

Investigation and Determination of Factors Which Affect Bank Deposits and Resources in Iranian Banking Industry (Case Study: Kermanshah Province Maskan Bank)

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Abstract

People's deposits are the main sources of banks loans. Deposits are kept by banks in the form of savings. A bank's ability to give out loans depends on deposits in that bank. Exact recognition of factors which affect the volume of deposits absorbed by commercial banks helps managers and banking sector decision-makers to absorb deposits. The present research tries to investigate and determine factors which affect absorption of banking deposits and resources in Kermanshah Province Maskan Bank. Questionnaires were distributed among 400 customers by means of simple random sampling method. The validity of the questionnaire was verified by three university professors. The reliability of the questionnaire was calculated by means of Cronbach's alpha (75.9%). Research methodology was descriptive survey. Research was conducted in the second half of 2014. T test was used for testing the hypotheses and Friedman test was used for ranking of factors which affect absorption of banking deposits. Results of analyses showed that the 6 factors (deposits interest rate, design and development of branches, up-to-date services, advertisements, physical place, competition and privatization) influenced absorption of bank deposits in Kermanshah Province Maskan Bank branches. Ranking of the factors showed that the rate of deposits interest and competition and privatization had the highest ranks in Maskan bank.

Keywords: deposits interest rate, design and development of branches, up-to-date services, advertisements, physical place, competition and privatization.

1. Introduction

Within the past few years, customers' needs concerning level of service quality has received a lot of attention. High level of service quality provided for customers is a means for achieving competitive advantages. as customers become more aware of bank services and other financial institutes, they become more sensitive to the quality of service they receive. In order to maintain a long-term relationship with customers, banks must know how to provide high-quality services (Tavanazadeh & Aligholi, 2014). On the other hand, increase in customers' loyalty has received a lot of attention by university professors and managers. Institutes which are successful at creating loyalty in their customers have more competitive advantage than their competitors (Haghighi et al, 012). Financial sector and especially banks have experienced unprecedented changes within the past decades. These changes have influenced both competition arena and industry structure. Financial institutes have become less concentrated on products and have emphasized on their customers. They have replaced short-term view with long-term views. E-banking services have increased in order to facilitate service-providing and most banks have to use new communicational and information technologies. As electronic systems like internet develop, financial institutes and banks have also been influenced (Vazifehdoost, Vaezi and Tavanazadeh, 2014). For decades, a company's value was measured based on its properties, tangible assets, factories and equipment. However, the real value of a company is considered to be somewhere in its potential customers (Heidarzadeh et al, 2011). The present era is the age of unpredictable rapid changes and companies are confronted with harsh competitive conditions due to factors like unclear borders of markets, fragmentation of markets, short life cycle of

products, rapid changes in customers' purchase models and awareness of customers (Rahnama et al, 2012). Today, as marketing concept has been developed, commercial organizations like banks know that they must attract their customers' satisfaction in order to reach their targets. Customer orientation is an important means of achieving competitive success. Many organizations only use theories and do not take real actions. Therefore, banks compete against each other in order to attract customers and no bank can live on without customers. Some banks try to identify customers' needs and provide different services for markets and excel other competitors. Successful firms are those which can pay attention to customers' needs and can respond to customers' needs easily. In other words, in a competitive market, successful banks are those which have special marketing plans for attraction of customers' needs (Rousta et al, 1997). People's deposits are main sources for banks to give out loans. Therefore, banks' abilities to give out loans depend on saving deposits in any bank. Therefore, all individuals who save their additional money in banks must know that banks use their savings for satisfaction of social needs which are mainly used for removal of financial barriers, creation of new jobs, and elimination of essential needs (Venous and Safaeiyan, 2002). Exact identification of factors which affect the volume of absorbed deposits by banks can help managers and decision-makers to absorb more deposits. Considering the above discussion, internal and external studies which concern the subject of the present research are reviewed in the coming sentences: Afzali (2012) investigated factors which affect customers' satisfaction in hypermarkets with Iranian and foreign management (a comparative study between Shahrivand and Hyperstar stores). Results of his research revealed that factors like price, sales promotion activities, physical facilities and internal space decoration, service provision procedure, product provision procedure and employees' behavior influence customers' satisfaction. Yuk-Lan & Kanji (2001) studied relationships between concepts used in famous models for measurement of customers' satisfaction like American model for customer satisfaction indices (ASCI model) and European model for satisfaction indices (ECSI model). They concluded that the relationships specified in national satisfaction systems are not completely definite. Considering the above discussion, the research hypotheses are as follows:

Hypothesis 1: deposits interest rate is an important factor in absorption of saving resources.

Hypothesis 2: design and development of branches is one of the main factors in absorption of saving resources.

Hypothesis 3: up-to-date service is an important factor which influences absorption of saving resources.

Hypothesis 4: advertisement is an important factor which influences absorption of saving deposits.

