

**PROFITABILITY ANALYSIS OF JYOTI BIKASH BANK LIMITED.  
(DETERMINED BY THE FIXED DEPOSIT, SAVING DEPOSIT AND  
CURRENT DEPOSIT)**

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial  
fulfilment 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 “**Profitability Analysis of Jyoti Bikas Bank Limited Determined by the Fixed Deposit, Saving Deposit and Current Deposit**”. 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 the dissertation.

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## REPORT OF RESEARCH COMMITTEE

Ms. Srijana Karki has defended research proposal entitled “**Profitability Analysis of Jyoti Bikas Bank Limited Determined by the Fixed Deposit, Saving Deposit and Current Deposit**” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestions and guidance of supervisor Joginder Goet and submit the dissertation for evaluation and viva-voce examination.

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## APPROVAL SHEET

We, the undersigned, have examined the dissertation entitled “**Profitability Analysis of Jyoti Bikas Bank Limited Determined by the Fixed Deposit, Saving Deposit and Current Deposit**” presented by Srijana Karki candidate for the degree of Master of Business Studies (MBS Semester) and conducted the viva voce examination of the candidate. We hereby certify that the dissertation is worthy of acceptance.

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## ABBREVIATIONS

AD	Anno Domini
ANOVA	Analysis of Variance
AS	Adverse Selection
BS	Bikram Sambat
CD	Current Deposit
CEO	Chief Executive Officer
CV	Coefficient of Variation
FD	Fixed Deposit
i.e	That is
JBBL	Jyoti Bikas Bank Limited
LTD	Limited
MBS	Master in Business Studies
NRB	Nepal Rastra Bank
ROA	Return on Assets
ROE	Return on Equity
SD	Saving Deposit
SPSS	Statistical Package for the social Science
TU	Tribhuvan University
VIF	Variance inflation Factor

## ABSTRACT

The concept of fixed deposit, saving deposit and current deposit is in growing phase. But still there are many areas which have not been covered by fixed deposit, saving deposit and current deposit scheme. The lack of awareness among people and inability of banking sectors to attract people with new deposit scheme and it is also very challenging to know the customers investment pattern interms of fixed deposit, saving deposit and current deposit. The objective of the study was to empirically examine the impact of fixed deposit, saving deposit and current deposit factors and their influence on bank profitability of Jyoti Bikas Bank (JBBL).

The aim of this study is to quantify the impact of fixed deposit, saving deposit and current deposit on bank profitability of Jyoti Bikas Bank Limited. Out of 17 development bank, Secondary data of Jyoti Bikas bank from 2008/2009 to 2021/2022 were considered to analyze the factors that affect profitability by fixed deposit (FD), Saving Deposit(SD) and Current Deposit (CD). The data were analyzed using descriptive statistics and regression model. The result shows that Jyoti Bikas Bank earning are satisfactory profit with the average variation of return. Jyoti Bikas Bank limited should focus on interest generating investments. Return on equity (ROE) of jyoti bikas bank are and slightly reducing that bank should enhance the motive of share holders and investors. The correlation between Fixed deposit(FD) on Return on Equity(ROE) is negative and statistically significant where Fixed Deposit (FD) on Return on Assets (ROA) is in negative statistically insignificant whereas there is positive and significant relationship between Saving Deposit (SD), Current Deposit(CD) with ROA. The saving Deposit (SD) with ROE is positive and statistically significant where Current Deposit (CD) with ROE is positive and statistically insignificant. The study suggested a need for enhancing the fixed deposit scheme and diversified the investment in different portfolio to maintain the prevailing profitability of Jyoti Bikas Bank.

**Keywords** *Fixed Deposit, Saving Deposit, Current Deposit, Profitability, Return on Equity*

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the study

Financial institutions play a vital part in every aspect. These institutions assist in bridging the investment and idle savings divide. The place similar as plutocrat force regulation, banking services, insurance services, capital formation, investment, advice, brokerage services, pension fund services, trust fund services, financing small and medium-scale enterprises, and acting as a government agent for profitable growth are played by financial institutions.

Fiscal institutions are the backbone of the frugality. Without these institutions, the frugality will go down and cannot stand up. The marketable bank has its own part and donation and it is an agent of profitable development and growth. One of the major objectives of establishing marketable banks is to earn optimal profit by proper application of fund by marshaling public plutocrat to colorful business and product conditioning. Marketable banks contribute to the development of the country. The Nepalese financial system is related with financial sale similar as deposits, loans, investments and currency exchange. In a developing country like Nepal, saving is low and scatters in small quantities which individuals abiding in different corners of the country. Relaying of similar savings is made by marketable banks through their branches established in different part of the country.

Profitability with fixed deposit, saving deposit and current deposit are a very veritably important dimension of development banks. Profitability Analysis is a process of relating the financial strength and weakness of the establishment by establishing the relationship between the item of balance distance and the profit and loss account. Profitability lies in the symbiotic community between platform companies and massive stoner bases (Deng et al;2022). It is the process of reviewing and assaying a company fiscal statement to make better decision. Profitability dimension is the specific quantitative representation of a capacity, process or outgrowth supposed applicable to the assessment of performance. Under profitability analysis, we observe profit periphery Return on Assets (ROA), Return on Equity (ROE), Return on invested capital (ROIC), Earning per share (EPS), Dividend Per share (DPS), Price earnings Ratio (EPS), Gross profit, Net profit and so on. Thus, profitability dimension is the process where association establishes the parameters within

which programs, investments and accession are reaching the asked results. This analysis is generally grounded on fiscal statement prepared by the establishment also this analysis is also made to find out whether to estimate the company's capability to induce income as compared to its charges and other cost association with the generation of income during a particular period.

Fixed deposits are seductive interest generating instruments that are also threat-free. Request oscillation does not affect a fixed deposit which provides investors a advance rate of interest than a regular savings regard, until the given maturity date. The term fixed deposit is most generally used in India and the United States. In addition, deposit plutocrat banks should barrow fiscal invention, deposit plutocrats banks invest in technological innovations and banks should transfigure banking service by confirming to mobile banking and agency banking so that not only to furnishing jobs but also increase request share(Akani&Obiosa, 2020).

Fixed deposit is the biggest donation to profitability. Profitability is a simple symbol for the difference between the generation of profit and cost expenditure thus the advanced the profit advanced the return, and the lower the costs. In the banking market, the profitability is the index of the bank's competitive position with the operation quality.

The key to profitability operation is optimal application of fiscal coffers. Thus a bank's must maintain a lower loans to total assets as well as a lower deposit to total liabilities ratio also lower nonperforming loans to gross loans ratio and higher efficiency and advance profit diversification. In recent times, large banks have been making adding use of means operation in order to enhance profitability and maintain liquidity as well as the crucial consideration for fiscal stability is that the combined reality should be able to successfully execute and, performing in a bank that can sustain profitability in the long run.

### **1.1.1 Profile of the selected Development Bank**

#### **Jyoti Bikas Bank Limited (JBBL)**

Jyoti Bikas Bank Limited is a public situation elaboration bank established in 24 July, 2008 enthralled in merchantable banking with category "B" license from Nepal Rastra Bank. Established by a gut group of promoters coming from the employees of Nepal Electricity administration among other businessmen, professionals and common or garden or theater subjects, the bank has an original immersed vision concentrated unreality of

promoting the hydropower region through leading confidence installation to implicit hydro systems. nonstop buying the demand the of the common or guardianor guardian motive and economy of the country on the exclusive, the Bank has by now established itself as a financial institution feeding to a substantial member of the society with the cause of the citizen's demand at the seat.

With the growing economy and change in the demographic mix, farther and farther people getting enthralled in merchantable and financial extortion and the want for confidence and other banking installation has been on a tremendous rise. From personal financial condition to the fiscal demand of fragile and medium size companies to the demand of monumental plots, the bank has been at the vanguard of supporting the public thing goal of bringing around substance in the lives of the motive.

The Bank has progressed to a paid up capital of Rs. 4.26 billion from its original paid up capital of Rs. 259 million. In the trip of once 13 moments, the Bank intermingled with Jhimruk Bikas Bank limited restricted (FY 2073/74) and has acquired 2 farther autochthonous situation elaboration banks in, Raptiveri Bikas Bank Limited (FY 2074/75) and Hamro Bikas Bank Limited (FY2075/76).

The Bank defectively has 121 branches across the country involving 3 elongation cancellers. The Bank has also been furnishing services from a network of ATM machines (74) and is in the process of dragging its reach through both branch and ATM expansion piecemeal from reaching the growing techno- friendly customers with a wide range of digital banking predicts.

Jyoti Bikas Bank has set a clear set of purpose, vision, gut estimation and business program which truly reflects its utmost appetite to serve the subjects of the country through all practicable thoroughfares.

All Nepalese banks are guided by NRB directives, internal guidelines and foreign guide lines an along us as BAFIA Act 2063, Ant have Laundering and Terrorist Financing act, Banking Offense and discipline acts, etc. Unified directives clarify objects, positions, responsibility, authorities and preferences of the bank. It also clarifies the place banned to the bank. It also clarifies the statutory classes rates to be maintained by all banks and fiscal institutions.

Also, banks are guided by international constitution similar as BASEL-II, BASEL-III, Basel II is a set of international banking regulations set forth by the Basel commission on bank Supervision, which leveled the international regulation field with steady regulations

and guidelines. Basel II expanded regulation for minimum capital conditions and give the frame for nonsupervisory review, as well as set exposure conditions for estimation of capital adequacy of banks. It incorporates confidence trouble of means held by financial institutions to determine nonsupervisory capital classes.

Basel III is a 2009 international nonsupervisory accord that acquainted a set of reforms leveled to palliate trouble within the transactional banking region, by taking banks to conserve proper influence due to this bank deposits like fixed deposits, saving deposits and current deposits enhance and boost up the profitability of the bank and as well as the profit position of the bank.

## **1.2 Problem statement**

Affecting Customers behavior on fixed deposit is one of the viable issues in hazard administration. Appropriately, the client benefit supervisor needs chance - moving behavior and gauges the probability that a fixed deposit customer would choose to receive interest at a principle due date. Moreover, inflation, liquidity and interest rates are the major problems faced by the bank which can affect the fixed deposit (Onourah, 2023). The financial sector has not been responsive enough for them to meet the growing resources. In today's global competitive market each and every bank and financial institution needs to analyze their financial situation to develop strategy and identify strength and weakness. In the Nepalese context financial institutions have dominated the other sectors (Tobpie et al; 2022). Many researchers have been made in the field of profitability analysis by deposit in commercial banks among the financial institutions. However, profitability analysis determined by deposit has not yet been made.

- What are the position of fixed deposit (FD), Saving deposit (SD) and Current deposit(CD) of Jyoti Bikas Bank Limited?
- Is there the association between Fixed deposit (FD), Saving deposit (SD) and Current deposit (CD) with ROA and ROE?
- Do the fixed deposit (FD), Saving deposit (SD) and current deposit (CD) effects on ROA and ROE?

## **1.3 Objectives of the study**

The main objective of the study will be profitability analysis of Jyoti Bikash Bank Limited determined by fixed deposit, saving deposit and current deposit with references

to Return on Assets and Return on Equity. The study will undertake with the following specific objective:

- To assess the position of fixed deposit(FD), Saving deposit(SD) and Current deposit(CD) of Jyoti Bikas Bank limited.
- To examine the association between Fixed deposit(FD), Saving deposit(SD) and Current deposit(CD) with ROA and ROE.
- To analyze the effect of fixed deposit(FD), Saving deposit(SD) and Current deposit(CD) on ROA and ROE.

#### **1.4 Research hypothesis**

Hypothesis are made for the study are as follows:

H1: There is a significant relationship between fixed deposit ( FD) on Return on Assets (ROA)

H2: There is a significant relationship between Saving deposit( SD) on Return on Assets (ROA)

H3: There is a significant relationship between Current deposit( CD) on Return on Assets( ROA)

H4: There is a significant relationship between fixed deposit( FD) on Return on Equity(ROE)

H5: There is a significant relationship between Saving deposit ( SD) on Return on Equity( ROE)

H6: There is a significant relationship between Current deposit( CD) on Return on Equity( ROE)

#### **1.5 Rationale of the study**

The rationale of the study are listed below:

- The study is needed because it is very useful to the companies to identify the strengths and weaknesses of the respective companies, students for further research, interested persons, investors etc.
- It is helpful to the shareholders to identify the financial performance of the bank and to analyze and to compare the financial position and productivity.
- It is useful to the students of banking and finance to study the profitability which is determined by fixed deposits, saving deposit and current deposit.

- This study will be helpful to the public to analyze profitability and productivity of the bank.

### **1.6 Limitations of the study**

Some of the limitations of this study are:

- The number of sample is small.
- Limitation of secondary data exists.
- Outcomes cannot be generalized to all development banks.

## **CHAPTER II**

### **LITERATURE REVIEW**

This section attempts to build a strong theoretical background through the help of which further search for solutions of the research problems would be easier. This chapter examines resource mobilization's basic academic insights, nature, advantages, value, and other diverse fears as presented by many managers and others in this subject.

