

# Effective Factors on The Absorption of Bank Deposits In Order To Increase The Relative Share of Isfahan Sepah Bank

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## Abstract

The aim of the present study is effective factors on the absorption of bank deposits in order to increase the relative share of Isfahan Sepah Bank. The purpose of this research is applied and in terms of research methods, the branch of the field is descriptive – survey. Data collection and statistical tests using panel data Stationarity test assumptions of classical collinearity regression model, test t, Fisher F test, durbin Watson test was significant, F Lymr personal effects, Hausman test, the variance test anisotropy the remaining residues of Normality review for multiple regression analysis has been used. The research population is consisted of Sepah Bank deposits in the province during the period 1379 to 1389. The results indicate that the effect of e-banking parameters like the relative contribution of POS and ATM on bank deposits is positive and significant. The effect of variable interest rates and money supply is increased relative share of bank deposits. Effects of inflation and other variables such as market shares of competing money market are negative and significant. On the one hand inflation versus fixed interest decreases the value of money; on the other hand, with the boom in the stock market in the contrary to fixed interest rates, money market deposits go toward this bazaar. The effect of production is positive and significant on the share of deposits and has been shown that by increasing production, the relative share of bank deposits will increase. Effect of exchange rates on deposits are negative that indicating by increasing the relative contribution of the exchange rate, the discounted value of cash in banks and individuals seeking to become sustainable assets entrusted to the fixed return rate. **Keywords:** The absorption of bank deposits, the relative contribution of Isfahan Sepah Bank.

## Introduction

Due to the importance of the banking system and effective macroeconomic situation in each country and banks have undeniable role in the economy of any country that you will make a dent in their role in the economy of any country will rise to crises; therefore, careful planning

and management system for the banking sector in terms of liquidity and volume of bank deposits and check sources and their impact on the market share of banks is important. The main source of financing is the savings of the people in each community (N. of, 1387: 32). The banking system is the main task of mobilizing resources. Banks hold excess funds collected and paid to the applicant's facility, its traditional task of mediation between depositors and borrowers play facilities. The activities of a bank's financial resources are very important; because success in this area can be a factor for success in other areas. Financial resources for each bank and banking system to external factors and internal factors are related. Therefore, the influence of these factors and each of them is essential to success in this field (Bahmand and Bahmani, 1384: 46). An Important point is how well the system can efficiently and provides economic development in a country. To answer this question correctly, it must be said that it is subject to the proper use of funds collected. If the banking system can be a good way to allocate the funds collected, your main task is to help the economic development effectively done. Therefore resource allocation in the banking system as one of the principles of this system will be (Taghavi and Lutfi, 1385: 145).

The market-based economy is including the markets for goods and services, labor, money and capital. The market is divided into two parts: the actual and financial. First part: goods and services, labor markets and the second part will be money and capital markets. Money market is an important part of any economy in the financial market. Major institutions working in this market include: commercial banks, private specialists and non-bank credit institutions (Baltagi, 1:2005). In this market, banks have a crucial role, such as providing funds transfer cycle between economic actors "Business" more fluent and risks are distributed among sections of society. Thus, in light of the proper functioning of institutions, economic growth is strengthening. Therefore with the mediation of banks funds transfer deadlines, facilitating payments, allocating funds to maintain its financial helping customer. Banks due to the role of financial intermediation are responsible for the gap between the lender and the borrower to attempt to create markets for them to fill. Therefore, financial intermediaries are able to increase savings and loans in the economy and, hence, may provide aggregate demand and also benefit from serving borrowers receive more money to depositors; they gain (Faraji, 1382: 42). Basically, the "nature of the intermediary banks, funds are being tried a larger proportion of their money market accounts. Briefly it can be said with respect to the first and strongest step to achieving profitability and increased activity in the granting facility, and a focus on attracting more funds to any bank, increasing its resources, especially the low-cost resources; therefore, when the banks will be able to continue to maintain its share of currencies basket percentage increase and the resultant why this is important (Jafapour and Fayazi, 1389: 31). In this study, the researcher wants to study the factors affecting bank deposits in order to increase the relative share of Bank Sepah in Isfahan; therefore, main research question is whether the increase in the relative share of bank deposits of Isfahan Sepah Bank is effective?

