ASSESSMENT OF FACTOR AFFECTING SAVING DEPOSIT MOBILIZATION IN CASE OF ABAY BANK WOLKITIE BRANCH

A RESERARCH PAPER SUBMITTID TO DEPARTMENT OF ACCOUNTING & FINANCE IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE OF BACHELOR OF ARTS (BA) IN ACCOUNTING AND FINANCE

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ABSTRACT

The main objective of this study is found out to the assessment of factors affecting saving deposit mobilization in case of abay bank in wolkitie branch. The relevant data for this study collected from both primary and secondary sources. To collect primary data self-administered questionnaire used. Whereas, secondary data collected via organizational records and written materials about the organization. Census used to collect data from employees because of they were few in numbers. The collected data effectively processed, Analyzed and presented by using percentage and tabulating. This study had found that existence of competitors, market fluctuation, low deposit interest rate, high limitation on providing loan and expansion of informal saving are the main factors. The data for these factors was collected from ABAY bank. In addition the study found that the saving deposit increasing at increasing rate between expected and actual saving deposit of the bank, comparing to the previous five years saving mobilization The saving deposit mobilization has affected by internal as well as external factors. From the external factor the existence of competitor and market fluctuation, Low interest rate and high limitation on providing loan are found to be the factor that affects saving deposit mobilization.

Acronym

ATM Automatic Tellers Machine

AB Abay Bank

AIB International Bank S.C

NBE National Bank of Ethiopia

EFT Electronic Fund Transfer

GDP Grass Domestic Product

POS Point of Sales Terminal

SMS Alert Sending Information of Banking Transactions through Mobile Phone

SERVQUAL Service Quality

24/7 Twenty Four Hours Service by Seven Days

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CHAPTER ONE

INTRODUCTION

1.1 Back ground of the study

Financial institution is a financial instrument that borrows funds from the people who saved and in turn make loan to others. It includes bank, insurance companies, pension funds, finance company, mutual fund and investment banks. All of which are regulated by the government (Mishkin, 2000).

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 Abayl 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 RicharedvTuyishime, Dr.Florence, MEMBA and Dr. Zenon MBERA(November 2015), "Mobilization of Deposits is one of the important functions of banking business." Since lending is not a onetime activity, Abay 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." Abay 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 1 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.” Abay 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 Abay banks are dependent on customers deposit and advance to its clients. Hence, bank deposits and bank loans are closely related. 2 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) Abay 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, SoroushDeneshvar, Amir Karmbakhsh, RoudabehShadab and FatemehWortezaei (2013), Since Abay banks depend on depositor's money as a source of funds, they introduce alternative banking services to attract more customers. To site 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.

Bank is a financial institution that accepts money deposits and makes loans. Include under the term bank are firms such as Abay bank, saving and loan associations, mutual saving bank and credit unions bank play a crucial roles in channeling funds to borrows with productive investment opportunities. They are important in ensuring that the financial system and the economy run smoothly and efficiently. They provide loan to business, helps individuals to finance college educations, the purchase of new care or home and provide services such as checking and saving accounts (Ibid).Deposit is the act of saving money or securing in to the bank and to others who promise to use it and return it in kind; especially the act of placing money in bank for safety and convince and saving deposit is an excellent place to build up an emergency cash fund. The emergency found can be your life line when you are facing with unemployment or unforeseen expense. Saving deposit account maintained by retain financial institution that pay interest cannot be used directly as money in the narrow sense of medium of exchange. These account let customer sit said apportion of their liquid asset while earning monetary return. Saving deposit provide economic security of safety net. By transferring resource from the present to the future via saving (Howells peter and Bain Keith, 2000).Individual are prepared to face unexpected and irregular financial intuition circumstance. Besides, it leads to accumulation of wealth that enables individual to improve their living standard and to respond to a new operation. Most people as a form of saving are not only held to meet the need of the present or the near future but are also kept by individuals as a part of their total stock of wealth. One of the problems in mobilization of saving deposit is that, banking activities in developing countries are limited to the officially existed marketing activities and the people in the countries have not fund well familiar with all banking activities. For this matter, financial education to undeveloped society enables them to improve their financial knowledge of saving now from their daily income for future consumption (Ibid).

1.2 Background of the organization

The history of the Abay bank dates back to the establishments of the state bank of Ethiopia in July10, 2010 G.C. After 391 branches one of this was wolkitie branch established, Under the control of national bank of Ethiopia with zero initial deposit to mobilize resource with fixed capitals like computer, and other office equipment's. Then Abay got its strength by merging with the privately owned bank and Government bank. Since then it has been playing a significant role in the development of country.

The ABAY Bank was established to perform the following functions, among these;

- Accepting savings, demanded and time deposits.
- Providing short and medium loans with in limited ceiling of long-term loans.
- Buying and selling of foreign exchange.
- Buying and selling of negotiable instruments and securities issued by the government, private organization and others (Abay in Wolkitie branch).

Vision

- The bank inspires to becomes a world-class Abay bank by the year 2025

Mission

- The bank is committed to maximizing shareholders value through enhanced financial intermediation and unparalleled customer satisfaction.