Literature review that formally or informally reviews the existing literature regarding practice about methodological issues, summarizes the literature (Aguinis et al;2023). Various sources, including books, documents, bulletins, reports, journals, and articles, are used when reviewing literature. Literature reviews can manifest as part of conceptual or empirical studies, or as independent studies, in which the latter may be curated in various ways (Lim et al; 2022).

#### **2.1 Theoretical review**

##### **2.1.1 Conceptual Review**

This section presents key terms used in this research.

**Profit:** Profit alludes to a monetary pickup, particularly the contrast between the sum earned and the sum went through in buying, working, or creating something to productivity show a capacity to win or benefit to earn a profit. An income statement is customarily utilize to degree benefit of the company. A pro-forma income statement articulation appears anticipated of the company.

Profit plays a imperative part to survive the trade in effective operation, and future development. The victory of any trade depends on its capacity to ceaselessly gain benefits. Gaining benefits is a imperative to a commerce since benefits impacts whether a company can secure financing from a bank, pull in financial specialist to support its operations and develop its commerce. The word benefit 'profit' implies a comparison of the operations of the trade between two dates, which are more often than not isolated by an interim of one year. The term 'profit' is very exceptionally questionable and there are distinctive translation almost it. It has different measurement and sees to be realized. The researcher has now acknowledge the see of Lynch and Williamson, an financial analyst, work pioneer, speculator, income specialist and a book keeper of the concern has distinctive see approximately about benefit. An financial analyst can see that benefits is the remunerate for business enterprise for chance taking. A labor pioneer might say that it

is a degree of moo proficiency labor has delivered and that it gives a base for arranging a wage increment. An financial specialist can see it as a degree of the return on his or her cash. The account can characterized it basically as the overburdened of a firm's income over the cost of anticipating income in a given financial period.

Profit is the distinction between the add up to income short the add up to the cost brought about amid the action beginning from generation to show casing. profit plays an imperative part in a company since benefit can degree the directors are effective in making the choices. Profit can be influenced by few things, counting taken a toll of merchandise sold working cost and deal pay assesses (Sentosa, 2023). Profit plays the critical part to cultivate the trade from one to another measurement be that have it may have feasible benefits through commerce trade ought to be cautious with add up to the liabilities increment the execution of add up to resources, increment the execution the money related pay and make work inclination through work inspiration of the asset(Lulaj et al; 2023).

It can be concluded from these definitions that there is no positive definition of benefits. It depends on the definer's sees and their intrigued. The researcher would utilize the benefit as income after fetch of generation. Beneath the fetched of the generation, all component of generation ought to be considered for e.g. house lease, labor wage, fabric token a tool, taken a tool cost, cost of capital as well as fletched of capital.

**Profitability:** Profitability is a circumstance in which an substance is creating a benefit. Profitability emerges when the total sum of income is more prominent than the total sum of cost in a announcing period. Profitability is measured in terms of the firm' deals add up to resource and value of share stem. These give the base to analyze the firm's profit with regard to a given level of add up to the resources. Higher the proportion the firm will be benefit. In the case of a bank we can take add up deposit as identical meaning of deals. Bank profitability is a imperative component of financial development; its importance expands from supportability of banks to macroeconomic stabilization. In this way this think about the surved the impact of bank particular variable and macroeconomic factors on the benefits of microfinance banks (MFBs) in Nigeria. This ponder utilized return on assets (ROA) as an indicator of profitability (Oluwaseyi&Oluwasevi, 2023).

**Fixed Deposit:** Fixed deposit is a money related instrument given by banks or non- bank budgetary educate which gives financial specialist institutions which provides investors a higher rate of intrgued than a normal investment fund account, until the given

development date. In terms of returns, FDs are superior than saving accounts with banks with comparative security and to the same charge treatment. Of course, the intrigued rates changed based on the regency of the settled Deposit and also based on the winning rates in the market. Normally FDs with higher residencies earn higher rates. The consider uncovered that there is critical connection revealed that there is a significant relation between stores and pointers of profitability (Haddawee&Flayyih, 2020).

**Saving Deposit:** A saving account is an interest bearing deposit held at a bank and other financial institution. Though this account typically pays moderate interest, their safety and reliability make them a good option. Banks and other financial institution mobilized the saving into investment to earn profit. Agreements between a customer and a bank about savings deposits allow the customer to deposit money in exchange for interest, with the option to withdraw the funds at any time without giving notice (Ora et al;2020).

**Current Deposit:** A current deposit account is identified as non interest bearing account in which individual can deposits fund for specified period. The amount can be transfer or withdrawn at any time as per as convenience. The main motive of current deposits account is to carry individual out their transaction in an efficient manner (Schönhärl,2017).

## **2.1.2 Profits, Profitability and Fixed Deposit, Saving Deposit and Current Deposit**

### **2.1.2.1 Introduction and Definitions**

There are numerous criteria of commerce victory, among them there are two which are communicate in money related terms, especially profitability and fixed deposit. Profit has been assigned as a overflow over and over the minimum flow of the generation. different profit figures (gross, net, pre-tax etc.) can be examined from Profit and Loss Account. Measuring Profitability means that you have to relate a benefit figure from the profit and loss account to a assets figure from the adjust sheet.

In brief profit is the measure of monetary advantage, and connection of the pickup the firm resources if the return on speculation is more net worthy than the token of toll of capital will advantage in the adjust sheet. Then again the venture whose return are rise as the demonstrate of the cash not being through wisely.

It is advantages for trade and moreover of the assortment productivity proportion (Decision Tools) can be used to assess the financial health of a business. These ratios, created articulation with industry benchmarks. Higher competitive loan market leads to

higher profitability of banks while the impact of deposit market competition is significant and negative (Tan, 2020).

Fixed deposits have been the best alternative for venture. extra minute, there have been various alternation in fixed deposit (FD) as an investment alternative, in terms of openness to customers. Fixed deposits have been well known transcendently for their ensured return of capital simple liquidation. in any case there are fair low-risk venture choice and not totally risks-free. So, whether one ought to contribute in a bank Fixed deposit should always consider a few things like: hazard carping of the person.

Likewise, saving deposit is an interest bearing deposit held at a bank and other financial institution. Though this account typically pays moderate interest, their safety and reliability make them a good option. Banks and other financial institution mobilized the saving into investment to earn profit. Saving deposits are agreements between the customer and the bank where the customer deposits a sum of money in return for interest in as much as the customer(Yahaya,2022).

Current Deposit means a form of the demand deposit that allowed any number of the different times to discover the balance upon particular agreement. These accounts are meant purely meet the business needs of customers hence due to this no interest is paid on balances in current accounts to this fact current deposit play the vital role in the boosting and enhancing the organizational productivity(Fang et al; 2022).

#### **2.1.2.2 Objectives, Profitability, Fixed Deposit, Saving Deposit and Current Deposit**

Profitability is very important of all sizes and shapes to know how much money is being kept after expenses. If it has a high gross profit, but low net profit, it should look at its operational expenses to determine the profit. In present global economy policy, to survive strongly there is no alternative of sustainable economy and profit maximization plays a vital role (Ferdous & Mohajan, 2022).

Fixed deposit primary objective is to earn a better interest on savings as compared to what an ordinary savings- bank account offers. Based on the nature of the guaranteed establish returns, risk-averse investors favor these types of deposits. Interest rates on fixed deposits differ depending on the amount, the length of the deposit, and the bank. Fixed deposits are a way for people to get benefits with less risk. For that bank should effectively manage funds of individuals and corporate client (Andros et al; 2020).

Saving Deposit is deposit held at a bank and other financial institution. Though this account typically pays moderate interest, their safety and reliability make them a good option. Banks and other financial institution mobilized the saving into investment to earn profit. In saving deposits customer can deposit huge amount of money according to their income basis and can withdraw from their account. Bank provide certain interest rate while depositing money in saving account (Pham et al;2022).

The main motive of current deposits account is to carry individual out their transaction in an efficient manner.

### **2.1.2.3 Determinants of profitability Fixed Deposit, Saving Deposit and Current Deposit**

While scholars enjoy defining and discussing concepts, business experts and accountants are more concerned with how the concepts are applied in real-world situations and how to measure them. The quantity of profit made is one of the many aspects that influence the financial condition of a business. To measure future profitability, a business may use a pro forma income statement, which measures income and expenses for the upcoming period. Profitability is a long term increase in its market value and ultimately an increase in its share price (Ziarko, 2023). Businesses can measure how profitable they are with a few different types of financial indicators and calculate some of them: ROA, ROE, etc. Additionally, in the case of net interest margin, the number of branches, bank size, capital adequacy ratio, and deposit ratio are among the internal factors that significantly affect net interest margin; on the other hand, the interest rate, inflation rate, and exchange rate are among the macroeconomic factors that significantly affect net interest margin (Farooq et al; 2021).

Fixed deposit is a major instrument given by banks or non- bank budgetary educate which gives financial specialist institutions which provides investors a higher rate of intrgued than a normal investment fund account, until the given development date. The determinats of fixed deposit is the longterm income generate sources of returns, FDs are superior than saving accounts with banks with comparative security and to the same charge treatment. Of course, the intrigued rates changed based on the regency of the settled Deposit and also based on the winning rates in the market. Normally FDs with higher residencies earn higher rates (Oleiwi, 2020).

The major determinates of saving deposits account typically pays moderate interest, their safety and reliability make them a good option. Banks and other financial institution mobilized the saving into investment to earn profit. Agreements between a customer and

a bank about savings deposits allow the customer to deposit money in exchange for interest, with the option to withdraw the funds at any time without giving notice(Sahel et al; 2023).

The main motive of current deposits account is to carry individual out their transaction in an efficient manner. A certain party with the Bank deposits this kind of money and it can be withdrawn by the depositary at any time out of the mobilization which could easily assess the fund and bank deposit which collectes from the current account can be utilized through different sectors (Topbie et al; 2022).

#### **2.1.2.4 Profitability vs Fixed Deposit, Saving Deposit and Current Deposit**

Profitability and fixed deposits are very inter-related to each other. Incensement in fixed deposit leads to a profitability of business. With the funds that the bank accumulates through fixed deposits the bank conducts lending operations. Most banks offer customers a wide range of loans, such as home loans, Business loans, personal loans etc. They charge interest from the people who avail of such loans and from their bank earn the profit by investing the loan amount in the productivity area.

Fixed deposits allow depositors to open them for as long as they have available funds because of their flexible opening periods. Inflation and liquidity are major issues that affect the banks profitability in terms of fixed deposits accumulates by banks. The tenure for fixed deposit is flexible and depends on the open depositor. The amount collected by bank through fixed deposit that amount they diversified in a variety of different ways and generate money through alternative financial services, including investment banking and wealth management from their also make the profit. NRB (2020) encouraged the financial industry to collect different deposits through the expansionary monetary policy 2018, 2019 and 2020, along with open market operations to inject money supply for stabilizing the financial industry. To some extent, the growth of deposit as the result of monetary policy in 2019 and 2020 could stabilize the liquidity crises. One of the growth, stock, and secured sources is the fixed deposit of the people and institution (Bista&Basnet,2022).

There is also a direct relationship between profitability and fixed deposit higher collection of fixed deposits leads to higher profitability. However, when the company raises funds from external sources, it is committed to make the payment of interest, etc. at fixed times and in fixed amounts and hence to that extent its liquidity is reduced. In order to ensure the quality of both assets and loans, commercial banks should carry out more comprehensive and honest evaluations prior to making loans (Pham et al;2022).

There is also a perfect relationship between profitability and saving deposit higher collection of saving deposits leads to higher profitability. However, when the company raises funds from external sources, it is committed to make the payment of interest and also due to huge collection of saving deposit leads to benefits the organization (Abubakar, 2021).

Current deposit also leads the profitability with the help of the current deposit it can significantly impact on the banking ratio like liquidity or bank others indicators. In long term it impact on profitability. Current deposit higher collection of deposits leads to higher profitability. However, when the company raises funds from external sources it directly impact on profitability (Andah et al; 2022).

These actions all contribute to profitability. Thus, setting the minimum cash reserve requirement of the banks, the objective of the policy makers should not solely center on how to eradicate the possibility of bank failure, they should also focus on how to improve banks profitability (Akinleye& Oluwadare, 2022).

### **2.1.3 History of growth of Banking System**

The history of development and establishment of banks did not originate in the world at the same time. The word “Bank” is derived from the Italian word ‘Banco’ used during the renaissance of Florentine bankers, where they made their transactions in a desk covered by a green table cloth. It referred to a bench for keeping, lending, and exchanging of money or coins in the marketplace by money lenders and money changers. According to Chanakya's economics, there was an effective team of business bankers at 2000 B.C. in Babylonia which accepts deposits and provides Credit Facility. Bank of Venice was established in 1157 which is known as the first commercial bank in the world. A bank is a financial institution that accepts deposits from the customers and gives credit and loan to needy people and earns profit through interest. Lending activities can be directly performed by the bank or indirectly through capital market. Bank play an important role in financial stability and economy of a country, most jurisdictions exercise a high degree of regulation over bank. It collects deposit from savers and lends this fund to the investors. Nepal Bank Limited was established on 30Kartik 1994 B.S. which is the first commercial bank of Nepal. The financial institutions of Nepal can be broadly classified into four classes: ‘A’ class commercial banks, ‘B’ class development banks, ‘C’ class finance companies and ‘D’ class micro- credit development banks and cooperative

institutions. After observing recent data, there are altogether 22 Commercial Bank, 17 Development Banks, 17 Finance Companies, and 30 Micro-credit Development Banks. Nepal Rastra Bank is the Central bank of Nepal Nepal Rastra Bank known as bankers bank, which was established in 2013 B.S. under the Nepal Rastra Bank Act 2058 for regulating, monitoring and control the entire banking activities in the economy.