### **Absorption of Bank's Deposit**

In the complex world of trade, capital accumulation, basic bookkeeping, decision making and planning are one of the macro economies. Banks, in turn, are important tools for capital accumulation. Banks collect deposits and streamline it in action in economic activity caused by passive transfer of wealth from one group (depositors) to other groups that are active in the field of employment, and banks and intermediaries operating between these two teams. Attract such deposits required to adopt their own practices and procedures. Other factors

that affect the interpretation of the deposits to the extent possible, they should be utilized. The money economy, the financial system is an essential component of banks' financial system. Today, many banks by offering diversified financial services credit financial services are referred to as the supermarket. Bank deposits are contingent and subject to survival. The deposits of the banking operations account for the column axis. Perform other duties and banking deposits are subject to the terms of this fundamental task is ahead of other banking functions (Zamani farahani, 1378: 168-166).

Growth and prosperity or stagnation of economic is closely linked with the workings of the banking institutions. Banking system provides service without which the economic system of the country remains open. The main source of funding for banks granted loans to buy goods and services, creating a source of credit for all economic units such as households, businesses, corporations and government. Therefore, optimum banks on various economic activities are very important. Commercial banks are financial institutions that still attract people and business funds and other financial liabilities are applicants. In fact, his actions led to the transfer of funds from those who for some reasons including low expertise, lack of funds and fear of the risks of investing and do not want to or cannot participate in economic activity to people need to be prepared to invest the funds in this way contribute to the economic growth of the country. Banking network, due to the important role of today's money, the banks and banking plays in economic growth and social in achieving its objectives, it has been a huge task and you should strive to effectively and productively in the ideals of the Islamic Republic of Iran is more involved. Society also expects the banking network in an attempt to attract deposits, the healthiest way to allocate funds to different sectors of the economy to choose. In other words, the instruments of monetary savings banks those are beneficial to their country (Zamani farahani, 1378: 168-166)

### **Factors affecting mobilization of resources and obtaining bank deposits**

#### **Information and communications technology:**

In the banking sector innovations such as electronic money transfer terminals, Automatic Payment, Virtual Banking, Internet Banking moment, a great development in this sector have created and improve performance, efficiency, speed, communication, and reduce operating costs for banks, so banks to gain competitive advantage in the field of financial markets to raise new funds should make use of electronic banking and related technologies.

#### **Variety of banking services:**

Banks need to offer new services and new products; new marketing staffs recognize the diverse needs of their clients with innovative marketing possible. In modern banking, banks to identify customers and their needs into marketing himself based on the data, appropriate marketing strategies can be used with the scientific and the right product at the right time with the right tools to the customer offer.

#### **Interest rate paid to depositors :**

##### **The depository bank is important from two perspectives:**

- 1 - It's money that people nonsmokers powers granted to the banks so the banks can increase the credit facility to collect more resources in production and investment are granted.
- 2 - Second in importance is that when people prefer to keep their money with the bank and may decide to spend less reduced the volume of money in circulation, which reduces the rate of inflation and the resulting increase in purchasing power.

**Utility and indoor seating banks:**

A good environment can affect the value of their employees and increase productivity is affected with the diversification of banking services, organization working to create a relaxed and productive environment in organizations, leading to activation of additional manpower, their freshness, reducing antidepressants, positive and ultimately achieve productivity growth in services is considered necessary.

Place of banks and financial institutions are an important incentive in attracting customers. So banks to establish branches require careful scientific evaluation and feasibility of a bank's branches are located in distance of time and place, establishment of bank branches in key areas such as industrial estates, residential and commercial buildings and the establishment of branches in nearby public car parks are among the parameters that influence Depository bank customers. It concerns the new banking executives and senior managers of the bank. Banks and financial resources attract more customers to the appropriate workplace environment that includes indicators of physical, psychological and social, as well (Delaware, 1387: 34).

**Quality of banking services:**

Quality services are services that can fulfill the needs and demands of customers. In banks and financial institutions on a variety of factors affect the quality of banking services, including interest rates, regulatory and complaints systems, accurate information to customers quickly and accurately service, politeness and courtesy in dealing with employees, customers, and privacy being confidants to the customer information, all employees are attracting more funds.

**Customer Satisfaction:**

Employees are the most important asset of any organization. The staffs are the bridge between the organization and the customer. Banks and financial institutions are also required funds with the tools that most employees are getting from customers. There is a bank's survival depends on the customer's bank. If customers do not exist, no bank will be. But what is important is the impact of these characteristics on bank customers increasingly effective in attracting customers to the Bank. Individual characteristics such as appearance, good fit and tidy; According to customer reviews. Integrity, honesty, confidentiality, respect and humility are to be considered employees. In a summary of the most influential factors that were mentioned, including human resources, diversity of services, quality of service, satisfaction of customers, employees, subsidiaries and indoor seating equipment finance branches, Branches success to attract financing and bank financing is very important and effective role, so that each bank to give important factors In mobilization of resources the more successful the bank will be less due to the above factors (Delaware, 1387: 35).

