

**COMPARATIVE STUDY ON DEPOSIT MOBILIZATION OF NEPAL BANK  
LIMITED & HIMALAYAN BANK LIMITED**

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial  
fulfillment of the requirements for the Master's Degree

By

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## **CERTIFICATION OF AUTHORSHIP**

I certify that the work in the thesis has not previously been submitted for a degree nor has it been submitted as part of requirement for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me under the supervision of Lect. Dr. Udaya Kishor Tiwari. Any help that I have received in my research work and the presentation of the thesis itself has been acknowledged. In addition, I certify that all information source and literature used are indicate in the reference section of thesis.

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## REPORT OF RESEARCH COMMITTEE

Ms. Solina Limbu has defended research proposal entitled “**Comparative Study on Deposit Mobilization of Nepal Bank Limited and Himalayan Bank Limited**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Lect. Dr. Udaya Kishor Tiwari and submit the thesis for evaluation and viva voce examination.

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We, the undersigned, have examined the thesis entitled **Comparative Study on Deposit Mobilization of Nepal Bank Limited and Himalayan Bank Limited** by **Solina Limbu** a candidate for the degree of **Master of Business Studies (MBS)** and conducted the Viva-Voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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## ABBREVIATIONS

ATM	Automated Teller Machine
CV	Coefficient of Variation
HBL	Himalayan Bank Limited
NBL	Nepal Bank Limited
NEPSE	Nepal Stock Exchange
NRB	Nepal Rastra Bank
P. E.	Probable Error
PIN	Personal Identification Number
ROA	Return on Assets
ROE	Return on Equity
SD	Standard Deviation

## ABSTRACT

*This study is about to the comparative study on deposit mobilization of Nepal Bank Limited and Himalayan Bank Limited. Deposit mobilization is the process of public cash or funds accumulation by the financial institutes via its different roots, for instance, savings, current, fixed deposit accounts and other specialized schemes. The main objective of this study is to analyze the trend of deposit mobilization Nepal Bank Limited and Himalayan Bank Limited, to examine the deposit pattern of deposit Nepal Bank Limited and Himalayan Bank Limited. For this purpose, two banks are selected as sample size of the study during 2015/16 – 2019/20. The main sources of data were the secondary data. The tools used on the study are statistical tools, which are Arithmetic Mean, Standard Deviation and coefficient of variation. And also used on the study is correlation analysis and probable error analysis.*

*The findings of the study show, the total deposits and loan and advance have increasing trend to all selected banks. The investment of both banks have fluctuating trend. The correlation coefficient between total deposits and loan and advance found that there is positive correlation of NBL and HBL. Correlation between deposit and investment of both banks are also found that it is positive. The total deposits have increasing trend to all selected banks and total margin deposits have fluctuating trend. The study found that the both banks of total saving deposit have been increasing trend. The condition of fixed deposits is fluctuating trend of NBL and HBL. The performing loan of NBL and HBL has increasing year by year and the non-performing loan of Nepal Bank limited and Himalayan Bank Limited has fluctuating. The total investment has fluctuating trend of both banks.*

**Keywords :** Deposit Mobilization, Deposit Commercial Banks

# CHAPTER-I

## INTRODUCTION

### 1.1 Background of the study

The word 'bank' issued sense of a commercial bank. It is of Germanic origin the some persons trace its origin to the French word 'Banqui' and the Italian word 'Banca'. It referred to a bench for keeping, lending, and exchanging of money or coins in the market place by money lender and money changer. There was no such word as 'banking' before 1640, although the practice of self-keeping and savings flourished in the temple of Babylon as early as 2000 B.C. Chanakya in his Arthashastrawritten in about 300 B.C. mentioned about the existence of powerful guilds of Merchant bankers who received deposits, and advanced loans and issued hundis (letters of transfer). The jain scriptures mention the names of two bankers who built the famous dilware templates of Mount abu during 1197 and 1247 A.D. The first bank called the 'Bank of venice'. Was established in Venice Italy in 1157 to finance the monareh in his wars. The bankers of lombardy were famous in England. But modern banking began with the English goldsmiths only after 1640. The first of India was the 'Bank of Hindustan started in 1770 by Alexander & company an English agency house in Calcutta which failed in 1782 with the elosures of the agency house. But the first in the modern sense was established in the Bengal presidency as the Bank of Bengal in 1806.

The story of banking in Nepal date back to the year 1937 A.D with the establishment of Nepal Bank Limited as the first commercial bank in Nepal. It was established as a semi-government bank with METALLIC COINS worth NRs. 10 million as the authorized capital. Banknotes in Nepal weren't introduced up until the mid-1940s. It was in the year 1947 that the earliest banknotes were issued by the treasury "SadarMulukiKhana". These notes were signed by a "Khanjanchi" the head of the treasury who also was a high Hindu priest. Later in year 1955, Nepal Rastra Bank Act was formulated for a better banking system and Nepal Rastra Bank was established in 1956 as the central bank of Nepal according. After this date, the banknotes were issued by the central bank with signatures of the governors of the institution. Till the 1980s the banking sector was wholly owned by the government with ADBL, RBB, NBL and NRB being the pillars of financial institution in Nepal. 1984 saw the start of

the private banking industry with the establishment of Nabil Bank and the introduction of foreign banks such as the Nepal Grindlays. The banking sector in Nepal has faced many hurdles and hindrances.

It has undergone various political conflicts and instability. But today it stands more liberalized and modernized. there are various types of banks working in the modern banking sector includes 27 commercial banks, 20 development banks, 22 finance companies, 85 microfinance institutions. Due to the absence of the central bank, and operate the function of central bank. Hence, the Nepal Rastra Bank Act 1955 was formulated, which was approved by Nepal Rastra Bank was established in 1956 A. D as the central bank of Nepal. Nepal Rastra Bank makes various guidelines for the banking sector of the country. A sound banking system is important for smooth development of banking system. It can play a key role in the economy. It gathers savings from all over the country and provides liquidity for industry and trade. In 1957 A. D. industry development bank was established to promote the industrialization in Nepal, which was later converted into Nepal Industrial Development Corporation (NIDC) in 1959 A. D. As the Agricultural is the basic occupation of major Nepalese, the development of this sector plays in the prime role in the economy.

So, separate Agricultural Development Bank was established in 1968 A. D. This is the first institution in agricultural financing. Today, the banking sector is more liberalized and modernized and systematic managed. There are various types of bank working in modern banking system in Nepal. Technology is changing day by day. And changed technology affects the traditional method of the service of bank. Banking software, ATM, Internet banking, E-banking, Mobile banking, Debit card, Credit card, prepaid card, ABBS service, Remittance, SWIFT etc. Services are available in banking system in Nepal. It helps both customer and banks to operate and conduct activities more efficiently and effectively.

Deposit mobilization is one of the crucial functions of a conventional financial institution or banks to satisfied one of the requirements of a "banking business" i. e. Sourcing of funds or borrowing money from customer. Banks mobilize deposits by making finances and by investing in various financial markets. Basically deposit mobilization is related to the creation of credits. The banks would have special

companies. Deposit mobilization is one of the essential tools for the economic development of an underdeveloped and developing countries rather than the developed countries. It is because the developed countries deposit collection developed capital market in every sector.

Mobilization of deposits is one of the important functions of banking business. It is an important source of working fund for the bank. Deposit mobilization is an indispensable factor to increase the sources of the banks to serve effectively. Mobilization of deposit plays an important role in providing satisfactory service to different sectors of the economy. The success of the banking greatly lies on the deposit mobilization. Performances of the bank depend on deposits, as the deposits are normally considered as a cost effective sources of working fund. There are different types of deposits, with different maturity pattern earning different rates of interests. Deposit mobilization is depending on the cost of deposits. Mobilization of deposit for a bank is essential as oxygen for human being. To enhance profitability, Banks take step to minimize the expenditure and are forced to mobilize low cost deposits (Sylvester, 2011).

Nepal Bank Limited (NBL) the first bank of Nepal was established in the November 15, 1937(Kartik 30, 1994). It was formed under the principle of joint between government and general public. NBL's authorized capital was Rs.10 million and issued capital Rs.2.5 million of which paid up capital was Rs.842 thousand with 10 shareholders. The Bank has been providing banking through its branch office in the different geographical location of the country. Nepal Bank Limited was established as a result of need call from governmental side. In lack of proper financial institution, development and economic progress of the country was being effected the oldest bank of Nepal, NBL has crossed milestone of 75 years in November 15, 2011. The bank has been providing a boost to the economic operation of the country.

Himalayan Bank limited (HBL) is one of the largest private Bank of Nepal. The bank was incorporated in 1992 by a few eminent individuals of Nepal in partnership with the employee's provident fund and Habib bank limited of Pakistan. The bank commenced its operation in January 1993. Himalayan bank is also the first commercial bank of Nepal with most of its share held by the private sector of Nepal. Besides commercial banking service with its head and corporate office of Kamaladi,

Kathmandu, the bank has 44 branches. Eighteen branch of its branch are located insides the Kathmandu valley while the rest are spread across the nation (Kathmandu valley comprise Kathmandu Lalitpur&Bhaktapur Districts). Besides, a branch looking exclusively at electronic cards and related products is based in Patan, Lalitpur.

## **1.2 Statement of problem**

Several studies has been conducted in this field by different research institution and scholars but most of the studies do other commercials banks out of 27 banks but I would like to do study in Nepal bank limited comparatives study on deposit mobilization. its comparison is authenticate and relevant because NBL is first government sector commercial bank which was established on Kartik 30, 1994 B.S. and Himalayan bank limited was established on January 18, 1993.

The study has been following research questions.

1. What is the trend of deposit mobilization of Nepal bank limited & Himalayan bank limited?
2. What is the relationship between total deposit, loan & advance and investment of NBL & HBL?
3. What is the pattern of deposit mobilization of Nepal bank limited & Himalayan bank limited?

## **1.3 Objective of the study**

The main objectives of the study to find out the difference in deposit mobilization of Nepal Bank Limited and Himalayan Bank Limited. Thus, the specific objectives of research are as follows.

1. To analyze the trend of deposit mobilization towards loan & advance and investment of Nepal Bank Limited and Himalayan Bank Limited.
2. To find out relationship between total deposit, loan & advance and investment of NBL & HBL.
3. To examine the deposit mobilization pattern of Nepal Bank Limited and Himalayan Bank Limited.

#### **1.4 Significance of the study**

Main source of income of commercial bank is deposit from customer. Bank collects the cash from customer at most 80% to 90%. If bank has sufficient balance, then bank can do easily mobilized the deposit. This study may be useful to some extent for the researcher, students and for those who want to carry out further study. Similarly, this study may be fruitful to planners, policy makers, social workers and others who are interested to study on deposit mobilization.

#### **1.5 Limitations of the study**

This study is subject to some constraints. The main focus of the study is to point out the financial position of banking sectors, particularly Nepal Bank Limited, and Himalayan Bank Limited. In Nepal preparation of multiple financial statements are very much common practices in private sectors, hence the findings and conclusions based on the available financial statements may not be perfectly correct and accurate in reality. Following are the major limitations of the study:

1. The research design and analysis used on the study are based on the secondary data which covers the periods of last five fiscal years.
2. Time and resource constraints have limited the area covered by the study, hence out of 27 commercial banks only Nepal Bank Limited and Himalayan Bank Limited are included on the study.
3. The accuracy of the research work is dependent on the data provided by the concerned banks and financial institutions.
4. The study is based on arithmetic mean, standard deviation, coefficient of variation, correlation analysis and probable error analysis method of analysis.
5. This study covers the recent data and information of 5 years beginning from 2015/16 to 2019/20.