#### **2.1.4 Inflation and Liquidity risk Impact Bank Deposits on Profitability**

Purchasing power risk, or inflation risk, is the possibility that inflation will reduce the actual cash flows from an investment. Inflation risk can be seen clearly with fixed-income investments. Inflation risk undermines the performance of an investment, the value of an asset, or the purchasing power of a stream of income. Only core inflation carries a negative risk premium, and its magnitude is consistent both within and across asset classes, uniquely among macroeconomic risk factors (Fang et al; 2022).

The classic example of an asset that faces inflationary risk is a fixed-sum loan with a future repayment period that could see the returned amount fall dramatically in value.

Rising inflation means that the interest payments have progressively less purchasing power and during the times of high inflation fixed deposit interest rates tend to be less attractive. If there is an effect of forward contracts on risk of interest rate and exchange rate fluctuations, and there is no effect on inflation risks (Samara, 2023).

Availability of liquid assets When a company, financial institution, or individual investor is unable to pay off its short-term debt, risk arises. The investor or entity might be unable to convert an asset into cash without giving up capital and income due to lack of buyers or an inefficient market. The study reveals that credit-deposit (CDR) has positive but insignificant relationship with ROA and has negative and insignificant relationship with return on equity (ROE) (Khati, 2020).

If a business has too much liquidity risk, it must sell its assets, bring in additional revenue, or find another way to reduce the discrepancy between available cash and its debt obligation. The liquidity risk affects bank profitability. It also affects the bank stability but there is also a credit risk and operational efficiency variables play a role in mediating the relationship to the stability of the bank (Yulianti & Pakata, 2023). The consequences of poor assets liability management and liquidity risk management can reach far beyond the wall of any one financial institution. Financial institutions uphold the and maintain the optimal liquidity position to achieve the profit in the market (Kinyua & Fredrick, 2022).

Hence, to overcome the liquidity problem, financial institutions should diversify their financing sources and move from more conservative equity financing to debt financing. Moreover, investment banks should have a requirement for banks to hold enough liquid assets to survive for a period of time even without the inflow of outside funds (Onyango, 2022).

## **2.2 Theoretical review**

Theoretical review helps to establish what theories already exist, the relationship between them, to what degree the existing theories have been investigated, and to develop new hypotheses to be tested. A theoretical literature review is a critical assessment and evaluation of existing theory and concepts related to a particular topic or research question (Ora et al; 2020).

Here are the various theories that are given by different scholars, which help to provide adequate knowledge of Deposit and profitability.

### **Customers switching cost price theory on Deposit**

This theory was demonstrated by Klemperer (1987) if house hold face a cost of switching among brands of the differentiated good pricing is likely to be more competitive the greater is the fraction of customers that moves into or around the market. This theory is very much helpful to the arbitrary market structure and tests it empirically using the banks and its impact on different deposit and as well as different variables that influence the deposit and interest rate if fosters the market significant according to the deposit collection from customers of the banks. A high deposit if the bank is maintains a good return which can turn to the better position for the bank competency sectors.

This theory also give fruitful to established the good relation between the deposit and as well as the relationship between the customers and as well as other impact factors. This theory also explains the high deposit high return for the banking sectors not only this the main part of the theory developed by Klemperer is that if the deposit collection by bank used in productivity sectors than only bank can engaged in the profit making activities.

### **Bank Deposits in the Monetary Theory**

This theory was developed by Keynes it contributes of different deposits like saving deposit, fixed deposit and current deposit in this theory only money could not be analyzed

in transaction oriented techniques. Instead they should be viewed as an alternative to the bonds and other financial assets and the way of the finance. Keynes highlights that higher interest rate increase quantity of the medium of exchange in circulation. Such interest rate raising events as decreased on saving and increase in marginal effect of capital. The monetarist distinction between deficit financing expands the money supply. This theory deals that the profit factors ratio like Return on Assets and Return on equity plays the significant role to enhance the performance and productivity.

### **Bank Deposit Clustering Theory**

This theory was developed by Charles Khan it contributes on different aspects like various deposit sources Time deposit, saving deposit, and current deposit this theory helps to enhance the profitability and also mobilization of the deposits into productive factors. Mobilization of financial instrument helps to enhance the productivity of the bank. It predicts that deposits rate are stickier less likely to change when rate are quoted as even rather than odd fractions because in some financial institution deposit are effected by various variables like inflation, purchasing powers, political instability due to this also many financial instructions deposit are affected by these factors this theory assured that financial institutions should keep the safest mode of the investment and also utilize the production related activities and maintain the anticompetitive price spread among the depositor.

## **2.3 Empirical Review**

### **2.3.1 Review of journals and article**

Bagale (2023) examined a strong credit risk management avoids significant drawback and increases financial performance of the banks. Therefore, the credit risk management greatly impacts the profitability of the bank. The main objective of the research is to analysis credit risk management and profitability of commercial banks. Pooled regression analysis model (OLS) of panel data analysis research methodology is used as a major tool of analysis. The capital adequacy ratio, cash reserve ratio, loan loss provision ratio, non-performing loan ratio, bank size, and return on equity (ROE) were utilized in the model design as indicators of credit risk management. The findings show that credit risk has a major impact on Nepal's commercial banks' profitability.

Miawasi et al (2023) analyzed the effect of financial risk on profit persistence of deposit taking savings and credit co-operatives. The study was directed by specific objectives that included establishing the effect of credit risk, risk of liquidity, market risk and risk on investment on profit persistence of deposit taking saving and credit co-operatives. Identifying the moderating role of operational efficiency in the link between financial risk and profit durability of deposit taking saving and credit cooperatives is the primary goal of the study. Descriptive and analytical research methodology used as targeted 174 deposit-taking saving and credit co-operatives as per the record at Sacco Societies Regulatory Authorities 2022. Secondary data are shot of audited financial statements. Moreover, the study established that operational efficiency had a significant moderating effect on the relation between financial risk and profit persistence of deposit taking saving and credit cooperatives in Kenya should consider employing portfolio-level controls to mitigate financial risk, credit risk, liquidity, market risk, risk of investment operational efficiency, profit persistence.

Lustiana et al. (2023) investigated the effect of the composition of financing on the profitability of banks in Indonesia by using the Ratio of Return of assets (ROA). The main objective of the research is to determine the effects of financing on bank profitability. Simple regression analysis research methodology used in the research. This type of research method is quantitative descriptive research. The type of data used in this research is secondary data, four sample BUS were selected as sample including, Bank Muamalat Indonesia Syariah, Bank BukopinSyariah, financing used as variable including profit sharing, murabahah, quord, and ijarah. The results indicate that the profit sharing variable significantly increased ROA, the murabahah significantly decreased ROA, the qord significantly increased ROA, and the inarch significantly increased ROA.

Dogan and Yildiz (2023) examined to identify the internal and external factors that affect the profitability od banks operating in Turkey. The main objective of the research is to determine the profitability of the banks. Fixed Effect Model (FEM) research methodology was applied. The finding and conclusion of the research indicate positive statically significant relation between inflation rate and GDP growth rate, and ROA and ROE. The GMM results indicated that ROA and ROE had a favorable relationship. The stable earnings made in the Turkish banking industry could help to explain this situation. There was a favorable correlation found between the rates of inflation and economic growth and ROA and ROE. Stated differently, the profitability of public, commercial, and

international banks is positively impacted by increases in the rates of inflation and GDP growth.

Gurung and Gurung (2022) analyzed aims to observe the various aspects shaping commercial bank profitability in Nepal. The main objective of the research is to determine the profitability position of the commercial banks. Descriptive statistics and Pearson's correlation research methodology were employed to measure the status and explore the relationship between independent and dependent variables under study. The findings revealed that loan to deposit, known as credit-deposit ratio, has a significant positive impact on the return on assets and net interest margin of commercial banks. Profits are heavily impacted by the nation's economic activity growth, as indicated by the GDP growth.

Yakubu and Musah (2022) investigated the impact of financial inclusion on bank profitability in Sub-Saharan Africa (SSA) over the period 2000-2017. The main objective of this research is to analyze the nexus between financial inclusion and bank profitability. Descriptive and analytical research methodology was used for analysis of research. The finding of the research shows that financial inclusion negatively influences bank profitability in Sub-Saharan Africa, particularly in the post global financial crises period. Bank performance is known to be favorably and considerably influenced by the stability of the banking sector. Furthermore, profitability is greatly benefited by inflation. According to the report, policies targeted at increasing the profitability of the banking industry should be included in measures meant to create a financially inclusive economy. In other words, financial inclusion programs and profitability-boosting policies need to work together.

Bista and Basnet (2022) examined the determinants of the time deposit in commercial banks of Nepal. The main objective of this research is to investigate the determinants of the time deposit in commercial bank based on 15 years' time series data. Using descriptive statistics and multi regression research methodology, the finding shows that fluctuating trend of liquidity in the commercial banks but inclining trend of external and internal variable.

Andah et al. (2022) investigated the performance of financial institutions; including deposit money banks (DMBs) has substantial consequences for capital allocation, firm expansion, industrial growth and economic development. The main objective of the research is to analyze the determinates of the profit in deposit money bank. It adopted an ex-post facto research design using panel regression analysis and ordinary least square

research methodology to explain the relationship between the research variables. The findings revealed a positive and non-significant relationship between deposits and return on assets. Finally, it found a positive and significant relationship between interest and return on assets. Thus, banks should work towards increasing their sizes and efforts should be geared towards improving the nature of loan practices by reducing loan defaults minimally. They should also remain indifferent about their deposit policies and maintain their interest rate policies.

Nageri and Salami (2022) analyzed bank management and providers of funds are of the view that capital structure is of supreme importance, the use of wrong mix of capital structure could seriously affect the performance and subsistence. The main objective of the research is to examine the profitability position of the deposit money bank. Panel data analysis and regression research methodology was employed, analyzing the fixed effect and random effect models. The findings show that the net interest margin of deposit money banks in Nigeria is statistically significant determined by long term debt and equity. As such, the study recommended that deposit money bank in Nigeria should take into cognizance, the leverage level incurred in the capital structure as it significantly determines bank's net interest margin.

Dsouza et al. (2022) examined the impact of banking efficiency on the profitability of the Indian banking division. The main objective of the research is analyzed the profitability of the banks in terms of deposit. Quantitative approach, pooled panel regression, univariate analysis, correlation, and descriptive statistics research methodology are used by taking annual data of the Indian banking division from 2001 to 2020 available on the Thomson Reuters (Retinitis) data base. Unbalanced cross-sectional data (Panel data) comprising 527 bank-year observations for 33 Indian banks were studied. The findings revealed that the cost to income ratio has a significant negative impact on the bank return on assets and net interest margin ratio. The staff expenses to total expenses ratio has a significant positive impact on the bank return on assets and a positive non-significant impact on the bank net interest margin ratio.

Derbali (2022) investigated the performance indicators of Tunisian banks during the period from 1999 to 2020. The main objective of the research the profitability of the commercial banks. We use Net interest margin (NIM) and the return on Assets (ROA) as

profitability measures to determine the effect of bank-specific characteristics, regulatory policies, macroeconomic indicators, financial development indicators, and bank concentration and density, institutional constraints to competition and crises of banking performance. We employ generalized least squares (GLS) to estimate the panel model research methodology is used. Who measures the bank profitability. The findings shows that profitability seems to have been positively influenced by the size, composition of assets, credit risk, concentration, market capitalization and financial crises.

Cahyono et al. (2022) analyzed the effect of interest rates on the total deposits of Indonesian conventional and Islamic banks. The main objective of the research is examined the deposit in conventional banks. Generalized method of moments (GMM) regression research methodology used in study. The findings shows that interest rate significantly positively affect conventional bank deposits.

Kc and Acharya (2022) examined factors that influence the profitability of commercial banks in Nepal between the years 2011/2012 and 2020/2021 AD, with a focus on bank-specific determinants. The main objective of the study is to analyzed bank determinants of commercial banks. Descriptive and causal comparative research methodology was used and employed panel data regression analysis to investigate the impact of independent variable on ROA. Random effect model was taken as fitted model diagnosis using Eviews-12 computer software. The findings reveal that capital adequacy ratio and interest spread have positive and significant impact on ROA.

Kaya et al. (2021) classified Turkish deposit banks into big and small-scale entities in order to investigate the macroeconomic and bank-specific factors that influence bank profitability. The main objective of the research is to analyzed determinates of profitability of large scale deposit banks. For this purpose, Panel data analysis research methodology used as the tool of data analysis was applied using a fixed effects model, based on quarterly data for the period from March 2009 to September 2020 for 24 deposit banks., the finding show that the equity/assets, deposits/assets and liquidity ratio have a significant impact on the profitability of large-scale banks, where as they have no relationship with the profitability of small scale banks. The profitability of large scale bank is negatively affected by their assets quality ratios.

