CHAPTER-1
INTRODUCTION

1.1 Background of the Study

Profitability is defined as a company's ability to use its resources to generate profits. In this study, profitability will be evaluated according to liquidity. The main purpose of the business is to create and increase the profit of the company and therefore it must use its resources effectively. Determining and controlling the level of liquefied liquid is necessary for companies. Therefore, there is a significant relationship between earnings management and earnings. Since short-term cash needs to be met, it is necessary to benefit from some income in order to receive the money. Finance plays an important role in the business and economy of any country. Banks are financial institutions, organizations and governments. Wait and invest to reap the rewards. Therefore, resources must be used correctly to obtain maximum benefit. To get the best results, banks need to find the maximum amount of money to cover their short-term obligations and then invest more money while earning some investment income. Because by managing money effectively, banks can increase profitability (Nabeel and Hussain, 2017). Profitability is an indicator that measures the efficiency of the business, as well as a management indicator that measures the profit and performance of the business.

In the last two years, with the development of technology and the guiding vision of the global economy, some major changes have occurred in the international banking sector, and this has created growth opportunities for the banking sector to be competitive and effective in competition. These major changes in the competitive landscape have a huge impact on their work. Banking operations have components that affect the company's capital growth, business expansion and business development. The income is necessary for banks to maintain the concern and for business owners to recover equity. Therefore, other important and internal factors have affected the profitability of banks over time. For this reason, the determinants of bank performance have attracted the attention of academic research as well as bank management (Ongore and Kusa, 2013).

Profit is the measure of business success and the criterion of survival and growth. Profitability is the ability of a business to generate profits for its owners. Profitability is a

measure of performance and management that shows how profitable a business is. Profitability provides a lot of insight into a company's financial health and performance. It is not possible for a business that does not make a profit to survive. Conversely, profitable businesses can provide their owners with a good return on investment. Increasing profitability is one of the most important tasks of business leaders. Leaders are constantly looking for ways to change the business to improve results. These changes can be analyzed with the support of the income statement and balance sheet (Singh, 2015). Interest income is an important source of income for banks. This study revealed that the position of public financial institutions is weak compared to foreign banks and public banks. Again based on the literature, the authors suggest that public finance companies should focus on managing non-performing assets and invest in technology upgrades for better and faster data management (Chandan & Rajput, 2002).

In this study, profitability measures (NIM, ROA and ROE) were calculated according to the analyzed variables, and all deposits, products, asset quality, liquidity, GDP growth rate and inflation were used independently. variables. Total deposits are the sum of all deposits made by a customer or account holder with a bank or financial institution. It represents all funds the insurance company has on behalf of its customers in various types of deposits, such as savings accounts, checking accounts, cash certificates of deposit (CDs), and money market funds. These deposits can come from individuals, businesses, organizations, or even government agencies. Customers deposit money into these accounts to provide security, earn interest, or carry out financial transactions. Banks use these funds to provide loans, investments and other banking activities. Asset quality is measured by the ratio of non-performing loans (NPL) to total loans. This example shows how the loan will be granted or the customer will not be able to repay the loan and the bank will suffer a loss. It is calculated as the ratio of non-performing loans to all loans and advances. Liquidity is measured by the ratio of cash and bank deposits to total deposits (CBBTDR). CBBTDR refers to the ratio of cash held by banks to total deposits (Mishra and Pradhan, 2019). It is the ratio of the financial institution's loans to the deposits it receives. It shows how much money the financial institution has available to lend (an important function in banking). A higher ratio indicates there is more capital in the bank, resulting in better returns on new capital. Shrestha (2012) reported that the ratio of cash and bank accounts to deposits has no impact on profitability. This rate is

calculated by dividing cash and bank balances by total deposits. Gross domestic product is measured as a percentage increase in the growth rate expressed as a percentage. Gross domestic product, often referred to as GDP, is an important economic indicator of a country's health. It measures the value of all goods and services produced in a country and is one of the most important figures for economists because it gives a complete view of the country's economy. We can track the performance of the economy by monitoring GDP growth. The increase in GDP this month compared to the previous quarter means that the economy is growing, which indicates that the economy is expanding and will be more profitable and stronger. For the country, a decrease in GDP for two consecutive quarters could lead to a recession. However, it should be noted that although the decline in GDP is a strong indicator of the economy, it is not the only decision. The economy considers many factors such as employment, inflation, and the economy before it is announced.

The annual inflation rate is measured by expressing the change in the Consumer Price Index as a percentage. Inflation is the rate of increase in prices over a certain period of time. Inflation is usually a broad measure such as overall inflation or the increase in the cost of living in a country. Net interest is a measure of the difference between the interest generated by a bank or other financial institution and the interest paid to borrowers based on their assets. Gross profit margin is similar to that of non-financial companies. Net interest income (NIM) is measured as the difference between interest income and interest divided by the percentage of total assets. It shows the ratio of net profit after tax as per given in profit and loss account to total assets as shown in balance sheets of the company. Higher ratio shows the higher profitability position of the banks that gives the strength of the banks (Sthapit and Maharjan, 2012).

Although different indicators can be used to measure bank profitability, return on assets (ROA) given in the annual report of the bank model was used in this study. ROE indicates the bank's ability to use its money to generate profits. This is an indication of how the bank spends money or generates income. (Chuikh and Blagui, 2017). Return on equity shows how well the company uses its owners' resources. Gaining satisfaction is the most desirable goal of business because stockholders or common stockholders are now entitled to profits.

Return on Equity (ROE) is a measure of the profitability of a business relative to all equity capital. Among the simple examples of what investors pay, one of the most important is return on equity. This is a simple test of how well company management is using investors' money. All equity has additional resources, including capital and retained earnings, in addition to reserves.

1.2 Problem Statement

The banking industry in Nepal is one of the largest and most profitable institutions. When we look at the annual financial statements of banks at the end of each financial year, we see that they have made huge profits. All these results can be determined by different factors. Various studies on the performance of banking institutions have shown that the determinants of bank income are foreign and regional. There was a period when the banking sector emerged like mushrooms after the rain, the number of local banks and cooperatives increased rapidly in a short time, and today the competition has become even tougher. As a result, banks are looking for ways to reduce the cost of their capital by charging higher interest rates. Interest rate spread is a metric used to measure the profitability of banks. Another measure for banks is return on assets and return on equity.

Banks with higher operating expenses have higher interest rates and higher profitability. Interest rates are an important variable in the financial market; Higher interest rates can deter people from saving money because lower returns lead to less credit, which affects the economy as a whole. Likewise, changes in global commodity prices and inflation will also cause interest rates to rise. Corporate income has a positive impact on income (Jana and Lace, 2018).

Banking acts as an intermediary between borrowers and lenders, reducing transaction costs and ultimately promoting economic growth (Leland and Pyle, 1977; Diamond, 1984). In order to achieve the goal of maximizing the owner's wealth, banks must divide the interest income they earn from assets with the interest they pay from liabilities, which is called interest income. There is an extensive literature on the determination of interest rates in corporate banking in Nepal. Determine the interest rates of commercial banks in Nepal by testing the independent variables. However, the bank's net interest rate has not been examined in depth. It is thought that interest rates arise from the risk aversion level

of banks regarding other financial transactions. This is an important distinction in modern banking literature, given the importance of cash flow as part of bank income (Uğur and Erkus, 2010).

Unfortunately, due to the lack of understanding of the factors affecting the spread, a decrease in the spread will harm the company's business, especially those with high prevalence (Kamau and Ayuo, 2014). Research on the determinants of bank income by (Hamadi and Awdeh, 2012) and (Ayaydin and Karakaya, 2014) has shown that there are many factors such as bank size, performance, efficiency, capital, credit risk, debt equity, deposit interest. interest rate (average), current assets for all deposits and loans, fund credit losses for interest income, loans and short-term loans for income, macroeconomic conditions, economic characteristics and, to a lesser extent, loans Money falls. Loans affect companies' net interest income in various ways. Similarly, Ben (Naceur and Goaeid, 2008) also concluded that there is a positive relationship between bank size and interest rate spreads. However, Kapaya and Raphael (2016) argue that a large bank can have a positive impact on profits if large banks benefit from capital trading; Benefit from economies of scale or obtain capital at a lower cost than smaller banks. Similarly, (Tilahun and Chawla, 2016) found that the loan-deposit ratio, branch size and ownership are related to the interest rate; Bank size does not have a significant effect. Moreover (Hagedoorn and Cloodt, 2003) stated that bank size is not the main determinant of profit, it mainly depends on the company's ability to solve the scale and exploit the related opportunities. Therefore, the conclusion regarding the effect of bank size on interest rate is not clear and further research is needed. Therefore, this study examines the following issues in the context of Nepal Bank.

- What is the current status of total deposit, assets quality, liquidity, GDP growth rate, inflation and profitability of Nepalese commercial banks?
- Is there any relationship between total deposit, assets quality, liquidity, GDP growth rate and inflation on profitability of Nepalese commercial banks?
- What is the impact total deposit, assets quality, liquidity, GDP growth rate and inflation on profitability of Nepalese commercial banks?

1.3 Objectives of the Study

The main aims of the research are as follows:

- To describe the current status total deposit, assets quality, liquidity, GDP growth rate inflation and profitability on Nepalese Commercial banks.
- To analyze the relationship between total deposit, assets quality, liquidity, GDP growth rate and inflation on profitability of Nepalese Commercial banks.
- To examine the impact total deposit, assets quality, liquidity, GDP growth rate and inflation on profitability of Nepalese Commercial banks.

1.4 Rationale of the Study

Nepal's economy is developing and its banking sector is still in its infancy. In this process, laws, draft laws and laws related to business and finance continue to be developed and updated. All of these play an important role in generating revenue in the banking industry, whether through commercial banking or day-to-day business practices. In this context, research on interest rates of commercial enterprises in Nepal will attract more attention from policy makers and economists.

This means that understanding the setting of interest rates is important to the stability of the economy, because the health of banks is vital to the health of the economy as a whole. This study can help bank managers better understand where internal problems positively or negatively affect banks' interest rates. This study will be useful not only for companies but also for all financial institutions, investors and organizations in various decisions. This study will also to some extent provide useful advice to policy makers of business companies, government and central banks in developing appropriate strategies to improve the functioning of the company.

It will provide information to the bank management for operational decisions. Finally, this study will bring new perspectives to the banking sector and provide suggestions for future research on the banking sector in Nepal.

1.5 Limitations of the Study

Nepal's economy is developing and its banking sector is still in its infancy. In this process, laws, draft laws and laws related to business and finance continue to be developed and updated. All these have a huge impact on the performance of the banking sector. Determinants of corporate income in Nepal is one of the controversial areas of

research and this study aims to examine it in the context of Nepal. All studies have limitations due to factors such as research center, study period, statistical reliability, tools, methods and variables. The main limitations of this study are:

1. It is covering the period of 10 years from 2012/13 to 2021/22 It included certain period of times so it should not give effective information and ideas. It has been conducted in the limited boundaries and resources. Time is dynamic so It can't able to submitted overall data and sample.
2. The study mainly focuses with the profitability situation of different Banks. There are several banks in Nepal but It can't include all of them. And This study is based on secondary data. So the reliability of date depends upon their sources.
3. It is mainly related to financial and accounting aspects so, it does not cover the other areas of the bank The findings of this study cannot be generalized to manufacturing and trading enterprises because the study is only based on the banking sector. And Only few financial and statistical tools were used in the analysis.
4. In this study, ROE, ROA and NIM are used as dependent variables and TD, NPL, CBBCTD, GDP, Inflation, are used as independent variable. Only these factors were not the effective way of finding result of dependent variables but other factors also. In this study, just descriptive and analytical methods are used to analyze the data.