**Research Questions:**

- 1 - Does money amount affect the relative share of bank deposits?
- 2 - Does inflation affect the relative share of bank deposits?
- 3- Does interest rate affect the relative share of bank deposits?
- 4 - Does rate of exchange affect the relative share of bank deposits?
- 5- Has the electronic banking (Total POS, number of devices, ATM) an impact on the relative share of bank deposits?

### Jurisdictions Research

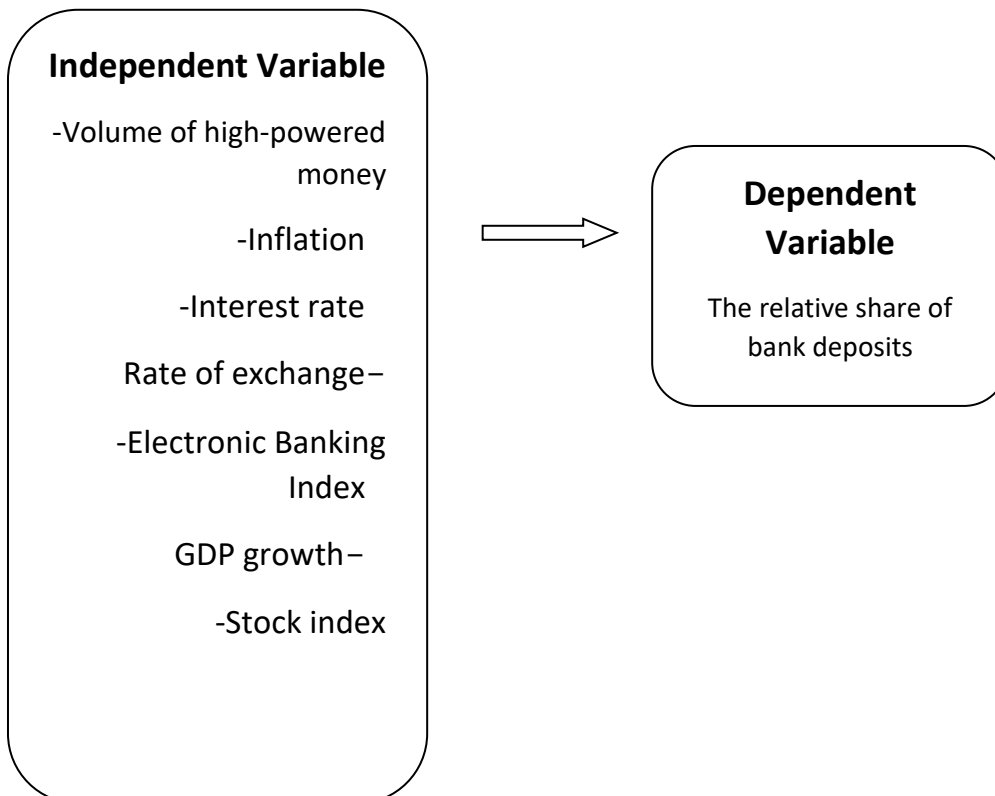
Territory and subject to study factors affect the absorption of territories where its bank deposits and Isfahan Bank Sepah. Territory when the study period is -1389.

### Research Methodology

The purpose of this research, applications and the way research is descriptive and analytical. In this study, using a panel data model has been estimated.

### Research variables

Independent and dependent variables in this study are as follows:



### Methods of data analysis

Stationarity test assumptions of classical collinearity regression model, test t, Fisher F test, durbin - Watson test was significant, F Lymr personal effects, Hausman test, test anisotropy residual variance, multiple regression models were used to investigate the residues of Normality.

**Check variables Stationarity**

Table (1):

*Checking variables Stationarity*

Variables	Variables' sign	Statistics	Probability	Result
<b>Logarithm of stock</b>	<b>s</b>	-9.92927	0.0001	I(0)
<b>Logarithm of the interest rate</b>	<b>I</b>	-12.1417	0.0001	I(0)
<b>Logarithm of Inflation</b>	<b>P</b>	-9.02716	0.0001	I(0)
<b>Logarithm of GDP</b>	<b>g</b>	-34.2543	0.0001	I(0)
<b>Logarithm of the number of transactions</b>	<b>mo</b>	-10.3489	0.0001	I(0)
<b>Logarithm of ATM</b>	<b>atm</b>	-9.99493	0.0001	I(0)
<b>Logarithm of the number of cards</b>	<b>E1</b>	-4.79552	0.0001	I(0)
<b>Logarithm of exchange's rate</b>	<b>exch</b>	-5.8131	0.0001	I(0)
<b>Logarithm of POS</b>	<b>pos</b>	-14.6046	0.0001	I(0)
<b>Logarithm of the amount of money</b>	<b>m</b>	-9.32165	0.0001	I(0)
<b>Logarithm of bank deposits</b>	<b>sep</b>	-47.3353	0.0001	I(0)

The greater the number of data accuracy and validity coefficients increases and import the 10 years that this test can only be created stationary difficult to estimate prior has been done. As seen In Table 1, all the variables are stationary. Then estimate the model has been investigated.