The bank deploy highly motivated, skilled and disciplined employees as well as state of the all technology, we strong believed that wining the people's confidence is the basis of our success.

1.3 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 crosssell relevant services. That can create good customer base as well as deposit mobilization which helps the business stand in the competition

Saving deposit designed to attract fund from customers who wish to aside money in anticipation of future expenditure. Saving deposit are generally less costly for a bank to process and to manage (peter, Rose, 1994). Even if saving deposit are less costly process and manage the principal liabilities of any banks of its deposit, representing the financial claims held by business households and government can manage by the bank. Different private and Abay banks provide these saving deposit schemes. Abay as the public bank pays an important role for the overall development of the country such as increasing in saving by promoting investment and capital information. The actual saving deposit Abay bank customer is more than the estimated saving customer. For example as the report for the last five years shows that in 2011 0.11%, in 2012 0.154%, in 2013 0.2%, in 2014 0.246%, 2015 0.29%. So Abay shows an increase at increasing rate. However, a number of interrelated problems are existed; some of problems are internal to the organization and external factors. From external factors the existence of competitor and market fluctuation and internal factor are high limitation providing loan and low interest rate are factors that affect saving deposit mobilization. So the researcher intended to study the factors that affecting saving deposit mobilization in Abay bank in Wolkitie branch.

These studies would answer the following research questions:-

- What are the saving deposit trends of the bank for the last five years?
- What initiative was made by the bank in order to mobilize saving deposit?
- What are the internal and external factors that affect mobilization of saving deposit?

1.4 Objective of the study

1.4.1 General objective

The main objective of the study is to assess factor affecting saving deposit mobilization in case of Abay bank Wolkitie branch.

1.4.2 Specific objectives:-

In addition to the general objective mentioned above, some of the specific objectives are:

- To assess the trends of saving deposit for the last five years.
- To identify both internal and external factors that affect mobilization of saving deposit.
- To investigate initiatives take by the bank to mobilize saving deposit & to come up with some feasible recommendations.

1.5 Significance of the study

This study will have the following major significances:

- This paper aimed to reduce gap of the mobilizing saving deposit of the bank through recommendations
- This study will help the manager of the bank as well as all stakeholders to contribute all their best for the mobilization of saving deposit through recommendation.
- This study can be used as a source of reference for future researchers who want to carryout study on the same topic.

1.6 Scope of the study

It is interesting the researcher was cross sectional by making compression among money organization with the same engagement. But many factors such as the time constraint, financial problems, and lack of experience, the researcher focused only on a case study. Taking the above factors in to account, this paper focused on the assessments of factor affecting saving deposit mobilization in ABAY bank Wolkitie branch.

1.7 Limitation of the study

- Financial source is not sufficient to gather all relevant information.
- Lack of adequate information by respondents to provide accurate information.
- Lack of reference material and book.
- The time allocated for data collections is not sufficient to gather all the relevant information.

1.8 Organization of the paper

The paper would be organized in to five chapters. Chapter one deals with introduction of the study includes background of the study, statement of the problem, objective of the study, significance of the study, scope of the study, limitation and organization of the paper. Chapter two deals with related literature review. Chapter three deals about research methodology, Chapter four deals with data presentation analysis and interpretation and the final chapter deals with conclusion and recommendation.

CHAPTER TWO

RELETED LTIERATURE REVIEW

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 abay 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 abay 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 8 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). abay 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. abay 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 Abay banks are a source of their income in the form of loan to customers.

2.1 Definition of saving deposit

Saving are designed attract fund from customer who wish to set aside money anticipation of future expenditure or financial emergency. These deposits generally pay significant higher interest rate than transaction (demand) deposit does. While their interest cost higher in saving or thrift deposit are generally less costly for a bank to process and to manage. Just as bank for to it was saving plan .Withdrawal privileges were unlimited. While legally a banker could insist on receiving prior notice of planned withdrawal from a pass book saving deposit. Few banks have insist on this technique because of the low interest rate paid on these account and because pass book deposit tend (Peter, Rose, 2002).

2.2. Function of Abay bank

According to Kumar and mittal (2002) the following are some functions of Abay banks

Saving deposit:-These are deposition which the bank pays small interest to the *depositors* who are usually small savers. Depositor can withdraw any amount standing in their credit by check, without notice.

Current (demand) deposit: - A non-interest bearing account that is operated by checks and depositors in this can with draw any amount standing to their credit by check, without notice. The bank does not pay any interest on these accounts.

Fixed deposit:- Saver who do not need money to stipulated period from six month to larger period running up to ten years or more are encourage to keep in fixed amount deposits. They pay another rate of interest on such deposits, the interest rate increase with the length of period of fixed deposit. Early withdrawals (before the maturity date) are made up by giving advance notice.