CHAPTER-II
LITERATURE REVIEW

2.1 Introduction

Literature review is the identification and analysis of data related to a particular field or topic. It provides an overview of the studies done, who the main researchers were and who worked, what questions were answered regarding a particular research interest, what methods and techniques were used to answer specific messages. What is the question and what are the thoughts and feelings? Data analysis is the foundation of any study. It is important to examine the existing literature to understand what type of research has been done and what the gaps in the literature are. The first chapter includes a theoretical framework and an in-depth analysis of research on banking in developed and developing countries around the world. This chapter also provides a lot of information about the different approaches and their relationships, and also briefly describes research on religion in the Nepali context. Step 2 presents the conceptual architecture of the study. The conceptual framework specifies how the study is organized and which variables are selected. Finally, Section 3 presents the results and recommendations of the analysis. A literature review is a critical evaluation of some body of knowledge through content, classification, and comparison of previous research and theoretical investigations. This section provides a brief review of existing studies relevant to this study. Information found in popular articles, reports, and research papers was reviewed.

Bank profitability is defined as a measure of the company's use of its existing resources to generate income. Provides advice that informs future decisions regarding business development, asset acquisition and management. It shows management's financial performance over a specific period and can be used to compare similar companies in the same industry. According to (Ongeri, 2014), financial performance allows the business to be evaluated financially. It shows how much better off shareholders are at the end of the accounting period than at the beginning, which can be determined using financial ratios in financial statements or using market value information. The main objective of the company is to ensure that the shareholders become as rich as possible, therefore performance measurement helps to measure how rich the shareholders will become from the investment decision in a certain period of time (Berger and Patti, 2002).

Performance is measured by a number of different and relative factors such as revenue, expenses, net income, income before interest and tax (EBIT), return on assets, return on equity. However, the most commonly used performance metrics include ROE and ROA. Return on equity measures return on equity and involves dividing after-tax income by total equity capital. It also shows the level of profitability of the company compared to the total capital invested by the shareholders. ROA represents the company's return on total assets and is often used by companies as a general indicator of financial performance. It is calculated by dividing after-tax income by total assets (Khrawish, 2011). Therefore, ROA will be used to measure the financial performance of listed companies.

2.2 Theoretical Review

Theories examined in this study include: income friction theory, monopoly hypothesis, innovation effect, and technical effect risk.

2.1.1 The Portfolio Theory

This theory can play a role in investing in assets different from the business model to reduce financial losses, as clear information will prevent the company from suffering financial losses due to minimal assets. On the other hand, well-defined investments prevent the business from losing completely because the risk is limited to the mix of assets in which the company invests. Chen (2016) believes that the capital diversity of companies and the recommendations of 16 capital markets is a result of bank selection. He then needs to determine the per-unit cost of building each property. This means that banks can increase efficiency by limiting inconsistency in their portfolios by spreading risk among different types of securities, which are not necessarily the same (Congoz et al., 2019).

Modigliani and Miller (1958) argued that regular business partnerships have been shown to reduce business risk. Companies that want to reduce risk need to try to develop various strategies to deal with unusual threats. To avoid confusion, it is necessary to understand that the value of the resource may change depending on changes in the external environment. This may affect the overall stability of mixed distribution data. To keep your portfolio balanced enough to withstand market changes, the company must rebalance regularly.

2.1.2 Frictional Theory of Profits

This theory was proposed by American Economist J.A Schumpeter (1921). The theory shows that there is a normal value of profit, which is the rate of return on capital that must be paid to owners of capital as a reward for saving and investment. In a static economy, there is no expected change in demand in long-run equilibrium and firms can only generate income from capital and investment. In this case, the business does not make economic profit. The impact of friction theory explains the shocks or disturbances that sometimes occur in the economy due to imbalance caused by unexpected changes in the demand for products. It is these random events that lead to good or bad financial outcomes for some businesses. Therefore, according to friction theory, economic benefits increase over time because negative friction prevents the body from quickly adapting to new conditions. For example, in 1990, oil prices rose sharply due to the US-Iraq war, and many oil refining companies reaped huge financial benefits. Similarly, due to the global economic slowdown in 1999-2001, many Indian companies exporting suffered due to reduced demand for their products from the US and other countries. While economic profits will be made in the short term, in the long term, more businesses will enter the market until all economic profits drop to zero (which yes, businesses only earn returns or profits on their investments). On the other hand, when businesses lose money (i.e. bad profits), some businesses will go bankrupt. This will lead to an increase in the price of the product, so that losses will be eliminated and only normal profit will remain on the market.

2.1.3 Monopoly Theory of Profits

Another explanation for excess profits is to attribute them to the monopoly power enjoyed by the company. This profit purpose was expressed by Cournot in 1883. Firms with monopoly power restrict production and demand higher prices in perfect competition. This causes the monopoly to earn more than normal profit. Robinson, Chamberly, and Kalecki attribute best interests to the monopoly power enjoyed by certain firms. Because of strong barriers to entry for new firms, monopolies can still provide economic benefits even in the long run. Monopoly power may arise due to sole control of certain raw materials required for production, economies of scale,

legal penalties, or exclusive patents and government restrictions on access to products.

2.1.4 Innovations Theory of Profits

This profit theory explains that economic profits arise due to the successful innovations of entrepreneurs. Hosted by J.A. Schumpeter (1911) believed that the main role of the entrepreneur was to bring innovation to business and that the reward for this work was profit. Now what is innovation? What Schumpeter means by innovation has a wide scope. A new measure or policy adopted by an entrepreneur to reduce production costs or increase demand for products is an innovation. Therefore, innovation can be divided into two groups. The first type of innovation is innovation that reduces production costs. The first type of innovation involves the introduction of new machines, new and cheaper production technologies or processes, the creation of new equipment, new and better methods of company organization, etc. Contains.

The second type of innovation is innovation that increases demand. This category includes the launch of new products, various new or improved products, new and better promotions, new business opportunities, etc. Contains. The innovation will be profitable if it is successful, that is, if it achieves its goals, whether it is reducing production costs or increasing demand for the product. Profit arises because the innovation is successful, the price is lower than the price of the product, or the entrepreneur is able to sell more product at a better price than before. It is worth noting here that the benefits derived from the innovation in question are in competition with whether others take it away. When others understand and adopt innovation, it is not new or innovative. When an entrepreneur introduces an innovation, he first becomes a monopoly because the innovation is limited to himself and therefore earns a large profit. The benefits disappear after a while when others adopt it to gain share.

2.1.5 Risk Theory of Profit

This theory is associated with the American economy (Hawley, 1907). According to him, profit is the reward of business ventures. Risk is considered the most important element of business. Producing according to any demand requires risk. According to Drucker, there are four types of risks. These are change, obsolescence, necessary danger and

uncertainty. The first two items are calculated and therefore insured. However, both of them are ignorant and unaware of the dangers. It is to take the risk that the profit will be paid to the investor. No investor will be willing to take risks if only expected returns are expected. Therefore, the reward of the risk must be higher than the actual cost of the risk. If the investor is not making a profit, he will not be ready to take risks. Therefore, the higher the risk, the higher the income potential. However, it cannot eliminate all risks of insurance. If he does this, he is not an entrepreneur and is only earning wages and income (Pallavi and Saluja, 2017).

2.3 Empirical review

Jigeer and Ekaterina (2023) examined the determinants of profitability of urban enterprises using China as an example. This study uses panel regression model to examine how internal and external factors affect the profitability of China's commercial banks. The sample of the study consists of 16 urban enterprises whose data are not uniform, covering the years 2008-2020. Panel data regression method was used to examine the factors affecting the profitability of commercial banks in my country. There are many estimation methods for panel data, the most commonly used models are fixed effects models and random models. The pooled OLS model is often used for comparison of panel data regression, and the appropriate model can be determined by statistical analysis. The results show that internal explanations such as bank size, capital adequacy, credit quality and efficiency, and external explanations such as government GDP and inflation have an impact on the profits of urban enterprises when there is a large impact. The profitability of the business bank in the city does not have a significant impact on profitability. bank profitability. This study will help analyze the determinants of the income of commercial banks in the city under the new situation of the Chinese banking industry and give the importance of the idea of improving the company's income, which is important for bank management. city as well as regulatory agencies. and country.

Shrestha and Chaurasiya (2023) studied the impact of financial management and profitability on cooperative banking in Nepal. Data analysis was performed using descriptive statistics, Pearson correlation, regression analysis and t-test. This data is used to analyze five (5) out of 27 cooperative banking models in Nepal covering the years 2012-2021. Liquidity management represents credit deposit ratio (CDR), capital

adequacy ratio (CAR), demand deposit reserve ratio (CRR).), total deposits to total assets ratio (TDTAR), total loans to total assets ratio (TLTAR) and profitability etc. Including return on assets (ROA). The R-square value of the research results is 0.615, which means that 61.5% of the variance is explained by the independent variables, and 38.5% is explained by other variables outside the model, and also shows that there is a strong positive relationship between them. . The relationship between the dependent variable and the set of independent variables. The results show that TLTAR has a significant impact on the ROA of Nepali joint stock companies, while CDR, CAR, CRR and TDTAR do not have a significant impact on the ROA of corporate banking of Nepali joint stock companies.

Yuan (2022) examined the determinants of profitability in the banking industry: A case study of banks in South Asian countries. The main purpose of this article is to investigate the impact of profit decision of companies in Asian countries. Asian countries such as Bangladesh and India were chosen as the study area. This study also aims to examine the impact of specific and macroeconomic factors on the performance of private sector enterprises in Bangladesh and India. Data taken from 2017 annual reports of private companies in India and Bangladesh. We randomly consider private companies in India and Bangladesh as examples. Panel data research method was used as a forecasting technique in the analysis of the data. Ordinary least squares (OLS) regression model was also used to analyze the data. The Breusch-Pagan Lagrange multiplier (LM) test was used to check whether the model was adequate. For private banks in Bangladesh and India, bank-specific and microeconomic factors show almost the same trend. All models and tests were analyzed using Research Econometrics software. The study found that bank specific change in assets (ROA), bank size and leverage (BS) and debt to asset ratio (DAR) are good and significant. For banks, deposit to asset ratio (DTAR) and loan to deposit ratio (LDR) were found to be negative and significant. Equity/Asset Ratio (EAR) and Debt/Equity Ratio (DER) do not have a positive/negative relationship.

Yonas (2022) analyzes the order of profit in banking in Ethiopia. The aim of this study is to investigate the specific and macroeconomic determinants of banking profitability in Ethiopia. Empirical analysis using the generalized method of moments (GMM) to estimate dynamic panel data of 14 banks operating from 2008 to 2019. Using a variety of

methods and interpretations designed to achieve stated goals. In order to achieve the objectives of the study, secondary data was collected from the annual financial statements of the sample banks for the specified period. The results of the research model show that business size, current ratio, assets, capital adequacy, ratio and real GDP growth have a positive and positive effect on the bank's income, while economic age and inflation have a positive and statistically positive effect. Great effect. The impact on Ethiopian bank profitability is statistically insignificant. It is recommended that future studies in this research area include variables other than those used in this study and, unlike this study, all other banks should be included.

