result showed that deposits growth was exhibited in all five years due to the fact that the bank worked hard on branch expansion in all parts of the country.

In the descriptive statistics both independent and dependent variable were analyzed. The relationship between independent variables such as Service Quality, Interest rate, Branch expansion, Technology, Disposable income, and Market Strategy over the dependent variable that is Deposits were analyzed. As per the descriptive statistics result all independent variables have positive relationship with the dependent variable or deposit; because, the movement of one of the independent variables was accompanied by the movement of dependent variable.

The service quality based on the statistics result contributes an average of 2.63 Birr of deposits for a single birr invested in application of service quality. More specifically, the highest service quality applying sampled branches can mobilize 3.51 Birr of deposits for a single Birr invested on service quality. The average deposit growth as a result of branch expansion in Dashen Bank showed positive and significant relationship.

The other independent variable tested was interest rate and it showed that it has positive as well as significant relationship with deposit mobilization. The practice of National Disposable Income for a country is the same way as Personal Disposable Income. That is Personal Income minus Personal taxes is for an individual. Household disposable income is therefore the income available to households for consumption or saving.

The test result indicates growth in Disposable income has good contribution to deposit growth of Dashen Bank. The marketing strategy is another variable that could contribute for deposit mobilization. It focuses among other on the customer identification, product differentiation, offering services based on customers' needs and preference, & retaining existing customers through maintaining strong customer relationship, facilitating cross-selling and up-selling and also focus on advertisement & promotion etc. As the test result reveal Market strategy has significant and positive relationship with deposits growth of Dashen Bank.

The variables are said to be correlated when the movement of one variable is accompanied by the movement of another variable. Hence, based on the SPSS version 20 software, correlation analysis is used in this study to check the closeness of variables. The calculated correlation showed there is relationship between dependent variable (deposit) and the other six independent

variables. As per the test result all explanatory variables have positive correlation with explained variable or Deposit mobilization. That means when perfect implementation of the independent variable increases, the deposit mobilization performance of the bank also increase. On the contrary, when the implementation of independent variables is weak, the performance of deposit mobilization also decreases.

Performing ANOVA is to see whether any difference exists between the groups on variables. Accordingly, the differences between independent variables exist due to the differences in quality of the independent variable or due to ability of independent variables to meet the test and preference of customers. The ANOVA test result shows the overall significance on the research model. It is significance since, $p < 0.05$, besides; the F value is measurement of how different the means are relative to variability within the variables. Accordingly, the F result in the study model is 143.232. It also shows that the significance value is 0.000, which is $p < 0.05$; it means that there is a significant variation between independent variables such as service quality, branch expansion, interest rate, technology, disposable income, and market strategy when compared with their contribution to dependent variables. The test statistic reveals that the null hypothesis that all of the coefficients are jointly zero and should be rejected. Thus, we can conclude that service quality, proximity to customers, interest rate comparable with inflation rate, provision of appropriate technology, economic growth, and alternative market strategy have variable relationship or variable rates of contribution to customer attraction and deposit mobilization.

Regression is an extension of the simple correlation. The Regression Analysis is a statistical tool used to determine the probable change in one variable for the given amount of change in another. The Regression Analysis studies the “nature of relationship” between the variables. It shows cause-and-effect relationship between the variables. The degree to which the variables are correlated to each other depends on the Regression Line. On the regression analysis outputs of the study, the cause on independent variables has an effect on dependent variable. P-value in the regression analysis indicates at what precession level of each variable is significant. Hence, P-value is $p < 0.05$ it means that there is significant relationship between the dependent variable (deposit) and independent variables (service quality, branch expansion, interest rate, technology, disposable income, and market strategy). On the other hand, all independent variables have positive cause to the result or effect of dependent variable i.e. Deposit. The R-squared value

measures how well the regression model explains the actual variations in the dependent variable. An R-squared of 100% means all movements of dependent variable are completely explained by movements in the independent variable. Accordingly, the adjusted R squared value of 91 % indicates the bank's deposits performance moves in line with the independent variables. Thus these independent variables collectively, are good explanatory variables to identify the factors of the bank's deposit mobilization.

5.3. Recommendations

This study was intended to identify the practical performance of deposit mobilization of Dashen bank and to see the gaps between deposit mobilization and its current demand for loan disbursement. To assess how Dashen bank used the key factors or pillars for deposit mobilization which are identified as independent variables and also to insight to the bank's management ways to minimize the gap.

Based on the assessment of the study, some possible solutions are identified and recommended either to support the bank to meet its current demand for loan disbursement or to be used as source of information to other researchers who will be interested to conduct further study on similar topic in future.

Most bank teams do not know when and to what extent to look for deposits, where those deposits are available, how to get those deposits, how to make cross and /or up sale to attract all deposits and how to make sure those core deposits stay stick with the bank. If those core deposits do not tie with cross sales or up sales and with the test and preference of depositors, they become vulnerable resources that walk out any time. As Roxanne Emmerich (2015) noted, "most banks do not even know where to start looking because they do not know they are not looking." Hence, Dashen bank managements are recommended to look into the following identified possible solutions to overcome the target of deposit mobilization.