#### **1.6 Chapter plan**

This research is divided into following five chapters.

**Chapter 1: Introduction**

This chapter shows the background of the study, purpose, and significant of the study, limitations of the study and organizational of the study.

**Chapter 2: Literature review**

It concluded the conceptual review of relevant study including review of previous published and unpublished research work, article, and journals. It includes theoretical and research review of related study by difference researchers and research gap.

**Chapter 3: Research methodology**

It shows the adopted method used for research. On the nature of the research study financial and statistical tools are used for analysis of present data.

**Chapter 4: Results**

This chapter presents and analysis the data obtained during the study different tools and techniques of data analysis have been taken for the purpose of analysis of data. This is the major part of study.

**Chapter 5: Conclusion**

This chapter includes the summary, conclusion and recommendation of the study. It also provides the suggestion to organization.

## **CHAPTER-II**

### **LITERATURE REVIEW**

In this chapter relevant study has been made to know the findings of other researchers and authors related to deposit mobilization of commercial banks in Nepal. Every possible effort has been made to grasp knowledge and information that is available from libraries and the documents available from relevant literatures and concerned commercial banks have been reviewed. This chapter helps to take adequate feedback to broaden the information base and inputs to may study. The chapter has been organized into four sub chapters as conceptual review, review of journal and articles, review of previous thesis and research gap.

#### **2.1 Conceptual Review**

Under this heading the concept of the bank and banking transaction are described after reading the available books.

##### **2.1.1 Modern Banking in Nepal**

Nepal Bank Ltd is the first modern bank of Nepal. It is taken as the milestone of modern banking of the country and was established in 1994 B. S. From the beginning it has rendered the following services to the customers:-

- a) Accept deposit.
- b) Extend loan.
- c) Render customer-related service i.e. issue of bill of exchange, hundies.
- d) Invest in government bonds and securities.
- e) Perform agency function.
- f) Act as banker of the government.

Until Mid-1940s. Only metallic coins were used as medium of exchange. So, the Government of Nepal felt the need of separate institution or body to issue national currencies and promote financial organization in the country. Hence, the NRB Act 1955 was formulated. According, Nepal Rastra Bank was established in 2013 B.S. as a central bank of Nepal.

A sound banking system is important for smooth development of banking system. It can play a key role in the economy. It gathers saving from all over the country and provides liquidity for industry and trade (Singh, 2063:13). In 2014 B.S. Industrial Development Bank was establishment to promote the industrialization in Nepal, which was later converted into Nepal Industrial Development Corporation (NIDC) in 2016 B.S.

RastriyaBanijya Bank was established in 2022 B. S., as the second commercial bank of Nepal. The financial shapes of these two commercial banks have a tremendous impact on the economy. That is the reason why these banks still exist in spite of their bad position.

As the agriculture is the basic occupation of major Nepalese, the development of this sector plays the prime role in the economy. So, separate Agricultural Development Bank was established in 2024 B.S. This is the first institution in agricultural financing.

After that for more than two decades, no more banks have been established in the country. Only after declaring free economy and privatization policy, Government of Nepal encouraged the foreign banks for joints venture in Nepal. As a result, Nepal Arab Bank Ltd. (NABIL) was establishment in 2041 B. S. This is the first modern bank with latest banking technology.

Then lots of commercial banks have been opened in the country. Nepal Indosuez Bank was established in 2042 B. S. As a private joint venture bank. Nepal Grindlays Bank was established as a joint venture between ANZ Grindlays and Nepal Bank Ltd. This bank is now known as Standard Chartered Bank since July 2001. The growth of modern banking has started only after the opening of Nepal Indosuez Bank and Nepal Grindlays Bank. In 2049 B. S. Himalayan Bank Ltd. was established with a joint venture with Habib Bank of Pakistan. It started its operation with paid-up capital of Rs.60 millions. Nepal SBI Bank Ltd. Is a joint venture between Employees Provident Fund and State Bank of India which was established in 2050 B. S. The State Bank of India holds 50% of the equity. Nepal Bangladesh Bank was established in 2051 B. S. in technical collaboration with IFIC Bank Ltd. of Bangladesh. After that Everest Bank Ltd. started its operation in 2051 B. S. It entered into joint venture with Punjab National Bank of India (PNB). PNB holds 20% equity stakes in the banks. Bank of

Kathmandu was established with a joint venture with Siam Commercial Bank of Thailand. Nepal Bank of Ceylon is a joint venture with a leading bank of Sri Lanka. Lumbini Bank was established in the year 2055 B. S. in Narayangadh. This is the first regional bank of Nepal. Nepal Industrial and Commercial Bank was established in 2055 B. S. It does not have any joint venture yet. But it has employed senior managers from India to handle its operation. Machhapuchre Bank started its operation from 2056 B. S. with its head office in Kathmandu. This bank has introduced internet banking which is a Hi-Tech banking system of the world. Lately, Laxmi Bank was established in 2058 B. S. Its head office is situated in Kathmandu.

Now there are 27 commercial banks in Nepal. Among them, some banks have been opened by private sector in joint venture with foreign banks. Other commercial banks later established in the country. These commercial banks have played a very significant role in creating banking habit among the people, widening area and serving business communities and the government in various ways.

### **2.1.2 Concept of Deposit**

A deposit is a financial term that means money held at a bank. A deposit is a transaction involving a transfer of money to another party for safekeeping. However a deposit can refer to a portion of money used as security of collateral for the delivery of good.

The excess of income over consumption requirement is saved. Such savings are deposited in commercial banks, even amounts to be spent for consumption purposes are deposited in commercial banks. Payment for goods and services is made in cheques drawn on banks. Banking habit is growing faster. People deposit their earnings commercial banks because banks vaults are safer than home coffers and they pay interest according to the kind of deposits. Banks accept deposits to lend the same at a higher rate of interest. Deposits and credits are just like inflow and outflow of funds of the banks. Banks deploy funds by way of providing credits to needy people. Credits (loans and advances) are the largest income earning assets of the bank and the most profitable and high risk associated item on the asset side of the bank balance sheet. It is important that commercial bank's deposit policy is the most essential policy for its existence. The bank growth of deposit primarily upon the growth of its

deposits. The volume of funds that management will use for creating income through loans and investment is determined largely by the bank's policy governing deposits. In other words, when the policy is restrictive, the growth of bank is restated or accelerated with the liberalization in the deposit policy. In banking business the volume of credits extension much depends upon the deposit base of a bank.

"The deposit creating power of commercial banks forces to raise the assets along with the liabilities side of the balance sheet. In other word, assets give raise to liabilities. Traditionally, the deposit structure of a commercial bank was thought to be determined by the depositors and not by bank management. There are regular changes in this view in the modern banking industries" (Vaidya, 2001).

Deposit is the money placed with a bank or other financial institution. Deposits are generally made into either a checking or savings account, although many other types of accounts exist where deposits can also be made or deposit is a claim of customer over the bank on his account. A deposit will often be made into a savings account for the purpose of wealth storage, but such a deposit will usually only earn a relatively low interest rate. On the other hand, a deposit made into a checking account allows the funds to be made available for use through the writing of a check. Other types of deposits to different types of accounts can include: Term, Time, Call, Counter, Bank, security, Current, Demand, Direct and Fixed Deposits. A deposit is generally required upon the opening of almost all fiduciary accounts at banks and other financial and credits institutions. Banks mobilize deposits by making finances and by investing in various financial markets. Basically deposit mobilization is related to the creation of credits. the banks would have special campaigns where they would interact with a lot of people and invite them to make deposits with their bank.

Thus, bank deposit is subject to various form of classification. The deposits are generally classified based on ownership, security and the availability of funds. There are two types of deposit which are as follows;

#### **a. Interest Bearing Deposit**

Deposit in which banks are required to pay interest is known as interests bearing deposit savings, term (fixed), call and recurring deposit are interest bearing deposit.

**i. Saving Deposit**

A saving deposit is one in which middle class people and general server open a limited amount of money that can be withdrawn and low level of interest will be provided by bank. This is very common and general deposit account, which is suitable for those classes of people who want to save some portion of their earnings or the money left after the consumption. There are some restrictions in withdrawing money at the same time the limitation deposits as per nature of the economy and from one country to the other every bank to the other

**ii. Fixed Deposit or Time Deposit**

This is a kind of deposit in which amount will be deposited for a fixed period of time that money cannot be withdrawn before the expiry of time. So the money deposited in this account can be utilized by banks for medium or long term credit freely being confident that the depositor will not come to claim lapses. The time deposit is the main source of commercial banks for their credit operation. Investment in medium term and long purposes is possible only through this type of deposit. However, the depositor can take loan under security. In the context of, fixed deposit has been classified according to the following durations:

- 1) Quarterly
- 2) Semi-annually
- 3) Annually

The rate of interest rate on fixed deposit depends upon the duration of time deposit.

**iii. Call Deposit**

Call deposit incorporates the characteristics of current and saving deposit. Current deposit in the sense deposit is withdrawn able to "call" and savings in as dense the deposit earns "interest". The companies not entitled to open savings account can open the call accounts. Interest rate on call deposit is negotiable between the bank and the depositor and hence, is normally not published or announced in public. Interest rate is applied on daily average balance. Withdrawn restriction is not imposed on call deposit but the balance should not go below an agreed level.

#### **iv. Recurring Deposit**

Concept of recurring deposit was developed to encourage the thrift among people of fixed regular earnings. In recurring deposit scheme, the depositor is required deposit the fixed amount in each installment and is repaid fixed amount at maturity.

#### **b. Non-Interest Bearing Deposit**

It is the deposit in which the banks need not to pay interest for the customer of their savings. It is because in this type of deposit customer can withdraw the money at any time or can withdraw daily and the bank could not employ the amount in profitable projects that is why it does not pay any interest in this type of account. Current and margin deposit are non-interest bearing deposit.

##### **i. Current Deposit**

The current deposit account generally is opened by the business persons. They are allowed to withdraw and deposit their money according to their needs. There is no limitation of withdrawing the money. Therefore, these types of deposits are those people who may need money at uncertain times.

##### **ii. Margin Deposit**

Banks issue letter of credit, guarantee and indemnity etc. on behalf of the customer for a specified sum of money. These amounts have to be paid to the beneficiaries of aforesaid instruments provided they claim as per the terms and conditions agreed upon. Thus banks are exposed to contingent liability, banks ask customer to deposit a certain amount as the margin deposit.

Therefore, the main objective of deposit mobilization is to convert idle saving into active saving. When discussing about resource mobilization we are mainly concerned with increasing the income of low-income and to make them able to save more and to invest against the collected amount in the development activities.

#### **2.1.3 Deposit Mobilization**

Deposit mobilization is one of the essential tools for the economic development of an underdeveloped and developing countries whenever the developed countries are

exceptional. It is because deposit collection for capital formation on capital market in every sector is developed and developed countries. Low National income, low per capita income, lack of technical knowledge, vicious cycle of poverty, lack of irrigation and fertilizer, pressure of population increase, geographical conditions etc. are the main problem of developing countries like Nepal. Thus, banking increase the supply of funds by collecting lodgment's are from public and combining them with its capital and reserve fund. Their lodgments are accepted as current, saving and fixed accounts. However, they fall into demand and time deposits. The former payable as and when demand is made and later after the expiry of stated period (Vidhya, 1999: 68).