Saif-Alyousfi (2022) examines the impact of bank-specific, financial structure and macroeconomic factors on bank profits in Asian economies since 1995-2017. It uses data from 2,446 banks in 47 Asian countries between 1995 and 2017 (41,582 annual observations). Using static and dynamic estimation methods general moment panel (GMM). The results show that banks that rely more on non-traditional businesses have lower income and interest rates, but greater assets, return on equity, and pre-tax profits. Cheaper interest rates, investments, current deposits and business risks lead to better profitability in banking. In addition, banks with more credit and growth are also more profitable. However, non-performing loans have a negative impact on the bank's profitability. Asian banks do not suffer from a lack of scale and scope. The authors also found that banks located in countries or financial markets where gross domestic product, inflation, and interest rates are high are more profitable. High credit given to the private sector reduces the company's income. This study found evidence supporting the Structure-Behavior-Performance (SCP) hypothesis. It also provides evidence that the impact of financial stress on Asian banking profitability is negative, significant, and weakens the Asian banking system.

Gurung and Gurung (2022) analyzed the profit rank of companies in the Nepalese business market. This article aims to look at various factors that affect the profitability of companies in Nepal. As a result, changes in banking and other macroeconomic variables affecting bank income are taken into account. The analysis is based on equivalent data from 156 surveys conducted over 12 years (2009-2020) across 13 companies in Nepal. Descriptive statistics and Pearson correlation analysis were used to evaluate the situation

and investigate the relationship between the independent variables and the studied achievement. Findings were obtained using fixed effects panel regression. Research shows that the loan-to-deposit ratio, that is, the loan-to-deposit ratio, has a positive impact on companies' return on assets and interest rates. The growth of a country's economy, measured by gross domestic product growth, has a significant impact on profits. This means that an increase in the country's economy leads to an increase in the level of loans and advances, which in turn leads to an increase in bank deposits. However, the effect of non-performing assets on the return on assets is weak, but it negatively affects the return on equity. These results show that the revenues of business enterprises can be increased by expanding loans and advances and reducing assets on the country's deposits and trade.

Magar (2022) reviewed the research to examine the impact of revenues of companies in Nepal. Monitoring data of companies published by Nepal Rastra Bank and secondary data obtained from annual reports of selected companies were analyzed. Liquidity variables are measured by loan-deposit ratio, asset quality and liquidity ratio, and profitability variables are measured by asset return and net interest. Use a regression model to analyze the impact of revenue on profits and use Software Reviews 12 to analyze the data. Research results show that asset quality (AQ) has a negative impact on return on assets (ROA). Loan-to-deposit ratio (CD) has a positive impact on the net interest income (NIM) of commercial banks, and asset quality (AQ) has a negative impact on the interest rate. companies. .

Shrestha (2022) studied the determinants of interest rates of commercial banks in Nepal. This article analyzes the determinants of business interest rate spread (IRS) in Nepal. The analysis is based on panel data of 25 companies from 2013/14 to 2020/21. In this study, Bank specific decision and inflation based Return on Assets (ROA), Management Efficiency (ME), Capital Adequacy Ratio (CAR), Asset Quality (AQ) and Credit Risk (CR) and Operational Excellence (OE) are used (INF).)) and gross domestic product (GDP) growth rates are included as macroeconomic determinants. Using the random effects model, this paper finds that ROA, CR, ME and OE are bank-specific determinants, while INF and GDP are the main macroeconomic determinants of interest rates. Similarly, ROA, CR, INF and GDP play a positive role while ME and OE play a negative

role in determining the IRS of Nepal Commercial Bank. The results of this study may help inform epidemic policy.

Derbali (2021) analyzes the determinants of Moroccan bank performance. The purpose of this article is to identify and analyze different decisions that affect the bank's profit and to determine the impact of these decisions on the profit of Moroccan banks. For this purpose, the self-help model was applied to the cases of six Moroccan banks during the study period from 1997 to 2018. The author made three levels of forecasts based on three types of economic factors: bank profits, bank capital, and macroeconomic products. The findings show that Moroccan banks respond to their size to improve their performance, further explaining the continuity of Moroccan banking networks. The authors acknowledge that the level of scale that Moroccan banks have not yet achieved will affect their work. Therefore, the authors can conclude that large Moroccan banks do not follow the concept of economies of scale. Changes in the level of economic growth and changes in the inflation rate have a negative impact on the performance of Moroccan banks.

Thi and Van (2020) examined the determinants of profits of listed companies: A study on the Vietnam Stock Exchange. This study aims to investigate the determinants of the financial performance of 1343 Vietnamese companies in six different markets listed on the Vietnam Stock Exchange for four years from 2014 to 2017 using STATA software. These decisions include the company's size, performance, solvency, financial utilization, and financial sufficiency, while financial performance is evaluated by three variables: return on assets (ROA), return on equity (ROE), and return on sales (ROS). The research results of these companies in some periods show that: (1) Enterprise size has a positive effect on ROA and ROS, especially ROA, but has a negative negative effect on ROE; (2) Competence has a positive effect. It has a negative impact on ROA and ROS impact but on ROE; (3) Financial leverage has a positive impact on ROE and ROS, but not on ROA; (4) Liquidity has a positive impact on ROA and ROE, but a negative impact on ROS Impact; (5) Solvency has a positive impact on ROA. Impact on ROA and ROS, but negative impact on ROE.

Gharaibeh and Khaled (2020) analyzed the profit rank of Jordanian service companies. This study examines the impact of the financial characteristics and capital structure of all

46 service companies listed on the Amman Stock Exchange on their results between 2014 and 2018. In this study, structured and unstructured data are used for different data such as freedom-based size, assets, growth, business risk, debt to equity and debt to justice. Meanwhile, profitability is measured according to the variables operating profit (EBIT divided by total assets), return on assets (ROA) and return on equity (ROE), respectively. This study provides the first evidence that the debt/asset ratio has a negative and negative impact on the profitability of Jordanian service companies. The findings show that, in line with the pecking order, service companies with higher profitability are more likely to use retained earnings rather than loans to finance their operations. This study shows that profitability is positively affected by size and business risk, while ROA is negatively affected by business risk. It shows that tangible assets have a negative and significant effect on profitability, while growth has a positive and significant effect on operating profits.

Neupane (2020) analyzed determinants of Nepalese profitability of commercial banks. The purpose of this study is to examine the key determinants of profitability of Nepalese commercial banks. This study employs descriptive statistics to describe the profitability of Nepalese banks and its determinants. Further, the degree of correlation among different indicators of profitability and its determinants has been assessed by calculating correlation coefficient. Finally, this study has adopted a panel data regression model (Fixed Effect Model and Random Effect Model) to investigate the determinants and their impact on profitability of Nepalese commercial banks. The research shows that the bank's income, measured by Nepal Commercial Bank's return on assets, was significantly affected by the expansion, while economic activity, GDP growth, inflation and exchange rates were not affected by internal factors such as the bank's size and exchange rates. economic growth. Capital base, deposits, loans, off-balance sheet activities and number of branches. Another indicator of bank income; Interest rates, however, are greatly affected by capital adequacy, number of branches and inflation.

Ojha (2020) examines the interest rate decision of Nepal Financial Corporation. The main objective of this article is to identify the factors affecting the determination of interest rate of Nepal Financial Corporation. Regression analysis was used to identify the factors affecting the interest rate offered by financial institutions in Nepal. Of all the financial

companies, only two, United Financial Company and United Financial Company, were selected as samples. Secondary data was collected from various publications, websites and annual reports. There is a significant negative correlation between the country's financial deposit interest rate and the inflation rate, and a significant positive correlation with the corporate loan interest rate and progress. Likewise, there is a positive relationship between the company's loan and interest rate and the interest rate, and there is a positive relationship between the loan and interest rate and the inflation rate. There is a negative correlation between United Finance's interest rates and the inflation rate, and there is also a strong correlation with loan companies and cash interest rates.

Khati (2020) studied the relationship between revenue and profitability of companies in Nepal. 10 of the 27 companies listed from 2013 to 2019 participated in this study. This study is based on secondary data obtained from Financial Supervisory Authority of Nepal Rastra Bank and annual reports of selected companies. Profitability ratios are loan-to-deposit ratio (CDR), cash deposit ratio (CADR) and asset quality (AQ), while return on equity (ROE) and return on assets (ROA) are an indicator of profitability. Results obtained through the Hausman test and continuous methods show that asset quality (AQ) has a negative relationship with return on assets (ROA) and a positive relationship with return on equity (ROE). Cash deposit ratio (CADR) has a positive and insignificant relationship with return on assets (ROA) and return on equity (ROE). However, research shows that loan deposits (CDR) are positive but not correlated with ROA and negative but not correlated with return on equity (ROE).

Shrestha (2020) examined the determinants of corporate performance in Nepal: Evidence from panel data. This article analyzes the impact of private banking system on the financial performance of business enterprises in Nepal. Financial performance is measured by return on assets (ROA). Similarly, management efficiency (ME), performance quality (LIQ), credit risk (CR), asset quality (AQ) and operating efficiency (OE) are used as proxies for a particular bank. This study uses panel data of 17 companies from 2010/11 to 2017/18. The conclusion of this study is that the banking system has a significant impact on the financial performance of commercial banks in Nepal. Finally, this study reveals that ME, AQ, and OE have a positive impact on the financial

performance of Nepalese commercial banks, while CR has a negative impact on the financial performance of Nepali companies.

Pervan, Pervan, and Curak (2019) examine the determinants of profitability of manufacturing companies in Croatia: Evidence from panel analysis. The aim of this study is to examine the impact of various factors on company profitability, we created a model with three groups of profitability and analyzed 9359 companies in the Croatian manufacturing industry published between 2006 and 2015. Since the model is created in this way, General Method of Moments (G.M.M.) dynamic panel estimation is used because it covers the dynamic aspects of profitability. The development of such a model would supplement the existing data, considering that the analysis of the consequences of the driving forces was not carried out using data from the Croatian economic system.

Amjad (2019) examines the profit decision of companies. This study presents an analysis of the determinants of bank income in private companies in Iraq, which represents the return on assets (ROA) most used in this study. The period 2010-2014 (five years) was chosen as the study period because during this period, there was a global economic crisis that led to the bankruptcy of many public banks around the world and caused major changes in the world economy, leading to testing and leasing. International business transactions, such as re-ownership or merger of banks. All these reasons also affected the banking sector. The analysis focuses on three factors: the level of financing, income tax rate, and capital adequacy of ten commercial banks operating in the private sector in Iraq.

Mishra and Pradhan (2019) conducted an analysis of this study explaining the impact of earnings management on earnings of private equity firms in India. Cash deposit ratio (CDR), credit deposit ratio (CRDR), and investment deposit ratio (IDR) were used as independent variables to represent the bank's liquidity control, while return on assets (ROA) and return on equity (ROE) were used as independent variables. live. profitability variable. Studies have shown that CDR and IDR have a negative impact on ROA. But in terms of ROE, we see that there is no relationship between the bank's revenue and revenue considering all the variables for each selected Indian company. The implication is that companies can focus on improving profitability without compromising business performance and other factors.