Yitayaw (2021) investigated the determinants affecting financial sustainability and profitability of saving and credit cooperatives (SACCOs). Analyzing the financial sustainability and profitability of saving cooperatives is the primary goal of this study. Using secondary data sources mostly from audited financial accounts of the SACCOs, a quantitative technique and an explanatory research methodology were used over the study period. The findings revealed that SACCOs in Eastern Ethiopia are not profitable but financially sustainable. The robust random effect model result shows that deposit mobilization, loan-to-deposit ratio and managerial efficiency have a statistically significant and positive effect on the profitability of SACCOs, while operational efficiency has a statistically significant and negative effect.

Akani and obiosa (2020) examined the effects of financial innovation on the profitability of the deposit money banks in Nigeria. The main objective of the study was to examine the effect of the financial innovation on the profitability. Descriptive research methodology used for the study to determined the relationship between variables. According to the research, deposit money banks should invest in technology advancements, embrace financial innovations, and change the way they provide banking services by embracing agency and mobile banking. By doing these things, they may enhance their market share and create jobs.

Tan (2020) investigated the competition in different banking market in china (deposit, loan, and non interest income markets) using a sample of Chinese commercial banks. The main objective of the research is to analyze the competition on profitability in banking sectors. Descriptive and explanatory research methodology used for the relationship between variables. The finding shows that non-interest income market in the Chinese banking industry has a higher level of competition compared to the other two markets during the early years of the examined period. The results also show that Chinese commercial banks have lower levels of profitability in a more competitive deposit market. Negative.

Budhathoki et al. (2020) analyzed the impact of liquidity, leverage, and total assets size of the bank on profitability. The main objective of the research is to examine the impact of liquidity on bank profitability. Three ordinary-least-squares research methodology were applied to analyze the impact of liquidity, leverage, and the total size of bank's

profitability. The finding shows that the higher bank size appeared favorable to the Nepalese commercial banks and was found to have positive effects on all three profitability measures: ROA, ROE, and NIM.

Neupane (2020) examined the key determinants of profitability of Nepalese commercial banks. The main objective of the research is to investigate profitability of commercial banks. Descriptive research approach is used in this study to explain the factors that influence Nepalese bank profitability. Further, the degree of correlation among different The findings shows that concluded that the profitability of Nepalese commercial banks measured by return on assets is significantly influenced by the external factors. Among external factors, industry specific factors have high degree of impact on return on assets and inflation rate.

Khatri (2020) investigated the relationship between the liquidity and profitability of commercial banks in Nepal. The main objective of this research is to analyze the impact of liquidity on profitability in commercial banking sectors. By using Housman test and there after fixed effects research methodology, the result showed that assets quality (AQ) has negative and significant relationship with return on assets (ROA) whereas it has positive and significant relationship with return on equity (ROE). However, the findings reveals that credit-deposit (CDR) has positive but insignificant relationship with ROA and has negative and insignificant relationship with return on equity (ROE).

Oliwi (2020) examined the key determinants of profitability of commercial banks. The main objective of the research is to investigate profitability of commercial banks. Descriptive research approach is used in this study to explain the factors that influence bank profitability. Further, the degree of correlation among different the findings shows that concluded that the profitability of commercial banks measured by return on assets is significantly influenced by the external factors. Among external factors, industry specific factors have high degree of impact on return on assets and inflation rate and also there is a strong and significant relationship between the higher bank size appeared favorable to the commercial banks and was found to have positive effects on all three profitability measures: ROA, ROE, and NIM and it also has the significant relationship with saving deposit

**Table 1***Empirical Summary Table*

Author (S)	Topic	Objectives	Methodology	Variables	Findings
Nor et al, (2023)	The Factors Influencing the Performance of Fixed Deposit at the Bank Rakhyat in malaysia	The main objectives of this research is to find out the impact between Fixed deposit and the performance of the bank in Malaysia	Descriptive Analysis Research Design	Independent Profit Inflation Base financing Rate Dependent Fixed Deposit	The study finds that profit rate has the negative relationship on fixed deposit whereas inflation, base financing rate has positive relationship with the fixed deposit inflation rate and base financing are the significant determinates of the fixed deposit
Onourah, (2023)	The Analysis of the Macro and Micro determinates of profitability of Deposit Money Banks in Nigeria	The main objective of this research is to find out the impact of profitability of deposit money bank in Nigeria	Ex- post Facto and Correlation Research Design	Independent CA INFLR GDP Dependent ROA NPL	The study finds that NPL, CA, GDP has the significant impact on ROA. The study concluded that NPL, CA, GDP are the determinates of bank profitability.
Sahel et al, (2023)	The Impact of Financial Determinants on Bank Deposits	The main objective of this research is to find the impact of financial determinant on bank deposit	Auto Regressive Distributed Lag(ARDL) Research Design	Independent Discount rate GDP Interest rate Dependent Bank deposit	The study finds that there is the impact between the economics and deposit factors and there is no causal link

						between financial shocks and bank deposit.
Banke and Yitayaw, (2022)	Deposit mobilization and its determinants evidence from commercial banks in Ethiopia	The main objective of this research is to find out the deposit mobilization impact in the commercial bank in Ethiopia	Quantitative and Explanatory Research Design	Independent ROA Inflation GDP Dependent Deposit mobilization		The study finds that there is the significant relationship between the profitability and banks deposit mobilization and also there is the significant relationship between inflation and GDP
Nguyen and Le, (2022)	The interrelationship between bank profitability, stability and loan growth	The main objective of this research is to find out the impact between bank profitability, stability and other variables	Descriptive Research Design	Independent Profitability Stability Dependent Loan growth		The study finds that there is the significant relationship between profitability and loan growth.
Topbie al,(2022)	The impact of macro economic behavior on deposit money bank liquidity in Nigeria	The main objective of this research is to find out the impact between deposit money and the bank liquidity	Auto regressive distributed lag techniques And descriptive techniques	Independent Money supply Exchange rate Interest rate Dependent Liquidity ratio		The study finds that money supply and interest rate has negative impact in liquidity ratio in both long run and short run.
Ozili and Nadha, (2021)	The impact of financial development on bank profitability	The main objectives of this research is to find the impact of financial	Least square method	Independent GDP Bank Size Dependent Financial system		The study finds that there is the significant and negative relationship

		development on bank profitability		deposit	between the financial system deposit and GDP.
Mishra et al, (2021)	Profitability in Commercial banks- A case from Nepal	The main objectives of this research is to find out the profitability in the commercial banks in Nepal	Correlation and regression methods along with analysis	Independent Loan ratio Capital ratio Deposit ratio Dependent ROA ROE	The study finds that there is negative relationship between ROA and ROE where there is positive relation between bank size and inflation.
Sudarsona and Afraid, (2021)	The impact on bank stability and size affects on the profitability of Indonesia Bank	The main objective of this research is to find out the impact profitability by bank size on Indonesia banking sectors	Panel data Dynamic model research design	Independent Total deposit Deposit structure Dependent ROA ROE	The findings shows that the deposit structure and total deposit has the significant positive relation with the bank profitability.

Ramos et al, (2020)	Good corporate governance's impact on banking profitability	The main objective of this paper is to determine the impact of corporate governance on bank profitability.	Descriptive research design	Independent Corporate governance Dependent Bank Profitability	The findings show that the corporate governance has the significant positive relation with the bank profitability.
Hasan et al, (2020)	The determinates of bank profitability on bank size	This paper has the objective to explore the determinates of bank	Model data panel	Independent Bank size Internal ratio Dependent ROE	The findings show that the bank size internal ratio has the positive impact to profit

### 2.3 Research Gap

In the banking industry, Profitability is very essential in regards to financial performance of the banks. Likewise profitability and fixed deposit play a vital role to boost the performance of the banks. To earn profit banks must utilize the fund in the productive sector and diversify the investment in different sectors.

After reviewing different literature it mainly focuses on profitability and deposit of the banks. These studies lack micro level analysis and had found applying traditional analysis of profitability. In the context of the Nepalese banking sector most of the past studies have been made about profitability analysis on commercial banks and deposit but no clear study has been made about the profitability analysis of development banks determined by fixed deposit, saving deposit and current deposit. Thus, this research will be conducted to know the study of profitability analysis determined by fixed deposit, saving deposit and current deposit of jyoti bikas bank limited. The existing literature has thoroughly examined the relationship between fixed deposit, saving deposit and current deposit on profitability across the wide range of different financial companies, industry and professions. (Miawasi et al, 2023; Lustiana et al, 2023; Yakuba and Musah, 2022; Khiyar, 2012; Okun, 2012; Haddawe&Flayyih, 2020; Tobazza, 2018; Rabiou&Saidu, 2017.

However there is a significant study understanding the influence of deposit on profitability on different financial sectors. While previous research has provided valuable insights into deposit and profitability in various contexts, research that explicitly targets the deposit of the bank specific and different variables using deposit measurement and different variables of the bank deposit ratio on profitability (Banke&Yitayaw, 2022). This gap in the literature emphasizes the important of conducting the focus investigation how the bank deposit can influence the profitability and also help to conduct the relationship between fixed deposit, saving deposit and current deposit on profitability as it remain the unexplored area with the potential implications for the financial institutions sectors.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

Research methodology defines the methods, activities, and processes engaged in a research (Aityan, 2022). This chapter represents the methodological framework that was used for collection and data was analyzed to solve the research problem and answer the research question. The overall methods available to obtain data was presented and explained before selecting the appropriate ones.

#### **3.1 Research design**

The study has used descriptive and causal comparative research design. Descriptive research is used to gather information about provide detailed characteristics on behaviors of a particular population or subject Whereas Causal comparative research design is used for the extent and nature of cause and effect relationships between two or more variables.

#### **3.2 Population and sample, and sampling design**

The study has conducted under secondary data which are collected from annual report like profit and loss account, balance sheet and other publication made by bank. Likewise other articles, journals have also taken while collecting the information. In the present context, there are 17 development banks operating in Nepal according to the provided from Nepal Rastra Bank. Hence, considering these number of banks as total population, only one development bank that is Jyoti Bikas Bank from these total population has been taken as sample and tried to achieve the objectives set out by analyzing the data it is very convenience for the researcher to visit the bank and as well all the past annual statement of the bank are easily accessed from the bank official websites moreover Researcher has done the internship from Jyoti Bikas Bank in the scope of deposits collection and management of the bank.

#### **3.3 Nature and source of Data, and instrument of Data collection**

This study mainly based on secondary data. Secondary data are collected from their respective annual report especially from profit and loss account, balance sheet and other publication made by the bank. Also some data has been gathered from Nepal Stock

Exchange's Website. Similarly, articles, journals related to the financial performance study, previous research report etc., have also taken while collecting information.

The information or data are obtained from the different sources for dissertation. From that information, direct presentation was not possible so it was necessary to process data and converts it into required form. Only after then the data was presented for this study. For presentation different tables were used. Similarly, in same case graphical presentation was also made, it has been done with the help of using Microsoft Excel.

### **3.4 Data Collection Procedure**

Data collection played a significant role because it allows one to answer research question, test hypothesis and evaluate outcomes. Researcher had ensured that the data collected is in proper and corrected manner because the data is very important for the data ending and coding. The entire data will be collected from secondary sources like internet, journals articles and bank financial statement. MS-excel is used to arrange the collected data and SPSS tool is used for the analysis.

### **3.5 Method of analysis**

Profitability and fixed deposit position of the bank is analyzed with two important tools.

#### **3.5.1 Financial Tools**

The following financial ratios are going to be analyzed under the profitability position analysis of selected development bank.

##### **A) Profitability Ratio**

One kind of accounting ratio that helps in evaluating the economic performance of a company at the conclusion of an accounting period is the profitability ratio. The ability of a business to turn a profit from its operations is shown by profitability ratios. Ratios that measure profitability provide valuable insights into how successfully a company uses its equity and assets to generate profits.

At the same time, it provides insight into how well a business is managing its operating costs as well. Thus, profitability ratio is very important for bank because they can indicate the ability to make regular profits, and how well a company manages investment for a return for shareholders. They can reflect management's ability to achieve these two goals, as well as the company's overall financial well-being.

#### **a. Return on Total Assets Ratio (ROA)**

Return on total ratio indicates efficiency towards of assets mobilization. In other words, return on total assets ratio is an overall profitability rate, which measure earning power and overall operation efficiency of a firm. This ratio helps the management in identifying the factors that have a bearing on overall performance of the firm.

Return on Total Assets = NPAT/ Total Assets

#### **b. Return on Shareholder's Equity (ROE)**

Return on shareholders' equity reflects how well the firm has used the resource of the owner's. The earning of satisfactory return is the most desirable objective of business as common or ordinary shareholders are entitled to the residual profits. It is calculated by dividing profit after tax by shareholders' equity.

Return on Shareholder's Equity = NPAT/ Shareholder's Equity

### **B) Fixed Deposit, Saving Deposit and Current Deposit**

#### **a. Fixed Deposit**

A fixed deposit (FD) is a financial instrument provided by banks or non- bank financial institutions which provide investors a higher rate of interest than a regular savings account, until the given maturity date.

#### **b. Saving Deposit**

The Saving deposit is one of the most useful instruments to evaluate the saving and deposit of the financial sectors. Saving deposit help to analysis the savings and forecast the profitability of the firm. Saving deposit also ensure the profitability of financial sector and also helps to reduce the liquidity.

