

**DEPOSIT MOBILIZATION OF COMMERCIAL BANKS IN
NEPAL**

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

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “**Deposit Mobilization of Commercial Banks in Nepal**”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor it has been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of this dissertation.

.....

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REPORT OF RESEARCH COMMITTEE

Ms. Nisha Dallakoti has defended research proposal entitled “**Deposit Mobilization of Commercial Banks in Nepal**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidelines of supervisor Asso. Prof. Dr. Kapil Khanal and submit the thesis for evaluation and viva-voce examination.

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APPROVAL SHEET

We hereby certify that the thesis is worthy of acceptance. We have examined the dissertation entitled “**Deposit Mobilization of Commercial Banks in Nepal**” presented by Ms. Nisha Dallakoti for the degree of Master of Business Studies (MBS). We hereby certify that the dissertation is acceptable for the award of degree.

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ABBREVIATIONS

A.D.	:	Anno Domini
B.S.	:	Bikram Sambat
BFI	:	Bank and Financial Institutions
C.V.	:	Coefficient of Variation
CDR	:	Credit Deposit Ratio
EBL	:	Everest Bank Limited
EVA	:	Economic Value Addition
FY	:	Fiscal Year
LLPTL	:	Loan Loss Provision to Total Loan Ratio
MBL	:	Machhapuchchhre Bank Limited
No.	:	Number
NPA	:	Non-performing Assets
NPL	:	Non-Performing Loan Ratio
NPTL	:	Net Profit to Total Loan Ratio
NRB	:	Nepal Rastra Bank
ROA	:	Return on Assets
ROE	:	Return on Equity
S.D.	:	Standard Deviation
SBL	:	Siddhartha Bank Limited
T.U.	:	Tribhuvan University

ABSTRACT

Deposit mobilization is turning into a crucial success factor for banks due to country's expanding need for funds from new and current enterprises, as well as the banks' desire to profit from those funds. This fact is supported by the rapidly growing number of branches, the modernization of services, and the increased competition among banks. Thus, the study aims to analyze the deposit mobilization and profitability as well as examine the impact of deposit mobilization on profitability of commercial banks in Nepal.

Cash reserve ratio (CRR), credit deposit ratio (CDR), deposit to assets ratio (TD/TA), investment to deposits ratio (INV/TD), and property and equipment to deposit ratio (PE/TD) are the identified independent variables affecting the profitability of the commercial banks. Return on assets (ROA) and return on equity (ROE) are the identified profitability indicators in the study. Multiple regression model has been used to examine the impact of deposit mobilization on profitability of commercial banks in Nepal. The study is based on descriptive and casual-comparative research. 4 commercial banks are selected for the purpose of the study i.e. Standard Chartered Bank Ltd. (SCBL), Himalayan Bank Limited (HBL), Nepal Investment Bank Ltd. (NIBL) and Nabil Investment Banking Ltd. (NABIL) using convenience sampling method.

Profitability is insignificantly positive relationship between CRR, TD/TA and INV/TD, significantly negative relationship with CRR and significantly positive relationship between PE/TD. Result found CRR, CDR and TD/TA are insignificantly positive impact on ROA. Similarly, INV/TD is insignificantly negative impact on ROA. There is PE/TD is significantly negative impact on ROA. Similarly, CRR and CDR is insignificantly positive impact on ROE. Similarly, TD/TA is significantly positive impact on ROE. INV/TD is insignificantly negative impact on ROE and PE/TD is significantly negative impact on ROE. ROE is increases when increase in the ratio of CRR, CDR and TD/TA, ROE is decrease when increases INV/TD and PE/TD.

Keywords: *Deposit mobilization, CRR, CDR, ROA, ROE, TA, INV, PE.*

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

Economic growth is the common goal of all nations. Everybody lives with more comfortable, better standard of living than before and holding a better welfare because of the surge in economic growth. Government in each country aims to reduce poverty and increase the level of national income. Therefore, to achieve the main target of economic growth, government may implement various kinds of policies such as encouraging saving, stimulating investment and production in their countries (Pinchawawee, 2011).

Nepal's economy is fragile, thus it needs to offer additional opportunities. Financial institutions are vulnerable, but they may support economic growth by mobilizing resources, identifying great ideas, monitoring managers, and managing risk. The country's financial systems are becoming more and more important for attaining its economic goals, but the government may not have put the necessary regulations in place to address this urgent problem. Because financial intermediation generates an environment that makes it simpler to transform a traditional economy into a contemporary one, the banking system plays a significant role in development. The best way to expand and enhance the economy could be to encourage saving and investment in lucrative sectors like agriculture and hydropower. The main regulators and financial intermediaries in Nepal's financial system are commercial banks. They hold a sizable portion of the investment capital from domestic deposits and are the main creditors of corporate entities, SMEs, and private investors. Commercial banks nevertheless receive a lot less domestic money than what is required for them to be self-sufficient. The large quantities of loan able money that are being held out of the banking system must be aggressively pursued by the commercial banks.

Deposit mobilization is the process by which a financial institution gathers money from the general public through its current, savings, and fixed amounts as well as other specialized programs. According to Banson, Sey and Sakoe (2013), deposits are

typically regarded as the most economical working capital that can boost the long-term viability and profitability of deposit taking institutions. Without being aware of and in control of the variables influencing deposits, deposit management is impossible.

Wubitu (2012) supported literatures factors affecting commercial bank deposits are divided into two, namely exogenous and endogenous factors. Exogenous factors are the factors that are not controlled by bank and endogenous factors are factors that are controlled by the bank. Exogenous factors are further sub divided into two, i.e. country specific factors and bank specific factors. Country specific factors includes saving interest rate, inflation, real interest rate, population growth of the country, per capita income of the society, economic growth (as measured by real GDP), consumer price index and shocks. Bank specific factors include liquidity of the bank, profitability of the bank, security of the bank, number of commercial bank's branches, bank size, reserves and transaction cost. The endogenous factors include awareness of the society, convenience of bank's office and services in the bank. These are the variables that are claimed in the literature to affect the volume of total deposit of commercial banks. In this study these variables are studied theoretically and empirically and the relationship between these variables and total deposit of commercial banks is identified (Gebre, 2019).

Deposit mobilization is one of the key operations of the banking industry, according to Tuyishime, Memba, and Mbera (2015). Commercial banks should make a concerted effort to consistently raise more deposits because lending is a continuous endeavor. Even while depositors make deposits to safeguard their excess money, they are increasingly drawn to bank deposits because of the following advantages among others. Depositors believe there is secure with making a deposit in a bank, and the bank offers a convenient payment method. They also want to earn income on their deposits, protect their funds from theft, and save money for future needs.

As stated by Kuusisto and Reiepula (2010), it is challenging to standardize the issues surrounding service innovation. This is due to the intangible nature of services. The service innovation has been an ad hoc deployed by numerous small

and medium-sized businesses. This indicates that since not all clients require the service innovation, it is not explicitly offered. Following the government's statewide lockdown in March, which saw little to no economic activity, bank liquidity began to rise.

According to Nepal Rastra Bank (NRB), between mid-April and the end of June, liquidity was about Rs 200 billion. Lower loan interest rates were an attempt to clear out excess liquidity from the markets. Loans were given out without due diligence and with inactive assets in the system, which resulted in disproportionate inflation in some areas of the economy, such as the real estate market and the Nepal Stock Exchange (NEPSE). In comparison to 2020, the market capitalization grew by 92.4 percent in 2021, according to the Ministry of Finance in Nepal. Growing bank deposits was impacted by the policy to reduce financial strain by prolonging loan repayment and interest payments. Even after BFIs decided to raise deposit interest rates, the persistent demand for credit made the supply side of loans more difficult for banks to meet without a balanced deposit to support them (NRB, 2020). The continuing liquidity crunch is a result of BFI deposit collection not increasing as expected despite interest rate changes.

The liquidity problem cannot be solved in a single slot. This isn't the first time Nepal has had a crisis. Despite taking measures to resolve the situation, however, only the difficulties are discussed. Since decades, crises have resurfaced on a regular basis. Hence, the short term, midterm, and long term measures of resolving the liquidity crisis should be discussed. The short-term strategy should concentrate on resolving the problem in the interim, such as regulating liquidity injection, lowering the interbank lending rate, and reducing the CRR. The mid-term and long-term solution could be carried out by making investments in areas where remittances can contribute, encouraging the inflow of foreign and domestic tourists, reducing imports of goods such as petroleum products, whose prices are skyrocketing, and focusing on alternative energy solutions. The closed industry should be encouraged to reopen by offering a rebate or concession, which would aid in the creation of job prospects and money for the government. These are long-term solutions that was aid in the prevention of future crises.

In line with the above statement, the trend of deposit mobilization and impact of deposit mobilization on profitability in Nepal's commercial banks was experimentally examined in this study. The financial sector of a developing country like Nepal depends heavily on bank deposits and their determinants. The security of the country's economy and banks' operations depend heavily on their ability to keep control over the deposit issue, which is made feasible by this study. Consequently, the purpose of this study aimed to determine and evaluate the factors affecting Nepal's commercial bank deposits.

1.2 Problem Statement

The existence of sufficient deposits is equivalent to the circulation of blood in the human body, without which life is not possible. Similar to this, deposit mobilization is the main demand for the banking industry to ensure their continued existence. Therefore, attracting more and more customers is essential for the banking industry. The amount of deposits mobilized was increase as the number of clients' increases. In the banking industry, deposit management and income creation are line items. When deposit growth improves in accordance with the growth of credit demand, loan provisions to borrowers become feasible (Tuyishime, Memba and Mbera, 2015). Customer service is therefore essential to maintaining a bank's competitive position in the market. Price and brand were once the primary factors in people's decision-making when choosing which businesses to do business with, but today the overall experience and level of service take precedence. Businesses that encourage and enable their staff to go above and beyond for clients was find it easy to upsell or cross-sell relevant services. That may result in a strong customer base and deposit mobilizations, both of which help the company compete (Gebre, 2019). Since the start of the fiscal year 2020–2021, the Nepali economy has been plagued by a shortage of liquidity. The economy is still suffering from a protracted shortage of liquidity despite the Nepal Rastra Bank's (NRB) repeated policy actions to relieve the burden. This essay tries to investigate the causes of the liquidity crunch and offer solutions in order to further examine the problem.

The credit disbursed by BFIs climbed by 10.5% to NPR 4.60 trillion (USD 38 billion) in the first eight months of the current financial year, while deposits increased by 4.1% to NPR 4.85 trillion (USD 40 billion) during the review period. Hence, a tight liquidity situation in the economy has been exacerbated by rising fund demand relative to supply. In the same period last year, the loan rate rose from 6.84% to 8.98%, underscoring the excessive pressure on liquidity (Gupta, 2022). The domestic banking system has been struggling with a lack of liquidity in fiscal year 2020–2021. Lack of creditable funds has resulted from commercial banks offering loans at lower interest rates in accordance with the monetary policy implemented to address the pandemic's consequences.

The liquidity market is volatile due to lack of uniformity in government capital expenditure and the number of call deposits in banks and financial institutions is high. Liquidity markets are unregulated as policy cannot fully control it. Due to the volatile liquidity market in Nepal, it is not clear at this time what kind of deposit management strategy to adopt. Liquidity markets are unregulated as policy cannot fully control it. Problems in short term deposit management due to lack of modern and developed currency market instruments. The trend of changing banks is increasing, unhealthy competition among commercial banks due to lack of liquidity, rising base rate of banks and not being cost effective (Wubitu, 2012).

Despite the clear credit investment policy of banks and financial institutions, there is an obligation to invest in low quality projects due to lack of clear national investment environment. As loans and investments are based on deposit mobilization, the policy of balancing them has changed with the change in macroeconomics indicators, which has created problems in maintaining balance between credit and deposit mobilization. Debt greening, insider lending, related party lending have problems in controlling credit risk (Gebre, 2019). Thus, the study has sought the reasonable reasons on the following concentration:

- i. How does the deposit mobilization trend seem?
- ii. What is the profitability position of commercial banks?
- iii. Whether there is any impact of deposit mobilization on profitability?

1.3 Objectives of the Study

In line with the statement of problem, the general objective of this study is to examine and assess the trend of deposit mobilization in commercial bank of Nepal, profitability evaluation of HBL, NIBL, SCBNL and NABIL and effective methods for the concerned bank to mobilize deposits in order to improve the existing condition. The other specific objectives are:

- i. To determine the deposit mobilization trend of the sample banks.
- ii. To evaluate the profitability position of the sample banks.
- iii. To examine the impact of deposit mobilization on profitability of the sample banks.

1.4 Hypothesis

The following hypothesis is proposed for the study:

H₁: There is significant positive relationship between profitability and cash reserve ratio.

H₂: There is significant positive relationship between profitability and credit to deposit ratio.

H₃: There is significant positive relationship between profitability and total deposit to total assets ratio.

H₄: There is significant positive relationship between profitability and investment to deposit ratio.

H₅: There is significant positive relationship between profitability and property and equipment to deposit ratio.

1.5 Rationale of the Study

The study has covered the deposits and profitability of sample commercial banks over the ten years period from 2011/12 to 2020/21 A.D. The total deposits including term deposits, demand deposits and margin deposits of the Nepalese commercial banks has been analyzed as well as the impact of deposit mobilization on profitability of the commercial bank has been observed. This can be significant for other scholars who wish to learn more about the impact of deposit mobilization on the profitability of commercial banks in Nepal.

The genuine perspective on deposit mobilization and its impact on profitability provided by the study might be significant to bankers, shareholders, depositors, and the general public who are interested in the current state of the banking industry. Furthermore, the study is equally significant to the organizations since it provides them with insightful recommendations that could help them take remedial action in the event that historical performance in terms of deposit mobilization deviates from expectations.

In a similar vein, the study offers literature to researchers who aspire to conduct additional investigation in this area. The study was significant because it offers a theoretical and conceptual foundation for many aspects of deposit mobilization and how they affect profitability. Similarly, the course aids in attaining the MBS level and provides knowledge regarding deposit mobilization and how it impacts the bank's profitability.