Thapa (2019) examined the profitability and profitability of commercial banks in Nepal (with special reference to NABIL Bank Limited and Everest Bank Limited). The main purpose of this study is to analyze the revenues of commercial enterprises and the profitability of commercial enterprises. NABIL's average cash and bank balance to total deposits ratio is lower than EBL. He noted that NABIL's performance was not better than EBL. He will be recognized for maintaining NABIL's operational efficiency. NABIL's cash and bank balance to assets ratio is less than EBL. But NABIL has more consistency than EBL. He noted that NABIL used its money more efficiently. NABIL's total liquidity return ratio is similar and higher than EBL. It can be concluded that NABIL has achieved good results in its entire working capital. The average rate of return and loan-to-advance ratio are higher than EBL. The difference in NABIL rate is high but the rewards are the same.

Kwadwo (2018) analyzed the determinants of bank profitability and made a comparison between Indian and Ghanaian banks. This study examines the determinants of bank revenues in India and Ghana. The main objective of this study is to identify the factors that affect the profitability of Indian and Ghanaian banks and the factors that affect the profitability of Indian banks more than the profits of Ghanaian banks, etc. is to determine. In this study, 7-year financial data of 10 banks in each country were used. ROA is a measure of profitability based on different variables. Independent variables include bank-specific variables and macroeconomic variables. The specific banking variables used are: credit risk, income, interest rate, capital adequacy and bank size. Annual GDP growth and CPI-inflation rate are macroeconomic variables. Multiple regression is a tool used in analysis to determine the relationship between success and freedom. The findings show that the most important factors affecting the profitability of banks in Ghana and India are credit risk, interest rate, capital adequacy and inflation.

Serwadda (2018) analyzes the determinants of profitability of Hungarian companies. This article aims to reveal whether the bank's private (internal) influence has an impact on the results of Hungarian companies over the 16 years from 2000 to 2015. This study uses a sample of 26 commercial banks and 416 surveys. This study uses return on average assets (ROAA) as an indicator of bank profitability and treats specific (internal) financing as independent variables. These include asset quality (non-performing loans), overheads,

bank balances, interest-bearing assets, cash flow and capital adequacy. This study was examined using panel regression, descriptive statistics, and correlational analysis. Panel regression models are used to estimate the impact of bank-specific (internal) factors on bank profitability. Hausman specification test was performed on the panel regression model to determine the best model for this study. The results show that non-performing loans, indirect costs and revenue have a negative impact on bank profitability, while bank size has a positive impact on benefits.

Ali and Bilal (2018) analyzed determinants of financial performance in the industrial firms of Jordan. This paper investigates the factors affecting the financial performance of the Jordanian manufacturing industrial firms. Secondary data has been collected from the Amman stock exchange annual publication financial statement analysis of industrial firms listed in Amman Stock Exchange for the period 2005-2015. The data were gathered from the financial statements of industrial firms namely, balance sheet and income statement published by www.ase.com, the sample consists of industrial firms. The findings reveal that the variables of liquidity, profitability, and revenues are positively related with the return on assets (ROA). On the other hand, the leverage and stability of the difference is not good for him. Additionally, regression results show that all variables have an impact on financial performance. These findings are important for policymakers, business leaders and stakeholders alike.

Pandey (2018) conducted a comparative study on the financial management of Himalayan Bank and Investment Bank. The main purpose of this study is to analyze the income of commercial companies, to analyze the deposits and investments of banks, to analyze the relationship between deposits, investments, loans and advances and benefits, and to detect changes in deposits, investments, loans and advances. . investment, lending and promotion and good results. The ratio of cash and bank deposits to total deposits is higher for NIBL than for HBL, which means the income of the bank is higher for NIBL than HBL. The cash/bank accounts ratio is undesirable and suggests that HBL should invest in more productive assets such as short-term assets to ensure adequate capital quality, which will help the bank improve results. However, the liquidity position is good. HBL invested more in government bonds. NIBL invests a small portion of its funds in government procurement. The level of mobilization is equal for both banks. Neither bank used

external financing to provide loans for income. HBL raised funds to invest in various securities.

Chantyal (2018) researched the profitability of banks, analyzed the profitability of banks and examined the relationship between profitability and total deposits and income and investment. The study found that the performance of NSBI was better than EBL and NIBL.EBL, in order to facilitate the deposit transactions of its customers. It has better cash and bank balance compared to NIBL and NSBI. Conversely, a high cash/bank accounts ratio may not be desirable and indicates that banks have a duty to invest their money in income. Under NRB rules, EBL, NIBL and NSBI maintain high CRR. Comparing standard banks, NIBL's income is more than EBL and NSBI. EBL is better than NIBL and NSBI in controlling operating costs and other non-operating costs; hence their income from income is higher.

Islam (2017) analyzed the determinants of corporate income in Bangladesh. This article examines the determinants of profits of private sector companies in Bangladesh in 2014 and 2015. This study uses annual data from 11 private companies in Bangladesh for 2014 and 2015. Multiple regression analysis was performed to assess the significance of the effect and test the hypotheses. The results of this study show that asset size and interest rates are not associated with positive outcomes. However, the impact of non-performing loans on total loans (NPL) on profitability is considered to be the most important of the changes. It also has some positive effects on the return on equity (ROE) of business investments (primarily private equity and bonds). The findings also show that various banking activities, including investment, make banks more profitable. Many types of jobs are welcome at the company, but the risk will be higher if they involve more market volatility than low income, such as wages and income.

Anojan (2016) studied the determinants of profitability and its impact on the financial performance of selected manufacturing companies in the Colombo Stock Exchange (CSE). The aim of this study is to determine the significant impact of the decision-making process on the financial performance of selected manufacturing companies and to determine the relationship between profit decisions and financial performance of companies listed on the Colombo Stock Exchange (CSE).) From the 2009/10 financial

year to the 2013/14 financial year. Determining the correct, appropriate and appropriate capital structure is the fundamental responsibility of the business, where capital structure includes equity capital and debt capital. Capital structure is important in determining return on equity (ROE). Liquidity is also one of the important factors that determine the profitability of a company. A company's daily financial transactions need to be completed. The growth of a business also determines its profit. Descriptive, regression analysis and correlational analysis were performed in this study.

Simkhada (2016) analyzed the profitability of banks, analyzed the results of selected banks, examined the relationship between profitability and profitability, loans and advances and benefits, and examined deposits, investments, loans and advances and the competitive results of the potential. income. The study revealed that HBL and EBL were compared with various financial and statistical tools and many important conclusions were drawn from this study. HBL has a higher average cash and bank balance and percentage of government bonds than EBL. Only HBL's capital network was good in the first year of the study period. HBL has more working capital than EBL. Both banks can manage enough activity to cover the short term or even almost immediately. The liquid ratio of both HBL and EBL is lower than the standard ratio of 2:1, but the performance of HBL is slightly better than EBL. Although more capacity means less risk and lower profits, in business more profit is not a reason to reduce profits. In terms of profitability, EBL's profitability (interest income compared to total assets) is slightly higher than HBL.

Rahman, Hamid and Khan (2015) analyzed the determinants of bank profitability in Bangladesh. In this study, resources, credit risk, ownership, bank size, non-interest income, operating costs, balance sheet, income and domestic product growth according to banks' potential decisions, inflation are tried to be examined based on macroeconomic sources. . Taking 25 commercial banks in Bangladesh as the research object from 2006 to 2013, the determinants of bank profitability were investigated. Three different profitability measures were used in the study: return on assets (ROA), net interest margin on total assets (NIM) and return on equity (ROE). The observed results showed that capacity (capital management and capital investment) and credit utilization have a positive and significant impact on profitability.

Kunwar (2015) analyzed the financial management, deposits and investment of banks, analyzed the results of selected banks and analyzed the structure analysis of deposits, investment, loans and advances and income. EBL has been found to maintain greater fluid replacement than HBL. The speed ratio of HBL is always better than EBL. It shows the effectiveness of working of HBL compared to EBL. HBL's cash and bank balance are better than EBL's total deposit terms. The ratio of loans and advances to total deposits or total deposits makes HBL better than EBL. This shows that HBL is in better shape. So HBL uses this money more than EBL to avail loans and advances. EBL seems more inconsistent than HBL in terms of total investment compared to total deposits. This means HBL has completed the deposit information. EBL uses its total assets more efficiently through loans and advances. When comparing banks it can be concluded that HBL is the best in promoting good equity members.

Sthapit and Maharjan (2012) studied the relationship between revenue and profit of NABIL and SCBN in daily operations. This article examines the impact of cash flows on profitability by comparing two private sector companies in Nepal. To achieve this objective, this paper has selected NABIL and SCBN for the period 2003/04 to 2010/11. Considering that financial management can improve profitability, this research used various financial tools and indicators to analyze the financial management and profitability of NABIL and SCBN.

Summary of Empirical Review

SN	Writers/ Date	Article	Objective	Methodology	Findings
1	Jigeer and Ekaterina (2023)	the determinants of profitability in the city commercial banks.	to investigate how internal and external factors affect the profitability of city commercial banks in China.	6 banks, 2008-2020. panel data regression method.	internal explanatory variables such as bank size, capital adequacy, credit quality, and operating efficiency and external explanatory variables have a significant impact

					on the profitability.
2	Shrestha & Chaurasiya (2023)	Impact of Liquidity Management on Profitability of Joint Venture Commercial Banks in Nepal.	how liquidity affects bank profitability.	5 of Nepal's 26 banks between 2011-12 and 2020-2021, yielding a total of 50 observations.	there is significant impact of TLTAR on ROA and there is insignificant impact of CDR, CAR, CRR and TDTAR on ROA of banks in Nepal.
3	Yuan et al. (2022)	Profitability determining factors of banking sector.	to investigate the impact of the determinants of profitability.	regression model, 43 from Bangladesh and 89 banks from India, 12 years (2010–2021).	the Return on Asset from the banks' specific variables, strength of the Bank size, and Debt to Asset Ratio are found to be positive and significant.
4	Yonas (2022)	determinants of banks' profitability: empirical evidence from banks in Ethiopia.	to investigate the key firm-specific and macroeconomic determinants of profitability of commercial banks in Ethiopia.	14 banks covering 12 years of operation from 2008 to 2019.	firm size, liquidity ratio, asset tangibility, capital adequacy, leverage and real GDP growth rate have a positive and statistically significant effect on the profitability of banks.
5	Saif-Alyousfi (2022)	determinants of bank profitability: evidence from 47 Asian countries.	the effect of bank-specific, financial structure and macroeconomic factors on the profitability.	2,446 banks across 47 Asian countries between 1995 and 2017 (41,582 year observations).	banks located in countries with high gross domestic product, inflation rates and high rates of interest or in financially developed