Advance loan: -Bank lends certain amount of money to customers as per their deposits. They have given loan in the following ways. Cash credits bank advance to business man

against certain specified securities. The borrower can withdraw money though check according to this requirement, but pay interest along with principal amount at regular interval**.**

Cash loan:-These are very shorter loan advance to the bull blocker for hot more than fifteen days; such bills can be recalled at vary short notice.

Over draft: -A bank often allows business man to draw checks for assume greater than the balance lying in their account. The business man is charged interest the amount by which his current accounts or over drawn. Discounting bill of exchange if creditor holding bill of exchange wants money immediately, the bank provides him the money by discounting bill of exchange.

Financing foreign trade:-Abay bank finances for a foreign trade of its customers by accepting foreign bill of exchange and collecting them from foreign bank. It also buys and sells foreign currencies.

Agency service:-Bank acts as an agent of its customers in collecting and paying checks, bill of exchange.

Miscellaneous:- Besides above noted service, Abay bank; act as, custodian of valuable of its customer by providing them locker, where they can keep their jewels and valuable documents(Clifford Gomez,2008).

2.3. 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.

The banker act as both borrower and lenders in modern time, no business man carries any business with his fund .He borrowed major portion of his capital, the banker also carries any his business with borrowed fund. He borrowed deposit from the public at low rate and lend it at higher rate and their by he make profit for himself. One of the major function of Abay bank is to mobilize the resource of the nation and to divert them in to productive and socially desirable channel with the object of achieving economic growth combined with stability. Abay bank deposit are major liabilities for the banks(**Clifford Gomez,2008**)said that , Abay banks account for about 75% of Abay bank of liabilities. Due to the fact that Abay banks are using this liability to lend it and gain return on it, and their deposit are using third persons business. Therefore, bank should mobilizing more deposit. Deposit provides limits to the working capital of the bank concerned. If bank has accepting more deposit from customer and can able to lend and through this it can earn more profit. The higher will be funds at the disposal of bank to lend and earn profit, therefore maximize its profits they should increase its deposit. Abay banking is a service with a higher rate of built in profit potential. The number one expense item for a bank is interest. Abay banks depend the fund deposited with them by the public to lend it to others in order to earn interest income (Ibid).

2.4 Importance of saving deposit for bank

2.4.1 Saving deposit at a source of fund for loan

The largest source by far of fund for bank is deposit it made, that account holder interest to the bank for keeping and using in the future transaction, as well as modest amount of interest. Deposit is the primary source of loanable funds for almost every bank. Deposit is one the main source for the bank to provide loan. Thus deposit as mainly provided by people. However deposit also be provided by business organization, non-governmental organization, government and soon. Therefore, whether deposit is from individual, business and government they are important financial source of funds. Deposit of government, demand for bank assets enabled bank to continue, to expand their deposit base rapidly and profitability. Individual investor and government are mainly depending on the deposit of bank to fund their investment and development. Generally the banking system can be viable only it can mobilize deposit at the required rate and this can be done only by making a bank deposit more attractive (WWW.investopedia.com).

2.4.2 Factors affecting Abay bank saving deposit

An important indicator of the success and efficiency of any credit agency, which is also affecting bank institution is the extent to which deposit is able to mobilize saving of the community on the form of deposit. But mobilization is very difficult task. It depends up on various factors exogenous as well as endogenous. Exogenous factor are the general economic environmental of the region, the confidence of the people on the banking system, the banking habit of the people and the saving potential of the region. Even when exogenous factor are more conductive for deposit mobilization banks may fail because of unfavorable endogenous factors such as location, type of building and window addressing (Ibid).

The researcher classifies the variable which are claimed to have the effect on the Abay bank saving deposit in to two namely exogenous and endogenous factors. Exogenous has further divided in to country specific to the banking system and the country specific factor that are beyond the banking system.

2.4.3 Appropriate Technology

Abay 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. 14 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 15 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. Abay 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."

2.4.4 Country specific factors

The country economic, social and political factors can affect the Abay bank. Country specific risks such as political and financial risk may affect propensity for depositors to place funds in the banking system. A bank success in their operation is mainly depend on the environment where the business is under taken (Ibid).

2.4.5 Macro-economic Factors

The macro economic factors affect the growth of abay 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 9 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(Epaphera, 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). 10 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 abay bank' deposits. Income is expected to have a positive effect on deposits (Khaliy, Meyer &Hushak, 1987).

2.4.6 Bank specific Factors of Deposit mobilization

a) 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, abay 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.

b) Deposits Interest Rate

One of the deposit attraction techniques used by abay 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 Abay 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 11 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 abay 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 expensesbecause 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."

c) Branch Expansion

Abay 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), Abay 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.

d) 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 abay 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 12 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.

- 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. [
- RESPONSIVENESS Customers of banks deserve prompt. Service providers benefit by establishing internal SLAs for things like returning phone calls, emails and responding on-site.
- 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
- 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 13 employees should be trained how to

interact with customers and their end-users. Even a brief session during initial orientation helps.

- 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.

e) 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 18 mobilization for a bank is essential as oxygen for human being. As the number of abay 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. Dereje Hailemariam Amene (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."

f) 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 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." 19 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.