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

Collecting small scattered amount of capital through different media and investing the deposited fund and productive sector with a view to increase the income of the depositors is meant deposit mobilization. In other word, investing the collecting fund in the productive sectors and increasing the income of the depositors, also supports increase in the saving through the investment of increase extra amount (NRB, Bankers Rakashan; 1984:24.12).

When we discuss about deposit mobilization, we are concerned with increasing the income of the low income group of people and to make them able to save more and invest the collected amount in the development activities (NRB, Bankers Rakashan; 1984:24.10).

In Nepal, it is observed that the major portion of total assets of the financial sector is held by commercial banks. They have been able to mobilize the deposits in a considerable level. The primary function of venture bank is to identify investment opportunities and then make profits out of the growth and the newly created productive investment (Joshi, 2005:43).The following are some reasons why deposit mobilization is needed in a developing country like Nepal.

### **2.1.4 Requirement for Deposit Mobilization**

The following are some reason why deposit mobilization is needed in a developing country like Nepal.

1. Capital is needed for the development of any sector of the country. The objective of deposit mobilization is to collect the scattered capital in different forms within the country.
2. The need of deposit mobilization is felt to control unnecessary expenditure, if there is no saving, the extra money that the people have, can flow forwards buying unnecessary and luxury goods. So, the government also should help to collect more deposit, steeping legal procedures to control unnecessary expenditure
3. Commercial banks are playing a vital role for National Development. Deposit mobilization is necessary to increase their activities. Commercial banks are granting loan not only in productive sectors but also in other sectors like food, grain, and silver etc.
4. It is much more important to analyze the collected deposit in one priority sectors of a country. In our developing country's we have to promote our business and other sectors by investing the accumulated capital toward productive sectors.

Deposit mobilization plays a vital role for the economic development of underdeveloped and developing country rather than developed one. It is because a developed country does not feel the need of deposit mobilization for capital formation due to developed capital markets in every sector. But in an developed country and developing country, deposit mobilization plays a great role. Low National income, low per capita income, lack of technical knowledge, vicious cycle of poverty, lack of irrigation and fertilizer, pressure of over population, geographical conditions etc. are the main problem of economic development of an under developed country like Nepal. So far the developments of these sectors concerned, there is needs of more capital. Again, instead of the developments of a particular sector, the development of every sector should go side by side. So the development process of these sectors on one side and to accumulate the scattered and unproductive sectors deposit on the other

is the felt need of an under developed country. We can take this in our country's present context (NRB, Bankers'sPrakashan, 1984: 24:12).

## **2.2 Theoretical Review**

### **Bank led theory**

Bank-led model offers a distinct alternative to conventional branch-based banking in that customer conducts financial transaction at a whole range of retail agents instead of at bank branches or through bank employees. The bank is the ultimate provider of financial services and is the institution in which customers maintain accounts. Retail agents have face-to-face interaction with customers and perform cash-in/cash-out functions much as branch-based teller would take deposits and process withdrawals. Virtually any outlet that handles cash and is located near customers could potentially serve as a retail agent. Whatever the establishment, each retail agent is outfitted to communicate electronically with the bank for which it is working. The equipment may be a mobile phone or an electronic point-of-sale (POS) terminal that reads cards. Once an account is established or loan approved, the customer goes to the retail agent to conduct all or certain financial transactions. The retail agent checks the customer's identification documentation and processes the transaction, debiting the customer's and crediting the payee's bank account if it is a purchase or a transfer of funds of funds between accounts. Unless the transaction is merely a transfer of funds, cash is either deposited to or withdrawn from the retail agent's cash drawer. An electronic record of the transaction is either routed directly from the retail agent to the bank or is handled by a payment processing agent that settles the transaction between the customer's account and the payee's account (Lyman, Ivatury&Stasechen, 2006).

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

### **Diffusion of innovations theory**

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

This process consists of a series of actions and choices over time through which an individual or an organization evaluates a new idea and decides whether or not to incorporate the new idea into ongoing practice. This behavior consists essentially of dealing with the uncertainty that is inherently involved in deciding about a new alternative to these previously in existence. It is the perceived newness of the innovation, and the uncertainty associated with this newness, that is a distinctive aspect of innovation decision making (Rogers, 2003).

This theory is related to the study as it presents the process of newness and implementation of innovation. Deposits mobilization is a new model of approaching savers through marketing and financial inclusion and come up with new techniques which were not been used by traditional banking, it is perceived and communicated through channels and the social system facilitates its adoption. In mobilization of deposits new innovation has to be applied and make convincing the savers to make deposits.

### **2.3 Review of Journal and Articles**

In this section effort has been made to examine and review of some related articles in different economic journals. World Bank discussion papers and other related books.

**Tuyishime, Memba&Memra (November 2015)** investigated the effect of deposit mobilization on the banks in Rwanda. Their research used a census to study a population of 27 staff. The findings indicated that the increase in deposits over the year and also indicated that a positive change in deposits interest rate affects the level

of deposit received and later on the profitability of the bank. The study revealed that the introduction of innovative banking technology has led to the increase in deposits at a low cost as opposed to the usual way of getting deposits through term deposits and made financial services accessible in the unbanked people. The study recommended that the bank to develop other strategies towards marketing and mobilize more deposits as they are indispensable tools towards the profitability of the bank.

**Gunasekara&Kumara(2018)** analyzed the most effective factors affecting deposit mobilization. Followed by a random sampling method, in which 120 deposit account holders were selected as a sample from three different convenient sample areas. The study revealed that there is a significant and positive relationship between deposit mobilization and deposit interest rate, security, branch expansion, services, technology and awareness.

**Maharana, Choudhary&Panigrahi (1015)** investigated the deposit mobilization is an integral part of banking activity. The study applied time series data are subjected descriptive statistics. The study found that there was a significant up trend and growth in current deposits but in terms of growth of deposit year by year is fluctuating. The study suggested that the selected banks for improvement of their service quality towards deposit mobilization system in their respective banks.

**Dhungana (2011)** examined the banks deposit and its impact on economic growth of Nepal over the period of 1990 to 2010 AD. The impact of banking sectors especially commercial banks on economic growth of Nepal. The relationship of banks deposit and its impact on economic growth of Nepal has been analyzed with the help of statistical package. The study concluded that higher the deposit of the financial institutions, higher the level of GDP and economic growth of the nation. Moreover, the economic growth and development of the nation largely

**Jacob, Ishaya&Innocent (2019)** assessed the impact of deposit mobilization and credit financing of deposit money banks on the capital formation of Nigeria. The study observations, multiple regression techniques were used to analyze the data. The study found that (LRN and TDL) have positive impact on GFCF of Nigeria while credit to private sector has an inverse relationship with CDP. In view of the finding, the study recommended that Nigeria commercial banks should re-direct their intermediation activities effectively.

**Alagarsamy&Subbiah (October 2018)** studied the growth rate and compound annual growth rate in deposit mobilization of scheduled commercial banks in the Western Region of India. The study was mainly based on secondary data. The results found that the state of Maharashtra the term deposit increase at the same time saving deposit and current deposit decrease because the state of Maharashtra the population is more compare with other Western Region in India and the state of Maharashtra second-most populous state and third-largest state by area.

**Akuma, Doku&Awer (2017)** investigated the relationship between deposit mobilization, credit risk and profitability of Ghanaian banks from 2002 to 2011. The researcher used panel regression model to analyze data gathered from annual performance. The study concluded that credit risk has a positive but significant relationship with profitability of Ghanaian banks. The study also found a positive and significant association between deposit mobilization and profitability of Ghanaian banks. The research suggested that profitable banks in Ghana depend more on bank financing options. The study recommended that banks should impement effective strategies to mobilize more deposits from both the formal an informal sectors of the economy.

**Banson, Sey&Sakoe (2013)** identified the role mobile deposits play in deposit mobilization with the high rate of mobile phone penetration in Ghana. The study used stratified, convenience and purposeful techniques to arrive at the sample size and descriptive statistics. The findings showed that mobile deposit as a way of deposit mobilization through mobile banking has proven to be very effective means of mobilizing deposit apart from the traditional usual way of deposit mobilization. The study concluded that mobile deposit has increased productivity, mobile deposit has reduced queuing in the banking halls, also encouraged the culture of savings especially among low income erners, mobile deposit has reduced the risk associated with carrying money to the bank and time and cost of travelling to deposit money.

**Alagarsamy&Ganapathy (October 2018)** examined the trend and growth rate of deposits mobilization of Indian. The present investigation was mainly based on secondary data. The study concluded that total deposit have increase substantially over time. The bulk's of resources employed by a modern banker consists of 1safety. One of the greatest strength of a bank is its level of customer deposits which also

enables it to achieve a lower cost of funds than the cost of alternative sources of funds.

**Ganapathy&Alagarsamy (may 2017)**analyzed deposit mobilization of commercial banks a study with special Region in India. The present study was mainly based on secondary data. It found that increase the deposits every year of southern districts commercial banks and effectiveness of mobilization of funds, the current deposit fluctuations in 2005 to 2015 in all commercial banks. I concluded that there is positive relationship between deposits, loan and advance from the bank, the more deposits should be mobilized so as to lend more which in term brings more revenue to the bank. It suggested that all commercial banks business or self employment to improve the per capita income and savings/depositing money become necessary. All commercial banks create awareness of the existence and availability of support services among the customers.

**Duguma& Han (September 2018)** investigated the effect of deposit mobilization on financial sustainability. Using balanced panel data of 166 rural savings and credit cooperatives (RUSACCOs) from Ethiopia over the period of 2014-2016. The results of the panel regression estimates showed variables, the deposit to loan ratio, the volume of deposits and demand deposit ratio had significant direct impact on financial sustainability. The fixed effect regression results for interest rate spread showed that an inverse relationship existed between the interest rate spread and financial sustainability. It suggested that RUSACCOs should focus on deposit mobilization specifically on demand deposits and keep the interest rate spread narrower to ensure their sustainability.

**Narayanan & Kumar (January 2015)** examined the trend in deposits and deposit mobilization pattern and the trend in saving, current and also examine the trend in source of deposits and deposit mobilization pattern of the study unit regard to types of source of deposits. The study was mainly based on secondary data. The study revealed that total deposits showed positive growth, significant with the growth rate from rs 303.3 Lakhs to rs 949.47 Lakhs during the study period. The growth of total current deposits was not significant with the negative growth rate of 0.322% during the study period. The study recommended that there is positive relationship between deposits and loans and advances of the bank the more deposit should be mobilized so

as to lend more which in term bring more revenue to the bank. In these records bank should more open branches so that it could mobilize more deposit by covering more member of customer.

**Ganapathy, Alagasamy&Reguraman (2017)** analyzed the monitory mobilization of commercials bank with special reference to eastern region of Indian. The research was used to secondary data. The researcher found that there is conclusive relationship between deposits and loans of the commercial banking, the more deposits should be mobilized so as to lend more which in turn brings more revenue to the bank. In these banks should open more branches so that it could mobilize more deposit by covering more member of customer.