					economies offer better profits. High credit to the private sector reduces the bank profitability.
6	Gurung & Gurung (2022)	factors determining profitability of commercial banks: Evidence from Nepali banking sector.	to observe the various aspects shaping commercial bank profitability in Nepal.	13 Nepali commercial banks for 12-year period (2009-2020) with 156 observations.	loan to deposit, known as credit-deposit ratio, has a significant positive impact on the return on assets and net interest margin of commercial banks.
7	Magar (2022)	Impact of Liquidity on Profitability of Commercial Banks in Nepal.	to examine the effect of liquidity on the profitability.	5 commercial and spanned the years 2013 to 2021.	asset quality has a significant negative impact on the return on assets. Credit to deposit ratio has a positive and significant impact on commercial banks' net interest margin.
8	Shrestha (2022)	determinants of interest rate spread of Nepalese commercial banks.	determinants of interest rate spread of Nepalese commercial banks.	25 commercial banks from 2013/14 to 2020/21, random effect model.	ROA, CR, ME, and OE as the major bank specific determinants and INF and GDP as the major macroeconomic determinants of interest rate spread.
9	Derbali (2021)	Determinants of the performance of Moroccan banks.	to determine and analyze the different determinants that influence	1997 to 2018, fixed individual effect model.	Moroccan banks have not yet reached a level of size that will be detrimental to

			bank profitability.		their performance.
10	Thi and Van (2020)	determinants of profitability in listed enterprises: a study from Vietnamese stock exchange.	to investigate the determinants of the financial performance.	1343 Vietnamese, 2014 to 2017 using STATA software.	Liquidity has a positive effect on both ROA and ROE but a negative one on ROS.
11	Gharaibeh and Khaled (2020)	determinants of profitability in Jordanian services companies.	To investigates the effect of financial characteristics and capital structure on the profitability.	46 services companies, 2014–2018.	the debt to assets ratio has a negative and significant impact on the profitability of services companies in Jordan.
12	Neupane (2020)	profitability determinants of Nepalese commercial banks.	to examine the key determinants of profitability.	descriptive statistics, Fixed Effect Model and Random Effect Model.	the bank profitability measured by ROA of Nepalese commercial banks is significantly affected by concentration ratio, banking sector development, GDP growth, inflation and exchange rate significantly in opposite direction rather it is not significantly.
13	Ojha (2020)	determination of interest rate in Nepalese finance companies.	to determine the responsible factors for the interest rate determination.	Regression Analysis, two Finance.	interest rate on loan and advance of the company has significant positive relation with both interest

					rate on deposit and inflation rate.
14	Khati (2020)	Impact of Liquidity on Profitability of Nepalese Commercial Banks.	to investigate the relationship between the liquidity and the profitability of commercial bank.	Ten bank, 2013 to 2019.	credit-deposit (CDR) has positive but insignificant relationship with ROA and has negative and insignificant relationship with return on equity (ROE).
15	Shrestha (2020)	determinants of financial performance of Nepalese commercial banks.	To analyzed impact of bank specific factors on the financial performance.	17 banks, 2010/11 to 2017/18.	ME, AQ and OE have significant positive impact, and CR has negative impact on the financial performance.
16	Pervan, Pervan and Curak (2019)	determinants of firm profitability in the Croatian manufacturing industry: evidence from dynamic panel analysis.	to examine the influence of different factors on a firm's profitability.	9359 firms, 2006–2015.	a firm's age, labor cost and industry concentration, as well as G.D.P. growth and inflation, have significant influence on a firm's profitability.
17	Amjad (2019)	determinants of profitability in commercial banks.	the analysis of bank profitability determinants in the private banking sector.	2010 and 2014 (five years).	there is no significant effect from each of the three above-mentioned variables on the rate of return on investment.
18	Mishra and Pradhan (2019)	Impact of Liquidity Management on	to explain the impact of liquidity management	10 banks, 2013-2017, regression model.	there is a significant negative effect of CDR and IDR on ROA.

		Profitability: An Empirical Analysis in Private Sector.	on the profitability of private sector.		
19	Thapa (2019)	a study on liquidity and profitability of commercial banks in Nepal.	to examine liquidity and profitability position of the sample commercial banks.	2 banks, 5 years data.	liquidity position of NABIL is not better than that EBL. NABIL has better to maintain of its liquidity position.
20	Kwadwo (2018)	determinants of bank profitability: A comparative study of Indian and Ghanaian banks.	examined the determinants of profitability of banks in India and Ghana.	10 banks, 7 years, Secondary data, regression model.	credit risk, net interest margin, capital adequacy and inflation were the most important factors that significantly affect profitability of banks in both Ghana and India.
21	Serwadda (2018)	determinants of commercial banks' Profitability.	to find out whether bank-specific (internal) factors impact on the profitability.	2000–2015, twenty-six commercial banks, panel regressions, descriptive statistics and correlation analysis.	that non-performing loans, overhead costs and liquidity had a significant negative impact on bank profitability as bank size had a significant positive impact on profitability.
22	Ali and Bilal (2018)	determinants of financial performance in the industrial firms: evidence from Jordan.	affecting the financial performance of the Jordanian manufacturing industrial firms.	2005-2015, Secondary data.	variables of liquidity, profitability & revenues are positively related with the return on assets (ROA).
23	Pandey (2018)	comparative study of liquidity management.	to examine the liquidity Position of sampled banks.	2 banks, 5 years data.	bank not efficiently utilizing the outsider's funds in extending credit for profit generating sectors.
24	Chantyal	examine the	examine the	2 banks, 5	liquidity profitability

	(2018)	liquidity and profitability position of the banks.	liquidity position of the banks, to analyze the profitability position.	years data.	position of banks are in fluctuating trend.
25	Islam et al. (2017)	determinants of profitability of commercial banks in Bangladesh.	To examine the profitability determinants of private commercial banks.	2014 and 2015, 11 bank, Multiple regression.	asset size and Net Interest Margin ratio had no significant effect on the profitability.
26	Anojan (2016)	determinants of profitability and their impact on financial performance.	to find out the significant impact of determinants of the profitability on financial performance.	2009/10 to 2013/14, listed manufacturing companies.	there is significant relationship among selected listed manufacturing company's capital structure, firm's growth, liquidity position and profitability.
27	Simkhada (2016)	examine the liquidity and profitability position of the banks.	examine the liquidity position of the banks, to analyze the profitability position.	2 banks, 5 years data.	banks are able to maintain adequate liquidity position to meet the short term or even instant obligations in that period.
28	Rahman, Hamid and Khan (2015)	determinants of bank profitability: empirical evidence from Bangladesh.	to investigate determinants of bank profitability.	25 commercial banks, 2006 to 2013.	capital strength (both regulatory capital and equity capital) and loan intensity has positive and significant impact on profitability.
29	Kunwar (2015)	Comparative analysis of liquidity management, deposit and investment position of the banks.	to analyze the liquidity management, deposit and investment position of the banks.	2 banks, 5 years data.	There is significant relationship between deposits and loan and advances and significant relationship between total deposit and total investment.

30	Sthapit and Maharjan (2012)	Impact of liquidity management on profitability.	to reveal the relationship between liquidity and profitability.	2 banks, 2003/04 and 2010/11, regression analysis with SPSS.	average liquidity ratios and profitability of both banks are not seems to be fluctuating but average variation in liquidity ratios.

2.4 Research Gap

Exploring the gap is the difference between what was done in the past and what is done now. The initial work done by scientists in the past has been very useful and appreciated by people in various fields. Comments and suggestions from previous researchers helped improve the topic and add necessary information. Although there are differences between the previous research and this research, the difference between the previous research and this research lies in the analysis of deductions that determine companies' interest rates and profits. Significant research has been conducted in the past to examine the earnings or profits of companies. To make this research different, the researcher tried to differentiate this research from previous research. Additionally, the researcher tried to use as many financial comparisons as possible to make a comparative analysis of his preferred Bank's decisions regarding interest rates and education benefits. There are no new academic researchers who have demonstrated the value and effectiveness of EBL, HBL, NABIL, NSBI and SCBNL in the context of Nepal's economic environment. Therefore, new information on the determination of bank interest rates and profits will be useful to researchers, financial institutions and the public interested in the organization. This study is based on ten-year data of selected companies and tries to achieve its purpose by analyzing secondary data. Therefore, previous studies on these topics need to be updated and validated as many changes have occurred in the banking sector in Nepal.

CHAPTER-III
RESEARCH METHODOLOGY

A research method is a method of solving a research problem. It refers to several successive steps of researchers in the process of examining problems for specific targets. Lists all science related projects. This chapter presents all the necessary steps that must be followed throughout the research project to achieve and achieve the research objectives. Without process, results will be misinterpreted. This section describes the methodology used in this study.

3.1 Research Design

Research design is a research plan and strategy designed to obtain answers to research questions and control variables. It is a report on the achievement of research objectives. Since this study is based on secondary data, a descriptive and comparative research design was adopted. Descriptive research designed to provide a better understanding of the current status of the financial sector in Nepal, such as total deposits, non-performing loans, ratio of cash and bank balances to total deposits, total product growth and inflation. Bank. It often involves identifying and collecting data, which is particularly useful for investigating relationships between variables and identifying patterns and patterns in data. Causal explanatory research, also known as descriptive research, aims to establish relationships between variables. It is used to analyze the profitability of trading companies in Nepal. Structural benchmarking is used to find the relationship between NIM (interest margin), ROA (return on assets) and ROE (return on equity) and divisional Bank specialties such as all deposits, real estate, stocks and peers. Macroeconomic variables such as gross domestic product and inflation.

3.2 Population and Sample, Sampling method

To examine the determinants of corporate income in Nepal and the relationship between bank-specific and macroeconomic conditions and interest rates of companies in Nepal, this study includes a sample of 5 (out of 20) companies in Nepal (April 3). 2080), data were collected from 2012/13 to 2021/22, with a total of 50 observations. There are many banks in Nepal. Some banks are included in the sample. For example, Everest Bank Limited, Himalayan Bank Limited, Nabil Bank Limited, SBI Bank Nepal Limited and Standard Chartered Bank Nepal Limited.

3.3 Nature and Sources of the Data, and the Instrument of Data Collection

This study is based on secondary data collected from 5 companies in Nepal over a period of 10 years from 2012/13 to 2021/22. Secondary data was obtained from Nepal Rastra Bank (NRB), Ministry of Finance (MOF) publications and websites, and annual reports of selected business companies. Data were collected from the successful and independent variables of the sample banks, and unique identifiers were used for each sampled bank so that the data could be easily identified and measured. In general, the study on changes in the banking sector and macroeconomic changes covers the period between the 2012/13 Fiscal Year and the 2021/22 Fiscal Year.

3.4 Methods of Analysis

This section discusses statistical and economic methods used to analyze secondary data. Descriptive, correlational and regression analysis will be used in the research. Statistical data includes the mean, standard deviation, minimum, and maximum values of the items used to describe the characteristics of the sample companies. Correlation analysis will be used to measure the direction and magnitude of the relationship between achievement and independence variables. Regression analysis will be used to analyze the impact of independent variables on variables alone and in combination with other variables. Significant difference tests, such as F tests, will be performed to validate the model and test horizontal regression. All samples were tested for individuals by performing a t test using the Statistical Package for the Social Sciences (SPSS 25).

3.4.1 Statistical Tools

Historical variance tools (e.g., standard deviation, coefficient of variation, correlation coefficient, regression analysis, coefficient of determination, estimated standard error, T-test) were used to ensure appropriate results for the sample in question. The tools used are discussed below.