**Estimated model :****Lymr F test :**

Table (2):

*F test Lymr*

<b>F Lymr statistics</b>	<b>Probability</b>
2.24	0 .0001

**Hausman Test :**

Table (3):

*Hausman Test*

<b>Hausman Test statistics</b>	<b>Probability</b>
63 .788276	0 .0001

**Estimated using fixed effects :**

The tests were carried out according to the estimates of the fixed effects panel data approach has been that the results are as follows:

Table (4):

*Estimation model using fixed effects*

Variables	Symbol	Coefficient	T-statistics	Probability
Stock index	s	-0.012458	-2.200458	0 .0412
Interest rate	I	0.512845	1 .792599	0 .0733
Inflation	P	-0.000325	-0.000706339	0.00001
GDP growth	g	0.325366	2.231226	0 .0185
Number of transactions	mo	0.008724	2 .335876	0 .0196
ATM machine	atm	0.001961	1 .662610	0 .0966
Number of cards	E1	0.095200	14 .55590	0 .0001
Rate of exchange	exch	-0.568388	-0.000550304	0 .0001
machine POS	pos	0.779761	6 .375096	0 .0001
Amount of money	m	0.112688	4 .003610	0 .0001
Intercept	C	0 .615088	26 .42965	0 .0001
	Hausman statistic	63.788276 0.0001	Durbin Watson statistic: 2.432903	
	R <sup>2</sup>	0.80		

The results of the estimated model are as follows :

Meanwhile, the F-statistic Lymr shows a compilation of data has been rejected in all models and is a sign of confirmation. Hausman test rejects the random effects and fixed effects model confirms. The results are as follows:

Stock variable is negative and significant effect on the absorption of bank deposits so that a percentage change in the variable reduces the amount in bank deposits is -0 .012458.

Absorb the impact of interest rates on bank deposits is positive and significant changes in these variables so that a percentage increase in the amount of 0 .512 845 in the bank deposits.

Absorb the impact of inflation on bank deposits is negative and significant, so that a percentage change in the variable reduces the amount in bank deposits is -0 .000325.

Impact on GDP growth is positive and significant absorption of bank deposits so that a percentage change in the variable increases at a rate of 0 .325 366 in the bank deposits.

Transaction is a positive and significant impact on the uptake of bank deposits so that a percentage change in these variables increases the level of 0 .008 724 in the bank deposits.

ATM machines on bank deposits to absorb this impact is positive and significant changes in these variables so that a percentage increase in the amount of 0 .001 961 are in bank deposits.

Impact of the capture card, bank deposits is positive and significant changes in these variables so that a percentage increase in the amount of 0 .095 200 in the bank deposits .

Absorb the impact of exchange rate on bank deposits is negative and significant, so that a percentage change in the variable reduces the amount in bank deposits is -0.568388. Impact on the uptake of POS devices so that a percentage of bank deposits is positive and significant changes in these variables increases the rate of 0.779761 in the bank deposits. Absorb the impact of money on bank deposits is positive and significant changes in these variables so that a percentage increase in the amount of 0.112688 in the bank deposits.

**The Collinearity test:**

Table (5):

*The Collinearity test*

Dimensions Model	Eigenvalues	Status indicators	Variance ratio							
			Fixed amount	uc	cc	roa	mv	tlsfu	Ocf	roe
1	2.993	1.000	.00	.00	.00	.00	.00	.00	.00	.00
2	2.363	1.125	.05	.00	.00	.03	.00	.00	.02	.00
3	2.000	1.223	.00	.04	.07	.00	.00	.00	.00	.00
4	.356	2.899	.74	.00	.04	.05	.00	.00	.10	.00
5	.211	3.764	.04	.17	.66	.21	.00	.00	.05	.00
6	.069	6.569	.03	.79	.23	.70	.00	.00	.82	.00
7	.060	7.953	.13	.00	.00	.01	.11	.19	.00	.99
8	.052	8.309	.00	.00	.00	.01	.89	.81	.00	.01
9	2.24	1.235	.05	.00	.00	.03	.00	.00	.02	.00
10	.372	2.756	.84	.00	.04	.05	.00	.00	.10	.00

a. Dependent Variable: ee

**Anisotropy test residual variance**

Table (6):