**Abokor&Yakubu (11 June 2020)** examined the key factors determining bank deposit growth in Turkey. The study employed the autoregressive distributed lay approach to investigate the effect of bank-level and macroeconomic factors on deposit growth. The results revealed that bank stability, banking sectors efficiency, broad money supply, economic growth and inflation are significant determinants of deposit growth in the long run. The findings further showed that in the short run only branch expansion and broad mony supply are relevant for bank deposit mobilization.

**Kusi, Mensah&Agbloyor (August 2021)** investigated the relationship between bank branches, financial intermediation, and financial stability in Ghana using 35 banks. Employed a panel two-step dynamic GMM model, a non-liner “inverted v-shaped” relationship is documented between bank branches and financial stability. The findings further revealed that bank branches enhance the positive effects of deposits on bank stability whilst reducing the negative consequences of bank lending on financial stability. These findings imply that while bank management can rely on bank branches to enhance loans and deposits in promoting banking stability, bank management should also be cautious about the number of bank branches they keep given that beyond a certain threshold it may impede stability.

#### **2.4 Review of previous thesis**

**Neupane (2017)** evaluated comparatively operating financial and investment deposit and loan and advance and net profits of ADBL and EBL, to analyze the sources and uses of funds and analysis of cash flow of these two banks. This study revealed that

cash acquisition capacity of EBL is more than ADBL, during study period ADBL has fluctuated trend in cash flow financing activities. Due to these cause ADBL invested less amount which are raise from operating activities.

**Basyal (July 2010)** observed the deposit mobilization position of government owned commercial banks and privet sector commercial banks and the trend of deposit and loan investment. The study used financial and statistical tools. The major finding of the study both sample banks have the fluctuating growth during the study period and the trend value of total investment of NBL and SCBNL has presented the increasing trend and loan and advance of SCBLNL has increasing trend and NBL has decreasing trend. The study found that total commercial banking system NBL and SCBNL are able to mobilize average 83.05%, 82.2% and 72.92% of their deposits to the loan and advance and investment. The study recommended that all commercial banks should make an attractive publicity of the bank and than people will have knowledge about the bank and it encourages them to save the money.

**Upadhaya (September 2021)** examined the relationship between total deposit mobilization, loan & advances and profitability of Nepalese commercial bank. As per research design descriptive and causal comparative research designs have been employed. The study found that the loan and advance has positive and significant relationship with both net profit and total deposit mobilization the position of profitability in commercial banks is satisfactory and found to be increasing per year. Similarly, the effect of both net and loan and advance over total deposit mobilization is significant and positive. The study implicated that the government has to bring new policy to attract more manufacturing, processing, trading companies to come in public and to establish the transaction with Nepalese commercial

**Shrestha (2014)** analyzed the deposit mobilization trend, to identify the relationship between deposit mobilization factors, to analyze the trend of deposit, trend of loan and advance and trend of investment, and to identify the profitability and credit position of commercial banks of Nepal. Various financial and statistical tools like ratio analysis, Standard deviation, Average Mean, Correlation coefficient, Regression analysis and trend analysis are used for the analysis of the data. This study revealed that deposit and loan and advance of commercial banks is in increasing trend. But the growth rate of loan and advance is in decreasing trend and the growth ratio of deposit is in fluctuating trend during the observation period.

**Sharma (2011)** analyzed the compare deposit growth of NABIL and that of HBL, to analyze and compare the proportion of the loans and advances and investment of NABIL and those of HBL. The research used population and samples. The main source of data was the secondary data. The study reveals that, the deposit collections of both banks are in increasing trend each year. The study shows that the two banks have relative strength and weaknesses regarding different variables. However, overall, the volume and consistency regarding deposit mobilization including investment, and loan and advance is better in NABIL than that in HBL whose data even did not even show significant evidence of relationships between variables under study.

## **2.6 Research Gap**

This thesis work has covered the period of study till 2015/16. whereas the previous thesis work covered only up 2019/20. This thesis work has covered that NBL and HBL are focusing on deposit of trend and pattern of deposit mobilization from general public whereas the previous thesis tacks this concept. Because deposit collection and mobilization schemes are new concept to attract consumers in competitive banking sector, previous researchers covered all the commercial banks and some were on case study between two commercial banks or some were on the particular bank branch. But this study focused on some particular sample banks.

There lots of research on the topic of "Deposit mobilization" other different banks but this thesis belongs to two commercial banks (i.e. Nepal Bank Limited and Himalayan Bank Limited). Some thesis focus on analyze the proportion of the loans and advance, examine the investment volumes and analyzethe relationship of total deposits with loans and advances, total investment and net profit but this thesis focused on deposit trend and deposit mobilization of selected commercial banks.

## **CHAPTER-III**

### **METHODOLOGY**

Research methodology tells the researcher how to attend accuracy in the description explanation and prediction. This chapter lays down the methodology for the analysis. The chapter comprises research design, population and sample, source of data, data collection procedure, data analysis tools and techniques, statistics tools.

#### **3.1 Research Design**

This study is based on secondary data. Some samples such as statistical tools such as Mean, C. V., P. E., Trend line and correlation analysis has been applied to examine the facts of data. Not only data but also recommendation and suggestions are also derived from the study by taking the NBL and HBL, as a sample. So that all concerned can be achieved something from the study.

#### **3.2 Population and Sample**

There are 27 commercial banks all over Nepal. In this study the deposit mobilization pattern of Nepal Bank Limited and Himalayan Bank Limited are studied. Out of 27 commercial banks, NBL and HBL are chosen as the sample using convenience sample method to find out the condition of deposit mobilization

#### **3.3 Sources of Data**

The study is conducted on the basis of secondary data. The data relating to the investment, deposit, loan and advances, interest income and expenses are directly obtained from the Balance Sheet and profit and loss a/c of the concerned bank's annual reports, supplementary data and information are also collected from number of institution and authoritative sources like NRB, NEPSE, web side etc.

#### **3.4 Data Collection Procedure**

The secondary data refers to data that is collected by someone other than the primary user. In this study used secondary data, the data were collected from annual financial performance and report.

### **3.5 Data Analysis Tools and Techniques**

To achieve the objectives of the study various statistical tools have been used. The analysis of the study will be done according to the pattern of data available and to analysis more effective, convenience, reliable and authentic.

The different calculated results obtain through statistical tools are tabulated under different headings. Then they are compared with each other to interpret the results.

#### **3.5.1 Statistics Tools**

Statistical methods are the mathematical techniques used to facilitate the analysis and interpretation of numerical data secured from groups of individuals or groups of observation from a single individual.

##### **a) Arithmetic Mean**

Arithmetic mean is the ratio of the sum of all the observation to the number of the observation. It is a single value of selected series which represents them in average. Out of the various central tendencies, a mean is a one of the useful tools to find out the average value of the given data.

##### **b) Standard Deviation**

The measurement of the scatter ness of the mass of the figure in a series about an average is known as dispersion. The greater the amount of dispersion, greater will be the standard deviation. A small standard deviation means a high degree of uniformity of the observation as well as homogeneity of a series. In this study, standard deviation of different ratio is calculated.

##### **c) Coefficient of Variation**

The coefficient of variation is the measure which is defined as the ratio of the standard deviation to the mean expressed in percent. Coefficient of variance is also useful in comparing the amount of variation on data groups with different mean. It is the relative measure of dispersion. A distribution with smaller coefficient of variance is said to be more homogeneous than the other. On the hand, a series with greater coefficient of variance is said to be more variable of heterogeneous than the other.

**d) Correlation Analysis**

Correlation analysis is necessary in order to find out whether the selected variables in time series have any relation or not. If there is no correlation there would be no causality so this is necessary. Correlation is a measure of the relation between two or more variables. The measurement scales range from -1.00 to +1.00. The value of -1.00 represent a perfect negative correlation, while a value of +1.00 represents a perfect positive correlation. A value of 0.00 or close to zero represents a lack of correlation.

The value of  $r$  lies between  $+1$ , when  $r = +1$ , it means there is perfect positive correlation between the variable where  $r = -1$  it means there is perfect negative correlation between variables. However in practice such value of  $r$ , us  $+1$ ,  $-1$  and  $0$  are rare

**e) Probable Error Analysis**

The probable error is used to measure the reliability and test of significance of correlation coefficient. The probable of the coefficient is obtained as follows:

## CHAPTER- IV

The basis objective of this chapter is to analyze and elucidate the collected data following the conversion of unprocessed data to an understanding presentation. Thus this chapter is devoted to the presentation. Analysis, interpretation and scoring the empirical findings from the study through definite course of research methodology.

### 4.1 Trend of Total Deposit

Total Deposits is term included in the balance sheet of a bank. These are added together to Demands Deposits, Term Deposits and interest and Non-Interest bearing deposits are the cumulative examples of deposits items that are summed to get the value of total Deposits. Total Deposits measure the new customer and their balance or new products sold and their associated balance or growth in account balance overall, which includes growth from existing customer.

**Table : 4.1**

#### **Trend of Total deposit(In million)**

Year	Total Deposit		
	NBL	CPI	HBL
2015/16	57310.28	109.9	48291.17
2016/17	60398.95	114.8	56337.11
2017/18	65216.55	119.6	61486.62
2018/19	71476.82	125.1	69812.94
2019/20	70740.96	132.8	69940.51

*Sources : Annual report of Nepal Bank Limited and Himalayan Bank Limited (2015/16-2019/20).*

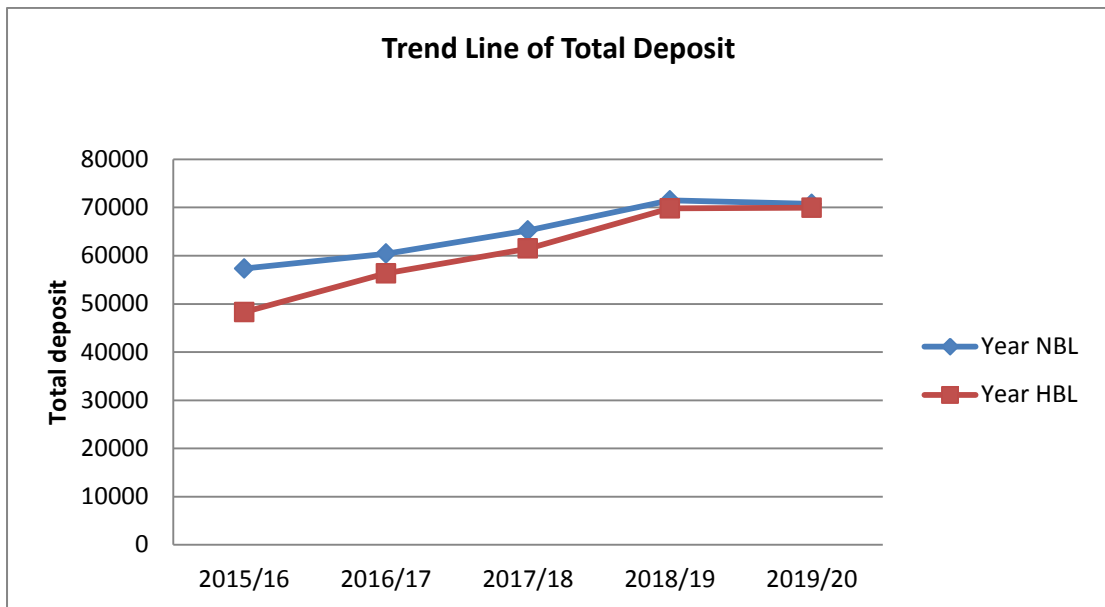
**Figures: 4.1**

Table 4.1 and figure 4.1 present the trend value of deposits for five years. The total deposits of NBL and HBL both are increasing every year. According to the above trend analysis, it can be calculated that all tow banks deposits collection position is growing year by year. If the banks utilized its increasing deposits, its financial position well be better finally. It can be determined that HBL is successful in managing total deposits and NBL has high trend on it.