1.Arithmetic mean

The arithmetic mean is the sum of all observations in the sample. The median is used to measure central tendency. In this study, it was used to obtain information about the profitability of sample banks in different years. The formula is:

Expected rate of return on average (X) = ΣX/n

Where,

X = variable

n = number of differences.

2. Standard Deviation

The measurement of the distribution of a set of graphical data relative to the mean is called dispersion. Standard deviation measures absolute dispersion. It is the positive square root of the mean square deviation and the arithmetic mean. It measures the dispersion from the mean of a group of data. The more dispersed the data distribution, the greater the bias. Standard deviation is calculated as the square root of the variation.

$$S.D(\sigma)=\sqrt{((\Sigma(X-\dot{X})\ ^2)/n)}$$

3. Correlation coefficient (r)

Correlation analysis is a statistical tool that describes the degree of close correlation between one variable and another variable. Its value is between -1 and +1. If two fixed variables change in the same direction, the coefficient value will be +1, which indicates a positive relationship. When the coefficient is -1, the difference of the two variables changes. The relationship is said to be entirely negative.

$$r = \frac{\sum xy - (\sum x)(\sum y)}{\sqrt{n(\sum x^2) - (\sum x)^2}\sqrt{n(\sum y^2) - (\sum y)^2}}$$

The value of 'r' is always between -1 and +1.

If r = 0, there is no relationship between the variables.

If r < 0, there is a negative correlation between variables. < br>If r > 0, there is a positive relationship between the variables.

This study analyzes the relationship between the following variables

a. Total Deposits (TD) and all other transactions.

b. Asset quality (NPL) and all other variables.

C. Liquidity (CBBBD) compared to other variables. D. GDP growth rate (GDP) and all other variables.

E. Inflation (I) and all other variables.

Coefficient of Determination (r2)

The coefficient of determination is the first way we measure the degree or strength of the relationship between two variables. In other words, it is a measure of the degree of linear relationship or correlation between two variables, one of which is the independent variable and the other the dependent variable. It measures the percentage of total variation in the variable explained by the independent variables. The coefficient of determination value can vary from 0 to +1. If the regression line is perfect, estimate r2 = +1. Therefore, when there is no relationship, the value of $r^2 = 0$.

I. Regression Analysis

Regression analysis is a set of statistical methods used to estimate the relationship between a dependent variable and one or more variables. The regression coefficient is a parameter that represents the relationship between independent variables when the effects of all other variables in the regression model are constant.

Y = a + b1X1 + b2X2 + b3X3 + b4X4 +b5X5+e

Multiple regression analysis

In this study, total deposit (TD), asset quality (NPL), liquidity (CBBBD), GDP growth rate were used. (GDP) and inflation (I) are explanatory variables, and net interest income (NIM), return on assets (ROA) and return on equity (ROE) will be used as variables. The following regression model will be used in this evaluation:

NIM = a + b1X1 + b2X2 + b3X3 + b4X4 +b5X5 + e..... (i)

ROA= a+b1X1 +b2X2+b3X3+b4X4+b5X5+e..... (ii)

ROE=a + b1X1 + b2X2 + b3X3 + b4X4 +b5X5+e..... (iii)

NIM=Net Interest Margin

ROA= Return on Asset Ratio

ROE = return on equity

a = regression constant.

b1 = TD variable regression coefficient

b2 = Unadjusted credit variable coefficient

b3 = CBBTD variable regression coefficient

b4 = GDP variable increase regression coefficient

b5 = I variable regression coefficient

X1 = Total deposits (TD)

X2 = Asset quality (NPL)

X3 = Liquidity (CBBBD)

X4 = GDP growth rate (GDP)

X5 = Inflation (I)

e = Error

Source: Nazir and Afza(2009)

The first model will measure the impact of inflation on the profitability of Nepal Commercial Bank where Net Margin Interest Rate (NIM) is the name of profit. The second model will measure the impact of companies' profits on profits in Nepal, where return on assets (ROA) is a proxy for where money comes in. Impact of profitability in Nepal where Return on equity (ROE) is the name of profitability.

3.5 Research framework and different concepts

According to the research purpose and by reviewing the literature, the following concepts were developed and the basic concepts and differences in the study were noted. The schematic diagram shown in Figure 3.5 below clearly shows the relationship between the independent variables of this study and the population where NIM, ROA and ROE are the variables of the study. This is when the independent variables are separated into bank specific and macroeconomic variables. Bank-specific variables, such as total deposits, refer to funds received by a bank; asset quality refers to non-performing loans for all loans, and income refers to total deposits divided by cash and bank balances divided by total assets. Macroeconomic variables are GDP growth rate and inflation rate.

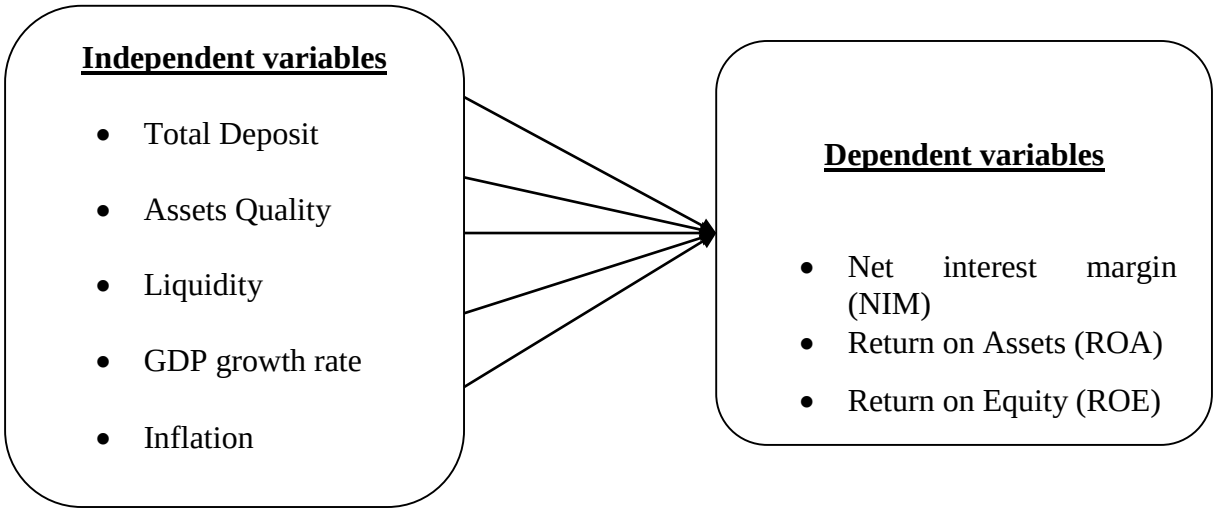

Figure 3.1 Conceptual Framework

Source: Evans (2017)

Conceptual architecture is an analytical tool with many different dimensions and concepts. It is defined as a broad set of ideas and principles taken from a field of research and used to develop subsequent representations. When stated clearly, conceptual models are useful as tools for research scaffolding and can therefore help researchers understand the significance of subsequent findings. The aim of this study is to explain the relationship between success and freedom and to explain the decisions of interest rates. It helps identify and define the focus and purpose of the research problem. The definition of each variable used in the study are as follows:

Independent Variables:

Total Deposits

Total Deposits refers to the total number of deposits made by a customer or account holder with a bank or financial institution. It represents all funds the insurance company has on behalf of its customers in various types of deposits, such as savings accounts, checking accounts, cash certificates of deposit (CDs), and money market funds. These deposits can come from individuals, businesses, organizations, or even government agencies. Customers deposit money into these accounts to provide security, earn interest, or carry out financial transactions. Banks use these funds to provide loans, investments and other banking activities.

Total deposits are an important indicator of bank stability and income. They show how much trust customers have in the bank and the bank's ability to meet their withdrawal needs. Banks also use all their deposits to finance their operations and loans.

Total deposit = demand deposit + time deposit

Asset Quality

The measure of asset quality is the ratio of non-performing loans to all loans. This example shows how the loan will be made or the customer will not be able to repay the loan and the bank will suffer a loss. Non-performing loans are considered as a percentage of total loans and advances.

Liquidity

Liquidity is measured by the ratio of cash and bank balance to total deposits (CBBTDR). CBBTDR refers to the ratio of cash held by banks to total deposits (Mishra and Pradhan, 2019). It is the ratio of the financial institution's loans to the deposits it receives. It shows how much money the financial institution has available to lend (an important role in banking). A higher ratio indicates there is more capital in the bank, resulting in better returns on new capital. Shrestha (2012) reported that the ratio of cash and bank balances to deposits has no impact on profitability. This ratio is calculated by dividing cash and bank balances by total deposits.

GDP Growth Rate

The world's gross domestic product is measured as a percentage of the growth rate and expressed as a percentage. Gross domestic product, commonly referred to as GDP, is an important economic indicator of a country's health. It measures the value of all goods and services produced in a country and is one of the most important figures for economists as it provides a complete reflection of the country's economy. We can track the performance of the economy by monitoring GDP growth. The increase in GDP this month compared to the previous quarter means that the economy is growing, which indicates that the economy is expanding and will be more profitable and stronger. For the country, a decrease in GDP for two consecutive quarters could lead to a recession. However, it should be noted that although the decline in GDP is a strong indicator of the economy, it

is not the only decision. Business authorities consider many other factors, such as employment, economic growth and trade, before announcing a business.

Inflation

The annual inflation rate is measured as the change in the Consumer Price Index (expressed as a percentage). Inflation is the rate of increase in prices over a certain period of time. Inflation is usually a broad measure such as overall inflation or the increase in the cost of living in a country.

Dependent Variables:

Net Interest Margin etc. Total Assets (NIM)

Net Interest Margin measures the difference between the interest a bank or other financial institution earns and the interest paid to borrowers relative to the value of its assets. Gross profit margin is similar to that of non-financial companies. Net interest is measured as the difference between income and interest divided by the percentage of total assets.

NIM= (Interest Income-Interest Expense)/ (Total Assets)

Return on Assets (ROA)

Shows after-tax income a s given in the Profit and Interest Table. Statement of Loss Ratio of a company's balance sheet to its total assets. A higher ratio indicates higher bank profitability and hence the strength of the bank (Sthapit and Maharjan, 2012). Although different indicators can be used to measure bank profitability, return on assets (ROA) given in the annual report of the bank model was used in this study.

Return on assets (ROA) is a financial ratio that measures a company's profitability and the efficiency with which it generates income from its assets. It shows how well the company uses its assets to generate profits. ROA is calculated by dividing a company's net income by its average assets. Net profit represents the company's income after deducting all expenses, including taxes and interest. And average total assets is the average value of all assets in a given period. Investors, analysts, and lenders often use ROA to measure a company's profitability and ability to generate income from its assets. It is often compared to industry standards and used as a benchmark to measure a company's performance over time or in comparison to competitors.

ROA = (Net profit)/(Total assets)

Return on Equity (ROE)

ROE indicates a bank's ability to use its money to generate profits. This is an indicator of how well the bank is using capital or making a profit. (Chuikh and Blagui, 2017). Return on equity shows how well the company uses its owners' resources. Earning a satisfactory return is the most desirable goal of the business because the majority of the shares or common stockholders are entitled to the remaining profits. Return on Equity is a measure of the profitability of one business relative to another's equity share. This is a simple test of the effectiveness of company management in using investors' money. All equity funds include additional funds, including income and savings, as well as insurance funds. ROE indicates whether management has increased the value of the company at its cost of ownership. Return on equity is calculated by dividing revenue by total equity. Return on equity is included in the formula below.