- a) Dashen bank should intensify branch expansion by conducting feasibility study to areas where there are good target markets and/or potential deposit sources both in city and up country areas.
- b) The competition between commercial banks in Ethiopia becomes is steadily increasing, and Dashen bank should give due attention to application of modern

technology and devote with extreme engagement among all its staffs. The young generations of the country are more interested to easy, less costly, and convenient banking services that include but not limited to mobile banking, internet banking, debit and credit banking.

- c) Application of quality service for banking business is very crucial. Customers are highly attracted by a bank that properly implements quality services. Dashen bank's top management should prudently apply the five dimensions of service quality that positively contribute to deposit mobilization.
- d) Parallel to the above factors of deposit mobilization, provision of attractive interest rate also plays a significant role for increase of deposit mobilization. Although, increasing deposit interest rate could attract high number of customers and big amount of deposits, it is recommended that the bank's Top management should be mindful to evaluate the cost of interest and the subsequent revenue before making decision.
- e) The study reveals that there is positive relationship between economic growth and disposable income. This implies that increase in disposable income is positively correlated with increase in deposits mobilization of banks. Hence, Dashen bank should focus among other target markets to house hold savings which can contribute significant amount of deposits with high number of customer base.
- f) As already mentioned earlier, mobilization of sizable deposits is very crucial for existence of commercial banks, hence Dashen bank should be vigilant in attracting and retaining more deposit customers. Customers want to trust their bank that they will always able to access their savings up on demand. Dashen bank in order to comply with customer's interest should take maximum care in becoming responsive to customers request any time.
- g) As per the study result, Dashen bank should learn that deposits are the critical resources for the bank's existence or to stay profitable; hence, availability of sufficient deposits in banking business is the same as the life blood in human body.
- h) Deposit takes the lion share of liquidity management and revenue generation in banking business. Different work units of Dashen bank like Research and Development, Marketing Departments and Office of the Strategic Management Department should play key roles on critical decisions that could contribute to

customer attraction and deposit mobilization through customer relationship management, bank cross selling and up selling with regular study based on the taste and preference of customers.

- i) Since commercial banks such as private and government banks significantly contribute for the economic development of the country, government has to give equal playing ground for all banks. The financial policies drawn by NBE should be impartial to all banks operating in the country; also the licensing and supervision bank (NBE) should give equal attention for both government and private banks in terms of foreign currency allocation, bill purchase, and distribution of foreign currency for import business.
- j) As this study identifies only limited independent variables for sample branches of Dashen bank, there could be other researches which include more factors or variables that affect the deposit mobilization of Dashen bank.

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ST.MARY'S UNIVERSTY

SMU SCHOOL OF GRADUATE STUDIES

Questionnaire: To employee of Dashen Bank S.C.

Dear respondent,

I am conducting a research which shall be submitted to St. Mary's University School of Graduate Studies for Master of Business Administration. The aim of the study is to explore information regarding factors affecting deposit mobilization of Dashen Bank SC., the case of above grade branches of Addis Ababa.

The questionnaire is crafted to collect detailed data on deposit mobilization of Dashen Bank and the information you provide in response to the items in the questionnaire is highly valuable data needed to meet the objectives of this study. I believe you provide your assistance by genuinely filling in all items in the questionnaire.

The information you supply would be used for academic purpose only and will be kept confidential. You are not required to disclose your name and/or your address. Thank you in advance for your authentic response & unreserved cooperation!

Part I: General Information about the Respondents

The following questions ask about your personal information. Confidentiality of the information will be made with due care. No individual data will be reported. Please put ✓ or **X** mark for item/s you selected.

1. Gender: Male Female

2. Your highest level of education: PhD Masters Degree First Degree Diploma

3. Years of work experience: 1 to 3 years 4 to 6 years 7 to 10 years above 10 years

4. Your Job Title:

- District Manager
- District Operation Manager
- Branch Manager
- Customer Service Manager
- Senior Customer Service Officer (cash / account)
- Customer Service Officer (maker/ checker)

Deposit mobilization and financial performance of Dashen Bank ; the case of Grade II, III & IV branches of Addis Ababa 90

Part II: Factors affecting deposit mobilization (Independent Variables)

Instruction: please indicate the level of your agreement or disagreement for each question based on the following magnitude. Put √ or X mark for your choice.