#### **4.2 Trend of Loan and Advance**

Total advance means, with respect to any mortgage Loan or REO property on any date of determination, the sum of all outstanding amounts of all outstanding advances related to facility Eligible Receivables funded by the servicer out of its own funds or with respect to such mortgage Loan or REO property on such date. An advance rate is used to determine, the maximum loan amount that a lender is willing to extend. The higher the advance rate, the greater the potential loss to a lender from a loan default.

**Table : 4.2**  
**Trend of total loan and Advance (In million)**

Year	Total Deposit		
	NBL	CPI	HBL
2015/16	32404.01	109.9	36145.58
2016/17	34003.48	114.8	39477.35
2017/18	42617.89	119.6	44712.37
2018/19	48960.83	125.1	54153.47
2019/20	54025.60	132.8	57525.60

*Sources : Annual report of Nepal Bank Limited and Himalayan Bank Limited (2015/16-2019/20).*

The above table is presented in the graphs which are as follows.

**Figures: 4.2**

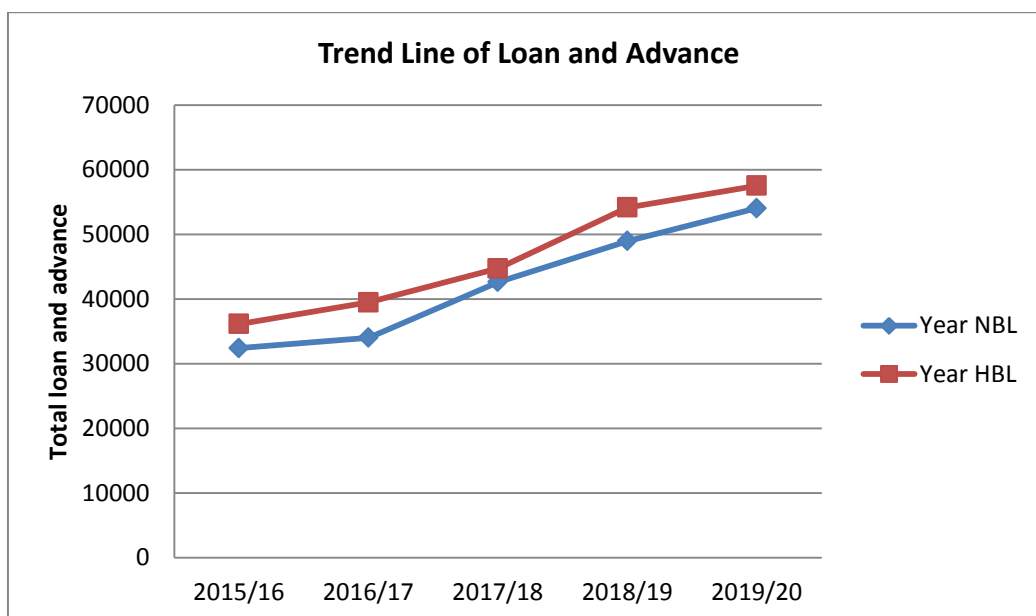


Table 4.2 and figure 4.2 present the trend value of total loan and advance for five years, Total loan and advance of Nepal Bank Limited and Himalayan Bank Limited both are increasing every year.

### 4.3 Trend of Total Investment

Total investment simply refers to the amount of money that a person has in a given place for example, if you invest \$20 in 100 shares your total investment is \$2000 (and if you sell those shares for \$30 each, year capital gain is \$1000). Investment measures are used primarily for planning and monitoring capital investment that are not capitalized directly. due to their scope or the target percentage of in-house production involved. Investment measures became relevant to assets accounting.

**Table : 4.3**  
**Trend value of total investment**

Year	Total Deposit		
	NBL	CPI	HBL
2015/16	9989.99	109.9	11821.65
2016/17	14722.99	114.8	17283.97
2017/18	18949.83	119.6	14308.52
2018/19	10266.18	125.1	15432.45
2019/20	9172.43	132.8	13500.75

Sources : Annual report of Nepal Bank Limited and Himalayan Bank Limited (2015/16-2019/20).

**Figure: 4.3**

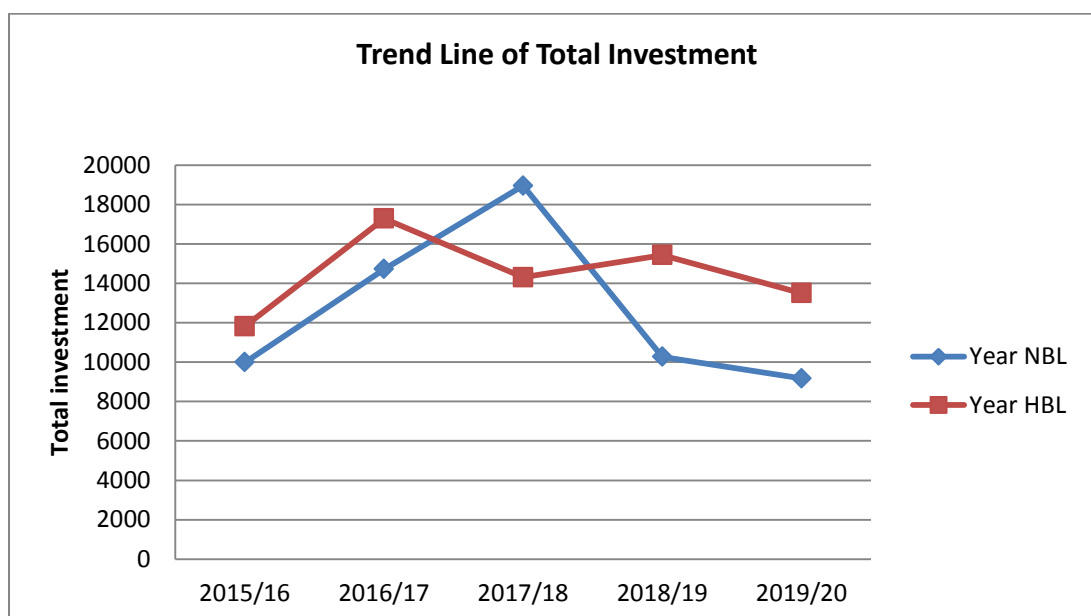


Table and figure presents the trend value of total investment for five year. The total investment of Nepal Bank Limited and Himalayan Bank Limited both are fluctuating

trend. The investment of Nepal Bank Limited is increased from fiscal year 2015/16 to 2017/18 and it was decreased. The investment of Himalayan Bank Limited is fluctuating from fiscal year to last year.

#### 4.4 Calculation Mean, SD, CV of Nepal Bank Limited

**Table 4.4**  
**Mean, SD, CV of Nepal Bank Limited**

Year	Nepal Bank Limited		
	Total Deposit	Total Loan	Total investment
2015/16	57310.28	32404.01	9989.99
2016/17	60398.95	34003.48	14722.99
2017/18	65216.55	42617.89	18949.83
2018/19	71476.82	48960.83	10266.18
2019/20	70740.96	54025.60	9172.43
Mean (x)	65028.71	42402.36	12620.28
SD	6230.01	9336.33	4148.27
CV	9.58%	22.02%	32.87%

*Sources : Annual report of Nepal Bank Limited*

Table 4.5 presents the total deposit, total loan and advance and total investment of Nepal Bank Limited. The average of total deposit is 65028.71 and standard deviation is 6230.01 and the coefficient of variation is 9.58 %. The average of total loan and advance is 42402.36 and the standard deviation is 9336.33 and the coefficient of variation is 22.02%. The average of total investment is 12620.28 and the standard deviation is 4148.27 and coefficient of variation is 32.87%

#### 4.5 Calculation Mean SD, CV of Himalayan Bank Limited.

**Table 4.5**  
**Mean, SD, CV of Himalayan Bank Limited**

Year	Himalayan Bank Limited		
	Total Deposit	Total Loan and advance	Total investment
2015/16	48291.17	36145.58	11821.65
2016/17	56337.11	39477.35	17283.97
2017/18	61486.62	44712.37	14308.52
2018/19	69812.94	54153.47	15432.45
2019/20	69940.51	57525.60	13500.75
Mean	61173.67	46402.87	14469.47
SD	9232.33	9217.10	2050.85
CV	15.09%	19.86%	14.17%

*Sources : Annual report of Himalayan Bank Limited*

Table 4.3 presents the total deposit, total loan and advance and total investment of Himalayan Bank Limited. The average of total deposit is 61173.67 and standard deviation is 9232.33 and the coefficient of variation is 15.09%. The average of loan and advance is 46402.87, the standard deviation is 9217.10 and the coefficient of variation is 19.86%. The average of total investment is 14469.47, standard deviation is 2050.85 and the coefficient of variation is 14.17%.

#### 4.6 Correlation between total deposit and loan and advance

Let the total deposit be denoted by  $x$  and loan and advance be denoted by  $y$ . Then the correlation between these two variables of NBL and HBL has been presented the follows.

**Table 4.6****Correlation between total deposit and loan and advance (In million)**

Correlation coefficient (r)	0.9661	0.9683
Coefficient of determination ( $r^2$ )	0.9333	0.9376
Probable error (P.E.)	0.0201	0.0188
6× P.E.	0.1207	0.1129
Remarks	Significant	Significant

*Source : Annual Report of Nepal Bank Limited and Himalayan Bank Limited*

Table 4.6 shows that correlation coefficient between total deposit and total loan and advance of Nepal Bank Limited and Himalayan Bank Limited. The correlation coefficient between deposit and loan and advance of NBL is 0.9661. It shows the positive relation these two variables. In the case of HBL correlation coefficient between deposit and Loan and advance is 0.9683 that means there is a positive correlation between two variables. The value of coefficient of determination ( $r^2$ ) is also 0.9333 and 0.9376 of HBL which means 93.33% and 93.76% of Loan and advance decision depend upon deposit and other loan and advance decision depend upon other variables. Similarly, probable error is 0.0201 of NBL and 0.0188 of HBL and 6xPE is 0.1207 of NBL and 0.1129 of HBL which shows that the relationship between deposits and loan and advance is significant.

**4.7 Correlation between total Deposit and Investment**

Let the total deposit be denoted by x and investment be denoted by y. Then the correlation between these two variables of NBL and HBL has been presented the follows

**Table 4.7****Correlation between total Deposit and Investment (In million)**

Correlation coefficient (r)	0.2236	0.2677
Coefficient of determination ( $r^2$ )	0.05	0.0717
Probable error (P.E.)	0.2866	0.28
6× P.E.	1.7194	1.68
Remarks	Non-significant	Non-significant

*Source : Annual Report of Nepal Bank Limited and Himalayan Bank Limited*

Table 4.7 shows that correlation coefficient between deposit and investment of NBL and HBL. The correlation coefficient between deposits and investment is 0.2236 that means there is a positive correlation between two variables. The value of coefficient of determination ( $r^2$ ) is also 0.05 of NBL and 0.0717 of HBL which means 5.00% of NBL and 7.17% of HBL of investment decision depend upon deposit and other investment depend upon other variables. Similarly probable error is 0.2866 of NBL and 0.28 of HBL and 6 x P.E is 1.7194 of NBL which shows that the relationship between deposit and investment is not significant and 1.68 of HBL which shows that the relationship between deposit and investment is also not significant.