1.6 Limitations of the Study

The research has been conducted to fulfill a portion of the requirements for the Master of Business Studies (MBS). While every attempt was made to present and interpret the facts in a clear, true, and boundless manner, errors may occur because of the inaccuracy of certain instruments, a lack of research experience, a lack of time, the unavailability of sufficient data, and other factors.

The following are some of the limitations that the research being conducted has:

- The study focuses only on few deposit mobilization and profitability factors of the commercial banks.
- The study has examined only a span of ten years ranging from FY 2011/12 to FY 2020/21 A.D.
- The study's conclusion is dependent on the data's accessibility.
- The study is based on the secondary data.

CHAPTER II

LITERATURE REVIEW

In this chapter, the supporting information and findings from past pertinent studies carried out by different researchers are discussed. Extensive research on the deposit mobilization of Nepali commercial banks required studies and accompanying data. Evaluation of the commercial banks' competitiveness, processes, and deposit mobilization trend is the main goal of this study. To accomplish this, a thorough review of relevant literature on the topic is required to provide the researcher a firm understanding of the topic and to form thoughts and ideas. As a result, it draws from a variety of publications, including books, websites, journals, research papers, and prior dissertations, the thoughts and opinions of different writers and intellectuals regarding the mobilization scenario in the context of Nepal.

The chapter literature review covers the examination and evaluation of a few relevant books, articles, published and unpublished articles in various economic journals, bulletins, magazines, newspapers, the yearly balance sheet of the relevant banks, prior theses on related subjects, and searches of websites pertaining to the subject. The following sections comprise this chapter:

- i. Theoretical Review
- ii. Empirical Review

2.1 Theoretical Review

2.1.1 Concept of Deposit Mobilization

Deposit mobilization is an important source of working capital for banks and is of paramount importance to the banking industry as the size of deposit mobilized by the general public through current, savings, fixed deposits, time deposits, and other specialized systems critical to bank's success. It is the process of mobilizing funds by financial institutions from the surplus units to the deficit units to create better opportunities for productive investment. A bank's lending capacity is highly dependent on its ability to attract deposits, making it the ultimate source of banks profit and growth (Banke and Yitayaw, 2022).

Commercial banks carry out a number of essential tasks, including deposit mobilization. It accepts a range of deposits from the general public, particularly from its customers. This covers deposits made into savings accounts, recurring deposits, fixed deposits, etc. These deposits are due after a specific amount of time. Commercial banks offer a range of loans and advances. It consists of a facility for overdraft, cash credit, bill discounting, etc. All clients receive demand and term loans from them in exchange for adequate security. Credit creation is the commercial banks' most important duty. When granting a loan for a customer, a bank does not hand over cash; instead, it opens a deposit account that the customer can use to make withdrawals. In other words, as a bank accepts a loan, deposits are made (Ibrahim, 2011). As an outcome, the banks ought to allocate their deposits to the appropriate industry and successful banking operations. The following are the standard methods how banks mobilize its deposits.

a. Liquid Funds

A bank maintains a certain level of liquid capital. Banks can achieve their liquidity requirements with the assistance of liquid funds. Liquid funds are responsible for a wide range of banking activities, such as call deposits, balances with other domestic banks, NRB balances, and cash in hand.

b. Investment

The bank invests its money in an array of industries and financial ventures. The market for investments displays a wide range of disciplines. The money that banks invest should go toward successful and secure ventures. Funds are invested by the bank in government securities, international bank shares, and corporate shares and debentures. As of mid-July 2016, 58.3 percent of Nepal's commercial banks' total assets were made up of loans and advances. Similarly, according to NRB (2012), the proportion of liquid and investment funds to total assets was 15.2 percent and 17.0 percent, respectively.

c. Loan and Advances

Banks are able to mobilize their deposits by offering various loans and advances to consumers at varying interest rates, Banks lend money and make advances to a

variety of industries. Among the 28 commercial banks, 12 have more than the 20 percent real estate loan exposure that Nepal Rastra Bank specified as a limit (Share Sansar, 2016). At 28.58%, DCBL Bank has the largest percentage of loans exposed to real estate, while 0.03% is the lowest percentage held by Agriculture Development Bank. Commercial banks' long-term loan portfolio has grown significantly, by 15%, over the course of their view period when compared to the same period in the previous fiscal year. This suggests that more loans are being provided for project financing, particularly for hydropower, industrial, and other manufacturing and service sectors that can support the overall economy's sustainable growth.

d. Fixed Assets

Buildings and land are necessary for the formation of a bank. The funds received from the bank is used to purchase items linked to banking operations, such as computers, furnishings, and vehicles. Banks should purchase these assets even though they cannot profit directly from them. To purchase fixed assets for its new branches, a bank requires money.

2.1.2 Deposit Mobilization Scenario of Financial Institution in Nepal

The number of financial institutions increased as a result of the formation of transparent and sound financial sector governance, which also raised the bar for banks and other financial institutions. Bank management, customer service, financial performance, and other factors are all related to bank profitability, according to Shah's (1979) analysis. As to the findings of Minakshi and Kaur (1990), the profitability of Indian banks has been adversely affected by the reserve requirements and bank rate ratios. Large deposits allow banks to mobilize in many economic areas, which helps them turn a profit (Sundbo, 2016). Therefore, a bank's ability to draw in more deposits from the general public and other institutions is crucial to its efficiency and expansion. Although receiving deposits is a crucial element of what banks do, managing those deposits well is just as crucial because a bank's capacity to remain profitable depends on its ability to mobilize deposits, which is another crucial aspect of banking activity. One of banking's primary responsibilities nowadays has been identified as mobilizing savings through extensive deposit collection. For a bank, deposit mobilization is just as vital as blood is to human life. The banking business

has seen a significant growth in players since liberalization, which has led to increasing competition in bank marketing. The banks can now use the theory of the survival of the fittest. Banks are compelled to mobilize low-cost deposits in order to increase profitability by taking initiatives to minimize the interest paid expenditure. Currently, the quantity of low-cost deposits in the mix and the mix's composition are used to determine how efficient a bank is (Mohan, 2009). In 2015–16, monetary management remained difficult. Similarly, the substantially inflation rate was primarily caused by the persistence of high food costs. Due to the decline in foreign exchange reserves and the slowdown in deposit mobilization, the banking industry experienced a liquidity shortfall. Furthermore, the enormous flow of bank credit into a treacle state resulted in a lack of funding for other economically productive sectors of the economy (NRB, 2021). With the mid-term review of monetary policy and around the middle of 2015–16, a number of policy measures pertaining to foreign exchange, credit management, and monetary policy were adopted in order to address these emerging economic issues. Since then, the financial system's liquidity situation and BOP have steadily improved, contributing to the strengthening of macroeconomic stability.

2.2 Empirical Review

Review of journal and article

Venkatesan (2023) examined a practical method for commercial banks in Tamil Nadu to mobilize deposits. The primary aim of this study is to assess the pattern and expansion of scheduled commercial banks' deposit mobilization in Tamil Nadu between 1999-2000 and 2008-2009. Based on the findings of the investigation, a simple regression analysis shows that the number of current deposit accounts in Tamil Nadu's scheduled commercial banks has significantly decreased. It is determined that there was a noteworthy trend and growth in terms of accounts and value for savings deposits.

Karki (2023) analyzed the Impact of liquidity on profitability in Nepalese commercial banks. Main objectives is to analyze determinants of liquidity of commercial banks and their relationship with the liquidity based on information available in Nepalese context. Descriptive and casual comparative research designs serve as the foundation

for this investigation. Descriptive design is used to characterize the nature and behavior of variables. A casual comparative study approach has been employed to look at and analyze the relationships. This study used a quantitative methodology. ANOVA, descriptive statistics, a model summary, and a casual comparative tool have been used. Regression and correlation are used as analytical techniques to examine data acquired from the yearly reports of the sample banks in order to determine the direction and degree of relevance of certain independent variables on determining liquidity position. The study's scope was limited to Nepal's private commercial banks. At the time of the study, Nepal had 20 operational commercial banks, each having a branch location across the nation. The variables that have a statistically significant effect on ROA prediction should be identified by analyzing the significance of each predictor. For a more thorough knowledge of the interactions between the variables, more analysis is required to determine the relevance of each individual predictor and validate the regression model's assumptions. The correlation between each predictor variable and ROA, alongside its magnitude are indicated by the coefficients.

Tharu (2023) investigated on the title analysis of deposit mobilization and profitability in Nepalese commercial banks. The primary goals of the investigation are the profitability and liquidity analysis of Nepalese banks. The primary goal is to investigate and assess Nepalese commercial banks' liquidity position, profitability status, impact, and relationship between liquidity and profitability. Analytical and descriptive research designs have been employed in the study. The majority of the data used was gathered from Nepal's commercial banks' annual report statements. The impact and connection between liquidity and profitability have been investigated using regression and correlation analysis. Current ratios, cash reserve ratios, cash and bank balance to current deposit ratios, and cash and bank balance to total deposit ratios were used to monitor liquidity position. The ROA and ROE are used to measure profitability status. Throughout the course of the previous five fiscal years, from 2073–2078, the study focused on four Nepalese commercial banks: ADBL, Nabil, Everest, and Himalayan. According to the study's findings, the ROA of a subset of commercial banks has a positive, substantial association with the CAR and a positive, but negligible, link with the cash to CA, cash to TDP, and CR. There is a negative and negligible association between the CAR and ROE, and a positive but negligible relationship between the CAR and CA, DP, and CR. Likewise, during the study

period, the CASH TO TDP and CR had a negative influence on the (ROA and ROE) of particular commercial banks, while the CASH TO CA and CAR had a good impact. The analysis suggests that in order to boost profits and open up new investment opportunities, ADBL Bank should reduce the costs and expenses related to bank operations. It has been suggested by NABIL Bank to make greater use of the assets that generate higher revenues.

Debesso and Kant (2023) conducted research on the key elements influencing deposit mobilization in Ethiopian commercial banks. The primary goal is to investigate the variables influencing deposit mobilization in Ethiopia's commercial banks. Using E-views 8 software, this study employs regression analysis in addition to descriptive analysis. With the dependent variable, the total deposit, seven variables are regressed. The study employed a quantitative research design with an explanatory and descriptive research design. The target population consisted of 60 branches within the Hawassa district. Purposive sampling techniques were used to select the sample, and secondary sources of data were used for data collection. The sample size consisted of 10 branches out of the 60 branches within the Hawassa district. The data analysis method used was descriptive and inferential statistics. Regression study results indicated that the explained variable had a substantial and positive correlation with the number of bank branches, deposit interest rate, net interest margin, and economic growth. The inflation rate, liquid asset to deposit ratio, and lag value of bank deposits, however, had negligible negative correlations with bank deposit mobilization.

Gurung (2023) analyzed how deposit mobilization and liquidity affected Nepalese commercial banks' profitability. The primary goals of this study are to assess the current state of a commercial bank's liquidity and profitability in Nepal, analyze the relationship between these two variables, and look into any potential effects that liquidity may have on profitability. The purpose of a descriptive research design is to attain goals pertaining to the variables' current situation. For the purpose of achieving objectives two and three about the relationship and influence of independent and dependent variables, a casual comparative study design is employed. The population of the research is all commercial banks in Nepal, and three of these banks were chosen using judgmental sampling: one is a government bank, one is a joint venture bank, and one is a private bank. The concern bank's annual report provided the data,

which was secondary in nature. To achieve the objectives, statistical and financial analysis is conducted. The research's variables are currently fluctuating, according to the studies, because the minimum and maximum values are significantly different from one another in terms of mean, and they are exceedingly low and high, respectively. The data varies a lot, as evidenced by the series' extraordinarily large standard deviation. Return on assets is positively, but not significantly, correlated with asset quality, credit deposit, and cash deposit. Leverage and return on assets have a substantial and favorable relationship. The relationship between return on equity and asset quality is negligible but negative. The link between leverage and credit deposits and equity return is significantly negative. There is a significant and positive correlation between return on equity and cash deposits. The quality of assets and credit deposits have a small but unfavorable impact on return on assets. Cash deposits have a positive, albeit slight, effect on return on assets. In a positive perspective, leverage dramatically raises the return on assets. The quality of assets, credit deposit ratio, and leverage all have a small but unfavorable impact on return on assets. The cash deposit ratio influences the return on equity positively, however not very much.

Sudha (2022) investigated on the title the deposit mobilization of commercial banks: a comparative study with AXIS Ltd and CUB Ltd in India. The main objectives is to evaluate the trend and growth in deposit mobilization of AXIS LTD and CUB LTD during the period from 2011-2012 to 2020-2021. The time series data that have been acquired are processed using descriptive statistics. Calculations are performed for the mean, standard deviation, coefficient of variation, and compound annual growth rate (CAGR) in order to interpret these data. found that AXIS LTD and CUB LTD have seen a noticeable growth in the mobilization of all forms of deposits in India.

Tafa and Worku (2022) examined deposit mobilization factors in Ethiopian private commercial banks. Among the main objectives was to examine Ethiopia's private commercial bank deposits over the course of eighteen years, from 2000 to 2017. In addition to an explanatory research design, a quantitative research approach was employed. The sixteen private commercial banks that are now operating in Ethiopia are the subject of the study as well. We looked at data from specific banks using descriptive statistics and the random effect model analysis.

Based on the results of the regression analysis, the total deposit of private commercial banks is significantly impacted by two macroeconomic variables (economic growth rate and unemployment rate) and three internal variables (loan to deposit ratio, profitability, and number of bank branches). Researchers recommended that government agencies focus more on sustainable economic growth and reduce unemployment, and that all private commercial banks be forced to aggressively expand their branches in comparison to Ethiopia's commercial bank, based on the study's findings.

Alemu (2021) investigated the small-scale factors that motivate deposit mobilization in Ethiopia's private commercial banks. The primary goals look at Ethiopia's commercial banks' deposit mobilization drivers. 2010–2019 panel data type has been utilized. Additionally, the fixed effect model was employed for this investigation along with a number of diagnostic tests, including the autocorrelation, heteroskedasticity, Langragian, Hausman, and unit root tests. According to the study's descriptive analysis, Ethiopia's commercial banks have mobilized deposits at an average rate of 9.7 percent during the past nine years, while branch expansion has grown at an average pace of 1.413 percent. Liquidity ratio, rate of return on asset, and inflation rate of risk were all adjusted by 137, 0.39, 0.31, and 0.003 percent, respectively. Based on the results of the fixed effect model, deposit mobilization is statistically and negatively impacted by the inflation rate, but it is positively and significantly impacted by four of the seven explanatory variables: government spending, interest rates, and return on asset at 5% and 10%.