Hypothesis 5: physical place of banks is an important factor which influences absorption of saving deposits.

Hypothesis 6: completion and privatization is an important factor which influences absorption of saving deposits.

Hypothesis 7: all above factors have the same impact on absorption of resources and deposits.

2. Research Methodology

The present research is a descriptive survey. It is also an applied study. For literature section, library data collection method was used. In order to test the hypotheses, questionnaire was used based upon Likert scale. 3 university lecturers verified the validity of the research. Cronbach's alpha was used for determination of reliability (759%). One-sample t test and Friedman test were used for measurement of the influence of factors and ranking, respectively. If p value <5%, H1 would be verified and H0 would be rejected. Statistical population of the research included all customers of Maskan Bank branches in Kermanshah. The statistical population of the research included 400 customers who were selected randomly.

Hypothesis 1: results of analyses showed that the rate of deposits interest influences absorption of saving resources (significance level=0.000, acceptable error level: 5% and certainty level=95%). This indicates that H1 is supported.

Hypothesis 2: results of analyses showed that the design and development influences absorption of saving resources (significance level=0.000, acceptable error level: 5% and certainty level=95%). This indicates that H1 is supported.

Hypothesis 3: results of analyses showed that the up-to-date services influences absorption of saving resources (significance level=0.000, acceptable error level: 5% and certainty level=95%). This indicates that H1 is supported.

Hypothesis 4: results of analyses showed that the advertisement influences absorption of saving resources (significance level=0.000, acceptable error level: 5% and certainty level=95%). This indicates that H1 is supported.

Hypothesis 5: results of analyses showed that the physical place of banks influences absorption of saving resources (significance level=0.000, acceptable error level: 5% and certainty level=95%). This indicates that H1 is supported.

Hypothesis 6: results of analyses showed that the competition and privatization influences absorption of saving resources (significance level=0.000, acceptable error level: 5% and certainty level=95%). This indicates that H1 is supported.

Hypothesis 7: the size of the influence of each of the six factors on absorption of resources in Kermanshah Maskan Bank is as follows:

Maskan bank: rate of deposits interest; design and development of branches, up-to-date services, advertisements, physical place, competition and privatization

3. Results

Table 1: one-sample t test

One-sample t test													
hypothesis	Group statistics					Test value=3					Accepted hypothesis		
	Bank type	number	mean	Standard deviation	Deviation from mean	T	df	Sig. (2-tailed)	Mean difference	Std. Error Difference		Certainty distance from differences 95%	
												Lower limit	Upper limit
1	Maskan bank	400	18.12	4.239	0.155	24.289	399	0.000	6.500	0.204	6.104	5.896	H ₁
2	Maskan bank	400	27.20	6.206	0.257	19.395	399	0.000	7.540	0.320	6.915	6.166	H ₁
3	Maskan bank	400	19.18	3.892	0.138	28.923	399	0.000	6.960	0.186	6.598	6.322	H ₁
4	Maskanbank	400	13.14	3.997	0.143	-6.599	399	0.000	-2.840	0.185	-3.198	-2.482	H ₁
5	Maskan bank	400	14.04	4.708	0.177	-24.978	399	0.000	-7.120	0.225	-7.557	-6.683	H ₁
6	Maskan bank	400	28.52	6.596	0.266	-11.899	399	0.000	-5.260	0.331	-5.906	-4.614	H ₁

Table 2: Friedman test

Sig.	df	χ^2	Rabk degree	number	rank	variables	hypothesis
0.000	5	2066.131	2.56	400	1	Rate of interest of deposits	Maskan bank six factors
			2.84	400	2	Design and development of branches	
			5.35	400	3	Up-to-date services	
			5.41	400	4	advertisement	
			7.34	400	5	Bank physical place	
			7.50	400	6	Competition and privatization	

4. Conclusion and discussion

Investigation of factors which affect customer absorption is important to all profit-making firms but it is very vital for banks. Many banks fail to pay attention to this important point. It seems necessary for banks to satisfy customers and use all organizational facilities and resources to this end. Investigations showed that although banking system managers are familiar with factors which affect absorption of savings; many basic aspects are still ambiguous. Therefore, it is necessary to conduct a practical study in this regard (Kotler and Armstrong, 2000). The present research investigated factors which affect absorption of resources and bank deposits in Kermanshah Province Maskan Bank branches. As you know, knowledge about the importance given by customers to the above factors reveals the weak points and strengths of banks. Managers can use the results of the present research to respond to customers' needs. Considering the results of the present research, it can be concluded that all 6 factors (deposits interest rate, design and development of branches, up-to-date services, advertisements, physical place, competition and privatization) influence absorption of saving resources. Furthermore, Friedman test results revealed that rate of interest of deposits; competition and privatization have the greatest impacts. Results of the present research are consistent with the results of the previous studies: Afzali (2012); Yuk-Lan & Kanji (2001).

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