#### 4.8 Interest Free Deposits of Nepal Bank Limited

**Table 4.8.1**  
**Current Deposits Pattern of Nepal Bank Limited (In million)**

A current Deposit	2016	2017	2018	2019	2020	Mean	SD	C.V
1. Government of Nepal	464	415	498	472	1062	582	270	46%
2. 'A' class licensed institutions	949	1795	1992	2345	2453	1907	597	31%
3. Other licensed financial institutions	658	868	2760	1095	2281	1532	967	63%
4. Other corporate Bodies	5904	4965	7321	14536	14286	9402	4659	49%
5. Individuals	4288	5200	3241	1748	2469	3389	1383	41%
6. Others	1279	2140	1712	867	568	1313	632	48%
Total Current Deposits	13542	15383	17524	21063	23119	18126	3951	22%

*Source : Annual Report of Nepal Bank Limited*

Table 4.10 presents the current deposits pattern of Nepal Bank Limited Government of Nepal has been formed to have relatively fluctuating trend as compare their respected previous year. The average government of Nepal is 582 and standard

deviation is 270 and the coefficient of variation is 46% 'A' class licensed institution has been formed to have fluctuating trend as compare to their respected previous year. The Average 'A' class lien censed institution is 597 and the coefficient of variation is 31%. The average of other financial institution is 967 and the coefficient of variation is 63% and the average of other are 4649, 1383, and 639 and coefficient of variation are 49%, 41% and 48%.

**Table 4.8.2**  
**Margin Deposit Pattern of Nepal Bank Limited (in million)**

B. Margin Deposit	2016	2017	2018	2019	2020	mean	SD	C.V
1. Employees Guarantee	0	0	0	0	0	0	0	0
2. Guarantee Margin	38	39	50	331	49	101	128	127%
3. Letter of credit margin	94	161	121	16	125	103	76	74%
Total Margin Deposit	132	200	171	347	174	205	83	41%

*Source : Annual Report of Nepal Bank Limited*

Table 4.11 presents the margin deposits pattern of Nepal Bank Limited. There have no employees guarantee. Guarantee margin has been formed to have relatively increasing trend till 2019 then it has decrease in 2020 as compared to previous year. The average guarantee margin is 101, standard deviation is 128 and the coefficient of variation is 127%. Letter of credit margin has been formed to have fluctuating trend. The average letter of credit margin is 103, standard deviation is 76 and coefficient of variation is 74%. The total margin deposits have been fluctuation.

**Table 4.8.3**  
**Others Pattern of Nepal Bank Limited (in million)**

C. others	2016	2017	2018	2019	2020	mean	SD	C.V
1.1 Financial institution								
1.2 Other corporate Bodies	36	61	189	42	0	80	73	91%
1.3 Individuals	834	418	519	457	0	446	298	67%
Total	879	479	708	569	0	527	331	63%
others								

*Sources : Annual Report of Nepal Bank Limited*

Table.4.12 presents the others pattern of Nepal Bank Limited there have no financial institutions. Other corporate bodies have been formed to have increasing trend till 2018 than it has decrease in 2018 in 2020. Individuals have been fluctuating trend. The average individual is 44 and the coefficient of variation is 67%. The total others has been fluctuating trend.

#### **4.9 Interest Bearing Deposits of Nepal Bank Limited**

**Table: 4.9.1**  
**Saving Deposit Pattern of Nepal Bank Limited (in million)**

A. Saving Deposit	2016	2017	2018	2019	2020	mean	SD	C.V
1. Organized institution	1141	1014	2599	166	320	1048	965	92%
2. Individuals	27045	30760	33831	44800	4364	36017	9826	27%
3. Others	35	1564	4238	5915	751	2501	2485	99%
Total saving Deposit	28221	33338	40668	50881	44718	39565	8990	23%

*Sources: Annual Report of Nepal Bank Limited*

Table 4.13 presents the saving deposit pattern of Nepal Bank Limited. Organized institutions have been fluctuating trend. The average organized institutions are 1048 and the coefficient of variation is 92%. The average individuals saving is 36617

standard deviation is 9826 and the coefficient of variation is 27% other saving deposit has been formed to have increasing in 2019 and then it has decreasing trend till 2020. The average others saving deposits is 2501 and standard deviation is 2485. Coefficient of variation is 99%. In total saving deposits has been increasing trend till 2019 and in 2020, it has decrease.

**Table : 4.9.2**

**Fixed deposit pattern of Nepal Bank Limited (in million)**

A. Saving Deposit	2016	2017	2018	2019	2020	mean	SD	C.V
1. Organized institution	2532	3199	3170	3743	10085	4546	3126	69%
2. Individuals	1895	8153	7719	7873	10504	8489	1144	13%
3. Others	1960	694	293	30	616	719	743	103%
Total saving Deposit	12687	12046	11182	11646	21205	13755	4202	31%

*Sources : Annual Report of Nepal Bank Limited*

Table 4.14 represents the fixed deposits of Nepal Bank Limited. Organized institutions has been fluctuating trend. The average organized institution deposit is 4546 and standard deviation is 3126 and the coefficient of variation is 69%. Individuals deposits have been declining trend till 2018 and then, it has increasing trend till 2020. The average individuals deposits are 8489 and the standard deviation 1144 and the coefficient of variation is 13%. The others deposits has been decreasing trend till 2019.and than increase. The average other deposits is 719 and the coefficient of variation is 103%. The total fixed deposits have been decreasing trend till 2018 and then it has increasing trend till2020.

**Table 4.9.3**  
**Call Deposits Pattern of Nepal Bank Limited (in million)**

A. Call Deposit	2016	2017	2018	2019	2020	mean	SD	C.V
1. Others loan financial institution	1466	0	0	34	644	429	641	149%
2. Other Corporate Bodies	122	1766	5831	4079	3759	3115	2205	71%
3. Individuals	5754	5670	24	216	10	2335	3084	132%
Total CallDeposit	7343	7682	5857	4656	4414	5990	1498	25%

*Sources : Annual Report of Nepal Bank Limited*

Table 4.15 presents the call deposits pattern of Nepal Bank Limited. Other licensed financial institutions have been to have fluctuating trend. The average other licensed financial institutions is 429. Standard deviation is 641 and the coefficient of variation is 149%. The other corporate Bodies have been formed to have relatively increasing trend till 2018. But after 2018 has been decreasing trend in 2019 and 2020 respectively. The average of other corporate Bodies is 3115, standard deviation is 2205 and the coefficient of variation is 71%. Individual have been formed to have relatively fluctuating trend. The average of individual is 2335 and the standard deviation is 3084 and the coefficient of variation is 132% and other deposits 9180 has fluctuating trend. The average others deposits is 5990, standard deviation is 1498 and the coefficient of variation is 25%. The total call deposits have been fluctuating

#### 4.10 Interest Free Deposits of Himalayan Bank Limited

**Table : 4.10.1**

**Current deposit pattern of Himalayan Bank Limited (in million)**

A. Current Deposit	2016	2017	2018	2019	2020	mean	SD	C.V
1. Nepal Investment	93	396	270	308	1068	427	375	88%
2. 'A' Class licensed institution	178	258	146	374	155	222	96	43%
3. Other licensed financial	227	1065	2139	1593	1614	1328	726	55%
4. Other organized institution	9471	3195	3712	4599	4295	3854	581	15%
Total current Deposit	4608	5056	6440	7153	7360	6123	6636	108%

*Sources : Annual Report of Himalayan Bank Limited*

Table 4.16 presents the current deposits of Himalayan Bank Limited. Nepal Government deposit has been formed have fluctuating trend. The average Nepal government deposit is 427 and standard deviation is 375 and the coefficient of variation is 88%. 'A' class licensed institution has been formed have fluctuating trend. The average A class licensed institution is 222 and the coefficient of variation is 43% and financial has been formed to have increasing trend till 2017 respectively. The average, standard deviation and coefficient of variation are 1328, 726 and 55%. Other organized institution has been formed have fluctuating trend. The average of other organized institution is 3854 and standard deviation is 581 and the coefficient of variation is 15%. The individuals have been formed have fluctuating trend. The average and standard deviation are 293 and 201 and the coefficient of variation is 68%.

**Table 4.10.2**  
**Margin Deposits pattern of Himalayan Bank Limited (in million)**

A.	2016	2017	2018	2019	2020	mean	SD	C.V
MarginDeposit								
1. Employee	0	0	0	0	0			
2. Guarantees	355	244	21	15	14	130	160	123%
3. Letter of credit	566	998	1217	1522	1780	1217	470	39%
Total CreditDeposit	566	998	1217	1522	1780	1217	470	39%
Total Margin Deposits	921	1242	1238	1537	1794	1346	331	25%

Sources : Annual Report of Himalayan Bank Limited

Table 4.10.2 presents the margin deposits of Himalayan Bank Limited. There have no employees. The Guarantees margin has been formed to have relatively decreasing trend. The average guarantee margin is 130 the standard deviation is 160 and the coefficient of variation is 123%. The letter of credit margin has been formed to have increasing trend. The average letter of credit margin is 1220, standard deviation 470 and the coefficient of variation is 39%. The total margin deposits have been fluctuating trend.

#### 4.11 Interest Bearing Deposits of Himalayan Bank Limited

**Table : 4.11.1**

**Saving Deposit pattern of Himalayan Bank Limited (In million)**

A. Saving Deposit	2016	2017	2018	2019	2020	mean	SD	C.V
1. Organized institution	547	681	891	1092	1205	883	277	31%
2. Individuals	25105	31107	36598	43972	35492	34455	6980	20%
3. Others	0	0	0	0	0	0	0	0
TotalDeposit	25652	31768	37489	45064	36697	35338	7202	20%

*Sources : Annual Report of Himalayan Bank Limited*

Table 4.18 presents the saving deposits of Himalayan Bank Limited. The organized institution has been formed increasing trend. The average of organized institution is 883 and standard deviation is 277 and the coefficient of variation is 31%. Individual Deposit has been formed to have increasing trend till 2019 and then decrease. The average individual is 34455 and standard deviation is 6980 and the coefficient of variation is 20% and there is no have others deposit and total deposit is fluctuating trend.

**Table : 4.11.2**

**Fixed Deposit pattern of Himalayan Bank Limited (in million)**

A. FixedDeposit	2016	2017	2015	2018	2020	mean	SD	C.V
1. Organized institution	4055	5699	3857	11835	14861	8242	4357	53%
2. Individuals	7760	5723	5119	4077	18685	8273	5973	72%
3. Others	0	0	0	0	0	0	0	0
Total Deposit	12715	11422	6976	1512	33546	16514	8803	53%

*Sources : Annual Report of Himalayan Bank Limited*

Table 4.19 presents the fixed deposits of Himalayan Bank Limited. Organized institutions have been to have fluctuating trend. The average organized institution

deposit is 8241. Standard deviation is 4357 the coefficient of variation is 53%. Individuals deposits have been to have fluctuating trend. The average of individual is 8273 and standard deviation is 5973 and the coefficient of variation is 72%. There is no other deposit. The total fixed deposits are fluctuating trend.