2.5 Customer price index

According to Robert O.Edmister (1980) price can also determine Abay bank saving deposit and it can be indicated by consumer price index. In literature there is evidence for the influent of customer price index on Abay bank saving deposit; however this area was rarely studies.

2.5.1 Liquidity of the bank

The concept of liquidity in finance principally lies in two areas (Robert O.Edmistor, 1980):-

- Liquidity of financial instrument in financial market.

- The liquidity to solvency.

The former related liquidity of financial market and financial instrument was smooth transaction and no barriers. As to Robert O.Edmistor (1980) the latter discusses the obligation of bank, to make payment to third parties. An important measurement of liquidity is loan to deposit ratio. The loan to deposit ratio is inversely related to liquidity and conserve the higher the loans to ratio the lower the liquidity and vice versa. The key liquidity indicator such a share of monetary aggregate loan to deposit ratio is important for the market operation and management. The bank liquidity management involves acquiring sufficient liquid asset to meet the bank obligation to depositor. According to Robert O.Edmistor (1980) liquidity is more profitable for saving bank to holding liquid asset than to investment in liquid asset such as medium–term interest bank lending to other credit institution.

2.5.2 Profitability of the bank

The longer run relationship between Abay bank deposit and the profitability of the banks, higher bank profit would tend to signed inversed bank soundness, which could make it easier for this bank to attracted deposit. However, the effect of bank profitability and bank size is found to be insignificant once controlling for the other variables (Ibid).

2.6 Security of the banks

Security of banks is matter in mobilization of deposit. Riskier banks would be able to attract deposits only by paying higher interest rates. The security of bank has its own importance on its attractiveness for depositors. For example in the existence of deposit insurance the depositors no longer are concerned about the soundness of their bank, because their deposits are insured in the event of bank failure. The bank should security system so as to mobilize more deposit than before and to attract new depositors and maintain the existing depositors (PAUL F.Jessup, 1969).

2.6.1 Branches

There is the relationship between Abay bank deposit and Abay banks branch expansion deposit is not only influenced by branches, but the expansions of bank branches are also influenced by the deposit in any area PAUL Jessup (1960) it is expected that banks make decision on expanding their facilities by considering factor such as level of competition, deposit potential, regional income and existence of road and vehicles.

2.6.2 Reserves

The reserves that are fixed legally influence the deposits that bank can hold. The reserve requirement determines the maximum amount of loans and investments that each Abay bank and banking system as whole maintains in relation to deposit. Thus if the reserve requirement is 20% deposit, loan and investment may not exceed 80% of deposit. There for reserve requirement limit the total explanation of the bank deposits that can occur on the basis of any primary decreases in deposits, reserve requirement also have the effect of limiting the reduction in bank credit and deposit that is forced up on the banking system by primary decrease in deposits. The Abay bank can obtain currently to payout to customers only by drawing dawn their money. Currently that the bank keeps on hand satisfying day to day needs, The appointed out that bank deposits are large part of the money supply in virtually all countries (JyotsnaSethi and Nish wan Bhatia, 2007).

2.6.3 Awareness of the society

According to PAUL F.Jssup(1969) some analysis argue that deposit is influenced by education level in return it increases the awareness of the rural people of banking system and conducted by thinking rural area it is obvious that considering the awareness as a factor of deposit mobilization. It was also found that literacy as proxy for awareness about banking positively influence deposit.

2.6.4 Convenience of bank office

Road and vehicles directly influence interest bearing by arising deposit because of the reduction in depositor transaction costs through reduced time spent in traveling to and from bank PAUL F.Jssup(1969) said that the bank can mobilize more deposit when they make their service close their to customer or depositor.

2.6.5 Service in the bank

Service in the bank should be attractive enough for the depositor so as to mobilize deposits. If bank could be offer this service, the savers would be inclined to keep a part of their saving in the form of deposits (Peter, Rose, 2002).

- Door to door collection of small saves in the form of recurring deposit
- Offering land revenue or insurance premium.
- An investment service
- Some person like farmers get, their income says once a year, while their expenditure is spread over the whole year. If bank could collect deposit from them

at the harvesting seasons and assures them regular withdrawals during the year, farmers may be encouraged to keep deposit with the bank.

2.6.6 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 abay 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, abay 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). All type of Abay banks like Abay bank should facilitate international trade to support countries with comparative advantage and in the meantime generate foreign currency which part and parcel of deposit growth.

2.6.7 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 24 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). Abay 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.

Empirical Review

It provides the relevant empirical review related to deposit mobilization and financial performance in Abay 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. Abay 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).

CHAPTER-THREE

RESEARCH METHODOLOGY

3.1. Design of The study

The researcher has used descriptive form of research design. Descriptive research design is a powerful tool used by scientists and researchers to gather information about a particular group or phenomenon. This type of research provides a detailed and accurate picture of the characteristics and behaviors of a particular population or subject. It was to assess factors affecting saving deposit mobilization in ABAY bank Wolkitie branch.