Kassu and Menen (2020) analyzed the factors affecting deposit mobilizations of Ethiopian private commercial banks for the periods 2010 to 2019. The objective of this study is empirically investigating factors affecting deposit mobilizations of Ethiopian private commercial banks for the periods 2010 to 2019. The researcher used a quantitative research approach and an explanatory research design. 23 endogenous and exogenous variables were examined using the regression model for balanced panel data. To determine whether the model is appropriate Various diagnostic tests were performed, including the autocorrelation, heteroscedasticity, and normality tests. According to the findings, the mobilization of commercial bank deposits is significantly hampered by inflation, has a positive but statistically insignificant effect

on banks' liquidity, and is positively and statistically significant impacted by credit risk and currency rates. Commercial banks were given advice on how to handle excessive liquidity risk, which was exacerbated by an increase in deposits.

Thao (2019) conducted research on Vietnam Bank for Investment and Development's (BIDV) improved deposit mobilization at the BAC Giang Branch in Vietnam. In this research, the investigators have concentrated on examining the current state of capital mobilization in prior branch years, expressing the bank's successes and failings as evaluated by customers and staff, and then suggesting potential methods to boost deposit mobilization. In order to conduct the poll, depositors, creditors, and employees were examined utilizing raw data. Creditors, bank staff, and depositors made up the survey's respondents. Thirty employees, thirty debtors, and thirty depositors make up the sample of ninety. Once the direct investigation researcher's job was completed, all respondent groups found the deposit pricing policies, product, and network of the BIDV deposit mobilization systems in BAC Giang province to be generally satisfactory. According to the responders, it is 80 percent acceptable or satisfied, which puts it in the often category. Perceived issues were restricted services provided and higher borrowing interest rates when compared to other banks.

Gunasekar and Kumari (2018) studied Factors affecting for deposit mobilization in Sri Lanka. The aim is to examine 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. Questions designed to collect primary data were included in the questionnaires. Both "descriptive statistics" and "regression analysis" have been used to analyze the data. The study found that deposit interest rates, branch expansion, security, services, technology, and awareness were significantly and favorably correlated with deposit mobilization. Furthermore, a noteworthy correlation was observed between the residing area and the total amount of deposits. Additionally, demographic factors including gender, employment, income, and education level had a substantial impact on the mobilization of deposits. The examiner came to the conclusion that many banks prioritized deposit mobilization. Findings, however, showed that deposits were starting to pose a difficult role for Sri Lankan banks in light of the country's expanding credit requirements.

Yadav (2018) studied Nepal Investment Bank Limited and Standard Chartered Bank in relation to the deposit mobilization practices of commercial banks in Nepal. The primary goal is to compare the deposit collection and growth capabilities of NIBL and SCBNL, as well as to examine financial factors such as liquidity management, efficiency, and profitability in connection to commercial bank deposit mobilization. The secondary data for the years 2012/2013-2016/2017 were used for analytical and descriptive research to characterize the general mindset of Nepalese depositors, the commercial bank's business environment, etc. Key conclusions included the observation that NIBL is in a better situation than SCBNL based on the loan and advances to total operating fund ratio. Compared to NIBL, SCBNL appears to be less adept at growing loans and advances, according to the study of the growth ratio of advances. Compared to NIBL, SBNL has kept its cash levels higher.

The study conducted by Orok, Okoi, and Essien (2018) examined the relationship between inflation and deposit mobilization in deposit money banks from a Nigerian perspective. The primary objective of the is to conduct a comprehensive analysis of Nigeria's inflation rate in order to determine how it affects bank deposit mobilization. This ex post facto study primarily used secondary data obtained from 1994 to 2014 from the Central Bank of Nigeria (CBN) statistical bulletin, Nigeria interest research libraries, textbooks, journals, and reports. Selected banks in Nigeria that offered deposit money between 1994 and 2014 were included in the study's population. The authors arrived at the conclusion that at least one co-integrating equation left the model and that all of the variables included in the construct were stationary at the first difference. Further empirical research has shown that inflation has a detrimental effect on the ability of Nigerian banks to mobilize deposits.

Kadariya (2017) researched into Nepal's commercial banks' deposit mobilization efforts. Two bank samples were obtained by the researcher: Nabil Bank Limited and Nepal Bank Limited. The study's overarching goals were to investigate the target and actual loan investments and collections of NABIL Bank Limited and Nepal Bank Limited's growing banking, as well as to assess the sample banks' financial standing. The research methodology in the study essentially indicates the research design source of data, data collection technique, data collection method and tolls and technique etc. were undertaken for descriptive cum analytical research design was

adopted. The study period has covered the data of five years (2011/2012-2015/2016). The study's main conclusion was that NABIL had more profitability consistency and homogeneity. NBL's spread rate is somewhat more than NABIL's. Both banks' loans and advances are trending upward. Both banks' net profits are trending upward. Nonetheless, NABIL's growing profit margin is greater than NBL's. Thus, it has been determined that NABIL was make more money in the future than NBL.

Ambe (2017) investigated the factors that affect Ethiopian commercial banks' ability to mobilize deposits. The primary goal is to use 20 years of data to examine the factors that the Ethiopian commercial bank uses to mobilize consumer deposits. Factors have been investigated using both descriptive and econometric analysis. Five explanatory factors, including loans, the presence of competitors, interest rates, and branch expansion, were included as predictors of consumer deposit mobilization in the bank. The econometric analysis reveals that the rise of deposit mobilization is significantly influenced by the availability of loans, branch expansion, and client volume. Nevertheless, it was discovered that neither the interest rate nor the entry of new competitors had a beneficial effect on encouraging deposit mobilization in the 20 banks.

Adhikari (2016) investigated into the deposit and credit management procedures used by Nepal's commercial banks, citing Nepal Investment Bank Ltd. and Nepal Credit and Commerce Bank Ltd. Finding out the advantages and disadvantages of NIC and NCC's credit position is the primary goal, as is examining the trend of liquid assets kept by the commercial bank and the credits and advances given by NIBL and NCC. The five fiscal years from 2011 to 2016 comprise the study's data scope. The study's key conclusion was the highly substantial positive connection shown in the relationship between total credit and total deposit. According to an analysis of bank-maintained liquid asset trends, NIBL is in a stronger position than NCC. Researchers go on to say that there is a strong positive association between net profit and total credit.

Choudhury and Panigrahi (2015) examined deposit mobilization of commercial banks: A comparison between BOB and Axis Bank located in Bhubaneswar, India. the approach plans and the developments in commercial banks' deposit mobilization practices in India. The study's foundation is made up of primary and secondary data

from 2010–11 to 2014–15. Secondary data is widely used for understanding and analyzing variations in deposit mobilization at the sector and state levels. The time span that is best for each analysis may fluctuate depending on the deposit mobilization topic or issue. Although there was a noticeable upward trend and rise in current deposits, the rate of deposit growth varies from year to year. Deposits in Bhubaneswar's scheduled commercial banks reported a sharp fall. Bank of Baroda mobilized more demand and term deposits than Axis Bank during the research period due to the notable rise in current and term deposits during that period.

Table 1

Review of Journal and Articles

S. N	Authors (Date of Publication)	Article	Objectives	Methodology	Findings
1	Venkatesan (2023)	An Empirical Approach to Deposit Mobilization of Commercial Banks in Tamilnadu	To evaluate the trend and growth in deposit mobilization of scheduled commercial banks in Tamil Nadu during the period from 1999-2000 to 2008-2009	Simple regression analysis	From the results of the analysis, it is found that there was a significant decline in number current deposits accounts in scheduled commercial banks in Tamil Nadu. Regarding saving deposits, it is concluded that there was a significant trend and growth in both in terms of accounts and in value (amount).
2	Karki (2023)	Impact of Liquidity on Profitability in Nepalese Commercial Banks.	To analyze determinant s of liquidity of commercial banks and their	The study is based on two types of research design namely descriptive and casual comparative. To	The study was confined to the private commercial banks operating in Nepal. There were 20

relationship with the liquidity based on information available in Nepalese context.

describe the nature behavior variables, descriptive design is used. To examine and analyze the relationships casual comparative research design has been used. The method of this study is quantitative approach. A casual comparative tool, descriptive statistics, model summary and ANOVA are used. As a analytical tools, correlation and regression are applied to analyze data collected from the annual reports of the sample taken banks for identifying direction and significance level of selected independent variables on determining liquidity level.

the commercial and of operation in Nepal during the time of the study, with their branches located in different parts of the country. the significance of each predictor should be examined to determine which variables have a statistically significant impact on predicting ROA. Further analysis is necessary to assess the significance of individual predictors and validate the assumptions of the regression model for a more understanding of the relationships between the variables. The coefficients provide information about the direction and magnitude of the relationships between each predictor variable and ROA.

3	Tharu (2023)	Analysis of deposit mobilization and profitability in Nepalese commercial banks	To investigate the Analysis of liquidity and profitability in Nepalese banks. The main objective is to explore and examine the liquidity position, profitability status, impact and relationship between liquidity and profitability of Nepalese commercial banks.	The study descriptive and analytical research design has been used. Mostly secondary data have been used from the annual report statements of commercial banks in Nepal. Correlation and regression analysis has used to examine the impact and relationship between liquidity and profitability. The ROA and ROE has use to measure profitability status and current ratio, cash reserve ratio, cash and bank balance to current deposit ratio and cash and bank balance to total deposit ratio was used to measure liquidity position. The study covers four Nepalese commercial banks i.e. ADBL, Nabil, Everest and Himalyan in Nepal over a period of past five fiscal years from 2073/74 to	The study concluded that the CAR has positive significant relationship and CASH TO CA, CASH TO TDP and CR has positive but insignificant relationship with ROA of selected commercial banks. The CASH TO CA, CASH TO DP and CR has negative and insignificant relationship and CAR has positive but insignificant relationship with the ROE. Similarly, the CASH TO TDP and CR has shows negative impact and CASH TO CA and CAR has positively with (ROA and ROE) of selected commercial banks over the study period. The study recommends that ADBL bank should control the cost and expenses associated with bank operation
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				2077/78.	to increase the profit and create new investment opportunities. NABIL Bank has recommended to increase utilization of assets that drives more profits.
4	Debesso and Kant, (2023)	Factors effecting Deposit Mobilization in commercial Banks of Ethiopia.	To examine factors affecting deposit mobilization in commercial bank of Ethiopia. This study uses both descriptive and regression analysis by using E-views 8 software. Seven variables are regressed with the dependent variable i.e. total deposit.	The researcher used descriptive and explanatory research design, quantitative research approaches, the target population were 60 branches under Hawassa district, to select samples branches purposive sampling techniques were used, the method of data collection were secondary source of data, sample size was 10 branches from 60 branches located under Hawassa district and used descriptive and inferential statistics method of data analysis.	The result from regression analysis showed that number of bank branches, deposit interest rate, net interest margin and economic growth were significantly and positively correlated with the explained variable. However, Lagged value of bank deposit, liquid asset to deposit ratio and inflation rate were insignificantly negatively correlated with bank deposit mobilization.
5	Gurung (2023)	Impact of Liquidity and deposit mobilization on Profitability	To examine the current position of the liquidity and profitability	Descriptive research design is for the achievement of objectives related to the	The finding of the studies are the current status of the variables of the research are

of Nepalese Commercial Banks	of a commercial bank in Nepal, to analyze the relationship between liquidity and profitability of a commercial bank in Nepal and to examine the any impact of the liquidity toward profitability of a commercial bank in Nepal.	current status of the variables. Casual comparative research design for achievement of objective two and three for achievement of objectives two and three related to the relationship and impact independent and dependent variables is used. All the commercial bank in Nepal are the population of the research and 3 commercial bank are the selected using judgmental sampling because of the one is joint venture bank, one is private bank and one is government bank selected under studies. Data are secondary nature and collected from the annual report of the concern bank. Financial and statistical analysis is done for the achievement of the objectives.	fluctuating nature because the value of the minimum is very low and maximum is very high and the different between minimum with mean and maximum with mean is very high. The standard deviation of the series of data is very high, the high standard deviation represent the fluctuation of the data is high. The relationship between assets quality, credit deposit and cash deposit with return on assets is positive but not significant. Leverage and return on assets relationship is positive and significant. Assets quality and return on equity relationship is negative with not significant. Credit deposit and leverage has negative and significant relation to the return on equity. Cash deposit
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and return on equity relationship is positive and significant. The impact of assets quality and credit deposit to the return on assets is negative but not significant. Cash deposit positive impact to the return on assets but not significant. Leverage has positive impact with significant to the return on assets. Assets Quality, Credit Deposit Ratio and Leverage has negative and significant impact to the return on assets. Cash deposit ratio has positive and but not significant impact to the return on equity.