#### **c. Current Deposit**

The Current deposit shows the amount of currency that people hold as the proportion of aggregate deposits. It also measures the capacity of bank to meet unexpected demand made by depositor.

### **3.5.2 Statistical Tools**

Statistical tools and method involved in carrying out a study including planning, designing, collecting data, analyzing, drawing meaningful interpretation of the research. Here Researcher has used the Descriptive Statistics and as well as Inferential statistics.

## **Descriptive Statistics**

Descriptive statistics refers to a set of methods used to summarize and describe the main features of data set such as its central tendency, variability, and distribution. Here the researcher has used the mean and standard deviation to find out the relationship between the independent and dependent variables.

### **Mean**

Mean is the average of the given numbers and it is calculated by dividing the sum of given numbers by the total number of number. The formula used to calculate the mean are as follows:

$$\text{Mean } (\bar{X}) = \frac{\sum fx}{N}$$

Where,

$\bar{X}$  = Mean

$\sum fx$  = the product of midpoint time the frequency.

N = Number of observation

### **Standard Deviation**

The standard deviation is the average amount of variability in the data set. The formula used to calculate the standard deviation is as follows:

$$\text{Standard Deviation } (\sigma) = \sqrt{\frac{\sum (x - \bar{X})^2}{n-1}}$$

Where,

$(\sigma)$  = Standard Deviation

$(\bar{X})$  = Mean

(N) = Total Number of Term

## **Inferential Statistics**

Inferential Statistics are concerned with making inferences based on relation found in the sample, to relations in the population. Inferential statistics help us decided whether the difference between the variables in our data are strong enough to provide support for our hypothesis. In inferential statistics concerned with coefficients of correlation, F.T- Test, Multiple regression Model.

### **Correlation Coefficient (r)**

Correlation analysis in the statistical tools generally used to describe the degree which our variable is related to another. This tools is used for measuring the intensity or the

magnitude of linear relationship between two variable X and Y is usually denoted by 'r' can be obtained as:

$$r = \frac{N \sum XY - \sum X \sum Y}{\sqrt{N \sum X^2 - (\sum X)^2} \sqrt{N \sum Y^2 - (\sum Y)^2}}$$

Where,

N = No of data in series X and Y

$\sum X$  = Sum of data in series X

$\sum Y$  = Sum of data in series Y

$\sum X^2$  = Sum of square data in series X

$\sum Y^2$  = Sum of square data in series Y

$\sum xy$  = Sum of the product of data in series X and Y

### **Coefficient of Determination ( $r^2$ )**

It explains the variable percent derived in dependent variable due to the any one specified variable; it denotes the fact that the independent variable is good predictor of the behavior of the dependent variable. It is square of correlation coefficient.

### **F.T- Test**

To test the set hypothesis, t-test has been employed under Alternatives Hypothesis  $H_1$  t-test statistic is:

$$t = \frac{r}{\sqrt{1-r^2}} \times \sqrt{n-2}$$

Where, r = calculated value of correlation coefficient

n = no. of observation

The tabulated value two tailed test for 12 degree of freedom at 5% level of significant level is 2.179

Calculated value of  $t \leq$  tabulated value of t, i.e. significant.

Calculated value of  $t \geq$  tabulated value of t, i.e. insignificant.

### **Multiple Regression Model**

The MRA is an extension of Multiple Regression Analysis (MRA), in the sense that instead of single independent variable there are two or more independent variables.

*Regression Model* with k number of independent variables on Dependent variable (ROE)

$$Y = b_0 + b_1 X_1 + b_2 X_2 + u \quad (1)$$

Where Y is dependent variable,  $X_1, X_2$  and  $X_3$  are independent variables, u is an error term,  $b_0$  is Y- intercept, and  $b_1, b_2, \dots, b_k$  are partial slope coefficients.

$$Y = ROE$$

$X_1$  = Fixed Deposit

$X_2$  = Saving Deposit

$X_3$  = Current Deposit

Again the Regression model of independent variables on Dependent Variable (ROA)

$$Y = b_0 + b_1X_1 + b_2X_2 + u$$

Where, Y = ROA (2)

$X_1$  = Fixed Deposit

$X_2$  = Saving Deposit

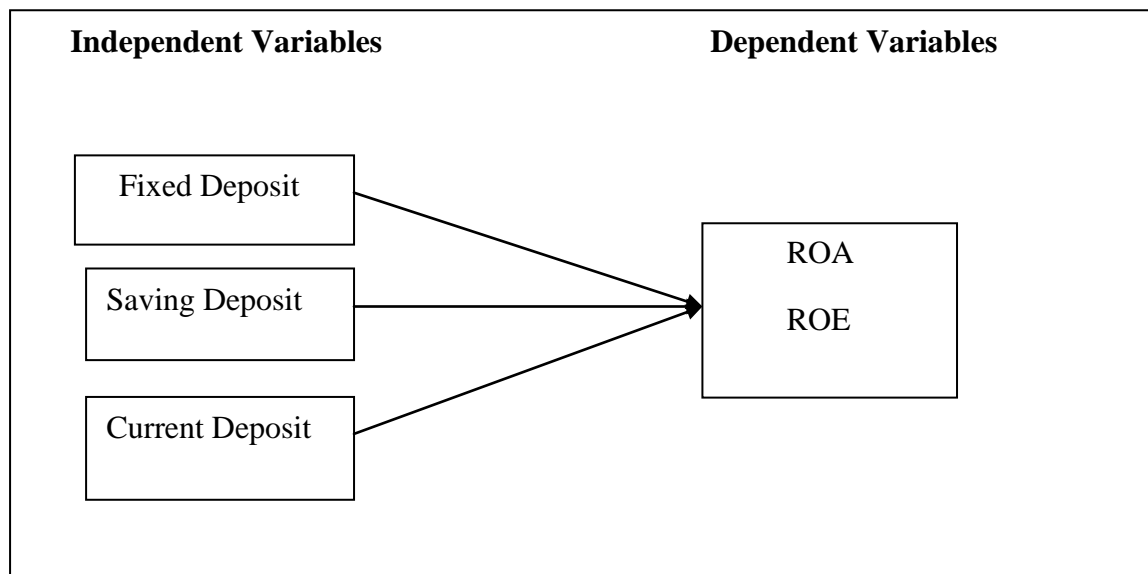
$X_3$  = Current Deposit

### 3.6 Research Framework and Definition of the variables

Fixed deposits and saving deposits in the bank are independent variables and ROE, ROA are dependent variables. This research is carried out to find the relationship between the independent and dependent variables. Based on the literature review, a proposed model has been developed as below:

**Figure 1**

*Theoretical Framework*



Source: (Sharma & Gounder, 2012)

### **Dependent Variable**

The variable that depends on other factors that are measured is called dependent variable. Some of the dependent variables used for this study are:

#### **Return on Total Assets Ratio (ROA)**

Return on total assets explains the contribution of assets of generating net profit. It is an overall profitability rate which measure earning power and overall efficiency of a firm. This ratio helps the management to identifying the factors that have a bearing on overall performance of the firm.

#### **Return on Shareholder's Equity (ROE)**

Return on shareholder's equity reflects company financial performance that shows the relationship between a company profit and investor return. The earning of satisfactory return is the most desirable of business as ordinary shareholders are entitled to the residual profits.

### **Independent Variables**

Independent variables are those variables that directly affect dependent variable. Some of the independent variables used for this study are:

#### **Fixed Deposit**

Fixed deposits are attractive interest generating instruments that are also risk-free. Market fluctuations do not affect fixed deposits which provide investors a higher rate of interest than a regular savings account until the given maturity date. Increase in fixed deposits can boost the financial institutions profitability and as well as productivity. With this kind of deposit, the bank has the freedom to allocate its money with the understanding that checks will not be accepted to withdraw the funds (Hempel & Simonsom, 1999; Mishkin, 2007). Furthermore, by helping banks form fixed capital and encouraging and assisting clients to increase savings across benefits, this is the most significant type of savings that supports investment in nations, as well as the movement of investment and project financing (Bouheni et al., 2016).

#### **Saving Deposit**

A saving account is an interest bearing deposit held at a bank and other financial institution. Though this account typically pays moderate interest, their safety and reliability make them a good option. Savings were mobilized into investments by banks and other financial institutions in order to generate profits. Savings deposits are agreements between a client and a bank in which the customer puts money and receives

interest, with the customer's right to withdraw the money from the deposit at any time without giving notice (Bikker & Gerritsen, 2018). Deposits through savings are mainly professionals and middle-income customers for the customers to deposit their small savings.

### **Current Deposit**

A current deposit account is identified as non-interest bearing account in which individual can deposits fund for specified period. The amount can be transfer or withdrawn at any time as per as convenience. The main motive of current deposits account is to carry individual out their transaction in an efficient manner.

This type of money is deposited by a specific person with the bank, and the depositary may withdraw it whenever he delights (Schönhärl, 2017). Current deposits, which banks are required to pay, are also known as demand deposits. It is well known that current deposits travel continuously. According to Zopounidis (2002), opening an account with a bank typically entails a minimum deposit amount.

## **CHAPTER IV**

### **RESULTS AND DISCUSSION**

This section is classified into five different sub-sections. Among them, first section presents for the evaluation of the bank's profitability position. Second section presents fixed deposit position of the banks. Similarly, third section presents the evaluation of linear relationship between selected dependent and independent variables regarding profitability and fixed deposit of banks. Likewise, the major findings are also drawn from the analysis.

#### **4.1 Evaluation of profitability position of the bank**

Profitability refers to situation in which entity is generating a profit. A reporting period is considered profitable if its total revenue exceeds its total expenses for that period. The banks' profitability status has been measured using the following ratio. This section contains a thorough analysis and presentation of these ratios.

##### **4.1.1 Return on Equity (ROE)**

The ratio to equity capital refers operating efficiency of the banks. This ratio indicates return to equity. It also measure company's financial performance that show the relation between a company's profit and the investor's return. It determines that company profitability and how efficiently it generates those profits.

**Table 2***ROE of sample Banks in (%)*

FY	ROE
2008/2009	-
2009/2010	(1.46)
2010/2011	7.68
2011/2012	9.18
2012/2013	7.50
2013/2014	9.47
2014/2015	7.94
2015/2016	12.16
2016/2017	16.45
2017/2018	10.73
2018/2019	13.34
2019/2020	17.14
2020/2021	13.97
2021/2022	17.27

*Source: Bank Annual Report*

The Table 2 presents the Return on equity (ROE) of JyotiBikas Bank during the last 14 fiscal years. The return on equity of JyotiBikas Bank is the highest of 17.27% and least is -1.46% in year 2021/2022 and 2009/2010 respectively. The Return on Equity of bank is in fluctuating trend.

#### **4.1.2 Return on Assets (ROA)**

The Return on Assets assets is calculated in order to know the effectiveness of investment on total assets with respect to net profit. Table 4.2 present the return on assets of banks. It helps to find out the equitable mobilization of the investment on the bank. It also helps to gain the competitive positions and as well to determine the effectiveness of the allocation of the resources quiet properly.

**Table 3***Return on Assets (ROA) of Jyoti Bikas Bank Limited (%)*

FY	ROA
2008/2009	-
2009/2010	0.34
2010/2011	1.22
2011/2012	1.84
2012/2013	1.43
2013/2014	1.01
2014/2015	1.39
2015/2016	1.70
2016/2017	1.73
2017/2018	1.27
2018/2019	1.48
2019/2020	1.46
2020/2021	1.15
2021/2022	1.11

*Source: Bank Annual Report*

The Table 3 presents the return of assets of Jyoti Bikas Bank Limited. ROA of JBBL is the highest of 1.84% and the least is 0.34% in the year 2011/12 and 2009/10 respectively. This ratio of bank are slightly fluctuating trend.

## **4.2 Evaluation of Fixed Deposit of the Bank**

A fixed deposit is a financial instrument provided by banks or non-bank financial institution which provides investors a higher rate of interest than a regular savings account, until the given maturity date. The following fixed deposit collection of the bank has been used for the measurement of the fixed deposit position of the bank. These have been presented and analyzed in this section comprehensively.

### **4.2.1 Fixed Deposit**

The fixed deposit is used to boost up the bank capacity and helps to enhance the productivity and efficiency of the banks. Table 4 shows the fixed deposit collection of bank.

**Table 4***Fixed Deposit*

FY	Fixed Deposit (000)
2008/2009	-
2009/2010	40165
2010/2011	21101
2011/2012	85028
2012/2013	12161
2013/2014	10917
2014/2015	94211
2015/2016	90093
2016/2017	10769
2017/2018	20474
2018/2019	66135
2019/2020	12665
2020/2021	21698
2021/2022	28775

*Source: Bank Annual Report*

The Table 4 presents the Fixed Deposit collection of JBBL. This fixed deposit collection of JBBL is the highest of 94211million and least is 10769 million in the year 2014/15 and 2016/17 respectively. The fixed deposit of the bank is fluctuating. It shows that the bank is funding all its loans from deposits rather than relying on the capital market or other banks.

**4.2.2 Saving Deposit**

Saving Deposit indicates the capability of the banks to successfully utilize the total deposits on saving generate by the customers. It also show how quickly the total deposits collected can be collected from customers and granted as loans and advances to earn reasonable returns.