1- Strongly disagree; 2- Disagree; 3- Neutral; 4- Agree; 5- Strongly agree

Section one: Service Quality

1. Among the dimensions of service quality i.e. *reliability, responsiveness, assurance, empathy, and tangibles*, the short fall on **RESPONSIVENESS** has significant negative impact on the resource mobilization. 1- 2- 3- 4- 5-
2. I believe if Dashen Bank uses all the service quality dimensions, it can increase customer attraction and deposit mobilization 1- 2- 3- 4- 5-
3. The amount of deposits mobilized as a result of application of service quality meets the bank's target. 1- 2- 3- 4- 5-
4. Dashen Bank do not facilitate & train to all concerned employees about the advantage of service quality and closely follows its implementation 1- 2- 3- 4- 5-
5. In general, application of service quality increases deposit mobilization performance of the bank, 1- 2- 3- 4- 5-

Section Two : Branch Expansion

6. Dashen Bank recently works hard on branch expansion and it contributed significant deposits mobilization. 1- 2- 3- 4- 5-
7. Although branch expansion has good contribution to deposit mobilization, the practice of new branches somewhat erode customer base as well as deposit mobilization performance of old branches like grade II, III, & IV. 1- 2- 3- 4- 5-
8. Branch expansion support existing branches resource mobilization effort through facilitating high branch network that enable customers' access their account from elsewhere using the core banking technology. 1- 2- 3- 4- 5-
9. Branch opening at rural areas benefit the bank in terms of increasing market share as well as deposit mobilization. 1- 2- 3- 4- 5-
10. In general, branch expansions greatly contribute the deposit mobilization performance of Dashen Bank. 1- 2- 3- 4- 5-

Section Three :Interest Rate

11. Provision of high interest rate on deposit might attract more deposits but not advisable as it affect banks profitability. 1- 2- 3- 4- 5-
12. In order to attract high deposits from customers the interest rate provided by Dashen Bank should be comparable to inflation rate of the country. 1- 2- 3- 4- 5-
13. Without provision of attractive deposits interest rate, only good customer service attracts more customers & deposits 1- 2- 3- 4- 5-
14. Dashen Bank has no alternative as well as attractive deposits interest rates when compared with all commercial banks in Ethiopia. 1- 2- 3- 4- 5-
15. Dashen Bank can mobilized high deposit if it provide attractive interest rate 1- 2- 3- 4- 5-
16. In general interest rate on deposits plays significant role in encouraging savings of disposable income in general and that of none affluent people income in particular. 1- 2- 3- 4- 5-

Section Four: Technology

17. AMOLE (Mobile and internet banking) is more convenient to customers bill payments, purchase of commodities from supermarket, online book purchase, online music purchase, money transfer service like(*account to account, account to wallet, wallet to account, and wallet to wallet*) also useful for air time purchase etc . This technology contributes to the banks customer attraction and deposit mobilization performance.

1- 2- 3- 4- 5-

18. Among the different technologies Dashed Bank is using, excellent core banking system which enable the banks customers use their account either from any branch of Addis Ababa or outside Addis Ababa supports to attract more customer and high deposits.

1- 2- 3- 4- 5-

19. Although Dashed Bank introduced latest Omni-channel (AMOLE) technology which could attract new customer and retain the existing ones, the bank couldn't make use of its technology advantage due to inappropriate advertisement and weak initiation of most of its staff.

1- 2- 3- 4- 5-

20. Dashed bank is pioneer in introducing ATM and POS machines. It took the first mover advantage in attracting more customers from the market also in mobilizing good size of hard currency than other commercial banks.1-

21. Dashed Bank didn't get benefit of deposit mobilization from cross selling and up selling of transactions by using its technology. 1- 2- 3- 4- 5-

22. In general, application of appropriate technology contributes high to increase market share in resource mobilization and for attraction of potential customers.

1- 2- 3- 4- 5-

Section Five: Economic growth (Disposable Income)

23. Economic growth contributes to increase disposable income and which leads to the banks high deposit mobilization.1-

24. The practical situation of savings in Addis Ababa shows that savings from disposable income of young, middle age and old people is almost similar. 1- 2- 3- 4- 5-

25. Dashed Bank use alternative strategies that can improve savings from disposable income of young, middle age, and old people. 1-

26. In general, economic growth of the country greatly support deposit performance of Dashed Bank

1- 2- 3- 4- 5-

Section Six: Market Study

27. Dashen bank meets its target of deposit performance by regularly conducting market study on customers test and preferences. 1- 2- 3- 4- 5-
28. Dashen Bank sometimes creates new product/s, but do not communicate well to customers and this resulted weak product sale 1- 2- 3- 4- 5-
29. The bank is not managing customer relationship management in a way that benefits the bank. 1- 2- 3- 4- 5-
30. Regular market study can positively contribute to the banks deposit performance. 1- 2- 3- 4- 5-
31. In general, application of alternative market study could support the deposit mobilization effort of Dashen bank. 1- 2- 3- 4- 5-

Part III: Deposits (Dependent Variable)

32. Mobilizing substantial level of deposits is a pillar for Dashen Bank's existence 1- 2- 3- 4- 5-
33. Dashen Bank is highly benefited by mobilizing deposit and using it for loan disbursement 1- 2- 3- 4- 5-
34. Deposit for DB is fundamental to ensure high profitability through deployment of credit as well as use for liquidity management 1- 2- 3- 4- 5-
35. Dashen Bank needs substantial deposit mobilization to meet the current demand of loan disbursement. 1- 2- 3- 4- 5-
36. Deposit in general is crucial for Dashen Bank to increase revenue & for liquidity management. 1- 2- 3- 4- 5-