6	Sudha (2022)	Deposit Mobilization of Commercial Banks: A comparative study with AXIS Ltd and CUB Ltd in India	To evaluate the trend and growth in deposit mobilization of AXIS LTD and CUB LTD during the period from 2011-2012 to 2020-2021.	Collected time series data are subjected descriptive statistics. Mean, Standard deviation, coefficient of variance and Annual Growth Rate are calculated for analyzing these data.	Found that, there has been a remarkable growth in mobilization of all kinds of deposits in AXIS LTD and CUB LTD in India on the whole.
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7	Tafa and Worku (2022)	Determinants of deposit mobilization Private Commercial Banks in Ethiopia.	To investigate the determinant of private commercial bank deposits in Ethiopia over eighteen years (2000–2017).	Explanatory research design and a quantitative research approach were employed. In addition, the study has targeted sixteen private commercial banks currently operating in Ethiopia. Data obtained from selected banks were analyzed by using descriptive statistics and random effect model analysis.	The regression result shows that three internal variables such as loan to deposit ratio, profitability and the number of bank branches and two macroeconomic variables such as unemployment rate and economic growth rate have a significant effect on the total deposit of private commercial banks. Researchers recommended that all private commercial banks are required to aggressively expand their branches comparatively to the commercial bank of Ethiopia, and government bodies should give more attention to sustainable economic growth and should work on unemployment reduction.
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8	Alemu (2021)	Drivers of Deposit Mobilization in Private Commercial Banks of Ethiopia.	To examine the drivers of commercial banks deposit mobilization in Ethiopia.	Panel data type from 2010-2019 has been used. Also, for this study the fixed effect model with the application of some diagnostic tests like langragian test, hausman test, unit root test heteroskedasticity test and autocorrelation tests have been used.	The descriptive analysis of the study shown that the average rate of commercial banks deposit mobilization in Ethiopia in the last nine subsequent years was growing by 9.7 percent and the rate of growth of branch expansion growing by 1.413 percent. In general, inflation rate of risk, the rate of return to asset, and Liquidity ratio altered by 137, 0.39, 0.31 and 0.003 percent, respectively. The result of fixed effect model indicates that, among seven explanatory variables four variables such as government expenditure, interest rate, and return on asset positively and significantly affect at 5% and 10% deposit mobilization but inflation rate is
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					statistically and negatively affected deposit mobilization.
9	Kassu and Menen (2020)	Factors affecting deposit mobilizations of Ethiopian private commercial banks for the periods 2010 to 2019	The objective of this study is empirically investigating factors affecting deposit mobilizations of Ethiopian private commercial banks for the periods 2010 to 2019.	The researcher adopted explanatory research design and Quantitative research approach. 23 Endogenous and exogenous variables were analyzed by using the balanced panel data regression model. To check the appropriateness of the model Different diagnostics test were conducted such as test of heteroscedasticity, autocorrelation and Normality.	The results explained that Banks Liquidity has a positive insignificant effect, credit risk and exchange rate have positive and statistically significant and inflation has significant negative influences on commercial bank deposit mobilization. Recommendation given to Commercial banks they should have managed high liquidity risk that contributed by increased deposit.
10	Thao (2019)	Improving deposit mobilization of Vietnam Bank for Investment and Development (BIDV), BAC Giang Branch, Vietnam.	In this study, the researcher has focus on reviewing current situation of capital mobilization in previous years of the branch, stating the success and failures of bank based	The methodology of survey was by using raw data investigated depositors, creditors and employees. The respondents of the survey were depositors, creditors and employees of the bank. Total of sample is 90, 30 depositors, 30 creditors and 30	After the direct investigation researcher conclude, deposit mobilization systems of BIDV in BAC Giang province were generally acceptable to all groups of respondents, both for deposit pricing policies and product and network. It falls

			on perceived by clients and employees then propose some solutions to increase the deposits mobilization.	employees.	under the often category with a description of 80 percent satisfaction and/or acceptability from the respondents. Some problems as perceived were higher interest of borrowing compared with other banks, and limited services offered.
11	Gunasekar and Kumari (2018)	Factors affecting for deposit mobilization in Sri Lanka	To examine 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 Questionnaires were equipped with questions to obtain primary data. The data has been analyzed using “descriptive statistics” and “regression analysis”.	The study revealed that, there was a significant and positive relationship between deposit mobilization and deposit interest rate, security, branch expansion, services, technology and awareness. Moreover, there was a significant relationship between living area and the amount of deposits and the demographic variables, such as, gender, occupation, education level and income significantly

					<p>affect for deposit mobilization. Examiner concluded that deposit mobilization was the key focus of many banks. However, finding revealed that deposit was becoming a challenging role for the Banks in Sri Lanka compatible with the growing need of loans.</p>
12	Yadav (2018)	Deposit mobilization of commercial banks in Nepal with reference to Nepal Investment Bank and limited and Standard Chartered Bank.	To provide the comparative ability of NIBL and SCBNL in deposit collection and growth to analyze the financial factor like liquidity management, efficiency and profitability relation to deposit mobilization of commercial bank.	The secondary data for the period (2012/2013-2016/2017) were undertaken for descriptive and analytical research to describe general attitude of Nepalese depositor, business environment commercial bank etc.	The major findings were that the loan and advances to total working fund ratio describes that position of NIBL is better than SCBNL. From the analysis of growth ratio of loan and advances, SCBNL seems weak in increasing loan and advances than that of NIBL. SBNL has maintained high liquidity funds than that of NIBL.
13	Orok,	Inflation	To study	The study which	Authors

Okoi and Essien (2018)	and deposit mobilization in deposit money banks the Nigerian Perspective	critically examine inflation rate in Nigeria with the view of ascertaining its effect on the deposit mobilization in Banks.	was ex-post facto, mostly on secondary data which were collected through the Central Bank of Nigeria (CBN) statistical bulletin, Nigeria interest research library research, textbooks, journal and report from 1994-2014. The population for this study included selected numbers of banks i.e. deposit money bank in Nigeria from 1994-2014.	concluded that all variables used in the construct were stationary at 1st difference, and at least one co-integrating equations existed in the model. Again, it was concluded empirically, that inflation has negative impact on the deposit mobilization of the Nigerian banks.	
14	Kadariya (2017)	Deposit mobilization of commercial banking in Nepal.	Researcher had taken two samples of Banks Viz; Nabil Bank Limited and Nepal Bank Limited. The studied was made with general objectives of research to study target/actual loan investment and collection of developing banking of NABIL	The study period has cover the data of five year (2011/2012-2015/2016) basically research methodologies in study signifies the research design source of data, data collection technique, data collection method and tolls etc. were undertaken for descriptive cum analytical research design was adopted.	The major finding of the study was that NABIL has more consistency and uniformity in case of profitability. NBL has slightly higher spread rate than NABIL. Loan and advances of both banks are in increasing trend. Net profits of both Banks are in increasing trend. However, the growth of increasing

			Bank Limited and Nepal Bank Limited, and to examine the financial position of sample banks.		profit of NABIL is higher than that of NBL Thus it has found that NABIL was earn more profit than NBL in future.
15	Ambe (2017)	Determinants of deposit mobilization in commercial banks of Ethiopia.	To investigate factor that determine customer deposit mobilization by the commercial bank of Ethiopia by using data for 20 years.	Both descriptive and econometric analysis has been applied in order to investigate factors. As determinants of customer deposit mobilization in the bank five explanatory variables such as loan, existence of competitors, interest rate, branch expansion were included.	The result of the econometric result indicates that loan provision, branch expansion and number of customers are found to have significant positive impact for the growth of deposit mobilization. However, the emergence of new competitors and interest rate was not found to have positive impact to induce deposit mobilization in the 20 bank.
16	Adhikari (2016)	Deposit and credit management practices of commercial banks in Nepal, with reference to Nepal Investment Bank Ltd. and Nepal	To analyze the trend of liquid assets maintained by the commercial bank, to analyze the credits and advances provided by the NIBL and NCC	The data cover for the study if of five fiscal year (2011 to 2016). The major finding of the study revealed that the relationship between total credit and total deposit shows highly	The analyzed of the trend of liquid assets maintained by banks shows that NIBL in a better position than NCC. Further author conclude that the relationship between total credit and net

		Credit and Commerce Bank Ltd.	and to find out the strengths and weaknesses in the credit position of NIC and NCC.	significant positive correlation.	profit also shows a significant positive correlation.
17	Choudhury and Panigrahi (2015)	Deposit mobilization of commercial banks: A comparative study of BOB and Axis Bank in Bhubaneswar City.	To survey the method and the trends in deposit mobilization of commercial banks in India.	The study is based upon secondary as well as primary data from period 2010-11 to 2014-15. For analyzing and understanding difference in sector wise and state wise deposit mobilization secondary data is employed profusely time frame preferred for different analysis may vary from subject to subject of deposit mobilization.	There was a significant up trend and growth in current deposits but in terms of growth of deposit year by year is fluctuating. There was significant decline in deposits in scheduled commercial Banks in Bhubaneswar. As there was a significant increase in current deposit and term deposit over the period under study the mobilization of demand deposit and term deposits by Bank of Baroda is more than Axis Bank over the period.

Review of Thesis

Ojha (2019) analyzed the deposit mobilization of Everest Bank Ltd, Standard Chartered Bank Nepal Ltd and Himalayan Bank Ltd. The study has used different

tools like standard deviation, correlation, trend analysis and financial tools for the data analysis and presentation. The study has also taken sector wise deposit mobilization, productive sector etc. The sector wise loan classification are presented and analyzed. Only secondary data has been used for the study, the overview of the theoretical aspect of lending practices of the bank has not been analyzed. The study has taken five years data study of deposit mobilization of NIBL, SCBNL and HBL. The study found out that the measurement of deposit mobilization in relative term has revealed that the total liability to total assets of SCBNL has the highest ratio. However, the performance of other two banks has not deviated far from the mean ratio of SCBNL and the combined average. SCBNL tendency to investment in government securities have resulted with the lowest ratio of loan and advances to total assets ratio. The steady and high volume of Deposit mobilization throughout the years has resulted HBL ratio to be the highest. The ratio of Deposit mobilization and investment to deposits ratio has measured the proportion of total deposits that is used to increase the income of the banks irrespective of the portfolios of its application. NIBL has deployed the highest proportion of its total deposits in earning activities and this ratio is significantly above the ratio of other two banks. The combined ratio is highly deviated from the mean ratio of HBL and SCBNL. This is the indicative of that in fund mobilizing activities HBL is significantly better than SCBNL. The overall liquidity strength of SCBNL can be considered the best among the banks. However, the liquidity risk arising from interest rate in SCBNL is the most likely. Since the market is highly sensitive towards the interest rate and SCBNL has been offering low interest rate as compare to other banks. The analysis of lending strength of HBL in Deposit mobilization is the best. However deposit mobilization, investment to deposit ratio have upgraded the performance of HBL. The high volume of lending activities and high volume of productive sector loan of NIBL has put this bank in the top position in absolute term. On the basis of the findings and conclusions he resulted that the liquidity of all three banks is found to be high. The study has recommended the banks to look upon new area of lending and investment.

Tamrakar (2012) examined the deposit mobilization of commercial banks in Nepal. The study has collected data from secondary sources such as annual reports and financial statements, official records, periodicals journal and bulletins of commercial banks, various articles and unpublished thesis. The procedure of analysis is based on

analysis of financial ratios, statistical analysis and theoretical analysis. The study has taken four years data study of deposit mobilization of NIBL, SCBNL and NABIL. The study has found the irregular increment in deposit mobilization. The lending trend of all the banks is in increasing trend however the increment rate is not regular. We can take the increment in deposit mobilization of the subjected banks as the overall increment of banking industry. The average deposit mobilization of the NIBL is highest; that of NABIL is just behind while of SCBNL is way behind. The volume of non-performing loan of all three subjected banks is irregular as the ups and downs in amount of non-performing loan are often during the period. The analysis of absolute data shows that SCBNL has maintained low volume of non-performing loan in comparison to others. The deposit mobilization of all three subjected banks are increasing every year, this may be due to increment in volume of loan and advances as for every loan out flowed 1% loan loss provision is compulsory or due to the degradation of loan. The interest suspense of NIBL and SCBNL is fluctuating while that of NABIL is increasing in diminishing rate. The analysis of deposit mobilization to total assets ratio reveals that portion of deposit mobilization in total assets of NIBL is fluctuating while that of NABIL and SCBNL is increasing, however there is certain exceptions. NABIL is following the popular statement in business field, “no risk no gain”, so, it was carrying large amount of risky assets to make huge amount of profit. On the basis of above findings he had made following conclusions and recommendations. The deposit trend of the commercial banks is inconsistent; however the deposit and recovery process is continuously going on. The study reveals that the deposit capacity of the commercial banks is increasing year after year along with its core capital. To acquire the market space in today’s growing neck to neck competition in banking sector, the banking should be consumer oriented. It should facilitate customers and should provide easy and quick services in convenient way and along with this it must follow the safety measures to banks investment then only success was achieved.

Table 2

Summary of review of thesis

S.N	Authors	Article	Objectives	Methodology	Findings
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	(Date of Publication)				
1	Ojha (2019)	Deposit mobilization of Everest Bank Ltd, Standard Chartered Bank Nepal Ltd and Himalayan Bank Ltd	To analyzed the impact of deposit mobilization to bank profitability in Nepal.	The study has used different tools like standard deviation, correlation, trend analysis and financial tools for the data analysis and presentation. The study has also taken sector wise deposit mobilization, productive sector etc. The sector wise loan classification are presented and analyzed.	Volume of Deposit mobilization throughout the years has resulted HBL ratio to be the highest. The ratio of Deposit mobilization and investment to deposits ratio has measured the proportion of total deposits that is used to increase the income of the banks irrespective of the portfolios of its application. NIBL has deployed the highest proportion of its total deposits in earning activities and this ratio is significantly above the ratio of other two banks.
2	Tamrakar (2012)	Deposit mobilization of commercial banks in Nepal.	To examined the relationship between deposit mobilization towards commercial bank profitability.	The procedure of analysis is based on analysis of financial ratios, statistical analysis and theoretical analysis. The study has taken four years data study of deposit mobilization of NIBL,	The deposit trend of the commercial banks is inconsistent; however the deposit and recovery process is continuously going on. The study reveals that the deposit capacity of the commercial banks is increasing year after year along with its core capital. To acquire the market space

SCBNL and in today's
NABIL. growing neck to
neck competition
in banking sector,

2.3 Research Gap

On review of various studies related to lending, investment, fund mobilizing and financial performance of various banks, it has been noticed that studies are focusing on the policies implemented by banks for their financial performance but none of them have given focus to the impact of deposit mobilization on profitability, In this research, researcher has tried best to evaluate the trend of deposit mobilization of Nepalese commercial banks. The longer time period of 10 years covered by this study sets it apart from similar studies. Additionally, the researcher made an effort to use as many financial instruments as possible in order to compare the selected banks. Due to the nation's shifting political and economic landscape, this analysis makes use of new data. After reviewing the aforementioned literature, it was discovered that part of the studies had been done with different facets of banking, specifically Nepali commercial banking, in mind. Conclusions on the gaps in the research work can be drawn from the aforementioned literature review. Therefore, the goal of this study is to fill in the gaps that previous studies failed to address.

CHAPTER III

RESEARCH METHODOLOGY

The process of gathering data and information for analysis and interpretation using various facts and figures is known as research methodology. It also includes tools for data analysis. From choosing the topic to work on to making recommendations, it motivates and directs the researcher.