**Table 5***Saving Deposits*

FY	Saving Deposit (000)
2008/2009	-
2009/2010	68407
2010/2011	16477
2011/2012	25610
2012/2013	30317
2013/2014	33885
2014/2015	43055
2015/2016	50675
2016/2017	60095
2017/2018	91382
2018/2019	16104
2019/2020	26117
2020/2021	31433
2021/2022	46794

*Source: Bank Annual Report*

The Table 5 represents the saving deposit collection of JBBL. The saving deposit of JBBL is highest 91382 million and least is 16104 million in 2017/18 and 2018/19 respectively. This indicates that bank is in slightly increasing trend since last five years average. Increasing the saving deposit help to mobilize the funds effectively and also helps the management of bank portfolio. Thus, it shows that the saving depositors are increasing and effective utilization of funds while lower saving deposit of the bank indicates saving deposit the inefficiency of the banks to stop them from remaining idle.

**4.2.3 Current Deposit**

Current deposit measures the capacity of the bank to meet the unexpected demand made by the depositors. Table 6 shows the current deposit collection of JBBL.

**Table 6***Current Deposit*

FY	Current Deposit (000)
2008/2009	-
2009/2010	38723
2010/2011	15663
2011/2012	34580
2012/2013	75351
2013/2014	55839
2014/2015	63511
2015/2016	76936
2016/2017	81242
2017/2018	15899
2018/2019	53272
2019/2020	66134
2020/2021	60556
2021/2022	41433

*Source: Bank Annual Report*

The Table 6 presents the current deposit collection of JBBL. The current deposit collection at highest 81242 million and least 15663 million in 2016/17 and 2010/11 respectively. The current deposit of the bank is fluctuating it shows that JBBL is moderately maintaining its liquidity in terms of current deposit.

### **4.3 Statistical Tools**

The statistical analysis includes the calculation of correlation coefficients of different variables in order to find out the liquid assets trend of the respective development banks.

#### **4.3.1 Descriptive Statistics**

Descriptive statistics are the methods used to summarize and describe the main features of the data set. Descriptive statistics refers to a branch of statistics that involves summarizing, organizing, and presenting the data meaningfully and concisely. It focuses on describing and analyzing the data set main features and characteristics without making any generalization or inferences to a larger population. Descriptive statistics includes Mean, standard deviation, etc here if mean is greater than standard deviation than it interprets that the data set is nearer to the mean and it is reliable.

### 4.3.1 Mean and Standard Deviation of Dependent and Independent Variables

**Table 7**

*Descriptive Analysis*

Variables	Mean	SD	Max	Min
Fixed Deposit	30.651	17.910	58.36	14.02
Saving Deposit	80.762	23.940	99.4	80.01
Current Deposit	12.378	7.727	27.24	5.62
ROA	1.223	0.5113	1.84	0.34
ROE	10.097	5.721	17.27	-1.46

The above Table 7 the mean of the each variable is greater than standard deviation it shows that the data set is nearer to the mean. The mean is essential model of the data set that produces the lowest amount of error from all other value in the data set. The above value show the mean of fixed deposit is 30.651 again the mean of saving deposit is 80.762 likewise current deposits is 12.378 whereas ROA and ROE mean is respectively 1.223 and 10.097.

Standard deviation tells us on an average how far the data simply lies from the mean. High standard deviation means value are generally far from the mean and low standard deviation means that value are clustered close from the mean. The standard deviation of fixed deposit is 17.910 likewise the standard deviation of saving deposit is 23.940 and current deposit is 7.727 likewise the standard deviation of ROA and ROE is respectively 0.5113 and 5.721 which indicates the set of the data is more reliable. According to the Cohen (2003) for the normal distribution of data standard deviation must have the range of 0 to 1. As it is evident that the standard deviation of the data set is lower to the mean it shows that, the data may be consider normally distributed.

### 4.3.2 Inferential Statistics

The process of drawing conclusions about relationships in the population based on relationships observed in the sample is known as inferential statistics. We may determine whether the group differences in our data are significant enough to support our hypothesis that group differences occur generally across the population by using inferential statistics.

### 4.3.3 Coefficients of Correlation

Correlation Analysis is statistical method that is used to discover if there is relationship between two variables/datasets, and how strong that relationship may be. Any score from +0.5 to +1 indicates a very strong positive correlation, which means that they both increase at the same time any score from -0.5 to -1 indicates a strong negative correlation. A score of 0 indicate no correlation.

#### Correlation coefficients of Different Variables

The correlation coefficients of independent variables Fixed deposit (FD), Saving Deposits (SD) and Current deposit (CD) on ROA

**Table 8**

*Correlation Analysis of variables on Return on Assets ( ROA)*

Correlation analysis of variables associated on ROA

Variables	ROA	FD	SD	CD
ROA	1			
FD	-0.022**	1		
SD	0.557**	0.588**	1	
CD	0.426**	0.218**	0.357**	1

\*\* Significance at 0.01 level (2-tailed)

TheTable 8 shows the correlations coefficient between independent variable on dependent variable. Here the independent variables is fixed deposit (FD), saving deposit (SD) and Current deposit. The correlation between fixed deposit (FD) and ROA is -0.022, which means there is negative correlation between fixed deposit and ROA. This implies that the Fixed deposit of jyoti bikas bank increase the ROA decrease. It is a negative and inverse relationship between the Fixed Deposit (FD) to Return to Assets.

The correlation coefficient of Return on Assets (ROA) and Saving Deposit (SD) is 0.557, which show the strong positive correlation between Return on Assets (ROA) and Saving deposit (SD). The correlation coefficient of saving deposit on ROA is statistically significance at 0.01. Any score or value from +0.5 to +1 indicate strong relationship between independent and dependent variables. This implies that saving deposit of jyoti bikas bank increase Return on Assets also increase.

The correlation coefficient of Return on Assets (ROA) and Current deposit (CD) is 0.426, which shows the positive correlation between ROA and CD. This implies that Current deposit increase ROA also increase.

**Table 9**

*Correlation analysis of variables associated with Return on Equity (ROE)*

Variables	ROE	FD	SD	CD
ROE	1			
FD	-0.041**	1		
SD	0.554**	0.588**	1	
CD	0.554**	0.218**	0.357**	1

\*\* Significance at 0.01 level (2-tailed)

The Table 9 shows the correlation coefficient between independent and dependent variables. The Correlation coefficient between ROE and Fixed deposit (FD) is -0.041 which is statistically significant at 0.01. It shows the negative correlation between fixed deposit and ROE. This implies that Fixed deposit increase ROE decrease.

The Correlation Coefficient between Saving Deposit (SD) and ROE is 0.554 which shows moderate Positive Correlation between the variables. This implies that Saving Deposit increase ROE also increase.

The correlation coefficient between Current Deposit and ROE is 0.554 which shows the strong positive correlation between Current Deposit and ROE. This implies that Current deposit increase ROE also increase.

The relationships between correlation coefficient between different variables are show below

**Table 10***Results of Correlation Analysis*

Variables	r value	Relationship
FD on ROA	-0.022	There is negative and significant relationship between FD on ROA.
SD on ROA	0.557	There is positive and significant relationship between SD on ROA.
CD on ROA	0.426	There is positive and significant relationship between CD on ROA.
FD on ROE	-0.041	There is negative and significant relationship between FD on ROE.
SD on ROE	0.554	There is positive and significant relationship between SD on ROE.
CD on ROE	0.554	There is positive and significant relationship between CD on ROE.

The Table 10 shows the relationship between different variables according to correlation coefficient. The value of the variable is positive and the relationship between the independent and dependent variable are positively and significant relationship between both dependent and independent variables especially negative with Fixed Deposit(FD) on Return on Assets(ROA) and Return on Equity(ROE). All the independent variables have positive and significant relationship between the variables.

**4.3.4 T- Test of independent variable on dependent variable (ROA)**

A t test is a statistical test that is used to compare the means of the two groups. It is often used in hypothesis testing to determine whether a process actually has an effect on the population of interest or whether two groups are different from one another. It is also very useful in testing the hypothesis. It is a statistical tools used to compare the means of the

two groups. The main purpose to use this t-test is to determine if there is a significant difference between the means of two groups and how they are related.

**Table 11**

*Result of T-test on (ROA)*

Variables	R	R <sup>2</sup>	t <sub>cal</sub>	t <sub>tab</sub>	Result
Fixed Deposit	-0.022	0.048	-0.078	2.179	Insignificant
Saving Deposit	0.557	0.310	2.320	2.179	Significant
Current Deposit	0.426	0.181	2.835	2.179	Significant

The Table 11 shows t- test of fixed deposit on dependent variables ROA is insignificant because t calculated value is negative with the t tabulated value at 5 % significance level at 12 degree of freedom for two tailed test is 2.179 it shows the relationship is statistically insignificant to independent variables on dependent variables The value of independent variables of fixed deposit is  $-0.078 < 2.179$ . So hypothesis H1 is rejected. The t calculated value of saving deposit is  $2.320 > 2.179$  it shows the in significant relationship so alternative hypothesis H2 is accepted. Likewise t calculated value of current deposit on ROA is  $2.835 > 2.179$  it shows the significant relationship. So hypothesis H3 is accepted.

**T- Test of independent variables on dependent variables (ROE)**

The independent variable is fixed deposit saving deposit and current deposit and the dependent variable is ROE. The result of the t-test of independent variable on dependent variable are shown below

**Table 12**

*Result of T-test on (ROE)*

Variables	R	R <sub>2</sub>	t <sub>cal</sub>	t <sub>tab</sub>	Result
Fixed Deposit	-0.041	0.016	-0.087	2.179	Insignificant
Saving Deposit	0.554	0.306	2.213	2.179	significant
Current Deposit	0.554	0.306	2.213	2.179	significant

The Table 12 shows t test between the fixed deposit and dependent variables ROE is -0.087 is  $< 2.179$  it shows that insignificant results. So hypothesis H4 is rejected. The saving deposit t calculated value  $2.213 > 2.179$  so it is significant. So hypothesis H5 is

accepted. The current deposit t calculated value is  $2.213 < 2.179$  t tabulated so it is statistically significant. So H6 is accepted.

### Result of hypothesis as per t- test

**Table 13**

*Result of Hypothesis*

Variable	$t_{cal}$	$t_{tab}$	Hypothesis Accepted
FD on ROA	-0.078	2.179	Rejected
SD on ROA	2.320	2.179	Accepted
CD on ROA	2.835	2.179	Accepted
FD on ROE	-0.087	2.179	Rejected
SD on ROE	2.213	2.179	Accepted
CD on ROE	2.213	2.179	Accepted

The Table 13 shows the result of the hypothesis as per t test. The t- test of fixed deposit on dependent variables ROA is insignificant because t calculated value is lesser than the t tabulated value at 5 % significance level at 12 degree of freedom for two tailed test is 2.179 it shows the relationship is statistically insignificant to independent variables on dependent variables The value of independent variables of fixed deposit is  $-0.078 < 2.179$  so it statistically insignificant. So hypothesis H1 is rejected. The t calculated value of saving deposit is  $2.320 > 2.179$  it shows the significant relationship so alternative hypothesis H2 is Accepted. Likewise t calculated value of current deposit on ROA is  $2.835 > 2.179$  it shows the significant relationship. So hypothesis H3 is accepted.

T test between the fixed deposits on dependent variables that is ROE is  $-0.087 < 2.179$  it shows that insignificant results. So hypothesis H4 is rejected. The saving deposit t calculated value  $2.213 > 2.179$  so it is significant. So hypothesis H5 is accepted. The current deposit t calculated value is  $2.213 < 2.179$  t tabulated so it is statistically significant. So H6 is accepted.

### Regression Analysis

The regression is used to determine the statistical relationship between two or more variable and make predicates of one variable on the basis of the others. In this analysis multiple regression analysis has been done. In this analysis, Return on equity is taken as

dependent variable and Fixed deposit (FD), Current deposit (CD), and saving deposit (SD) are taken as independent variable. The availability of the data has been taken for the last 14 years.

**Multiple regression Model on dependent variable Return on Equity (ROE)**

$$Y=b_0+b_1x_1+b_2x_2+b_3x_3+E_i$$

Where,

Y= Return on Equity (ROE)

X<sub>1</sub>= Fixed Deposit (FD)

X<sub>2</sub>= Saving Deposit (SD)

X<sub>3</sub>= Current Deposit (CD)

b<sub>0</sub>= Constant

E<sub>i</sub>= Error term

Tables below showed the findings of regression analysis between independent and dependent variables Return on Equity (ROE)

**Table 14**

*Model Summary on ROE*

R	R Square	Adjusted R Square	Std Error of estimate
0.815	0.664	0.564	0.391

Predictors: (Constant), Fixed Deposit (FD), Saving Deposit (SD), Current Deposit (CD)

The Table 14 showed the model summary of the factors influencing Return on Equity (ROE). R<sup>2</sup> is also called coefficient of determination. R<sup>2</sup> is always between 0% to 100% and higher the percentage better the model fits the data. Here in the table 14 the value of R<sup>2</sup> is 0.664, which means 66.4% of variation in dependent variables Return on Equity (ROE) is explained by independent variables like Fixed Deposit (FD) Saving Deposit (SD), Current Deposit (CD).