ROE=Net Income/Total Assets

3.6 Model Description

The econometric model adopted in this study attempts to analyze the specific and major impact of the bank on companies in Nepal using panel data. Economic Factors in Net Interest Margin. This study uses linear regression model to examine the impact of bank-specific and macroeconomic factors on interest rates of commercial banks in Nepal. The model used in this study assumes that NIM, ROA and ROE depend on different bank-specific and macroeconomic variables. The independent variables selected in this study are total deposits, asset quality, productivity, total domestic product and inflation. Therefore, the model uses the following formula:

NIM, ROA and ROE = (Total deposits, asset quality, Liquidity, Total assets and price appreciation).

CHAPTER-IV
RESULTS AND DISCUSSION

This is the most important part of this study. In this section, the collected data will be analyzed and presented mathematically. All of the above financial and statistical tools will be used to present the information. In this section, the researcher analyzed and interpreted important information about commercial companies based on the research mentioned in the previous section. Data analysis involves organizing, tabulating and evaluating the collected data.

4.1 Results

4.1.1 Descriptive Statistics of Variables

Table 1 describes the statistics for each variable used in the study. The table shows the financial performance of a bank consisting of total deposits (TD), return on assets (ROA), return on equity (ROE) and net interest income (NIM) for five decisions including non-performing loans. For example, (NPL), cash and bank balance to total deposits ratio (CBBTD), gross domestic product (GDP) and inflation. The results show the average performance of the bank. The description includes mean, minimum, maximum and standard deviation. Descriptive information of sample banks is shown in Table 4.1

Table 1

Descriptive Statistics of Variable

(TD- In Rs. thousands and others in %)

	N	Minimum	Maximum	Mean	Std. Deviation
TD	50	39466453	326222310	102798819	51772200
NPL	50	0.10	3.22	0.76	0.74
CBBTD	50	1.46	10.65	4.28	2.03
GDP	50	-2.37	8.98	4.49	3.25
Inflation	50	3.60	9.90	6.54	2.31
NIM	50	1.78	4.80	3.16	0.67
ROA	50	0.70	3.03	1.79	0.52
ROE	50	6.26	34.63	17.46	6.15

Source- SPSS Output appendi-1

Source: Annual Reports of Sample Banks 2012/13 to 2020/21(EBL, HBL, NSBI, SCBNL & NABL)

Descriptive information of the sample banks is shown in Table 1. The mean values of all micro variables examined for the sample banks are positive. Total bank deposits in Nepal are Rs. Average price is 102798819 thousand with minimum and maximum Rs. 394,664.53 thousand and 326,222,310 rupees respectively. The non-performing loan ratio of commercial banks varies between 0.10% and 3.22%, with an average non-performing loan ratio of 0.76% and a standard deviation of 0.74.

Among the total deposits of commercial enterprises, the lowest rate was 1.46 percent in cash and bank deposits, and the highest rate was 10.65 percent. The mean percentage and standard deviation are 2.03. Thus, the GDP growth rate of Nepal's macroeconomic variables during the study period was as low as -2.37% and as high as 8.98%. Average GDP growth is 4.49%. Inflation varies between 3.60 and 9.90. Nepal's average inflation rate is 6.54.

The average interest rate of commercial companies is 3.16. Likewise, the average return on assets of the sample banks is 1.78%. This shows that 1-rupee investment in the banking sector in Nepal will yield a return on investment of 1.78%. Similarly, the company's average return on equity is 17.46%.

4.1.2 Correlation Analysis

The purpose of correlation analysis is to analyze NIM, ROE and ROA to determine interest and profitability, which are considered independently in this study. Correlation analysis is often used to describe the degree of relationship between one variable and another variable. It helps determine whether the relationship is good or bad. A positive correlation means that an increase in the value of one variable causes an increase in the value of the other variable; negative correlation means that an increase in the value of one variable decreases the value of the other variable; that is, the value of three variables increases. variables are in opposite directions.

Table 2

Correlations Matrix

	TD	NPL	CBBTD	GDP	Inflation	NIM	ROA	ROE
TD	1							
NPL	.024	1						
CBBTD	-.315*	-.406**	1					
GDP	-.047	-.051	.071	1				
Inflation	-.426**	.334*	.096	-.427**	1			
NIM	-.479**	.154	.094	.213	.309*	1		
ROA	-.421**	.058	.000	.230	.192	.817**	1	
ROE	-.506**	.251	.195	.027	.618**	.727**	.754**	1

*. Correlation is significant at the 0.05 level (2-tailed).

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

Source- SPSS Output

Source: Annual Reports of Sample Banks 2012/13 to 2020/21(EBL, HBL, NSBI, SCBNL & NABL)

Table 2 presents the results of the correlation analysis between the variables EBL, HBL, NABIL, NSBI and SCBNL. All deposits and interest rates are negatively affected. Non-performing loans, bank loans and total deposits, international stocks and inflation show positive correlation with NIM. The relationship between EBL, HBL, NABIL, NSBI and SCBNL is 0.154, 0.094, 0.213 and 0.309.

The ratio of total deposits, non-performing loans, bank balances to total deposits, total assets, inflation and returns on assets of EBL, HBL, NABIL, NSBI and SCBNL are -0.421, 0.058 and 0.00, 0.23 and 0.192 respectively. The results show that the correlation coefficient between total deposits and return on assets is negative and significant. Similarly, it is beneficial in terms of return on assets, non-performing loans, home equity and inflation.

The result shows that there is a negative and significant relationship at 5 percentage level of significance of total deposit with return on equity ratio in EBL, HBL, NABIL, NSBI and SCBNL. The value of correlation coefficients of non-performing loan ratio, cash and bank balance to total deposit, gross domestic product rate and inflation with return on equity is 0.251, 0.195, 0.027, 0.618 respectively. Likewise, the correlation of total deposit with ROE is negative and significant.

4.1.3 Regression Analysis

The regression model considers two profitability ratios, ROA and ROE, and the net interest margin NIM, which depends on 5 independent variables: total deposits, loans unemployment, cash and bank accounts as a fraction of all deposits, all domestic. Supply and inflation.

All Variables Regression (NIM)

Table 3

ANOVA-NIM

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.331	5	1.466	4.376	.003[b]
	Residual	14.742	44	.335		
	Total	22.073	49			

a. Dependent Variable: NIM

b. Predictors: (Constant), inflation, CBBTD, GDP, TD, NPL

Source- SPSS Output

Source: Annual Reports of Sample Banks 2012/13 to 2020/21(EBL, HBL, NSBI, SCBNL & NABL)

The F statistic is used to evaluate the goodness of fit of the model; F = 4.376 corresponds to a p value of 0.003. Since the P value is less than 0.05 (significance level), it is considered that there is a significant effect on the results. The regression sum of squares is the sum of squares of the deviations from the line of best fit for each observed variable, the residual of squares is the sum of squares of deviations not explained by the model, and the sum of squares is the sum of squares of the observed variables. deviations explained and unexplained by the regression model. The regression model has 5 degrees of freedom (df), corresponding to the number of independent variables (TD, TGA, CBBBD, GDP and inflation), the total degrees of freedom is 49, corresponding to the answer of minus 5, and the remaining degrees of freedom are 44 (49-5). The F statistic is the ratio of the mean sum of squares to the remaining sum of squares.

Table 4

Model Summary- NIM

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.576[a]	.332	.256	.57882

a. Predictors: (Constant), inflation, CBBTD, GDP, TD, NPL

Source-SPSS Output

Source: Annual Reports of Sample Banks 2012/13 to 2020/21(EBL, HBL, NSBI, SCBNL & NABL)

Table 4 shows that the multiple correlation coefficient R, which represents a good estimate of the independent variables of the variable, is 0.576. This is a good indicator because it shows that there is a relationship. R-square (coefficient of determination) shows that the 5 independent variables in the model explain 33.2% of the bank sample. The adjusted R2 value shows that 25.60% of the variance of the variable (i.e. interest rate) is explained by the explanation (i.e. total deposits, non-performing loans, cash and bank deposits, total deposits, GDP and inflation).

Table 5

Regression Coefficient- NIM

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.848	.560		5.083	.001
	TD	-4.726	.000	-.365	-2.448	.018
	NPL	.066	.138	.073	.483	.631
	CBBTD	-.013	.048	-.040	-.272	.787
	GDP	.065	.030	.316	2.176	.035
	Inflation	.078	.051	.268	1.532	.133

a. Dependent Variable: NIM

Source-SPSS Output

Source: Annual Reports of Sample Banks 2012/13 to 2020/21(EBL, HBL, NSBI, SCBNL & NABL)

It can be seen from Table 5 that the negative β coefficients of TD and CBBTD indicate that TD and CBBTD have a negative impact on interest rates, while the positive β coefficients of TGA, GPD and inflation indicate that GPD and inflation have a positive impact. net interest.

All Variables Regression (ROA)

Table 6

ANOVA- ROA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.490	5	.698	3.169	.016[b]
	Residual	9.691	44	.220		
	Total	13.181	49			

a. Dependent Variable: ROA

b. Predictors: (Constant), inflation, CBBTD, GDP, TD, NPL

Source-SPSS Output

Source: Annual Reports of Sample Banks 2012/13 to 2020/21(EBL, HBL, NSBI, SCBNL & NABL)

Table 6 shows that the F-statistic value is 3.169 and the significance level is less than 5 percent. It can be concluded that total deposits, non-performing loans, cash and bank deposits within total deposits, total domestic product and inflation are beneficial for return on assets of companies in Nepal. The regression model has 5 degrees of freedom (df) corresponding to the number of independent variables (TD, TGA, CBBBD, GDP and inflation), with a total of 49 degrees of freedom corresponding to the answer minus 5, and the remaining degrees of freedom are 44 (49-5). The F statistic is the ratio of the mean sum of squares to the remaining sum of squares.

Table 7

Model Summary- ROA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.515[a]	.265	.181	.46932

a. Predictors: (Constant), inflation, CBBTD, GDP, TD, NPL

Source- SPSS Output

Source: Annual Reports of Sample Banks 2012/13 to 2020/21(EBL, HBL, NSBI, SCBNL & NABL)

Table 7 shows that the multiple correlation coefficient R, which represents a good estimate of the independent variables of the variable, is 0.515; This is a good indicator as it shows that you have a good relationship. R-square (coefficient of determination) shows that the 5 independent variables in the model explain 26.5% of the bank sample. The adjusted R2 value shows that 18.1% of the variance in the variable (i.e. return on assets) is explained by the explanatory variables (i.e. total deposits, non-performing loans, total deposits, cash and bank deposits label for GDP and inflation).

Table 8

Regression Coefficient- ROA

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.892	.454		4.166	.001
	TD	-3.786	.000	-.378	-2.419	.020
	NPL	-.041	.112	-.058	-.366	.716
	CBBTD	-.047	.039	-.183	-1.199	.237
	GDP	.049	.024	.307	2.016	.050
	Inflation	.045	.041	.200	1.088	.282

a. Dependent Variable: ROA

Source- SPSS Outpu

Source: Annual Reports of Sample Banks 2012/13 to 2020/21(EBL, HBL, NSBI, SCBNL & NABL)

Table 8 shows that GPD and inflation (0.047, 0.045) have a positive impact on ROA, TD, NPL and CBBTD have a negative impact on ROA (-3.786, -0.041, 0.047) and ROA with tag total deposits It shows its impact on GDP. or in this model the value of GDP and TD are less than 5 percentage points, so they are significant in ROA.