3.1 Research Design

A research design includes the techniques and methods used to carry out scientific research. The research design refers to the general plan for the steps that was followed during a research investigation. It facilitates the study methodology by offering the tools and techniques needed for the data collection, analysis, and sample strategy to be followed. The broad strategy for gathering, analyzing, and interpreting data is generally referred to as the study design. It is an integrated system that directs the researcher in developing, carrying out, and analyzing the study to get answers to research questions and manage variance. The current study is causal relationship research design, and it uses secondary data to achieve its main goals.

3.2 Population and Sample, and Sample Design

Population is a term used to describe industries that produce and serve similar goods. It is the grouping or totality of items or the collection of outcomes from a process. Conversely, a sample is a representative subset of the population that has been chosen in order to study its characteristics. Therefore, a sample is just a subset of the population that has been chosen in order to make inferences about the population that is being studied.

There are 20 commercial banks in the nation as of April 2024. However, it is not feasible to examine every piece of information pertaining to 20 commercial banks. As a result, a sample of four banks has been selected from the total population of twenty banks. The conveyance sampling method serves as the foundation for this investigation. The banks that make up the sample are NABIL Bank Ltd., Himalayan Bank Ltd., Nepal Investment Bank Ltd., and Standard Chartered Bank Nepal Ltd. The

selection of the sample banks is based on the date of their founding. From 1980 to 1993, all four of the sample banks were founded.

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

Secondary data serves as the study's primary source. In the form of published statistics, such as annual reports, periodicals, newspapers, magazines, etc., secondary data are those that have previously been gathered or utilized by another party and are made available to others. The data collection process took a considerable amount of time and effort, even though the study largely used secondary sources. The main source of the relevant secondary data was the annual reports of certain commercial banks, which were sourced from Nepal Rastra Bank's (NRB) databases. Additional sources included a range of studies and reports from Pokhara and Tribhuvan Universities' central libraries, as well as a variety of publications, magazines, reports, and master's thesis papers. The study covers only specific subjects, including deposits made by these banks, advances and loans, investments, liquidity, asset management, and profitability throughout a ten-year period from 2069–2070 to 2078–2079.

3.4 Methods of Analysis

The information is gathered through secondary data sources. We sourced the example banks' ten-year fiscal financial statements from publications and their official website. For the data analysis, a variety of statistical and financial tools have been employed. Utilizing financial parameters, the effect of deposit mobilization on profitability has been investigated. Analytical statistical methods like the mean and the coefficient of correlation between various variables have been employed for the analysis.

3.4.1 Ratio Analysis

A ratio is a mathematical connection that exists between two quantities. In financial statement analysis, ratios are used to evaluate the overall financial health of a company. When making investment decisions, a company's performance can be compared to industry norms using ratio analysis. A single ratio cannot reveal the whole story.

An explanation of the key ratios employed in this study is provided below.

I. Deposit Mobilization Ratio

a. Cash Reserve Ratio

$$\text{Cash Reserve Ratio} = \frac{\text{NRB Balance}}{\text{Total deposit}}$$

b. Credit to Total Deposit Ratio

$$\text{Credit to Total Deposit Ratio} = \frac{\text{Total Loan and advances}}{\text{Total deposit}}$$

c. Investment to Total Deposit Ratio

$$\text{Investment to Total Deposit Ratio} = \frac{\text{Total investment}}{\text{Total deposit}}$$

d. Property and Equipment to Total Deposit Ratio

$$\text{P \& E to Total Deposit Ratio} = \frac{\text{Plant and Equipment}}{\text{Total deposit}}$$

e. Total Assets to Total Deposit Ratio

$$\text{Total Assets to Total Deposit Ratio} = \frac{\text{Total Assets}}{\text{Total deposit}}$$

II. Profitability Ratio

a. Return on Assets (ROA)

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}}$$

b. Return on Equity (ROE)

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Shareholder's Equity}}$$

3.4.2 Statistical Tools

Several statistical tools have been employed in this study to present and analyze the data in order to meet the goals. The data analysis process made use of the following statistical tools:

a. Mean (\bar{X})

The average of the sum of all values divided by the total number of observations in the sample is called the mean. It depicts all of the data, which is located roughly halfway between the two extremes. Because of this, the mean is widely used to describe a measure of central tendency. It is computed using the relationship that follows:

$$\text{Mean } (\bar{X}) = \sum \frac{x}{n}$$

Where,

$$\bar{X} = \text{Arithmetic Mean}$$

$$n = \text{Total number of Observation}$$

b. Standard Deviation

The standard deviation is an absolute measure of dispersion that satisfies most of the requirements for a good measure of dispersion, but it has a drawback compared to other measures. When one subtracts the square of the variation from the arithmetic mean, the standard deviation is equal to the positive square root of the mean. Inversely, greater variability was result from higher standard deviation. Stated differently, data variability analysis is beneficial for examining the quality of the data. It's computed as:

$$\text{Standard Deviation (S.D.)} = \sqrt{\frac{\sum(X-\bar{X})^2}{n}}$$

Where,

$$\bar{X} = \text{Arithmetic Mean return}$$

$$X = \text{Set of Observation}$$

n = Total number of Observation

c. Coefficient of Variation (CV)

The standard deviation represents the dispersion in absolute terms. The measurement of the coefficient of standard deviation is the relative measure of dispersing depending on the standard deviation. More homogeneity and consistency with fewer CVs, and vice versa. Not only is the standard deviation inappropriate for comparing two sets of variables, but the CV can also compare two sets of variables separately according on how variable they are.

$$\text{Coefficient of Variation (C.V.)} = \frac{S.D.}{\bar{X}} \times 100$$

d. Correlation Analysis

A statistical technique that can be used to characterize how closely one variable is related to another linearly is correlation analysis. The research has employed both singular and multiple correlations. An analysis has been conducted on the correlation coefficient between the profitability metrics and the deposit mobilization components.

e. Multiple Regression Analysis

In multiple regression analysis, a dependent variable's value is predicted using two or more independent variables, extending the concepts of simple regression. To put it another way, multiple regression analysis uses two or more independent variables rather than just one to predict the value of a dependent variable. Returns on equity (ROE) and assets (ROA) are the dependent variables in the study, while the independent variables are the cash reserve ratio (CRR), credit deposit ratio (CDR), deposit to assets ratio (TD/TA), investment to deposits ratio (INV/TD), and property and equipment to deposit ratio (PE/TD).

Model I

Return on assets (ROA) on cash reserve ratio (CRR), credit deposit ratio (CDR), deposit to assets ratio (TD/TA), investment to deposits ratio (INV/TD) and property and equipment to deposit ratio (PE/TD).

$$\text{ROA} = a + \beta_1 \text{CRR} + \beta_2 \text{CDR} + \beta_3 \text{TD/TA} + \beta_4 \text{INV/TD} + \beta_5 \text{PE/TD}$$

Where,

a = Regression constant

β_1 = Regression coefficient of cash reserve ratio variable

β_2 = Regression coefficient of credit to deposit variable

β_3 = Regression coefficient of total assets to total deposit variable

β_4 = Regression coefficient of investment to total deposit variable

β_5 = Regression coefficient of property and equipment to total deposit variable

This model aids in predicting the impact of return on assets (ROA) on the following variables: cash reserve ratio (CRR), credit deposit ratio (CDR), deposit to assets ratio (TD/TA), investment to deposits ratio (INV/TD) and property and equipment to deposit ratio (PE/TD).

Model II

Return on equity (ROE) on cash reserve ratio (CRR), credit deposit ratio (CDR), deposit to assets ratio (TD/TA), investment to deposits ratio (INV/TD) and property and equipment to deposit ratio (PE/TD).

$$\text{ROE} = a + \beta_1 \text{CRR} + \beta_2 \text{CDR} + \beta_3 \text{TD/TA} + \beta_4 \text{INV/TD} + \beta_5 \text{PE/TD}$$

Where,

a = Regression constant

β_1 = Regression coefficient of cash reserve ratio variable

β_2 = Regression coefficient of credit to deposit variable

β_3 = Regression coefficient of total assets to total deposit variable

β_4 = Regression coefficient of investment to total deposit variable

β_5 = Regression coefficient of property and equipment to total deposit variable

This model aids in predicting the impact of return on equity (ROE) on the following variables: cash reserve ratio (CRR), credit deposit ratio (CDR), deposit to assets ratio (TD/TA), investment to deposits ratio (INV/TD) and property and equipment to deposit ratio (PE/TD).

3.6 Research Framework and Definition of Variables

A variable is a symbol to which numerals or values are assigned. So, the variables can take on values. The independent variable is the cause. Its value is independent of other variables in the study. The dependent variable is the effect. Its value depends on changes in the independent variable. The theoretical framework becomes obvious when dependent and independent variables are identified. An analytical instrument with many modifications and settings is a theoretical framework. It is employed to classify concepts and arrange ideas. Strong theoretical frameworks accurately represent reality in a way that is simple to understand and use. After reviewing earlier research from numerous academics over a range of time periods, the study has identified a theoretical framework that can be summarized as follows:

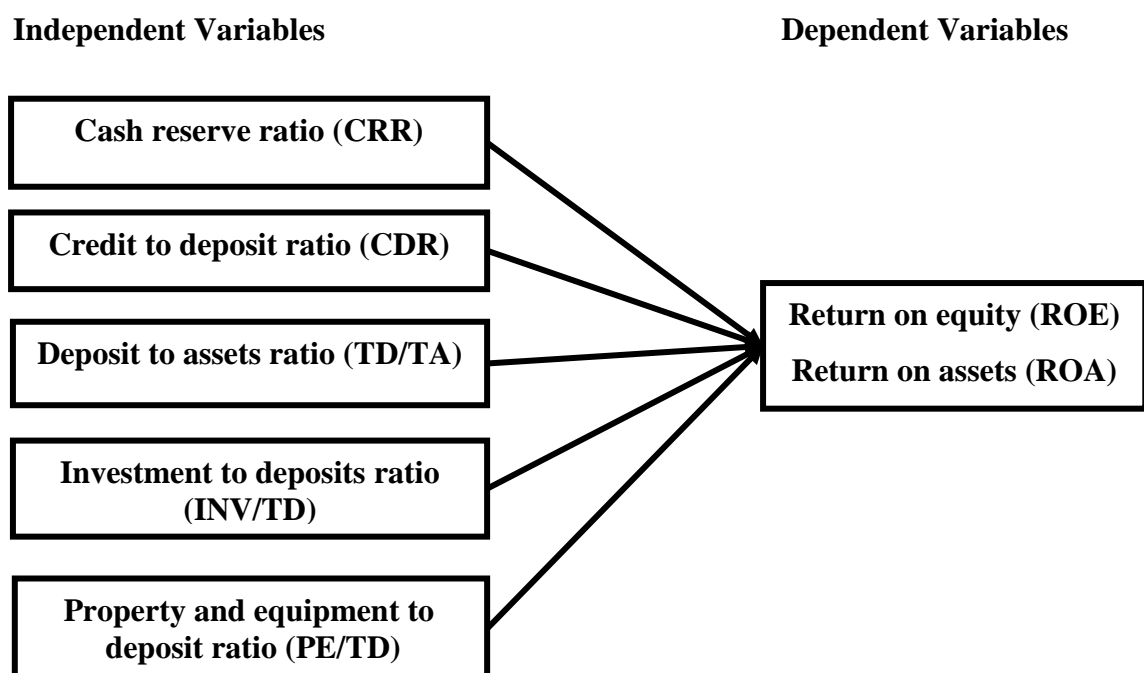


Figure 1 Research Framework

3.6.1 Definition of Variables

A. Dependent Variables

A dependent variable is a variable whose value depends upon independent variable s. The dependent variable is what is being measured in an experiment or evaluated in a mathematical equation. The dependent variable is sometimes called the outcome variable.

a. Return on Assets

The financial statistic that shows a company's profitability in relation to its total assets is called return on assets (ROA). ROA is a useful metric for corporate management, analysts, and investors to assess how well a business uses its resources to turn a profit. Because the corporation can make more money with a lower investment, a greater return on assets (ROA) number is preferable. More asset efficiency is simply indicated by a greater ROA.

b. Return on Equity

The financial performance metric known as return on equity (ROE) is computed by dividing net income by shareholders' equity. ROE is referred to as the return on net assets since shareholders' equity is calculated by deducting debt from assets. ROE is regarded as a measure of a company's profitability and profit-generating efficiency. A company's management is more effective at producing revenue and growth from its equity financing the higher the ROE.

B. Independent Variable

In an experimental study, an independent variable is one that is varied or manipulated in order to examine its effects. It is independent of all other study factors, which is why it is termed such.

a. Cash Reserve Ratio

The Cash Reserve Ratio (CRR) is the minimum percentage of all client deposits that commercial banks are required to maintain as reserves, either as cash or as deposits with the central bank. A nation's central bank sets the CRR in accordance with its standards. The Nepal Rastra Bank (NRB) has raised the CRR to 4% for commercial banks in its monetary policy 2079/80.

b. Credit to Deposit Ratio

In order to evaluate a bank's financing strategy, the credit deposit ratio, also called the loan to deposit ratio, compares the size of a bank's loan book to its deposits. It indicates how much of the bank's mobilized deposits are lent out. According to Nayak (2012), it shows the amount of money a bank uses for lending, which is the primary function of banks. A bank's total loan to total deposit ratio for the same time period is compared to determine the bank's liquidity. It also indicates how successfully the bank is drawing in new business and keeping existing clients. Banks use the CD ratio to make the most of their deposit resources and to make sure they have enough cash on hand to run their operations. Since deposits represent the bank's obligation to its clients, it is important for it to pay close attention to the total amount of loans made using those deposits. A greater ratio denotes a greater dependence on deposits for lending, and the opposite is also true (Thapa, 2019).

c. Deposit to Assets Ratio

The ratio of deposits to assets indicates how much of the assets are financed by public deposits. It examines whether higher deposit banks have to pay higher operational expenses to draw in new deposits (Kwan, 2000). The deposits to assets ratio, as used by financial institutions (FIs), provides a clear understanding of the function that deposits play as a source of funding by indicating the proportion of the FI's total assets that is financed by deposits (Mokhtar et al., 2006). A lower ratio indicates a higher ability of the MFI to use deposits to support its asset base (Muriu, 2011). The greater the percentage, the more the FI has to rely on outside funding, which is frequently more expensive than deposits.

d. Investment to Deposit Ratio (INV/TD)

The ratio of investment to deposit indicates how much of the deposit was used for the investment. Stated differently, the investment to deposit ratio provides insight into the amount of deposit allocated to different sectors. Investments can be made in areas such as the growth of economic wealth or specialized areas where the bank makes more money from other sources than from lending money (Rana, 2020).

e. Property and Equipment to Deposit Ratio (PE/TD)

The ratio of property and equipment to deposit, also referred to as the fixed assets to deposit ratio, indicates the percentage of the deposit that was utilized to buy fixed assets. Stated differently, the property and equipment to deposit ratio provides insight into the portion of the deposit allocated to the bank's fixed assets. The category of fixed assets includes all long-term assets (fixed), such as land, buildings, IT equipment, fixtures and fittings, office appliances and equipment, cars, machinery, leasehold developments, and capital projects that the bank is currently working on. A lower ratio denotes greater bank liquidity, while a higher ratio value denotes reduced bank liquidity (Subbiramani et al., 2018).