Similarly after adjusting Return on equity (ROE) is predicted by independent variables like Fixed Deposit (FD) Saving Deposit (SD), Current Deposit (CD).

Moreover, model summary also indicated the standard error of estimate of 0.391 which shows the variability of the observed value of Return on equity from the regression line is 0.391 units.

**Table 15***ANOVA*

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	3.046	3	1.015	6.615	0.009
Residual	1.535	10	0.153		
Total	13	4.582			

Dependent Variable : Return on Equity (ROE)      Variation = 66.4%

Predictors: (Constant), Fixed Deposit (FD) Saving Deposit (SD), Current Deposit (CD).

The Table 15 gives the description of ANOVA table. The result of table 15 shows that the p value is less than 0.05 ( $P < 0.05$ ). so the model is significant at 5% level of significance. So the multiple linear models can be used to analyze the data. It is the most fitted model for the analysis of this study.

**Table 16***Regression Coefficient*

<i>Variables</i>	<i>Unstandardized</i>				
	<i>Beta</i>	<i>S.E</i>	<i>T</i>	<i>P</i>	<i>VIF</i>
(Constant)	0.049	0.385	0.128	0.900	
FD	-0.018	0.007	-2.513	0.030	1.041
SD	0.018	0.005	3.138	0.010	2.242
CD	0.031	0.015	2.109	0.061	2.242

The dependent variable ROE with three independent variables FD, SD, and CD of JBBL.

$$Y = b_0 + b_1FD + b_2SD + b_3CD$$

Or,

$$Y = 0.049 + (-0.018)b_1 + 0.018 b_2 + 0.317 b_3$$

Where, Independent Variable

FD= Fixed Deposit, SD= Saving Deposit, CD= Current Deposit

Dependent Variable

ROE= Return on Equity

$$R^2 = 0.664 \quad F = 0.0097$$

The Table 16 shows the Regression Analysis on Dependent Variable ROE with three independent variables FD, SD, CD, of JBBL. is observed that  $R^2$  is 0.664 indicating that

66.4 percent variation in the level of ROE is explained by independent variable in this model.

The results of regression interpret the coefficient value of -0.018 which show that negative impact of fixed deposits on ROE. One percent change or increase in fixed deposit (independent variable) can result into 1.8% decrease in dependent variable (ROE) at 5% level of significance. The p value of Fixed Deposit (FD) on Return on Equity (ROE) is 0.030 ( $P < 0.05$ ) which show that there is statically negative significant impact of Fixed Deposit (FD) on Return on Equity (ROE).

The results of regression interprets the coefficient value of saving deposit is 0.018 which shows positive impact of saving deposit on ROE that 1% change or increase in saving deposit (independent variable) can result in 1.8% change in ROE (dependent variable) at 5 % level of significance. The p value of Saving Deposit (SD) on Return on Equity (ROE) is 0.010 ( $P < 0.05$ ) It shows that there is a statistically significant impact of Saving Deposit (SD) on Return on Equity (ROE). The t value for hypothesis is 3.138 that saving deposit is the major predictor of ROE.

The results of regression interprets the coefficient value of current deposit is 0.031 which shows positive impact of current deposit on ROE that 1% change or increase in current deposit (independent variable) can result in 3.1% change in ROE (dependent variable) at 5% level of significance. The p value of Current Deposit on Return on Equity is 0.061 ( $P > 0.05$ ) which show that there is statistically insignificant impact of Current Deposit (CD) on Return on Equity (ROE). The t value for hypothesis is 2.109 that current deposit is the major predictor of ROE. The VIF is less than 5 so there is no multicollinearity. The VIF are found to be consistently smaller than 5 indicating the absence of multicollineratity as suggested by Tobachnik and Fidell (2013).

### **Multiple regression Model on dependent variable Return on Assets (ROA)**

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + E_i$$

Where,

Y= Return on Assets (ROA)

X<sub>1</sub>= Fixed Deposit (FD)

X<sub>2</sub>= Saving Deposit (SD)

$X_3$ = Current Deposit (CD)

$b_0$ = Constant

$E_i$ = Error term

Table below showed the findings of regression analysis between independent and dependent variables.

**Table 17**

*Model Summary on ROA*

R	R Square	Adjusted R Square	Std Error of Estimate
0.748	0.560	0.428	0.386

Predictors: (Constant), Fixed Deposit (FD), Saving Deposit(SD), Current Deposit(CD)

The Table 17 showed the model summary of the factors influencing Return on Assets (ROA).  $R^2$  is also called coefficient of determination.  $R^2$  is always between 0% to 100% and higher the percentage better the model fits the data. Here in the table 17 the value of  $R^2$  is 0.560, which means 56% of variation in dependent variables Return on Assets (ROA) is explained by independent variables like Fixed Deposit (FD) Saving Deposit (SD), Current Deposit (CD).

Similarly after adjusting degree of freedom 42.8% of Return on equity (ROA) is predicted by independent variables like Fixed Deposit (FD) Saving Deposit (SD), Current Deposit (CD).

Moreover, model summary also indicated the standard error of estimate of 0.386 which shows the variability of the observed value of Return on assets from the regression line is 0.386 units.

**Table 18**

*ANOVA*

Model	Sum of Squares	df	Mean Square	F	Sig
Regression	1.903	3	0.634	4.243	0.035
Residual	1.495	10	0.149		
Total	3.399	13			

Dependent Variable : Return on Assets (ROA)      Variation = 56%

Predictors: (Constant), Fixed Deposit (FD) Saving Deposit (SD), Current Deposit (CD).  
 The Table 18 gives the description of ANOVA table. The result of table 18 shows that the p value is less than 0.05 ( $P < 0.05$ ). so the model is significant at 5% level of significance. So the multiple linear models can be used to analyze the data. It is the most fitted model for the analysis of this study.

It gives the description of ANOVA table. The result of table 18 shows that the p value is less than 0.05 ( $P < 0.05$ ). so the model is significant at 5% level of significance. So the multiple linear models can be used to analyze the data. It is the most fitted model for the analysis of this study. The model is suitable for the study. It is the most fitted model to analyze the difference between the means of two or more groups. It is often used to determine whether there are any statistically significant difference between the means off the different groups. It is a statistical tools that is used to test and compare the means of the multiple groups.

**ROA on Fixed deposit (FD), Saving deposit (SD), and Current deposit (CD) of JBBL**

**Table 19**

*Regression Coefficients*

<i>Variables</i>	<i>Unstandardized</i>				
	<i>Beta</i>	<i>S.E</i>	<i>T</i>	<i>P</i>	<i>VIF</i>
(Constant)	0.132	0.380	0.347	0.735	
FD	-0.015	0.007	-2.080	0.064	1.001
SD	0.016	0.057	2.877	0.016	1.44
CD	0.017	0.014	1.182	0.264	1.22

The dependent variable ROA with three independent variables FD,CD, and SD of JBBL

$$Y = b_0 + b_1 \text{ FD} + b_2 \text{ CD} + b_3 \text{ SD}$$

Or,

$$Y = 0.132 + (-0.0154) b_1 + 0.0166 b_2 + 0.0175 b_3$$

Where, Independent Variable

FD= Fixed Deposit, SD= Saving Deposit, CD= Current Deposit

Dependent Variable

ROA= Return on Assets

$$R^2 = 0.560 \quad F = 0.035$$

The Table 19 shows the Regression Analysis on dependent variable ROA with three independent variables FD, SD, CD of JBBL. It is observed that the explanatory power of the  $R^2$  is 0.560 indicating that 56.0 percent of variation in the level of ROA is explained by the variation of the independent variables included in the model. The F statistic of this model is also significant at 5 percent.

The results of regression interpret the coefficient value of -0.015 which show that one percent change or increase in fixed deposit (independent variable) can result into -1.5% percent decrease in dependent variable (ROA). It shows that negative impact of fixed deposit on ROA at 5 % level of significance. The p value of Fixed Deposit on Return on Assets (ROA) is 0.064 ( $p > 0.05$ ) which show statistically negative and insignificant impact of Fixed Deposit on Return on Assets (ROA). The t value is -2.080 it indicates that fixed deposit have a negative impact with ROA.

The results of regression interpret the coefficient value 0.016 which shows that 1% change or increase in saving deposit (independent variable) can result in 1.6% percent change in ROA (dependent variable). It shows that positive impact of saving deposit on ROA at 5% level of significance. The p value of Saving Deposit (SD) on Return on Assets (ROA) is 0.016 ( $p < 0.05$ ) which show statistically significant between Saving Deposit on Return on Assets (ROA). The t value for hypothesis is 2.877 that saving deposit is the major predictor of ROA.

The results of regression interprets the coefficient value 0.017 which shows that 1% change or increase in current deposit (independent variable) can result in 1.7% percent change in ROA (dependent variable). It shows that positive impact of current deposit on ROA at 5% level of significance. The p value of Current Deposit (CD) on Return on Assets (ROA) is 0.264 ( $p > 0.05$ ) which show statistically insignificant impact of Current Deposit on Return on Assets (ROA). The t value for hypothesis is 1.182 that current deposit is the major predictor of ROA.

The p value of FD, is  $0.064 > p = 0.05$ , which shows that alternative hypothesis(H1) is rejected as well as the value of CD is  $0.264 > p = 0.05$  which shows that  $p > 0.05$  alternative hypothesis(H3) is rejected whereas the value of SD is  $0.016 < p = 0.05$  which states that alternative hypothesis (H2) is accepted. The VIF found to be consistency

smaller than 5 indicating the absence of multicollinearity this shows the appropriateness and fitness of the explanatory variables as used in the model.

### 4.3.3 Result of hypothesis

**Table 20**

*Summary of result on hypothesis testing*

Alternative hypothesis	P-value	Result
H1: There is a insignificant relationship between FD on ROA	0.064	Rejected
H2: There is a significant relationship between SD on ROA	0.016	Accepted
H3: There is a insignificant relationship between CD on ROA	0.264	Rejected
H4: There is a significant relationship between FD on ROE	0.030	Accepted
H5: There is a significant relationship between SD on ROE	0.010	Accepted
H6: There is a insignificant relationship between CD on ROE	0.061	Rejected

The Table 20 shows the result of hypothesis testing with respect to the P- value calculated through the regression analysis using econometric model. The alternative hypothesis is accepted as P-value is greater than 5% and states that there exists significant relationship between variables independent variables Fixed Deposit(FD),and Current Deposit (CD) with dependent variables ROE and ROA but the significant p value of Fixed Deposit(FD) on Return on Assets(ROA) is  $0.064 > p= 0.05$  alternative hypothesis H1 is rejected. Likewise, the value of Saving Deposit (SD) on Return on Assets (ROA) is  $0.016 < p= 0.05$  alternative hypothesis H2 is accepted. The value of Curent Deposit(CD) on Return on Assets(ROA) is  $0.264 > p= 0.05$  alternative hypothesis H3 is rejected. The value of

Fixed deposit (FD) on Return on Equity (ROE) is  $0.030 < p = 0.05$  Alternative hypothesis H4 is accepted. The value of Saving Deposit (SD) on Return on Assets (ROE) is  $0.010 < p = 0.05$  alternative hypothesis H5 is accepted. The value of Current Deposit (CD) on Return on Equity (ROE) is  $0.061 > p = 0.05$  alternative hypothesis H6 is rejected.

#### **4.4 Discussion**

The results that the researcher obtained in the research in analysis of determination of profitability ratio by fixed deposits. The study are depicted the Return on Assets of JBBL is the highest of 1.84% in the year 2011/12 and least in the year 0.34% in the year 2009/10. Higher the return on assets shows the company is at converting its financial investment into profits. Lower the ROA denotes company has more assets involved in generating the profits. It also indicates the more debt or that there is a liability of the company. This ratio of JBBL is in fluctuating trend. It shows that bank assets total fluctuate due to the assets of the bank fluctuate. But the positive signs are that ROA of Jyotibikash is less than 5% it shows that it is indicating the assets intensive company.

The Return on Equity is the highest of 17.21% in 2021/22 and the least of -1.46% at 2009/10. This ratio of the bank is in fluctuating trend. Return on equity indicates how the company is generating return from investment receive from the share holders The Return on assets of sample bank is in fluctuating trend. The return on equity fluctuate due to the inconsistent use of accounting method. The ROE of jyoti bikas bank has a negative -1.46% in 2009/10 it shows that shareholders are loosing on their investment in the company. From the year 2019 to 2022 the average percentage of ROE is moderately increase among the past five years it shows that the bank management is generating income and growth from the bank equity financing.

The fixed deposit collection of JBBL is the highest of 94211 million and least is 10769 million in the year 2014/15 and 2016/17 respectively. The fixed deposit of the bank is fluctuating it shows that the bank is funding all its loans from the deposit rather relying from other source like capital market.

The saving deposit collection of JBBL is at the highest of 91382 million and least of 16104 million in 2017/18 and 2018/19 respectively. This indicates that bank is in slightly increasing trend since last five years. The current deposit collection of JBBL at highest

81242 million and least 15663 million in 2016/17 and 2010/11 respectively. The current deposit of the bank is fluctuating it shows that JBBL is moderately maintain its liquidity items on current deposits.