3.2 Data source and 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 were considered as vital component of the research which could enable to answer relevant questions and evaluate outcomes. The researcher used questionnaires that were distributed to different positions and staffs as every staff of the population has equal given. Also observation of secondary data for five years is used (annual report year 2010-2015).

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 abay bank customers and employees. 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.

The researcher used both primary and secondary source of data to achieve the objective of the study. Primary data were collected from employee and costumers of Abay through preparing open ended and close ended questioners and face to face personal interview. Secondary data collected from organizational records and source written about the organization.

3.3 Method of data analysis tool

The researcher was used Census and survey method for employees and customers respectively to analyze the collected data by using qualitative and quantitative method. The primary data was first tabulated and then analyzed in terms of statements or descriptive way.

3.4. Sample size and sample techniques

The target population of the study would be employee and customer of Abay that found in Wolkitie branch. The total population of the study area was 20. Researcher taken 6 employees and select 14 customers by Self-selection (volunteer) sampling out of the total whereas due to the large total population of customers the researcher used non probability sampling which is a convenience sampling technique to select 14 respondents.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

In this chapter the information gathered from employee and customer of the bank through questionnaires and interview from the manager are presented. Questionnaires are distributed for the employee and customer of the organization and all are returned back to the researcher.

4.1 Data from employees

Ten (10) questionnaires have been distributed to employee of ABAY bank Wolkitie branch. The returned questionnaires were tabulated and then analyzed in terms of percentage.

4.1.1 Demographics of the employee (Respondent)

The general characteristics of respondents are gender, age; education back ground and designation are stated precisely in the table below.

Table 4.1 Certificate level

Demographic characteristics	Item	Frequency	Percentage (%)
Gender	Male	6	60
	Female	4	40
	Total	10	100
Age	Less than 20 years	0	0
	20-30 years	5	50
	30-40 years	3	30
	Above 40 years	2	20
	Total	10	100
Educational back ground	Diploma	1	10
	Degree	9	90
	Master	0	0
	Above master	0	0
	Total	10	100

Designation	Clerk	1	30
	Accountant	1	10
	Officer	7	40
	Manager	1	20
	Total	10	100

Source: questionnaire, 2023

AS shown from the above table 4.1 60% of the respondents were males and the remaining 40% of the respondents are females. As indicated in the above tables regarding age distribution 50% of respondents were within the age of 20-30 years, 30% of respondents were within the age of 30-40 years and the remaining 20% of respondents are above 40 years. The qualification of the respondents shows that the respondents are diploma about 10% and the remaining 90% of respondents are degree. The designation of 40% respondents was officer, 10% of respondents were accountant, 30% of respondents were clerk and 20% of respondents are manager. Therefore, the above table4.1 shows that most of the respondents are male as compared with females. The most respondents are found the age between 20-30 years. The majority of respondents are with an educational level of degree and most of the respondents are designed as an officer.

4.1.2 The factor affecting saving deposit

Table 4.2 Respondents about factor affecting

Item	Frequency	Percentage (%)
What are the factors affecting the level of saving in your bank?		
Low interest rate for deposit	4	40
High limitation on providing loan	2	20
Market fluctuation	2	20
Existence of competitors	0	0
Form of promotion	10	10
Employee Knowledge and attitude	1	10
Total	10	100

Source: questionnaire, 2023

From the above table 4.2 40%, 20% , 20% .10%,10% of respondents said that low interest rate, high limitation on providing loan, market fluctuations, form of promotion, employee knowledge and attitude respectively. Therefore, the factors that affect the level of saving in ABAY bank Wolkitie branch are low interest rate, higher limitation on providing loan , market fluctuation, form of promotion, employee knowledge and attitude.

4.1.3 The deposit schemes available in bank

Table 4.3 Response about deposit schemes

Item	Frequency	Percentage (%)
What are the deposit schemes available in your bank?		
Fixed deposit	2	20
Saving deposit	6	60
Current deposit	2	20
Total	10	100

Source: questionnaire, 2023

From the above table 4.3 shows that from the total respondents 6(60%) were saving deposit schemes available in the bank and 2(20%) of the respondents said that fixed deposit and the remaining 2(20%) of the respondents said that current deposit respectively available in the bank as deposit scheme. Therefore, most of deposit schemes available in the bank are saving deposit.

4.1.4 The deposit schemes giving more mobilization

Table 4.4 Deposit schemes giving more mobilization

Item	Frequency	Percentage (%)
From which deposit schemes are getting more mobilization?		
Fixed deposit	2	10
Saving deposit	6	80
Current deposit	2	10
Total	10	100

Source: questionnaire, 2023

AS shown the above table 4.4 9(90%)of respondents said that selected saving deposit as deposit schmes which is giving more saving mobilization and the remaining 1(10%) of respondents were selected fixed deposit. Even though fixed deposit provides saving mobilization but, saving deposit provides high saving mobilization than fixed deposit and current deposit does not mobilize saving because of non-interest bearing.