CHAPTER IV

RESULTS AND DISCUSSION

The chapter covers data analysis using a range of statistical and financial tools. The bulk of the chapter consists of the data's presentation and interpretation. After the data are appropriately formatted and presented, they are examined and discussed. Secondary data sources are the primary data sources. To make the analysis clear and easy to comprehend, the chapter presents gathered data on deposit mobilization and how it affects the profitability of Nepalese commercial banks in various tables and diagrams.

4.1 Results

This research focuses on the deposit mobilization and its impact of on the profitability of commercial banks in Nepal. We've examined Nepalese commercial banks' deposit mobilization and profitability during the last ten years. Additionally, more efficient analysis of the profitability and deposit mobilization has been done using statistical techniques such as mean, standard deviation, coefficient of variation, etc.

4.1.1 Descriptive Statistics

The mobilization of deposits and how it impacts commercial banks' profitability are covered in this section. Cash reserve ratio (CRR), credit deposit ratio (CDR), deposit to assets ratio (TD/TA), investment to deposits ratio (INV/TD), and property and equipment to deposit ratio (PE/TD) are the metrics used by Nepalese commercial banks to measure deposit mobilization. Return on equity (ROE) and return on assets (ROA) are used to measure profitability.

Table 3*Descriptive Statistics of CRR, CDR, TD/TA, INV/TD, PE/TD, ROA and ROE*

Variables	N	Minimum (%)	Maximum (%)	Mean (%)	Std. Dev (%)
CRR	40	3.66	31.39	13.18	7.34
CDR	40	48.92	89.87	73.18	9.97
TD/TA	40	76.32	89.87	83.89	3.58
INV/TD	40	6.95	41.44	20.82	7.32
PE/TD	40	0.13	2.73	1.29	0.88
ROA	40	1.19	3.25	2.06	0.50
ROE	40	8.90	32.78	19.25	6.49

Table 3 presents descriptive statistics for four commercial banks that were sampled throughout a ten-year period, spanning from FY 2011/12 to FY 2020/21 AD. There were 40 observations (N) in all for the variable. According to descriptive statistics, the CRR has a mean of 13.18 percent, a standard deviation of 7.34 percent, and a range of 3.66 to 31.39 percent. This suggests that there is a 3.66 % difference in the CRR number on either side. The CDR, on the other hand, has a mean of 73.18 percentage, a standard deviation of 9.97 percentage, and a range of 48.92 to 89.87 percentage. This suggests that there is a 9.97 percentage difference in the value of CDR on both sides. Similarly, the TD/TA has a range of 76.32 to 89.87 percentage points and a mean of 83.89 % with a standard deviation of 3.58 percentage. This suggests that there is a 3.58 % difference in the value of TD/TA on both sides. The PE/TD ranges from 0.13 % to 2.73 percentage, with a mean of 1.29 percentage and a standard deviation of 0.88 percentage. This suggests that the PE/TD figure may differ by 0.88 percentage on either side. Additionally, the ROA runs from 1.19 percentage to 3.25 percentage, with a mean of 2.06 percentage and a standard deviation of 0.50 %. This suggests that the ROA figure may differ by 0.50 percent on either side. With a standard deviation of

6.49 percentage, the ROE has a mean of 19.25 % and a range of 8.90 to 32.78 percentage. This suggests that the ROE figure may differ by 6.49 percentage points on both sides.

4.1.2 Correlation Analysis

Seven variables have been identified by the investigation. Whether there is a positive or negative relationship between two variables, correlation analysis entails examining and quantifying the degree of that association. The correlation analysis is used to determine the relationship between the cash reserve ratio (CRR), credit deposit ratio (CDR), deposit to assets ratio (TD/TA), investment to deposits ratio (INV/TD), property and equipment to deposit ratio (PE/TD), return on assets (ROA), and return on equity (ROE). It also indicates whether the relationship is significant or not.

Table 4

Correlation among CRR, CDR, TD/TA, INV/TD, PE/TD, ROA and ROE

	CRR	CDR	TD/TA	INV/TD	PE/TD	ROA	ROE
CRR	1						
CDR	-0.056	1					
TD/TA	0.114	-0.334*	1				
INV/TD	-0.125	-0.450*	0.576*	1			
PE/TD	-0.068	0.588*	0.063	-0.288*	1		
ROA	0.142	-0.211	0.215	0.130	-0.318*	1	
ROE	0.175	-0.198	0.457*	0.310*	-0.263	0.837*	1

Note. * Indicates that correlation is significant at the 5% level

Table 4 explains the correlation between various deposit mobilization factors affecting profitability and profitability of commercial banks in Nepal. Table shows the relationship between dependent variables which are ROA and ROE, and independent variables, which are CRR, CDR, TD/TA, INV/TD, PE/TD. The result shows ROA is insignificantly positive relationship between CRR, TD/TA and INV/TD, significantly negative relationship with CRR and significantly positive relationship between

PE/TD. Similarly, ROE is insignificantly positive relationship between CRR, insignificantly negative relationship with CDR and PE/TD and significantly positive relationship between TD/TA and INV/TD. There is significantly high degree positive relationship between ROA and ROE.

4.1.3 Regression Analysis

Values of dependent variables are estimated using two or more independent variables in coefficient analysis, while values of dependent variables are estimated using only one independent variable in simple regression analysis. Determine the relative movement of the variable with the aid of multiple regression analysis.

Model I

Table 5

Regression Model Summary of ROA on CRR, CDR, TD/TA, INV/TD and PE/TD

R	R Square	Adjusted R Square	Standard Error	Observations
0.4286	0.1837	0.0636	0.4809	40

Table 5 shows the model summary for the regression analysis between the ROA and CRR, CDR, TD/TA, INV/TD and PE/TD of sampled commercial banks in Nepal. The R square is 0.1837 which shows the model explanatory power depicted that 18.37% of the changes in the ROA in four sampled commercial banks be explained by the five variables i.e. CRR, CDR, TD/TA, INV/TD and PE/TD, while the remaining percentage can be explained by other factors excluded in the model. The adjusted R square was 6.360% which shows the model explanatory power with the exclusion of the constant variable in the regression model is very low or negligible. In addition, the coefficient for R is 0.4286 which shows the low degree of positive correlation between the ROA and CRR, CDR, TD/TA, INV/TD and PE/TD. Thus, increase in CRR, CDR, TD/TA, INV/TD and PE/TD increase the ROA and vice versa. The standard error of estimates shows the average deviation from the linear of best among the variables under investigation.

Table 6

Regression Coefficient of ROA on CRR, CDR, TD/TA, INV/TD and PE/TD

Model	Un-standardized Coefficients		Standardized Coefficients	t Stat	P-value
	B	Standard Error	Beta		
Constant	-1.974	2.627		-0.752	0.458
CRR	0.004	0.011	0.059	0.361	0.720
CDR	0.005	0.011	0.102	0.472	0.640
TD/TA	0.049	0.030	0.355	1.639	0.111
INV/TD	-0.010	0.015	-0.147	-0.680	0.501
PE/TD	-0.247	0.120	-0.439	-2.060	0.047

Dependent Variable: ROA

Table 6 represents the regression coefficient of ROA on CRR, CDR, TD/TA, INV/TD and PE/TD of sampled commercial banks during FY 2011/12 to FY 2020/21 AD. The regression line for ROA, the constant is -1.974, CRR is 0.004, CDR is 0.005, TD/TA is 0.049 and INV/TD is -0.010 and PE/TD is -0.247 times responsible for the change a point of ROA. All the independent variable is more than p-value so variable are significantly statics at 0.05 level of insignificant except PE/TD.

The following equation provides the regression model or line:

$$Y_{ROA} = -1.974 + 0.004 \text{ CRR} + 0.005 \text{ CDR} + 0.049 \text{ TD/TA} - 0.010 \text{ INV/TD} - 0.247 \text{ PE/TD}$$

Hypothesis Test

H_1 : *There is significant positive relationship between ROA and cash reserve ratio.*

With a coefficient of cash reserve ratio (CRR) of 0.004, a 1 percentage change in ROA is attributed to a 4.00 percentage change in the cash reserve ratio. The t-statistics

are not significant at the 5 percentage level, according to the regression model. The alternative hypothesis has been rejected or accepted by the null hypothesis, indicating that the liquidity ratio has little bearing on ROA.

H₂: There is significant positive relationship between ROA and credit to deposit ratio.

With a coefficient of credit to deposit ratio (CDR) of 0.005, a 1 percentage change in ROA is attributed to a 5.00 percentage change in the credit to deposit ratio. The t-statistics are not significant at the 5 percentage level, according to the regression model. The alternative hypothesis has been rejected or accepted by the null hypothesis, indicating that the liquidity ratio has little bearing on ROA.

H₃: There is significant positive relationship between ROA and total deposit to total assets ratio.

With a coefficient of total deposit to total assets ratio (TD/TA) of 0.049, a 1 percentage change in ROA is attributed to a 4.90 percentage change in the total deposit to total assets ratio. The t-statistics are not significant at the 5 percentage level, according to the regression model. The alternative hypothesis has been rejected or accepted by the null hypothesis, indicating that the deposit ratio has little bearing on ROA.

H₄: There is significant positive relationship between ROA and investment to deposit ratio.

With a coefficient of investment to deposit ratio (INV/TD) of 0.010, a 1 percentage change in ROA is attributed to a 1.00 percentage change in the investment to total deposit ratio. The t-statistics are not significant at the 5 percentage level, according to the regression model. The alternative hypothesis has been rejected or accepted by the null hypothesis, indicating that the investment to deposit ratio has little bearing on ROA.

H₅: There is significant positive relationship between ROA and property and equipment to deposit ratio.

With a coefficient of property and equipment to deposit ratio (PE/TD) of 0.024, a 1 percentage change in ROA is attributed to a 2.40 percentage change in the property and equipment to total deposit ratio. The t-statistics are significant at the 5 percentage level, according to the regression model. The alternative hypothesis has been accepted

or rejected by the null hypothesis, indicating that the property and equipment to deposit ratio has little bearing on ROA.

Table 7

Hypothesis Summary Table

Hypothesis	Sig.	Result	Explanation
H ₁	0.720	Rejected	P-value is greater than 0.05, at 0.720. This shows that CRR has insignificant impact on ROA.
H ₂	0.640	Rejected	P-value is greater than 0.05, at 0.640. This shows that CDR has insignificant impact on ROA.
H ₃	0.111	Rejected	P-value is greater than 0.05, at 0.111. This shows that TD/TA has insignificant impact on ROA.
H ₄	0.501	Rejected	P-value is greater than 0.05, at 0.501. This shows that INV/TD has insignificant impact on ROA.
H ₅	0.047	Accepted	P-value of PE/TD is 0.047, the value is below 0.05. This shows how PE/TD and ROA are significant.

Model II

Table 8

Regression Model Summary of ROE on CRR, CDR, TD/TA, INV/TD and PE/TD

R	R Square	Adjusted R Square	Standard Error	Observations
0.5813	0.3378	0.2405	5.6569	40

Table 8 shows the model summary for the regression analysis between the ROE, and CRR, CDR, TD/TA, INV/TD and PE/TD of sampled commercial banks in Nepal. The R square is 0.3378 which shows the model explanatory power depicted that 33.78% of the changes in the ROE in four sampled commercial banks be explained by the five variables i.e. CRR, CDR, TD/TA, INV/TD and PE/TD, while the remaining percentage can be explained by other factors excluded in the model. The adjusted R

square was 24.05 percentage which shows the model explanatory power with the exclusion of the constant variable in the regression model is low. In addition, the coefficient for R is 0.5812 which shows the high degree of positive correlation between the ROE and CRR, CDR, TD/TA, INV/TD and PE/TD. Thus, increase in CRR, CDR, TD/TA, INV/TD and PE/TD increase the ROE and vice versa. The standard error of estimates shows the average deviation from the linear of best among the variables under investigation.

Table 9

Regression Coefficient of ROE on CRR, CDR, TD/TA, INV/TD and PE/TD

Model	Un-standardized		Standardized	t Stat	P-value
	Coefficients		Coefficients		
	B	Standard Error	Beta		
Constant	-76.031	30.947		-2.457	0.019
CRR	0.080	0.130	0.091	0.616	0.542
CDR	0.163	0.127	0.250	1.282	0.209
TD/TA	1.037	0.354	0.572	2.926	0.006
INV/TD	-0.021	0.173	-0.023	-0.119	0.906
PE/TD	-3.286	1.412	-0.447	-2.328	0.026

Dependent Variable: ROE

Table 9 shows the regression coefficient of ROE for the sampled commercial banks' CRR, CDR, TD/TA, INV/TD, and PE/TD from FY 2011–12 to FY 2020–21 AD. According to the ROE regression line, the constant is -76.031, the CRR is 0.080, the CDR is 0.163, the TD/TA ratio is 1.037, the INV/TD is -0.021, and the PE/TD is -3.286 times the change in one ROE point. With the exception of TD/TA and PE/TD, all independent variables are significantly static at the 0.05 level of insignificance because they are greater than the p-value.