**Table 4.11.3**

**Call Deposit Pattern of Himalayan Bank Limited (In million)**

A. Call Deposit	2016	2017	2018	2019	2020	mean	SD	C.V
1. 'A' licensed institution	0	0	0	0	0	0	0	0
2. Other licensed institution	248	1	410	529	205	279	202	72%
3. Others organized institution	4095	6582	9548	7466	4384	6455	2218	34%
4. Individuals	194	82	637	47	167	245	239	98
5. Others	0	0	0	0	0	0	0	0
Total callDeposits	4637	6665	10595	8042	4256	34895	31307	90%

*Sources : Annual Report of Nepal Bank Limited*

Table 4.20 presents the call deposits of Himalayan Bank Limited. There has no 'A' licensed institution. The other licencedinstitution have been to have fluctuating trend. The average other licened institution is 279, standard deviation is 202 and the coefficient of variation is 72%. The other organized institution has been formed to have increasing trend till 2018 and then decrease. The average of other organized institution is 6455 and standard deviation is 2218 and the coefficient of variation is 34%. The individual has been formed to have fluctuating trend. The average of individual is 245 and standard deviation is 239 and coefficient of variation is 98%. There is no others deposit. Total call deposit have been fluctuating trend.

#### 4.12 Loan and Advance of Nepal Bank Limited

**Table : 4.12.1**

**Performing Loan pattern of Nepal Bank Limited (In million)**

1. Performing Loan	2016	2017	2018	2019	2020	mean	SD	C.V
Pass Loan	35870	39109	44181	57224	69449	49167	13956	28%
Watch List Loan	0	0	7081	4322	2454	2771	3018	109%
Total Performing Loan	35870	39109	51262	61546	71903	51938	15117	29%

*Sources : Annual Report of Nepal Bank Limited*

Table 4.2 Presents the performing loan pattern of Nepal Bank Limited. Pass loan has been increasing trend compared to their respective previous year. In 2017. It has decreasing as compare to the previous year. The average pass loan is 49167, standard deviation is 13956 and the coefficient of variation is 28%. watch list loan has decreasing trend. The average watch list loan is 2771 and the standard deviation is 3018 and the coefficient of correlation is 109%. The total performing loan has increasing trend as compare to their respective previous year.

**Table : 4.12.2**

**Non-Performing Loan Pattern of Nepal Bank Limited (in million)**

2. Non-Performing Loan	2016	2017	2018	2019	2020	mean	SD	C.V
2.1 Restructured Rescheduled	94	45	0	0	159	60	68	113%
2.2 Substandard	91	301	282	410	558	328	172	52%
2.3 Doubtful	115	108	161	284	204	174	72	41%
2.4 Loss/	1682	1584	1683	1284	1548	1556	163	10%
Total Non-performing Loan	1982	2038	2126	1978	2469	2119	205	10%

*Sources : Annual Report of Nepal Bank Limited*

Table 4.22 presents the non-performing loan pattern of Nepal Bank Limited. The average Restructured/Rescheduled is 60 and standard deviation is 68 and the coefficient of variation 113%. Substandard fluctuating trend. The average substandard loan is 328, standard deviation is 172 and the coefficient of variation 52%. The doubtful loan has fluctuating trend. The average doubtful debt is 174 and standard deviation is 72 and the coefficient of variation is 41%. The loss loan has been fluctuating trend. The average loss loan has 1556, standard deviation is 163 and the coefficient of variation is 10%. The total non-performing average total non-performing loan is 2119 and the coefficient of variation is 10%.

#### 4.13 Loan and Advance of Himalayan Bank Limited

**Table 4.13.1**

**Performing Loan pattern of Himalayan Bank Limited (In million)**

1. Performing Loan	2016	2017	2018	2019	2020	mean	SD	C.V
Pass Loan	39871	45538	50684	65605	75660	55472	14792	27%
Watch List Loan	0	0	2960	2644	1319	1385	1406	102%
Total Performing Loan	39871	45538	53644	68249	76979	56856	15259	27%

Sources : Annual Report of HimalayanBank Limited

Table 4.23 presents the performing loan pattern of Himalayan Bank Limited. Pass loan has been increasing trend. The average pass loan is 55472 and standard deviation is 1479 and the coefficient of variation is 27%. Watch list loan has been fluctuating trend. The average watch loan is 1385 and standard deviation is 1406 and the coefficient of variation is 102%. The total performing loan has been increasing trend. The average total performing loan is 56856 and standard deviation is 1406 and the coefficient of variation is 27%.

**Table : 4.13.2****Non-Performing loan pattern of Himalayan Bank Limited(In million)**

2. Non-Performing Loan	2016	2017	2018	2019	2020	mean	SD	C.V
2.1 Restructured/Rescheduled	153	151	297	207	65	175	85	49%
2.2 Substandard	76	237	140	26	238	145	103	72%
2.3 Doubtful	466	74	226	155	25	189	173	92%
2.4 Loss	503	449	1121	462	334	574	312	54%
Total Non-performing Loan	498	911	1784	850	662	1081	438	41%

*Sources : Annual Report of Nepal Bank Limited*

Table 4.24 presents the non-performing loan pattern of Himalayan Bank Limited. Restructured has been fluctuating trend. The average of Restructured is 175 and standard deviation is 85 and the coefficient fluctuating trend. The average of substandard is 143 and standard deviation is 103 and the coefficient of variation is 72% Doubtful has been fluctuating trend. The average of doubtful is 189. Standard deviation is 173 and the coefficient of variation is 92 % Loss has been also fluctuating trend. The average of loss is 574 and standard deviation is 312 and the coefficient of variation is 41%.

#### 4.14 Investment of Nepal Bank Limited

**Table: 4.14**  
**Investment of Nepal Bank Limited (In million)**

Particulars	2016	2017	2018	2019	2020	mean	SD	C.V
Government of Nepal Treasury Bill	7227	18681	11960	7860	4909	10127	5415	53%
Government of Nepal National Saving Bond	1191	0	0	0	4029	1044	1747	167%
Governmental of Nepal other Bond	0	1230	4194	2262	0	1537	1761	115%
4. Foreign Bond	96	94	0	0	0	38	52	137
5. Shares of Domestic Licensed institution	0	0	0	0	0	0	0	0
6. Foreign Bank	2383	2536	558	0	0	1095	1266	166%
7. Shares of other Body corporate	162	162	229	130	186	174	37	21%
Total	11059	22703	16941	10252	9124	14016	3967	28%

*Sources : Annual Report of Himalayan Bank Limited*

Table 4.25 presents the investment of Nepal Bank Limited. Government of Nepal's Treasury Bills has been formed to have relatively fluctuating trend. The average Government of Nepal's Treasury Bills is 10127. Standard deviation is 5413 and the coefficient of variation is 53%. The average of Government of Nepal National Saving Bond is 1044, standard deviation is 1747 and the coefficient of variation is 167%. Government of Nepal other Bond has been fluctuating trend. The average of Government of Nepal other Bond is 1537, Standard deviation is 1761 and coefficient of variation is 115%. Foreign Bond is decreasing trend. The average foreign bond is 38 and standard deviation is 52 and the coefficient of variation is 137%. There has no Shares of Domestic Licensed institutions. The foreign Bank has been fluctuating trend. The average foreign Bank is 1095 and Standard deviation is 1266. The coefficient of variation is 116%. Share of other Body corporate has been fluctuating trend. The average share of other Body corporate is 174 and standard deviation is 37

and the coefficient of variation is 21%. The total investment is fluctuating trend. The average total investment is 14016 and the coefficient of variation is 28%.

#### 4.15 Investment of Himalayan Bank Limited

**Table: 4.24**

**Investment of Himalayan Bank Limited (In million)**

Particulars	2016	2017	2018	2019	2020	mean	SD	C.V
1. Nepal Government Treasury Bill	7280	10159	8886	5281	5281	3785	7078	2592
Nepal Government other securities	2607	2024	707	4131	4181	2730	1473	54%
3. Local Licensed institution	1219	1289	864	68	224	733	562	77%
4. Foreign Banks	1798	6281	6550	8004	7986	6124	2547	42%
5. Corporate Shares	90	90	107	205	205	139	60	43%
Total Investment	12994	19843	17114	17689	16381	16804	2490	15%

*Sources : Annual Report of Himalayan Bank Limited*

Table 4.26Presents the investment of Himalayan Bank Limited. Nepal Government Treasury Bills has been fluctuating trend. The average Nepal Government Treasury Bills is 7078 and standard deviation is 2592 and the coefficient of variation is 37%. Nepal Government other securities has been fluctuating trend. The average of Nepal Government other securities is 2730, standard deviation is 1473 and the coefficient of variation is 54%. Local licensed institution has been increasing trend. The average local licensed institution is 733 and the standard deviation is 562 and the coefficient of variation is 562 and the coefficient of variation is 77%. Foreign Banks has been increasing trend till 2019 then decrease. The average of foreign banks is 6124, Standard deviation is 2546 and the coefficient of variation is 42%. The corporate share has been increasing trend. The average of corporate share is 139 and the

standard deviation is 60 and the coefficient of variation is 60 and the coefficient of variation is 43%. The total investment has been fluctuating trend.

#### 4.16 Findings

- i. The total deposits of NBL and HBL both are increasing every year. The last year of total average deposit of NBL is 65028.71 and HBL is 61173.67 and the average total loan and advance of NBL and HBL both are also increasing every year. The last year of average total loan and advance of NBL is 42402.36 and HBL is 46402.87. The average total investment of NBL is 12620.28 and HBL is 14469.47 which indicates that the both NBL and HBL are fluctuating trend.
- ii. The S.D. and C.V. of deposit, loan and advance and investment of NBL are 6230.01, 9.58%; 9336.33, 22.02%; and 4148.27, 32.87% respectively. Similarly, the S.D. and C.V. of deposit and advance and investment of HBL are 9232.33, 15.09%; 9217.10, 19.86%; and 2050.85, 14.17% respectively.
- iii. It indicates that there is positive correlation and also significant relationship between total deposit and loan and advance in case of NBL and HBL, it means increase in deposit will increase in loan and advance. The relationship between deposit and investment is positive and non-significant relation in case of NBL and HBL.
- iv. The NBL average of total current, saving pattern is higher than HBL and S.D. and C.V. is lower than HBL i.e. 18126, 395, 22% and 39565, 6990, 30% respectively. The HBL average of total margin, fixed & called deposit pattern are higher than NBL and S.D., C.V. is lower than NBL i.e. 10346, 331, 25% & 16514, 8803, 53% & 34895, 31307, 90% respectively.
- v. The NBL total performing loan has increasing trend and average is 51938 and SD is 15117 and the 29%. The NBL non-performing loan pattern has fluctuating trend. The total non-performing average is 2119, SD is 205 and the CV is 10%. The HBL performing loan pattern have been increasing trend and average, SD and CV are 56856, 15259 and 275%. The HBL non-performing loan pattern has fluctuating trend. The average of total non-performing loan is 1081 and SD is 438 and cv is 41%.
- vi. The NBL total investment pattern have been fluctuating trend average of NBL investment is 14016 and SD is 3967 and the CV is 28% and also HBL total

investment pattern have been fluctuating trend. The average of HBL investment is 16804 SD is 2490 and the CV is 15%.