All Variables Regression (ROE)

Table 9

ANOVA- ROE

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	982.917	5	196.583	9.928	<.001[b]
	Residual	871.276	44	19.802		
	Total	1854.193	49			

a. Dependent Variable: ROE

b. Predictors: (Constant), inflation, CBBTD, GDP, TD, NPL

Source- SPSS Output

Source: Annual Reports of Sample Banks 2012/13 to 2020/21(EBL, HBL, NSBI, SCBNL & NABL)

The F value clearly shows that the model is not significant at the non-significant 5% level (0.9928>0.05). Therefore, the impact of total deposits, non-performing loans, cash and bank balances on total deposits, total stock value and inflation return on equity is not significant. The regression model has 5 degrees of freedom (df), corresponding to the number of independent variables (TD, TGA, CBBBD, GDP and inflation), the total degrees of freedom is 49, corresponding to the answer of minus 5, and the remaining degrees of freedom are 44 (49-5). The F statistic is the ratio of the mean sum of squares to the remaining sum of squares.

Table 10

Model Summary- ROE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.728[a]	.530	.477	4.44991

a. Predictors: (Constant), inflation, CBBTD, GDP, TD, NPL

Source- SPSS Output

Source: Annual Reports of Sample Banks 2012/13 to 2020/21(EBL, HBL, NSBI, SCBNL & NABL)

Table 10 shows that the multiple correlation coefficient R, which represents a good estimate of the independent variables of the variable, is 0.728. This is a good indicator because it shows that there is a relationship. R-square (coefficient of determination) shows that the 5 variables in the model explain 53% of the bank sample. The adjusted R2 value shows that 47.7% of the variance of the variable (i.e. return on equity) is accounted for by the disclosure (i.e. total deposits, all deposits, non-performing loans, cash and bank deposits for GDP and inflation).

Table 11

Regression Coefficient- ROE

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.358	4.307		1.244	.220
	TD	-2.507	.000	-.211	-1.689	.098
	NPL	.904	1.057	.109	.855	.397
	CBBTD	.288	.370	.095	.779	.440
	GDP	.514	.231	.272	2.228	.031
	Inflation	1.597	.391	.599	4.085	.001

a. Dependent Variable: ROE

Source- SPSS Output

Source: Annual Reports of Sample Banks 2012/13 to 2020/21(EBL, HBL, NSBI, SCBNL & NABL)

As can be seen from Table 11, the negative β coefficient of TD shows that there is a negative impact on interest rates, while the positive β coefficient of CBBTD, GPD and inflation shows that GDP and inflation cost have a positive impact on ROE. Therefore, there is a positive relationship between GDP (0.031< 0.5) and ROE. The independent variables consist of total deposits, non-performing loans, cash and bank deposits, total deposits are 0.098, 0.397 and 0.440 respectively, and the return on justice is insignificant.

4.2 Discussion

Finance is one of the most important factors of a country's economic development. The main role of banks is to absorb excess deposits and existing loans from their deficit areas. It plays an important role in terms of financial support. It develops the country's entrepreneurs by providing financial assistance to new ventures, thus contributing to the overall development of the country. Additionally, banks also attach importance to social welfare activities and provide financial and non-financial support in terms of corporate social responsibility (CSR).

The purpose of this study is to determine the determinants of profits of commercial enterprises in Nepal. The results are based on secondary data collected by the three companies between 2012/13 and 2020/21. This study helps to analyze the total deposits, failure rate, ratio of cash and bank accounts to total deposits and revenues of companies minted in Nepal. The sample is drawn from 50 observations. The study is based on secondary data collected from various bank websites and NRB website. In this study, we set five independent variables namely TD, NPL, CBBTD, GDP and inflation and three variables such as NIM, ROA and ROE to measure the performance of the company.

By comparing these findings with other literature such as Thapa (2019), Chantyal (2018), Khadka (2017), Simkhada (2016), it can be seen that there is consistency from loan to deposit. Rate fluctuations, the ratio of cash and bank deposits to total deposits in the sample, indicate the volatility arising from cash and bank deposit transfers. Similarly, in all tests, the standard bank asset return is below 2%, and other profitability ratios also follow a fluctuating course.

According to the summary of Khati (2020) and Sthapit and Maharjan (2012), the correlation coefficients of loan and deposit rates and cash and bank balance for all deposits are negatively related to return on equity, which is a result > . It is worth noting that the ratio of cash and bank deposits to total deposits has little impact on the return on assets of commercial banks in Nepal. Although these results are contrary to the findings of Magar (2022), they are consistent with the findings of Musa Gurung and Gurung (2022). All deposits and interest rates are negatively affected. Non-performing loans, cash and bank balances and total deposits, international equities and inflation are significant

contributors to NIM. The results are consistent with Neupane (2020) and go back to Serwadda (2018) results.

Both negative and positive correlations between total deposits and GDP are related to interest rates. This result is consistent with Kunwar (2015). The results show that the correlation coefficient between total deposits and GDP is negatively correlated, while return on assets (ROA) is positively correlated. Likewise, the return on non-performing assets is related to the NPL ratio, the share of cash and bank balances in total deposits, and inflation. This result is similar to Amjad (2019). Total deposits and inflation rate are positively related to ROE. This is consistent with the results of Yan et al. (2022).

CHAPTER –V
SUMMARY AND CONCLUSION

5.1 Summary

The banking sector acts as an intermediary between borrowers and lenders, reducing transaction costs and ultimately promoting economic growth. Liquidity and profitability are both essential and important aspects of doing business. No company can survive without liquidity. An unprofitable company may be considered sick, but an unprofitable company will soon die. Therefore, financial management has become an important and pervasive element in determining the functioning of the company. The main objective of this study is to analyze the interest rate and profitability of Everest Bank Limited (EBL), Himalayan Bank Limited (HBL), Nabil Bank Limited (NABIL), Nepal SBI Bank Limited (NSBI) and Standard Chartered Bank Determinant Nepal Limited. (SCBNL). To achieve the targets, different financial instruments are analyzed such as cash and bank accounts for total deposits, non-performing loans, inflation, GDP growth, interest rates, return on equity and return on total assets.

The first section explains the background of the research, problem statements, research objectives, research hypotheses and research limitations. Chapter 2 assists the researcher by providing information on conceptual analysis and research analysis at home and abroad. Chapter 2 contains a theoretical analysis and a brief review of the existing literature. It includes discussion of relevant documents such as previous papers, journals, articles and reports in the empirical and theoretical analysis of the research.

Chapter 3 includes the research methods used in the study. This includes research design, nature and sources of data, research-based methods of data collection and analysis, and description and interpretation of instruments. Chapter 4 describes the research methodology and performs data analysis. The main task of this chapter is to compare EBL, HBL, NABIL NSBI and SCBNL in financial and secondary data analysis. It will also introduce the important discussion of the study. Chapter 5 is a brief summary of all research papers and their results.

5.2 Conclusion

This article examines the determinants of profits of companies in Nepal. A multiple regression model was used for the analysis, using return on equity, return on assets, and interest rate as variables representing profits and total deposits, non-performing loans, GDP, and inflation as independent variables representing outcomes. The analysis shows that Nepalese banks have a high ratio and deposits are the largest source of profit. More than 40% of bank revenues (measured by return on equity) are estimated through accounting for differences. It leaves room for future research to analyze the importance of profit decision taking into account both banks and specific sectors such as other banks, development funds and corporate finance. Extension and conclusions are the use of different types of tools and methods. Based on the analysis and interpretation of the data, the following conclusions were drawn. Statistical data on sample banks show that the mean values of micro variables of sample banks are positive.

The correlation coefficient between total deposits and asset return is negative and significant. Similarly, it is beneficial in terms of return on assets, non-performing loans, home equity and inflation. All deposits and interest rates are negatively affected. Non-performing loans, bank balances and total deposits, total home equity and inflation are positively related to interest rates. All deposits, non-performing loans, cash and bank deposits and all deposits, all domestic products and inflation are less likely to affect the product value of Nepal Commercial Banks. The correlation coefficient between total deposits and return on equity is negative and significant.

The beta coefficients of the regression coefficients of TD and CBBTD are negative, indicating that TD and CBBTD have a negative effect on NIM; The beta coefficients of NPLs GDP and inflation are positive, indicating that GDP and inflation have a positive correlation. coup. It affects Southeast Asia. GPD and inflation have a positive effect on ROA, TD, TGA and CBBTD have a negative effect on ROA, total deposits and GDP have an effect on ROA, the effect of GDP and TD is less than 5 percentage points of the value of ROA. Therefore, the negative β coefficient of TD indicates a negative impact on NIM, while the positive β coefficient of CBBTD, GPD and inflation indicates a negative impact on NIM. GDP is strongly correlated with ROE. Likewise, all deposits. In Nepal,

non-performing loans, cash and bank balances depositing all domestic products, and inflation have negatively affected the return on equity of these companies.

5.3 Implications

This study examines the determinants of interest rates and profitability of commercial banks in Nepal. It is hoped that the findings presented will be useful to researchers and the banking industry. Additionally, the findings and conclusions of this study also provide important information for bank management, investors, stakeholders, regulators, financial analysts, economists, or others involved in location-related decision-making. There is still plenty of data, models and methods for research in the coming days. This study also has an adequate basis for further research such as:

 Future research can be done by selecting other financial institutions such as commercial companies, development banks and financial institutions and have a general understanding of its implications. income.

 Only secondary data was used as an example in this study. It is recommended that researchers create models to reach results more easily using old data.

This study provides some opportunities for future research by considering some secondary data on other variables such as size, income or employment. in objective testing. This study focuses on the determinants of profitability. Therefore, it is important to understand what creates value. Future research may consider other factors responsible for the results, such as primary data collection.

In future research, a detailed analysis of the content, design, and implementation of each business education program will go through the current study. There may be earlier differences in banking business models. Therefore, future research can be done by checking for differences the first time. Future studies and further analyzes using more than five commercial banks are needed to evaluate the overall impact of banks using different outcome rankings.

 This study focuses on the impact of total deposits, asset quality, stock quality, domestic product and inflation on income, that is, return on assets, return on assets and interest. However, research has not focused on the relationship between employee satisfaction and employee retention. Further research will investigate the relationship between the two building blocks.

 Total deposits of commercial banks grew during the study period. Therefore, it is recommended that every model in the bank keep an increase so that it can directly generate income for the benefit of the company.

 Profitability such as bank interest rate, ROA and ROE are all showing an upward trend. For this reason, all banks are told that in order for the bank to become more profitable, it must reduce operating costs by increasing the performance of its employees.

 Finally, this study examines the impact of total asset deposits, non-performing loans, cash and bank deposits on the profitability (NIM, ROA and ROE) of private sector companies in Nepal. The researchers recommend future researchers to include the impact of inflation-related macroeconomic variables such as GDP, government policies and policies to obtain good results.

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