4.1.5 The Bank paid interest rate to attract customer

Table 4.5 Bank paid interest rate to attract customer

Item	Frequency	Percentage (%)
Is the interest rate paid by the bank attracting the customer?		
Yes	8	80
No	2	20
Total	10	100

Source: questionnaire, 2023

From the above table 4.5 80% of respondents of the employee are interest rate paid by the bank attracting customers. Because the bank offer best interest rate to the customer, the bank encourage customer to mobilize their money in the bank by paying best interest rate and by giving different name for saving deposit like women youth by increasing its interest 5.125.while 20% of the respondents that the interest rate paid by the bank not attracting customers. Because of the interest rate is decided by national bank for all governmental and private banks are the same rate and customer needs higher than the current paid interest rate.

4.1.6 The types of deposit period familiar with the bank

Table 4.6 About the period of deposit familiar with bank

Item	**Frequency**	**Percentage (%)**
Which type of deposit period familiar with your bank?		
Short term	1	10
Medium	3	30
Long term	6	60
Total	10	100

Source: questionnaire, 2023

The above table 4.6 indicates that 60% of the response the bank deposit period familiar with long term deposit, while 30% and 10% response that the bank deposit period is medium and short term respectively. Therefore, the bank deposits period mostly long term.

4.1.7 Type of loan rendered by the bank

Table 4.7 Type of loans rendered by the bank

Item	Frequency	Percentage (%)
What are the types of loan rendered by your bank?		
Short term	2	20
Medium	3	30
Long term	5	50
Total	10	100

Source: questionnaire, 2023

From the above table 4.7 indicated that 50% of the respondent response that type of loan rendered by the bank is long term loan. While 30% and 20% of the response are medium and short term loan respectively. Therefore, the bank renders mostly long term.

4.2 The last five years the trends of saving for years and initiates taken by the bank

From year to year it's saving increase strongly and the bank introduce prize link schedule in order to attract customers. prize link means the bank give coupon to those new depositor within the specific limit of period and there chance to own automatic laptop by effectively and efficiently give service to the customer increase the saving trend from year to year.

4.3 Data from depositors

Twenty (20) questionnaires have been distributed to the customers of the bank. The returned questionnaires were tabulated and then analysis in terms of percentage.

4.2.1 General back ground of the respondents (customer)

The general characteristics of respondents like, gender, age, educational back ground, occupation and income level are stated precisely in the table below.

Table 4.8 About back ground of customer

Description	Item	Frequency	Percentage (%)
Gender	Male	12	60
	Female	8	40
	Total	20	100
Age	Less than 20 years	0	0
	20-30 years	12	60
	30-40 years	4	20
	Above 40 years	4	20
	Total	20	100
Educational level	Literate	14	70
	Illiterate	6	30
	Total	20	100
Occupation	Employee	12	60
	Business man	8	40
	Un employee	0	0
	Service man	0	0
	Total	20	100

Income level	Less than 1000 birr	5	25
	1000-5000 birr	7	35
	5000-10000 birr	4	20
	Above 10000 birr	4	20
	Total	20	100

Source: questionnaire, 2023

Table 4.8 indicates that 60% of respondents were male and 40% of respondents were female. The researcher observes that the majority of the respondents were male. Regarding to their age 60% of respondents were20-30 years and 20% of respondents were above 40 years. So that, the majority of the respondents age were within 20-30 years. In the educational level 70% of respondents were Literate and 30%of respondents were illiterate. The researchers observe that majority of respondents were literate. Regarding to occupation 60% of respondents were employee and 40% of respondents were business man. Regarding to income level 35%of respondents were earning 1000-5000 birr ,25% of respondents were earning less than 1000 birr ,20%of respondents were 5000-10000 birr and20% of the respondents was earning 10000 and above. The researcher observes the most of respondents were 1000-5000 incomes.

4.2.2 Purpose for depositing money

Table 4.9 above the issue of related to deposit of the customers

Item	Frequency	Percentage (%)
Why do you deposit your money?i		
For security	7	35
To gain interest rate	4	20
For emergency	9	45
Total	20	100

Source: questionnaire, 2023

From the above table 4.9 indicted that 45%of respondents answered that they save their money for emergency purpose. Therefore, customers deposit their money for security, emergency and to gain interest rate.

4.2.3 Reason for selecting ABAY bank Wolkitie branch

Table 4.10 Reason for selecting ABAY

Item	Frequency	Percentage (%)
Why you choose ABAY other than other banks?		
Pay high interest rate	0	0
Near to home	6	30
Give efficient service	10	50
Non-Governmental bank	4	20
Total	20	100

Source: questionnaire, 2023

From the above table 4.10 50% of respondents answer that they select the bank, Because of getting efficient and effective service, 30% of respondents are select the bank. Because of the bank is near to home and 20% of the respondents that they select the bank. Because of its non-governmental bank. Therefore, select ABAY bank are near home, getting efficient and effectively service and government bank.