The regression model/line is given by following equation:

$$Y_{ROE} = -76.031 + 0.080CRR + 0.163CDR + 1.037 TD/TA - 0.021 INV/TD - 3.286 PE/TD$$

Hypothesis Test

H₁: There is significant positive relationship between ROE and cash reserve ratio.

With a cash reserve ratio (CRR) of 0.080, a change of 1 percentage in ROE corresponds to an 8.00 % change in the cash reserve ratio. According to the regression model, the t-statistics are not significant at the 5 percent level. The null hypothesis has either accepted or rejected the alternative hypothesis, suggesting that the liquidity ratio has little effect on ROE.

H₂: There is significant positive relationship between ROE and credit to deposit ratio.

With a coefficient of credit to deposit ratio (CDR) of 0.163, a 1 percentage change in ROE is attributed to a 16.20 percentage change in the credit to deposit ratio. The t-statistics are not significant at the 5 percent level, according to the regression model. The alternative hypothesis has been rejected or accepted by the null hypothesis, indicating that the liquidity ratio has little bearing on ROE.

H₃: There is significant positive relationship between ROE and total deposit to total assets ratio.

With a coefficient of total deposit to total assets ratio (TD/TA) of 1.037, a 1 percentage change in ROE is attributed to a 103.7 percentage change in the total deposit to total assets ratio. The t-statistics are significant at the 5 percent level, according to the regression model. The alternative hypothesis has been accepted or rejected by the null hypothesis, indicating that the deposit ratio has little bearing on ROE.

H₄: There is significant positive relationship between ROE and investment to deposit ratio.

With a coefficient of investment to deposit ratio (INV/TD) of 0.021, a 1 percentage change in ROE is attributed to a 2.10 percentage change in the investment to total deposit ratio. The t-statistics are not significant at the 5 percent level, according to the regression model. The alternative hypothesis has been rejected or accepted by the null hypothesis, indicating that the investment to deposit ratio has little bearing on ROE.

H_5 : *There is significant positive relationship between ROE and property and equipment to deposit ratio.*

With a coefficient of property and equipment to deposit ratio (PE/TD) of 3.286, a 1 percentage change in ROE is attributed to a 328.6 percentage change in the property and equipment to total deposit ratio. The t-statistics are significant at the 5 percent level, according to the regression model. The alternative hypothesis has been accepted or rejected by the null hypothesis, indicating that the property and equipment to deposit ratio has little bearing on ROE.

Table 10

Hypothesis Summary Table

Hypothesis	Sig.	Result	Explanation
H ₁	0.542	Rejected	P-value is greater than 0.05, at 0.542. This shows that CRR has insignificant impact on ROE.
H ₂	0.209	Rejected	P-value is greater than 0.05, at 0.209. This shows that CDR has insignificant impact on ROE.
H ₃	0.006	Rejected	P-value is lower than 0.05, at 0.006. This shows that TD/TA has significant impact on ROE.
H ₄	0.906	Rejected	P-value is greater than 0.05, at 0.906. This shows that INV/TD has insignificant impact on ROE.
H ₅	0.026	Accepted	P-value of PE/TD is 0.026, the value is below 0.05. This shows how PE/TD and ROE are significant.

4.2 Discussion

The CRR is insignificantly positive impact on ROE, CDR is insignificantly positive impact on ROE, TD/TA is insignificantly positive impact on ROE, INV/TD is significantly negative impact on ROE and PE/TD is significantly negative impact on ROE. The impact of deposit mobilization on profitability of the sample banks are The CRR is insignificantly positive impact on ROA, CDR is insignificantly positive impact on ROA, TD/TA is insignificantly positive impact on ROA, INV/TD is insignificantly negative impact on ROA and PE/TD is significantly negative impact on ROA. (Sudha, 2022; Alemu, 2021) found CRR is significantly positive impact

towards bank profitability. It shows consistency with previous study. Similarly, (Tharu, 2023; Karki 2024) found CAR, CRR, CDR is insignificantly positive impact on bank profitability. It shows that, this study is consistent with previous findings. Similarly, (Karki, 2024 and Tharu, 2023) are found TD/TA is insignificantly positive impact on bank profitability. (Sudha, 2022; Tharu, 2023 and Alemu, 2021) found INV/TD is insignificantly negative impact on bank profitability. It shows that result is consistent with previous findings. Similarly, (Tharu, 2023; Karki, 2024; Debesso and Kant 2023) found PE/TD is significantly negative impacted on bank profitability. It is consistent with previous findings but Alemu 2021 and Sudha 2022 found insignificantly negative impact on bank profitability. It is a contradictory result with previous findings.

In conclusion CRR, CDR and TD/TA are positively and PE/TD is negatively impacted towards commercial bank profitability. Therefore, the results discussed above confirm that the deposit mobilization affects profitability of commercial banks in Nepal. The results report a positive and insignificant association between cash reserve ratio (CRR) as well as credit deposit ratio (CDR) and profitability (ROA and ROE), demonstrating an increase in profitability due to an increase in cash reserve ratio as well as credit deposit ratio and vice versa. The study has determined total deposit to total assets ratio has insignificant positive impact on profitability if ROA is used as a proxy for profitability and significant positive impact on profitability if ROE is used as a proxy for profitability. The results also report negative and significant association between property and equipment to total deposit ratio (PE/TD). The negative and insignificant association between investment to total deposit ratio (INV/TD) and bank's profitability has also been reported, demonstrating an increase in profitability due to a decrease in investment to total deposit ratio and vice versa. However, high impact of deposit mobilization on profitability has become a contrary to most of the empirical studies.

CHAPTER-V

SUMMARY AND CONCLUSION

5.1 Summary

For Nepalese banks, obtaining deposits is becoming increasingly difficult in order to meet the growing demand for loans. Because of the nation's growing demand for funds from both new and existing firms, as well as the banks' desire to profit from those funds, deposit mobilization is increasingly becoming a critical success factor for banks. The fast-growing number of branches, the upgrading of services, and the heightened competitiveness among banks all attest to this fact. Therefore, the study's objectives are to assess deposit mobilization and profitability as well as the relationship between deposit mobilization and profitability of Nepal's commercial banks.

The ratios of cash reserve (CRR), credit deposit (CDR), deposit to assets (TD/TA), investment to deposits (INV/TD), and property and equipment to deposit (PE/TD) are the recognized independent factors that have an impact on the commercial banks' profitability. The research discovered two profitability indicators: return on equity (ROE) and return on assets (ROA). To investigate the effect of deposit mobilization on the profitability of Nepal's commercial banks, a multiple regression model was

employed. The research for the paper is casual-comparative and descriptive in nature. Deposit mobilization and profitability situations of Nepali commercial banks are analyzed using the descriptive research methodology, while the effect of deposit mobilization on profitability is investigated using the casual-comparative study design. Standard Chartered Bank Ltd. (SCBL), Himalayan Bank Limited (HBL), Nepal Investment Bank Ltd. (NIBL), and Nabil Investment Banking Ltd. (NABIL) are the four commercial banks chosen for the study's purposes out of the twenty commercial banks listed by NRB utilizing the convenience sample approach.

The results indicate that ROA has a considerably negative association with CRR, a significantly positive relationship with PE/TD, and an insignificantly positive relationship with TD/TA, INV/TD, and CRR all together. In a similar vein, ROE has a considerably positive association with INV/TD and TD/TA and an insignificantly negative relationship with CDR and PE/TD. Between ROA and ROE, there is a notably strong positive correlation.

CRR, CDR, and TD/TA have an insignificantly favorable effect on ROA for Model I. In a similar vein, ROA is marginally negatively impacted by INV/TD. ROA is considerably impacted negatively by PE/TD. The findings indicate that while ROA decreases with increases in INV/TD and PE/TD, it increases with increases in the ratios of CRR, CDR, and TD/TA. CRR and CDR have a negligibly beneficial effect on ROE in model II. In a similar vein, ROE is greatly benefited by TD/TA. While PE/TD has a considerably negative influence on ROE, INV/TD has an insignificantly negative impact. When the ratios of CRR, CDR, and TD/TA grow, ROE increases; when the ratios of INV/TD and PE/TD increase, ROE decreases.

As a result, effectively mobilizing deposits is crucial for a financial institution. The profitability of Nepal's commercial banks was investigated in the current study in relation to deposit mobilization. The results show that there is a positive and negligible correlation between profitability (ROA and ROE) and both the cash reserve ratio and the credit deposit ratio. Specifically, an increase in cash reserve ratio leads to an increase in profitability, and vice versa. The study concluded that while using ROA as a proxy for profitability, the total deposit to total assets ratio has a negligible positive influence on profitability, but when using ROE as a proxy for profitability, the ratio has a considerable positive impact. Additionally, a negative and strong

correlation between property and equipment and the total deposit ratio is reported by the data. It has also been stated that there is a negative and negligible correlation between the bank's profitability and its investment to total deposit ratio. This indicates that a decline in the bank's profitability leads to a rise in profitability, and vice versa. However, the majority of empirical studies now contradict the strong influence of deposit mobilization on profitability.

5.2 Conclusion

The study used measures such as the cash reserve ratio (CRR), credit deposit ratio (CDR), deposit to assets ratio (TD/TA), investment to deposits ratio (INV/TD), and property and equipment to deposit ratio (PE/TD) to assess the deposit mobilization trend of Nepalese commercial banks. Numerous academics and researchers have confirmed the varying tendency of all the variables that have been established. As a result, the study came to the conclusion that all of the commercial banks that were chosen for the analysis had a changing deposit mobilization tendency.

The study also assessed the profitability condition of commercial banks in Nepal. All commercial banks have varying trends in their return on equity and return on assets. On the other hand, NIBL has the most fluctuation and HBL has the lowest on ROE, while NABIL has the largest volatility on ROA and HBL has the lowest on ROE among other banks. Selected commercial banks had good profitability situations as determined by ROA and ROE over the course of the study. Consequently, it can be said that Nepal's commercial banks are in a strong position financially.

Additionally, the study made an effort to look at how the profitability of Nepal's commercial banks was affected by deposit mobilization as determined by CRR, CDR, TD/TA, INV/TD, and PE/TD. The results show that there is a positive and negligible correlation between profitability (ROA and ROE) and both the cash reserve ratio and the credit deposit ratio. Specifically, an increase in cash reserve ratio leads to an increase in profitability, and vice versa. According to the study, the ratio of total assets to total deposits has a considerable positive influence on profitability if ROE is used as a proxy for profitability rather than an insignificant positive impact on profitability if ROA is used as a proxy. The findings also show a substantial and

negative correlation between equipment and property in relation to the overall deposit ratio.

5.3 Implications

Mobilization of deposits for a bank is as essential as oxygen for human being. So it is necessary to study the deposit mobilization of commercial banks and examine its impact on profitability. The study has observed CRR, CDR, TD/TA, INV/TD and PE/TD for measuring deposit mobilization, and ROA and ROE for measuring the profitability of the banks over different ten fiscal years from FY 2011/12 to FY 2020/21. Based on major findings, discussions, summary and conclusions drawn from the study, the study has several significant implications on various fields.

Managerial Implications

The expansion of Nepal's financial institutions and commercial banks depends on the establishment of top-notch institutions like law and order, efficient administration, and democratic accountability. Numerous more variables, such debt management and liquidity maintenance, might be employed. Though not in line with the different industries, the number of listed corporations rises annually in order to fully capitalize on the investments and transactions of commercial banks. By choosing the most advantageous investment source, managers can effectively use the deposit by analyzing deposit mobilization. In order to create transactions with Nepalese commercial banks and to draw in additional manufacturing, processing, and trading enterprises, the government must implement new policies.

Future Scope

According to market participants, the study's findings provided updated information from a Nepalese perspective. For equity investors and fund managers, who can use the aforementioned factors to create financial plans, strategies, and the best capital structure for Nepalese commercial banks, the study's conclusions seem to be especially pertinent. In a similar vein, helpful literature supports future research.

Variables Scope

The contribution of these variables to the total deposit mobilization could also be measured more broadly by including additional variables like the total cash reserve to the total deposit, the total credit to the total deposit, the total non-performing loan to the total deposit, and the return on asset to the total deposit.

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APPENDICES

Appendix 1 Key Indicators of Standard Chartered Bank Limited



Key Indicators

S.N	Particulars	Indicators	Erstwhile Local GAAP based	NFRS based				
				FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020	FY 2020-2021
1	Net Profit/Gross Income	Per cent	31.88	46.79	46.72	39.97	34.42	
2	Earning Per Share	NPR	35.49	27.33	30.39	24.81	16.32	
3	Market Value Per Share	NPR	2,295	755	682	645	590	
4	Price Earning Ratio	Ratio	64.67	27.62	22.44	26.00	36.16	
5	Dividend (including bonus) on Share Capital	Per cent	105.26	17.50	22.50	11.84	13.06	
6	Cash Dividend on Share Capital	Per cent	5.26	17.50	22.50	4.84	3.06	
7	Interest Income/ Loan & Advances	Per cent	6.80	11.14	12.31	12.28	8.57	
8	Staff Expenses/ Total Operating Expenses	Per cent	28.50	62.83	65.89	65.48	64.06	
9	Interest Expenses on Total Deposit and Borrowings	Per cent	1.35	2.45	3.93	3.28	3.11	
10	Exchange Fluctuation Income/ Total Income	Per cent	13.69	15.10	16.20	14.97	18.81	
11	Staff (statutory) Bonus/ Total Staff Expenses	Per cent	27.00	33.64	35.60	28.55	21.20	
12	Net Profit/Loan and Advances	Per cent	3.58	4.91	4.59	3.69	2.24	
13	Net Profit/Total Assets	Ratio	1.84	2.61	2.61	1.71	1.22	
14	Total Credit/Deposit	Per cent	62.20	66.45	70.11	56.75	71.27	
15	Total Operating Expenses/ Total Assets	Per cent	2.49	1.89	1.76	1.45	1.43	
16	<u>Adequacy of Capital Fund on Risk Weighted Assets</u>							
	a. Core Capital	Per cent	19.58	21.41	18.31	16.85	15.53	
	b. Supplementary Capital	Per cent	1.50	1.58	1.38	1.66	1.64	
	c. Total Capital Fund	Per cent	21.08	22.99	19.69	18.51	17.17	
17	Liquidity (CRR)	Ratio	19.71	18.91	7.52	14.49	7.53	
18	Non-performing Credit/ Total Credit	Per cent	0.19	0.18	0.15	0.44	0.96	
19	Base Rate	Per cent	6.47	7.87	7.63	7.00	5.51	
20	Weighted Average Interest Rate Spread	Per cent	5.01	5.06	4.45	3.63	3.88	
21	Book Net-worth	NPR '000'	11,864,025	13,925,502	14,927,075	15,102,495	16,222,118	
22	Total Shares	No.	40,057,153	80,114,307	80,114,307	80,114,307	85,722,308	
23	Total Staff	No.	495	485	531	535	504	
24	Networth Per Share	NPR	296	174	186	189	189	
25	Return on Equity	Per cent	11.98	18.66	19.49	15.15	9.44	
26	Profit per Employee	NPR '000'	2,872	4,515	4,585	3,715	2,775	

Source. Annual Report of Standard Chartered Bank Limited, 2020/21.