*The results of Anisotropy test residual variance*

Null hypothesis and against	F statistic	statistic squared	Obs*R-	p-value	Test Result
H <sub>0</sub> : (Homogeneity of variance)	1.63	18.58		0.15	Accept the null hypothesis (homogeneity of variance)
H <sub>1</sub> : (Anisotropy of variance)					

In this test, the null hypothesis indicating homogeneity of variance are given in Table 5 and the p-value obtained from the test-ARCH-LM relation is estimated at 0.15, which is the number resulting from a significant level of 0.05 is higher than the p-value ≥ 0.05, thus the null hypothesis (equality of variance) is accepted and there is no variance indicates anisotropy.

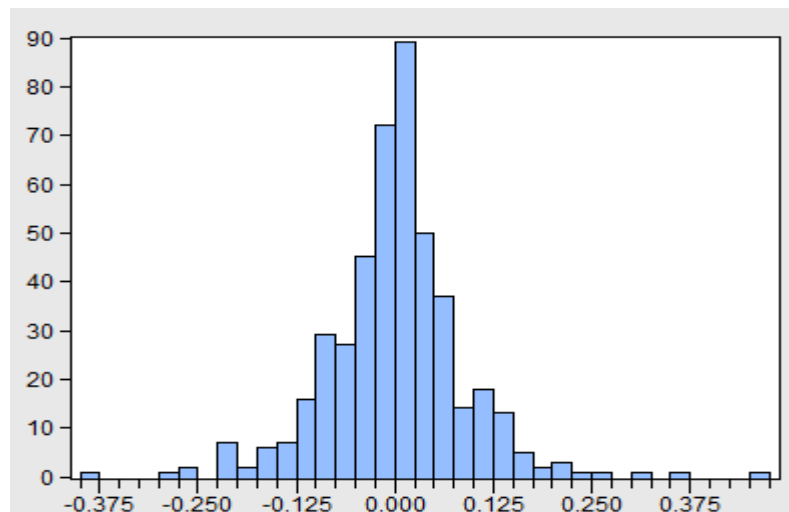


**Normality check remnants multiple regression model:**

Table (7):

*Normality check remnants multiple regression model*

Jark Bra Statistic	probability
2.51	0.28



**Test the lack of correlation between the residuals**

Table (8):

*Test the lack of correlation between the residuals*

Null hypothesis and against	Statistic F	statistic squared	Obs*R-	p-value	Test Result
H <sub>0</sub> : (Absence of autocorrelation)	0.4	8.7		0.96	Accept the null hypothesis absence of autocorrelation
H <sub>1</sub> : (Presence of autocorrelation)					

According to the table, outputs the test and see what the probability or p-value is observed that greater than 5% probability that the null hypothesis is thus confirmed, and its correlation values of error is rejected.

**Suggestions**

Increase the number of ATMs (ATM) expansion of electronic banking and the increase in the volume of bank deposits

Increase the number of machines sale (POS) to develop e-banking and the increase in the volume of bank deposits

Benefiting from the experience of successful countries in the implementation of electronic banking and its localization in line with the country's culture

Given that the impact of e-banking parameters like the relative contribution of POS and ATM bank deposits was a significant positive correlation is consistent with the theory of

transactional demand Baumol - Tobin's. . Therefore, the most important policy recommendations to support the development of e-banking and bank deposits to increase the relative size of the banking market are competitive. In other words, the spread of electronic banking socializes the costs to banks affect the money demand and thus reducing the demand for money and reduce demand for less money and with the money in hand, bank deposits increased relative share of deposits increases.

On the other hand, given that the effects of monetary variables, interest rates and an increase in the relative share of bank deposits that consistent with the theories of Keynes, Friedman and Tobin in connection with the demand for money increase interest rates, according to the internal state of a cost-benefit analysis is useful for attracting deposits.

Also, given that the effects of variables such as inflation and equity market index is negative and significant competitor in money market which results are also consistent with Friedman's money demand theory suggests that competitive capital market and money is the most important policy recommendations that increases the efficiency of the parallel market, the money market yield, the interest rate of bank interest or other electronic banking services such as deposits rise escapes are not met.

With regard to the effect produced on the share of deposits was positive and significant, thus supporting policies for the benefit of the banking system all over.

Finally, the effect of exchange rates on deposits were negative, indicating that the relative contribution, with an increase in the exchange rate, the discounted value of cash in banks and individuals seeking to become stable deposit assets with fixed rates of return. Thus, an important policy recommendations increase efficiency and keep pace with the economic situation and the situation of simultaneous deposits exchange rate.

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