4.2.4 The satisfied of the interest rate given by the bank

Table 4.11 Satisfied of the interest rate given by the bank

Item	Frequency	Percentage (%)
Are you satisfied with the interest rate given by the bank?		
Yes	10	50
No	10	50
Total	20	100

Source: questionnaire, 2023

The table 4.11 above shows that 50% of customers are satisfied with the interest rate given by the bank. Because of the interest rate of the ABAY bank is properly enough to their service, the ABAY give sufficient interest rate with that of security and safeguarding the deposit. 50% of respondents of the customer of the bank responses the interest rate given by the bank is not satisfied the customer. It is better to invest for other purpose to get more interest. but for the purpose of security the customer save surplus money to the bank.

4.2.5 The saving trends of customer seems like for the last five years

Table 4.12 saving trends of customer deposit seems like the last 5 years

Item	Frequency	Percentage (%)
What is the saving trend of your deposit seems like for the last 5 years?		
Increase	15	75
Decrease	0	0
Both increase and decrease	3	15
No change	2	10
Total	20	100

Source: questionnaire, 2023

From the above table 4.12 indicates 75% of the respondent of customers say that the saving trends of customer deposit for the last 5 years is increase from year to year. 15% of the respondents response that the last 5 years saving trends was both increasing and decreasing, and the remaining 10% of the respondents response that the last 5 years saving trend no change. Therefore, the researcher understand the saving trends of the bank in the last 5 years of customer was increasingly from year to year Because personal income become increase and the saving amount increase and the bank give sufficient service to the customer by this reason the customer increase the saving trends.

4.2.6 Motivation for increasing deposit amount

Table 4.13 About the motive for increasing deposit amount

Item	Frequency	Percentage (%)
In what way the bank encourages you to increase the saving capacity?		
Increase interest rate	6	30
Improving service	13	65
Provide incentive	1	5
Total	20	100

Source: questionnaire, 2023

From the table 4.13 indicated that 65%, 30% and 5% of the respondent's response that the bank encourages the saving capacity of the customer by improving service, increase

interest rate and provided incentive respectively. Therefore, encourage the saving capacity of the customers mostly by improving service to the customer.

4.3 Interview out come

4.3.1 Factors affecting deposit mobilization

The researcher made face-to-face interviews with the manager on the factor that affect the saving deposit mobilization. The managers answered those questions as below explanation.

1. What are internal and external factors that affect saving deposit mobilization?

- **High limitation on providing loan:-**this is the factor that affecting saving deposit mobilization. The bank do not providing loan without collateral securities. Mostly ABAY provide loan to agricultural, industrial sectors and for business engaged in import and export.
- **Problem in saving in agricultural sectors:-**because some years ago government was providing fertilizers by loan. There were high saving by them in agricultural sectors, but now a day supply of fertilizers is provided in cash. Therefore, instead of saving they prefer to buy fertilize.
- **Existence of competitors:-**this is also factor that affects saving deposit mobilization. Since their competitors affect ABAY in many ways to mobilize saving and customers. It extended their branch in different site in the town. Depositor select among those competitors on the base of interest rate paid on deposit, service efficiency and site convenience.
- **Interest rate affect saving deposit:-**these are also other factor that affects saving deposit mobilization. As mentioned above those competitors charge different interest rate on saving deposit. Some private bank charge higher interest rate on saving deposit, greater than 5% interest rate on saving deposit. While the ABAY Wolkitie branch is charge only 5%interest rate on saving deposits. As described above the national bank fixed only the minimum interest rate. Therefore, bank can increase the interest rate on deposit for the competition purpose. However, as the researcher gets information from interview with branch manager, ABAY is not using these mechanisms to increase its deposit.

CHAPTER FIVE

MAJOR FINDING SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Major finding summary.

The saving deposit mobilization has affected by internal as well as external factors. based on table 4.2 above findings were the external factor the existence of competitor and market fluctuation are found to be the significant factor which affects saving deposit mobilization and internal factors are high limitation providing loan and low interest rate, form of promotion, employee knowledge and attitude are factors that affect saving deposit mobilization.

- Low interest rate and high limitation on providing loan are found to be the factor that affects saving deposit mobilization.
- The existence of competitor is the major factors that affect saving deposit mobilization by extend their branch on different site in town.
- The bank saving trends increases from year to year by giving effective and efficient service to the customer.
- In addition to this as mentioned above high limitation on providing loan:-this is the factor that affecting saving deposit mobilization. The bank do not providing loan without collateral securities.
- The technology used is the factor that affect saving deposit mobilization

5.2 Conclusion

Based on findings mentioned above, the following conclusions are drawn.

The saving deposit mobilization has affected by internal as well as external factors. From the external factor the existence of competitor and market fluctuation are found to be the factor which affects saving deposit mobilization. Low interest rate and high limitation on providing loan, form of promotion, employee knowledge and attitude are found to be the factor that affects saving deposit mobilization.

From the manager point of view, the bank do not providing loan without collateral securities. The existence of competitor is the major factors that affect saving deposit mobilization by extend their branch on different site in town.

The bank saving trends increases from year to year by giving effective and efficient service to the customer.

5.3 Recommendation

Based on the finding researcher conducted, the effect of internal and external factor that determine saving deposit mobilization were identified and possible recommendations are forwarded so that it may help ABAY to approach the issue accordingly.