The correlation coefficient between independent variable on dependent variable. Here the independent variables is fixed deposit (FD), saving deposit (SD) and Current deposit. The correlation between Fixed deposit (FD) and ROA is -0.022, which means there is negative correlation between fixed deposit and ROA. This implies that the Fixed deposit of jyoti bikas bank increase the ROA decrease. It is a negative and inverse relationship between the Fixed Deposit (FD) to Return to Assets.

The correlation coefficient of Return on Assets (ROA) and Saving Deposit (SD) is 0.557, which show the strong positive correlation between Return on Assets (ROA) and Saving deposit (SD). Any score or value from +0.5 to +1 indicate strong relationship between independent and dependent variables. This implies that saving deposit of jyoti bikas bank increase Return on Assets also increase.

The correlation coefficient of Return on Assets (ROA) and Current deposit (CD) is 0.426, which shows the positive correlation between ROA and CD. This implies that Current deposit increase ROA also increase. The correlation coefficient between independent and dependent variables. The Correlation coefficient between ROE and Fixed deposit (FD) is -0.041 it shows that negative correlation. This implies that Fixed deposit increase ROE decrease. The Correlation Coefficient between Saving Deposit (SD) and ROE is 0.554 which shows moderate Positive Correlation between the variables. This implies that Saving Deposit increase ROE also increase.

The correlation coefficient between Current Deposit and ROE is 0.554 which shows the strong positive correlation between Current Deposit and ROE. This implies that Current deposit increase ROE also increase.

The t-test of fixed deposit on dependent variables ROA is insignificant because t calculated value is higher than the t tabulated value at 5 % significance level at 12 degree of freedom for two tailed test is 2.179 it shows the relationship is statistically insignificant to independent variables on dependent variables The calculated value of independent

variables of fixed deposit is  $-0.078 < 2.179$  so it statistically insignificant. So hypothesis H1 is rejected. The t calculated value of saving deposit is  $2.320 > 2.179$  it shows the in significant relationship so alternative hypothesis H2 is accepted. Likewise t calculated value of current deposit on ROA is  $2.835 > 2.179$  it shows the significant relationship. So hypothesis H3 is accepted. Shows t test between the fixed deposits on dependent variables that is ROE is negative with fixed deposit. The value of fixed deposit is  $-0.041 < 2.179$  it shows that is insignificant results. So hypothesis H4 is rejected. The saving deposit t calculated value  $2.213 > 2.179$  so it is significant. So hypothesis H5 is accepted. The current deposit t calculated value is  $2.213 < 2.179$  t tabulated so it is statistically insignificant. So H6 is accepted.

The regression analysis shows that negative impact on the profitability. The study show that there is negative and significant impact of fixed deposit and profitability. Likewise saving deposit and current deposit has the positive and significant impact on profitability. The results of regression interprets the coefficient value of  $-0.018$  which show that one percent change or increase in fixed deposit (independent variable) can result into 1.8% decrease in dependent variable (ROE). interprets the coefficient value of saving deposit is  $0.0184$  which shows that 1% change or increase in saving deposit (independent variable) can result in 1.84% change in ROE (dependent variable). The t value for hypothesis is  $3.138$  that saving deposit is the major predictor of ROE. The coefficient value of current deposit is  $0.031$  which shows that 1% change or increase in current deposit (independent variable) can result in 3.1% change in ROE (dependent variable). The t value for hypothesis is  $2.109$  that current deposit is the major predictor of ROE.

Likewise the coefficient value of  $-0.0154$  which show that one percent change or increase in fixed deposit (independent variable) can result into  $-1.54\%$  percent decrease in dependent variable (ROA). The coefficient value of saving deposit is  $0.0166$  which shows that 1% change or increase in saving deposit (independent variable) can result in  $1.66\%$  percent change in ROA (dependent variable). Current deposit (independent variable) can result in  $1.75\%$  percent change in ROA (dependent variable).

The fixed deposit has the significant and negative impact on profitability it shows that deposit are affected with the concentration ratio, banking sector development, GDP growth, inflation and exchange rate significantly influences the fixed deposit of Jyoti

Bikas bank. The study detailed the unfavorable indicators of fixed profitability that banks looked at. The way the fixed deposits are managed varies greatly in this study. According to the results, there is a negative correlation between consistency and the Profit Rate (PR). In their study on fixed deposit performance, Nor et al. (2023) attempt to establish a connection between profit rates and deposits held by Islamic banks. They determine that there is a significant negative correlation between the two variables using the First Order Autoregressive model and Pearson Correlation.

While the insignificant value is supported by Onourah et al., (2023) Deposit Rate (DR) had a negative insignificant effect on the commercial bank's deposits. Fixed deposit is negatively associated with profitability. When the interest Rates fluctuate as a result of changes in monetary policy or general economic conditions, Interest rate on deposit also plays the sign fact role in deposit collection and mobilization. The conventional interest rate and non performing financial system on deposit have the negative relationship with the change on deposit. (Ozili&Nadha, 2017). This finding supported by Mishra et al., (2021) and Mlawasietal et al.,(2023).

Saving deposit has also a significant positive impact on productivity. The saving deposit the profitability of the bank and increasing reliance on savings deposits and term deposits. This study is consistency with the finding of Oleiwi, (2020). The marketing strategy should use to be a one of the effective tools to mobilize the deposits which built the significant positively impact on profitability. (Ramos et al, 2020). This finding is supported by (Sudarsona&Afridi, 2021), Neupane, (2019) and Akani and Obiosa (2020).

Current deposit also has a significant impact on profitability. Banks has been doing well interms of deposits money interms of profitability because of the benefits from the economic scale. (Derbali, 2022). The current deposit has the moderately significant impact on profitability of the bank. This finding is consistency with the finding of Nageri and Salami (2022), Dogan and Yildiz (2020).

## **CHAPTER V**

### **SUMMARY AND CONCLUSION**

In the previous chapter data analysis, hypothesis testing and regression analysis was done according to the objectives of the study . This chapter presents summary, Conclusion and implication that could be drawn from the study. It is divided into three sections. In first section, the general overview of the findings is presented, the section draws the conclusion of the study and the last section consist implications of the study. Further research recommendations will be provided at the end of this chapter.

#### **5.1 Summary**

This research was carried out with the main objectives to examine the association between fixed deposit (FD), Saving Deposit (SD) and Current Deposit (CD) with Return on Assets (ROA) and Return on Equity(ROE). The study tests the interrelationship between independent variables fixed deposit, Saving deposit and current deposit with the dependent variables return on assets and return on equity.

For this study of the variables secondary data like annual balance sheet and profit and loss account of jyoti bikash bank was used for the study. For data analysis SPSS is used for knowing the result. The main objective of this study was to find the association between fixed deposit, saving deposit and current deposit with Return on assets and return on equity of jyoti bikas bank limited.

The Descriptive analysis shows that mean of Fixed Deposit (FD) is 30.651 and standard deviation is 17.910 whereas Saving Deposit (SD) mean is 80.762 and standard deviation is 23.940. Likewise Current Deposit (CD) mean is 12.378 and standard deviation is 7.727 again the mean of the dependent variable Return on Assets (ROA) is 1.223 and standard deviation is 0.5113 whereas the mean of Return on Equity is 10.097 and standard deviation is 5.721. Here in descriptive analysis all the variables mean is greater than the standard deviation it shows that the data set is normally distributed. It also show that saving deposit plays the vital role to boost the profitability of bank in terms of other deposit scheme like fixed deposit and current deposit.

The results of the regression coefficient of Fixed Deposit (FD) on dependent variable Return on Asset (ROA) is -0.015 it shows that the negative impact of ROA but a insignificant relationship at 5% level of significance. The result of the regression coefficient of Saving Deposit (SD) is 0.016 which is positive impact of ROA and SD but a significant impact on ROA and SD at 5 % level of significance. The result of regression coefficient of Current Deposit (CD) is 0.017 it show positive impact of ROA and CD but a insignificant relationship at 5% level of significance. The result of the regression coefficient of Fixed Deposit (FD) on dependent variable Return on Equity (ROE) is - 0.018 it shows the negative impact of FD on ROE. It is a negative impact of ROE and FD but a significant impact on ROE and FD at 5% level of significance. The result of the regression coefficient of saving Deposit (SD) is 0.018 which is a positive impact of SD on ROE but a significant impact on ROE and SD at 5% level of significance. The result of regression coefficient of Current Deposit (CD) is 0.031 it show positive impact of ROE and CD but a insignificant impact at 5% level of significance.

## **5.2 Conclusion**

The objective of this research was to study the impact of fixed deposit on bank profitability. In order to achieve the goal of the research, the researcher went through journals, articles, books and bank annual reports. During the literature review various variables i.e., dependent or independent were also generated through literature review which were then used to form the conceptual frame work of the study. One of the most important objectives of this research was to explore various factors that affect bank profitability in terms of collection of various deposit schemes.

Different independent variables such as fixed deposit, saving deposit, current deposit and dependent variables return on assets and return on equity were taken to find out whether the selected factors affects the profitability of the bank in terms of collection of the various deposit scheme. This research suggested that the mobilization of fixed deposit of jyotibikash bank is not in satisfactory position.

As previously mentioned Descriptive analysis methods were used to achieve the research goal it also observed the return on assets of JBBL is substantial low it show that company is not experiencing its growth. Under fixed deposit analysis fixed deposit collection show that fixed deposit is in decreasing trend it show that bank is not making the good

collection of fixed deposits and able to mobilized the deposit properly. The bank should mobilize the more deposit by managing their liquidity because the lack of the liquidity can put to the end of the bank efforts to mobilized the bank deposit. Stable policy also plays the crucial role to diversified the investment into different sectors it not only helps to effective mobilization of the fund but also it helps to boost the profitability.

Saving deposit collection is in quiet increasing trend. It means that jyoti bikas saving deposit is quiet popular among the customers and investors among other deposit scheme. The bank should mobilize the more deposit by managing their liquidity because the lack of the liquidity can put to the end of the bank efforts to mobilized the bank deposit. Stable policy also plays the crucial role to diversify the investment into different sectors it not only helps to effective mobilization of the fund but also it helps to to boost the profitability.

Similarly it was observed that Current deposit collection is fluctuating trend but overall average percentage of deposit ratio of 14 years is satisfactory. From correlation and regression analysis there is negative and insignificant impact of Fixed Deposit and Return on Assets (ROA) whereas there is negative and significant impact with Fixed Deposit on Return on Equity (ROE) but saving deposit and current deposit has the positive impact on ROA. Saving deposit has positive and significant impact with ROA whereas Current Deposit has also positive and insignificant impact with ROA. Likewise Saving deposit has positive and significant impact with ROE. but Current deposit has positive and insignificant impact with ROE. Thus, this research will provide insight to the investors, financial advisors, regulatory bodies and further researcher that help to understand the perception behind the fixed deposit and profitability.

### **5.3 Implications**

Following are the implications based on results of the study

Fixed Deposit collection of the JBBL is in reducing. Hence, JBBL should focus on the interest generating investment by managing the portfolio of different sector to enhance the capacity and profitability of banks. Return on equity of JBBL are also fluctuating and slightly reducing. Hence bank should enhance and motivate also satisfy shareholders and

investors. Saving Deposit and Current Deposit collection of JBBL is in satisfactory position so bank is able to generate the good deposit and saving deposit scheme is quiet popular than others scheme in terms of fixed deposit. Similarly, return on assets of sample banks is moderate. Hence bank should focus to upgrade it by making diversified investment in different sectors. JBBL should utilize their resources like deposit in long term rather in short term they should invest the investment in productive sector which help to boost the organization as well as national economy.

The study is also recommended for further study: As the present study identify only limited bank specific variables due to the data availability, there have to be further research bank specific variables, regulatory and other economic variables that affect the deposit of the banks. A study can be also carried out using other deposit measurement ratio such as deposit to total assets and bank growth ratio and liquidity ratio which can affect the bank profitability in terms of both commercial and development banks which are not considered in this study.

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## APPENDIX

### Appendix 1: Fixed Deposit Collection of Jyoti Bikas Bank Limited

FY	Fixed Deposit (000)
2008/2009	-
2009/2010	40165
2010/2011	21101
2011/2012	85028
2012/2013	12161
2013/2014	10917
2014/2015	94211
2015/2016	90093
2016/2017	10769
2017/2018	20474
2018/2019	66135
2019/2020	12665
2020/2021	21698
2021/2022	28775

**Appendix2: Saving Deposit Collection of Jyoti Bikas Bank**

FY	Saving Deposit (000)
2008/2009	-
2009/2010	68407
2010/2011	16477
2011/2012	25610
2012/2013	30317
2013/2014	33885
2014/2015	43055
2015/2016	50675
2016/2017	60095
2017/2018	91382
2018/2019	16104
2019/2020	26117
2020/2021	31433
2021/2022	46794

### **Appendix 3: Current Deposit Collection of Jyoti Bikas Bank**

<b>FY</b>	<b>Current Deposit (000)</b>
2008/2009	-
2009/2010	38723
2010/2011	15663
2011/2012	34580
2012/2013	75351
2013/2014	55839
2014/2015	63511
2015/2016	76936
2016/2017	81242
2017/2018	15899
2018/2019	53272
2019/2020	66134
2020/2021	60556
2021/2022	41433

**Thank You!!!**

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