#### **4.17 Discussion**

The study is about deposit mobilization of commercial bank with reference of NBL and HBL. The study used descriptive and correlation analysis to analyze the trend of deposit mobilization Nepal Bank Limited and Himalayan Bank Limited. Appropriate research methodology has been used. Secondary data were collected for the annual report of selected banks. To obtain the study statistical tools are used.

The analysis showed that the deposit collection of NBL is better than that of HBL and loan and advance of HBL is better than that of NBL. The investment of HBL is better than that of NBL. The statistical correlation revealed that there is a significant and positive relation between total deposit and loan and advance of NBL and HBL, which means increase in deposit deposits, will increase in loan and advance. The study also revealed that there is non-significant and positive relation between deposit and investment.

Nepal Bank Limited, the total current and saving deposits are increasing trend. The study found that total margin, fixed and call deposit are fluctuating trend. Himalayan Bank Limited, the condition of total current, saving have good because it is increasing trend and the condition of total margin, fixed and call deposit are fluctuating trend. The total performing loan has been increasing trend both selected banks, which means they provided sufficient loan and advance to their customer. The Total performing loan has been fluctuating trend of both banks. The result of this study consistent with Maharana choudhari and panigrahi (2015), Ganapathy & Alagarsamy (may 2017), Narayan & Kumar (January 2015), Basyal (July 2010), Upadhaya(September 2011) & Sharma (2011).

Similarity of the result from this study is Upadhaya (September 2011) & Sharma (2011) revealed that deposit and loan and advance are increasing trend and relationship between deposit and loan and advance is significant and different of the result from this study is Maharana Chudhari & Pangrahi (2015), Ganapathy&Alagarsamy (May 2017), Narayan & Kumar (January 2015) revealed

that total current deposit pattern has been fluctuating trend. The result from this study is Basyal (July 2010) revealed that total investment is increasing trend.

## **CHAPTER-V**

### **CONCLUSIONS**

This is the last chapter of the study it shows the overall summary of the study and conclusion drawn from the analysis to the study. This also includes the in

#### **5.1 Summary**

Banks are the pillar of financial system of a country. Specially, in developing country Nepal proper banking system is very important, because the capital market is in progress in Nepal. The economic development of any nation dependent how well it has been able to mobilize financial resource. Deposits are the source of any commercial banks as bank operates by collecting deposits from all over the country and mobilizing it into lending activities. Their major target is to gather deposit from all over the country by attracting customer with their new and fascinating product however in status deposit mobilization is critical issue for banks.

Mobilization of deposits is one of the important functions of banking business. It is an important source of working fund for the bank. Deposit mobilization is an indispensable factor to increase the sources of the banks to serve effectively. Mobilization of deposit plays an important role in providing satisfactory service to different sectors of the economy. The commercial banks must tap deposits from urban and rural areas. This helps the banks to provide large amount of funds to priority sectors for development. The success of the banking greatly lies on the deposit mobilization. The study mainly aims to examine to find out the difference in deposit mobilization of NBL & HBL.

In this study the objective is to study the trend of deposit mobilization of HBL & HBL and to examine the deposit pattern of deposit of NBL & HBL. The main focus of the study is to mobilize idle resources into productive sectors by collecting the funds from scattered sources. Limitation of the study is time and resource constraints have limit the area covered by the study, hence out of 27 commercial banks only NBL and HBL are included on the study and this study covers the recent data and information of 5 years beginning from 2015/16 to 2019/20. The study used convenience sample method and main source of data was the secondary data, The tools used on the study

are statistical tools, which are arithmetic mean, standard deviation, coefficient of variation, probable error and regression analysis.

The findings of the study are showed that deposit of NBL is better than that of HBL. The sample banks are able to mobilize the loan and advances. But the loan and advance of HBL is better than that of HBL. The investment of both banks has been fluctuating trend.. The NBL average of total deposit is high than HBL & HBL average total loan & advance and total investment is higher than NBL i. e. 78735, 56532, 17436 respectively. The correlation between total deposit and loan and advance found that the relationship between deposit and loan and advance is significant and the correlation between deposit and investment is non-significant.

The both sample bank average of total current, saving deposits pattern is high than HBL and also increasing trend year by year. The HBL average of margin, fixed & call deposit pattern are higher than NBL but fluctuating trend. The total performing loan has been increasing trend of both sample bank and the total non-performing loan has been fluctuating trend. The investment has fluctuating trend.

## **5.2 Conclusion**

Based on findings, it can be concluded that NBL & HBL are able to collection deposit effectively and efficiency in their own way. The deposit collection NBL is better than that of HBL It means deposit collection trend of NBL is more uniform than that of HBL. The sample bank has increasing trend of loan and advances which means banks are able to mobilize the loan and advance but the loan and advance HBL is better than of HBL. The investment of both banks has been fluctuating trend. The study found that the investment of HBL is better than that of NBL two different productive and profitable sectors. The NBL average of total deposit is higher than HBL and NBL SD of total deposit is lower than HBL, it means deposit collection of NBL is better than of HBL. The HBL average of total loan and advance and total investment are higher than NBL and SD is lower than NBL, it means HBL is able to mobilize their deposits to the loan and advance and investment comparing the NBL.

The relationship between deposit and loan and advance is positive and also significant relation in case of NBL and HBL, which means increase in deposit will increase in loan and advance. This study also suggests that independent variable that is loan and

advance is dependent to the deposit. The relationship between deposit and investment is positive and non-significant relation in case of NBL and HBL, it means it is directly related to the deposit.

The total current, saving deposit pattern of NBL is higher than HBL, so that HBL has to take action for better performance in collection of deposit and its mobilization in profitable sectors. Therefore the total margin, fixed, & call deposit pattern of HBL is higher than NBL so NBL have to make some new policy for the better performance in collection of deposit and its mobilization in productive sectors.

The NBL total performing loan has increasing trend and total non-performing loan has fluctuating trend and also HBL total performing loan has increasing trend and total non-performing loan has fluctuating trend. The HBL average of total performing loan than NBL and CV is less than HBL, it means low risk and non-performing loan pattern of NBL is good which means low risk. The HBL average of total non-performing loan is less than NBL its mean low risk. The total investment pattern of both sample banks has fluctuating trend. The HBL average the total investment is higher than NBL and SD and CV is lower than NBL. It means HBL are able to their deposit mobilize in invest.

### **5.3 Implication**

Based on the analysis of data, the following recommendations are made:

- i. The total deposit trend of NBL is higher than HBL. So HBL is suggested to collect the deposit by initiating various new deposit schemes to attract the customers. NBL has a lowest trend of loan and advance, it means NBL is not successful in mobilizing the deposit as loan and advance and investment of NBL and HBL both are fluctuating trend. So both banks increase its investment to different productive or profitable sectors.
- ii. The NBL average of total deposit is high and SD is low than HBL, so HBL should focus on the deposit interest rate, services, branch expansion etc for deposit collection. The HBL average of loan & advance and investment is high and SD is low than NBL, so NBL should mobilize their deposit in the customer and different portfolio.
- iii. The condition of current, saving of NBL is good so H relation between deposit and BL. Hence, it is suggested enhancing the deposit bring different policy. The

margin, fixed & call deposit pattern of HBL is good than NBL so NBL have to take action for better performance in collection of deposit.

- iv. Total performing loan pattern of HBL is better than NBL, it is recommended to NBL should diversify its loan on various securities, and non-performing loan pattern of HBL is also good so NBL should analyze project before providing loan.
- v. Total investment pattern of HBL is higher than NBL, so NBL should their deposit in different sectors.

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**Annex : 1**

(Amount in Rs. Million)

<b>Balance Sheet of Nepal Bank Limited</b>						
<b>CAPITAL &amp; LIABILITIES</b>	<b>SCHEDULE</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
1. Share Capital	1	3716.44	6465.00	6465.00	6465.00	8042.66
2. Reserves & Surplus	2	-3925.42	-3925.43	-2634.07	248.91	3409.09
3. Debentures & Bonds	3					
4. Borrowings	4	2342.74				13
5. Deposits	5	62984.35	69337.61	77998.78	89410.02	93944.01
6. Bills Payable	6	101.28	124.07	78.14	36.01	29.51
7. Proposed Dividend						
8. Income Tax Liabilities						
9. Others Liabilities	7	55587.59	5171.76	6303.24	7319.59	6619.37
<b>Total</b>		<b>70776.98</b>	<b>77980.53</b>	<b>88211.09</b>	<b>103479.53</b>	<b>112057.15</b>
<b>ASSETS</b>						
1. Cash Balance	8	2378.43	2636.73	3312.65	3469.54	3394.69
2. Balance with Nepal Rastra Banks	9	10411.75	2919.00	4692.17	10919.80	13388.54
3. Balance with Banks/ Financial Institution	10	1398.24	1103.83	1006.48	1225.04	810.02
4. Money at Call and Short Notice	11	200.00		250.00	4900.00	1200.00
5. Investment	12	10979.12	22664.11	16902.24	12843.44	12181.30
6. Loan Advance and Bills Purchased	13	35611.70	39035.60	50970.86	61250.07	71745.89
7. Fixed Assets	14	366.91	389.50	417.82	437.14	475.07
8. Non Banking Assets						
9. Others Assets	16	9430.84	9231.76	10658.85	8424.50	8781.65
<b>Total</b>		<b>70776.98</b>	<b>7798.53</b>	<b>88211.09</b>	<b>103479.53</b>	<b>112057.12</b>

Source : Annual Reports of Nepal Bank Limited

**Annex : 2**

(Amount in Rs. Million)

<b>Balance sheet of Himalayan Bank Limited</b>						
<b>CAPITAL &amp; LIABILITIES</b>	<b>SCHEDULE</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
1. Share Capital		2898.00	3332.70	4499.15	5848.89	8114.53
2. Reserves & Surplus		2401.71	2750.71	2459.75	2974.88	3590.67
3. Debentures & Bonds		1100.00	1100.00	600.00	600.00	600.00
4. Borrowings		88.43	-	-	1000.00	40.00
5. Deposits		53072.32	64674.85	73538.20	87335.79	92881.11
6. Bills Payable		24.27	95.19	95.87	504.17	82.89
7. Proposed Dividend		276.00	175.40	236.80	71.04	85.42
8. Income Tax Liabilities		33.29	57.58		-	-
9. Others Liabilities		1258.95	1403.42	1371.78	1528.24	1860.86
<b>Total</b>		<b>61152.97</b>	<b>73589.85</b>	<b>82801.55</b>	<b>99863.01</b>	<b>107255.48</b>
<b>ASSETS</b>						
1. Cash Balance		865.06	1112.47	1349.26	1498.35	1558.32
2. Balance with Nepal Rastra Banks		2427.08	3766.15	5873.16	5677.70	6141.15
3. Balance with Banks/ Financial Institution		356.12	663.97	1164.99	698.93	1215.92
4. Money at Call and Short Notice		2061.83	196.10	1063.95	1482.04	-
5. Investment		12992.04	19842.06	17113.39	19306.07	17929.27
6. Loan Advance and Bills Purchased		39723.814	45320.36	53476.23	67745.98	76394.26
7. Fixed Assets		1308.77	1322.81	1321.27	1922.97	2175.89
8. Non Banking Assets			-		-	-
9. Others assets		1418.31	1365.92	1439.30	1530.37	1840.68
<b>Total</b>		<b>61152.97</b>	<b>73589.85</b>	<b>82801.35</b>	<b>99863.01</b>	<b>107255.48</b>

Source : Annual Reports of Nepal Bank Limite