- The existence of competitors the major factors that affect saving deposit mobilization by extend their branch on different site in town. So, the most obvious requirement for saving deposit mobilization is providing high accessibility of loan to customer and diversification of branch in different part of the city may be increase saving deposit mobilization of customer.
- Interest rate paid in saving deposit are other factor that affect saving deposit mobilization since competitor charge different interest on saving deposit. Some private bank charge higher interest rate on saving deposit greater 5% which national bank of Ethiopia set minimum interest rate 5% paying interest rate in comparison to competitors may increase saving deposit customer in Abay bank. The Abay bank can ask the national bank to revise the rate of interest, its high interest rate attract customers and make the bank profitable. The bank provides effective and efficient services to the customer comparatively than the competitors bank these attract customer and these results in achieving their goal.

- High limitation on providing loan:-this is the factor that affecting saving deposit mobilization. So by giving collateral securities bank may be increase saving deposit mobilization.
- In Abay bank current deposit mobilization does not existed. But the bank applies to this mobilization system the number of customers be comes to increase.

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Appendix I

Wolkitie University

COLLEG OFBUSINESS AND ECONOMICS

DEPARTMET OF ACCOUNTING AND FINANCE

Questionnaires prepared for employees of Abay

Dear respondents

The aim of this research questionnaire is to gather information for research work on assessment of factor affecting saving deposit mobilization (In case of ABAY bank , Wolkitie branch).The study will be used only for the requirement of senior essay in partial fulfillment of BA degree in accounting and finance. So, you are kindly requested to answer relevant and reliable information, the question raised below. Whatever information provides is strictly confidential and it should be used only for academic purpose.

Instruction:-no need of writing your name on any page of the questionnaire. Write your response on the provided space and put mark on the table box provided.

1. Gender: A, Male B Female

2. Age: A, Less than 20 years B, 20-30 years C, 30-40 years D, above 40 years

3. Educational back ground: A, Diploma B, Degree C, Master D, above master

4. Designation: A, clerk B, Manager C, Accountant D, Officer

5. What are the factors affecting the level of saving in your bank?

A, Low interest rate for deposit B, High limitation on providing loan C, Market fluctuation D, existence of competitor Others(please specify) ----------

6. What are the deposit schemes available in your bank? A, Fixed deposit
B, saving deposit C, current deposit others (please specify) ----------

7. From which deposit schemes are you getting more mobilization?

A, Fixed deposit B, current deposit C, saving deposit

Other (please specify)—----------

8. In comparison to other banks what is the degree of saving interest rate paid by your bank? A, High B, medium C, low D, similar

9. Is interest rate paid by the bank attracting the customer? A, Yes B, no

10. If your answer for question no."9" is yes how? ----------

11. If your answer question no."9" is no why? ----------

12. Which type of deposit period familiar with your bank?

A, Short term B, medium C, long term

13. What are the types of loan rendered by your bank?

A, Short term B, medium C, long term

14. How could you evaluate the trends of saving for the last five years and initiatives were taken by the bank to mobilize saving? ----------

Appendix II

Questionnaires prepared for customers of Abay bank.

Dear respondents

The aim of this research questionnaire is to be gather information for research work on the assessment of factor affecting saving deposit mobilization (In case of ABAY, Wolkitie branch).The study will be used only for the requirement of senior essay in partial fulfillment of BA degree in accounting and finance. So you are kindly requested to answer relevant and reliable information, the question raised below. Whatever information provided strictly confidential and it should be used only for academic purpose.

1. Gender: A,male B, female

2. Age: A, less than 20 years B, 20-30 years C, 30-40 years D, above 40 years

3. Educational level: A, literate B, illiterate

4. Occupation: A, employee B, unemployed C, business man D, service man

5. Income level: A, less than 1000 birr B, 1000-5000 birr C, 5000-10000 D, above 10000birr

6. Why do you deposit your money? A, For security B, to gain interest rate C, for emergency Others (please specify) ----------

7. Why you choose ABAY bank other than other banks? A, Pay high interest rate B, near to home C, give efficient service D, government bank
other (please specify)----------

8. Are you satisfied the interest rate given by the bank? A, Yes B, No

9. If your answer question no."8" is yes how? ----------
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10. If your answer question no."8" is no why? ----------

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11. What is the saving trends of your deposit seems like for the last 5 years?

A, Increasing B, decreasing C, both increasing and decreasing D, no change

12. Stat your reason for any of your answer for question no.11 above

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13. In what way the bank encourage you to increase the saving capacity?

A, Increase interest rate B, improve service C, provide incentive other (please specify) ----------

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Appendix III

Interview questions

1. What are internal and external factors that affect saving deposit mobilization?

2. What is the service rendering by the bank to the customer over accepted deposit?

3. Which type of deposit is more relevant to the profitability of the bank?

4. What looks like current growth rate of saving mobilization compared to the previous years?

5. What is the rate of interest for accepted deposit and lending loan?