Appendix 2

Principal Indicators of Himalayan Bank Limited



PRINCIPAL INDICATORS

Particulars	Unit	FY 2016/2017 2073/2074	FY 2016/2017 2073/2074 Restated	FY 2017/2018 2074/2075	FY 2018/2019 2075/2076	FY 2019/2020 2076/77	FY 2020/2021 2077/78
Profit before Bonus and Tax/Total Income	Percent	36.48	40.93	26.15	32.64	28.06	33.68
Per Share Income	Rs.	33.55	35.15	23.11	32.44	27.60	28.07
Per Share Market Value	Rs.	886	886	551	552	540	484
Price Earning Ratio	Ratio	26.40	25.21	23.84	17.02	19.57	17.25
Dividend on Share Capital (Including Bonus)	Percent	26.32	26.32	15.79	22.00	20.00	26.00
Cash Dividend on Share Capital	Percent	1.32	1.32	10.79	12.00	6.00	4.62
Interest Income/Loan and Advances	Percent	8.94	9.52	11.64	11.67	10.79	7.71
Staff Expenses/Total Operating Expenses	Percent	56.01	56.34	53.02	53.79	53.02	54.92
Interest Expenses on Total Deposit	Percent	3.42	3.52	5.61	6.13	5.77	4.42
FX Fluctuation Gain/Total Income	Percent	6.52	7.00	5.81	5.50	5.33	4.61
Net Profit after Tax/Total Assets (ROA)	Ratio	2.03	2.19	1.67	2.21	1.79	1.68
Net Profit after Tax/Total Equity (ROE)	Percent	21.22	21.58	14.17	18.34	15.40	14.89
Total Loan/Deposits	Percent	83.59	85.10	88.31	87.37	82.31	89.87
Total Operating Expenses/Total Income	Percent	23.97	22.36	16.96	16.68	16.81	17.96
Capital Adequacy Ratio:							
A. Core Capital	Percent	10.93	10.93	11.40	11.63	11.76	11.21
B. Supplementary Capital	Percent	1.22	1.22	1.06	0.97	3.13	2.68
C. Total Capital Fund	Percent	12.15	12.15	12.46	12.6	14.89	13.89
Liquidity	Percent	26.64	26.64	23.05	26.25	31.39	26.51
Non-performing Loan/Total Loan	Percent	0.85	0.85	1.40	1.12	1.01	0.48
Weighted Average Interest Rate Spread	Percent	4.44	4.44	4.70	4.47	3.77	3.32
Book Networth per share	Rs.	180.31	189.91	174.24	187.73	187.67	188.43
Total Share	Number	64,916,235	64,916,235	81,145,294	85,202,558	93,722,814	106,844,008
Total Staff	Number	835	835	834	910	1029	1018
Number of Branches	Number	47	47	55	59	68	71
Number of ATMs	Number	93	93	105	122	138	144

- Figures of FY 2073/74 have been regrouped/ restated based on NFRS wherever necessary.
- Figures of FY 2074/75 onwards have been presented based on NFRS.
- Staff Bonus has not been considered while calculating the ratio for staff expenses and operating expenses.

Source. Annual Report of Himalayan Bank Limited, 2020/21.

Appendix 3

Principal Indicators of Nepal Investment Bank Limited



5.23 Principal Indicators

5 Years Principal Indicators						
Particulars	Indicators	F/Y 2016/2017 (F/Y 073/74)	F/Y 2017/2018 (F/Y 074/75)	F/Y 2018/2019 (F/Y 075/76)	F/Y 2019/2020 (F/Y 076/77)	F/Y 2020/2021 (F/Y 077/78)
1. Percent of Net Profit/ Operating Income	Percent	47.1	46.10	39.82	30.00	42.39
2. Earning Per Share (Basic)	Rs.	29.3	35.7	26.4	17.0	22.0
3. Market Value Per Share	Rs.	770	621	519	431	460
4. Price Earning Ratio	Ratio	26.3	17.4	19.6	25.3	20.9
5. Dividend (including bonus) on share capital	Percent	40.0	40.0	19.0	18.5	16.0
6. Cash Dividend on Share Capital	Percent	25.0	22.0	8.5	5.5	3.389
7. Interest Income/ Loan & Advances	Percent	9.0	11.0	10.9	10.1	8.2
8. Staff Expenses/ Total operating Expenses	Percent	61.4	63.6	59.1	56.3	60.3
9. Interest Expenses on Total Deposit and Borrowings	Percent	3.7	5.8	6.1	6.0	4.6
10.Exchange Gain/ Operating Income	Percent	9.4	8.6	11.0	11.5	9.1
11.Staff Bonus/ Total Staff Expenses	Percent	40.2	37.6	32.2	27.05	32.91
12.Net Profit/Loan and Advances (Gross)	Percent	2.9	3.0	2.5	1.7	2.1
13.Net Profit/Total Assets	Ratio	2.1	2.13	1.79	1.19	1.56
14. Credit Deposit Ratio with Equity (CCD LCY)	Percent	77.6	74.7	71.97	72.93	75.12
15.Total Operating Expenses**/ Total Assets	Percent	0.9	1.3	1.4	1.3	1.2
16.Adequacy of Capital Fund on Risk Weighted Assets						
a. Core Capital	Percent	11.58	11.58	11.39	11.77	11.11
b. Supplementary Capital	Percent	1.44	1.08	1.87	1.77	3.60
c. Total Capital Fund	Percent	13.02	12.66	13.26	13.54	14.71
17.Liquidity (CRR)	Percent	10.5	8.2	5.5	8.7	4.4
18.Non-performing credit/ Total credit	Ratio	0.83	1.36	2.78	2.91	2.46
19. Base Rate	Percent	8.36	9.02	8.74	8.36	6.40
20.Weighted Average Interest Rate Spread	Percent	4.34	4.30	4.32	4.83	3.89
21.Total Net-worth (Net Assets)	Rs. '000	18,707,884	24,871,022	25,579,196	27,173,163,731	32,234,911,628
22.Total Shares	No.	106,264,357	106,455,990	128,697,491	142,489,545	162,573,295
23.Total Staffs	No.	1,187	1,355	1,408	1,437	1,506
24.Book Value Per Share	Rs.	176	234	199	191	198
25. Return on Paid-Up Capital	Percent	29.3	34.4	25.8	17.0	22.0
26. Return on Shareholders' fund	Percent	16.6	14.7	13.0	8.9	11.0
27. Market Capitalization (in Billion)	Rs.	81.8	66.1	66.8	61.4	74.8
28. Total number of Branches	No.	61	77	81	82	86
29. Total number of ATMs	No.	98	101	117	125	130
30. Total employee expenses per employee	Rs. '000	561	673	744	733	761
31. Total Deposit per employee	Rs. '000	105,871	103,374	107,153	117,322	116,897
32.Employee expense/ Total income	Percent	16.9	18.4	18.5	17.9	20.3

Note: Figures for FY 2073/74 are as per previous GAAP and figures of rest fiscal years are as per NFRS and hence they may not be comparable.

Source. Annual Report of Nepal Investment Bank Limited, 2020/21.

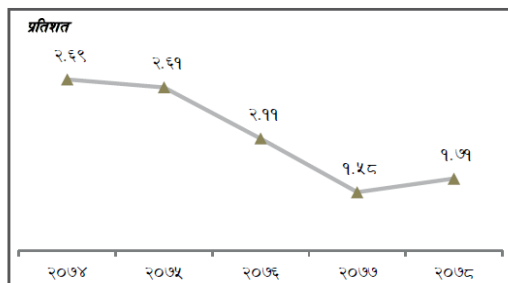
Appendix 4

Financial Overview of Nabil Bank Limited

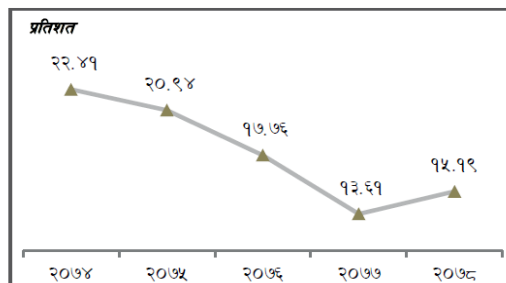
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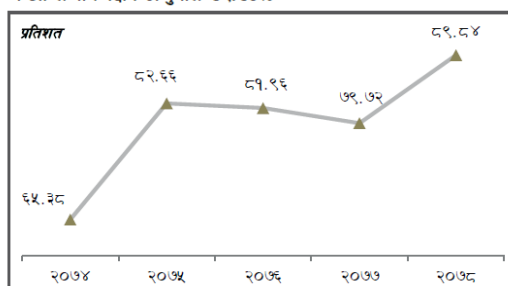
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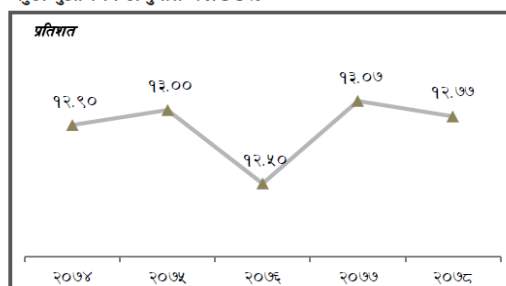
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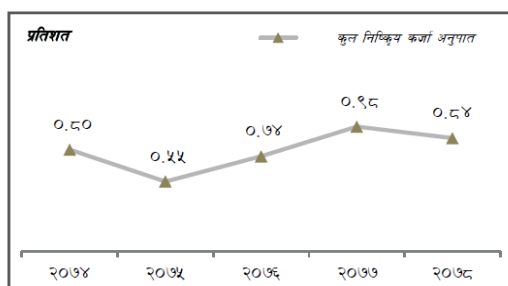
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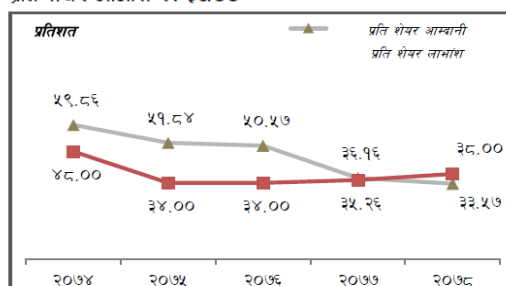


कुल निष्क्रिय कर्जा अनुपात ०.८४%

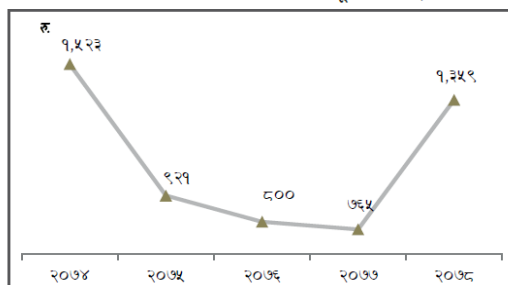


प्रतिशेयर आमदानी रु. ३३.५७

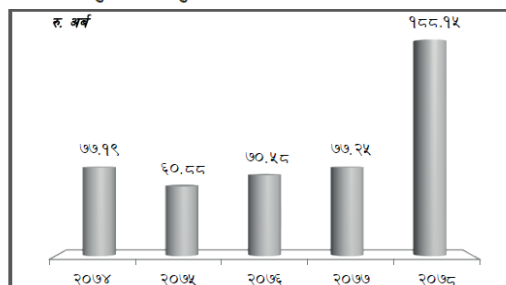
प्रति शेयर लामांश रु. ३८.००



नेपाल स्टक एक्सचेंजमा कायम शेयर मूल्य रु. १,३५२



शेयरको कुल बजार पुँजीकरण रु. १८८.१५ अर्ब



Source. Annual Report of Nabil Bank Limited, 2020/21.

DEPOSIT MOBILIZATION OF COMMERCIAL BANKS IN NEPAL

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ABSTRACT The country's growing need for funds from both new and existing firms, as well as the banks' desire to profit from those funds, has made deposit mobilization an increasingly important aspect in the performance of banks. The modernization of services, the expanding competitiveness among banks, and the quickly expanding number of branches all attest to this fact. The study's objectives are to analyse the relationship between deposit mobilization and profitability as well as the impact of deposit mobilization on Nepal's commercial banks' profitability. The ratios of cash reserve (CRR), credit deposit (CDR), deposit to assets (TD/TA), investment to deposits (INV/TD), and property and equipment to deposit (PE/TD) are the recognized independent factors that have an impact on the commercial banks' profitability. The research discovered two profitability indicators:

return on equity (ROE) and return on assets (ROA)). To investigate **the**

effect of deposit mobilization on the profitability of Nepal's commercial banks, a multiple regression model was employed.

Descriptive and casual-comparative research forms the basis of the study. Standard Chartered Bank Ltd. (SCBL), Himalayan Bank Limited (HBL), Nepal Investment Bank Ltd. (NIBL), and Nabil Investment Banking Ltd. (NABIL) are the four commercial banks that were chosen for the study through the convenience sampling approach. Profitability is insignificantly positive relationship between CRR, TD/TA and INV/TD, significantly negative relationship with CRR and significantly positive relationship between PE/TD. Result found CRR, CDR and TD/TA are insignificantly positive impact on ROA. Similarly, INV/TD is insignificantly negative impact on ROA.